

ROYAL SOCIETY OF PAINTERS IN WATER COLOURS

England & Wales · Charity number 258348

Details

Other names	ROYAL WATERCOLOUR SOCIETY
Status	Registered
Legal form	Other
Registered	1969-04-29
Register	View on the Charity Commission register

Contact

Address	Royal Watercolour Society 48 Hopton Street London SE1 9JH
Phone	02079287521
Email	info@banksidegallery.com
Website	www.royalwatercoloursociety.co.uk

Activities

Objects: THE ADVANCEMENT OF EDUCATION AND THE IMPROVEMENT OF PUBLIC TASTE IN ART BY THE ENCOURAGEMENT OF WATERCOLOUR PAINTING

Activities: The Society is committed to uphold and advance the historic and contemporary art of watercolour painting. The members of the Society support and contribute to the work of their London home, Bankside Gallery, through exhibitions, workshops and educational events. The Society's art collections and archives are maintained and made available as a resource for artists, scholars and a worldwide public.

Classification

- **How:** Provides Buildings/facilities/open Space, Provides Advocacy/advice/information, Acts As An Umbrella Or Resource Body
- **What:** Education/training, Arts/culture/heritage/science
- **Who:** The General Public/mankind

Geography

- **Area of benefit:** NATIONAL
- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£261,534	£296,681	-	-
2023-12-31	£187,925	£267,447	-	-
2022-12-31	£413,009	£178,591	-	-
2021-12-31	£228,316	£137,830	-	-
2020-12-31	£200,295	£118,114	-	-

Trustees

Name	Role	Appointed
Charles Williams	Chair	2023-04-23
Anne Lynch		2023-04-23
Charlotte Louise Cole		2023-04-29
Chloe Fremantle		2018-04-29
David Wiseman		2023-04-23
Davina Gila Jackson		2024-10-31
JILL LEMAN RWS		
Julia Midgley RWS RE		2023-04-22
Mark Raggett		2017-04-29
Martin Jacobs		2024-04-23
Olivia O'Sullivan		2023-04-22

ROYAL SOCIETY OF PAINTERS IN WATER COLOURS

England & Wales - Charity number 258348

Accounts

Charity No. 258348 (England and Wales)

Royal Watercolour Society

**Trustees' report and financial statements
for the year ended 31 December 2024**

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Royal Watercolour Society

Reference and administrative details

For the year ended 31 December 2024

Registered charity number	258348
Charity name	Royal Watercolour Society is the working name of the registered charity Royal Society of Painters in Water Colours
Council	Until 28 April 2024: Charles Williams (President) Jim Hunter (Senior Vice President) John Crossley (Junior Vice President) Martin Jacobs (Hon. Treasurer) Rika Newcombe (Hon. Curator) Lottie Cole John Duffin Chloe Fremantle Jill Leman Anne Lynch Julia Midgeley Olivia O'Sullivan David Wiseman Mark Raggett From 28 April 2024 and to the date of signing Charles Williams (President) James Hunter (Senior Vice President) John Crossley (Junior Vice President) Jill Leman Martin Jacobs (Hon. Treasurer) Anne Lynch David Wiseman Olivia O'Sullivan Julia Midgley Chloe Freemantle Lottie Cole Davina Jackson (Hon. Curator) Mark Raggett Paul Regan
Administrative office	Bankside Gallery 48 Hopton Street Blackfriars London SE1 9JH

Royal Watercolour Society

Reference and administrative details For the year ended 31 December 2024

Bankers	National Westminster Bank Plc 91 Westminster Bridge Road London SE1 7HW
Investment advisers	Cazenove Capital Management Limited 12 Moorgate London EC2R 6DA
Independent examiner	Cara Turlington FCA DChA Saffery LLP 71 Queen Victoria Street London EC4V 4BE

Royal Watercolour Society

Report of the members of the Council For the year ended 31 December 2024

Introduction

The Council is pleased to present the annual report and financial statements of the Royal Watercolour Society for the year ended 31 December 2024. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with its own Laws and Regulations, the Charities Act 2011 and 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.

Structure, governance and management

Governing document and legal status

The Royal Watercolour Society was founded in 1804 and received its Royal Patronage in 1881. The Society has administered its affairs and exhibited as an independent body since its foundation. The Society is an unincorporated association, governed by an internally approved set of Laws. The Society is a registered charity No. 258348.

Related parties

The Royal Watercolour Society and The Royal Society of Painter-Printmakers are jointly and equally owners of Bankside Gallery, a company limited by guarantee and a registered charity. The Royal Watercolour Society works regularly in partnership with The Royal Society of Painter-Printmakers and Bankside Gallery to pursue its charitable purposes, and shares some common Council/Board members.

Organisational structure

The governance and strategic planning of the Society are carried out by a Council of Members (acting as trustees of the charity) that meets quarterly. The Council comprises the officers of the Society elected by ballot, together with eight Members who serve for three years. The President is also a custodian Trustee. The officers of the Society comprise the President, two Vice Presidents, and a Treasurer who provides financial reports to Council.

An Exhibitions Committee is responsible for considering Society exhibitions. The Director of Bankside Gallery is charged with finding suitable artists or organisations to hire the Gallery for exhibitions when it is not being used for shows by Members of the two Royal Societies. To ensure the requisite standard of work, all external proposals are reviewed by the two Society Presidents.

Recruitment and appointment of Council members

Council members are elected to carry out defined roles; in addition to the usual officer duties, these are Exhibitions and Membership. Appointments are for a term of three years, with the possibility of re-appointment.

Members of the Council are elected at an Annual General Meeting. A limited number of new members may be co-opted by the President.

Investment powers and management

All funds requiring investment are, in the absence of any special direction by a General Meeting of the Society, applied or invested by the Council, who have authority to effect transactions of stocks and shares held by them for the Society.

Funds are managed, on behalf of the Council, by Cazenove Capital Management Limited.

Report of the members of Council (continued)
For the year ended 31 December 2024

Risk assessment

Council reviews annually the major risks to which the charity is exposed, and takes action as appropriate to manage and mitigate those risks.

The principal risk faced by the Society is its limited sources of income which, in recent years, have been insufficient to cover the cost of its activities. Council is working to reduce this risk by implementing tighter controls over expenditure and by seeking ways to increase the Society's income in the future.

The RWS owns a long term lease for a gallery in Whitcomb Street near Trafalgar Square (The Whitcomb Street Gallery). The Society has a vision and plan to develop this gallery. Fundraising has been undertaken in order to support the fitting out. It is intended that the gallery space will be used for a number of purposes in line with the objectives of the Society. In order to progress with this opportunity the gallery space is being promoted for short term commercial hire. Such activity brings opportunity but also a range of associated risks to the RWS for which the Council is seeking to manage and mitigate as appropriate.

The Society is also vulnerable to the high cost of exhibitions, and to the susceptibility of painting sales to economic conditions and increasing competition for sales of artworks. Council mitigates these risks through careful planning of its exhibitions, and through working closely with Bankside Gallery in the promotion of its exhibitions to the public.

The In the Society also continues to work closely with Bankside Gallery staff in the relevant areas.

Reserves policy

Council has reviewed the Society's need for reserves in line with the guidance issued by the Charity Commission. Council currently recognises the need to set aside amounts to ensure the continuance of the following activities, for a minimum period of two years. Until such time as the Society is able to regularly cover its costs, calls are made on the Society's funds for:

- the continuing day-to-day operations of the Society;
- the Society's regular programme of education events;
- exhibition opportunities deemed by Council as important to maintain the Society's profile;
- agreed support for charitable activities carried out by Bankside Gallery on behalf of the Society.

At 31 December 2024, the Society held total reserves of £1,103,572 (2023: £1,073,221), comprising unrestricted reserves of £901,007 (2023: £882,973) restricted reserves of £170,249 (2023: £158,125) and an expendable endowment of £32,316 (2023: £32,123). Council is of the opinion that, in light of its future plans to mitigate the risks faced by the Society, the reserves held at the end of the year were sufficient to enable the Society to work successfully towards fulfilling its aims and objectives.

Restricted Funds comprise the Peter de Wint Capital Fund and the Peter de Wint General Fund. The Peter de Wint funds are held for long-term use in accordance with the donor's intentions.

Report of the members of Council (continued)
For the year ended 31 December 2024

Reserves policy (continued)

Designated Funds fall into two broad categories; firstly, funds set aside by Council to absorb future depreciation costs of recent capital projects - the balances on these funds will reduce though annual depreciation charges in accordance with the depreciation policy set out in Note 1.4 until such time as the related assets have been fully written down; secondly, funds donated to the Society or set aside by Council either to be used for a particular purpose, or to record funds used and remaining in respect of a particular legacy or donation. During the year the Council reviewed the large number of designated funds held and their ability to support the ongoing work of the RWS, particularly as the Whitcomb Street gallery develops. It was decided that the funds in respect of ongoing expenditure should be released to general funds and only the fixed asset funds would be carried forward. More details of these transfers can be seen in note 13 to the financial statements.

Summaries of movements in all funds during the year, together with a detailed description of the purposes for which the various funds may be used, are contained in the notes to the accounts.

Accounting records

The preparation of the Society's accounting records is outsourced to a bookkeeper who is suitably qualified for the task. Internal controls, appropriate for a charity of this size, have been put in place to protect the Society's funds and to ensure their proper application.

Objectives and activities

Objectives

The main objectives of the Society are the advancement of education and the improvement of public taste in art by means of the encouragement of watercolour painting.

Activities

The Royal Watercolour Society aims to achieve its objectives through the following activities:

- recruitment and election of Members;
- provision of gallery facilities;
- holding public exhibitions at Bankside Gallery in London and in other cities and towns throughout the country, as well as overseas;
- giving public lectures;
- conserving, for the enjoyment and study of present and future generations, the Society's collections of paintings;
- building and retaining appropriate reserves to safeguard the charity's existence;
- managing the charity's funds and bequests responsibly to enable the Charity to achieve its objectives;
- such other ways as may from time to time be most appropriate.

Public benefit

Council has paid due regard to the Charity Commission's guidance on public benefit in deciding what activities the charity should undertake. The Royal Watercolour Society recognises and welcomes the need to carry out its charitable activities for the benefit of the general public, and retains this aim at the centre of its strategic planning. The Society continues to offer free admission to all of its exhibitions and is working

Royal Watercolour Society

Report of the members of Council (continued)

For the year ended 31 December 2024

to increase the amount and breadth of education work it carries out in the local community and beyond, seeking to involve people from the widest possible range of backgrounds and abilities.

Achievements and performance

The Royal Watercolour Society has worked hard to develop a programme of exhibitions, talks and events in support of its charitable aims and objectives. At a time when public funding of the Arts has been squeezed by other pressing concerns, the Society has stood firm and strengthened its efforts in the important task of promotion of the Arts, and the Visual Arts and works on paper in particular.

Council seeks to preserve the Society's nationally important historic legacy in the form of its Archive and Diploma collection, as well as being a significant cultural voice speaking on behalf of the Visual Arts and of the UK's tradition of works on paper and that of watercolour in particular, for which the Society is internationally recognised. Council continues to challenge itself to be bold in its mission to promote its artistic and charitable aims through exhibitions and educational outreach.

Achievements against objectives

The Royal Watercolour Society set out, at the start of 2024, to carry out the following activities:

- to promote Spring and Autumn exhibitions at Bankside Gallery, supported by a full programme of education and outreach activities and workshop days run by Society members some of which are free to the public across all age ranges, including running free events in Spring and Autumn.
- to continue to develop the Society's Whitcomb Street space to provide a central archive, gallery and education space where the Society can further fulfil its charitable objective of the promotion of the arts and education – this project continues and is expected to be completed in 2025. Fundraising for this project is ongoing.
- actively to seek partnerships, with other like-minded National institutions, to promote the Society's remit and charitable aims through exhibitions and events - this is an area the Society continues to explore. The Society continues to build on its partnership with Cass Art who have supported the RWS Open since 2017.
- to continue to develop relationships with eminent art historians, authors and artists who will engage with a wider audience about themes and ideas connected to the Society's exhibitions – this is a continuing aim of the Society in order to augment and enrich its exhibitions.

Financial review

Sources of funding and financial position

The Royal Watercolour Society funds its activities and administrative costs through membership subscriptions, grants, donations, bequests, income from exhibitions and education events, royalties from publications, and investment income and gains generated on its invested funds. The Whitcomb Street Gallery also offers a potential source of income for the Society and a plan is being put together to exploit this opportunity.

The financial position of the Charity is set out in the Statement of Financial Activities on page 12 and the Balance sheet on page 13.

Report of the members of Council (continued)
For the year ended 31 December 2024

During the year under review, total income amounted to £261,534 (2023: £187,925).

The cost of raising funds in the year was £9,504 (2023: £10,554), the total costs of charitable activities was £287,177 (2023: £256,893), of which support costs and governance costs (see note 3) amounted to £166,717 (2023: £174,233) and £9,658 (2023: £4,940) respectively.

Before investment movements, the Society made a net deficit from activities of £35,147 (2023: net deficit of £79,522). After investment gains of £65,498 (2023: gains of £38,291), the Society's Total Funds showed a net movement in the year of £30,351 (2023: net deficit of £41,231).

Investment performance

Investments are held in intermediate risk funds which provide opportunities for a good income return and also some growth of capital in real terms.

The coronavirus pandemic and the associated market volatility has had an impact on investment performance.

Plans for future periods

During 2025 and 2026, the Society plans to carry out the following activities:

- to promote exhibitions at Bankside Gallery and Whitcomb Street, supported by a programme of education and outreach activities for members of the public across all ages.
- to continue to develop programmes at RWS Gallery at Whitcomb Street, featuring exhibitions by RWS Members and associated events including talks, workshops and demonstrations.
- to continue fundraising events.
- to actively seek partnerships with other like-minded National institutions, to promote the Society's remit and charitable aims through exhibitions and events;
- to continue to develop relationships with eminent art historians, authors and artists who will engage with a wider audience about themes and ideas connected to the Society's exhibitions.
- to promote the Society using forms of social media to make sure the public is aware of the RWS and what it does.

Report of the members of Council (continued)
For the year ended 31 December 2024

Council's responsibilities in relation to the financial statements

The charity's trustees are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The law applicable to charities in England and Wales requires the charity's trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charity, and of the incoming resources and application of resources, of the charity for that period. In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures that must be 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.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations, and the provisions of the Trust deed. They are also responsible for safeguarding the assets of the charity and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements.

By Order of the Council



Charles Williams
President

27 April

2025

Royal Watercolour Society

Independent Examiner's report to the trustees of the Royal Watercolour Society For the year ended 31 December 2024

I report to the trustees on my examination of the accounts of the Royal Watercolour Society (the Charity) for the year ended 31 December 2024.

Respective Responsibilities of trustees and examiner

As the trustees of the Charity you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the Charity's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Basis of independent examiner's report

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent examiner's statement

Since the Charity's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of the Institute of Chartered Accountants in England and Wales, which is one of the listed bodies.

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 Charity as required by section 130 of the Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 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.

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.


Cara Turlington FCA DChA
For and on behalf of
Saffery LLP

11 June 2025
71 Queen Victoria Street
London
EC4V 4BE

Royal Watercolour Society

Statement of Financial Activities

For the year ended 31 December 2024

	Note	Unrestricted General Funds £	Designated Funds £	Restricted Funds £	Expendable Endowment Funds £	Total Funds 2024 £	Total Funds 2023 £
Income and endowments from:							
Donations and legacies	2a	45,990	-	-	-	45,990	37,727
Charitable activities	2b	187,178	-	-	-	187,178	126,034
Investments		25,658	-	2,708	-	28,366	24,164
Total		258,826	-	2,708	-	261,534	187,925
Expenditure on:							
Raising funds		8,407	-	901	196	9,504	10,554
Charitable activities		267,287	17,220	670	2,000	287,177	256,893
Total	3	275,694	17,220	1,571	2,196	296,681	267,447
Net (expenditure)/income before (losses)/gains on investments		(16,868)	(17,220)	1,137	(2,196)	(35,147)	(79,522)
Net gains/(losses) on investments		52,122	-	10,987	2,389	65,498	38,291
Net income/(expenditure) for the year		35,254	(17,220)	12,124	193	30,351	(41,231)
Transfers between funds	13	512,589	(512,589)	-	-	-	-
Net movement in funds		547,843	(529,809)	12,124	193	30,351	(41,231)
Reconciliation of funds							
Total funds brought forward		146,078	736,895	158,125	32,123	1,073,221	1,114,452
Total funds carried forward		693,921	207,086	170,249	32,316	1,103,572	1,073,221

The Statement of Financial Activities includes all gains and losses in the year.

All of the above amounts relate to continuing activities.

The notes on pages 14 to 28 form part of these financial statements.

Royal Watercolour Society

Balance sheet

As at 31 December 2024

	Note	Unrestricted £	Restricted £	Expendable Endowment £	2024 Total £	2023 Total £
Fixed assets						
Tangible assets	5	228,815	-	-	228,815	247,035
Investments	6	1,047,117	157,939	32,316	1,237,372	1,242,897
		<u>1,275,932</u>	<u>157,939</u>	<u>32,316</u>	<u>1,466,187</u>	<u>1,489,932</u>
Current assets						
Debtors	8	3,958	-	-	3,958	2,421
Cash at bank and in hand		<u>40,976</u>	<u>12,310</u>	<u>-</u>	<u>53,286</u>	<u>29,688</u>
		44,934	12,310	-	57,244	32,109
Creditors: amounts falling due within one year	9	<u>(143,616)</u>	<u>-</u>	<u>-</u>	<u>(143,616)</u>	<u>(105,609)</u>
Net current (liabilities)/ assets		(98,682)	12,310	-	(86,372)	(73,500)
Creditors: amounts due after more than one year	10	<u>(276,243)</u>	<u>-</u>	<u>-</u>	<u>(276,243)</u>	<u>(343,211)</u>
Net assets		<u>901,007</u>	<u>170,249</u>	<u>32,316</u>	<u>1,103,572</u>	<u>1,073,221</u>
Charitable funds						
Unrestricted income funds	13	901,007	-	-	901,007	882,973
Restricted income funds	14	-	170,249	-	170,249	158,125
Expendable endowment	15	<u>-</u>	<u>-</u>	<u>32,316</u>	<u>32,316</u>	<u>32,123</u>
Total funds		<u>901,007</u>	<u>170,249</u>	<u>32,316</u>	<u>1,103,572</u>	<u>1,073,221</u>

The notes on pages 14 to 28 form part of these financial statements.

These financial statements were approved and signed by a member of the Council and authorised for issue on 27 April 2025.



Charles Williams
Trustee
Charity No. 258348

1. Accounting policies

1.1 Basis of accounting

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the notes to these accounts. The financial statements have been prepared in accordance with the second edition of the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Advantage has been taken of the exemption for charities with income less than £500,000 from preparing a cash flow statement.

The charity constitutes a public benefit entity as defined by FRS 102.

Council is of the opinion that there are no material uncertainties about the charity's ability to continue as a going concern. The Council has considered the impact of the coronavirus pandemic and do not believe this has an impact on the going concern status of the charity.

1.2 Income

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

Donations are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Membership income is treated as a donation as the benefits of membership are not of significant monetary value and the fee paid is therefore treated as a donation to the charity's general funds.

Notes to the financial statements (continued)

For the year ended 31 December 2024

1. Accounting policies (continued)

1.3 Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is recognised on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings. Costs in respect of future events or exhibitions are charged when the relevant events or exhibitions take place.

Support costs have been allocated between support costs and governance costs. Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. All support costs are allocated to charitable and fundraising activities on the basis of time spent.

1.4 Tangible fixed assets and depreciation

Expenditure on improvements, furniture and equipment that exceeds £1,000 is capitalised. Fixed assets are stated at cost less accumulated depreciation. Provision for depreciation of fixed assets held for use by the charity is made at annual rates calculated to spread the cost of each asset over its expected useful life. The depreciation rates currently in use are:

Leasehold property and improvements	- Evenly over the remainder of the lease
Gallery development Whitcomb Street	- Evenly over 20 years
Plant and security	- straight line over 3 years
Furniture and equipment	- straight line over 5 years

Assets are not depreciated until they are brought fully into use by the charity.

1.5 Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

1.6 Historic assets

The Society's Historic Assets (note 5) are not capitalised as the Members of Council consider that the cost of obtaining valuations would outweigh the benefit to users of the financial statements.

1.7 Taxation

No tax provision is included in the financial statements on the basis that all income for the registered charity is derived from wholly charitable activities.

1.8 Fund accounting

The charity has restricted funds, where the donor has specified that they can only be used on specific projects in the future. All other funds are unrestricted.

Notes to the financial statements (continued)

For the year ended 31 December 2024

1. Accounting policies (continued)

Fund Accounting (continued)

Where funds are received via gift or legacy to support the longer term work of the charity these will be treated as an endowment. An endowment will be classed as permanent when the donor specifies that the capital must be maintained in perpetuity and as expendable in all other circumstances.

Designated funds have been nominated by the Council to represent their intentions to fund future projects or to reflect a wish of donors that was not legally binding at the time a gift was made. These funds can be undesignated and applied to any of the charitable activities in the future at the Council's absolute discretion.

2. Analysis of income

a. Donations and legacies

	General Funds £	Designated Funds £	Restricted Funds £	Expendable Endowment £	2024 Total £	2023 Total £
Membership income	28,865	-	-	-	28,865	27,273
Grants and donations	15,325	-	-	-	15,325	4,152
Legacies received	-	-	-	-	-	4,262
Election fees	1,800	-	-	-	1,800	2,040
	<u>45,990</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,990</u>	<u>37,727</u>

Donations and legacies

	General Funds £	Designated Funds £	Restricted Funds £	Expendable Endowment £	2023 Total £
Membership income	27,273	-	-	-	27,273
Grants and donations	4,153	-	-	-	4,153
Legacies received	4,262	-	-	-	4,262
Election fees	2,040	-	-	-	2,040
	<u>37,728</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,728</u>

b. Charitable activities

	2024 Total £	2023 Total £
Lease and service charge income	79,905	81,378
Gallery Hire and events	92,661	42,278
Auction income	12,025	-
Sundry income	2,587	2,378
	<u>187,178</u>	<u>126,034</u>

Notes to the financial statements (continued)

For the year ended 31 December 2024

3. Expenditure
2024

	Direct costs £	Support costs £	Governance costs £	2024 Total £	2023 Total £
Raising funds	9,504	-	-	9,504	10,554
Charitable activities:					
Running the RWS	34,193	114,723	9,658	158,574	124,906
Support of Bankside Gallery	26,928	-	-	26,928	23,850
Whitcomb St development	49,681	51,994	-	101,675	108,137
Total charitable activities	110,802	166,717	9,658	287,177	256,893
Total expenditure	120,306	166,717	9,658	296,681	267,447

2023

	Direct costs £	Support costs £	Governance costs £	2023 Total £
Raising funds	10,554	-	-	10,554
Charitable activities:				
Running the RWS	19,299	100,667	4,940	124,906
Support of Bankside Gallery	23,850	-	-	23,850
Whitcomb St development	34,571	73,566	-	108,137
Total charitable activities	77,720	174,233	4,940	256,893
Total expenditure	88,274	174,233	4,940	267,447

	2024 £	2023 £
Net income/(expenditure) is stated after charging:		
Depreciation	18,220	16,563
Examiner's remuneration:		
- independent examination	1,550	1,700
- preparation of accounts	2,718	2,750
- other advice	5,386	7,330

Notes to the financial statements (continued)

For the year ended 31 December 2024

4. Staff costs

Included within direct costs of charitable activities are staff costs of:

	2023 £	2022 £
Wages and salaries	59,863	34,697
National insurance	-	(776)
Pensions	422	-
	60,285	33,921

The average number of employees during the period was 2.

