

# THE FRIENDS OF THE ROYAL ACADEMY

England & Wales · Charity number 272926

## Details

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**Status** Registered

**Legal form** Charitable company

**Company number** [01291535](#)

**Registered** 1977-03-10

**Register** [View on the Charity Commission register](#)

## Contact

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**Address** Burlington House  
Piccadilly  
London  
W1J 0BD

**Phone** 02073008017

**Email** [press.office@royalacademy.org.uk](mailto:press.office@royalacademy.org.uk)

**Website** [www.royalacademy.org.uk](http://www.royalacademy.org.uk)

## Activities

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**Objects:** (1) TO SUPPORT THE CHARITABLE WORK OF THE ROYAL ACADEMY OF ARTS. (2) TO PROMOTE AND TO CO-OPERATE WITH THE ACADEMY AND OTHER CHARITABLE ORGANISATIONS IN PROMOTING THE ARTS AND IN PARTICULAR THE ARTS OF DESIGN AND THE CREATION AND APPRECIATION OF THE ARTS.

**Activities:** The objects of the Friends of the Royal Academy are:- to support the charitable work of the Royal Academy of Arts- to promote and to co-operate with the Academy and other charitable organisations in promoting the Arts and in particular the arts of design and the creation and appreciation of the arts

## Classification

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- **How:** Provides Other Finance, Other Charitable Activities
- **What:** Arts/culture/heritage/science
- **Who:** Other Charities Or Voluntary Bodies, The General Public/mankind

## Geography

- Throughout England And Wales

## Finances

| Period end | Income      | Expenditure | Assets   | Employees |
|------------|-------------|-------------|----------|-----------|
| 2024-08-31 | £11,775,330 | £11,775,330 | £115,734 | 15        |
| 2023-08-31 | £12,024,165 | £12,024,165 | £115,734 | 15        |
| 2022-08-31 | £12,596,802 | £12,596,802 | £115,734 | 15        |
| 2021-08-31 | £12,723,673 | £12,723,673 | £115,734 | 15        |
| 2020-08-31 | £13,801,943 | £13,801,943 | £115,734 | 18        |

## Trustees

| Name                             | Role | Appointed  |
|----------------------------------|------|------------|
| Andrea Jane Voiels O'Keeffe      |      | 2019-05-28 |
| Beatrice Helen Nadine El-Hage    |      | 2023-09-12 |
| Elle Todd                        |      | 2023-09-12 |
| Fiona Mahon                      |      | 2023-09-12 |
| Katherine Fiona Jones RA         |      | 2023-09-12 |
| Patrick Brill RA OBE             |      | 2024-06-04 |
| Philip Reginald Long             |      | 2023-09-12 |
| Simon Philip Zbigniew Wallis OBE |      | 2025-08-10 |

**THE FRIENDS OF THE ROYAL ACADEMY**

England & Wales - Charity number 272926

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# Accounts

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**THE FRIENDS OF THE ROYAL ACADEMY**

**(A Company Limited by Guarantee)**

**Registered Charity No. 272926**

**Registered Company No. 01291535**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 AUGUST 2024**

**The Friends of the Royal Academy  
Reference and Administrative Information**

**Patron**

Her Majesty The Queen

**Trustees**

Siobhan Moriarty-MacDonnell (Chairperson)  
Andrea O'Keeffe (Treasurer)  
Nigel Abbas (resigned 28 March 2024)  
Patrick Brill (Bob and Roberta Smith RA) (appointed 4 June 2024)  
Beatrice El-Hage (appointed 12 September 2023)  
Verity Harding (resigned 12 September 2023)  
Katherine Jones RA (appointed 12 September 2023)  
Philip Long (appointed 12 September 2023)  
Fiona Mahon (appointed 12 September 2023)  
Natasha Mitchell (appointed 1 November 2024)  
Richard Phillipps (resigned 12 September 2023)  
Peter Randall-Page (resigned 12 September 2023)  
Axel Ruger (resigned 31 October 2024)  
Elle Todd (appointed 12 September 2023)

**Company Secretary**

Benedict Anstey

**Auditors**

Moore Kingston Smith LLP  
6th Floor  
9 Appold Street  
London EC2A 2AP

**Bankers**

Lloyds Bank Plc  
4th Floor  
25 Gresham Street  
London EC2V 7HN

**Solicitors**

Macfarlanes LLP  
20 Cursitor Street  
London EC4A 1LT

Withers LLP  
16 Old Bailey  
London EC4M 7EG

**Registered Office**

Burlington House  
Piccadilly  
London W1J 0BD

**Registered Charity Number**

272926

**Registered Company Number**

01291535

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

**CONSTITUTION AND CHARITABLE OBJECTIVES**

**Constitution**

The Friends of the Royal Academy (“the Charity”) is a registered charity, which was incorporated as a company limited by guarantee in December 1976. The Charity’s objects are to support the work of two other charities: The Royal Academy of Arts (“the Royal Academy”), a legally separate charity (registered charity number 1125383, company number 6298947) which has promoted the fine arts in the UK since 1768; and the Royal Academy Trust (registered charity number 1067270), which was established in 1981, to provide funds in support of the Royal Academy.

**Governance and management**

The Charity is an independent body governed by a board of directors (the “Board”), who are also the trustees of the Charity. In accordance with the Articles of Association, the number of directors shall be not less than seven and not more than 15. The Board shall have at least one and no more than two Royal Academicians, who are appointed by the Royal Academy. The Secretary and Chief Executive of the Royal Academy is a member of the Board *ex officio*.

The Charity has a maximum of 25 Members (the Board may from time to time increase this number). New Charity Members may be admitted by approval of the Charity at a General Meeting, subject to the approval of the Royal Academy. Friends are “associate members” of the Charity but are not formal Charity (company) Members. The Board may from time to time establish categories of Friends, the criteria for membership of each category, and the rights and privileges associated with such category. On appointment as a director, the appointee is invited to become a Member of the Charity (although a member of the Board does not need to be a Charity Member).

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

The Board convenes at least three meetings each year to discuss the strategic, financial, and operational performance of the Friends membership scheme. Members of the Board meet regularly with the Royal Academy management team and other members of staff in between these formal Board meetings. Board members receive all relevant documentation relating to the constitution and operation of the Friends’ membership scheme on appointment.

During the year ended 31 August 2024, six new directors joined the Board. The induction pack provided to these new directors (and shared with continuing directors) was updated and made more comprehensive to provide a broader overview of the Royal Academy structure, strategy, and areas of activity.

The Charity Chair meets regularly, and at least once in advance of each Board meeting, with key Royal Academy staff including the Director and Deputy Director of Audience and Experience and the Legal Counsel in relation to company secretarial matters, to plan for Board meetings and set agendas.

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**Remuneration of key management personnel**

The Charity considers key management personnel to be the trustees who do not receive remuneration for their services. As noted below, the day-to-day management of the Charity is performed by staff employed by the Royal Academy.

**Relationship with the Royal Academy**

Although the Charity is governed by an independent body, the day-to-day management of the Friends membership scheme is through staff employed by the Royal Academy.

**Objectives and activities**

The objects of the Charity, as set out in the Articles of Association, are to support the charitable work of the Royal Academy and the Royal Academy Trust. The Charity's activities include ensuring sound financial control; clear strategic direction; and the targeting of funds to improve the Friends experience and public benefit.

**Public benefit and impact**

In implementing the stated objectives through the strategies mentioned above, the Board has complied with the duty in Section 17 of the Charities Act 2011 and the guidance published by the Charity Commission, namely, to have due regard to public benefit.

The Charity donates its surplus to the Royal Academy in support of its charitable objectives and in doing so brings considerable benefit to members of the public who visit and participate in the activities of the Royal Academy. The impact and public benefit provided by the Royal Academy and the more formal impact assessment approach being undertaken, including identifying impact goals, and tracking and measuring impact, is considered in the Royal Academy's 2024 Trustees' Report. Given that the Charity's donation has this year provided nearly 28% (2023: 29%) of the Royal Academy's incoming resources from ongoing activities, the Charity is providing a significant contribution towards meeting these impact goals.

The Friends membership scheme is open to all members of the public and offers significant cost savings to ensure the Friend, an adult family guest and up to four family children can enjoy unlimited entry to experience and appreciate all that the Royal Academy has to offer. Friends are also kept up to date on news of the Royal Academy and the broader cultural scene via the quarterly RA Magazine and through regular email communications, tailored and targeted to individual Friends via Customer Relationship Management ("CRM").

The Friends also offer a Young Person category of membership at a lower rate to enable younger people (up to 35) to access the benefits, including invitations to events tailored towards this younger demographic.

**Aims for the coming year**

The aims and objectives for the 2024/25 financial year are as follows:

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

- To promote and enhance the appreciation of visual arts and wider programme at the Royal Academy through the Friends' membership scheme.
- To maximise the charitable contributions raised for the benefit of the Royal Academy.
- To increase public participation for the benefit of the Royal Academy.

The Charity will seek to achieve these objectives through the continuation of a successful programme of Friends' events; campaigns to recruit new Friends; and measures to retain Friends through continued improvement of the visitor experience.

## **FINANCIAL REVIEW, ACHIEVEMENTS AND PERFORMANCE**

### **Financial review**

During the year, the Charity received total income of £11,775,330 (2023: £12,024,165), including membership income and Gift Aid of £11,602,555 (2023: £11,984,676) from a total membership of 75,014 (2023: 77,775) Friends.

After expenditure of £1,518,482 (2023: £1,408,003) and a donation of £151,801 (2023: £18,101) to the Royal Academy Trust, net income amounted to £10,105,047 (2023: £10,598,061).

It is the practice of the Board to donate to the Royal Academy income received after the deduction of expenditure, with the objective to increase the net contribution year on year.

In March 2019 the Board resolved to donate to the Royal Academy Trust any unrestricted legacy income received by the Charity (up to £100,000 per legacy) to be held in unrestricted funds to provide future support to the Royal Academy.

The net income for the current year has been donated to the Royal Academy.

The net movement of funds for the year was £nil (2023: £nil). The Board does not recommend any transfer to or from reserves (2023: £nil).

### **Achievements and performance**

The Charity closed the year with 75,014 Friends, almost 4% down from last year's closing number of 77,775. Just under 8,200 new Friends joined in the year (2023: 8,500). The annual renewal rate was just under 86%, 1% lower than the previous year. The renewal rate was just behind the 87% achieved in the year to 31 August 2019, the last full financial year before the pandemic, albeit the Charity closed that year with 92,273 Friends.

This performance should be considered in the wider context of shifting audience behaviour and engagement across the sector, where increased competition and more selective choices by visitors (driven by the higher cost of living, transport challenges, and changed appetites post-pandemic, particularly amongst older visitors) are all having an impact on attendance to paid exhibitions.

Within this context, retention and acquisition marketing strategies for the year were carefully built around the exhibition programme, optimising each in relation to its appeal to Friends. *Marina Abramović* allowed for the promotion of Young Friends memberships as well as the benefits of being able to return to an exhibition at different times and for different performances, while *Impressionists*

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For the year ended 31 August 2024**

*on Paper: Degas to Toulouse-Lautrec* appealed to both our core and a more diverse Friends audience. *Marina Abramović* saw the highest proportion of under 45 visitors to the Royal Academy since we began tracking in 2019 and Young Friends acquisitions nearly matched non-Young Friends for the first time. When the exhibition closed on 1 January 2024, we had achieved the highest volume of Young Friends to date at 6,759. For *Entangled Pasts, 1768–now: Art, Colonialism and Change*, which ran from early February 2024 to late April 2024, we welcomed the highest proportion of global majority visitors (since tracking began in 2019) at just over 25%. Although both acquisitions and retention fell slightly short of target in the second half of the financial year with lower visitor numbers, our retention and acquisition rates remain high in comparison with the wider sector.

Continued commitment to engaging new, broader, and more diverse audiences through programming, pricing, and marketing remains a priority for the next financial year and beyond to attract more Friends. Total membership income and Gift Aid for the year of £11,602,555 represented a decrease of just over 3% on the previous year (2023: £11,984,676). There was no price increase in 2024 following a small annual price increase in 2023.

Expenditure on membership activities for the year of £1,518,482 increased by nearly 8% on the previous year (2023: £1,408,003). The Charity's cost base has been significantly impacted by the higher rates of inflation which have been experienced recently. This includes the effect of salary increases particularly impacted by the rise in the London Living Wage, with staff costs increasing by over 8% to £480,011 (2023: £443,018). The Charity has however benefited from a just over 30% reduction in its facility charges from the Royal Academy for the use of Keeper's House, with the annual charge reduced to £126,295 (2023: £180,676). This lower charge reflects the fact that the Charity is using less space in Keeper's House from September 2023, as well as a reduction in market rent.

The net income for the year before the donation to the Royal Academy (but after donations of legacy income to the Royal Academy Trust) was £10,105,047; over 4.6% down on the previous year (2023: £10,598,061).

In making a donation of £10,105,047 to the Royal Academy, the Charity has significantly contributed to the continuing development of the Royal Academy's activities and awareness of its role in cultural life including the presentation of a world class exhibition programme; the post graduate education of artists in the Royal Academy Schools; the preservation and maintenance of the Royal Academy's historic buildings and collections; and the celebration of art and culture for audiences at the Royal Academy and beyond.

### **Reserves policy**

The Board has reviewed the reserves of the Charity, including its free reserves (those that are not restricted, designated, or invested in fixed assets). Having regard to the relationship with the Royal Academy and anticipated future cash flows, the current practice is to pass the entire annual net income to the Royal Academy and not to accumulate reserves. The Board considers that the actual level of free reserves as at 31 August 2024 of £115,734 (2023: £115,734) is appropriate.

### **Related party transactions**

None of the trustees receives remuneration or other benefit from their work with the Charity. Transactions with related parties are disclosed in note 14 to the financial statements.

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(A Company Limited by Guarantee)  
Trustees' Report  
For the year ended 31 August 2024**

## **Risks**

The Board, advised by specialist committees, the Royal Academy Senior Leadership Team, and the Royal Academy Legal Counsel and General Counsel, evaluates and monitors risks and ensures that systems and controls are in place and are subject to review. Where appropriate, management action is undertaken to mitigate those risks. The trustees have reviewed the risks to which the Charity is exposed, and the mitigating actions planned to address them.

The major risks identified include:

- 1) the risk of a reduction in Friends membership whether due to price sensitivity, the changing popularity of the exhibition programme, demographic factors, or economic and behavioural trends in the aftermath of the pandemic. Processes regarding marketing and stakeholder engagement are under scrutiny, particularly given the ongoing impact of the "cost of living crisis" reducing potential audiences. Furthermore, post the pandemic, Friends' propensity to visit the Royal Academy, or London more generally, has shifted compared to previously seen patterns of behaviour;
- 2) the risk of failure of the database software and security due to several factors, including outdated software from a lack of resource deployment or investment or cyber-attacks;
- 3) risks generated from having to adhere to strict tax legislation and HMRC guidelines; and
- 4) the Digital Markets, Competition and Consumers Act was passed into law in May 2024, which creates new obligations for the Charity in relation to the administration of Friends memberships, including the provision of prescribed pre-contract information, renewal notices, a cooling-off period and duties on cancellation. The relevant provisions of the Act are expected to commence in Spring 2026, at the earliest. Prior to passing the legislation, the Government confirmed it would amend Gift Aid legislation to prevent charity memberships becoming ineligible for Gift Aid by virtue of the new cooling off period, but this is yet to be seen.

The Senior Leadership Team is undertaking strategies to limit the exposure to these risks and to mitigate them as far as is achievable. Mitigation steps include:

- 1) continued review and improvement to the Friends' visitor experience and periodic Friends membership structure and pricing reviews;
- 2) continuous development and enhancement of software, with a focus on data protection;
- 3) internal tax compliance controls and procedures, together with advice from external tax advisers on technical issues and the impact of any changes in legislation; and
- 4) advice from external tax and legal advisors on the impact of changes in legislation, together with lobbying efforts with industry bodies, other charities affected and an advisory firm.

## **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

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

Company law requires directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and

**The Friends of the Royal Academy  
(A Company Limited by Guarantee)  
Trustees' Report  
For the year ended 31 August 2024**

application of resources, including the income and expenditure of the charitable company for that period. In preparing these financial statements, the directors are required to:

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

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

**Audit information**

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

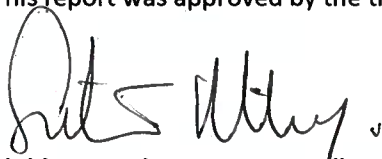
- there is no relevant information of which the auditors are unaware; and
- they have taken all relevant steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

**Auditors**

A resolution to reappoint Moore Kingston Smith LLP as auditors will be put to the members at the Annual General Meeting.