No employee earned over £60,000 in the current or preceding period.

5. Tangible fixed assets

	Equipment £	Leasehold property £	Gallery improvements £	Total £
Cost				
At 1 January 2024	12,132	150,345	182,534	345,011
Additions	-	-	-	-
At 31 December 2024	<u>12,132</u>	<u>150,345</u>	<u>182,534</u>	<u>345,011</u>
Depreciation				
At 1 January 2024	4,220	83,072	10,684	97,976
Charge for the year	<u>4,004</u>	<u>3,438</u>	<u>10,778</u>	<u>18,220</u>
At 31 December 2024	<u>8,224</u>	<u>86,510</u>	<u>21,462</u>	<u>116,196</u>
Net book value				
At 31 December 2024	<u>3,908</u>	<u>63,835</u>	<u>161,072</u>	<u>228,815</u>
At 1 January 2024	<u>7,912</u>	<u>67,273</u>	<u>171,850</u>	<u>247,035</u>

The leasehold property relates to the Gallery and Office premises at 48 Hopton Street, which is owned on a 60-year lease from the Corporation of London Borough of Southwark that expires on 27 August 2044. The lease was professionally valued in 2005, by Drivers Jonas, at £425,000.

Gallery improvement additions relate to capital works under construction on the Whitcomb Street property. Depreciation commenced in 2023, following the gallery space being brought fully into use.

Notes to the financial statements (continued)

For the year ended 31 December 2024

5. Fixed assets (continued)

Historic Assets

The Society's Historic Assets are insured for the sum of £2.5m and comprise the following:

- i) *Diploma Collection:*
The Diploma Collection comprises paintings acquired from Members on their election to the Society; ownership of these is inalienable as the Society's Laws do not permit their disposal.
- ii) *Other Works of Art:*
Through bequests, the Society has acquired some other works which are mainly held for historical, educational and artistic reasons.

6. Investments

	2024 £	2023 £
Market value		
At 1 January 2024	1,157,786	1,059,818
Contribution of funds	-	271,151
Funds withdrawn	(90,461)	(227,934)
Income less fees	16,864	16,460
Realised and unrealised (losses) / gains	65,499	38,291
Investment cash held on deposit	87,684	85,111
At 31 December 2024	1,237,372	1,242,897

At 31 December 2024, 20% of investments were held in UK Equity and Bond funds (2023: 34%), 53% in Equity and Bond funds outside the UK (2023: 38%), 19% in Hedge and Alternative Funds (2023: 19%), and the remaining 8% in cash (2023: 9%).

No investments were considered to be material in the context of the market value of the portfolio.

7. Council expenses

No Council member received any emolument or payment for professional or other services during the year, but three Council members (2023: one) received reimbursement of £565 (2023: £167) for travel, subsistence and telephone expenses incurred during the course of carrying out their duties as charity trustees.

Notes to the financial statements (continued)

For the year ended 31 December 2024

8. Debtors

	2024	2023
	£	£
Trade debtors	38	314
Prepayments	3,920	2,107
	<u>3,958</u>	<u>2,421</u>

9. Creditors

Amounts falling due within one year

	2024	2023
	£	£
Trade creditors	8,313	3,348
Amount due to Bankside Gallery	1,197	80
Sundry creditors and accruals	18,121	26,739
Deferred income	115,985	75,442
	<u>143,616</u>	<u>105,609</u>

10. Creditors

Amounts falling due after more than one year

	2024	2023
	£	£
Deferred income due after more than one year	276,243	343,211

Deferred Income

Balance brought forward	418,052	478,647
Income deferred to the following year	47,982	7,873
Deferred income released during the year	(73,806)	(68,468)

Balance carried forward

392,228 418,052

The deferred income is expected to be recognised as follows

Within 1 year	115,985	66,968
Within 1 to 2 years	66,968	66,968
Within 2 to 5 years	200,904	200,904
After more than 5 years	8,371	83,212
	<u>392,228</u>	<u>418,052</u>

Deferred income relates to rental income received in advance. Rental income was received for a period of 10 years in advance for the Whitcomb Street property, with the lease commencing on 13 February 2020.

11. Contingent Liabilities

The Society is party to an indemnity, jointly with the Royal Society of Painter-Printmakers, to provide Bankside Gallery Limited with continuing financial support and assistance as may be agreed with the company for periods of two years at a time, and to make good any shortfall in the company's annual budget over the same period.

No liability under the indemnity arose for the year ended 31 December 2024 and, based on the financial statements and budgets of Bankside Gallery Limited, Council is of the opinion that it is unlikely that any substantial liability will arise from the indemnity within two years.

12. Financial commitments

In February 2020 the charity signed a lease for a property on Whitcomb Street. The lease has a length of 250 years. The annual commitment is a peppercorn rent. This constitutes a long-term commitment for the charity.

Royal Watercolour Society

Notes to the financial statements (continued) For the year ended 31 December 2024

13. Unrestricted funds

	President's Fund	David Gluck Fund	Elizabeth Scott Moore Fund	Mezzanine Dep'n Fund	Diploma Room Dep'n Fund	Whitcomb Street Refurbishment Fund	Joan Williams Memorial Fund	Arthur Wise Whitcomb Street Fund	Total Designated Funds	General Funds	Total unrestricted funds
	£	£	£	£	£	£		£	£	£	£
At 1 January 2024	647	96,623	11,221	24,204	24,247	176,792	273,984	129,177	736,895	146,078	882,973
Income from donations and charitable activities	-	-	-	-	-	-	-	-	-	233,168	233,168
Investment income	-	-	-	-	-	-	-	-	-	25,658	25,658
Expenditure on charitable activities	-	-	-	(1,154)	(1,283)	(14,783)	-	-	(17,220)	(275,694)	(292,914)
Transfers between funds	(647)	(96,623)	(11,221)	-	-	(937)	(273,984)	(129,177)	(512,589)	512,589	-
Investment gains	-	-	-	-	-	-	-	-	-	52,122	52,122
At 31 December 2024	-	-	-	23,050	22,964	161,072	-	-	207,086	693,921	901,007

Royal Watercolour Society

Notes to the financial statements (continued) For the year ended 31 December 2024

Unrestricted Funds (2023 comparative)

	President's Fund	David Gluck Fund	Elizabeth h Scott Moore Fund	Mezzanine Dep'n Fund	Diploma Room Dep'n Fund	Whitcomb Street Refurbishment Fund	Whitcomb Street Rent in Advance Fund	Joan Williams Memorial Fund	Arthur Wise Whitcomb Street Fund	Total Designated Funds	General Funds	Total unrestricted funds
	£	£	£	£	£	£			£	£	£	£
At 1 January 2023	647	95,135	10,935	25,358	25,530	189,814	-	267,000	125,884	740,302	162,579	902,882
Income from donations and charitable activities	-	-	-	-	-	-	-	-	-	-	163,761	163,761
Investment income	-	-	-	-	-	-	-	-	-	-	21,902	21,902
Expenditure on charitable activities	-	(1,578)	(66)	(1,154)	(1,283)	(14,231)	(2,496)	(1,621)	(764)	(23,194)	(215,065)	(238,259)
Transfers between fund	-	-	-	-	-	1,210	(10,754)			(9,544)	9,544	-
Investment gains	-	3,066	352	-	-	-	13,250	8,605	4,057	29,330	3,356	32,686
At 31 December 2023	647	96,623	11,221	24,204	24,247	176,792	-	273,984	129,177	736,895	146,078	882,973

Notes to the financial statements (continued)

For the year ended 31 December 2024

13. Unrestricted funds (continued)

The income and capital bequests received from Mrs Elizabeth Scott Moore, Mr David Gluck and the JE Eddison Trust may be used at the discretion of the Council in accordance with its Reserves Policy as set out in the Report of the Council that introduces these financial statements.

The David Gluck Fund is invested in the Society's General Fund portfolio and not held in a separate and distinct investment portfolio or bank account; investment income is not currently reallocated from the General Fund to the David Gluck Fund.

The President's Fund is designated to be used at the discretion of the President.

The purpose of the Collections Designated Fund varies over time, depending on the Council's priorities. All unrestricted income raised for the purpose of maintaining the Society's collections, together with all related expenditure, is recorded in the Fund in order that an overview of activities in this area can be clearly seen. However, from time to time, Council agrees that certain elements of this expenditure may be financed from other funds, such as the General Fund, or the David Gluck Fund – in these cases, appropriate transfers are made from those funds to provide the agreed subsidy.

The Arthur Wise Whitcomb Street Fund was established using part of a legacy received from the estate of Arthur Wise in 2017 and 2018. It is to be used on the future expenses for the Whitcomb Street Gallery.

The Joan Williams Memorial Fund was left to the Society by former member Joan Williams. The funds are unrestricted but has been designated as the Council intend to hold an exhibition or regular exhibition for young artists at the Whitcomb Street Gallery. However, the funds could be applied for any purposes at the discretion of the Council if required.

During the year, the Trustees agreed to reduce the number of designated funds held by the Charity, consolidating specific designated funds together into the general unrestricted funds of the Charity. The designated funds transferred were the President's Fund, the David Gluck Fund, the Elizabeth Scott Moore Fund, the Joan Williams Memorial Fund and the Arthur Wise Whitcomb Street Fund. The transfers are shown in the table of funds above.

The Diploma Room Depreciation Fund was established to record funds used to build the Diploma Collection Storage Room at Bankside Gallery, and depreciation charged in respect of this work. The room is used for the unrestricted purpose of education and learning about the Society's Collections.

The Mezzanine Depreciation Fund was established to record funds used to build the mezzanine floor in the archive room at Bankside Gallery, and depreciation charged in respect of this work.

The Whitcomb Street Refurbishment Fund relates to capital improvements at the Whitcomb Street property. These will be depreciated over the lift of the lease.

Royal Watercolour Society

Notes to the financial statements (continued) For the year ended 31 December 2024

14. Restricted funds

	Peter De Wint Capital Fund	Peter de Wint General Fund	Whitcomb Street Fund	Total
	£	£	£	£
At 1 January 2024	4,551	153,574	-	158,125
Income	-	2,708	-	2,708
Expenditure on charitable activities	-	(1,571)	-	(1,571)
Transfers between funds	-	-	-	-
Investment gain/(losses)	-	10,987	-	10,987
At 31 December 2024	4,551	165,698	-	170,249

The Peter De Wint Funds are held to provide relief of distress among members (including honorary retired members) of the Royal Watercolour Society.

The Whitcomb Street Fund is raising funds for the refurbishment of the new Gallery space.

Restricted funds (2023)

	Peter De Wint Capital Fund	Peter de Wint General Fund	Whitcomb Street Fund	Total
	£	£	£	£
At 1 January 2023	4,551	147,632	26,132	178,315
Income	-	2,262	-	2,262
Expenditure on charitable activities	-	(854)	(26,132)	(26,986)
Transfers between funds	-	-	-	-
Investment gain/(losses)	-	4,534	-	4,534
At 31 December 2023	4,551	153,574	-	158,125

Notes to the financial statements (continued)
For the year ended 31 December 2024

15. Expendable endowment

	Total 2024	Total 2023
	£	£
At 1 January 2024	32,123	33,254
Income	-	-
Expenditure on charitable activities	(2,196)	(2,202)
Transfers between funds	-	-
Investment gains/(losses)	2,389	1,071
At 31 December 2024	32,316	32,123

Part of a legacy received from the estate of Arthur Wise has been used to establish a prize fund for watercolour paintings in his memory.

16. Related party transactions

As described in the Report of the Council earlier in these financial statements, the charity has a close working relationship with the Royal Society of Painter-Printmakers and with Bankside Gallery Limited. Bankside Gallery Limited manages Bankside Gallery, 48 Hopton Street, London, on behalf of both the Royal Watercolour Society and the Royal Society of Painter-Printmakers.

The outstanding balances with related parties at the year-end are disclosed in Notes 7 and 8 above. The Royal Watercolour Society makes a donation to Bankside Gallery to cover a proportion of the running costs of the gallery, in recognition of Bankside Gallery's role in helping the Society achieve its charitable aims. Donations may also be made if the Society decides to promote any exhibitions beyond its regular annual programme.

A summary of these donations during the year follows:

	2024	2023
	£	£
Donation towards running costs of Bankside Gallery	26,928	23,850

This expenditure is included in the Statement of Financial Activities under outgoing resources.

As recorded in Note 4 above, the Royal Watercolour Society owns a lease from the Corporation of London Borough of Southwark on 48 Hopton Street, London. Bankside Gallery is afforded full rent-free occupation and use of these gallery and office premises in return for granting an indemnity to the Royal Watercolour Society in respect of all outgoing and covenant obligations under the Lease. The value of this donation is not included in these accounts but is estimated to be £38,770 per annum.

Notes to the financial statements (continued)

For the year ended 31 December 2024

17. Comparative information

The information below is an analysis by fund for the year ended 31 December 2023.

	Note	Unrestricted General Funds £	Designated Funds £	Restricted Funds £	Expendable Endowment Funds £	Total Funds 2023 £
Income and endowments from:						
Donations and legacies	2	37,727	-	-	-	37,727
Charitable activities	2	126,034	-	-	-	126,034
Investments		21,902	-	2,262	-	24,164
Total		185,663	-	2,262	-	187,925
Expenditure on:						
Raising funds		3,972	5,526	854	202	10,554
Charitable activities		211,093	17,668	26,132	2,000	256,893
Total	3	215,065	23,194	26,986	2,202	267,447
Net income/(expenditure) before (losses)/gains on investments		(29,402)	(23,194)	(24,724)	(2,202)	(79,522)
Net gains / (losses) on investments		3,356	29,330	4,534	1,071	38,291
Net income/(expenditure) for the year		(26,046)	6,136	(20,190)	(1,131)	(41,231)
Transfers between funds	12	9,544	(9,544)	-	-	-
Net movement in funds		(16,502)	(3,408)	(20,190)	(1,131)	(41,231)
Reconciliation of funds						
Total funds brought forward		162,580	740,302	178,315	33,254	1,114,451
Total funds carried forward		146,078	736,895	158,125	32,123	1,073,221

Notes to the financial statements (continued)
For the year ended 31 December 2024

17. Comparative Information (continued.)

The information below is a columnar balance sheet from the previous period.

	Unrestricted Funds	Restricted Funds	Expendable Endowment Funds	2023 Total
	£	£	£	£
Fixed assets				
Tangible assets	247,035	-	-	247,035
Investments	1,062,948	147,854	32,095	1,242,897
	<u>1,309,983</u>	<u>147,854</u>	<u>32,095</u>	<u>1,489,932</u>
Current assets				
Debtors	2,421	-	-	2,421
Cash at bank and in hand	19,389	10,271	28	29,688
	21,810	10,271	28	32,109
Creditors: amounts falling due within one year	<u>(105,609)</u>	<u>-</u>	<u>-</u>	<u>(105,609)</u>
Net current (liabilities)/ assets	(83,799)	10,271	28	(73,500)
Creditors: amounts due after more than one year	<u>(343,211)</u>	<u>-</u>	<u>-</u>	<u>(343,211)</u>
Net assets	<u>882,973</u>	<u>158,125</u>	<u>32,123</u>	<u>1,073,221</u>
Charitable funds				
Unrestricted income funds	882,973	-	-	882,973
Restricted income funds	-	158,125	-	158,125
Expendable endowment	-	-	32,123	32,123
Total funds	<u>882,973</u>	<u>158,125</u>	<u>32,123</u>	<u>1,073,221</u>

ROYAL SOCIETY OF PAINTERS IN WATER COLOURS

England & Wales - Charity number 258348

Accounts

Charity No. 258348 (England and Wales)

Royal Watercolour Society

**Trustees' report and financial statements
for the year ended 31 December 2023**

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Royal Watercolour Society

Reference and administrative details For the year ended 31 December 2023

Registered charity number	258348
Charity name	Royal Watercolour Society is the working name of the registered charity Royal Society of Painters in Water Colours
Council	Until 23 April 2023: Jill Leman (President) Mark Raggett (Senior Vice President) Jim Hunter (Junior Vice President) James Faure Walker (Hon Curator) Liz Butler (until 23 April 2023) John Crossley John Duffin Chloe Fremantle David Hamilton Jane Lewis Paul Regan Lisa Traxler From 23 April 2023 and to the date of signing Charles Williams (President) Jim Hunter (Senior Vice President) John Crossley (Junior Vice President) Martin Jacobs (Hon. Treasurer) Rika Newcombe (Hon. Curator) James Faure Walker Lottie Cole John Duffin Chloe Fremantle Jill Leman Anne Lynch Julia Midgeley Olivia O'Sullivan David Wiseman
Administrative office	Bankside Gallery 48 Hopton Street Blackfriars London SE1 9JH
Bankers	National Westminster Bank Plc 91 Westminster Bridge Road London SE1 7HW

Royal Watercolour Society

Reference and administrative details For the year ended 31 December 2023

Investment advisers	Cazenove Capital Management Limited 12 Moorgate London EC2R 6DA
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Independent examiner	Cara Turtington FCA DChA Saffery LLP 71 Queen Victoria Street London EC4V 4BE
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**Report of the members of the Council
For the year ended 31 December 2023**

Introduction

The Council is pleased to present the annual report and financial statements of the Royal Watercolour Society for the year ended 31 December 2023. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with its own Laws and Regulations, the Charities Act 2011 and 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.

Structure, governance and management

Governing document and legal status

The Royal Watercolour Society was founded in 1804 and received its Royal Patronage in 1881. The Society has administered its affairs and exhibited as an independent body since its foundation. The Society is an unincorporated association, governed by an internally approved set of Laws. The Society is a registered charity No. 258348.

Related parties

The Royal Watercolour Society and The Royal Society of Painter-Printmakers are jointly and equally owners of Bankside Gallery, a company limited by guarantee and a registered charity. The Royal Watercolour Society works regularly in partnership with The Royal Society of Painter-Printmakers and Bankside Gallery to pursue its charitable purposes, and shares some common Council/Board members.

Organisational structure

The governance and strategic planning of the Society are carried out by a Council of Members (acting as trustees of the charity) that meets quarterly. The Council comprises the officers of the Society elected by ballot, together with eight Members who serve for three years. The President is also a custodian Trustee. The officers of the Society comprise the President, two Vice Presidents, and a Treasurer who provides financial reports to Council.

An Exhibitions Committee is responsible for considering Society exhibitions. The Director of Bankside Gallery is charged with finding suitable artists or organisations to hire the Gallery for exhibitions when it is not being used for shows by Members of the two Royal Societies. To ensure the requisite standard of work, all external proposals are reviewed by the two Society Presidents.

Recruitment and appointment of Council members

Council members are elected to carry out defined roles; in addition to the usual officer duties, these are Exhibitions and Membership,. Appointments are for a term of three years, with the possibility of re-appointment.

Members of the Council are elected at an Annual General Meeting. A limited number of new members may be co-opted by the President.

Investment powers and management

All funds requiring investment are, in the absence of any special direction by a General Meeting of the Society, applied or invested by the Council, who have authority to effect transactions of stocks and shares held by them for the Society.

Funds are managed, on behalf of the Council, by Cazenove Capital Management Limited.

Report of the members of Council (continued)
For the year ended 31 December 2023

Risk assessment

Council reviews annually the major risks to which the charity is exposed, and takes action as appropriate to manage and mitigate those risks.

The principal risk faced by the Society is its limited sources of income which, in recent years, have been insufficient to cover the cost of its activities. Council is working to reduce this risk by implementing tighter controls over expenditure and by seeking ways to increase the Society's income in the future.

The RWS owns a long term lease for a gallery in Whitcomb Street near Trafalgar Square (The Whitcomb Street Gallery). The Society has a vision and plan to develop this gallery. Fundraising has been undertaken in order to support the fitting out. It is intended that the gallery space will be used for a number of purposes in line with the objectives of the Society. In order to progress with this opportunity the gallery space is being promoted for short term commercial hire. Such activity brings opportunity but also a range of associated risks to the RWS for which the Council is seeking to manage and mitigate as appropriate.

The Society is also vulnerable to the high cost of exhibitions, and to the susceptibility of painting sales to economic conditions and increasing competition for sales of artworks. Council mitigates these risks through careful planning of its exhibitions, and through working closely with Bankside Gallery in the promotion of its exhibitions to the public.

The In the Society also continues to work closely with Bankside Gallery staff in the relevant areas.

Reserves policy

Council has reviewed the Society's need for reserves in line with the guidance issued by the Charity Commission. Council currently recognises the need to set aside amounts to ensure the continuance of the following activities, for a minimum period of two years. Until such time as the Society is able to regularly cover its costs, calls are made on the Society's funds for:

- the continuing day-to-day operations of the Society;
- the Society's regular programme of education events;
- exhibition opportunities deemed by Council as important to maintain the Society's profile;
- agreed support for charitable activities carried out by Bankside Gallery on behalf of the Society.

At 31 December 2023, the Society held total reserves of £1,073,221 (2022: £1,114,451), comprising unrestricted reserves of £882,973 (2022: £902,882) restricted reserves of £158,125 (2022: £178,315) and an expendable endowment of £32,123 (2022: £33,254). Council is of the opinion that, in light of its future plans to mitigate the risks faced by the Society, the reserves held at the end of the year were sufficient to enable the Society to work successfully towards fulfilling its aims and objectives.

Restricted Funds comprise the Peter de Wint Capital Fund, the Peter de Wint General Fund and the Whitcomb Street Fund. The Peter de Wint funds are held for long-term use in accordance with the donor's intentions. The Whitcomb Street Fund is for the development of the new gallery space. During the year a transfer out of the restricted fund took place in relation to capital works to improve the gallery building. This has been capitalised as a tangible fixed asset held in in a designated fund and will be depreciated over the life of the lease or the expected life of the assets if shorter. In addition, significant expenditure has been incurred by this fund as the Gallery is developed.