*9th Dec 2024*

This report was approved by the trustees on ..... and signed on its behalf, by:



**Siobhan Moriarty-MacDonnell  
Chairperson**

**The Friends of the Royal Academy  
Independent Auditors' Report to Members of  
The Friends of the Royal Academy**

**Opinion**

We have audited the financial statements of The Friends of the Royal Academy ("the charitable company") for the year ended 31 August 2024 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2024 and of its incoming resources and application of resources including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

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

**Other information**

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

**The Friends of the Royal Academy  
Independent Auditors' Report to Members of  
The Friends of the Royal Academy (continued)**

**Other information (continued)**

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matter prescribed by the Companies Act 2006**

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

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

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

- adequate and sufficient accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities set out on page 6, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**The Friends of the Royal Academy  
Independent Auditors' Report to Members of  
The Friends of the Royal Academy (continued)**

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

**The Friends of the Royal Academy  
Independent Auditors' Report to Members of  
The Friends of the Royal Academy (continued)**

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

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

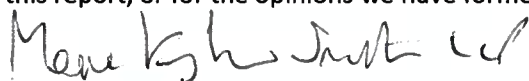
**Our approach was as follows:**

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

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

**Use of our report**

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



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

6th Floor  
9 Appold Street  
London EC2A 2AP

Date: 12 December 2024

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

|                                       | Note | Unrestricted<br>funds<br>2024<br>£ | Unrestricted<br>funds<br>2023<br>£ |
|---------------------------------------|------|------------------------------------|------------------------------------|
| <b>Income from:</b>                   |      |                                    |                                    |
| Donations and legacies                |      | 152,362                            | 28,655                             |
| Charitable activities                 | 4    | 11,602,555                         | 11,984,676                         |
| Other income                          |      | 20,413                             | 10,834                             |
|                                       |      | <u>11,775,330</u>                  | <u>12,024,165</u>                  |
| <b>Total income</b>                   |      |                                    |                                    |
| <b>Expenditure on:</b>                |      |                                    |                                    |
| Charitable activities                 |      |                                    |                                    |
| Members' activities                   | 5    | (1,518,482)                        | (1,408,003)                        |
| Donation to Royal Academy Trust       |      | (151,801)                          | (18,101)                           |
| Donation to The Royal Academy of Arts |      | (10,105,047)                       | (10,598,061)                       |
|                                       |      | <u>(11,775,330)</u>                | <u>(12,024,165)</u>                |
| <b>Total expenditure</b>              |      |                                    |                                    |
| <b>Net income / (expenditure)</b>     | 6    | -                                  | -                                  |
| Total funds brought forward           |      | <u>115,734</u>                     | <u>115,734</u>                     |
| <b>Total funds carried forward</b>    |      | <u>115,734</u>                     | <u>115,734</u>                     |

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

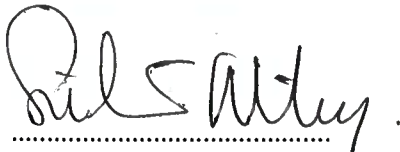
The notes on pages 15 to 20 form part of these financial statements.

**The Friends of the Royal Academy  
Balance Sheet as at 31 August 2024**

|   | Note | 2024<br>£             | 2023<br>£             |
|---|------|-----------------------|-----------------------|
| <b>Current assets</b>                           |      |                       |                       |
| Debtors   | 10   | 349,080               | 315,554               |
| <b>Current liabilities</b>                      |      |                       |                       |
| Creditors - amounts falling due within one year | 11   | <u>(233,346)</u>      | <u>(199,820)</u>      |
| <b>Total assets less total liabilities</b>      |      | <u><b>115,734</b></u> | <u><b>115,734</b></u> |
| <br><b>The funds of the Charity:</b>            |      |                       |                       |
| Unrestricted                                    |      | <u><b>115,734</b></u> | <u><b>115,734</b></u> |
| <b>Total funds</b>                              |      | <u><b>115,734</b></u> | <u><b>115,734</b></u> |

The notes on pages 15 to 20 form part of these financial statements.

Approved and authorised for issue by the Board on 9th December 2024

  
.....  
**Siobhan Moriarty-MacDonnell**

Company No: 01291535

**The Friends of the Royal Academy  
Statement of Cash Flows  
For the year ended 31 August 2024**

|  | Note | 2024<br>£ | 2023<br>£ |
|--|------|-----------|-----------|
| <b>Cash (used in) / provided by operating activities</b> | 12   | -         | -         |
| <b>Net cash used in investing activities</b>             |      | -         | -         |
| <b>Net cash used in financing activities</b>             |      | -         | -         |
| Increase / decrease in cash equivalents in the year      |      | -         | -         |
| Cash and cash equivalents at the beginning of the year   |      | -         | -         |
| <b>Cash and cash equivalents at the end of the year</b>  |      | -         | -         |

**The Friends of the Royal Academy  
Notes to the Financial Statements  
For the year ended 31 August 2024**

**1 General information**

The Friends of the Royal Academy ("the Charity"), is a registered charity, which is incorporated as a company limited by guarantee.

The Charity was established primarily to support the charitable work of The Royal Academy of Arts ("the Royal Academy") and to promote and to co-operate with the Royal Academy and other charitable organisations in promoting the Arts. The address of its registered office is Burlington House, Piccadilly, London.

**2 Summary of significant accounting policies**

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

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

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

**a. Basis of preparation**

The financial statements have been prepared on a going concern basis, under the historical cost convention.

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

**b. Going concern**

The trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern. The Charity therefore continues to adopt the going concern basis in preparing its financial statements.

**c. Funds structure**

Unrestricted income funds are sub analysed between designated funds, where the trustees have set aside amounts to be used for specific purposes or which reflect the non-binding wishes of donors; and unrestricted funds, which are used at the trustees' discretion in furtherance of the general objectives of the Charity.

**The Friends of the Royal Academy  
Notes to the Financial Statements  
For the year ended 31 August 2024**

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

**d. Income**

All income is recognised once the Charity has entitlement to the resources if it is probable (more likely than not) that the resources will be received and the monetary value can be measured reliably.

Membership income and related Gift Aid is accounted for on receipt of the income and is stated exclusive of any VAT.

Donations are accounted for when these are received.

Ticket sales made in relation to events taking place in the next financial year are included as deferred income.

**e. Legacies**

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

Receipt is probable when:

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

**f. Expenditure**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to each category of expense shown in the Statement of Financial Activities.

**g. Pension costs**

Pension costs reflect the employer pension contributions recharges from the Royal Academy. There is no liability for the Charity with regards to defined benefit pension scheme funding or any associated liabilities, with reference to its inclusion being provided in these financial statements, merely to provide clarity with regards to the recharged pension contributions.

**The Friends of the Royal Academy  
Notes to the Financial Statements  
For the year ended 31 August 2024**

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

**h. Charitable activities**

Costs of charitable activities comprise the expenditure associated with supporting the Charity members and making donations to the Royal Academy and the Royal Academy Trust.

Included within charitable activities are governance costs. These are costs incurred in the governance of the Charity and its assets. These are primarily concerned with constitutional and statutory requirements.

**i. Financial instruments**

**i. Cash and cash equivalents**

Cash and cash equivalents include cash at bank and in hand.

**ii. Debtors and creditors**

Debtors and creditors receivable or payable within one year of the reporting date are carried at their transaction price. Debtors and creditors that are receivable or payable in more than one year and not subject to a market rate of interest are measured at the present value of the expected future receipts or payment discounted at a market rate of interest.

**3 Critical accounting judgments and estimation uncertainty**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**4 Income from charitable activities**

|                   | <b>2024</b>              | 2023              |
|-------------------|--------------------------|-------------------|
|                   | <b>£</b>                 | £                 |
| Membership income | <b>9,808,938</b>         | 10,104,000        |
| Gift Aid          | <b>1,793,617</b>         | 1,880,676         |
| Total             | <b><u>11,602,555</u></b> | <u>11,984,676</u> |

Membership income relates to annual amounts paid to become a "Friend" of the Charity. Total membership as at 31 August 2024 was 75,014 Friends (2023: 77,775 Friends).

**The Friends of the Royal Academy  
Notes to the Financial Statements  
For the year ended 31 August 2024**

**5 Analysis of expenditure on members' activities**

|                                      | 2024<br>£              | 2023<br>£       |
|--------------------------------------|------------------------|-----------------|
| Staff costs (see note 7)             | <b>480,011</b>         | 443,018         |
| Printing and mailing                 | <b>235,783</b>         | 232,137         |
| Magazine                             | <b>386,993</b>         | 299,429         |
| Marketing, research and acquisitions | <b>181,748</b>         | 163,757         |
| Facilities charges                   | <b>126,295</b>         | 180,676         |
| Audit fees                           | <b>18,750</b>          | 15,348          |
| Accountancy fees                     | <b>600</b>             | 500             |
| Other costs                          | <b>88,301</b>          | 73,138          |
|                                      | <hr/> <b>1,518,482</b> | <hr/> 1,408,003 |
| Total                                | <b>1,518,482</b>       | 1,408,003       |

**6 Net income / (expenditure)**

|                                | 2024<br>£     | 2023<br>£ |
|--------------------------------|---------------|-----------|
| This is stated after charging: |               |           |
| Auditors' remuneration:        |               |           |
| Audit services                 | <b>18,750</b> | 15,348    |
| Other services                 | <b>600</b>    | 500       |

**7 Analysis of staff costs**

|                                 | 2024<br>£            | 2023<br>£     |
|---------------------------------|----------------------|---------------|
| Wages and salaries              | <b>413,609</b>       | 383,248       |
| Social security costs           | <b>35,902</b>        | 31,924        |
| Employers pension contributions | <b>30,500</b>        | 27,846        |
|                                 | <hr/> <b>480,011</b> | <hr/> 443,018 |
| Total                           | <b>480,011</b>       | 443,018       |

Staff costs represent the costs of staff employed by the Royal Academy and recharged to the Charity. The Charity engaged an average of 15 permanent staff (2023: 15).

No employees earned more than £60,000 in the year (2023: none).

The trustees have concluded that the board of trustees comprise the key management personnel of the Charity.

**The Friends of the Royal Academy  
Notes to the Financial Statements  
For the year ended 31 August 2024**

**8 Trustees' remuneration, benefits and expenses**

Axel Rüger, who was a trustee of the Charity to 31 October 2024, was paid remuneration by the Royal Academy, for which no recharge was made to the Charity. It is not possible to make a reasonable apportionment of his remuneration in respect of his service to the Charity. Accordingly, the disclosures regarding remuneration for key management personnel of the Charity include no amounts in respect of Axel Rüger. Remuneration excluding pension contributions paid by the Royal Academy to Axel Rüger was £237,190 (2023: £230,134). In addition, he received pension contributions totalling £23,719 (2023: £20,921).

The Charity's other trustees give their time freely and receive no remuneration for the work that they undertake as trustees. However, they can claim expenses to reimburse them for costs that they incur in fulfilling their duties.

No trustee was reimbursed for any costs incurred in fulfilling their duties (2023: £nil).

**9 Taxation**

The Charity has suffered no tax charge, as it is not subject to UK corporation tax on its charitable activities.

**10 Debtors**

|   | <b>2024</b>    | 2023    |
|---|----------------|---------|
|   | £              | £       |
| Trade debtors                             | <b>4,338</b>   | 6,028   |
| Amounts owed by The Royal Academy of Arts | <b>239,649</b> | 192,940 |
| Recoverable taxes                         | <b>96,188</b>  | 103,626 |
| Prepayments                               | <b>8,905</b>   | 12,960  |
|   | <hr/>          | <hr/>   |
| Total                                     | <b>349,080</b> | 315,554 |
|   | <hr/>          | <hr/>   |

Amounts owed by related undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

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

|   | <b>2024</b>    | 2023    |
|---|----------------|---------|
|   | £              | £       |
| Trade creditors                         | <b>14,845</b>  | 19,596  |
| Amounts due to R.A. Enterprises Limited | <b>113,021</b> | 119,658 |
| Taxation                                | <b>62,431</b>  | 44,035  |
| Accruals                                | <b>43,049</b>  | 16,531  |
|   | <hr/>          | <hr/>   |
| Total                                   | <b>233,346</b> | 199,820 |
|   | <hr/>          | <hr/>   |

**The Friends of the Royal Academy  
Notes to the Financial Statements  
For the year ended 31 August 2024**

**12 Notes to the statement of cash flows**

| <b>Reconciliation of net movement in funds to net cash flow from operating activities:</b> | <b>2024</b>     | 2023            |
|--|-----------------|-----------------|
|  | <b>£</b>        | £               |
| Net movement in funds:   | -               | -               |
| Adjustments for:   |                 |                 |
| - (Increase)/decrease in debtors   | <b>(33,526)</b> | 52,883          |
| - Increase/(decrease) in creditors   | <b>33,526</b>   | <b>(52,883)</b> |
|  | <hr/>           | <hr/>           |
| Net cash (used in) / provided by operating activities                                      | <b>-</b>        | <b>-</b>        |
|  | <hr/>           | <hr/>           |

**13 Financial instruments**

|  | <b>2024</b>    | 2023    |
|--|----------------|---------|
|  | <b>£</b>       | £       |
| Financial assets measured at amortised cost      | <b>243,987</b> | 198,968 |
|  | <hr/>          | <hr/>   |
| Financial liabilities measured at amortised cost | <b>170,915</b> | 155,785 |
|  | <hr/>          | <hr/>   |

**14 Related party transactions**

During the year the Charity donated £10,105,047 (2023: £10,598,061) to the Royal Academy and reimbursed expenditure of £606,306 (2022: £623,694), including staff costs recharged of £480,011 (2023: £443,018) and facilities charges of £126,295 (2023: £180,676) for the Charity's use of Keeper's House, being £102,000 (2023: £151,000) for rent and £24,295 (2023: £29,676) for utilities. At the year end, £239,649 (2023: £192,940) was owed and included within debtors.

During the year the Charity purchased £386,993 (2023: £299,429) of goods from R.A. Enterprises Limited, a subsidiary of the Royal Academy, related to costs for the quarterly RA Magazine. R.A. Enterprises Limited sold subscriptions with a value of £12,917 (2023: £11,123) on behalf of the Charity. At the year end, £113,021 (2023: £119,658) was outstanding.

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

**THE FRIENDS OF THE ROYAL ACADEMY**

England & Wales - Charity number 272926

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# Accounts

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**THE FRIENDS OF THE ROYAL ACADEMY**

**(A Company Limited by Guarantee)**

**Registered Charity No. 272926**

**Registered Company No. 01291535**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 AUGUST 2023**

**The Friends of the Royal Academy  
Reference and Administrative Information**

**Patron**

Her Majesty The Queen Consort

**Trustees**

Clive Humby OBE (Chairperson) (resigned 27 March 2023)  
Siobhan Moriarty-MacDonnell (Chairperson from 27 March 2023)  
Nigel Abbas  
Beatrice El-Hage (appointed 12 September 2023)  
Verity Harding (resigned 12 September 2023)  
Katherine Jones RA (appointed 12 September 2023)  
Philip Long (appointed 12 September 2023)  
Fiona Mahon (appointed 12 September 2023)  
Andrea O'Keeffe (Treasurer)  
Richard Philipps (resigned 12 September 2023)  
Peter Randall-Page RA (resigned 12 September 2023)  
Axel Rüger  
Elle Todd (appointed 12 September 2023)

**Company Secretary**

Benedict Anstey

**Auditors**

Moore Kingston Smith LLP  
6th Floor  
9 Appold Street  
London EC2A 2AP

**Bankers**

Lloyds Bank Plc  
4th Floor  
25 Gresham Street  
London EC2V 7HN

**Solicitors**

Macfarlanes LLP  
20 Cursitor Street  
London EC4A 1LT

Withers LLP  
16 Old Bailey  
London EC4M 7EG

**Registered Office**

Burlington House  
Piccadilly  
London W1J 0BD

**Registered Charity Number**

272926

**Registered Company Number**

01291535

**The Friends of the Royal Academy  
(A Company Limited by Guarantee)  
Trustees' Report  
For the year ended 31 August 2023**

**CONSTITUTION AND CHARITABLE OBJECTIVES**

**Constitution**

The Friends of the Royal Academy (“the Charity”) is a registered charity, which was incorporated as a company limited by guarantee in December 1976. The Charity’s objects are to support the work of two other charities: The Royal Academy of Arts (“the Royal Academy”), a legally separate charity (registered charity number 1125383, company number 6298947) which has promoted the fine arts in the UK since 1768; and the Royal Academy Trust (registered charity number 1067270), which was established in 1981, to provide funds in support of the Royal Academy.

**Governance and management**

The Charity is an independent body governed by a board of directors (the “Board”), who are also the trustees of the Charity. In accordance with the Articles of Association, the number of directors shall be not less than seven and not more than 15. The Board shall have at least one and no more than two Royal Academicians, who are appointed by the Royal Academy. The Secretary and Chief Executive of the Royal Academy is a member of the Board *ex officio*.

The Charity has a maximum of 25 Members (the Board may from time to time increase this number). New Charity Members may be admitted by approval of the Charity at a General Meeting, subject to the approval of the Royal Academy. Friends are “associate members” of the Charity but are not formal Charity (company) Members. The Board may from time to time establish categories of Friends, the criteria for membership of each category, and the rights and privileges associated with such category.

On appointment as a director, the appointee is invited to become a Member of the Charity (although a member of the Board does not need to be a Charity Member).

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

The Board convenes regular meetings to discuss the strategic, financial, and operational performance of the Friends membership scheme and meets frequently with the Royal Academy management team and other members of staff. Board members receive all relevant documentation relating to the constitution and operation of the Friends’ membership scheme on appointment and are provided with additional training as required thereafter.

In September 2023, five new directors joined the Board. The induction pack provided to these new directors (and shared with continuing directors) was updated and made more comprehensive to provide a broader overview of the Royal Academy structure, strategy, and areas of activity. At its meeting on 12 September 2023, the Board received presentations on the governance of the Royal Academy as a whole, audience development, the creation and history of the Charity, and the role of the Charity in that context.

The Charity Chair meets regularly with key Royal Academy staff including the Director and Deputy Director of Audience and Experience and the General Counsel, who is the Charity’s Company Secretary, to plan for Board meetings and set agendas.