Report of the members of Council (continued)
For the year ended 31 December 2023

Reserves policy (continued)

Designated Funds fall into two broad categories; firstly, funds set aside by Council to absorb future depreciation costs of recent capital projects - the balances on these funds will reduce though annual depreciation charges in accordance with the depreciation policy set out in Note 1.4 until such time as the related assets have been fully written down; secondly, funds donated to the Society or set aside by Council either to be used for a particular purpose, or to record funds used and remaining in respect of a particular legacy or donation - the balances on these funds will be used up over varying timescales as projects or needs dictate.

During the year the continued leasehold improvement works on the Whitcomb Street property were capitalised as a tangible fixed asset and are held in a designated fund.

Summaries of movements in all funds during the year, together with a detailed description of the purposes for which the various funds may be used, are contained in the notes to the accounts.

Accounting records

The preparation of the Society's accounting records is outsourced to a bookkeeper who is suitably qualified for the task. Internal controls, appropriate for a charity of this size, have been put in place to protect the Society's funds and to ensure their proper application.

Objectives and activities

Objectives

The main objectives of the Society are the advancement of education and the improvement of public taste in art by means of the encouragement of watercolour painting.

Activities

The Royal Watercolour Society aims to achieve its objectives through the following activities:

- recruitment and election of Members;
- provision of gallery facilities;
- holding public exhibitions at Bankside Gallery in London and in other cities and towns throughout the country, as well as overseas;
- giving public lectures;
- conserving, for the enjoyment and study of present and future generations, the Society's collections of paintings;
- building and retaining appropriate reserves to safeguard the charity's existence;
- managing the charity's funds and bequests responsibly to enable the Charity to achieve its objectives;
- such other ways as may from time to time be most appropriate.

Public benefit

Council has paid due regard to the Charity Commission's guidance on public benefit in deciding what activities the charity should undertake. The Royal Watercolour Society recognises and welcomes the need to carry out its charitable activities for the benefit of the general public, and retains this aim at the centre of its strategic planning. The Society continues to offer free admission to all of its exhibitions and is working

Report of the members of Council (continued)
For the year ended 31 December 2023

to increase the amount and breadth of education work it carries out in the local community and beyond, seeking to involve people from the widest possible range of backgrounds and abilities.

Achievements and performance

The Royal Watercolour Society has worked hard to develop a programme of exhibitions, talks and events in support of its charitable aims and objectives. At a time when public funding of the Arts has been squeezed by other pressing concerns, the Society has stood firm and strengthened its efforts in the important task of promotion of the Arts, and the Visual Arts and works on paper in particular.

Council seeks to preserve the Society's nationally important historic legacy in the form of its Archive and Diploma collection, as well as being a significant cultural voice speaking on behalf of the Visual Arts and of the UK's tradition of works on paper and that of watercolour in particular, for which the Society is internationally recognised. Council continues to challenge itself to be bold in its mission to promote its artistic and charitable aims through exhibitions and educational outreach.

Achievements against objectives

The Royal Watercolour Society set out, at the start of 2023, to carry out the following activities:

- to promote Spring and Autumn exhibitions at Bankside Gallery, supported by a full programme of education and outreach activities and workshop days run by Society members some of which are free to the public across all age ranges, including running free events in Spring and Autumn.
- to continue to develop the Society's Whitcomb Street space to provide a central archive, gallery and education space where the Society can further fulfil its charitable objective of the promotion of the arts and education – this project continues and is expected to be completed in 2025. Fundraising for this project is ongoing.
- actively to seek partnerships, with other like-minded National institutions, to promote the Society's remit and charitable aims through exhibitions and events - this is an area the Society continues to explore. The Society continues to build on its partnership with Cass Art who have supported the RWS Open since 2017.
- to continue to develop relationships with eminent art historians, authors and artists who will engage with a wider audience about themes and ideas connected to the Society's exhibitions – this is a continuing aim of the Society in order to augment and enrich its exhibitions.

Financial review

Sources of funding and financial position

The Royal Watercolour Society funds its activities and administrative costs through membership subscriptions, grants, donations, bequests, income from exhibitions and education events, royalties from publications, and investment income and gains generated on its invested funds. The Whitcomb Street Gallery also offers a potential source of income for the Society and a plan is being put together to exploit this opportunity.

The financial position of the Charity is set out in the Statement of Financial Activities on page 12 and the Balance sheet on page 13.

Report of the members of Council (continued)
For the year ended 31 December 2023

During the year under review, total income amounted to £187,925 (2022: £413,009).

The cost of raising funds in the year was £10,544 (2022: £14,081), the total costs of charitable activities was £256,893 (2022: £164,510), of which support costs and governance costs (see note 3) amounted to £100,667 (2022: £35,448) and £4,940 (2022: £7,136) respectively.

Before investment movements, the Society made a net loss from activities of £79,521 (2022: net surplus £234,418). After investment gains of £38,291 (2022: losses £94,036), the Society's Total Funds showed net loss for the year of £41,231 (2022: net surplus: £140,382).

Investment performance

Investments are held in intermediate risk funds which provide opportunities for a good income return and also some growth of capital in real terms.

The coronavirus pandemic and the associated market volatility has had an impact on investment performance.

Fund transfers

As described in note 12, a net transfer from restricted funds to a designated fixed asset fund of £Nil (2022: £20,848) has been made during the year. This relates to capital works on Whitcomb Street and associated equipment. The funds for this project were raised in the Whitcomb Street Restricted Fund. The capital works have been capitalised as an unrestricted tangible fixed asset held in a designated fund.

Plans for future periods

During 2024 and 2025, the Society plans to carry out the following activities:

- to promote exhibitions at Bankside Gallery and Whitcomb Street, supported by a programme of education and outreach activities for members of the public across all ages.
- to continue to develop programmes at RWS Gallery at Whitcomb Street, featuring exhibitions by RWS Members and associated events including talks, workshops and demonstrations.
- to continue fundraising events.
- to actively seek partnerships with other like-minded National institutions, to promote the Society's remit and charitable aims through exhibitions and events;
- to continue to develop relationships with eminent art historians, authors and artists who will engage with a wider audience about themes and ideas connected to the Society's exhibitions.
- to promote the Society using forms of social media to make sure the public is aware of the RWS and what it does.

Impact of the coronavirus pandemic

The Council has reviewed the impact of the pandemic on the Society as restrictions have been lifted globally. There has been a lasting effect on the RWS and the art world which has resulted in more online exhibitions and events.

Report of the members of Council (continued)
For the year ended 31 December 2023

Council's responsibilities in relation to the financial statements

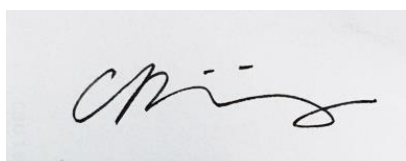
The charity's trustees are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The law applicable to charities in England and Wales requires the charity's trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charity, and of the incoming resources and application of resources, of the charity for that period. In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures that must be 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.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations, and the provisions of the Trust deed. They are also responsible for safeguarding the assets of the charity and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements.

By Order of the Council

A handwritten signature in black ink, appearing to read 'C Williams', is written on a light blue rectangular background.

Charles Williams
President

28 April 2024

**Independent Examiner's report to the trustees of the Royal Watercolour Society
For the year ended 31 December 2023**

I report to the trustees on my examination of the accounts of the Royal Watercolour Society (the Charity) for the year ended 31 December 2023.

Respective Responsibilities of trustees and examiner

As the trustees of the Charity you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the Charity's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Basis of independent examiner's report

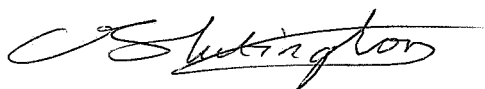
My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

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:

I have completed my examination. I confirm that no material 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 Charity as required by section 130 of the Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 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.

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.



Cara Turtington FCA DChA
For and on behalf of
Saffery LLP
Chartered Accountants

14 May 2024

71 Queen Victoria Street
London
EC4V 4BE

Royal Watercolour Society

Statement of Financial Activities For the year ended 31 December 2023

	Note	Unrestricted General Funds £	Designated Funds £	Restricted Funds £	Expendable Endowment Funds £	Total Funds 2023 £	Total Funds 2022 £
Income and endowments from:							
Donations and legacies	2	37,727	-	-	-	37,727	293,500
Charitable activities	2	126,034	-	-	-	126,034	104,715
Investments		21,902	-	2,262	-	24,164	14,794
Total		185,663	-	2,262	-	187,925	413,009
Expenditure on:							
Raising funds		3,972	5,526	854	202	10,554	14,081
Charitable activities		211,093	17,668	26,132	2,000	256,893	164,510
Total	3	215,065	23,194	26,986	2,202	267,447	178,591
Net income/(expenditure) before (losses)/gains on investments		(29,402)	(23,194)	(24,724)	(2,202)	(79,522)	234,418
Net (losses) / gains on investments		3,356	29,330	4,534	1,071	38,291	(94,036)
Net income/(expenditure) for the year		(26,046)	6,136	(20,190)	(1,131)	(41,231)	140,382
Transfers between funds	12	9,544	(9,544)	-	-	-	-
Net movement in funds		(16,502)	(3,408)	(20,190)	(1,131)	(41,231)	140,381
Reconciliation of funds							
Total funds brought forward		162,580	740,302	178,315	33,254	1,114,451	974,070
Total funds carried forward		146,078	736,895	158,125	32,123	1,073,221	1,114,451

The Statement of Financial Activities includes all gains and losses in the year.

All of the above amounts relate to continuing activities.

The notes on pages 14 to 28 form part of these financial statements.

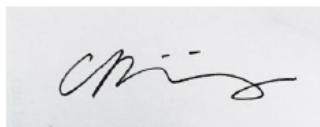
Royal Watercolour Society

Balance sheet As at 31 December 2023

	Note	Unrestricted £	Restricted £	Expendable Endowment £	2023 Total £	2022 Total £
Fixed assets						
Tangible assets	5	247,035	-	-	247,035	260,524
Investments	6	1,062,948	147,854	32,095	1,242,897	1,059,818
		<u>1,309,983</u>	<u>147,854</u>	<u>32,095</u>	<u>1,489,932</u>	<u>1,320,342</u>
Current assets						
Debtors	8	2,421	-	-	2,421	282,887
Cash at bank and in hand		19,389	10,271	28	29,688	6,102
		<u>21,810</u>	<u>10,271</u>	<u>28</u>	<u>32,109</u>	<u>288,988</u>
Creditors: amounts falling due within one year	9	(105,609)	-	-	(105,609)	(84,702)
Net current (liabilities)/ assets		(83,799)	10,271	28	(73,500)	204,287
Creditors: amounts due after more than one year	10	(343,211)	-	-	(343,211)	(410,179)
		<u>882,973</u>	<u>158,125</u>	<u>32,123</u>	<u>1,073,221</u>	<u>1,114,451</u>
Net assets						
Charitable funds						
Unrestricted income funds	12	882,973	-	-	882,973	902,882
Restricted income funds	13	-	158,125	-	158,125	178,315
Expendable endowment	14	-	-	32,123	32,123	33,254
Total funds		<u>882,973</u>	<u>158,125</u>	<u>32,123</u>	<u>1,073,221</u>	<u>1,114,451</u>

The notes on pages 14 to 28 form part of these financial statements.

These financial statements were approved and signed by a member of the Council and authorised for issue on 28 April 2024.



Charles Williams
Trustee
Charity No. 258348

Notes to the financial statements
For the year ended 31 December 2023

1. Accounting policies

1.1 Basis of accounting

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the notes to these accounts. The financial statements have been prepared in accordance with the second edition of the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Advantage has been taken of the exemption for charities with income less than £500,000 from preparing a cash flow statement.

The charity constitutes a public benefit entity as defined by FRS 102.

Council is of the opinion that there are no material uncertainties about the charity's ability to continue as a going concern. The Council has considered the impact of the coronavirus pandemic and do not believe this has an impact on the going concern status of the charity.

1.2 Income

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

Donations are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Membership income is treated as a donation as the benefits of membership are not of significant monetary value and the fee paid is therefore treated as a donation to the charity's general funds.

Notes to the financial statements (continued)
For the year ended 31 December 2023

1. Accounting policies (continued)

1.3 Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is recognised on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings. Costs in respect of future events or exhibitions are charged when the relevant events or exhibitions take place.

Support costs have been allocated between support costs and governance costs. Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. All support costs are allocated to charitable and fundraising activities on the basis of time spent.

1.4 Tangible fixed assets and depreciation

Expenditure on improvements, furniture and equipment that exceeds £1,000 is capitalised. Fixed assets are stated at cost less accumulated depreciation. Provision for depreciation of fixed assets held for use by the charity is made at annual rates calculated to spread the cost of each asset over its expected useful life. The depreciation rates currently in use are:

Leasehold property and improvements	- Evenly over the remainder of the lease
Gallery development Whitcomb Street	- Evenly over 20 years
Plant and security	- straight line over 3 years
Furniture and equipment	- straight line over 5 years

Assets are not depreciated until they are brought fully into use by the charity.

1.5 Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

1.6 Historic assets

The Society's Historic Assets (note 5) are not capitalised as the Members of Council consider that the cost of obtaining valuations would outweigh the benefit to users of the financial statements.

1.7 Taxation

No tax provision is included in the financial statements on the basis that all income for the registered charity is derived from wholly charitable activities.

1.8 Fund accounting

The charity has restricted funds, where the donor has specified that they can only be used on specific projects in the future. All other funds are unrestricted.

Notes to the financial statements (continued)
For the year ended 31 December 2023

1. Accounting policies (continued)
Fund Accounting (continued)

Where funds are received via gift or legacy to support the longer term work of the charity these will be treated as an endowment. An endowment will be classed as permanent when the donor specifies that the capital must be maintained in perpetuity and as expendable in all other circumstances.

Designated funds have been nominated by the Council to represent their intentions to fund future projects or to reflect a wish of donors that was not legally binding at the time a gift was made. These funds can be undesignated and applied to any of the charitable activities in the future at the Council's absolute discretion.

2. Analysis of income

a. Donations and legacies

	General Funds £	Designated Funds £	Restricted Funds £	Expendable Endowment £	2023 Total £	2022 Total £
Membership income	27,273	-	-	-	27,273	24,415
Grants and donations	4,153	-	-	-	4,153	325
Legacies received	4,262	-	-	-	4,262	267,000
Election fees	2,040	-	-	-	2,040	1,760
	<u>37,728</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,728</u>	<u>293,500</u>

Donations and legacies

	General Funds £	Designated Funds £	Restricted Funds £	Expendable Endowment £	2022 Total £
Membership income	24,415	-	-	-	24,415
Grants and donations	325	-	-	-	325
Legacies received	-	267,000	-	-	267,000
Election fees	1,760	-	-	-	1,760
	<u>26,500</u>	<u>267,000</u>	<u>-</u>	<u>-</u>	<u>293,500</u>

b. Charitable activities

	2023 £	2022 £
Lease and service charge income	81,378	76,954
Gallery hire and events	44,656	27,761
	<u>126,034</u>	<u>104,715</u>

Notes to the financial statements (continued)
For the year ended 31 December 2023

3. Expenditure
2023

	Direct costs £	Support costs £	Governance costs £	2023 Total £	2022 Total £
Raising funds	10,554	-	-	10,554	14,081
Charitable activities:					
Running the RWS	19,299	100,667	4,940	124,906	66,434
Support of Bankside Gallery	23,850	-	-	23,850	23,850
Whitcomb St development	34,571	73,566	-	108,137	74,225
Total charitable activities	77,720	174,233	4,940	256,893	164,510
Total expenditure	88,274	174,232	4,940	267,447	178,591

2022

	Direct costs £	Support costs £	Governance costs £	2022 Total £
Raising funds	14,081	-	-	14,081
Charitable activities:				
Running the RWS	23,850	35,448	7,136	66,434
Support of Bankside Gallery	23,850	-	-	23,850
Whitcomb St development	74,225	-	-	74,225
Total charitable activities	121,925	35,448	7,136	164,510
Total expenditure	136,006	35,448	7,136	178,591

	2023 £	2022 £
Net income/(expenditure) is stated after charging:		
Depreciation	16,563	4,110
Examiner's remuneration:		
- independent examination (Saffery LLP)	1,700	1,649
- preparation of accounts and advice (Saffery LLP)	10,080	3,900

Notes to the financial statements (continued)
For the year ended 31 December 2023

4. Staff costs

Included within direct costs of charitable activities are staff costs of:

	2023	2022
	£	£
Wages and salaries	59,863	34,697
National insurance	-	(776)
Pensions	422	-
	<u>60,285</u>	<u>33,921</u>

The average number of employees during the period was 2.

No employee earned over £60,000 in the current or preceding period.

5. Tangible fixed assets

	Equipment	Leasehold property	Gallery improvements	Total
	£	£	£	£
Cost				
At 1 January 2023	10,945	150,345	180,648	341,938
Additions	<u>1,187</u>	<u>-</u>	<u>1,886</u>	<u>3,073</u>
At 31 December 2023	<u>12,132</u>	<u>150,345</u>	<u>182,534</u>	<u>345,011</u>
Depreciation				
At 1 January 2023	1,779	79,634	-	81,413
Charge for the year	<u>2,441</u>	<u>3,438</u>	<u>10,684</u>	<u>16,563</u>
At 31 December 2023	<u>4,220</u>	<u>83,072</u>	<u>10,684</u>	<u>97,976</u>
Net book value				
At 31 December 2023	<u>7,912</u>	<u>67,273</u>	<u>171,850</u>	<u>247,035</u>
At 1 January 2023	<u>9,166</u>	<u>70,711</u>	<u>180,648</u>	<u>260,525</u>

The leasehold property relates to the Gallery and Office premises at 48 Hopton Street, which is owned on a 60-year lease from the Corporation of London Borough of Southwark that expires on 27 August 2044. The lease was professionally valued in 2005, by Drivers Jonas, at £425,000.

Gallery improvement additions relate to capital works under construction on the Whitcomb Street property. Depreciation commenced in 2023, following the gallery space being brought fully into use.

Notes to the financial statements (continued)
For the year ended 31 December 2023

5. Fixed assets (continued)

Historic Assets

The Society's Historic Assets are insured for the sum of £2.5m and comprise the following:

i) Diploma Collection:

The Diploma Collection comprises paintings acquired from Members on their election to the Society; ownership of these is inalienable as the Society's Laws do not permit their disposal.

ii) Other Works of Art:

Through bequests, the Society has acquired some other works which are mainly held for historical, educational and artistic reasons.

6. Investments

	2023	2022
	£	£
Market value		
At 1 January 2022	1,059,818	1,245,598
Contribution of funds	271,151	-
Funds withdrawn	(227,934)	(85,850)
Income less fees	16,460	(5,893)
Realised and unrealised (losses) / gains	38,291	(94,037)
Investment cash held on deposit	85,111	-
At 31 December 2022	1,242,897	1,059,818

At 31 December 2023, 34% of investments were held in UK Equity and Bond funds (2022: 19%), 38% in Equity and Bond funds outside the UK (2022: 51%), 19% in Hedge and Alternative Funds (2022: 19%), and the remaining 9% in cash (2022: 11%).

No investments were considered to be material in the context of the market value of the portfolio.

7. Council expenses

No Council member received any emolument or payment for professional or other services during the year, but one Council members (2022: one) received reimbursement of £167 (2022: £216) for travel, subsistence and telephone expenses incurred during the course of carrying out their duties as charity trustees.

Notes to the financial statements (continued)
For the year ended 31 December 2023

8. Debtors

	2023	2022
	£	£
Trade debtors	314	71
Other debtors		267,000
Amount due from Bankside Gallery	-	-
Prepayments	2,107	15,816
	<u>2,421</u>	<u>282,887</u>

9. Creditors

Amounts falling due within one year

	2023	2022
	£	£
Trade creditors	3,348	4,682
Amount due to Bankside Gallery	80	-
Sundry creditors and accruals	26,739	11,552
Deferred income	75,442	68,468
	<u>105,609</u>	<u>84,702</u>

10. Creditors

Amounts falling due after more than one year

	2023	2022
	£	£
Deferred income due after more than one year	<u>343,211</u>	<u>410,179</u>

Deferred Income

Balance brought forward	478,647	544,115
Income deferred to the following year	7,873	1,500
Deferred income released during the year	<u>(68,468)</u>	<u>(66,968)</u>

Balance carried forward

418,052 478,647

The deferred income is expected to be recognised as follows

Within 1 year	66,968	67,968
Within 1 to 2 years	66,968	66,968
Within 2 to 5 years	200,904	200,904
After more than 5 years	83,212	142,807
	<u>418,052</u>	<u>478,647</u>

Notes to the financial statements (continued)
For the year ended 31 December 2023

Deferred income relates to rental income received in advance. Rental income was received for a period of 10 years in advance for the Whitcomb Street property, with the lease commencing on 13 February 2020.

11. Contingent Liabilities

The Society is party to an indemnity, jointly with the Royal Society of Painter-Printmakers, to provide Bankside Gallery Limited with continuing financial support and assistance as may be agreed with the company for periods of two years at a time, and to make good any shortfall in the company's annual budget over the same period.

No liability under the indemnity arose for the year ended 31 December 2023 and, based on the financial statements and budgets of Bankside Gallery Limited, Council is of the opinion that it is unlikely that any substantial liability will arise from the indemnity within two years.

12. Financial commitments

In February 2020 the charity signed a lease for a property on Whitcomb Street. The lease has a length of 250 years. The annual commitment is a peppercorn rent. This constitutes a long-term commitment for the charity.

Royal Watercolour Society

Notes to the financial statements (continued)

For the year ended 31 December 2023

13. Unrestricted funds

	President's Fund	David Gluck Fund	Elizabeth Scott Moore Fund	Mezzanine Dep'n Fund	Diploma Room Dep'n Fund	Whitcomb Street Refurbishment Fund	Whitcomb Street Rent in Advance Fund	Joan Williams Memorial Fund	Arthur Wise Whitcomb Street Fund	Total Designated Funds	General Funds	Total unrestricted funds
	£	£	£	£	£	£			£	£	£	£
At 1 January 2023	647	95,135	10,935	25,358	25,530	189,814	-	267,000	125,884	740,302	162,579	902,882
Income from donations and charitable activities	-	-	-	-	-	-	-	-	-	-	163,761	163,761
Investment income	-	-	-	-	-	-	-	-	-	-	21,902	21,902
Expenditure on charitable activities	-	(1,578)	(66)	(1,154)	(1,283)	(14,231)	(2,496)	(1,621)	(764)	(23,194)	(215,065)	(238,259)
Transfers between fund	-	-	-	-	-	1,210	(10,754)			(9,544)	9,544	0
Investment gains	-	3,066	352	-	-	-	13,250	8,605	4,057	29,330	3,356	32,686
At 31 December 2023	647	96,623	11,221	24,204	24,247	176,794	-	273,984	129,177	736,896	146,077	882,973

Royal Watercolour Society

Notes to the financial statements (continued)

For the year ended 31 December 2023

Unrestricted Funds (2022 comparative)

	President's Fund	David Gluck Fund	Elizabeth Scott Moore Fund	Collections Designated Fund	Mezzanine Dep'n Fund	Diploma Room Dep'n Fund	Whitcomb Street Refurbishment Fund	Arthur Wise Whitcomb Street Fund	Total Designated Funds	General Funds	Total unrestricted funds
	£	£	£	£	£	£	£	£	£		
At 1 January 2022	647	105,923	12,049	26,512	26,813	169,639	-	138,701	480,283	198,884	679,168
Income from donations and charitable activities							267,000		267,000	131,215	398,215
Investment income									-	13,601	13,601
Expenditure on charitable activities		(2,193)	(136)	(1,154)	(1,283)	(673)		(1,562)	(7,001)	(123,551)	(130,552)
Transfers between fund						20,848			20,848	-	20,848
Investment gains		(8,595)	(978)					(11,255)	(20,828)	(57,541)	(78,369)
At 31 December 2022	647	95,135	10,935	25,358	25,530	189,814	267,000	125,884	740,302	162,608	902,910

Notes to the financial statements (continued)
For the year ended 31 December 2023

12. Unrestricted funds (continued)

The income and capital bequests received from Mrs Elizabeth Scott Moore, Mr David Gluck and the JE Eddison Trust may be used at the discretion of the Council in accordance with its Reserves Policy as set out in the Report of the Council that introduces these financial statements.