**Remuneration of key management personnel**

The Charity considers key management personnel to be the trustees who do not receive remuneration for their services. As noted below, the day-to-day management of the Charity is performed by staff employed by the Royal Academy.

**The Friends of the Royal Academy  
(A Company Limited by Guarantee)  
Trustees' Report  
For the year ended 31 August 2023**

**Relationship with the Royal Academy**

Although the Charity is governed by an independent body, the day-to-day management of the Friends membership scheme is through staff employed by the Royal Academy.

**Objectives and activities**

The objects of the Charity, as set out in the Articles of Association, are to support the charitable work of the Royal Academy and the Royal Academy Trust. The Charity's activities include ensuring sound financial control; clear strategic direction; and the targeting of funds to improve the Friends experience and public benefit.

**Public benefit and impact**

In implementing the stated objectives through the strategies mentioned above, the Board has complied with the duty in Section 17 of the Charities Act 2011 and the guidance published by the Charity Commission, namely, to have due regard to public benefit.

The Charity donates its surplus to the Royal Academy in support of its charitable objectives and in doing so brings considerable benefit to members of the public who visit and participate in the activities of the Royal Academy. The impact and public benefit provided by the Royal Academy and the more formal impact assessment approach being undertaken, including identifying impact goals, and tracking and measuring impact, is considered in the Royal Academy's 2023 Trustees' Report. Given that the Charity's donation has this year provided nearly 29% (2022: 29%) of the Royal Academy's incoming resources from ongoing activities, the Charity is providing a significant contribution towards meeting these impact goals.

The Friends membership scheme is open to all members of the public and offers significant cost savings to ensure the Friend, an adult family guest and up to four family children can enjoy unlimited entry to experience and appreciate all that the Royal Academy has to offer. Friends are also kept up to date on news of the Royal Academy and the broader cultural scene via the quarterly RA Magazine and through regular email communications, tailored and targeted to individual Friends via Customer Relationship Management ("CRM").

The Friends also offer a Young Person category of membership at a lower rate to enable younger people (up to 35) to access the benefits, including invitations to events tailored towards this younger demographic.

**Aims for the coming year**

The aims and objectives for the 2023/24 financial year are as follows:

- To promote and enhance the appreciation of visual arts and wider programme at the Royal Academy through the Friends' membership scheme.
- To maximise the charitable contributions raised for the benefit of the Royal Academy.
- To increase public participation for the benefit of the Royal Academy.

The Charity will seek to achieve these objectives through the continuation of a successful programme of Friends' events; campaigns to recruit new Friends; and measures to retain Friends through continued improvement of the visitor experience.

**The Friends of the Royal Academy  
(A Company Limited by Guarantee)  
Trustees' Report  
For the year ended 31 August 2023**

**FINANCIAL REVIEW, ACHIEVEMENTS AND PERFORMANCE**

**Financial review**

During the year, the Charity received total income of £12,024,165 (2022: £12,596,802), including membership income and Gift Aid of £11,984,676 (2022: £12,532,553) from a total membership of 77,775 (2022: 80,003) Friends.

After expenditure of £1,408,003 (2022: £1,439,515), a donation of £18,101 (2022: £nil) to the Royal Academy Trust and a £nil (2022: £57,967) donation to the Royal Academy Coronavirus Emergency Support Fund, net income amounted to £10,598,061 (2022: £11,099,320).

It is the practice of the Board to donate to the Royal Academy income received after the deduction of expenditure, with the objective to increase the net contribution year on year.

In March 2019 the Board resolved to donate to the Royal Academy Trust any unrestricted legacy income received by the Charity (up to £100,000 per legacy) to be held in unrestricted funds to provide future support to the Royal Academy.

At its December 2020 meeting, the Board varied its March 2019 resolution, for the two financial years to 31 August 2022, to direct this legacy income to the Royal Academy Coronavirus Emergency Support Fund, rather than to the Royal Academy Trust. This resolution has now expired, and the previous arrangement (per the March 2019 resolution) has been reinstated.

The net income for the current year has been donated to the Royal Academy.

The net movement of funds for the year was £nil (2022: £nil). The Board does not recommend any transfer to or from reserves (2022: £nil).

**Achievements and performance**

The Charity closed the year with 77,775 Friends, just under 3% down from last year's closing number of 80,003. Just over 8,500 new Friends joined in the year (2022: 8,300). The annual renewal rate was just under 87%, 3% lower than the previous year. The renewal rate was in line with the 87% achieved in the year to 31 August 2019, the last full financial year before the pandemic, albeit the Charity closed that year with 92,273 Friends.

Both the number of acquisitions and the renewal rate were broadly in line with expectations and represent an encouraging outcome as the Royal Academy continues to rebuild audiences in a significantly changed post-pandemic market and landscape. In the previous financial year, the Charity focused on its core audience; and this year on new, younger, and more diverse groups with whom the Royal Academy is keen to connect.

The nature of Friends membership scheme numbers is that the rate of annual churn means new acquisitions are always required to maintain a consistent level overall, upon which further growth is then built. Annual churn is inevitably likely to be higher at the point of renewal 12 months after increases driven by access to a specific exhibition, either for reasons of priority access or to enable multiple visits. With a significant increase in memberships, particularly Young Friends memberships, in advance of the *Marina Abramovic* exhibition which opened early in the 2023/24 financial year (Autumn 2023), the focus will be on retaining these in late Summer/early Autumn 2024 for which planning is already underway.

Thanks to the funding of the Bloomberg Digital Accelerator Fund to the Royal Academy, we have also been able to introduce several new features that improve digital access and user experience, particularly on

**The Friends of the Royal Academy  
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For the year ended 31 August 2023**

mobile devices, for Friends. These are in line with the standard expectations of membership schemes such as ours and developing functionality will remain an ongoing need.

Bloomberg funding has also enabled the seasonal calendar of online and hybrid events, courses, and classes (including the monthly *Sketch Club*) which all add to the menu of Royal Academy programming available to Friends. Support and attention have also been given to the catering and hospitality areas, with sustainability and wider menu options both priorities for Friends, as well as the perennial challenges of pricing.

For the coming financial year, combining as it does traditional programming (for example, *Impressionists on Paper*) with lesser-known names to the Friends or more challenging, different subject matter for a traditional audience (including *Marina Abramovic* and *Entangled Pasts*), Friends marketing will concentrate on those areas of most appeal and interest to our different Friends profiles as understood via CRM, and tailor our campaigns accordingly. As the Royal Academy continues its essential commitment to more inclusive and representative programming, the support of established Friends can be combined with the development of new groups and age groups in this way.

Total membership income and Gift Aid for the year of £11,984,676 represented a decrease of just over 4% on the previous year (2022: £12,532,553), which includes the impact of a small annual price increase in both 2023 and 2022.

The net income for the year before the donation to the Royal Academy (but after donations of legacy income to the Royal Academy Trust and Royal Academy) was £10,598,061; over 4.5% down on the previous year (2022: £11,099,320).

In making a donation of £10,598,061 to the Royal Academy, the Charity has significantly contributed to the continuing development of the Royal Academy's activities and awareness of its role in cultural life including the presentation of a world class exhibition programme; the post graduate education of artists in the Royal Academy Schools; the preservation and maintenance of the Royal Academy's historic buildings and collections; and the celebration of art and culture for audiences at the Royal Academy and beyond.

#### **Reserves policy**

The Board has reviewed the reserves of the Charity, including its free reserves (those that are not restricted, designated, or invested in fixed assets). Having regard to the relationship with the Royal Academy and anticipated future cash flows, the current practice is to pass the entire annual net income to the Royal Academy and not to accumulate reserves. The Board considers that the actual level of free reserves as at 31 August 2023 of £115,734 (2022: £115,734) is appropriate.

#### **Related party transactions**

None of the trustees receives remuneration or other benefit from their work with the Charity. Transactions with related parties are disclosed in note 15 to the financial statements.

#### **Risks**

The Board, advised by specialist committees, the Royal Academy Senior Leadership Team, and the Royal Academy General Counsel, evaluates and monitors risks and ensures that systems and controls are in place and are subject to review. Where appropriate, management action is undertaken to mitigate those risks. The trustees have reviewed the risks to which the Charity is exposed, and the mitigating actions planned to address them.

The major risks identified include:

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

1) the risk of a reduction in Friends membership whether due to price sensitivity, the changing popularity of the exhibition programme, demographic factors, or economic and behavioural trends in the aftermath of the pandemic. Processes regarding marketing and stakeholder engagement are under scrutiny, particularly given the ongoing impact of the “cost of living crisis” reducing potential audiences. Furthermore, post the pandemic, Friends’ propensity to visit the Royal Academy, or London more generally, has shifted compared to previously seen patterns of behaviour;

2) the risk of failure of the database software and security due to several factors, including outdated software from a lack of resource deployment or investment or cyber-attacks; and

3) risks generated from having to adhere to strict tax legislation and HMRC guidelines.

The Senior Leadership Team is undertaking strategies to limit the exposure to these risks and to mitigate them as far as is achievable. Mitigation steps include:

1) continued review and improvement to the Friends’ visitor experience and periodic Friends membership structure and pricing reviews;

2) continuous development and enhancement of software, with a focus on data protection; and

3) internal tax compliance controls and procedures, together with advice from external tax advisers on technical issues and the impact of any changes in legislation.

**STATEMENT OF TRUSTEES’ RESPONSIBILITIES**

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

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

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

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

**The Friends of the Royal Academy  
(A Company Limited by Guarantee)  
Trustees' Report  
For the year ended 31 August 2023**

**Audit information**

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

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

**Auditors**

A resolution to reappoint Moore Kingston Smith LLP as auditors will be put to the members at the Annual General Meeting.

*13th Dec 2023*

This report was approved by the trustees on ..... and signed on its behalf, by:



**Siobhan Moriarty-MacDonnell  
Chairperson**

**The Friends of the Royal Academy  
Independent Auditors' Report to Members of  
The Friends of the Royal Academy**

**Opinion**

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

In our opinion the financial statements:

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

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

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

**Other information**

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

**The Friends of the Royal Academy  
Independent Auditors' Report to Members of  
The Friends of the Royal Academy (continued)**

**Other information (continued)**

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matter prescribed by the Companies Act 2006**

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

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

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

- adequate and sufficient accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities set out on page 6, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**The Friends of the Royal Academy  
Independent Auditors' Report to Members of  
The Friends of the Royal Academy (continued)**

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

**The Friends of the Royal Academy  
Independent Auditors' Report to Members of  
The Friends of the Royal Academy (continued)**

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

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

**Our approach was as follows:**

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

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

**Use of our report**

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

*Moore Kingston Smith LLP*

**Andrew Stickland (Senior Statutory Auditor)**

for and on behalf of Moore Kingston Smith LLP, Statutory Auditor

6th Floor  
9 Appold Street  
London EC2A 2AP

Date: 13 December 2023

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

|                                       | Note | Unrestricted<br>funds<br>2023<br>£ | Unrestricted<br>funds<br>2022<br>£ |
|---------------------------------------|------|------------------------------------|------------------------------------|
| <b>Income from:</b>                   |      |                                    |                                    |
| Donations and legacies                |      | 28,655                             | 58,624                             |
| Charitable activities                 | 4    | <b>11,984,676</b>                  | 12,532,553                         |
| Other income                          |      | <b>10,834</b>                      | 5,625                              |
| Total income                          |      | <b><u>12,024,165</u></b>           | <b><u>12,596,802</u></b>           |
| <b>Expenditure on:</b>                |      |                                    |                                    |
| Charitable activities                 |      |                                    |                                    |
| Members' activities                   | 5    | <b>(1,408,003)</b>                 | (1,439,515)                        |
| Donation to Royal Academy Trust       |      | <b>(18,101)</b>                    | -                                  |
| Donation to The Royal Academy of Arts | 6    | <b><u>(10,598,061)</u></b>         | <b><u>(11,157,287)</u></b>         |
| Total expenditure                     |      | <b><u>(12,024,165)</u></b>         | <b><u>(12,596,802)</u></b>         |
| <b>Net income / (expenditure)</b>     | 7    | -                                  | -                                  |
| Total funds brought forward           |      | <b><u>115,734</u></b>              | <b><u>115,734</u></b>              |
| <b>Total funds carried forward</b>    |      | <b><u>115,734</u></b>              | <b><u>115,734</u></b>              |

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

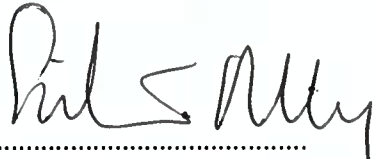
The notes on pages 14 to 20 form part of these financial statements.

**The Friends of the Royal Academy  
Balance Sheet as at 31 August 2023**

|   | Note | 2023<br>£        | 2022<br>£        |
|---|------|------------------|------------------|
| <b>Current assets</b>                           |      |                  |                  |
| Debtors   | 11   | 315,554          | 368,437          |
| <b>Current liabilities</b>                      |      |                  |                  |
| Creditors - amounts falling due within one year | 12   | <u>(199,820)</u> | <u>(252,703)</u> |
| <b>Total assets less total liabilities</b>      |      | <u>115,734</u>   | <u>(13,659)</u>  |
| <br><b>The funds of the Charity:</b>            |      |                  |                  |
| Unrestricted                                    |      | <u>115,734</u>   | <u>115,734</u>   |
| <b>Total funds</b>                              |      | <u>115,734</u>   | <u>115,734</u>   |

The notes on pages 14 to 20 form part of these financial statements.

Approved and authorised for issue by the Board on 13th December 2023

  
.....  
**Siobhan Moriarty-MacDonnell**

Company No: 01291535

**The Friends of the Royal Academy  
Statement of Cash Flows  
For the year ended 31 August 2023**

|  | Note | 2023<br>£ | 2022<br>£ |
|--|------|-----------|-----------|
| <b>Cash (used in) / provided by operating activities</b> | 13   | -         | -         |
| <b>Net cash used in investing activities</b>             |      | -         | -         |
| <b>Net cash used in financing activities</b>             |      | -         | -         |
| Increase / decrease in cash equivalents in the year      |      | -         | -         |
| Cash and cash equivalents at the beginning of the year   |      | -         | -         |
| <b>Cash and cash equivalents at the end of the year</b>  |      | -         | -         |

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

**1 General information**

The Friends of the Royal Academy ("the Charity"), is a registered charity, which is incorporated as a company limited by guarantee.

The Charity was established primarily to support the charitable work of The Royal Academy of Arts ("the Royal Academy") and to promote and to co-operate with the Royal Academy and other charitable organisations in promoting the Arts. The address of its registered office is Burlington House, Piccadilly, London.

**2 Summary of significant accounting policies**

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

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

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

**a. Basis of preparation**

The financial statements have been prepared on a going concern basis, under the historical cost convention.

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

**b. Going concern**

The trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern. The Charity therefore continues to adopt the going concern basis in preparing its financial statements.

**c. Funds structure**

Unrestricted income funds are sub analysed between designated funds, where the trustees have set aside amounts to be used for specific purposes or which reflect the non-binding wishes of donors; and unrestricted funds, which are used at the trustees' discretion in furtherance of the general objectives of the Charity.

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

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

**d. Income**

All income is recognised once the Charity has entitlement to the resources if it is probable (more likely than not) that the resources will be received and the monetary value can be measured reliably.

Membership income and related Gift Aid is accounted for on receipt of the income and is stated exclusive of any VAT.

Donations are accounted for when these are received.

Ticket sales made in relation to events taking place in the next financial year are included as deferred income.

**e. Legacies**

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

Receipt is probable when:

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

**f. Expenditure**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to each category of expense shown in the Statement of Financial Activities.

**g. Pension costs**

Pension costs reflect the employer pension contributions recharges from the Royal Academy. There is no liability for the Charity with regards to defined benefit pension scheme funding or any associated liabilities, with reference to its inclusion being provided in these financial statements, merely to provide clarity with regards to the recharged pension contributions.

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

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

**h. Charitable activities**

Costs of charitable activities comprise the expenditure associated with supporting the Charity members and making donations to the Royal Academy and the Royal Academy Trust.

Included within charitable activities are governance costs. These are costs incurred in the governance of the Charity and its assets. These are primarily concerned with constitutional and statutory requirements.

**i. Financial instruments**

**i. Cash and cash equivalents**

Cash and cash equivalents include cash at bank and in hand.

**ii. Debtors and creditors**

Debtors and creditors receivable or payable within one year of the reporting date are carried at their transaction price. Debtors and creditors that are receivable or payable in more than one year and not subject to a market rate of interest are measured at the present value of the expected future receipts or payment discounted at a market rate of interest.

**3 Critical accounting judgments and estimation uncertainty**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**4 Income from charitable activities**

|                   | <b>2023</b>              | 2022              |
|-------------------|--------------------------|-------------------|
|                   | <b>£</b>                 | £                 |
| Membership income | <b>10,104,000</b>        | 10,359,022        |
| Gift Aid          | <b>1,880,676</b>         | 2,173,531         |
| Total             | <b><u>11,984,676</u></b> | <u>12,532,553</u> |

Membership income relates to annual amounts paid to become a "Friend" of the Charity. Total membership as at 31 August 2023 was 77,775 Friends (2022: 80,003 Friends).

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

**5 Analysis of expenditure on members' activities**

|                                      | 2023<br>£                    | 2022<br>£             |
|--------------------------------------|------------------------------|-----------------------|
| Staff costs (see note 8)             | <b>443,018</b>               | 383,552               |
| Printing and mailing                 | <b>232,137</b>               | 233,222               |
| Magazine                             | <b>299,429</b>               | 388,322               |
| Marketing, research and acquisitions | <b>163,757</b>               | 157,185               |
| Facilities charges                   | <b>180,676</b>               | 171,198               |
| Audit fees                           | <b>15,348</b>                | 13,400                |
| Accountancy fees                     | <b>500</b>                   | 488                   |
| Other costs                          | <b>73,138</b>                | 92,148                |
|                                      | <hr/> <b>1,408,003</b> <hr/> | <hr/> 1,439,515 <hr/> |
| Total                                | <b>1,408,003</b>             | 1,439,515             |

**6 Donation to the Royal Academy of Arts**

Donations of £10,598,061 (2022: £11,157,287) include £nil (2022: £57,967) for the Royal Academy's Coronavirus Emergency Support Fund. In 2020, the trustees approved that legacy income received by the Charity for the two financial years to 31 August 2022 should be donated to this emergency support fund, unless the terms of the legacy contain restrictions as to the use of the funds.

**7 Net income / (expenditure)**

|                                | 2023<br>£     | 2022<br>£ |
|--------------------------------|---------------|-----------|
| This is stated after charging: |               |           |
| Auditors' remuneration:        |               |           |
| Audit services                 | <b>15,348</b> | 13,400    |
| Other services                 | <b>500</b>    | 397       |

**8 Analysis of staff costs**

|                                 | 2023<br>£                  | 2022<br>£           |
|---------------------------------|----------------------------|---------------------|
| Wages and salaries              | <b>383,248</b>             | 334,023             |
| Social security costs           | <b>31,924</b>              | 27,501              |
| Employers pension contributions | <b>27,846</b>              | 22,028              |
|                                 | <hr/> <b>443,018</b> <hr/> | <hr/> 383,552 <hr/> |
| Total                           | <b>443,018</b>             | 383,552             |

Staff costs represent the costs of staff employed by the Royal Academy and recharged to the Charity. The Charity engaged an average of 15 permanent staff (2022: 15).

No employees earned more than £60,000 in the year (2022: none).

The trustees have concluded that the board of trustees comprise the key management personnel of the Charity.

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

**9 Trustees' remuneration, benefits and expenses**

Axel Rüger, who is a trustee of the Charity, is paid remuneration by the Royal Academy, for which no recharge is made to the Charity. It is not possible to make a reasonable apportionment of his remuneration in respect of his service to the Charity. Accordingly, the disclosures regarding remuneration for key management personnel of the Charity include no amounts in respect of Axel Rüger. Remuneration excluding pension contributions paid by the Royal Academy to Axel Rüger was £230,134 (2022: £212,165). In addition, he received pension contributions totalling £20,921 (2022: £19,124).

The Charity's other trustees give their time freely and receive no remuneration for the work that they undertake as trustees. However, they can claim expenses to reimburse them for costs that they incur in fulfilling their duties.

No trustee was reimbursed for any costs incurred in fulfilling their duties (2022: £nil).

**10 Taxation**

The Charity has suffered no tax charge, as it is not subject to UK corporation tax on its charitable activities.

**11 Debtors**

|   | <b>2023</b>    | 2022    |
|---|----------------|---------|
|   | £              | £       |
| Trade debtors                             | <b>6,028</b>   | 1,518   |
| Amounts owed by The Royal Academy of Arts | <b>192,940</b> | 246,433 |
| Recoverable taxes                         | <b>103,626</b> | 107,544 |
| Prepayments                               | <b>12,960</b>  | 12,942  |
|   | <hr/>          | <hr/>   |
| Total                                     | <b>315,554</b> | 368,437 |
|   | <hr/>          | <hr/>   |

Amounts owed by related undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

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

|   | <b>2023</b>    | 2022    |
|---|----------------|---------|
|   | £              | £       |
| Trade creditors                         | <b>19,596</b>  | 25,673  |
| Amounts due to R.A. Enterprises Limited | <b>119,658</b> | 139,526 |
| Taxation                                | <b>44,035</b>  | 71,345  |
| Other creditors                         | -              | 2,754   |
| Accruals                                | <b>16,531</b>  | 13,405  |
|   | <hr/>          | <hr/>   |
| Total                                   | <b>199,820</b> | 252,703 |
|   | <hr/>          | <hr/>   |

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

**13 Notes to the statement of cash flows**

| <b>Reconciliation of net movement in funds to net cash flow from operating activities:</b> | <b>2023</b>     | 2022      |
|--|-----------------|-----------|
|  | <b>£</b>        | £         |
| Net movement in funds:   | -               | -         |
| Adjustments for:   |                 |           |
| - Decrease / (increase) in debtors   | <b>52,883</b>   | (129,393) |
| - (Decrease) / increase in creditors   | <b>(52,883)</b> | 129,393   |
|  | <hr/>           | <hr/>     |
| Net cash (used in) / provided by operating activities                                      | <b>-</b>        | <b>-</b>  |
|  | <hr/>           | <hr/>     |

**14 Financial instruments**

|  | <b>2023</b>    | 2022    |
|--|----------------|---------|
|  | <b>£</b>       | £       |
| Financial assets measured at amortised cost      | <b>198,968</b> | 247,951 |
|  | <hr/>          | <hr/>   |
| Financial liabilities measured at amortised cost | <b>155,785</b> | 181,358 |
|  | <hr/>          | <hr/>   |

**15 Related party transactions**

During the year the Charity donated £10,598,061 (2022: £11,157,287) to the Royal Academy and reimbursed expenditure of £623,694 (2022: £554,750), including staff costs recharged of £443,018 (2022: £383,552) and facilities charges of £180,676 (2022: £171,198) for the Charity's use of Keeper's House, being £151,000 (2022: £153,000) for rent and £29,676 (2022: £18,198) for utilities. At the year end, £192,940 was owed and included within debtors (2022: £246,433).

During the year the Charity purchased £299,429 (2022: £388,322) of goods from R.A. Enterprises Limited, a subsidiary of the Royal Academy, related to costs for the quarterly RA Magazine. R.A. Enterprises Limited sold subscriptions with a value of £11,123 (2022: £8,362) on behalf of the Charity. At the year end, £119,658 (2022: £139,526) was outstanding.

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

**THE FRIENDS OF THE ROYAL ACADEMY**

England & Wales - Charity number 272926

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# Accounts

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**THE FRIENDS OF THE ROYAL ACADEMY**

**(A Company Limited by Guarantee)**

**Registered Charity No. 272926**

**Registered Company No. 01291535**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 AUGUST 2022**

**The Friends of the Royal Academy  
Reference and Administrative Information**

**Patron**

HRH The Duchess of Cornwall (until becoming Her Majesty The Queen Consort on 8 September 2022)

**Trustees**

Clive Humby (Chairperson)

Nigel Abbas

Verity Harding

Siobhan Moriarty-MacDonnell

Andrea O'Keeffe (Treasurer)

Richard Philipps

Peter Randall-Page RA

Oliver Rawlins (resigned 19 September 2021)

Axel Rüger

**Company Secretary**

Benedict Anstey

**Auditors**

Moore Kingston Smith LLP

6th Floor

9 Appold Street

London EC2A 2AP

**Bankers**

Lloyds Bank Plc

4th Floor

25 Gresham Street

London EC2V 7HN

**Solicitors**

Macfarlanes LLP

20 Cursitor Street

London EC4A 1LT

Withers LLP

16 Old Bailey

London EC4M 7EG

**Registered Office**

Burlington House

Piccadilly

London W1J 0BD

**Registered Charity Number**

272926

**Registered Company Number**

01291535

**The Friends of the Royal Academy  
(A Company Limited by Guarantee)  
Trustees' Report  
For the year ended 31 August 2022**

**CONSTITUTION AND CHARITABLE OBJECTIVES**

**Constitution**

The Friends of the Royal Academy ("the Charity") is a registered charity, which was incorporated as a company limited by guarantee in December 1976 to support the work of The Royal Academy of Arts ("the Royal Academy"), a legally separate charity (registered charity number 1125383, company number 6298947) which has promoted the fine arts in the UK since 1768, and the Royal Academy Trust (registered charity number 1067270), which was established in 1981, to provide funds in support of the Royal Academy.

**Governance and management**

The Charity is an independent body governed by a board of directors (the "Board"), who are also the trustees of the Charity. In accordance with the Articles of Association, the number of directors shall be not less than seven and not more than 15. The Board shall have at least one and no more than two Academicians, who are appointed by the Royal Academy. The Secretary & Chief Executive of the Royal Academy is a member of the Board *ex officio*.

The Charity has a maximum of 25 Members (the Board may from time to time increase this number). New Charity Members may be admitted by approval of the Charity at a General Meeting, subject to the approval of the Royal Academy. Friends are "associate members" of the Charity but are not formal Charity Members. The Board may from time to time establish categories of Friends, the criteria for membership of each category, and the rights and privileges associated with such category.

On appointment as a director, the appointee is invited to become a Member of the Charity.

The Board convenes regular meetings to discuss the strategic, financial, and operational performance of the Friends' membership scheme and meet frequently with the Royal Academy management team and other members of staff. Board members receive all relevant documentation relating to the constitution and operation of the Friends' membership scheme on appointment and are provided with additional training as required thereafter.

**Charity Governance Code**

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

**Remuneration of key management personnel**

The Charity considers key management personnel to be the trustees who do not receive remuneration for their services. As noted below, the day-to-day management of the Charity is performed by staff employed by the Royal Academy.

**Relationship with the Royal Academy**

Although the Charity is governed by an independent body, the day-to-day management of the Friends' membership scheme is through staff employed by the Royal Academy.

**Objectives and activities**

The objects of the Charity, as set out in the Articles of Association, are to support the charitable work of the Royal Academy and the Royal Academy Trust. Its activities include ensuring sound financial control; clear strategic direction; and the targeting of funds to improve the Friends experience and public benefit.

**The Friends of the Royal Academy  
(A Company Limited by Guarantee)  
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For the year ended 31 August 2022**

**Public benefit and impact**

The Charity exists to support the charitable work of the Royal Academy and to promote and to co-operate with the Royal Academy and other charitable organisations in promoting the arts of design and the creation and appreciation of the arts.

In implementing the stated objectives through the strategies mentioned above, the Board has complied with the duty in Section 17 of the Charities Act 2011 and the guidance published by the Charity Commission, namely, to have due regard to public benefit.

The Charity donates its surplus to the Royal Academy in support of its charitable objectives and in doing so brings considerable benefit to members of the public who visit and participate in the activities of the Royal Academy. The impact and public benefit provided by the Royal Academy and the more formal impact assessment approach being undertaken, including identifying impact goals, and tracking and measuring impact, is considered in the Royal Academy's 2022 Trustees' Report. Given that the Charity's donation has this year provided nearly 26% (2021: 39%) of the Royal Academy's incoming resources from ongoing activities, the Charity is providing a significant contribution towards meeting these impact goals.

The Friends membership scheme is open to all members of the public and offers significant cost savings to ensure the Friend, an adult family guest and up to four family children can enjoy unlimited entry to experience and appreciate the art on display at the Royal Academy. Friends are also kept up to date on news of the Royal Academy and the art world through the quarterly RA magazine and Friends' newsletters and emails, which are sent directly to each Friend.

The Friends also offer a Young Person category of membership at a reduced rate to enable young people to benefit from Friends membership at the Royal Academy and access to special events tailored towards the younger demographic.

**Aims for the coming year**

The aims and objectives for the 2022/23 financial year are as follows:

- To promote and enhance the appreciation of visual arts at the Royal Academy through the Friends' membership scheme
- To maximise the charitable contributions raised for the benefit of the Royal Academy
- To increase public participation for the benefit of the Royal Academy.

The Charity will seek to achieve these objectives through the continuation of a successful programme of Friends' events; campaigns to recruit new Friends; and measures to retain Friends through continued improvement of the visitor experience.

In September 2022, the Charity announced that its Young Person category of membership was to be extended, such that people up to the age of 35 can benefit from a reduced rate and other events tailored to this demographic. This membership category was previously available up to the age of 25. This change is part of a wider Royal Academy initiative to attract younger people to visit the Royal Academy to experience the art on display and to encourage a lifetime habit of visiting visual art.

**The Friends of the Royal Academy  
(A Company Limited by Guarantee)  
Trustees' Report  
For the year ended 31 August 2022**

**FINANCIAL REVIEW, ACHIEVEMENTS AND PERFORMANCE**

**Financial review**

During the year, the Charity received total income of £12,596,802 (2021: £12,723,673), including membership income and Gift Aid of £12,532,553 (2021: £12,022,318) from a total membership of 80,003 (2021: 79,976) Friends.

After expenditure of £1,439,515 (2021: £1,579,164) and a £57,967 (2021: £696,014) donation to the Royal Academy Coronavirus Emergency Support Fund, net income amounted to £11,099,320 (2021: £10,448,495).

It is the practice of the Board to donate to the Royal Academy income received after the deduction of expenditure, with the objective to increase the net contribution year on year.

In March 2019 the Board resolved to donate to the Royal Academy Trust any legacy income received by the Charity to be held in unrestricted funds to provide future support to the Royal Academy.

At its December 2020 meeting, the Board resolved to donate legacy income received by the Charity for the two financial years to 31 August 2022 to the Royal Academy's Coronavirus Emergency Support Fund, rather than to the Royal Academy Trust, unless the terms of the legacy contained restrictions as to the use of the funds.

The net income for the current year has been donated to the Royal Academy.

The net movement of funds for the year was £nil (2021: £nil). The Board does not recommend any transfer to or from reserves (2021: £nil).

**Achievements and performance**

We closed the year with 80,003 Friends, only marginally up from last year's closing number of 79,976. Just over 8,300 new Friends joined in the year (2021: 6,400), despite the continued impact of the pandemic, particularly in the period to early January 2022. The annual renewal rate was just under 90%. The renewal rate was nearly 9% better than the previous year, which had long periods of closure and disruption due to the pandemic, and 6% better than the year to 31 August 2020, which was impacted by the pandemic for less than half the financial year. The renewal rate was also higher than the 87% achieved in the year to 31 August 2019, the last full financial year before the pandemic, albeit we closed that year with 92,273 Friends.

Both the number of acquisitions and the renewal rate were broadly in line with expectations and represent an encouraging outcome given the continued impact of the pandemic during this period.

Following the reopening to the public in May 2021, with the closures and unprecedented uncertainty that followed due to the pandemic, focus was centred on building back visitor confidence across all audiences, including Friends; on driving return visits to the Royal Academy and encouraging existing Friends to renew and new Friends to join by means of co-ordinated loyalty, commercial, and campaign marketing.

Alongside the retention of existing Friends, a key focus for this year has been establishing the groundwork for future growth and longer-term audience development and diversification. As the broader leisure market continues to change, and with pressure on discretionary spend choices ever greater, the future success of the Friends membership is dependent on anticipating and optimising audience appetite. Research of market demand resulted in recommendations, subsequently approved by the Board, to extend the Young Person category of membership up to the age of 35, having been up to 25 previously. This change which came into effect in September 2022 is part of a wider Royal Academy initiative to encourage younger people to visit the Royal Academy, which additionally includes offering half-price tickets for adults up to the age of 25.

**The Friends of the Royal Academy  
(A Company Limited by Guarantee)  
Trustees' Report  
For the year ended 31 August 2022**

Continued efforts to enhance customer service, data operations, insight and CRM delivered a range of improvements to transactional efficiency for Friends and is creating new opportunities for income.

The previous financial year had necessitated focus on more purely philanthropic motivations for remaining or becoming a Friend. For this and the next financial year, greater emphasis has and will be given to the consistently excellent quality of the Royal Academy's exhibition and other programme of events and the Friends' membership as a means of accessing and supporting exceptional programming of lesser known artists, as well as established names. As the Royal Academy continues its commitment to more inclusive and non-traditional programming, the support of established Friends can be combined with the development of new groups and age bands.

Total membership income and Gift Aid for the year of £12,532,553 represented an increase of just over 4% on the previous year (2021: £12,022,318), which includes the impact of a small price increase in February 2022. There was no price increase in February 2021.

The net income for the year before the donation to the Royal Academy (but after donations of legacy income to the Royal Academy) was £11,099,320; over 6% up on the previous year (2021: £10,448,495).

In making a donation of £11,099,320 to the Royal Academy, the Charity has significantly contributed to the continuing development of the Royal Academy's activities and awareness of its role in cultural life including the presentation of a world class exhibition programme; the post graduate education of artists in the Royal Academy Schools; the preservation and maintenance of the Royal Academy's historic buildings and collections; and the celebration of art and culture for audiences at the Royal Academy and beyond.

#### **Reserves policy**

The Board has reviewed the reserves of the Charity, including its free reserves (those that are not restricted, designated, or invested in fixed assets). Having regard to the relationship with the Royal Academy and anticipated future cash flows, the current practice is to pass the entire annual net income to the Royal Academy and not to accumulate reserves. The Board considers that the actual level of free reserves as at 31 August 2022 of £115,734 (2021: £115,734) is appropriate.

#### **Related party transactions**

None of the trustees receives remuneration or other benefit from their work with the Charity. Transactions with related parties are disclosed in note 16 to the financial statements.

#### **Risks**

The Board, advised by specialist committees, the Royal Academy Senior Leadership Team, and the Royal Academy General Counsel, evaluates and monitors risks and ensures that systems and controls are in place and are subject to review. Where appropriate, management action is undertaken to mitigate those risks. The trustees have reviewed the risks to which the Charity is exposed, and the mitigating actions planned to address them.