The Elizabeth Scott Moore Fund no longer has a deficit balance but continues to be monitored by Members of Council.

The David Gluck Fund is invested in the Society's General Fund portfolio and not held in a separate and distinct investment portfolio or bank account; investment income is not currently reallocated from the General Fund to the David Gluck Fund.

The President's Fund is designated to be used at the discretion of the President.

The purpose of the Collections Designated Fund varies over time, depending on the Council's priorities. All unrestricted income raised for the purpose of maintaining the Society's collections, together with all related expenditure, is recorded in the Fund in order that an overview of activities in this area can be clearly seen. However, from time to time, Council agrees that certain elements of this expenditure may be financed from other funds, such as the General Fund, or the David Gluck Fund – in these cases, appropriate transfers are made from those funds to provide the agreed subsidy.

The Diploma Room Depreciation Fund was established to record funds used to build the Diploma Collection Storage Room at Bankside Gallery, and depreciation charged in respect of this work. The room is used for the unrestricted purpose of education and learning about the Society's Collections.

The Mezzanine Depreciation Fund was established to record funds used to build the mezzanine floor in the archive room at Bankside Gallery, and depreciation charged in respect of this work.

The Arthur Wise Whitcomb Street Fund was established using part of a legacy received from the estate of Arthur Wise in 2017 and 2018. It is to be used on the future expenses for the Whitcomb Street Gallery

The Whitcomb Street Asset Fund relates to capital improvements at the Whitcomb Street property. These will be depreciated over the life of the lease.

The Joan Williams Memorial Fund was left to the Society by former member Joan Williams. The funds are unrestricted but has been designated as the Council intend to hold an exhibition or regular exhibition for young artists at the Whitcomb Street Gallery. However, the funds could be applied for any purposes at the discretion of the Council if required.

Notes to the financial statements (continued)
For the year ended 31 December 2023

13. Restricted funds

	Peter De Wint Capital Fund	Peter de Wint General Fund	Whitcomb Street Fund	Total
	£	£	£	£
At 1 January 2023	4,551	147,632	26,132	178,315
Income	-	2,262	-	2,262
Expenditure on charitable activities	-	(854)	(26,132)	(26,986)
Transfers between funds	-	-	-	-
Investment gain/(losses)	-	4,534	-	4,534
At 31 December 2023	4,551	153,574	-	158,125

The Peter De Wint Funds are held to provide relief of distress among members (including honorary retired members) of the Royal Watercolour Society.

The Whitcomb Street Fund is raising funds for the refurbishment of the new Gallery space.

Restricted funds (2022)

	Peter De Wint Capital Fund	Peter de Wint General Fund	Whitcomb Street Fund	Total
	£	£	£	£
At 1 January 2022	4,551	159,860	91,679	256,090
Income	-	1,193	-	1,193
Expenditure on charitable activities	-	(903)	(44,699)	(45,602)
Transfers between funds	-	-	(20,848)	(20,848)
Investment gain/(losses)	-	(12,518)	-	(12,518)
At 31 December 2022	4,551	147,632	26,132	178,315

Notes to the financial statements (continued)
For the year ended 31 December 2023

14. Expendable endowment

	Total 2023	Total 2022
	£	£
At 1 January 2023	33,254	38,812
Income	-	-
Expenditure on charitable activities	(2,202)	(2,437)
Transfers between funds	-	-
Investment (losses)/gains	1,071	(3,149)
At 31 December 2023	32,123	33,226

Part of a legacy received from the estate of Arthur Wise has been used to establish a prize fund for watercolour paintings in his memory.

15. Related party transactions

As described in the Report of the Council earlier in these financial statements, the charity has a close working relationship with the Royal Society of Painter-Printmakers and with Bankside Gallery Limited. Bankside Gallery Limited manages Bankside Gallery, 48 Hopton Street, London, on behalf of both the Royal Watercolour Society and the Royal Society of Painter-Printmakers.

The outstanding balances with related parties at the year-end are disclosed in Notes 7 and 8 above. The Royal Watercolour Society makes a donation to Bankside Gallery to cover a proportion of the running costs of the gallery, in recognition of Bankside Gallery's role in helping the Society achieve its charitable aims. Donations may also be made if the Society decides to promote any exhibitions beyond its regular annual programme.

A summary of these donations during the year follows:

	2023 £	2022 £
Donation towards running costs of Bankside Gallery	<u>23,850</u>	<u>23,850</u>

This expenditure is included in the Statement of Financial Activities under outgoing resources.

As recorded in Note 4 above, the Royal Watercolour Society owns a lease from the Corporation of London Borough of Southwark on 48 Hopton Street, London. Bankside Gallery is afforded full rent-free occupation and use of these gallery and office premises in return for granting an indemnity to the Royal Watercolour Society in respect of all outgoing and covenant obligations under the Lease. The value of this donation is not included in these accounts but is estimated to be £38,770 per annum.

Notes to the financial statements (continued)
For the year ended 31 December 2023

16. Comparative information

The information below is an analysis by fund for the year ended 31 December 2022

	Unrestricted General Funds £	Designated Funds £	Restricted Funds £	Expendable Endowment Funds £	Total Funds 2022 £
Income and endowments from:					
Donations and legacies	26,500	267,000	-	-	293,500
Charitable activities	104,715	-	-	-	104,715
Investments	13,601	-	1,193	-	14,794
Total	144,816	267,000	1,193	-	413,009
Expenditure on:					
Raising funds	9,878	2,891	903	409	14,081
Charitable activities	114,374	3,437	44,699	2,000	164,510
Total	124,252	6,328	45,602	2,409	178,591
Net income/(expenditure) before (losses)/gains on investments	20,564	260,672	(44,409)	(2,409)	234,418
Net gains/(losses) on investments	(57,541)	(20,828)	(12,518)	(3,149)	(94,036)
Net income/(expenditure) for the year					
Transfers between funds	(36,977)	239,844	(56,927)	(5,558)	140,382
Net movement in funds	-	20,848	(20,848)	-	-
Reconciliation of funds	(36,977)	260,691	(77,775)	(5,558)	140,381
Total funds brought forward					
Total funds carried forward	198,884	480,284	256,090	38,812	974,070

Notes to the financial statements (continued)
For the year ended 31 December 2023

17. Comparative Information (continued.)

The information below is a columnar balance sheet from the previous period.

	Unrestricted £	Restricted £	Expendable Endowment £	2022 Total £
Fixed assets				
Tangible assets	260,524	-	-	260,524
Investments	883,651	142,942	33,225	1,059,818
	<u>1,144,175</u>	<u>142,942</u>	<u>33,225</u>	<u>1,320,342</u>
Current assets				
Debtors	282,887	-	-	282,887
Cash at bank and in hand	(29,301)	35,373	29	6,102
	253,586	35,373	29	288,988
Creditors: amounts falling due within one year	<u>(84,702)</u>	<u>-</u>	<u>-</u>	<u>(84,702)</u>
Net current (liabilities)/ assets	168,885	35,373	29	204,287
Creditors: amounts due after more than one year	(410,179)	-	-	(410,179)
	<u>902,881</u>	<u>178,315</u>	<u>33,254</u>	<u>1,114,450</u>
Net assets				
Charitable funds				
Unrestricted income funds	902,882	-	-	902,882
Restricted income funds	-	178,315	-	178,315
Expendable endowment	-	-	33,254	33,254
Total funds	<u>902,882</u>	<u>178,315</u>	<u>33,254</u>	<u>1,114,451</u>

ROYAL SOCIETY OF PAINTERS IN WATER COLOURS

England & Wales - Charity number 258348

Accounts

Charity No. 258348 (England and Wales)

Royal Watercolour Society

**Trustees' report and financial statements
for the year ended 31 December 2022**

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Royal Watercolour Society

Reference and administrative details For the year ended 31 December 2022

Registered charity number	258348
Charity name	Royal Watercolour Society is the working name of the registered charity Royal Society of Painters in Water Colours
Council	During the year: Jill Leman (President) Mark Raggett (Senior Vice President) Jim Hunter (Junior Vice President) James Faure Walker (Hon Curator) Liz Butler (until 23 April 2023) John Crossley John Duffin Chloe Fremantle David Hamilton Jane Lewis Paul Regan Lisa Traxler From 23 April 2023 Charles Williams (President) Jim Hunter (Senior Vice President) John Crossley (Junior Vice President) Martin Jacobs (Hon. Treasurer) James Faure Walker (Hon Curator) Lottie Cole John Duffin Chloe Fremantle Jill Leman Anne Lynch Julia Midgeley Olivia O'Sullivan David Wiseman
Administrative office	Bankside Gallery 48 Hopton Street Blackfriars London SE1 9JH
Bankers	National Westminster Bank Plc 91 Westminster Bridge Road London SE1 7HW

Royal Watercolour Society

**Reference and administrative details
For the year ended 31 December 2022**

Solicitors	Pinsent Masons LLP 30 Crown Place London EC2A 4ES
Investment advisers	Cazenove Capital Management Limited 12 Moorgate London EC2R 6DA
Independent examiner	Cara Turtington FCA DChA Saffery Champness LLP 71 Queen Victoria Street London EC4V 4BE

**Report of the members of the Council
For the year ended 31 December 2022**

Introduction

The Council is pleased to present the annual report and financial statements of the Royal Watercolour Society for the year ended 31 December 2022. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with its own Laws and Regulations, the Charities Act 2011 and 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.

Structure, governance and management

Governing document and legal status

The Royal Watercolour Society was founded in 1804 and received its Royal Patronage in 1881. The Society has administered its affairs and exhibited as an independent body since its foundation. The Society is an unincorporated association, governed by an internally approved set of Laws. The Society is a registered charity No. 258348.

Related parties

The Royal Watercolour Society and The Royal Society of Painter-Printmakers are jointly and equally owners of Bankside Gallery, a company limited by guarantee and a registered charity. The Royal Watercolour Society works regularly in partnership with The Royal Society of Painter-Printmakers and Bankside Gallery to pursue its charitable purposes, and shares some common Council/Board members.

The Society is party to an indemnity in favour of Bankside Gallery which commits the Society to offering continuing financial support and assistance to the Gallery for periods of two years at a time. Further details can be found in the notes to these financial statements.

Organisational structure

The governance and strategic planning of the Society are carried out by a Council of Members (acting as trustees of the charity) that meets quarterly. The Council comprises the officers of the Society elected by ballot, together with eight Members who serve for three years. There are also four Custodian Trustees, of which the President is one. The officers of the Society comprise the President, two Vice Presidents, a Secretary, and a Treasurer who provides financial reports to Council.

Administrative matters relating to the Society are carried out by one part-time member of staff previously employed by Bankside Gallery, but now employed by the RWS.

An Exhibitions Committee is responsible for considering Society exhibitions and a Hanging Committee is responsible for their display. The Director of Bankside Gallery is charged with finding suitable artists or organisations to hire the Gallery for exhibitions when it is not being used for shows by Members of the two Royal Societies. To ensure the requisite standard of work, all external proposals are reviewed by the two Society Presidents.

Report of the members of Council (continued)
For the year ended 31 December 2022

Recruitment and appointment of Council members

Council members are elected to carry out defined roles; in addition to the usual officer duties, these are Exhibitions, Membership, PR & Advertising, Website, Friends, Mailing list and Education. Appointments are for a term of three years, with the possibility of re-appointment.

Members of the Council are elected at an Annual General Meeting. A limited number of new members may be co-opted by the President.

Investment powers and management

All funds requiring investment are, in the absence of any special direction by a General Meeting of the Society, applied or invested by the Council, who have authority to effect transactions of stocks and shares held by them for the Society.

Funds are managed, on behalf of the Council, by Cazenove Capital Management Limited.

Risk assessment

Council reviews annually the major risks to which the charity is exposed, and takes action as appropriate to manage and mitigate those risks.

The principal risk faced by the Society is its limited sources of income which, in recent years, have been insufficient to cover the cost of its activities. Council is working to reduce this risk by implementing tighter controls over expenditure and by seeking ways to increase the Society's income in the future. Future plans include the opening of a new Gallery to display the Society's Diploma Collection, which will provide significant opportunities to earn additional income for the charity. Extensive fundraising has been undertaken in order to support the ongoing costs of the new space. Until such time as the Society is able regularly to cover its costs, calls are made on the Society's designated funds to prevent the General Fund falling into deficit.

The Society is also vulnerable to the high cost of exhibitions, and to the susceptibility of painting sales to economic conditions and increasing competition for sales of artworks. Council mitigates these risks through careful planning of its exhibitions, and through working closely with Bankside Gallery in the promotion of its exhibitions to the public.

In the light of taking on the additional venue, the Royal Watercolour Society has employed one member of staff to support the Council in delivering Society activities. The Society also continues to work closely with Bankside Gallery staff in the relevant areas.

Reserves policy

Council has reviewed the Society's need for reserves in line with the guidance issued by the Charity Commission. Council currently recognises the need to set aside amounts to ensure the continuance of the following activities, for a minimum period of two years, in the event that funding should become unavailable from current surpluses:

- the continuing day-to-day operations of the Society;
- the preservation costs of the Diploma Collection;
- the Society's regular programme of education events;
- exhibition opportunities deemed by Council as important to maintain the Society's profile;

Report of the members of Council (continued)
For the year ended 31 December 2022

Reserves policy

(continued)

- agreed support for charitable activities carried out by Bankside Gallery on behalf of the Society.

A sum is also retained in reserves as a contingency against adverse fluctuations in the value of its investments.

At 31 December 2022, the Society held total reserves of £1,114,451 (2021: £974,069), comprising unrestricted reserves of £902,882 (2021: £679,167) restricted reserves of £178,315 (2021: £256,090) and an expendable endowment of £33,254 (2021: £38,812). Council is of the opinion that, in light of its future plans to mitigate the risks faced by the Society, the reserves held at the end of the year were sufficient to enable the Society to work successfully towards fulfilling its aims and objectives.

Restricted Funds comprise the Peter de Wint Capital Fund, the Peter de Wint General Fund and the Whitcomb Street Fund. The Peter de Wint funds are held for long-term use in accordance with the donor's intentions. The Whitcomb Street Fund is for the development of the new gallery space. During the year a transfer out of the restricted fund took place in relation to capital works to improve the gallery building. This has been capitalised as a tangible fixed asset held in a designated fund and will be depreciated over the life of the lease or the expected life of the assets if shorter. In addition, significant expenditure has been incurred by this fund as the Gallery is developed.

Designated Funds fall into two broad categories; firstly, funds set aside by Council to absorb future depreciation costs of recent capital projects - the balances on these funds will reduce through annual depreciation charges in accordance with the depreciation policy set out in Note 1.4 until such time as the related assets have been fully written down; secondly, funds donated to the Society or set aside by Council either to be used for a particular purpose, or to record funds used and remaining in respect of a particular legacy or donation - the balances on these funds will be used up over varying timescales as projects or needs dictate.

During the year the continued leasehold improvement works on the Whitcomb Street property were capitalised as a tangible fixed asset and are held in a designated fund.

Summaries of movements in all funds during the year, together with a detailed description of the purposes for which the various funds may be used, are contained in the notes to the accounts.

Accounting records

The preparation of the Society's accounting records is outsourced to a bookkeeper who is suitably qualified for the task. Internal controls, appropriate for a charity of this size, have been put in place to protect the Society's funds and to ensure their proper application.

Objectives and activities

Objectives

The main objectives of the Society are the advancement of education and the improvement of public taste in art by means of the encouragement of watercolour painting.

Report of the members of Council (continued)
For the year ended 31 December 2022

Activities

The Royal Watercolour Society aims to achieve its objectives through the following activities:

- recruitment and election of Members;
- provision of gallery facilities;
- holding public exhibitions at Bankside Gallery in London and in other cities and towns throughout the country, as well as overseas;
- giving public lectures;
- conserving, for the enjoyment and study of present and future generations, the Society's collections of paintings;
- building and retaining appropriate reserves to safeguard the charity's existence;
- managing the charity's funds and bequests responsibly to enable the Charity to achieve its objectives;
- such other ways as may from time to time be most appropriate.

Public benefit

Council has paid due regard to the Charity Commission's guidance on public benefit in deciding what activities the charity should undertake. The Royal Watercolour Society recognises and welcomes the need to carry out its charitable activities for the benefit of the general public, and retains this aim at the centre of its strategic planning. The Society continues to offer free admission to all of its exhibitions and is working to increase the amount and breadth of education work it carries out in the local community and beyond, seeking to involve people from the widest possible range of backgrounds and abilities.

Achievements and performance

The Royal Watercolour Society has worked hard to develop a programme of exhibitions, talks and events in support of its charitable aims and objectives. At a time when public funding of the Arts has been squeezed by other pressing concerns, the Society has stood firm and strengthened its efforts in the important task of promotion of the Arts, and the Visual Arts and works on paper in particular.

Council seeks to preserve the Society's nationally important historic legacy in the form of its Archive and Diploma collection, as well as being a significant cultural voice speaking on behalf of the Visual Arts and of the UK's tradition of works on paper and that of watercolour in particular, for which the Society is internationally recognised. Council continues to challenge itself to be bold in its mission to promote its artistic and charitable aims through exhibitions and educational outreach.

Achievements against objectives

The Royal Watercolour Society set out, at the start of 2021, to carry out the following activities:

- to promote Spring and Autumn exhibitions at Bankside Gallery, supported by a full programme of education and outreach activities and workshop days run by Society members some of which are free to the public across all age ranges, including running two free Family Drawing Days' in Spring and Autumn – due to the impacts of the pandemic many of these activities were forced to be cancelled or held online.

Report of the members of Council (continued)
For the year ended 31 December 2022

- to continue to plan for the Society's new Whitcomb Street space to provide a central archive, gallery and education space where the Society can further fulfil its charitable objective of the promotion of the arts and education – this project continues and is expected to be completed in 2023. Fundraising for this project is ongoing.
- actively to seek partnerships, with other like-minded National institutions, to promote the Society's remit and charitable aims through exhibitions and events - this is an area the Society continues to explore. The Society continues to build on its partnership with Cass Art who have supported the RWS Open since 2017.
- to continue to run a series of lectures and events at which eminent historians, authors and artists will talk to a wide audience about themes and ideas connected to the Society's exhibitions – this is a continuing aim of the Society in order to augment and enrich its exhibitions.

Financial review

Sources of funding and financial position

The Royal Watercolour Society funds its activities and administrative costs through membership subscriptions, grants, donations, bequests, income from exhibitions and education events, royalties from publications, and investment income and gains generated on its invested funds.

The financial position of the Charity is set out in the Statement of Financial Activities on page 12 and the Balance sheet on page 13.

During the year under review, total income amounted to £413,009 (2021: £228,316).

The cost of raising funds in the year was £14,081 (2021: £21,113), the total costs of charitable activities was £164,510 (2021: £137,830), of which support costs and governance costs (see note 3) amounted to £35,448 (2021: £57,536) and £7,136 (2021: £5,092) respectively.

Before investment movements, the Society made a net surplus from activities of £234,418 (2021: net surplus £90,485). After investment losses of £94,036 (2021: gains £74,033), the Society's Total Funds showed net surplus for the year of £140,382 (2021: net surplus: £164,518).

Investment performance

Investments are held in intermediate risk funds which provide opportunities for a good income return and also some growth of capital in real terms.

The coronavirus pandemic and the associated market volatility has had an impact on investment performance.

Fund transfers

As described in note 12, a net transfer from restricted funds to a designated fixed asset fund of £20,848 (2021: £6,300) has been made during the year. This relates to capital works on Whitcomb Street and associated equipment. The funds for this project were raised in the Whitcomb Street Restricted Fund. The capital works have been capitalised as an unrestricted tangible fixed asset held in a designated fund.

Plans for future periods

Report of the members of Council (continued)
For the year ended 31 December 2022

During 2023, the Society plans to carry out the following activities:

- to promote exhibitions at Bankside Gallery and Whitcomb Street, supported by a programme of education and outreach activities for members of the public across all ages.
- to successfully deliver a 'soft opening' of the new RWS Gallery at Whitcomb Street, featuring exhibitions by RWS Members and associated events including talks, workshops and demonstrations.
- to continue fundraising events.
- to actively seek partnerships with other like-minded National institutions, to promote the Society's remit and charitable aims through exhibitions and events;
- to continue to run a series of lectures and events at which eminent historians, authors and artists will talk to a wide audience about themes and ideas connected to the Society's exhibitions.
- to promote the Society using forms of social media to make sure the public is aware of the RWS and what it does.

Impact of the coronavirus pandemic

The Council has reviewed the impact of the pandemic on the Society as restrictions have been lifted globally. There has been a lasting effect on the RWS and the art world which has resulted in more online exhibitions and events.

Council's responsibilities in relation to the financial statements

The charity's trustees are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The law applicable to charities in England and Wales requires the charity's trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charity, and of the incoming resources and application of resources, of the charity for that period. In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures that must be 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.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations, and the provisions of the Trust deed. They are also responsible for safeguarding the assets of the charity and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Royal Watercolour Society

Report of the members of Council (continued)
For the year ended 31 December 2022

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements.

By Order of the Council

Jill Leman

Jill Leman
President

12 June

2023

**Independent Examiner's report to the trustees of the Royal Watercolour Society
For the year ended 31 December 2022**

I report to the trustees on my examination of the accounts of the Royal Watercolour Society (the Charity) for the year ended 31 December 2022.

Respective Responsibilities of trustees and examiner

As the trustees of the Charity you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the Charity's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Basis of independent examiner's report

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent examiner's statement

Since the Charity's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of the Institute of Chartered Accountants in England and Wales, which is one of the listed bodies.

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:

I have completed my examination. I confirm that no material 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 Charity as required by section 130 of the Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 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.

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.