The major risks identified include: 1) the risk of a reduction in Friends membership whether due to price sensitivity, the changing popularity of the exhibition programme, or demographic factors. This risk has been exacerbated by the impact of the pandemic. Following the Covid-19 restrictions, the ability to drive a return of visitors is key both to the Charity and the Royal Academy. Processes regarding marketing and stakeholder engagement are under scrutiny, particularly given the risk of the "cost of living crisis" reducing potential audiences. Furthermore, the pandemic has also impacted Friends' propensity to visit the Royal Academy, with Friends likely to have greater concerns and anxieties in visiting London for some while after the dangers

**The Friends of the Royal Academy  
(A Company Limited by Guarantee)  
Trustees' Report  
For the year ended 31 August 2022**

have technically abated; 2) the risk of failure of the database software and security due to several factors, including outdated software from a lack of resource deployment or investment or cyber-attacks; and 3) risks generated from having to adhere to strict tax legislation and HMRC guidelines.

The Senior Leadership Team is undertaking strategies to limit the exposure to these risks and to mitigate them as far as is achievable. Mitigation steps include 1) continued review and improvement to the Friends' visitor experience and periodic Friends membership structure and pricing reviews; 2) continuous development and enhancement of software, with a focus on data protection; and 3) internal tax compliance controls and procedures, together with advice from external tax advisors on technical issues and the impact of any changes in legislation. In direct response to the pandemic, engagement through e-mails and the provision of digital content, including virtual exhibition tours, has been significantly enhanced.

**Statement of trustees' responsibilities**

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

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

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

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

**The Friends of the Royal Academy  
(A Company Limited by Guarantee)  
Trustees' Report  
For the year ended 31 August 2022**

**Audit information**

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

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

**Auditors**

A resolution to reappoint Moore Kingston Smith LLP as auditors will be put to the members at the Annual General Meeting.

*SK Dec 2022*

This report was approved by the trustees on ..... and signed on its behalf, by:



**Clive Humby  
Chairperson**

**The Friends of the Royal Academy**  
**Independent Auditors' Report to Members of**  
**The Friends of the Royal Academy**

**Opinion**

We have audited the financial statements of The Friends of the Royal Academy ("the charitable company") for the year ended 31 August 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2022 and of its incoming resources and application of resources including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

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

**Other information**

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

**The Friends of the Royal Academy  
Independent Auditors' Report to Members of  
The Friends of the Royal Academy (continued)**

**Other information (continued)**

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matter prescribed by the Companies Act 2006**

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

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

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

- adequate and sufficient accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities set out on page 6, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**The Friends of the Royal Academy**  
**Independent Auditors' Report to Members of**  
**The Friends of the Royal Academy (continued)**

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

**The Friends of the Royal Academy  
Independent Auditors' Report to Members of  
The Friends of the Royal Academy (continued)**

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

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

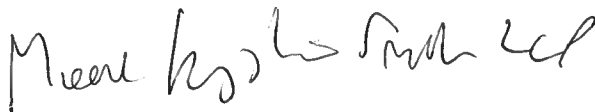
**Our approach was as follows:**

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

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

**Use of our report**

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



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

6th Floor  
9 Appold Street  
London EC2A 2AP

Date: 5 December 2022

**The Friends of the Royal Academy**  
**Statement of Financial Activities**  
**(including an income and expenditure account)**  
**For the year ended 31 August 2022**

|                                       | Note | Unrestricted<br>funds<br>2022<br>£ | Unrestricted<br>funds<br>2021<br>£ |
|---------------------------------------|------|------------------------------------|------------------------------------|
| <b>Income from:</b>                   |      |                                    |                                    |
| Donations and legacies                |      | 58,624                             | 698,084                            |
| Charitable activities                 | 4    | 12,532,553                         | 12,022,318                         |
| Other income                          |      | 5,625                              | 3,271                              |
|                                       |      | <u>12,596,802</u>                  | <u>12,723,673</u>                  |
| Total income                          |      |                                    |                                    |
| <b>Expenditure on:</b>                |      |                                    |                                    |
| Charitable activities                 |      |                                    |                                    |
| Members' activities                   | 5    | (1,439,515)                        | (1,579,164)                        |
| Donation to The Royal Academy of Arts | 6    | (11,157,287)                       | (11,144,509)                       |
|                                       |      | <u>(12,596,802)</u>                | <u>(12,723,673)</u>                |
| Total expenditure                     |      |                                    |                                    |
| <b>Net income / (expenditure)</b>     | 7    | -                                  | -                                  |
| Total funds brought forward           |      | <u>115,734</u>                     | <u>115,734</u>                     |
| <b>Total funds carried forward</b>    |      | <u>115,734</u>                     | <u>115,734</u>                     |

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

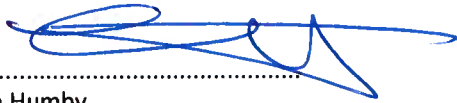
The notes on pages 14 to 20 form part of these financial statements.

**The Friends of the Royal Academy  
Balance Sheet as at 31 August 2022**

|   | Note | 2022<br>£             | 2021<br>£             |
|---|------|-----------------------|-----------------------|
| <b>Current assets</b>                           |      |                       |                       |
| Debtors   | 11   | 368,437               | 239,044               |
| <b>Current liabilities</b>                      |      |                       |                       |
| Creditors - amounts falling due within one year | 12   | <u>(252,703)</u>      | <u>(123,310)</u>      |
| <b>Total assets less total liabilities</b>      |      | <u><b>115,734</b></u> | <u><b>115,734</b></u> |
| <br><b>The funds of the Charity:</b>            |      |                       |                       |
| Unrestricted                                    |      | <u><b>115,734</b></u> | <u>115,734</u>        |
| <b>Total funds</b>                              |      | <u><b>115,734</b></u> | <u><b>115,734</b></u> |

The notes on pages 14 to 20 form part of these financial statements.

Approved and authorised for issue by the Board on ..... *5th Dec 2022*



.....  
Clive Humby

Company No: 01291535

**The Friends of the Royal Academy  
Statement of Cash Flows  
For the year ended 31 August 2022**

|  | Note | 2022<br>£ | 2021<br>£ |
|--|------|-----------|-----------|
| <b>Cash (used in) / provided by operating activities</b> | 13   | -         | -         |
| <b>Net cash used in investing activities</b>             |      | -         | -         |
| <b>Net cash used in financing activities</b>             |      | -         | -         |
| Increase / decrease in cash equivalents in the year      |      | -         | -         |
| Cash and cash equivalents at the beginning of the year   |      | -         | -         |
| <b>Cash and cash equivalents at the end of the year</b>  |      | -         | -         |

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

**1 General information**

The Friends of the Royal Academy ("the Charity"), is a registered charity, which is incorporated as a company limited by guarantee.

The Charity was established primarily to support the charitable work of The Royal Academy of Arts ("the Royal Academy") and to promote and to co-operate with the Royal Academy and other charitable organisations in promoting the Arts. The address of its registered office is Burlington House, Piccadilly, London.

**2 Summary of significant accounting policies**

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

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

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

**a. Basis of preparation**

The financial statements have been prepared on a going concern basis, under the historical cost convention.

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

**b. Going concern**

The trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern. The Charity therefore continues to adopt the going concern basis in preparing its financial statements.

**c. Funds structure**

Unrestricted income funds are sub analysed between designated funds, where the trustees have set aside amounts to be used for specific purposes or which reflect the non-binding wishes of donors; and unrestricted funds, which are used at the trustees' discretion in furtherance of the general objectives of the Charity.

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

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

**d. Income**

All income is recognised once the Charity has entitlement to the resources if it is probable (more likely than not) that the resources will be received and the monetary value can be measured reliably.

Membership income and related Gift Aid is accounted for on receipt of the income and is stated exclusive of any VAT.

Donations are accounted for when these are received.

Ticket sales made in relation to events taking place in the next financial year are included as deferred

**e. Legacies**

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

Receipt is probable when:

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

**f. Expenditure**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to each category of expense shown in the Statement of Financial Activities.

**g. Employee benefits**

**i. Pension costs**

Pension costs reflect the employer pension contributions recharges from the Royal Academy. There is no liability for the Charity with regards to defined benefit pension scheme funding or any associated liabilities, with reference to its inclusion being provided in these financial statements, merely to provide clarity with regards to the recharged pension contributions.

**ii. Termination payments**

Termination benefits are payable when employment is terminated by the Royal Academy before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. Termination payments reflect the costs recharged from the Royal Academy.

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

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

**h. Charitable activities**

Costs of charitable activities comprise the expenditure associated with supporting the Charity members and making donations to the Royal Academy.

Included within charitable activities are governance costs. These are costs incurred in the governance of the Charity and its assets. These are primarily concerned with constitutional and statutory requirements.

**i. Financial instruments**

**i. Cash and cash equivalents**

Cash and cash equivalents include cash at bank and in hand.

**ii. Debtors and creditors**

Debtors and creditors receivable or payable within one year of the reporting date are carried at their transaction price. Debtors and creditors that are receivable or payable in more than one year and not subject to a market rate of interest are measured at the present value of the expected future receipts or payment discounted at a market rate of interest.

**3 Critical accounting judgments and estimation uncertainty**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

| <b>4 Income from charitable activities</b> | <b>2022</b>              | 2021              |
|--|--------------------------|-------------------|
|  | £                        | £                 |
| Membership income                          | <b>10,359,022</b>        | 10,189,031        |
| Gift Aid                                   | <b><u>2,173,531</u></b>  | <u>1,833,287</u>  |
| Total                                      | <b><u>12,532,553</u></b> | <u>12,022,318</u> |

Membership income relates to annual amounts paid to become a "Friend" of the Charity. Total membership as at 31 August 2022 was 80,003 Friends (2021: 79,976 Friends).

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

| <b>5 Analysis of expenditure on members' activities</b> | <b>2022</b>      | 2021      |
|---|------------------|-----------|
|   | £                | £         |
| Staff costs (see note 8)                                | <b>383,552</b>   | 598,875   |
| Printing and mailing                                    | <b>233,222</b>   | 194,497   |
| Magazine  | <b>388,322</b>   | 489,648   |
| Marketing, research and acquisitions                    | <b>157,185</b>   | 33,217    |
| Facilities charges                                      | <b>171,198</b>   | 203,365   |
| Audit fees  | <b>13,400</b>    | 13,400    |
| Accountancy fees  | <b>488</b>       | 397       |
| Other costs   | <b>92,148</b>    | 45,765    |
|   | <hr/>            | <hr/>     |
| Total   | <b>1,439,515</b> | 1,579,164 |

**6 Donation to the Royal Academy of Arts**

Donations of £11,157,287 (2021: £11,144,509) include £57,967 (2021: £696,014) for the Royal Academy's Coronavirus Emergency Support Fund. The trustees have approved that legacy income received by the Charity for the two financial years to 31 August 2022 should be donated to this emergency support fund, unless the terms of the legacy contain restrictions as to the use of the funds.

| <b>7 Net income / (expenditure)</b> | <b>2022</b>   | 2021   |
|-------------------------------------|---------------|--------|
|                                     | £             | £      |
| This is stated after charging:      |               |        |
| Auditors' remuneration:             |               |        |
| Audit services                      | <b>13,400</b> | 13,400 |
| Other services                      | <b>488</b>    | 397    |

| <b>8 Analysis of staff costs</b> | <b>2022</b>    | 2021    |
|----------------------------------|----------------|---------|
|                                  | £              | £       |
| Wages and salaries               | <b>334,023</b> | 376,720 |
| Social security costs            | <b>27,501</b>  | 38,448  |
| Employers pension contributions  | <b>22,028</b>  | 32,033  |
| Redundancy costs                 | -              | 151,674 |
|                                  | <hr/>          | <hr/>   |
| Total                            | <b>383,552</b> | 598,875 |

Staff costs represent the costs of staff employed by the Royal Academy and recharged to the Charity. The Charity engaged an average of 15 permanent staff (2021: 15).

In 2021, the Charity was recharged £151,674 in redundancy costs, of this, £102,629 was related to ex-gratia payments. These recharges arose from a restructuring in 2021 and were accounted for on an accruals basis. There were no such costs in 2022.

No employees earned more than £60,000 in the year (2021: 1). In 2021, the employee was in the band of £60,000 to £69,999 and had pension contributions of £1,328.

The trustees have concluded that the board of trustees comprise the key management personnel of the Charity.

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

**9 Trustees' remuneration, benefits and expenses**

The Charity's trustees give their time freely and receive no remuneration for the work that they undertake as trustees. However, they can claim expenses to reimburse them for costs that they incur in fulfilling their duties.

No trustee was reimbursed for any costs incurred in fulfilling their duties (2021: £nil).

**10 Taxation**

The Charity has suffered no tax charge, as it is not subject to UK corporation tax on its charitable activities.

| <b>11 Debtors</b>                         | <b>2022</b>    | 2021    |
|---|----------------|---------|
|   | £              | £       |
| Trade debtors                             | <b>1,518</b>   | 453     |
| Amounts owed by The Royal Academy of Arts | <b>246,433</b> | 81,635  |
| Recoverable taxes                         | <b>107,544</b> | 142,244 |
| Prepayments                               | <b>12,942</b>  | 14,712  |
|   | <hr/>          | <hr/>   |
| Total                                     | <b>368,437</b> | 239,044 |
|   | <hr/>          | <hr/>   |

Amounts owed by related undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

| <b>12 Creditors - amounts falling due within one year</b> | <b>2022</b>    | 2021    |
|---|----------------|---------|
|   | £              | £       |
| Trade creditors   | <b>25,673</b>  | 30,992  |
| Amounts due to R.A. Enterprises Limited                   | <b>139,526</b> | -       |
| Taxation  | <b>71,345</b>  | 92,075  |
| Other creditors   | <b>2,754</b>   | -       |
| Accruals  | <b>13,405</b>  | 243     |
|   | <hr/>          | <hr/>   |
| Total   | <b>252,703</b> | 123,310 |
|   | <hr/>          | <hr/>   |

Deferred income relates to ticket sales made in relation to events taking place in the next financial year.

|  | <b>2022</b> | 2021    |
|--|-------------|---------|
|  | £           | £       |
| Balance brought forward at 1 September | -           | 6,292   |
| Amount released to income              | -           | (6,292) |
|  | <hr/>       | <hr/>   |
| Balance at 31 August                   | -           | -       |
|  | <hr/>       | <hr/>   |

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

**13 Notes to the statement of cash flows**

| <b>Reconciliation of net movement in funds to net cash flow from operating activities:</b> | <b>2022</b>      | 2021            |
|--|------------------|-----------------|
|  | £                | £               |
| Net movement in funds:   | -                | -               |
| Adjustments for:   |                  |                 |
| - (Increase) / decrease in debtors   | <b>(129,393)</b> | 51,966          |
| - Increase / (decrease) in creditors   | <b>129,393</b>   | <b>(51,966)</b> |
|  | <hr/>            | <hr/>           |
| Net cash used in / provided by operating activities  | <b>-</b>         | <b>-</b>        |
|  | <hr/>            | <hr/>           |

**14 Financial commitments**

The Charity had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

| Payments due:           | <b>2022</b> | 2021   |
|-------------------------|-------------|--------|
|                         | £           | £      |
| Not later than one year | -           | 15,845 |
|                         | <hr/>       | <hr/>  |

**15 Financial instruments**

|  | <b>2022</b>    | 2021   |
|--|----------------|--------|
|  | £              | £      |
| Financial assets measured at amortised cost      | <b>247,951</b> | 82,088 |
|  | <hr/>          | <hr/>  |
| Financial liabilities measured at amortised cost | <b>181,358</b> | 31,235 |
|  | <hr/>          | <hr/>  |

**16 Related party transactions**

During the year the Charity donated £11,157,287 (2021: £11,144,509) to the Royal Academy and reimbursed expenditure of £554,750 (2021: £802,240), including staff costs recharged of £383,552 (2021: £598,875) and facilities charges of £171,198 (2021: £203,365) for the Charity's use of Keeper's House, being £153,000 (2021: £175,000) for rent and £18,198 (2021: £28,365) for utilities. At the year end, £246,433 was owed and included within debtors (2021: £81,635).

During the year the Charity purchased £388,322 (2021: £489,648) of goods from R.A. Enterprises Limited, a subsidiary of the Royal Academy, related to costs for the quarterly RA magazine. R.A. Enterprises Limited sold subscriptions with a value of £8,362 (2021: £14,444) on behalf of the Charity. At the year end, £139,526 (2021: £nil) was outstanding.

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

**THE FRIENDS OF THE ROYAL ACADEMY**

England & Wales - Charity number 272926

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# Accounts

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**THE FRIENDS OF THE ROYAL ACADEMY**

**(A Company Limited by Guarantee)**

**Registered Charity No. 272926**

**Registered Company No. 01291535**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 AUGUST 2021**

**The Friends of the Royal Academy  
Reference and Administrative Information**

**Patron**

HRH The Duchess of Cornwall

**Trustees**

Clive Humby (Chairperson)

Nigel Abbas

Nicola Bannister (resigned 31 August 2021)

Verity Harding

Siobhan Moriarty-MacDonnell

Andrea O'Keeffe (Treasurer)

Richard Philipps

Peter Randall-Page RA (appointed 15 September 2020)

Oliver Rawlins (resigned 19 September 2021)

Axel Rüger

Rebecca Salter RA (resigned 15 September 2020)

Greg Sanderson (resigned 31 August 2021)

**Company Secretary**

Benedict Anstey

**Auditors**

Moore Kingston Smith LLP

Devonshire House

60 Goswell Road

London EC1M 7AD

**Bankers**

Lloyds Bank Plc

4th Floor

25 Gresham Street

London EC2V 7HN

**Solicitors**

Macfarlanes LLP

20 Cursitor Street

London EC4A 1LT

Withers LLP

16 Old Bailey

London EC4M 7EG

**Registered Office**

Burlington House

Piccadilly

London W1J 0BD

**Registered Charity Number**

272926

**Registered Company Number**

01291535

**The Friends of the Royal Academy  
(A Company Limited by Guarantee)  
Trustees' Report  
For the year ended 31 August 2021**

**CONSTITUTION AND CHARITABLE OBJECTIVES**

**Constitution**

The Friends of the Royal Academy ("the Charity") is a registered charity, which was incorporated as a company limited by guarantee in December 1976 to support the work of The Royal Academy of Arts ("the Royal Academy"), a legally separate charity (registered charity number 1125383, company number 6298947) which has promoted the fine arts in the UK since 1768, and the Royal Academy Trust (registered charity number 1067270), which was established in 1981, to provide funds in support of the Royal Academy.

**Governance and management**

The Charity is an independent body governed by a board of directors (the "Board"), who are also the trustees of the Charity. In accordance with the Articles of Association, the number of directors shall be not less than seven and not more than 15. The Board shall have at least one and no more than two Academicians, who are appointed by the Royal Academy. The Secretary & Chief Executive of the Royal Academy is a member of the Board *ex officio*.

The Charity has a maximum of 25 Members (the Board may from time to time increase this number). New Charity Members may be admitted by approval of the Charity at a General Meeting, subject to the approval of the Royal Academy. Friends are "associate members" of the Charity but are not formal Charity Members. The Board may from time to time establish categories of Friends, the criteria for membership of each category, and the rights and privileges associated with such category.

On appointment as a director, the appointee is invited to become a Member of the Charity.

The Board convenes regular meetings to discuss the strategic, financial, and operational performance of the Friends' membership scheme and meet frequently with the Royal Academy management team and other members of staff. Board members receive all relevant documentation relating to the constitution and operation of the Friends' membership scheme on appointment and are provided with additional training as required thereafter.

**Charity Governance Code**

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

**Remuneration of key management personnel**

The Charity considers key management personnel to be the trustees who do not receive remuneration for their services. As noted below, the day-to-day management of the Charity is performed by staff employed by the Royal Academy.

**Relationship with the Royal Academy**

Although the Charity is governed by an independent body, the day-to-day management of the Friends' membership scheme is through staff employed by the Royal Academy.

**Objectives and activities**

The objects of the Charity, as set out in the Articles of Association, are to support the charitable work of the Royal Academy and the Royal Academy Trust. Its activities include ensuring sound financial control; clear strategic direction; and the targeting of funds to improve the Friends experience and public benefit.

**The Friends of the Royal Academy  
(A Company Limited by Guarantee)  
Trustees' Report  
For the year ended 31 August 2021**

**Public benefit and impact**

The Charity exists to support the charitable work of the Royal Academy and to promote and to co-operate with the Royal Academy and other charitable organisations in promoting the arts of design and the creation and appreciation of the arts.

In implementing the stated objectives through the strategies mentioned above, the Board has complied with the duty in Section 17 of the Charities Act 2011 and the guidance published by the Charity Commission, namely, to have due regard to public benefit.

The Charity donates its surplus to the Royal Academy in support of its charitable objectives and in doing so brings considerable benefit to members of the public who visit and participate in the activities of the Royal Academy. The impact and public benefit provided by the Royal Academy and the more formal impact assessment approach being undertaken, including identifying impact goals, and tracking and measuring impact, is considered in the Royal Academy's 2021 Trustees' Report. Given that the Charity's donation has this year provided nearly 39% (2020: 29%) of the Royal Academy's incoming resources from ongoing activities, the Charity is providing a significant contribution towards meeting these impact goals.

The Friends membership scheme is open to all members of the public and offers significant cost savings to ensure the Friend, an adult family guest and up to four family children can enjoy unlimited entry to experience and appreciate the art on display at the Royal Academy. Friends are also kept up to date on news of the Royal Academy and the art world through the quarterly RA magazine and Friends' newsletters and emails, which are sent directly to each Friend.

The Friends also offer a Young Person category of membership at a reduced rate to enable young people to benefit from Friends membership at the Royal Academy and access to special events tailored towards the younger demographic.

**Aims for the coming year**

The aims and objectives for the 2021/22 financial year are as follows:

- To promote and enhance the appreciation of visual arts at the Royal Academy through the Friends' membership scheme
- To maximise the charitable contributions raised for the benefit of the Royal Academy
- To increase public participation for the benefit of the Royal Academy.

The Charity will seek to achieve these objectives through the continuation of a successful programme of Friends' events; campaigns to recruit new Friends; and measures to retain Friends through continued improvement of the visitor experience.

**FINANCIAL REVIEW, ACHIEVEMENTS AND PERFORMANCE**

**Financial review**

During the year, the Charity received total income of £12,723,673 (2020: £13,801,943), including membership income and Gift Aid of £12,022,318 (2020: £13,421,190) from a total membership of 79,976 (2020: 91,037) Friends.

After expenditure of £1,579,164 (2020: £1,917,417), a £nil (2020: £357,456) donation to the Royal Academy Trust and a £696,014 (2020: £nil) donation to the Royal Academy Coronavirus Emergency Support Fund, net income amounted to £10,448,495 (2020: £11,527,070).

**The Friends of the Royal Academy  
(A Company Limited by Guarantee)  
Trustees' Report  
For the year ended 31 August 2021**

It is the practice of the Board to make a donation to the Royal Academy of the income received after the deduction of expenditure, with the objective to increase the net contribution year on year. During the previous financial year, the Board approved that legacy income received by the Charity should go forward be donated to the Royal Academy Trust to be held in unrestricted funds to provide future support to the Royal Academy. In March 2020, the Royal Academy established a Coronavirus Emergency Support Fund. At its December 2020 meeting, the Board approved that legacy income received by the Charity for the next two financial years to 31 August 2022 should be donated to the Royal Academy's Coronavirus Emergency Support Fund, rather than to the Royal Academy Trust, unless the terms of the legacy contained restrictions as to the use of the funds. The net income for the current year has been donated to the Royal Academy.

The net movement of funds for the year was £nil (2020: £nil). The Board does not recommend any transfer to or from reserves (2020: £nil).

**Achievements and performance**

Just over 6,400 new Friends joined in 2020/21 (2019/20: 14,200), despite the Royal Academy being closed physically to the public during three lockdowns amounting to half of the financial year. With an annual renewal rate of just under 81%, we closed the year with 79,976 Friends, over 12% down from last year's closing number of 91,037. Despite the long periods of closure and disruption throughout the year due to the impact of Covid-19, tailored positioning of Friends' communications and strong relationship management was reflected in a renewal rate only 3% lower than the previous financial year, which had been impacted by the pandemic for less than half the financial year, and only 6% lower than the 2018/19 renewal rate of 87% (the last full financial year before the pandemic). As such, both the number of acquisitions and the renewal rate greatly exceeded expectations and represent an encouraging basis for diversifying channels of engagement with Friends and retaining their support, given the disruption to the Royal Academy's physical exhibition programme during this period and its limited capacities.

2020/21 continued to build on the strength of e-mail as a means of engagement and transaction and building on increasingly effective CRM and data capture to target and respond to different groups of Friends and their considerations. With all Friends now required to pre-book, advance and follow-up communications could be used to improve understanding and satisfaction. Additionally, considerations beyond those related to a physical visit were managed directly: for example, concerns of Friends regarding extensions or freezing of membership could be answered via tailored communications and converted to retention.

Friends and wider audiences continued to engage strongly with the Royal Academy's digital content, both during the lockdowns and as a means of alternative access more generally. Although audience demand for longer online tours declined slightly over the year, there was a strong response to more interactive engagement, for example, live streaming of drawing classes (Saturday Sketch Club) and online talks. There was also high conversion to other forms of Royal Academy content and means of engagement including the RA Magazine, and commercial offers and promotions, including the Friends-exclusive Varnishing Day Folio.

2020/21 necessitated focus on more purely philanthropic motivations for remaining or becoming a Friend. This was a crucially important means of support for the Royal Academy, as an independent, unfunded institution given the huge financial impact of the pandemic on even the most established and seemingly robust of organisations. The role and contribution of membership schemes such as the Friends, highlighted by events of the year, was translated in turn into effective, successful campaigns for support.

**The Friends of the Royal Academy  
(A Company Limited by Guarantee)  
Trustees' Report  
For the year ended 31 August 2021**

Total membership income and Gift Aid for the year of £12,022,318 represented a decrease of just over 10% on the previous year (2020: £13,421,190), which includes the full year impact of the price increase in February 2020. There was no price increase in February 2021.

The net income for the year before the donation to the Royal Academy (but after donations of legacy income to the Royal Academy and the Royal Academy Trust) was £10,448,495, down on the previous year (2020: £11,527,070).

In making a donation of £10,448,495 to the Royal Academy, the Charity has significantly contributed to the continuing development of the Royal Academy's activities and awareness of its role in cultural life including the presentation of a world class exhibition programme; the post graduate education of artists in the Royal Academy Schools; the preservation and maintenance of the Royal Academy's historic buildings and collections; and the celebration of art and culture for audiences at the RA and beyond.

**Reserves policy**

The Board has reviewed the reserves of the Charity, including its free reserves (those that are not restricted, designated, or invested in fixed assets). Having regard to the relationship with the Royal Academy and anticipated future cash flows, the current practice is to pass the entire annual net income to the Royal Academy and not to accumulate reserves. The Board considers that the actual level of free reserves as at 31 August 2021 of £115,734 (2020: £115,734) is appropriate.

**Related party transactions**

None of the trustees receives remuneration or other benefit from their work with the Charity. Transactions with related parties are disclosed in note 16 to the financial statements.

**Risks**

The Board, advised by specialist committees, the Royal Academy Senior Leadership Team, and the Royal Academy General Counsel, evaluates and monitors risks and ensures that systems and controls are in place and are subject to review. Where appropriate, management action is undertaken to mitigate those risks. The trustees have reviewed the risks to which the Charity is exposed, and the mitigating actions planned to address them.

The major risks identified include: 1) the risk of a reduction in Friends membership whether due to price sensitivity, the changing popularity of the exhibition programme, or demographic factors. This risk has been exacerbated by the impact of Covid-19, which has resulted in the closure of the Royal Academy to the public for half of the financial year with the national lockdowns, and much reduced capacity in the Royal Academy's exhibition galleries, by virtue of the application of social distancing and other safety measures, when it has been possible to open the galleries. Furthermore, the pandemic has also impacted Friends' propensity to visit the Royal Academy, with Friends likely to have greater concerns and anxieties in visiting London for some while after the dangers have technically abated. A significant proportion of our Friends, many of whom live outside London, rely on public transport and as such, this is likely to be a further barrier to attending the Royal Academy's exhibitions; 2) the risk of failure of the database software and security due to several factors, including outdated software from a lack of resource deployment or investment or cyber-attacks; and 3) risks generated from having to adhere to strict tax legislation and HMRC guidelines.

The Senior Leadership Team is undertaking strategies to limit the exposure to these risks and to mitigate them as far as is achievable. Mitigation steps include 1) continued review and improvement to the Friends'

**The Friends of the Royal Academy  
(A Company Limited by Guarantee)  
Trustees' Report  
For the year ended 31 August 2021**

visitor experience and periodic Friends membership pricing reviews; 2) continuous development and enhancement of software, with a focus on data protection; and 3) internal tax compliance controls and procedures, together with advice from external tax advisors on technical issues and the impact of any changes in legislation. In direct response to Covid-19, engagement through e-mails and the provision of digital content, including virtual exhibition tours, has been significantly enhanced.

**Statement of trustees' responsibilities**

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

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

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

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

**Audit information**

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

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

**Auditors**

A resolution to reappoint Moore Kingston Smith LLP as auditors will be put to the members at the Annual General Meeting.

This report was approved by the trustees on 30/11/2021 and signed on its behalf, by:



**Clive Humby  
Chairperson**

**The Friends of the Royal Academy**  
**Independent Auditors' Report to Members of**  
**The Friends of the Royal Academy**

**Opinion**

We have audited the financial statements of The Friends of the Royal Academy ("the charitable company") for the year ended 31 August 2021 which comprise of the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2021 and of its incoming resources and application of resources including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

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

**Other information**

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

**The Friends of the Royal Academy  
Independent Auditors' Report to Members of  
The Friends of the Royal Academy (continued)**

**Other information (continued)**

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matter prescribed by the Companies Act 2006**

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

- the information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' annual report has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

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

- adequate and sufficient accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities set out on page 6, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**The Friends of the Royal Academy**  
**Independent Auditors' Report to Members of**  
**The Friends of the Royal Academy (continued)**

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

**The Friends of the Royal Academy  
Independent Auditors' Report to Members of  
The Friends of the Royal Academy (continued)**

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

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

**Our approach was as follows:**

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

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

**Use of our report**

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

*Moore Kingston Smith LLP*

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

Devonshire House  
60 Goswell Road  
London EC1M 7AD

Date: 30 November 2021

**The Friends of the Royal Academy**  
**Statement of Financial Activities**  
**(including an income and expenditure account)**  
**For the year ended 31 August 2021**

|                                       | Note | Unrestricted<br>funds<br>2021<br>£ | Unrestricted<br>funds<br>2020<br>£ |
|---------------------------------------|------|------------------------------------|------------------------------------|
| <b>Income from:</b>                   |      |                                    |                                    |
| Donations and legacies                |      | <b>698,084</b>                     | 361,392                            |
| Charitable activities                 | 4    | <b>12,022,318</b>                  | 13,421,190                         |
| Other income                          |      | <b>3,271</b>                       | 19,361                             |
|                                       |      | <u><b>12,723,673</b></u>           | <u>13,801,943</u>                  |
| Total income                          |      |                                    |                                    |
| <b>Expenditure on:</b>                |      |                                    |                                    |
| Charitable activities                 |      |                                    |                                    |
| Members' activities                   | 5    | <b>(1,579,164)</b>                 | (1,917,417)                        |
| Donation to Royal Academy Trust       |      | -                                  | (357,456)                          |
| Donation to The Royal Academy of Arts | 6    | <b>(11,144,509)</b>                | (11,527,070)                       |
|                                       |      | <u><b>(12,723,673)</b></u>         | <u>(13,801,943)</u>                |
| Total expenditure                     |      |                                    |                                    |
| <b>Net income / (expenditure)</b>     | 7    | -                                  | -                                  |
| Total funds brought forward           |      | <u><b>115,734</b></u>              | <u>115,734</u>                     |
| <b>Total funds carried forward</b>    |      | <u><b>115,734</b></u>              | <u>115,734</u>                     |

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

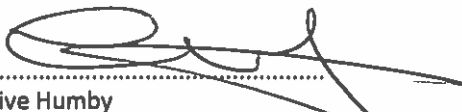
The notes on pages 14 to 20 form part of these financial statements.

**The Friends of the Royal Academy  
Balance Sheet as at 31 August 2021**

|   | Note | 2021<br>£             | 2020<br>£             |
|---|------|-----------------------|-----------------------|
| <b>Current assets</b>                           |      |                       |                       |
| Debtors   | 11   | 239,044               | 291,010               |
| Cash at bank and in hand                        | 16   | <u>-</u>              | <u>-</u>              |
|   |      | <b>239,044</b>        | <b>291,010</b>        |
| <b>Current liabilities</b>                      |      |                       |                       |
| Creditors - amounts falling due within one year | 12   | <u>(123,310)</u>      | <u>(175,276)</u>      |
| <b>Total assets less total liabilities</b>      |      | <u><b>115,734</b></u> | <u><b>115,734</b></u> |
| <b>The funds of the Charity:</b>                |      |                       |                       |
| Unrestricted                                    |      | <u><b>115,734</b></u> | <u><b>115,734</b></u> |
| <b>Total funds</b>                              |      | <u><b>115,734</b></u> | <u><b>115,734</b></u> |

The notes on pages 14 to 20 form part of these financial statements.

Approved and authorised for issue by the Board on 30/4/21

  
.....  
Clive Humby

Company No: 01291535

**The Friends of the Royal Academy  
Statement of Cash Flows  
For the year ended 31 August 2021**

|  | Note | 2021<br>£ | 2020<br>£ |
|--|------|-----------|-----------|
| <b>Cash (used in) / provided by operating activities</b> | 13   | -         | -         |
| Increase / decrease in cash equivalents in the year      |      | -         | -         |
| Cash and cash equivalents at the beginning of the year   |      | -         | -         |
| <b>Cash and cash equivalents at the end of the year</b>  |      | -         | -         |

**The Friends of the Royal Academy  
Notes to the Financial Statements  
For the year ended 31 August 2021**

**1 General information**

The Friends of the Royal Academy ("the Charity"), is a registered charity, which is incorporated as a company limited by guarantee.

The Charity was established to primarily support the charitable work of The Royal Academy of Arts ("the Royal Academy") and to promote and to co-operate with the Royal Academy and other charitable organisations in promoting the Arts. The address of its registered office is Burlington House, Piccadilly, London.

**2 Summary of significant accounting policies**

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

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

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

**a. Basis of preparation**

The financial statements have been prepared on a going concern basis, under the historical cost convention.