Independent Examiner's report to the trustees of the Royal Watercolour Society
For the year ended 31 December 2022



Cara Turtington FCA DChA
For and on behalf of
Saffery Champness LLP
Chartered Accountants

19 June 2023

71 Queen Victoria Street
London
EC4V 4BE

Royal Watercolour Society

Statement of Financial Activities For the year ended 31 December 2022

	Note	Unrestricted General Funds £	Designated Funds £	Restricted Funds £	Expendable Endowment Funds £	Total Funds 2022 £	Total Funds 2021 £
Income and endowments from:							
Donations and legacies	2	26,500	267,000	-	-	293,500	141,246
Charitable activities	2	104,715	-	-	-	104,715	84,112
Investments		13,601	-	1,193	-	14,794	2,958
Total		144,816	267,000	1,193	-	413,009	228,316
Expenditure on:							
Raising funds		9,878	2,891	903	409	14,081	21,113
Charitable activities		114,374	3,437	44,699	2,000	164,510	116,717
Total	3	124,252	6,328	45,602	2,409	178,591	137,830
Net income/(expenditure) before (losses)/gains on investments		20,564	260,672	(44,409)	(2,409)	234,418	90,486
Net (losses) / gains on investments		(57,541)	(20,828)	(12,518)	(3,149)	(94,036)	74,033
Net income/(expenditure) for the year		(36,977)	239,844	(56,927)	(5,558)	140,382	164,519
Transfers between funds	12	-	20,848	(20,848)	-	-	-
Net movement in funds		(36,977)	260,691	(77,775)	(5,558)	140,381	164,519
Reconciliation of funds							
Total funds brought forward		198,884	480,284	256,090	38,812	974,070	809,551
Total funds carried forward		161,907	740,975	178,315	33,254	1,114,451	974,070

The Statement of Financial Activities includes all gains and losses in the year.

All of the above amounts relate to continuing activities.

The notes on pages 16 to 30 form part of these financial statements.

Royal Watercolour Society

Balance sheet As at 31 December 2022

	Note	Unrestricted £	Restricted £	Expendable Endowment £	2022 Total £	2021 Total £
Fixed assets						
Tangible assets	5	260,524	-	-	260,524	243,787
Investments	6	883,651	142,942	33,225	1,059,818	1,245,598
		<u>1,144,175</u>	<u>142,942</u>	<u>33,225</u>	<u>1,320,342</u>	<u>1,489,385</u>
Current assets						
Debtors	8	282,887	-	-	282,887	9,045
Cash at bank and in hand		(29,301)	35,373	29	6,102	30,808
		<u>253,586</u>	<u>35,373</u>	<u>29</u>	<u>288,988</u>	<u>39,853</u>
Creditors: amounts falling due within one year	9	(84,702)	-	-	(84,702)	(72,161)
Net current (liabilities)/ assets		168,885	35,373	29	204,287	(32,308)
Creditors: amounts due after more than one year	10	(410,179)	-	-	(410,179)	(483,007)
		<u>902,881</u>	<u>178,315</u>	<u>33,254</u>	<u>1,114,450</u>	<u>974,070</u>
Net assets						
Charitable funds						
Unrestricted income funds	12	902,882	-	-	902,882	679,167
Restricted income funds	13	-	178,315	-	178,315	256,090
Expendable endowment	14	-	-	33,254	33,254	38,812
Total funds		<u>902,882</u>	<u>178,315</u>	<u>33,254</u>	<u>1,114,451</u>	<u>974,069</u>

The notes on pages 16 to 30 form part of these financial statements.

These financial statements were approved and signed by a member of the Council and authorised for issue on *12 June* 2023.

Jill Leman

Jill Leman
Trustee
Charity No. 258348

1. Accounting policies

1.1 Basis of accounting

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the notes to these accounts. The financial statements have been prepared in accordance with the second edition of the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Advantage has been taken of the exemption for charities with income less than £500,000 from preparing a cash flow statement.

The charity constitutes a public benefit entity as defined by FRS 102.

Council is of the opinion that there are no material uncertainties about the charity's ability to continue as a going concern. The Council has considered the impact of the coronavirus pandemic and do not believe this has an impact on the going concern status of the charity.

1.2 Income

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

Donations are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Membership income is treated as a donation as the benefits of membership are not of significant monetary value and the fee paid is therefore treated as a donation to the charity's general funds.

Notes to the financial statements (continued)
For the year ended 31 December 2022

1. Accounting policies (continued)

1.3 Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is recognised on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings. Costs in respect of future events or exhibitions are charged when the relevant events or exhibitions take place.

Support costs have been allocated between support costs and governance costs. Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. All support costs are allocated to charitable and fundraising activities on the basis of time spent.

1.4 Tangible fixed assets and depreciation

Expenditure on improvements, furniture and equipment that exceeds £1,000 is capitalised. Fixed assets are stated at cost less accumulated depreciation. Provision for depreciation of fixed assets held for use by the charity is made at annual rates calculated to spread the cost of each asset over its expected useful life. The depreciation rates currently in use are:

Leasehold property and improvements	- Evenly over the remainder of the lease
Gallery development Whitcomb Street	- Evenly over 20 years
Plant and security	- straight line over 3 years
Furniture and equipment	- straight line over 5 years

Assets are not depreciated until they are brought fully into use by the charity.

1.5 Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

1.6 Historic assets

The Society's Historic Assets (note 5) are not capitalised as the Members of Council consider that the cost of obtaining valuations would outweigh the benefit to users of the financial statements.

1.7 Taxation

No tax provision is included in the financial statements on the basis that all income for the registered charity is derived from wholly charitable activities.

1.8 Fund accounting

The charity has restricted funds, where the donor has specified that they can only be used on specific projects in the future. All other funds are unrestricted.

Notes to the financial statements (continued)
For the year ended 31 December 2022

1. Accounting policies (continued)

Fund Accounting (continued)

Where funds are received via gift or legacy to support the longer term work of the charity these will be treated as an endowment. An endowment will be classed as permanent when the donor specifies that the capital must be maintained in perpetuity and as expendable in all other circumstances.

Designated funds have been nominated by the Council to represent their intentions to fund future projects or to reflect a wish of donors that was not legally binding at the time a gift was made. These funds can be undesignated and applied to any of the charitable activities in the future at the Council's absolute discretion.

2. Analysis of income

a. Donations and legacies

	General Funds £	Designated Funds £	Restricted Funds £	Expendable Endowment £	2022 Total £	2021 Total £
Membership income	24,415	-	-	-	24,415	24,375
Grants and donations	325	-	-	-	325	110,000
Legacies received	-	267,000	-	-	267,000	6,871
Election fees	1,760	-	-	-	1,760	-
	<u>26,500</u>	<u>267,000</u>	<u>-</u>	<u>-</u>	<u>293,500</u>	<u>141,246</u>

Donations and legacies

	General Funds £	Designated Funds £	Restricted Funds £	Expendable Endowment £	2021 Total £
Membership income	24,375	-	-	-	24,375
Legacies received	110 000	-	-	-	110,000
Grants and donations	30	-	6,841	-	6,871
	<u>134,405</u>	<u>-</u>	<u>6,841</u>	<u>-</u>	<u>141,246</u>

b. Charitable activities

	2022 £	2021 £
Lease and service charge income	76,954	83,037
Gallery hire and events	27,761	-
	<u>104,715</u>	<u>83,037</u>

Notes to the financial statements (continued)
For the year ended 31 December 2022

3. Expenditure
2022

	Direct costs £	Support costs £	Governance costs £	2022 Total £	2021 Total £
Raising funds	14,081	-	-	14,081	21,113
Charitable activities:					
Running the RWS	23,850	35,448	7,136	66,434	75,540
Support of Bankside Gallery	23,850	-	-	23,850	23,850
Whitcomb St development	74,225	-	-	74,225	17,327
Total charitable activities	121,925	35,448	7,136	164,510	116,717
Total expenditure	136,006	35,448	7,136	178,591	137,830

2021

	Direct costs £	Support costs £	Governance costs £	2021 Total £
Raising funds	21,113	-	-	21,113
Charitable activities:				
Running the RWS	12,912	57,536	5,092	75,540
Support of Bankside Gallery	23,850	-	-	23,850
Whitcomb St development	17,327	-	-	17,327
Total charitable activities	54,089	57,536	5,092	116,717
Total expenditure	75,202	57,536	5,092	137,830

	2022 £	2021 £
Net income/(expenditure) is stated after charging:		
Depreciation	4,110	3,437
Examiner's remuneration:		
- independent examination (Saffery Champness LLP)	1,649	1,348
- preparation of accounts and advice (Saffery Champness LLP)	3,900	3,634

Notes to the financial statements (continued)
For the year ended 31 December 2022

4. Staff costs

Included within direct costs of charitable activities are staff costs of:

	2022 £	2021 £
Wages and salaries	34,697	8,573
National insurance	-776	776
Pensions	-	-
	<u>33,921</u>	<u>9,350</u>

The average number of employees during the period was 1.

No employee earned over £60,000 in the current or preceding period.

5. Tangible fixed assets

	Equipment £	Leasehold property £	Gallery improvements £	Total £
Cost				
At 1 January 2022	1,106	150,345	169,639	321,090
Additions	<u>9,839</u>	<u>-</u>	<u>11,009</u>	<u>20,848</u>
At 31 December 2022	<u>10,945</u>	<u>150,345</u>	<u>180,648</u>	<u>341,938</u>
Depreciation				
At 1 January 2022	1,106	76,197	-	77,303
Charge for the year	<u>673</u>	<u>3,437</u>	<u>-</u>	<u>4,110</u>
At 31 December 2022	<u>1,779</u>	<u>79,634</u>	<u>-</u>	<u>81,413</u>
Net book value				
At 31 December 2022	<u>9,166</u>	<u>70,711</u>	<u>180,648</u>	<u>260,525</u>
At 1 January 2022	<u>-</u>	<u>74,148</u>	<u>169,639</u>	<u>243,787</u>

The leasehold property relates to the Gallery and Office premises at 48 Hopton Street, which is owned on a 60-year lease from the Corporation of London Borough of Southwark that expires on 27 August 2044. The lease was professionally valued in 2005, by Drivers Jonas, at £425,000.

Gallery improvement additions relate to capital works under construction on the Whitcomb Street property. They will not be depreciated until the gallery space is brought fully into use in 2023.

Notes to the financial statements (continued)
For the year ended 31 December 2022

5. Fixed assets (continued)

Historic Assets

The Society's Historic Assets are insured for the sum of £2.5m and comprise the following:

- i) *Diploma Collection:*
The Diploma Collection comprises paintings acquired from Members on their election to the Society; ownership of these is inalienable as the Society's Laws do not permit their disposal.
- ii) *Other Works of Art:*
Through bequests, the Society has acquired some other works which are mainly held for historical, educational and artistic reasons.

6. Investments

	2022	2021
	£	£
Market value		
At 1 January 2022	1,245,598	1,170,889
Contribution of funds	-	60,000
Funds withdrawn	(85,850)	(62,464)
Income less fees	(5,893)	(265)
Realised and unrealised (losses) / gains	(94,037)	77,438
At 31 December 2022	1,059,818	1,245,598

At 31 December 2022, 19% of investments were held in UK Equity and Bond funds (2021: 12%), 51% in Equity and Bond funds outside the UK (2021: 52%), 19% in Hedge and Alternative Funds (2021: 21%), and the remaining 11% in cash (2021: 15%).

No investments were considered to be material in the context of the market value of the portfolio.

7. Council expenses

No Council member received any emolument or payment for professional or other services during the year, but one Council members (2021: one) received reimbursement of £216 (2021: £517) for travel, subsistence and telephone expenses incurred during the course of carrying out their duties as charity trustees.

Notes to the financial statements (continued)
For the year ended 31 December 2022

8. Debtors

	2022 £	2021 £
Trade debtors	71	148
Other debtors	267,000	10
Amount due from Bankside Gallery	-	-
Prepayments	15,816	8,887
	<u>282,887</u>	<u>9,045</u>

9. Creditors

Amounts falling due within one year

	2022 £	2021 £
Trade creditors	4,682	2,757
Amount due to Bankside Gallery	-	-
Sundry creditors and accruals	11,552	7,054
Deferred income	68,468	62,350
	<u>84,702</u>	<u>72,161</u>

10. Creditors

Amounts falling due after more than one year

	2022 £	2021 £
Deferred income due after more than one year	<u>410,179</u>	<u>483,007</u>

Deferred Income

Balance brought forward	544,115	611,083
Income deferred to the following year	1,500	-
Deferred income released during the year	<u>(66,968)</u>	<u>(66,968)</u>
Balance carried forward	478,647	544,115

The deferred income is expected to be recognised as follows

Within 1 year	67,968	66,968
Within 1 to 2 years	66,968	66,968
Within 2 to 5 years	200,904	200,904
After more than 5 years	142,807	209,575
	<u>478,647</u>	<u>544,115</u>

Deferred income relates to rental income received in advance. Rental income was received for a period of 10 years in advance for the Whitcomb Street property, with the lease commencing on 13 February 2020.

11. Contingent Liabilities

The Society is party to an indemnity, jointly with the Royal Society of Painter-Printmakers, to provide Bankside Gallery Limited with continuing financial support and assistance as may be agreed with the company for periods of two years at a time, and to make good any shortfall in the company's annual budget over the same period.

No liability under the indemnity arose for the year ended 31 December 2022 and, based on the financial statements and budgets of Bankside Gallery Limited, Council is of the opinion that it is unlikely that any substantial liability will arise from the indemnity within two years.

12. Financial commitments

In February 2020 the charity signed a lease for a property on Whitcomb Street. The lease has a length of 250 years. The annual commitment is a peppercorn rent. This constitutes a long-term commitment for the charity.

Notes to the financial statements (continued)
For the year ended 31 December 2022

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Accounts

Charity No. 258348 (England and Wales)

Royal Watercolour Society

**Trustees' report and financial statements
for the year ended 31 December 2021**

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Royal Watercolour Society

Reference and administrative details For the year ended 31 December 2021

Registered charity number	258348
Charity name	Royal Watercolour Society is the working name of the registered charity Royal Society of Painters in Water Colours
Council	At the date of signing: Jill Leman (President) Mark Raggett (Senior Vice President) Jim Hunter (Junior Vice President) James Faure Walker (Hon Curator) Liz Butler Chloe Fremantle David Hamilton John Crossley Jane Lewis Lisa Traxler Paul Regan John Duffin
Administrative office	Bankside Gallery 48 Hopton Street Blackfriars London SE1 9JH
Bankers	National Westminster Bank Plc 91 Westminster Bridge Road London SE1 7HW
Solicitors	Pinsent Masons LLP 30 Crown Place London EC2A 4ES
Investment advisers	Cazenove Capital Management Limited 12 Moorgate London EC2R 6DA
Independent examiner	Cara Turtington FCA DChA Saffery Champness LLP 71 Queen Victoria Street London EC4V 4BE

**Report of the members of the Council
For the year ended 31 December 2021**

Introduction

The Council is pleased to present the annual report and financial statements of the Royal Watercolour Society for the year ended 31 December 2021. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with its own Laws and Regulations, the Charities Act 2011 and 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.

Structure, governance and management

Governing document and legal status

The Royal Watercolour Society was founded in 1804 and received its Royal Patronage in 1881. The Society has administered its affairs and exhibited as an independent body since its foundation. The Society is an unincorporated association, governed by an internally approved set of Laws. The Society is a registered charity No. 258348.

Related parties

The Royal Watercolour Society and The Royal Society of Painter-Printmakers are jointly and equally owners of Bankside Gallery, a company limited by guarantee and a registered charity. The Royal Watercolour Society works regularly in partnership with The Royal Society of Painter-Printmakers and Bankside Gallery to pursue its charitable purposes, and shares some common Council/Board members.

The Society is party to an indemnity in favour of Bankside Gallery which commits the Society to offering continuing financial support and assistance to the Gallery for periods of two years at a time. Further details can be found in the notes to these financial statements.

Organisational structure

The governance and strategic planning of the Society are carried out by a Council of Members (acting as trustees of the charity) that meets quarterly. The Council comprises the officers of the Society elected by ballot, together with eight Members who serve for three years. There are also four Custodian Trustees, of which the President is one. The officers of the Society comprise the President, two Vice Presidents, a Secretary, and a Treasurer who provides financial reports to Council.

Administrative matters relating to the Society are carried out by one part-time member of staff previously employed by Bankside Gallery, but now employed by the RWS.

An Exhibitions Committee is responsible for considering Society exhibitions and a Hanging Committee is responsible for their display. The Director of Bankside Gallery is charged with finding suitable artists or organisations to hire the Gallery for exhibitions when it is not being used for shows by Members of the two Royal Societies. To ensure the requisite standard of work, all external proposals are reviewed by the two Society Presidents.

Report of the members of Council (continued)
For the year ended 31 December 2021

Recruitment and appointment of Council members

Council members are elected to carry out defined roles; in addition to the usual officer duties, these are Exhibitions, Membership, PR & Advertising, Website, Friends, Mailing list and Education. Appointments are for a term of three years, with the possibility of re-appointment.

Members of the Council are elected at an Annual General Meeting. A limited number of new members may be co-opted by the President.

Investment powers and management

All funds requiring investment are, in the absence of any special direction by a General Meeting of the Society, applied or invested by the Council, who have authority to effect transactions of stocks and shares held by them for the Society.

Funds are managed, on behalf of the Council, by Cazenove Capital Management Limited.

Risk assessment

Council reviews annually the major risks to which the charity is exposed, and takes action as appropriate to manage and mitigate those risks.

The principal risk faced by the Society is its limited sources of income which, in recent years, have been insufficient to cover the cost of its activities. Council is working to reduce this risk by implementing tighter controls over expenditure and by seeking ways to increase the Society's income in the future. Future plans include the opening of a new Gallery to display the Society's Diploma Collection, which will provide significant opportunities to earn additional income for the charity. Extensive fundraising has been undertaken in order to support the ongoing costs of the new space. Until such time as the Society is able regularly to cover its costs, calls are made on the Society's designated funds to prevent the General Fund falling into deficit.

The Society is also vulnerable to the high cost of exhibitions, and to the susceptibility of painting sales to economic conditions and increasing competition for sales of artworks. Council mitigates these risks through careful planning of its exhibitions, and through working closely with Bankside Gallery in the promotion of its exhibitions to the public.

In the light of taking on the additional venue, the Royal Watercolour Society has employed one member of staff to support the Council in delivering Society activities. The Society also continues to work closely with Bankside Gallery staff in the relevant areas.

Reserves policy

Council has reviewed the Society's need for reserves in line with the guidance issued by the Charity Commission. Council currently recognises the need to set aside amounts to ensure the continuance of the following activities, for a minimum period of two years, in the event that funding should become unavailable from current surpluses:

- the continuing day-to-day operations of the Society;
- the preservation costs of the Diploma Collection;
- the Society's regular programme of education events;
- exhibition opportunities deemed by Council as important to maintain the Society's profile;

Report of the members of Council (continued)
For the year ended 31 December 2021

Reserves policy

(continued)

- agreed support for charitable activities carried out by Bankside Gallery on behalf of the Society.

A sum is also retained in reserves as a contingency against adverse fluctuations in the value of its investments.

At 31 December 2021, the Society held total reserves of £974,069 (2020: £809,551), comprising unrestricted reserves of £679,167 (2020: £507,027), restricted reserves of £256,090 (2020: £264,569) and an expendable endowment of £38,812 (2020: £37,955). Council is of the opinion that, in light of its future plans to mitigate the risks faced by the Society, the reserves held at the end of the year were sufficient to enable the Society to work successfully towards fulfilling its aims and objectives.

Restricted Funds comprise the Peter de Wint Capital Fund, the Peter de Wint General Fund and the Whitcomb Street Fund. The Peter de Wint funds are held for long-term use in accordance with the donor's intentions. The Whitcomb Street Fund is for the development of the new gallery space. During the year a transfer out of the restricted fund took place in relation to capital works to improve the gallery building. This has been capitalised as a tangible fixed asset held in a designated fund and will be depreciated over the life of the lease.

Designated Funds fall into two broad categories; firstly, funds set aside by Council to absorb future depreciation costs of recent capital projects - the balances on these funds will reduce through annual depreciation charges in accordance with the depreciation policy set out in Note 1.4 until such time as the related assets have been fully written down; secondly, funds donated to the Society or set aside by Council either to be used for a particular purpose, or to record funds used and remaining in respect of a particular legacy or donation - the balances on these funds will be used up over varying timescales as projects or needs dictate.

During the year the leasehold improvement works on the Whitcomb Street property were capitalised as a tangible fixed asset and are held in a designated fund.

Summaries of movements in all funds during the year, together with a detailed description of the purposes for which the various funds may be used, are contained in the notes to the accounts.

Accounting records

The preparation of the Society's accounting records is outsourced to a bookkeeper who is suitably qualified for the task. Internal controls, appropriate for a charity of this size, have been put in place to protect the Society's funds and to ensure their proper application.

Objectives and activities

Objectives

The main objectives of the Society are the advancement of education and the improvement of public taste in art by means of the encouragement of watercolour painting.

Activities

The Royal Watercolour Society aims to achieve its objectives through the following activities:

Report of the members of Council (continued)
For the year ended 31 December 2021

- recruitment and election of Members;
- provision of gallery facilities;
- holding public exhibitions at Bankside Gallery in London and in other cities and towns throughout the country, as well as overseas;
- giving public lectures;
- conserving, for the enjoyment and study of present and future generations, the Society's collections of paintings;
- building and retaining appropriate reserves to safeguard the charity's existence;
- managing the charity's funds and bequests responsibly to enable the Charity to achieve its objectives;
- such other ways as may from time to time be most appropriate.

Public benefit

Council has paid due regard to the Charity Commission's guidance on public benefit in deciding what activities the charity should undertake. The Royal Watercolour Society recognises and welcomes the need to carry out its charitable activities for the benefit of the general public, and retains this aim at the centre of its strategic planning. The Society continues to offer free admission to all of its exhibitions and is working to increase the amount and breadth of education work it carries out in the local community and beyond, seeking to involve people from the widest possible range of backgrounds and abilities.

Achievements and performance

The Royal Watercolour Society has worked hard to develop a programme of exhibitions, talks and events in support of its charitable aims and objectives. At a time when public funding of the Arts has been squeezed by other pressing concerns, the Society has stood firm and strengthened its efforts in the important task of promotion of the Arts, and the Visual Arts and works on paper in particular.

Council seeks to preserve the Society's nationally important historic legacy in the form of its Archive and Diploma collection, as well as being a significant cultural voice speaking on behalf of the Visual Arts and of the UK's tradition of works on paper and that of watercolour in particular, for which the Society is internationally recognised. Council continues to challenge itself to be bold in its mission to promote its artistic and charitable aims through exhibitions and educational outreach.

Achievements against objectives

The Royal Watercolour Society set out, at the start of 2021, to carry out the following activities:

- to promote Spring and Autumn exhibitions at Bankside Gallery, supported by a full programme of education and outreach activities and workshop days run by Society members some of which are free to the public across all age ranges, including running two free Family Drawing Days' in Spring and Autumn – due to the impacts of the pandemic many of these activities were forced to be cancelled or held online.
- to continue to plan for the Society's new Whitcomb Street space to provide a central archive, gallery and education space where the Society can further fulfil its charitable objective of the

Report of the members of Council (continued)
For the year ended 31 December 2021

promotion of the arts and education – this project continues and is expected to be completed in 2023. Fundraising for this project is ongoing.

- actively to seek partnerships, with other like-minded National institutions, to promote the Society's remit and charitable aims through exhibitions and events - this is an area the Society continues to explore. The Society continues to build on its partnership with Cass Art who have supported the RWS Open since 2017.
- to continue to run a series of lectures and events at which eminent historians, authors and artists will talk to a wide audience about themes and ideas connected to the Society's exhibitions – this is a continuing aim of the Society in order to augment and enrich its exhibitions. Due to the impacts of the pandemic, many of these events were forced to be cancelled or held online.

Financial review

Sources of funding and financial position

The Royal Watercolour Society funds its activities and administrative costs through membership subscriptions, grants, donations, bequests, income from exhibitions and education events, royalties from publications, and investment income and gains generated on its invested funds.

The financial position of the Charity is set out in the Statement of Financial Activities on page 12 and the Balance sheet on page 13.

During the year under review, total income amounted to £228,316 (2020: £200,925).

The cost of raising funds in the year was £21,113 (2020: £17,137), the total costs of charitable activities was £137,830 (2020: £118,114), of which support costs and governance costs (see note 3) amounted to £57,536 (2019: £41,255) and £5,092 (2020: £4,655) respectively.

Before investment movements, the Society made a net surplus from activities of £90,485 (2020: net surplus £82,181). After investment gains of £74,033 (2020: gains £21,744), the Society's Total Funds showed net surplus for the year of £164,518 (2020: net surplus: £103,925).

Investment performance

Investments are held in intermediate risk funds which provide opportunities for a good income return and also some growth of capital in real terms.

The coronavirus pandemic and the associated market volatility has had an impact on investment performance.

Fund transfers

As described in note 12, a net transfer from restricted funds to a designated fixed asset fund of £6,300 (2020: 163,339) has been made during the year. This relates to capital works on Whitcomb Street. The funds for this project were raised in the Whitcomb Street Restricted Fund. The capital works have been capitalised as an unrestricted tangible fixed asset held in a designated fund.

Plans for future periods

During 2022, the Society plans to carry out the following activities:

Report of the members of Council (continued)
For the year ended 31 December 2021

- to promote exhibitions at Bankside Gallery and Whitcomb Street, supported by a programme of education and outreach activities for members of the public across all ages.
- to successfully deliver a 'soft opening' of the new RWS Gallery at Whitcomb Street, featuring exhibitions by RWS Members and associated events including talks, workshops and demonstrations.
- to organise and carry out a fundraising auction of small works on paper
- to actively seek partnerships with other like-minded National institutions, to promote the Society's remit and charitable aims through exhibitions and events;
- to continue to run a series of lectures and events at which eminent historians, authors and artists will talk to a wide audience about themes and ideas connected to the Society's exhibitions.
- to promote the Society using forms of social media to make sure the public is aware of the RWS and what it does.

Impact of the coronavirus pandemic

The Council has considered the potential impact of the coronavirus pandemic on the charity. This is likely to have an impact on the charity in 2021 in the following ways:

- The 2021 Spring Exhibition due to take place at Bankside Gallery was cancelled. Works were instead available to view and purchase online.
- The RWS Open exhibition was cancelled. Potential exhibitors were informed via email and the website that the RWS Open would be expected to open again for entries in Autumn 2021, with an exhibition of selected works taking place in Spring 2022.
- Workshops, talks and events were postponed; we hope they may take place in the future
- A loss of sales will have an impact on all RWS artists
- The RWS AGM happened online in December 2021
- The RWS Elections happened online in 2021

Council's responsibilities in relation to the financial statements

The charity's trustees are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The law applicable to charities in England and Wales requires the charity's trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charity, and of the incoming resources and application of resources, of the charity for that period. In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
 - observe the methods and principles in the applicable Charities SORP (FRS 102);
 - make judgements and estimates that are reasonable and prudent;
 - state whether applicable accounting standards have been followed, subject to any material departures that must be 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.
-

Report of the members of Council (continued)
For the year ended 31 December 2021

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations, and the provisions of the Trust deed. They are also responsible for safeguarding the assets of the charity and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements.

By Order of the Council



Jill Leman
President

5th October 2022

**Independent Examiner's report to the trustees of the Royal Watercolour Society
For the year ended 31 December 2021**

I report to the trustees on my examination of the accounts of the Royal Watercolour Society (the Charity) for the year ended 31 December 2021.

Respective Responsibilities of trustees and examiner

As the trustees of the Charity you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the Charity's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Basis of independent examiner's report

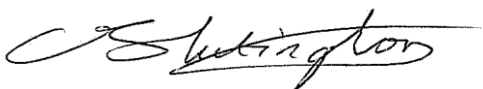
My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent examiner's statement

I have completed my examination. I confirm that no material 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 Charity as required by section 130 of the Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 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.

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.



Cara Turtington FCA DChA

For and on behalf of

Saffery Champness LLP

Chartered Accountants

17 October 2022

71 Queen Victoria Street
London
EC4V 4BE

Royal Watercolour Society

Statement of Financial Activities For the year ended 31 December 2021

	Note	Unrestricted General Funds £	Designated Funds £	Restricted Funds £	Expendable Endowment Funds £	Total Funds 2021 £	Total Funds 2020 £
Income and endowments from:							
Donations and legacies	2	134,405	-	6,250	591	141,246	132,509
Charitable activities	2a	84,112	-	-	-	84,112	59,948
Investments		2,087	-	871	-	2,958	7,838
Total		<u>220,603</u>	<u>-</u>	<u>7,121</u>	<u>591</u>	<u>228,316</u>	<u>200,295</u>
Expenditure on:							
Raising funds		18,029	-	2,440	644	21,113	17,137
Charitable activities		90,923	5,567	18,227	2,000	116,717	100,977
Total	3	<u>108,952</u>	<u>5,567</u>	<u>20,667</u>	<u>2,644</u>	<u>137,830</u>	<u>118,114</u>
Net income/(expenditure) before (losses)/gains on investments		111,651	(5,567)	(13,546)	(2,053)	90,485	82,181
Net gains on investments		41,005	18,751	11,367	2,910	74,033	21,744
Net income/(expenditure) for the year		152,656	13,184	(2,179)	857	164,518	103,925
Transfers between funds	11	(3,129)	9,429	(6,300)	-	-	-
Net movement in funds		149,527	22,613	(8,479)	857	164,518	103,925
Reconciliation of funds							
Total funds brought forward		49,357	457,670	264,569	37,955	809,551	705,626
Total funds carried forward		<u>198,884</u>	<u>480,283</u>	<u>256,090</u>	<u>38,812</u>	<u>974,069</u>	<u>809,551</u>

The Statement of Financial Activities includes all gains and losses in the year.

All of the above amounts relate to continuing activities.

The notes on pages 14 to 28 form part of these financial statements.

Royal Watercolour Society

Balance sheet
As at 31 December 2021

	Note	Unrestricted £	Restricted £	Expendable Endowment £	2021 Total £	2020 Total £
Fixed assets						
Tangible assets	4	243,787	-	-	243,787	240,924
Investments	5	1,042,737	162,822	40,039	1,245,598	1,170,462
		<u>1,286,523</u>	<u>162,822</u>	<u>40,039</u>	<u>1,489,384</u>	<u>1,411,386</u>
Current assets						
Debtors	7	9,045	-	-	9,045	7,444
Cash at bank and in hand		(61,233)	93,268	(1,227)	30,808	40,284
		<u>(52,188)</u>	<u>93,269</u>	<u>(1,227)</u>	<u>39,853</u>	<u>47,728</u>
Creditors: amounts falling due within one year	8	(72,161)	-	-	(72,161)	(99,588)
Net current (liabilities)/ assets		(124,349)	93,268	(1,227)	(32,308)	(51,860)
Creditors: amounts due after more than one year	9	(483,007)	-	-	(483,007)	(549,975)
		<u>(483,007)</u>	<u>-</u>	<u>-</u>	<u>(483,007)</u>	<u>(549,975)</u>
Net assets		<u>679,167</u>	<u>256,090</u>	<u>38,812</u>	<u>974,069</u>	<u>809,551</u>
Charitable funds						
Unrestricted income funds	11	679,167			679,167	507,027
Restricted income funds	12		256,090		256,090	264,569
Expendable endowment	13			38,812	38,812	37,955
Total funds		<u>679,167</u>	<u>256,090</u>	<u>38,812</u>	<u>974,069</u>	<u>809,551</u>

The notes on pages 14 to 28 form part of these financial statements.

These financial statements were approved and signed by a member of the Council and authorised for issue on 5th October 2022.



Jill Leman
President
Charity No. 258348

1. Accounting policies

1.1 Basis of accounting

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the notes to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) second edition issued in October 2019, and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Advantage has been taken of the exemption for charities with income less than £500,000 from preparing a cash flow statement.

The charity constitutes a public benefit entity as defined by FRS 102.

Council is of the opinion that there are no material uncertainties about the charity's ability to continue as a going concern. The Council has considered the impact of the coronavirus pandemic and do not believe this has an impact on the going concern status of the charity.

1.2 Income

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

Donations are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Membership income is treated as a donation as the benefits of membership are not of significant monetary value and the fee paid is therefore treated as a donation to the charity's general funds.

Notes to the financial statements (continued)
For the year ended 31 December 2021

1. Accounting policies (continued)

1.3 Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is recognised on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings. Costs in respect of future events or exhibitions are charged when the relevant events or exhibitions take place.

Support costs have been allocated between support costs and governance costs. Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. All support costs are allocated to charitable and fundraising activities on the basis of time spent.

1.4 Tangible fixed assets and depreciation

Expenditure on improvements, furniture and equipment that exceeds £1,000 is capitalised. Fixed assets are stated at cost less accumulated depreciation. Provision for depreciation of fixed assets held for use by the charity is made at annual rates calculated to spread the cost of each asset over its expected useful life. The depreciation rates currently in use are:

Leasehold property and improvements	- Evenly over the remainder of the lease
Furniture and equipment	- 20% straight line on cost

1.5 Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

1.6 Historic assets

The Society's Historic Assets (note 4) are not capitalised as the Members of Council consider that the cost of obtaining valuations would outweigh the benefit to users of the financial statements.

1.7 Taxation

No tax provision is included in the financial statements on the basis that all income for the registered charity is derived from wholly charitable activities.

1.8 Fund accounting

The charity has restricted funds, where the donor has specified that they can only be used on specific projects in the future. All other funds are unrestricted.

Where funds are received via gift or legacy to support the longer term work of the charity these will be treated as an endowment. An endowment will be classed as permanent when the donor specifies that the capital must be maintained in perpetuity and as expendable in all other circumstances.

Notes to the financial statements (continued)
For the year ended 31 December 2021

1. Accounting policies (continued)

Fund Accounting (continued)

Designated funds have been nominated by the Council to represent their intentions to fund future projects or to reflect a wish of donors that was not legally binding at the time a gift was made. These funds can be undesignated and applied to any of the charitable activities in the future at the Council's absolute discretion.

2. Donations and legacies

	General Funds £	Designated Funds £	Restricted Funds £	Expendable Endowment £	2021 Total £	2020 Total £
Membership income	24,375	-	-	-	24,375	24,440
Legacies received	110,000	-	-	-	110,000	-
Grants and donations	30	-	6,841	-	6,871	107,429
Election fees	-	-	-	-	-	640
	<u>134,405</u>	<u>-</u>	<u>6,841</u>	<u>-</u>	<u>141,246</u>	<u>132,509</u>

Donations and legacies

	General Funds £	Designated Funds £	Restricted Funds £	Expendable Endowment £	2020 Total £
Membership income	24,440	-	-	-	24,440
Grants and donations	2,040	-	105,389	-	107,429
Election fees	640	-	-	-	640
	<u>27,120</u>	<u>-</u>	<u>105,389</u>	<u>-</u>	<u>132,509</u>

2a Charitable activities – Property income

	2021 £	2020 £
Property income	83,037	58,597
	<u>83,037</u>	<u>58,597</u>

Notes to the financial statements (continued)
For the year ended 31 December 2021

3. Expenditure

	Direct costs £	Support costs £	Governance costs £	2021 Total £	2020 Total £
Raising funds	21,113	-	-	21,113	17,137
Charitable activities:					
Running the RWS	12,912	57,536	5,092	75,540	64,030
Support of Bankside Gallery	23,850	-	-	23,850	22,854
Whitcomb St development	17,327	-	-	17,327	14,093
Total charitable activities	54,089	57,536	5,092	116,717	100,977
Total expenditure	75,202	57,536	5,092	137,830	118,114

Expenditure 2020

	Direct costs £	Support costs £	Governance costs £	2020 Total £
Raising funds	17,137	-	-	17,137
Charitable activities:				
Running the RWS	18,120	41,255	4,655	64,030
Support of Bankside Gallery	22,854	-	-	22,854
Whitcomb St development	14,093			14,093
Total charitable activities	55,067	41,255	4,655	100,977
Total expenditure	72,204	41,255	4,655	118,114

	2021 £	2020 £
Net income/(expenditure) is stated after charging:		
Depreciation	3,437	3,437
Examiner's remuneration:		
- independent examination (Saffery Champness LLP)	1,348	1,200
- preparation of accounts and advice (Saffery Champness LLP)	3,634	1,720

Notes to the financial statements (continued)
For the year ended 31 December 2021

4. Tangible fixed assets

	Equipment	Leasehold property £	Leasehold improvements £	Total £
Cost				
At 1 January 2021	1,106	150,345	163,339	314,790
Additions	-	-	6,300	6,300
At 31 December 2021	<u>1,106</u>	<u>150,345</u>	<u>169,639</u>	<u>321,090</u>
Depreciation				
At 1 January 2021	1,106	72,760	-	73,866
Charge for the year	-	<u>3,437</u>	-	<u>3,437</u>
At 31 December 2021	<u>1,106</u>	<u>76,198</u>	-	<u>77,304</u>
Net book value				
At 31 December 2021	-	<u>74,148</u>	<u>163,639</u>	<u>243,787</u>
At 1 January 2021	-	<u>87,585</u>	<u>163,339</u>	<u>240,924</u>

The leasehold property relates to the Gallery and Office premises at 48 Hopton Street, which is owned on a 60-year lease from the Corporation of London Borough of Southwark that expires on 27 August 2044. The lease was professionally valued in 2005, by Drivers Jonas, at £425,000.

Leasehold improvement additions relate to capital works under construction on the Whitcomb Street property.

Historic Assets

The Society's Historic Assets are insured for the sum of £2.5m and comprise the following:

- i) *Diploma Collection:*
The Diploma Collection comprises paintings acquired from Members on their election to the Society; ownership of these is inalienable as the Society's Laws do not permit their disposal.
- ii) *Other Works of Art:*
Through bequests, the Society has acquired some other works which are mainly held for historical, educational and artistic reasons.

Notes to the financial statements (continued)
For the year ended 31 December 2021

5. Investments

	2021	2020
	£	£
Market value		
At 1 January 2021	1,170,889	578,008
Contribution of funds	60,000	836,921
Funds withdrawn	(62,464)	(258,789)
Income less fees	(265)	(7,452)
Realised and unrealised gains	77,438	22,201
At 31 December 2021	1,245,598	1,170,889

At 31 December 2021, 12% of investments were held in UK Equity and Bond funds (2020: 19%), 52 % in Equity and Bond funds outside the UK (2020: 46%), 21% in Hedge and Alternative Funds (2020: 15%), and the remaining 15% in cash (2020: 20%).

No investments were considered to be material in the context of the market value of the portfolio.

6. Council expenses

No Council member received any emolument or payment for professional or other services during the year, but one Council members (2020: four) received reimbursement of £517 (2020: £481) for travel, subsistence and telephone expenses incurred during the course of carrying out their duties as charity trustees.

7. Debtors

	2021	2020
	£	£
Trade debtors	148	325
Other debtors	10	-
Amount due from Bankside Gallery	-	600
Prepayments	8,887	6,519
	9,045	7,444

Notes to the financial statements (continued)
For the year ended 31 December 2021

8. Creditors

Amounts falling due within one year

	2021 £	2020 £
Trade creditors	2,757	33,225
Amount due to Bankside Gallery	-	-
Sundry creditors and accruals	7,054	5,256
Deferred income	62,350	61,108
	<u>72,161</u>	<u>99,589</u>

9. Creditors

Amounts falling due after more than one year

	2021 £	2020 £
Deferred income dues after more than one year	<u>483,007</u>	<u>549,975</u>
	<u>483,007</u>	<u>549,975</u>

Deferred Income

Balance brought forward	611,083	-
Income deferred to the following year	-	611,083
Deferred income released during the year	<u>(66,968)</u>	<u>-</u>

Balance carried forward

544,115 611,083

The deferred income is expected to be recognised as follows

Within 1 year	61,108	61,108
Within 1 to 2 years	61,108	61,108
Within 2 to 5 years	183,324	183,324
After more than 5 years	<u>238,575</u>	<u>305,543</u>
	<u>544,115</u>	<u>611,083</u>

Deferred income relates to rental income received in advance. Rental income was received for a period of 10 years in advance for the Whitcomb Street property, with the lease commencing on 13 February 2020.

Notes to the financial statements (continued)
For the year ended 31 December 2021

10. Contingent Liabilities

The Society is party to an indemnity, jointly with the Royal Society of Painter-Printmakers, to provide Bankside Gallery Limited with continuing financial support and assistance as may be agreed with the company for periods of two years at a time, and to make good any shortfall in the company's annual budget over the same period.

No liability under the indemnity arose for the year ended 31 December 2021 and, based on the financial statements and budgets of Bankside Gallery Limited, Council is of the opinion that it is unlikely that any substantial liability will arise from the indemnity within two years.

11. Financial commitments

In February 2020 the charity signed a lease for a property on Whitcomb Street. The lease has a length of 250 years. The annual commitment is a peppercorn rent. This constitutes a long-term commitment for the charity.

Royal Watercolour Society

Notes to the financial statements (continued)

For the year ended 31 December 2021

12. Unrestricted funds

	President's Fund	David Gluck Fund	Elizabeth Scott Moore Fund	Collections Designated Fund	Mezzanine Dep'n Fund	Diploma Room Dep'n Fund	Whitcomb Street Refurbishment Fund	Arthur Wise Whitcomb Street Fund	Total Designated Funds	General Funds	Total unrestricted funds
	£	£	£	£	£	£	£	£	£	£	£
At 1 January 2021	647	97,955	11,143	-	27,666	28,096	163,339	128,824	457,670	49,357	507,027
Income from donations and charitable activities	-	-	-	-	-	-	-	-	-	220,604	220,384
Investment income	-	-	-	-	-	-	-	-	-	-	-
Expenditure on charitable activities	-	-	-	(3,129)	(1,154)	(1,283)	-	-	(5,567)	(108,952)	(108,952)
Transfers between fund	-	-	-	3,129	-	-	6,300	-	9,429	(3,129)	(3,129)
Investment gains	-	7,968	906	-	-	-	-	9,877	18,751	41,005	59,756
At 31 December 2021	647	105,923	12,049	(0)	26,512	26,813	169,639	138,701	480,283	198,884	678,947

Royal Watercolour Society

Notes to the financial statements (continued)

For the year ended 31 December 2021

Unrestricted Funds (2020 comparative)

	President's Fund	David Gluck Fund	Elizabeth Scott Moore Fund	Collections Designated Fund	Mezzanine Dep'n Fund	Diploma Room Dep'n Fund	Whitcomb Street Refurbishment Fund	Arthur Wise Whitcomb Street Fund	Total Designated Funds	General Funds	Total unrestricted funds
	£	£	£	£	£	£	£	£	£		
At 1 January 2020	647	98,955	11,143	-	28,820	29,379	-	128,824	297,768	29,167	326,935
Income from donations and charitable activities	-	-	-	-	-	-	-	-	-	87,068	87,068
Investment income	-	-	-	-	-	-	-	-	-	6,231	6,231
Expenditure on charitable activities		(1,000)	-	(3,079)	(1,154)	(1,283)	-	-	(6,516)	(80,251)	(86,768)
Transfers between fund	-	-	-	3,079	-	-	163,339	-	166,418	(3,079)	163,339
Investment gains	-	-	-	-	-	-	-	-	-	10,221	10,221
At 31 December 2020	647	97,955	11,143	-	27,666	28,096	163,339	128,824	457,670	49,357	507,027

Notes to the financial statements (continued)
For the year ended 31 December 2021

11. Unrestricted funds

(continued)

The income and capital bequests received from Mrs Elizabeth Scott Moore, Mr David Gluck and the JE Eddison Trust may be used at the discretion of the Council in accordance with its Reserves Policy as set out in the Report of the Council that introduces these financial statements.

The Elizabeth Scott Moore Fund no longer has a deficit balance but continues to be monitored by Members of Council.

The David Gluck Fund is invested in the Society's General Fund portfolio and not held in a separate and distinct investment portfolio or bank account; investment income is not currently reallocated from the General Fund to the David Gluck Fund.

The President's Fund is designated to be used at the discretion of the President.

The purpose of the Collections Designated Fund varies over time, depending on the Council's priorities. All unrestricted income raised for the purpose of maintaining the Society's collections, together with all related expenditure, is recorded in the Fund in order that an overview of activities in this area can be clearly seen. However, from time to time, Council agrees that certain elements of this expenditure may be financed from other funds, such as the General Fund, or the David Gluck Fund – in these cases, appropriate transfers are made from those funds to provide the agreed subsidy.

The Diploma Room Depreciation Fund was established to record funds used to build the Diploma Collection Storage Room at Bankside Gallery, and depreciation charged in respect of this work. The room is used for the unrestricted purpose of education and learning about the Society's Collections.

The Mezzanine Depreciation Fund was established to record funds used to build the mezzanine floor in the archive room at Bankside Gallery, and depreciation charged in respect of this work.

The Arthur Wise Whitcomb Street Fund was established using part of a legacy received from the estate of Arthur Wise in 2017 and 2018.

The Whitcomb Street Asset Fund relates to capital improvements at the Whitcomb Street property. These will be depreciated over the lift of the lease.