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

**b. Going concern**

The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the Charity to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements and have considered the potential ongoing impact of the Covid-19 pandemic. In particular, the trustees have taken account of pressures on Friends membership income. However, as the principal expenditure is donations, and these are only made out of funds available, the trustees have concluded that there is a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. The Charity therefore continues to adopt the going concern basis in preparing its financial statements.

**The Friends of the Royal Academy  
Notes to the Financial Statements  
For the year ended 31 August 2021**

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

**c. Funds structure**

Unrestricted income funds are sub analysed between designated funds, where the trustees have set aside amounts to be used for specific purposes or which reflect the non-binding wishes of donors; and unrestricted funds, which are used at the trustees' discretion in furtherance of the general objectives of the Charity.

**d. Income**

All income is recognised once the Charity has entitlement to the resources if it is probable (more likely than not) that the resources will be received and the monetary value can be measured reliably.

Membership income and related Gift Aid is accounted for on receipt of the income and is stated exclusive of any VAT.

Donations are accounted for when these are received.

Ticket sales made in relation to events taking place in the next financial year are included as deferred income.

**e. Legacies**

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

Receipt is probable when:

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

**f. Expenditure**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to each category of expense shown in the Statement of Financial Activities.

**g. Employee benefits**

**i. Pension costs**

Pension costs reflect the employer pension contributions recharged from the Royal Academy. There is no liability for the Charity with regards to defined benefit pension scheme funding or any associated liabilities, with reference to its inclusion being provided in these financial statements, merely to provide clarity with regards to the recharged pension contributions.

**ii. Termination payments**

Termination benefits are payable when employment is terminated by the Royal Academy before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. Termination payments reflect the costs recharged from the Royal Academy.

**The Friends of the Royal Academy  
Notes to the Financial Statements  
For the year ended 31 August 2021**

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

**h. Charitable activities**

Costs of charitable activities comprise the expenditure associated with supporting the Charity members and making donations to the Royal Academy and Royal Academy Trust.

Included within charitable activities are governance costs. These are costs incurred in the governance of the Charity and its assets. These are primarily concerned with constitutional and statutory requirements.

**i. Financial instruments**

**i. Cash and cash equivalents**

Cash and cash equivalents include cash at bank and in hand.

**ii. Debtors and creditors**

Debtors and creditors receivable or payable within one year of the reporting date are carried at their transaction price. Debtors and creditors that are receivable or payable in more than one year and not subject to a market rate of interest are measured at the present value of the expected future receipts or payment discounted at a market rate of interest.

**3 Critical accounting judgments and estimation uncertainty**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**4 Income from charitable activities**

|                   | <b>2021</b>              | 2020              |
|-------------------|--------------------------|-------------------|
|                   | <b>£</b>                 | £                 |
| Membership income | <b>10,189,031</b>        | 11,352,160        |
| Gift Aid          | <b><u>1,833,287</u></b>  | <u>2,069,030</u>  |
| Total             | <b><u>12,022,318</u></b> | <u>13,421,190</u> |

Membership income relates to annual amounts paid to become a "Friend" of the Charity. Total membership as at 31 August 2021 was 79,976 Friends (2020: 91,037 Friends).

**The Friends of the Royal Academy  
Notes to the Financial Statements  
For the year ended 31 August 2021**

| <b>5 Analysis of expenditure on members' activities</b> | <b>2021</b>      | <b>2020</b>      |
|---|------------------|------------------|
|   | <b>£</b>         | <b>£</b>         |
| Staff costs (see note 8)                                | 598,875          | 556,180          |
| Printing and mailing                                    | 194,497          | 259,570          |
| Magazine  | 489,648          | 567,311          |
| Marketing, research and acquisitions                    | 33,217           | 206,858          |
| Facilities charges                                      | 203,365          | 193,837          |
| Audit fees  | 13,400           | 13,650           |
| Accountancy fees  | 397              | 530              |
| Other costs   | 45,765           | 119,481          |
|   | <u>1,579,164</u> | <u>1,917,417</u> |
| Total   | <u>1,579,164</u> | <u>1,917,417</u> |

**6 Donation to the Royal Academy of Arts**

Donations of £11,144,509 (2020: £11,527,070) include £696,014 (2020: £nil) for the Royal Academy's Coronavirus Emergency Support Fund. The trustees have approved that legacy income received by the Charity for the two financial years to 31 August 2022 should be donated to this emergency support fund, unless the terms of the legacy contain restrictions as to the use of the funds.

| <b>7 Net income / (expenditure)</b> | <b>2021</b> | <b>2020</b> |
|-------------------------------------|-------------|-------------|
|                                     | <b>£</b>    | <b>£</b>    |
| This is stated after charging:      |             |             |
| Auditors' remuneration:             |             |             |
| Audit services                      | 13,400      | 13,650      |
| Other services                      | 397         | 530         |

| <b>8 Analysis of staff costs</b> | <b>2021</b>    | <b>2020</b>    |
|----------------------------------|----------------|----------------|
|                                  | <b>£</b>       | <b>£</b>       |
| Wages and salaries               | 376,720        | 476,249        |
| Social security costs            | 38,448         | 46,817         |
| Employers pension contributions  | 32,033         | 33,114         |
| Redundancy costs                 | 151,674        | -              |
|                                  | <u>598,875</u> | <u>556,180</u> |
| Total                            | <u>598,875</u> | <u>556,180</u> |

Staff costs represent the costs of staff employed by the Royal Academy and recharged to the Charity. The Charity engaged an average of 15 permanent staff (2020: 18).

The Charity was recharged £151,674 (2020: £nil) in redundancy costs during the year. £102,629 of this (2020: £nil) was related to ex-gratia payments. These recharges arose from a restructuring and have been accounted for on an accruals basis.

One employee earned more than £60,000 in the year (2020: nil). The employee was in the band of £60,000 to £69,999 (2020: nil) and had pension contributions of £1,328 (2020: nil).

The trustees have concluded that the board of trustees comprise the key management personnel of the Charity.

**The Friends of the Royal Academy  
Notes to the Financial Statements  
For the year ended 31 August 2021**

**9 Trustees' remuneration, benefits and expenses**

The Charity's trustees give their time freely and receive no remuneration for the work that they undertake as trustees. However, they can claim expenses to reimburse them for costs that they incur in fulfilling their duties.

No trustee was reimbursed for any costs incurred in fulfilling their duties (2020: £nil).

**10 Taxation**

The Charity has suffered no tax charge, as it is not subject to UK corporation tax on its charitable activities.

| <b>11 Debtors</b>                         | <b>2021</b>    | <b>2020</b> |
|---|----------------|-------------|
|   | <b>£</b>       | <b>£</b>    |
| Trade debtors                             | <b>453</b>     | 1,006       |
| Amounts owed by The Royal Academy of Arts | <b>81,635</b>  | -           |
| Recoverable taxes                         | <b>142,244</b> | 275,421     |
| Prepayments                               | <b>14,712</b>  | 14,583      |
|   | <hr/>          | <hr/>       |
| Total                                     | <b>239,044</b> | 291,010     |

Amounts owed by related undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

| <b>12 Creditors - amounts falling due within one year</b> | <b>2021</b>    | <b>2020</b> |
|---|----------------|-------------|
|   | <b>£</b>       | <b>£</b>    |
| Trade creditors   | <b>30,992</b>  | 35,155      |
| Amounts due to The Royal Academy of Arts                  | -              | 41,343      |
| Taxation  | <b>92,075</b>  | 69,708      |
| Accruals  | <b>243</b>     | 22,778      |
| Deferred income (see below)                               | -              | 6,292       |
|   | <hr/>          | <hr/>       |
| Total   | <b>123,310</b> | 175,276     |

Deferred income relates to ticket sales made in relation to events taking place in the next financial year.

|  | <b>2021</b>    | <b>2020</b> |
|--|----------------|-------------|
|  | <b>£</b>       | <b>£</b>    |
| Balance brought forward at 1 September | <b>6,292</b>   | -           |
| Amount released to income              | <b>(6,292)</b> | -           |
| Amount deferred in the year            | -              | 6,292       |
|  | <hr/>          | <hr/>       |
| Balance at 31 August                   | <b>-</b>       | 6,292       |

**The Friends of the Royal Academy  
Notes to the Financial Statements  
For the year ended 31 August 2021**

**13 Notes to the statement of cash flows**

| <b>Reconciliation of net movement in funds to net cash flow from operating activities:</b> | <b>2021</b>     | 2020            |
|--|-----------------|-----------------|
|  | £               | £               |
| Net movement in funds:   | -               | -               |
| Adjustments for:   |                 |                 |
| - Decrease in debtors  | <b>51,966</b>   | 19,725          |
| - (Decrease) in creditors  | <b>(51,966)</b> | <b>(19,725)</b> |
|  | <hr/>           | <hr/>           |
| Net cash used in / provided by operating activities  | <b>-</b>        | <b>-</b>        |
|  | <hr/>           | <hr/>           |

**14 Financial commitments**

The Charity had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

| Payments due:           | <b>2021</b>   | 2020   |
|-------------------------|---------------|--------|
|                         | £             | £      |
| Not later than one year | <b>15,845</b> | 18,900 |
|                         | <hr/>         | <hr/>  |

**15 Financial instruments**

|  | <b>2021</b>   | 2020   |
|--|---------------|--------|
|  | £             | £      |
| Financial assets measured at amortised cost      | <b>82,088</b> | 1,006  |
|  | <hr/>         | <hr/>  |
| Financial liabilities measured at amortised cost | <b>31,235</b> | 99,276 |
|  | <hr/>         | <hr/>  |

**16 Related party transactions**

During the year the Charity donated £11,144,509 (2020: £11,527,070) to the Royal Academy and reimbursed expenditure of £802,240 (2020: £750,017), including staff costs recharged of £598,875 (2020: £556,180) and facilities charges of £203,365 (2020: £193,837) for the Charity's use of Keeper's House, being £175,000 (2020: £175,000) for rent and £28,365 (2020: £18,837) for utilities. At the year end, £81,635 was owed and included within debtors (2020: £41,343 outstanding and included within creditors).

During the year, the Charity donated £nil (2020: £357,456) to the Royal Academy Trust to be held in unrestricted funds to provide future support to the Royal Academy.

During the year the Charity purchased £489,648 (2020: £567,311) of goods from R.A. Enterprises Limited, a subsidiary of the Royal Academy, related to costs for the quarterly RA magazine. R.A. Enterprises Limited sold subscriptions with a value of £14,444 (2020: £7,229) on behalf of the Charity. At the year end, £nil (2020: £nil) was outstanding.

**The Friends of the Royal Academy  
Notes to the Financial Statements  
For the year ended 31 August 2021**

**16 Related party transactions (continued)**

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

**THE FRIENDS OF THE ROYAL ACADEMY**

England & Wales - Charity number 272926

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# Accounts

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**THE FRIENDS OF THE ROYAL ACADEMY**  
(A Company Limited by Guarantee)

Registered Charity No. 272926  
Registered Company No. 01291535

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 AUGUST 2020**

# The Friends of the Royal Academy

## Reference and Administrative Information

### **Patron**

HRH The Duchess of Cornwall

### **Trustees**

Clive Humby (Chairperson)

Nigel Abbas

Nicola Bannister

Verity Harding

Siobhan Moriarty-MacDonnell

Andrea O'Keeffe (Treasurer)

Richard Philipps

Peter Randall-Page RA (appointed 15 September 2020)

Oliver Rawlins

Axel Rüger

Rebecca Salter RA (resigned 15 September 2020)

Greg Sanderson

### **Company Secretary**

Benedict Anstey

### **Auditors**

Moore Kingston Smith LLP

Devonshire House

60 Goswell Road

London EC1M 7AD

### **Bankers**

Lloyds Bank Plc

4th Floor

25 Gresham Street

London EC2V 7HN

### **Solicitors**

Macfarlanes LLP

20 Cursitor Street

Withers LLP

16 Old Bailey

London EC4M 7EG

### **Registered Office**

Burlington House

Piccadilly

London W1J 0BD

### **Registered Charity Number**

272926

### **Registered Company Number**

01291535

# **The Friends of the Royal Academy (A Company Limited by Guarantee) Trustees' Report**

## **CONSTITUTION AND CHARITABLE OBJECTIVES**

### **Constitution**

The Friends of the Royal Academy ("the Charity") is a registered charity, which was incorporated as a company limited by guarantee in December 1976 to support the work of The Royal Academy of Arts ("the Royal Academy"), a legally separate charity (registered charity number 1125383, company number 6298947) which has promoted the fine arts in the UK since 1768, and the Royal Academy Trust (registered charity number 1067270), which was established in 1981, to provide funds in support of the Royal Academy.

### **Governance and management**

The Charity is an independent body governed by a board of directors (the "Board"), who are also the trustees of the Charity. In accordance with the Articles of Association, the number of directors shall be not less than seven and not more than 15.

On appointment as a director, the appointee is invited to become a Member of the Charity. There can be up to 25 Members of the Charity and Members are drawn from several sources including: Royal Academicians, donors to the Royal Academy and the business community.

The Board convenes regular meetings to discuss the strategic, financial and operational performance of the Friends' membership scheme and meet frequently with the Royal Academy management team and other members of staff. Board members receive all relevant documentation relating to the constitution and operation of the Friends' membership scheme on appointment and are provided with additional training as required thereafter.

### **Charity Governance Code**

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

In 2016 a detailed governance review was carried out across the Royal Academy, including its related parties. Amongst other outcomes, this introduced clear and precise terms of reference for the Charity's Board of Trustees, following a standard format. These terms of reference are regularly reviewed and updated, where required. The Board ensures the Charity adheres to organisation-wide policies and procedures, relating to areas such as whistleblowing, incident reporting, data protection, gift acceptance and conflicts of interest. The Board reviews and provides input to these policies where appropriate. The Chair of the Board sits on the Royal Academy Audit Committee and the Royal Academy Trust and the Charity's Treasurer sits on the Royal Academy Finance Committee, helping to ensure consistent approaches to matters considered by these bodies and joined up decision-making across the Royal Academy as an organisation.

### **Remuneration of key management personnel**

The Charity considers key management personnel to be the trustees who do not receive remuneration for their services. As noted below, the day to day management of the Charity is performed by staff employed by the Royal Academy.

### **Relationship with the Royal Academy**

Although the Charity is governed by an independent body, the day to day management of the Friends' membership scheme is through staff employed by the Royal Academy, who are supported by a team of unpaid Friends' volunteers.

### **Objectives and activities**

The objects of the Charity, as set out in the Articles of Association, are to support the charitable work of the Royal Academy and the Royal Academy Trust. Its activities include ensuring sound financial control; clear strategic direction; and the targeting of funds to improve the Friends experience and public benefit.

# **The Friends of the Royal Academy (A Company Limited by Guarantee) Trustees' Report**

## **Public benefit and impact**

The Charity exists to support the charitable work of the Royal Academy and to promote and to co-operate with the Royal Academy and other charitable organisations in promoting the arts of design and the creation and appreciation of the arts.

In implementing the stated objectives through the strategies described above, the Board has complied with the duty in Section 17 of the Charities Act 2011 and the guidance published by the Charity Commission, namely to have due regard to public benefit.

The Charity donates its surplus to the Royal Academy in support of its charitable objectives and in doing so brings considerable benefit to members of the public who visit and participate in the activities of the Royal Academy. The impact and public benefit provided by the Royal Academy and the more formal impact assessment approach being undertaken, including identifying impact goals and tracking and measuring impact, is considered in the Royal Academy's 2020 Trustees' Report. Given that the Charity's donation has this year provided nearly 29% (2019: 29%) of the Royal Academy's incoming resources from ongoing activities, the Charity is providing a significant contribution towards meeting these impact goals.

The Friends membership scheme is open to all members of the public and offers significant cost savings to ensure the Friend, an adult family guest and up to four family children can enjoy unlimited entry to experience and appreciate the art on display at the Royal Academy. Friends are also kept up to date on news of the Royal Academy and the art world through the quarterly RA magazine and Friends' newsletters and emails, which are sent directly to each Friend.

The Friends also offer a Young Person category of membership at a reduced rate to enable young people to benefit from Friends membership at the Royal Academy and access to special events tailored towards the younger demographic.

## **Aims for the coming year**

The aims and objectives for the 2020/21 financial year are as follows:

- To promote and enhance the appreciation of visual arts at the Royal Academy through the Friends' membership scheme
- To maximise the charitable contributions raised for the benefit of the Royal Academy
- To increase public participation for the benefit of the Royal Academy.

The Charity will seek to achieve these objectives through the continuation of a successful programme of Friends' events; campaigns to recruit new Friends; and measures to retain Friends through continued improvement of the visitor experience.

## **FINANCIAL REVIEW, ACHIEVEMENTS AND PERFORMANCE**

### **Financial review**

During the year, the Charity received total income of £13,801,943 (2019: £13,432,511), including membership income and Gift Aid of £13,421,190 (2019: £13,289,667) from a total membership of 91,037 (2019:92,273) Friends.

After expenditure of £1,917,417 (2019: £1,769,043) and a £357,456 (2019: £92,087) donation to the Royal Academy Trust, net income amounted to £11,527,070 (2019: £11,571,381).

It is the practice of the Board to make a donation to the Royal Academy of the income received after the deduction of expenditure, with the objective to increase the net contribution year on year. During the year, the Board approved that legacy income received by the Charity should be donated to the Royal Academy Trust to be held in unrestricted funds to provide future support to the Royal Academy. The net income for the current year has been donated to the Royal Academy.