Notes to the financial statements (continued)
For the year ended 31 December 2021

12. Restricted funds

	Peter De Wint Capital Fund	Peter de Wint General Fund	Whitcomb Street Fund	Total
	£	£	£	£
At 1 January 2021	4,551	150,062	109,956	264,569
Income	-	871	6,250	7,121
Expenditure on charitable activities	-	(2,440)	(18,227)	(20,667)
Transfers between funds	-	-	(6,300)	(6,300)
Investment gain/(losses)	-	11,367	-	11,367
At 31 December 2021	4,551	159,860	91,679	256,090

The Peter De Wint Funds are held to provide relief of distress among members (including honorary retired members) of the Royal Watercolour Society.

The Whitcomb Street Fund is raising funds for the refurbishment of the new Gallery space. During the year a transfer out to a designated fund occurred to capitalise additional leasehold improvements which took place during the year.

Restricted funds (2020)

	Peter De Wint Capital Fund	Peter de Wint General Fund	Whitcomb Street Fund	Total
	£	£	£	£
At 1 January 2020	4,551	146,023	182,501	333,075
Income	-	1,607	105,389	106,996
Expenditure on charitable activities	-	(5,978)	(15,867)	(21,845)
Transfers between funds	-	-	(163,339)	(163,339)
Investment gain/(losses)	-	8,410	1,272	9,682
At 31 December 2020	4,551	150,062	109,956	264,569

Notes to the financial statements (continued)
For the year ended 31 December 2021

13. Expendable endowment

	Total 2021	Total 2020
	£	£
At 1 January 2021	37,955	45,616
Income	591	-
Expenditure on charitable activities	(2,644)	(9,501)
Transfers between funds	-	-
Investment gains	2,910	1,840
At 31 December 2021	38,812	37,955

Part of a legacy received from the estate of Arthur Wise has been used to establish a prize fund for watercolour paintings in his memory.

14. Staff

One member of staff is directly employed by the Society who is supervised by Members of the Council and the President. The staff member was not paid more than £60,000 in the current or preceding financial year.

15. Related party transactions

As described in the Report of the Council earlier in these financial statements, the charity has a close working relationship with the Royal Society of Painter-Printmakers and with Bankside Gallery Limited. Bankside Gallery Limited manages Bankside Gallery, 48 Hopton Street, London, on behalf of both the Royal Watercolour Society and the Royal Society of Painter-Printmakers.

The outstanding balances with related parties at the year-end are disclosed in Notes 7 and 8 above. The Royal Watercolour Society makes a donation to Bankside Gallery to cover a proportion of the running costs of the gallery, in recognition of Bankside Gallery's role in helping the Society achieve its charitable aims. Donations may also be made if the Society decides to promote any exhibitions beyond its regular annual programme.

A summary of these donations during the year follows:

	2021 £	2020 £
Donation towards running costs of Bankside Gallery	<u>23,850</u>	<u>22,854</u>

This expenditure is included in the Statement of Financial Activities under outgoing resources.

Notes to the financial statements (continued)
For the year ended 31 December 2021

As recorded in Note 4 above, the Royal Watercolour Society owns a lease from the Corporation of London Borough of Southwark on 48 Hopton Street, London. Bankside Gallery is afforded full rent-free occupation and use of these gallery and office premises in return for granting an indemnity to the Royal Watercolour Society in respect of all outgoing and covenant obligations under the Lease. The value of this donation is not included in these accounts but is estimated to be £38,770 per annum.

16. Comparative information

The information below is an analysis by fund for the year ended 31 December 2020

	Unrestricted General Funds £	Designated Funds £	Restricted Funds £	Expendable Endowment Funds £	Total Funds 2020 £
Income and endowments from:					
Donations and legacies	27,120	-	105,389	-	132,509
Charitable activities	59,948	-	-	-	59,948
Investments	6,231	-	1,607	-	7,838
Total	93,299	-	106,996	-	200,295
Expenditure on:					
Raising funds	3,084	-	6,552	7,501	17,137
Charitable activities	77,168	6,516	15,293	2,000	100,977
Total	80,252	6,516	21,845	9,501	118,114
Net income/(expenditure) before (losses)/gains on investments	13,048	(6,516)	85,151	(9,501)	82,181
Net gains/(losses) on investments	10,221	-	9,682	1,840	21,744
Net income/(expenditure) for the year	23,269	(6,516)	94,833	(7,661)	103,925
Transfers between funds	(3,079)	166,418	(163,339)	-	-
Net movement in funds	20,190	159,902	(68,506)	(7,661)	103,925
Reconciliation of funds					
Total funds brought forward	29,167	297,768	333,075	45,616	705,626
Total funds carried forward	49,357	457,670	264,569	37,955	809,551

Notes to the financial statements (continued)
For the year ended 31 December 2021

16. Comparative Information (continued.)

The information below is a columnar balance sheet from the previous period.

	Unrestricted	Restricted	Expendable Endowment	2020 Total
	£	£	£	£
Fixed assets				
Tangible assets	240,924	-	-	240,924
Investments	867,938	264,569	37,955	1,170,462
	<u>1,108,862</u>	<u>264,569</u>	<u>37,955</u>	<u>1,411,386</u>
Current assets				
Debtors	7,444	-	-	7,444
Cash at bank and in hand	40,284	-	-	40,284
	<u></u>	<u></u>	<u></u>	<u></u>
Creditors: amounts falling due within one year	<u>(99,588)</u>	<u>-</u>	<u>-</u>	<u>(99,588)</u>
Net current (liabilities)/ assets	<u>(51,860)</u>	<u>-</u>	<u>-</u>	<u>(51,860)</u>
	<u></u>	<u></u>	<u></u>	<u></u>
Net assets	<u>507,027</u>	<u>264,569</u>	<u>37,955</u>	<u>809,551</u>
Charitable funds				
Unrestricted income funds	507,027	-	-	507,027
Restricted income funds	-	264,569	-	264,569
Expendable endowment	-	-	37,955	37,955
	<u></u>	<u></u>	<u></u>	<u></u>
Total funds	<u>507,027</u>	<u>264,569</u>	<u>37,955</u>	<u>809,551</u>

Accounts

Charity No. 258348 (England and Wales)

Royal Watercolour Society

**Trustees' report and financial statements
for the year ended 31 December 2020**

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Notes to the financial statements	14

Royal Watercolour Society

Reference and administrative details For the year ended 31 December 2020

Registered charity number	258348
Charity name	Royal Watercolour Society is the working name of the registered charity Royal Society of Painters in Water Colours
Council	At the date of signing: Jill Leman (President) Mark Raggett (Senior Vice President) Jim Hunter Gertie Young (Treasurer) Liz Butler Francis Bowyer James Faure Walker (Hon Curator) Chloe Fremantle David Hamilton John Crossley Jane Lewis Thomas Plunkett (Past President) Lisa Traxler Liz Butler
Administrative office	Bankside Gallery 48 Hopton Street Blackfriars London SE1 9JH
Bankers	National Westminster Bank Plc 91 Westminster Bridge Road London SE1 7HW
Solicitors	Pinsent Masons LLP 30 Crown Place London EC2A 4ES
Investment advisers	Cazenove Capital Management Limited 12 Moorgate London EC2R 6DA
Independent examiner	Cara Turtington FCA DChA Saffery Champness LLP 71 Queen Victoria Street London EC4V 4BE

**Report of the members of the Council
For the year ended 31 December 2020**

Introduction

The Council is pleased to present the annual report and financial statements of the Royal Watercolour Society for the year ended 31 December 2020. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with its own Laws and Regulations, the Charities Act 2011 and 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.

Structure, governance and management

Governing document and legal status

The Royal Watercolour Society was founded in 1804 and received its Royal Patronage in 1881. The Society has administered its affairs and exhibited as an independent body since its foundation. The Society is an unincorporated association, governed by an internally approved set of Laws. The Society is a registered charity No. 258348.

Related parties

The Royal Watercolour Society and The Royal Society of Painter-Printmakers are jointly and equally owners of Bankside Gallery, a company limited by guarantee and a registered charity. The Royal Watercolour Society works regularly in partnership with The Royal Society of Painter-Printmakers and Bankside Gallery to pursue its charitable purposes, and shares some common Council/Board members.

The Society is party to an indemnity in favour of Bankside Gallery which commits the Society to offering continuing financial support and assistance to the Gallery for periods of two years at a time. Further details can be found in the notes to these financial statements.

Organisational structure

The governance and strategic planning of the Society are carried out by a Council of Members (acting as trustees of the charity) that meets quarterly. The Council comprises the officers of the Society elected by ballot, together with eight Members who serve for three years. There are also four Custodian Trustees, of which the President is one. The officers of the Society comprise the President, two Vice Presidents, a Secretary, and a Treasurer who provides financial reports to Council.

Administrative matters relating to the Society are carried out by one part-time member of staff employed by Bankside Gallery.

An Exhibitions Committee is responsible for considering Society exhibitions and a Hanging Committee is responsible for their display. The Director of Bankside Gallery is charged with finding suitable artists or organisations to hire the Gallery for exhibitions when it is not being used for shows by Members of the two Royal Societies. To ensure the requisite standard of work, all external proposals are reviewed by the two Society Presidents.

Report of the members of Council (continued)
For the year ended 31 December 2020

Recruitment and appointment of Council members

Council members are elected to carry out defined roles; in addition to the usual officer duties, these are Exhibitions, Membership, PR & Advertising, Website, Friends, Mailing list and Education. Appointments are for a term of three years, with the possibility of re-appointment.

Members of the Council are elected at an Annual General Meeting. A limited number of new members may be co-opted by the President.

Investment powers and management

All funds requiring investment are, in the absence of any special direction by a General Meeting of the Society, applied or invested by the Council, who have authority to effect transactions of stocks and shares held by them for the Society.

Funds are managed, on behalf of the Council, by Cazenove Capital Management Limited.

Risk assessment

Council reviews annually the major risks to which the charity is exposed, and takes action as appropriate to manage and mitigate those risks.

The principal risk faced by the Society is its limited sources of income which, in recent years, have been insufficient to cover the cost of its activities. Council is working to reduce this risk by implementing tighter controls over expenditure and by seeking ways to increase the Society's income in the future. New sources of income have recently included a Patrons Scheme, and future plans include the opening of a new Gallery to display the Society's Diploma Collection, which will provide significant opportunities to earn additional income for the charity. Until such time as the Society is able regularly to cover its costs, calls are made on the Society's designated funds to prevent the General Fund falling into deficit.

The Society is also vulnerable to the high cost of exhibitions, and to the susceptibility of painting sales to economic conditions and increasing competition for sales of artworks. Council mitigates these risks through careful planning of its exhibitions, and through working closely with Bankside Gallery in the promotion of its exhibitions to the public.

With no employed staff, Council members are limited in the time they have available to manage the Society's affairs. Council mitigates this risk through working closely with Bankside Gallery staff in relevant areas.

Reserves policy

Council has reviewed the Society's need for reserves in line with the guidance issued by the Charity Commission. Council currently recognises the need to set aside amounts to ensure the continuance of the following activities, for a minimum period of two years, in the event that funding should become unavailable from current surpluses:

- the continuing day-to-day operations of the Society;
- the preservation costs of the Diploma Collection;
- the Society's regular programme of education events;
- exhibition opportunities deemed by Council as important to maintain the Society's profile;
- agreed support for charitable activities carried out by Bankside Gallery on behalf of the Society.

Report of the members of Council (continued)
For the year ended 31 December 2020

Reserves policy

(continued)

A sum is also retained in reserves as a contingency against adverse fluctuations in the value of its investments.

At 31 December 2020, the Society held total reserves of £809,551 (2019: £705,626), comprising unrestricted reserves of £507,027 (2019: £326,935), restricted reserves of £264,569 (2019: £333,075) and an expendable endowment of £37,955 (2019: £45,616). Council is of the opinion that, in light of its future plans to mitigate the risks faced by the Society, the reserves held at the end of the year were sufficient to enable the Society to work successfully towards fulfilling its aims and objectives.

Restricted Funds comprise the Peter de Wint Capital Fund, the Peter de Wint General Fund and the Whitcomb Street Fund. The Peter de Wint funds are held for long-term use in accordance with the donor's intentions. The Whitcomb Street Fund is for the development of the new gallery space. During the year a transfer out of the restricted fund took place in relation to capital works to improve the gallery building. This has been capitalised as a tangible fixed asset held in a designated fund and will be depreciated over the life of the lease.

Designated Funds fall into two broad categories; firstly, funds set aside by Council to absorb future depreciation costs of recent capital projects - the balances on these funds will reduce through annual depreciation charges in accordance with the depreciation policy set out in Note 1.4 until such time as the related assets have been fully written down; secondly, funds donated to the Society or set aside by Council either to be used for a particular purpose, or to record funds used and remaining in respect of a particular legacy or donation - the balances on these funds will be used up over varying timescales as projects or needs dictate.

During the year the leasehold improvement works on the Whitcomb Street property were capitalised as a tangible fixed asset and are held in a designated fund.

Summaries of movements in all funds during the year, together with a detailed description of the purposes for which the various funds may be used, are contained in the notes to the accounts.

Accounting records

The preparation of the Society's accounting records is outsourced to a bookkeeper who is suitably qualified for the task. Internal controls, appropriate for a charity of this size, have been put in place to protect the Society's funds and to ensure their proper application.

Objectives and activities

Objectives

The main objectives of the Society are the advancement of education and the improvement of public taste in art by means of the encouragement of watercolour painting.

Activities

The Royal Watercolour Society aims to achieve its objectives through the following activities:

- recruitment and election of Members;
- provision of gallery facilities;

Report of the members of Council (continued)
For the year ended 31 December 2020

- holding public exhibitions at Bankside Gallery in London and in other cities and towns throughout the country, as well as overseas;
- giving public lectures;
- conserving, for the enjoyment and study of present and future generations, the Society's collections of paintings;
- building and retaining appropriate reserves to safeguard the charity's existence;
- managing the charity's funds and bequests responsibly to enable the Charity to achieve its objectives;
- such other ways as may from time to time be most appropriate.

Public benefit

Council has paid due regard to the Charity Commission's guidance on public benefit in deciding what activities the charity should undertake. The Royal Watercolour Society recognises and welcomes the need to carry out its charitable activities for the benefit of the general public, and retains this aim at the centre of its strategic planning. The Society continues to offer free admission to all of its exhibitions and is working to increase the amount and breadth of education work it carries out in the local community and beyond, seeking to involve people from the widest possible range of backgrounds and abilities.

Achievements and performance

The Royal Watercolour Society has worked hard to develop a programme of exhibitions, talks and events in support of its charitable aims and objectives. At a time when public funding of the Arts has been squeezed by other pressing concerns, the Society has stood firm and strengthened its efforts in the important task of promotion of the Arts, and the Visual Arts and works on paper in particular.

Council seeks to preserve the Society's nationally important historic legacy in the form of its Archive and Diploma collection, as well as being a significant cultural voice speaking on behalf of the Visual Arts and of the UK's tradition of works on paper and that of watercolour in particular, for which the Society is internationally recognised. Council continues to challenge itself to be bold in its mission to promote its artistic and charitable aims through exhibitions and educational outreach.

Achievements against objectives

The Royal Watercolour Society set out, at the start of 2020, to carry out the following activities:

- to promote Spring and Autumn exhibitions at Bankside Gallery, supported by a full programme of education and outreach activities and workshop days run by Society members some of which are free to the public across all age ranges, including running two free Family Drawing Days' in Spring and Autumn
 - Due to Covid-19 the RWS was not able to carry out our planned 2020 programme of exhibitions, talks, events and workshops
 - The RWS Contemporary Watercolour Competition Exhibition 2020 took place – fortunately before the lockdown
 - The RWS continued to plan for the additional gallery and archive space at Whitcomb Street and to actively seek partnerships with other National Institutions and sponsorship
-

Report of the members of Council (continued)
For the year ended 31 December 2020

At the end of 2019 Angela Parker (Gallery Director) had negotiated an exhibition to take place in 2021. A small selection of members of the RWS and the RE would be given a year's access to Chelsea Physic Garden. This was put on hold due to Covid-19.

Financial review

Sources of funding and financial position

The Royal Watercolour Society funds its activities and administrative costs through membership subscriptions, grants, donations, bequests, income from exhibitions and education events, royalties from publications, and investment income and gains generated on its invested funds.

The financial position of the Charity is set out in the Statement of Financial Activities on page 13 and the Balance sheet on page 14.

During the year under review, total income amounted to £200,295 (2019: £126,667).

The cost of raising funds in the year was £17,137 (2019: £13,886), the total costs of charitable activities was £100,977 (2019: £99,290), of which support costs and governance costs (see note 3) amounted to £41,255 (2019: £35,836) and £4,655 (2019: £6,712) respectively.

Before investment movements, the Society made a net surplus from activities of £82,181 (2019: net surplus £13,501). After investment gains of £21,744 (2019: gains £42,295), the Society's Total Funds showed net surplus for the year of £103,925 (2019: net surplus: £55,796).

Investment performance

Investments are held in intermediate risk funds which provide opportunities for a good income return and also some growth of capital in real terms.

The coronavirus pandemic and the associated market volatility has had an impact on investment performance.

Fund transfers

As described in note 12, a net transfer from restricted funds to a designated fixed asset fund of £163,339 has been made at 31 December 2020. This relates to capital works on Whitcomb Street. The funds for this project were raised in the Whitcomb Street Restricted Fund. The capital works have been capitalised as an unrestricted tangible fixed asset held in a designated fund.

Plans for future periods

During 2021, the Society plans to carry out the following activities:

- to promote Spring and Autumn exhibitions at Bankside Gallery, supported by a full programme of education and outreach activities and workshop days run by Society members for the public across all age ranges (some workshops are free, others are not);
- to continue with the digitisation process of the Society's historic and culturally significant Archive and Diploma Collection, to make it fully accessible online to the public, as well as artists and scholars worldwide;

Report of the members of Council (continued)
For the year ended 31 December 2020

- to continue detailed planning for the Society's new Whitcomb Street space, with the goal of providing a central archive, gallery and education space where the Society can further fulfil its charitable objective of the promotion of the arts and education; during 2015 the Society entered into a conditional Heads of Terms Agreement for Lease in perpetuity at a peppercorn rent with Hobhouse SA (Luxembourg) in respect of the occupation of the space, currently expected to be completed in 2021/22;
- actively to seek partnerships with other like-minded National institutions, to promote the Society's remit and charitable aims through exhibitions and events;
- to continue to run a series of lectures and events at which eminent historians, authors and artists will talk to a wide audience about themes and ideas connected to the Society's exhibitions.
- we also work hard at all forms of social media in order to promote the Society and to make sure the public is aware of us and what we are doing.

Impact of the coronavirus pandemic

The Council has considered the potential impact of the coronavirus pandemic on the charity. This is likely to have an impact on the charity in the following ways:

- The 2020 Spring Exhibition due to take place at Bankside Gallery was cancelled. Works were instead available to view and purchase online.
- There was a brief window when we could hold an 'actual exhibition'. The Autumn Exhibition 2020 did take place but all related activities were cancelled due to social distancing.
- The CWC 2021 was cancelled
- A loss of sales will have an impact on all RWS artists
- The RWS AGM and elections to ARWS were postponed.

Council's responsibilities in relation to the financial statements

The charity's trustees are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The law applicable to charities in England and Wales requires the charity's trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charity, and of the incoming resources and application of resources, of the charity for that period. In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures that must be 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.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements

Report of the members of Council (continued)
For the year ended 31 December 2020

comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations, and the provisions of the Trust deed. They are also responsible for safeguarding the assets of the charity and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements.

By Order of the Council

Jim Leman

10th October 2021

Jill Leman
President

2021

**Independent Examiner's report to the trustees of the Royal Watercolour Society
For the year ended 31 December 2020**

I report to the trustees on my examination of the accounts of the Royal Watercolour Society (the Charity) for the year ended 31 December 2020.

Respective Responsibilities of trustees and examiner

As the charity trustees of the Charity you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the Charity's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Basis of independent examiner's report

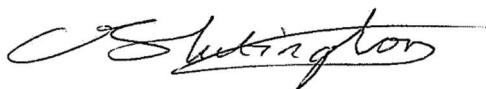
My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent examiner's statement

I have completed my examination. I confirm that no material 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 Charity as required by section 130 of the Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 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.

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.



Cara Turtington FCA DChA
For and on behalf of
Saffery Champness LLP
Chartered Accountants

12 November 2021

71 Queen Victoria Street
London
EC4V 4BE

Royal Watercolour Society

Statement of Financial Activities For the year ended 31 December 2020

	Note	Unrestricted General Funds £	Designated Funds £	Restricted Funds £	Expendable Endowment Funds £	Total Funds 2020 £	Total Funds 2019 £
Income and endowments from:							
Donations and legacies	2	27,120	-	105,389	-	132,509	103,796
Charitable activities	2a	59,948	-	-	-	59,948	12,895
Investments		6,231	-	1,607	-	7,838	9,986
Total		<u>93,299</u>	<u>-</u>	<u>106,996</u>	<u>-</u>	<u>200,295</u>	<u>126,677</u>
Expenditure on:							
Raising funds		3,084	-	6,552	7,501	17,137	13,886
Charitable activities		77,168	6,516	15,293	2,000	100,977	99,290
Total	3	<u>80,252</u>	<u>6,516</u>	<u>21,845</u>	<u>9,501</u>	<u>118,114</u>	<u>113,176</u>
Net income/(expenditure) before (losses)/gains on investments		13,048	(6,516)	85,151	(9,501)	82,181	13,501
Net gains on investments		10,221	-	9,682	1,840	21,744	42,295
Net income/(expenditure) for the year		23,269	(6,516)	94,833	(7,661)	103,925	55,796
Transfers between funds	11	(3,079)	166,418	(163,339)	-	-	-
Net movement in funds		20,190	159,902	(68,506)	(7,661)	103,925	55,796
Reconciliation of funds							
Total funds brought forward		29,167	297,768	333,075	45,616	705,626	649,830
Total funds carried forward		<u>49,357</u>	<u>457,670</u>	<u>264,569</u>	<u>37,955</u>	<u>809,551</u>	<u>705,626</u>

The Statement of Financial Activities includes all gains and losses in the year.

All of the above amounts relate to continuing activities.

The notes on pages 14 to 29 form part of these financial statements.

Royal Watercolour Society

Balance sheet
As at 31 December 2020

	Note	Unrestricted £	Restricted £	Expendable Endowment £	2020 Total £	2019 Total £
Fixed assets						
Tangible assets	4	240,924	-	-	240,924	81,022
Investments	5	867,938	264,569	37,955	1,170,462	492,614
		<u>1,108,862</u>	<u>264,569</u>	<u>37,955</u>	<u>1,411,386</u>	<u>573,636</u>
Current assets						
Debtors	7	7,444	-	-	7,444	10,218
Cash at bank and in hand		40,284	-	-	40,284	126,315
		<u>47,728</u>	<u>-</u>	<u>-</u>	<u>47,728</u>	<u>136,533</u>
Creditors: amounts falling due within one year	8	<u>(99,588)</u>	<u>-</u>	<u>-</u>	<u>(99,588)</u>	<u>(4,543)</u>
Net current (liabilities)/ assets		<u>(51,860)</u>	<u>-</u>	<u>-</u>	<u>(51,860)</u>	<u>131,990</u>
Creditors: amounts due after more than one year	9	<u>(549,975)</u>	<u>-</u>	<u>-</u>	<u>(549,975)</u>	<u>-</u>
Net assets		<u>507,027</u>	<u>264,569</u>	<u>37,955</u>	<u>809,551</u>	<u>705,626</u>
Charitable funds						
Unrestricted income funds	11	507,027			507,027	326,935
Restricted income funds	12		264,569		264,569	333,075
Expendable endowment	13			37,955	37,955	45,616
Total funds		<u>507,027</u>	<u>264,569</u>	<u>37,955</u>	<u>809,551</u>	<u>705,626</u>

The notes on pages 14 to 29 form part of these financial statements.

These financial statements were approved and signed by a member of the Council and authorised for issue on 2021.

Jill Leman

10th October 2021

Jill Leman
President
Charity No. 258348

1. Accounting policies

1.1 Basis of accounting

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the notes to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) second edition issued in October 2019, and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Advantage has been taken of the exemption for charities with income less than £500,000 from preparing a cash flow statement.

The charity constitutes a public benefit entity as defined by FRS 102.

Council is of the opinion that there are no material uncertainties about the charity's ability to continue as a going concern. The Council has considered the impact of the coronavirus pandemic and do not believe this has an impact on the going concern status of the charity.

1.2 Income

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

Donations are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Membership income is treated as a donation as the benefits of membership are not of significant monetary value and the fee paid is therefore treated as a donation to the charity's general funds.

Notes to the financial statements (continued)
For the year ended 31 December 2020

1. Accounting policies (continued)

1.3 Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is recognised on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings. Costs in respect of future events or exhibitions are charged when the relevant events or exhibitions take place.

Support costs have been allocated between support costs and governance costs. Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. All support costs are allocated to charitable and fundraising activities on the basis of time spent.

1.4 Tangible fixed assets and depreciation

Expenditure on improvements, furniture and equipment that exceeds £1,000 is capitalised. Fixed assets are stated at cost less accumulated depreciation. Provision for depreciation of fixed assets held for use by the charity is made at annual rates calculated to spread the cost of each asset over its expected useful life. The depreciation rates currently in use are:

Leasehold property and improvements	- Evenly over the remainder of the lease
Furniture and equipment	- 20% straight line on cost

1.5 Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

1.6 Historic assets

The Society's Historic Assets (note 4) are not capitalised as the Members of Council consider that the cost of obtaining valuations would outweigh the benefit to users of the financial statements.

1.7 Taxation

No tax provision is included in the financial statements on the basis that all income for the registered charity is derived from wholly charitable activities.

1.8 Fund accounting

The charity has restricted funds, where the donor has specified that they can only be used on specific projects in the future. All other funds are unrestricted.

Where funds are received via gift or legacy to support the longer term work of the charity these will be treated as an endowment. An endowment will be classed as permanent when the donor specifies that the capital must be maintained in perpetuity and as expendable in all other circumstances.

Notes to the financial statements (continued)
For the year ended 31 December 2020

1. Accounting policies (continued)

Fund Accounting (continued)

Designated funds have been nominated by the Council to represent their intentions to fund future projects or to reflect a wish of donors that was not legally binding at the time a gift was made. These funds can be undesignated and applied to any of the charitable activities in the future at the Council's absolute discretion.

2. Donations and legacies

	General Funds £	Designated Funds £	Restricted Funds £	Expendable Endowment £	2020 Total £	2019 Total £
Membership income	24,440	-	-	-	24,440	24,590
Grants and donations	2,040	-	105,389	-	107,249	78,086
Election fees	640	-	-	-	640	1,120
	<u>27,120</u>	<u>-</u>	<u>105,389</u>	<u>-</u>	<u>132,509</u>	<u>103,796</u>

Donations and legacies

	General Funds £	Designated Funds £	Restricted Funds £	Expendable Endowment £	2019 Total £
Membership income	24,590	-	-	-	24,590
Grants and donations	300	-	77,786	-	78,786
Election fees	1,120	-	-	-	1,120
	<u>26,010</u>	<u>-</u>	<u>77,786</u>	<u>-</u>	<u>103,796</u>

2a Charitable activities – Property income

	2020 £	2019 £
Property income	58,597	-
	<u>58,597</u>	<u>-</u>

Notes to the financial statements (continued)
For the year ended 31 December 2020

3. Expenditure

	Direct costs £	Support costs £	Governance costs £	2020 Total £	2019 Total £
Raising funds	17,137	-	-	17,137	13,886
Charitable activities:					
Running the RWS	18,120	41,255	4,655	64,030	75,440
Support of Bankside Gallery	22,854	-	-	22,854	23,850
Whitcomb St development	14,093	-	-	14,093	-
Total charitable activities	<u>55,067</u>	<u>41,255</u>	<u>4,655</u>	<u>100,977</u>	<u>99,290</u>
Total expenditure	<u>72,204</u>	<u>41,255</u>	<u>4,655</u>	<u>118,114</u>	<u>113,176</u>

Expenditure 2019

	Direct costs £	Support costs £	Governance costs £	2019 Total £
Raising funds	13,886	-	-	13,886
Charitable activities:				
Running the RWS	32,892	35,836	6,712	75,440
Support of Bankside Gallery	23,850	-	-	23,850
Total charitable activities	<u>56,742</u>	<u>35,836</u>	<u>6,712</u>	<u>99,290</u>
Total expenditure	<u>70,628</u>	<u>35,836</u>	<u>6,712</u>	<u>113,176</u>

	2020 £	2019 £
Net income/(expenditure) is stated after charging:		
Depreciation	3,437	3,583
Examiner's remuneration:		
- independent examination (Saffery Champness LLP)	1,200	1,228
- preparation of accounts (Saffery Champness LLP)	<u>1,720</u>	<u>1,320</u>

Notes to the financial statements (continued)
For the year ended 31 December 2020

4. Tangible fixed assets

	Equipment	Leasehold property £	Leasehold improvements £	Total £
Cost				
At 1 January 2020	1,106	150,345	-	151,451
Additions	-	-	163,339	163,339
At 31 December 2020	1,106	150,345	163,339	314,790
Depreciation				
At 1 January 2020	1,106	69,323	-	70,429
Charge for the year	-	3,437	-	3,437
At 31 December 2020	1,106	72,760	-	73,866
Net book value				
At 31 December 2020	-	77,585	163,339	240,924
At 1 December 2020	-	81,022	-	81,022

The leasehold property relates to the Gallery and Office premises at 48 Hopton Street, which is owned on a 60-year lease from the Corporation of London Borough of Southwark that expires on 27 August 2044. The lease was professionally valued in 2005, by Drivers Jonas, at £425,000.

Leasehold improvement additions relate to capital works under construction on the Whitcomb Street property.

Historic Assets

The Society's Historic Assets are insured for the sum of £2.5m and comprise the following:

- i) *Diploma Collection:*
The Diploma Collection comprises paintings acquired from Members on their election to the Society; ownership of these is inalienable as the Society's Laws do not permit their disposal.
- ii) *Other Works of Art:*
Through bequests, the Society has acquired some other works which are mainly held for historical, educational and artistic reasons.

Notes to the financial statements (continued)
For the year ended 31 December 2020

5. Investments

	2020	2019
	£	£
Market value		
At 1 January 2020	492,614	454,070
Contribution of funds	771,921	-
Funds withdrawn	(183,707)	(9,372)
Investment income	8,306	9,468
Management charges	(15,758)	(3,847)
Realised gains	35,219	41,518
Unrealised gains/(losses)	(13,154)	777
At 31 December 2020	1,095,441	492,614

At 31 December 2020, 19% of investments were held in UK Equity and Bond funds (2019: 27%), 46 % in Equity and Bond funds outside the UK (2019: 44%), 15% in Hedge and Alternative Funds (2019: 22%), and the remaining 20% in cash (2019: 7%).

No investments were considered to be material in the context of the market value of the portfolio.

6. Council expenses

No Council member received any emolument or payment for professional or other services during the year, but four Council members (2019: four) received reimbursement of £481.30 (2019: £610.54) for travel, subsistence and telephone expenses incurred during the course of carrying out their duties as charity trustees.

7. Debtors

	2020	2019
	£	£
Trade debtors	325	287
Other debtors	-	9,238
Amount due from Bankside Gallery	600	-
Prepayments	6,519	693
	7,444	10,218

Notes to the financial statements (continued)
For the year ended 31 December 2020

8. Creditors

Amounts falling due within one year

	2020 £	2019 £
Trade creditors	33,225	-
Amount due to Bankside Gallery	-	-
Sundry creditors and accruals	5,255	4,543
Deferred income	61,108	-
	<u>99,588</u>	<u>4,543</u>

9. Creditors

Amounts falling due after more than one year
2019

	2020 £	£
Deferred income	549,975	-
	<u>549,975</u>	<u>-</u>

Deferred Income

Balance brought forward	-	395
Income deferred to the following year	611,083	-
Deferred income released during the year	-	(395)
Balance carried forward	611,083	-

The deferred income is expected to be recognised as follows

Within 1 year	61,108	-
Within 1 to 2 years	61,108	-
Within 2 to 5 years	183,324	-
After more than 5 years	305,543	-
	<u>611,083</u>	<u>-</u>

Deferred income relates to rental income received in advance. Rental income was received for a period of 10 years in advance for the Whitcomb Street property, with the lease commencing on 13 February 2020.

Notes to the financial statements (continued)
For the year ended 31 December 2020

10. Contingent Liabilities

The Society is party to an indemnity, jointly with the Royal Society of Painter-Printmakers, to provide Bankside Gallery Limited with continuing financial support and assistance as may be agreed with the company for periods of two years at a time, and to make good any shortfall in the company's annual budget over the same period.

No liability under the indemnity arose for the year ended 31 December 2019 and, based on the financial statements and budgets of Bankside Gallery Limited, Council is of the opinion that it is unlikely that any substantial liability will arise from the indemnity within two years.

11. Financial commitments

In February 2020 the charity signed a lease for a property on Whitcomb Street. The lease has a length of 250 years. The annual commitment is a peppercorn rent. This constitutes a long-term commitment for the charity (2019: no financial commitments).

Royal Watercolour Society

Notes to the financial statements (continued)

For the year ended 31 December 2020

12. Unrestricted funds

	President's Fund	David Gluck Fund	Elizabeth Scott Moore Fund	Collections Designated Fund	Mezzanine Dep'n Fund	Diploma Room Dep'n Fund	Whitcomb Street Refurbishment Fund	Arthur Wise Whitcomb Street Fund	Total Designated Funds	General Funds	Total unrestricted funds
	£	£	£	£	£	£	£	£	£		
At 1 January 2020	647	98,955	11,143	-	28,820	29,379	-	128,824	297,768	29,167	326,935
Income from donations and charitable activities	-	-	-	-	-	-	-	-	-	87,068	87,068
Investment income	-	-	-	-	-	-	-	-	-	6,231	6,231
Expenditure on charitable activities		(1,000)	-	(3,079)	(1,154)	(1,283)	-	-	(6,516)	(80,251)	(86,768)
Transfers between fund	-	-	-	3,079	-	-	163,339	-	166,418	(3,079)	163,339
Investment gains	-	-	-	-	-	-	-	-	-	10,221	10,221
At 31 December 2020	647	97,955	11,143	-	27,666	28,096	163,339	128,824	457,670	49,357	507,027

Royal Watercolour Society

Notes to the financial statements (continued)

For the year ended 31 December 2020

Unrestricted Funds (2019 comparative)

	President's Fund	Digitisation Fund	David Gluck Fund	Elizabeth Scott Moore Fund	Collections Designated Fund	Mezzanin e Dep'n Fund	Diploma Room Dep'n Fund	JE Eddison Fund	Arthur Wise Whitcomb Street Fund	Total Designated Funds	General Funds	Total unrestricted funds
	£	£	£	£	£	£	£	£	£	£		
At 1 January 2019	647	-	99,225	12,205	-	29,974	30,662	-	120,100	292,813	38,252	331,065
Income from donations and charitable activities	-	-	-	-	-	-	-	-	-	-	38,905	38,905
Investment income	-	-	-	-	-	-	-	-	-	-	7,404	7,404
Expenditure on charitable activities	-	-	(1,498)	(87)	(3,079)	(1,154)	(1,283)	-	(1,000)	(8,101)	(72,474)	(80,575)
Transfers between fund	-	-	(4,239)	(1,932)	3,079	-	-	-	(1,261)	(4,353)	8,659	4,306
Investment gains	-	-	5,467	957	-	-	-	-	10,985	17,409	8,421	25,830
At 31 December 2019	647	-	98,955	11,143	-	28,820	29,379	-	128,824	297,768	29,167	326,935

Notes to the financial statements (continued)
For the year ended 31 December 2020

11. Unrestricted funds

(continued)

The income and capital bequests received from Mrs Elizabeth Scott Moore, Mr David Gluck and the JE Eddison Trust may be used at the discretion of the Council in accordance with its Reserves Policy as set out in the Report of the Council that introduces these financial statements.

The Elizabeth Scott Moore Fund no longer has a deficit balance but continues to be monitored by Members of Council.

The David Gluck Fund is invested in the Society's General Fund portfolio and not held in a separate and distinct investment portfolio or bank account; investment income is not currently reallocated from the General Fund to the David Gluck Fund.

The President's Fund is designated to be used at the discretion of the President.

The purpose of the Collections Designated Fund varies over time, depending on the Council's priorities. All unrestricted income raised for the purpose of maintaining the Society's collections, together with all related expenditure, is recorded in the Fund in order that an overview of activities in this area can be clearly seen. However, from time to time, Council agrees that certain elements of this expenditure may be financed from other funds, such as the General Fund, or the David Gluck Fund – in these cases, appropriate transfers are made from those funds to provide the agreed subsidy.

The Diploma Room Depreciation Fund was established to record funds used to build the Diploma Collection Storage Room at Bankside Gallery, and depreciation charged in respect of this work. The room is used for the unrestricted purpose of education and learning about the Society's Collections.

The Mezzanine Depreciation Fund was established to record funds used to build the mezzanine floor in the archive room at Bankside Gallery, and depreciation charged in respect of this work.

The Arthur Wise Whitcomb Street Fund was established using part of a legacy received from the estate of Arthur Wise in 2017 and 2018.

The Whitcomb Street Asset Fund relates to capital improvements at the Whitcomb Street property. These will be depreciated over the life of the lease.

Notes to the financial statements (continued)
For the year ended 31 December 2020

12. Restricted funds

	Peter De Wint Capital Fund	Peter de Wint General Fund	Whitcomb Street Fund	Total
	£	£	£	£
At 1 January 2020	4,551	146,023	182,501	333,075
Income	-	1,607	105,389	106,996
Expenditure on charitable activities	-	(5,978)	(15,867)	(21,845)
Transfers between funds	-	-	(163,339)	(163,339)
Investment gain/(losses)	-	8,410	1,272	9,682
At 31 December 2020	4,551	150,062	109,956	264,569

The Peter De Wint Funds are held to provide relief of distress among members (including honorary retired members) of the Royal Watercolour Society.

The Whitcomb Street Fund is raising funds for the refurbishment of the new Gallery space. During the year a transfer out to a designated fund occurred to capitalise significant leasehold improvements which took place during the year.

Restricted funds continued (2019)

	Peter De Wint Capital Fund	Peter de Wint General Fund	Whitcomb Street Fund	Total
	£	£	£	£
At 1 January 2019	4,551	134,441	133,773	272,765
Income	-	2,582	77,786	80,368
Expenditure on charitable activities	-	(1,170)	(29,058)	(30,228)
Investment gain/(losses)	-	(2,207)	-	(2,207)
	-	12,377	-	12,377
At 31 December 2019	4,551	146,023	182,501	333,075

Notes to the financial statements (continued)
For the year ended 31 December 2020

13. Expendable endowment

	Total 2020	Total 2019
	£	£
At 1 January 2020	45,616	46,000
Income	-	-
Expenditure on charitable activities	(9,501)	(2,373)
Transfers between funds	-	(2,099)
Investment gains	1,840	4,088
At 31 December 2020	37,955	45,616

Part of a legacy received from the estate of Arthur Wise has been used to establish a prize fund for watercolour paintings in his memory.

14. Staff

No staff are directly employed by the Society. All administration is provided by consultants, supervised by the Members of Council.

15. Related party transactions

As described in the Report of the Council earlier in these financial statements, the charity has a close working relationship with the Royal Society of Painter-Printmakers and with Bankside Gallery Limited. Bankside Gallery Limited manages Bankside Gallery, 48 Hopton Street, London, on behalf of both the Royal Watercolour Society and the Royal Society of Painter-Printmakers.

The outstanding balances with related parties at the year-end are disclosed in Note 8 above. The Royal Watercolour Society makes a donation to Bankside Gallery to cover a proportion of the running costs of the gallery, in recognition of Bankside Gallery's role in helping the Society achieve its charitable aims. Donations may also be made if the Society decides to promote any exhibitions beyond its regular annual programme.

Notes to the financial statements (continued)
For the year ended 31 December 2020

A summary of these donations during the year follows:

	2020 £	2019 £
Donation towards running costs of Bankside Gallery	<u>22,854</u>	<u>23,850</u>

This expenditure is included in the Statement of Financial Activities under outgoing resources.

As recorded in Note 4 above, the Royal Watercolour Society owns a lease from the Corporation of London Borough of Southwark on 48 Hopton Street, London. Bankside Gallery is afforded full rent-free occupation and use of these gallery and office premises in return for granting an indemnity to the Royal Watercolour Society in respect of all outgoing and covenant obligations under the Lease. The value of this donation is not included in these accounts but is estimated to be £38,770 per annum.

Notes to the financial statements (continued)
For the year ended 31 December 2020

16. Comparative information

The information below is an analysis by fund for the year ended 31 December 2019

	Unrestricted General Funds £	Designated Funds £	Restricted Funds £	Expendable Endowment Funds £	Total Funds 2019 £
Income and endowments from:					
Donations and legacies	26,010	-	77,786	-	103,796
Charitable activities	12,895	-	-	-	12,895
Investments	7,404	-	2,582	-	9,986
Total	46,309	-	80,368	-	226,534
Expenditure on:					
Raising funds	3,253	-	10,633	-	13,886
Charitable activities	69,221	8,101	19,595	2,373	99,290
Total	72,474	8,101	30,228	2,373	113,176
Net income/(expenditure) before (losses)/gains on investments	(26,165)	(8,101)	50,140	(2,373)	13,501
Net gains/(losses) on investments	8,421	17,409	12,377	4,088	42,295
Net income/(expenditure) for the year	(17,744)	9,308	62,517	1,715	55,796
Transfers between funds	8,659	(4,353)	(2,207)	(2,099)	-
Net movement in funds	(9,085)	4,955	60,310	(384)	55,796
Reconciliation of funds					
Total funds brought forward	38,252	292,813	272,765	46,000	649,830
Total funds carried forward	29,167	297,768	333,075	45,616	705,626

Notes to the financial statements (continued)
For the year ended 31 December 2020

16. Comparative Information (continued.)

The information below is a columnar balance sheet from the previous period.

	Unrestricted £	Restricted £	Expendable Endowment £	2019 Total £
Fixed assets				
Tangible assets	81,022	-	-	81,022
Investments	302,453	144,545	45,616	492,614
	<u>383,475</u>	<u>144,545</u>	<u>45,616</u>	<u>573,636</u>
Current assets				
Debtors	980	9,238	-	10,218
Cash at bank and in hand	<u>(52,977)</u>	<u>179,292</u>	<u>-</u>	<u>126,315</u>
Creditors: amounts falling due within one year	<u>(4,543)</u>	<u>-</u>	<u>-</u>	<u>(4,543)</u>
Net current (liabilities)/ assets	<u>(56,540)</u>	<u>188,530</u>	<u>-</u>	<u>131,990</u>
Net assets	<u>326,935</u>	<u>333,075</u>	<u>45,616</u>	<u>705,626</u>
Charitable funds				
Unrestricted income funds	326,935	-	-	326,935
Restricted income funds	-	333,075	-	333,075
Expendable endowment	<u>-</u>	<u>-</u>	<u>45,616</u>	<u>45,616</u>
Total funds	<u>326,935</u>	<u>333,075</u>	<u>45,616</u>	<u>705,626</u>

Royal Watercolour Society

General fund income and expenditure account
For the year ended 31 December 2020

	2020		2019	
	£	£	£	£
Income for the year		93,299		46,309
Expenditure for the year		(80,252)		(72,474)
Net surplus/(deficit) before transfers and investment gains		13,048		(26,165)
Fund transfers				
<i>Archive costs borne by General Fund:</i>				
Donation for archivist staff cost		-		-
Donation for archivist office cost		-		-
Collection insurance		-		-
Removal, travel and sundry costs		-		-
<i>Transfer to Collections</i>		(3,079)		(3,079)
<i>Transfer to General Fund</i>				11,738
<i>Release of Digitisation fund</i>		-		-
<i>Release of JE Eddison fund</i>		-		-
	(3,079)		8,659	
Subsidies transferred from				
David Gluck Fund		-		-
				(17,506)
Investment gains		10,221		8,421
General fund balances carried forward		49,357		29,167

This page does not form part of the statutory financial statements.

Royal Watercolour Society

**General fund income and expenditure account
For the year ended 31 December 2020**

General fund income

	2020		2019	
	£	£	£	£
Income from generated funds				
Patron scheme	300		300	
Grants and donations	2,040		-	
Membership income	24,030		24,590	
Election fees	640		1,120	
Bank interest receivable	118		124	
Investment income	6,113		7,280	
Income from charitable activities				
Education course income	630		7,283	
Member and other events	-		1,184	
Miscellaneous income	721		4,428	
Property income	58,597		-	
		59,948		12,895
Total income		93,299		46,309

This page does not form part of the statutory financial statements.

Royal Watercolour Society

**General fund income and expenditure account
For the year ended 31 December 2020**

General fund expenditure

	2020		2019	
	£	£	£	£
Cost of generating funds				
Website development and maintenance	960		1,440	
Publicity (exhibitions and courses)	849		1,721	
Fundraising events	-		-	
Investment management costs	1,275		-	
Donation for newsletter costs	-		600	
		3,084		3,253
Charitable activities				
Exhibitions expenditure	1,002		2,193	
Education course expenditure	315		4,096	
Awards: RWS Open prizes	750		750	
Donation to Bankside Gallery	22,854		23,850	
		24,921		30,889
Support and governance costs				
Property	19,659		100	
Administration	15,069		25,351	
Independent examination and accounts	2,920		2,548	
Other professional costs	7,037		2,542	
Finance costs	1,039		1,076	
Miscellaneous	5,523		5,570	
Depreciation	1,000		1,145	
		52,247		37,824
Total expenditure		<u>80,252</u>		<u>72,474</u>

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