The net movement of funds for the year was £nil (2019: £nil). The Board does not recommend any transfer to or from reserves (2019: £nil).

# **The Friends of the Royal Academy (A Company Limited by Guarantee) Trustees' Report**

## **Achievements and performance**

Nearly 14,200 new Friends joined in 2019/20 compared to just over 8,600 in 2018/19, despite there being virtually no acquisitions during the four month period the Royal Academy was closed during the second half of the year. With an annual renewal rate of just under 84%, we closed the year with 91,037 Friends, only marginally down from last year's closing number of 92,273. Despite lower renewal rates due to the impact of Covid-19 in the second half of the year, the full year renewal rate of just under 84% was only 3% lower than the 2018/19 full year renewal rate of 87%.

These figures highlight a hugely successful period of acquisitions during the first half of the year. The Christmas gift campaign also resulted in an unprecedented 2,988 new gift memberships, providing a strong foundation for the challenging months that followed.

Whilst renewal rates were similarly strong in the first half of the year, these were maintained at 77% in the second half of 2019/20, despite the Royal Academy being closed for most of this period due to Covid-19, and as such, the full year renewal rate greatly exceeded expectations and represents a remarkable achievement given the disruption to the Royal Academy's exhibition programme during this period.

FY19/20 also saw record engagement for Royal Academy emails, with engagement growing by 192% among Friends during closure, compared to pre-closure averages.

Friends and wider audiences engaged strongly with the Royal Academy's digital content during the Covid-19 imposed lockdown, with visits to written and multimedia editorial content up 400% on an average month with around 400,000 page-views. Video consumption across Royal Academy platforms increased by nearly 400% on the previous year, largely due to virtual exhibition tours created in this period.

Total membership income and Gift Aid for the year of £13,421,190 represented an increase of just under 1% on the previous year (2019: £13,289,667), which includes the full year impact of the annual price increases in February 2019 and 2020.

The net income for the year before donations to the Royal Academy was £11,527,070, just down on the previous year (2019: £11,571,381).

In making a donation of £11,527,070 to the Royal Academy, the Charity has significantly contributed to the continuing development of the Royal Academy's activities, including the presentation of a world class exhibition programme, the post graduate education of artists in the Royal Academy Schools and the preservation and maintenance of the Royal Academy's historic buildings and collections.

Additional support from the Charity's activities has included a successful programme of Friends' events and other additional targeted fundraising events.

A number of initiatives were pursued in the first half of the year to maximise future performance, although these had to be significantly curtailed or suspended in the second half of the year due to Covid-19:

- Face to face campaigns for the recruitment of new Friends from visitors to the exhibition programme
- Providing additional activities designed to enhance the experience of members, including events within the Royal Academy making use of the new public programming spaces available with the opening of the Royal Academy's expanded campus in May 2018.

## **Reserves policy**

The Board has reviewed the reserves of the Charity, including its free reserves (those that are not restricted, designated or invested in fixed assets). Having regard to the relationship with the Royal Academy and anticipated future cash flows, the current practice is to pass the entire annual net income to the Royal Academy and not to accumulate reserves. The Board considers that the actual level of free reserves at 31 August 2020 of £115,734 (2019: £115,734) is appropriate.

# **The Friends of the Royal Academy (A Company Limited by Guarantee) Trustees' Report**

## **Related party transactions**

None of the trustees receive remuneration or other benefit from their work with the Charity. Transactions with related parties are disclosed in note 15 to the financial statements.

## **Risks**

The Board, advised by specialist committees, the Royal Academy management team and the Royal Academy General Counsel, evaluates and monitors risks and ensures that systems and controls are in place and are subject to review. Where appropriate, management action is undertaken to mitigate those risks. The trustees have reviewed the risks to which the Charity is exposed and the mitigating actions planned to address them.

The major risks identified include the risk of a reduction in Friends membership due to price sensitivity, the changing popularity of the exhibition programme and demographic factors. This risk has been exacerbated by the impact of Covid-19, which has resulted in the closure of the Royal Academy for nearly four months between March 2020 and July 2020 and again from November 2020, following the second national lockdown, and much reduced capacity in the Royal Academy's exhibition galleries, by virtue of the application of social distancing and other safety measures, when it has been possible to open the galleries. Furthermore, Covid-19 has also impacted Friends propensity to visit the Royal Academy, with Friends likely to have greater concerns and anxieties in visiting London for some while after the dangers have technically abated. A significant proportion of our Friends, many of whom live outside London, rely on public transport and as such, this is likely to be a further barrier to attending the Royal Academy's exhibitions. Risk of failure of the database software and security due to a number of factors is also recognised, as well as risks generated from having to adhere to strict tax legislation and HMRC guidelines.

The management team is undertaking strategies to limit the exposure to these risks and to mitigate them as far as is achievable. Mitigation steps include continued review and improvement to the Friends' visitor experience and periodic Friends membership pricing reviews; continuous development and enhancement of software, with focus on data protection; and internal tax compliance controls and procedures, together with advice from external tax advisors on technical issues and the impact of any changes in legislation. In direct response to Covid-19, engagement through e-mails and the provision of digital content, including virtual exhibition tours, has been significantly enhanced.

## **Statement of trustees' responsibilities**

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

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

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

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

**The Friends of the Royal Academy  
(A Company Limited by Guarantee)  
Trustees' Report**

**Audit information**

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

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

**Auditors**

A resolution to reappoint Moore Kingston Smith LLP as auditors will be put to the members at the Annual General Meeting.

This report was approved by the trustees on ..... 09/12/2020 ..... and signed on its behalf, by:

*Clive Humby*

**Clive Humby**  
Chairperson

# **The Friends of the Royal Academy Independent Auditors' Report to Members of The Friends of the Royal Academy**

## **Opinion**

We have audited the financial statements of The Friends of the Royal Academy ("the charitable company") for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard Applicable in the UK and Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2020 and of its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

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

## **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Other information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

**The Friends of the Royal Academy  
Independent Auditors' Report to Members of  
The Friends of the Royal Academy (continued)**

**Opinions on other matter prescribed by the Companies Act 2006**

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

- the information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' annual report has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the trustees' annual report and from preparing a strategic report.

**Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on pages 5 and 6, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**The Friends of the Royal Academy  
Independent Auditors' Report to Members of  
The Friends of the Royal Academy (continued)**

**Auditors' responsibilities for the audit of the financial statements (continued)**

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

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

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

**Use of our report**

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

*Moore Kingston Smith LLP*

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

Devonshire House  
60 Goswell Road  
London EC1M 7AD

Date: 11 December 2020

**The Friends of the Royal Academy**  
**Statement of Financial Activities**  
**(including an income and expenditure account)**  
**For the year ended 31 August 2020**

|                                       | Note | Unrestricted<br>funds<br>2020<br>£ | Unrestricted<br>funds<br>2019<br>£ |
|---------------------------------------|------|------------------------------------|------------------------------------|
| <b>Income from:</b>                   |      |                                    |                                    |
| Donations and legacies                |      | 361,392                            | 94,156                             |
| Charitable activities                 | 4    | 13,421,190                         | 13,289,667                         |
| Other income                          |      | 19,361                             | 48,688                             |
|                                       |      | <u>13,801,943</u>                  | <u>13,432,511</u>                  |
| Total income                          |      | <b>13,801,943</b>                  | <b>13,432,511</b>                  |
| <b>Expenditure on:</b>                |      |                                    |                                    |
| Charitable activities                 |      |                                    |                                    |
| Members' activities                   | 5    | (1,917,417)                        | (1,769,043)                        |
| Donation to Royal Academy Trust       |      | (357,456)                          | (92,087)                           |
| Donation to The Royal Academy of Arts |      | (11,527,070)                       | (11,571,381)                       |
|                                       |      | <u>(13,801,943)</u>                | <u>(13,432,511)</u>                |
| Total expenditure                     |      | <b>(13,801,943)</b>                | <b>(13,432,511)</b>                |
| <b>Net income / (expenditure)</b>     | 6    | -                                  | -                                  |
| Total funds brought forward           |      | <u>115,734</u>                     | <u>115,734</u>                     |
| <b>Total funds carried forward</b>    |      | <u>115,734</u>                     | <u>115,734</u>                     |

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

The notes on pages 13 to 18 form part of these financial statements.

**The Friends of the Royal Academy  
Balance Sheet as at 31 August 2020**

|   | Note | 2020<br>£      | 2019<br>£      |
|---|------|----------------|----------------|
| <b>Current assets</b>                           |      |                |                |
| Debtors   | 10   | 291,010        | 310,735        |
| Cash at bank and in hand                        | 15   | -              | -              |
|   |      | 291,010        | 310,735        |
| <b>Current liabilities</b>                      |      |                |                |
| Creditors - amounts falling due within one year | 11   | (175,276)      | (195,001)      |
| <b>Total assets less total liabilities</b>      |      | <b>115,734</b> | <b>115,734</b> |
| <br><b>The funds of the Charity:</b>            |      |                |                |
| Unrestricted                                    |      | 115,734        | 115,734        |
| <b>Total funds</b>                              |      | <b>115,734</b> | <b>115,734</b> |

The notes on pages 13 to 18 form part of these financial statements.

Approved and authorised for issue by the Board on 09 / 12 / 2020

*Clive Humby*

.....  
Clive Humby

Company No: 01291535

**The Friends of the Royal Academy  
Statement of Cash Flows  
For the year ended 31 August 2020**

|  | Note | 2020<br>£ | 2019<br>£ |
|--|------|-----------|-----------|
| <b>Cash (used in) / provided by operating activities</b> | 12   | -         | -         |
| Increase / decrease in cash equivalents in the year      |      | -         | -         |
| Cash and cash equivalents at the beginning of the year   |      | -         | -         |
| <b>Cash and cash equivalents at the end of the year</b>  |      | -         | -         |

# The Friends of the Royal Academy

## Notes to the Financial Statements

### For the year ended 31 August 2020

#### 1 General information

The Friends of the Royal Academy ("the Charity"), is a registered charity, which is incorporated as a company limited by guarantee.

The Charity was established to primarily support the charitable work of The Royal Academy of Arts ("the Royal Academy") and to promote and to co-operate with the Royal Academy and other charitable organisations in promoting the Arts. The address of its registered office is Burlington House, Piccadilly, London.

#### 2 Summary of significant accounting policies

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

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

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

##### a. Basis of preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention.

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

##### b. Going concern

The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the Charity to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements and have considered the potential impact of the Covid-19 pandemic. In particular, the trustees have taken account of pressures on Friends membership income. However, as the principal expenditure is donations, and these are only made out of funds available, the trustees have concluded that there is a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. The Charity therefore continues to adopt the going concern basis in preparing its financial statements.

##### c. Funds structure

Unrestricted income funds are sub analysed between designated funds, where the trustees have set aside amounts to be used for specific purposes or which reflect the non-binding wishes of donors; and unrestricted funds, which are used at the trustees' discretion in furtherance of the general objectives of the Charity.

**The Friends of the Royal Academy  
Notes to the Financial Statements  
For the year ended 31 August 2020**

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

**d. Income**

All income is recognised once the Charity has entitlement to the resources if it is probable (more likely than not) that the resources will be received and the monetary value can be measured reliably.

Membership income and related Gift Aid is accounted for on receipt of the income and is stated exclusive of any VAT.

Donations are accounted for when these are received.

Ticket sales made in relation to events taking place in the next financial year are included as deferred income.

**e. Legacies**

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

Receipt is probable when:

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

**f. Expenditure**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to each category of expense shown in the Statement of Financial Activities.

**g. Pension costs**

Pension costs reflect the employer pension contributions recharges from the Royal Academy. There is no liability for the Charity with regards to defined benefit pension scheme funding or any associated liabilities, with reference to its inclusion being provided in these financial statements, merely to provide clarity with regards to the recharged pension contributions.

**h. Charitable activities**

Costs of charitable activities comprise the expenditure associated with supporting the Charity members and making donations to the Royal Academy and Royal Academy Trust.

Included within charitable activities are governance costs. These are costs incurred in the governance of the Charity and its assets. These are primarily concerned with constitutional and statutory requirements.

**i. Financial instruments**

**i. Cash and cash equivalents**

Cash and cash equivalents include cash at bank and in hand.

**The Friends of the Royal Academy  
Notes to the Financial Statements  
For the year ended 31 August 2020**

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

**j. Financial instruments (continued)**

**ii. Debtors and creditors**

Debtors and creditors receivable or payable within one year of the reporting date are carried at their transaction price. Debtors and creditors that are receivable or payable in more than one year and not subject to a market rate of interest are measured at the present value of the expected future receipts or payment discounted at a market rate of interest.

**3 Critical accounting judgments and estimation uncertainty**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

| <b>4 Income from charitable activities</b> | <b>2020</b>       | 2019       |
|--|-------------------|------------|
|  | £                 | £          |
| Membership income                          | <b>11,352,160</b> | 11,384,550 |
| Gift Aid                                   | <b>2,069,030</b>  | 1,905,117  |
|  | <hr/>             | <hr/>      |
| Total                                      | <b>13,421,190</b> | 13,289,667 |
|  | <hr/>             | <hr/>      |

Membership income relates to annual amounts paid to become a "Friend" of the Charity. Total membership as at 31 August 2020 was 91,037 Friends (2019: 92,273 Friends).

| <b>5 Analysis of expenditure on members' activities</b> | <b>2020</b>      | 2019      |
|---|------------------|-----------|
|   | £                | £         |
| Staff costs (see note 7)                                | <b>556,180</b>   | 425,774   |
| Printing and mailing                                    | <b>259,570</b>   | 308,001   |
| Magazine  | <b>567,311</b>   | 563,990   |
| Marketing, research and acquisitions                    | <b>206,858</b>   | 185,016   |
| Facilities charges                                      | <b>193,837</b>   | 194,100   |
| Audit fees  | <b>13,650</b>    | 12,840    |
| Accountancy fees  | <b>530</b>       | 455       |
| Other costs   | <b>119,481</b>   | 78,867    |
|   | <hr/>            | <hr/>     |
| Total   | <b>1,917,417</b> | 1,769,043 |
|   | <hr/>            | <hr/>     |

| <b>6 Net income / (expenditure)</b> | <b>2020</b>   | 2019   |
|-------------------------------------|---------------|--------|
|                                     | £             | £      |
| This is stated after charging:      |               |        |
| Auditors' remuneration:             |               |        |
| Audit services                      | <b>13,650</b> | 12,840 |
| Other services                      | <b>530</b>    | 455    |

**The Friends of the Royal Academy  
Notes to the Financial Statements  
For the year ended 31 August 2020**

| <b>7 Analysis of staff costs</b> | <b>2020</b>    | 2019    |
|----------------------------------|----------------|---------|
|                                  | £              | £       |
| Wages and salaries               | <b>476,249</b> | 369,261 |
| Social security costs            | <b>46,817</b>  | 33,968  |
| Employers pension contributions  | <b>33,114</b>  | 22,545  |
|                                  | <hr/>          | <hr/>   |
| Total                            | <b>556,180</b> | 425,774 |
|                                  | <hr/>          | <hr/>   |

Staff costs represent the costs of staff employed by the Royal Academy and recharged to the Charity. The Charity engaged an average of 18 permanent staff (2019: 14).

No employee earned more than £60,000 in the year (2019: 1). In 2019, the employee was in the band of £60,000 to £69,999 and had pension contributions of £1,325.

The trustees have concluded that the board of trustees comprise the key management personnel of the Charity.

## **8 Trustees' remuneration, benefits and expenses**

The Charity's trustees give their time freely and receive no remuneration for the work that they undertake as trustees. However, they can claim expenses to reimburse them for costs that they incur in fulfilling their duties.

No trustee was reimbursed for any costs incurred in fulfilling their duties (2019: £nil).

## **9 Taxation**

The Charity has suffered no tax charge, as it is not subject to UK corporation tax on its charitable activities.

| <b>10 Debtors</b>                 | <b>2020</b>    | 2019    |
|-----------------------------------|----------------|---------|
|                                   | £              | £       |
| Trade debtors                     | <b>1,006</b>   | 540     |
| Amounts owed by the Royal Academy | -              | 109,673 |
| Recoverable taxes                 | <b>275,421</b> | 185,672 |
| Prepayments                       | <b>14,583</b>  | 14,850  |
|                                   | <hr/>          | <hr/>   |
| Total                             | <b>291,010</b> | 310,735 |
|                                   | <hr/>          | <hr/>   |

Amounts owed by related undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**The Friends of the Royal Academy  
Notes to the Financial Statements  
For the year ended 31 August 2020**

| <b>11 Creditors - amounts falling due within one year</b> | <b>2020</b>    | <b>2019</b>    |
|---|----------------|----------------|
|   | <b>£</b>       | <b>£</b>       |
| Trade creditors   | 35,155         | 47,267         |
| Amounts due to The Royal Academy of Arts                  | 41,343         | -              |
| Taxation  | 69,708         | 81,308         |
| Other creditors   | -              | 5,914          |
| Accruals  | 22,778         | 60,512         |
| Deferred income (see below)                               | 6,292          | -              |
|   | <u>175,276</u> | <u>195,001</u> |
| <b>Total</b>  | <b>175,276</b> | <b>195,001</b> |

Deferred income relates to ticket sales made in relation to events taking place in the next financial year.

|  | <b>2020</b>  | <b>2019</b> |
|--|--------------|-------------|
|  | <b>£</b>     | <b>£</b>    |
| Balance brought forward at 1 September | -            | 1,979       |
| Amount released to income              | -            | (1,979)     |
| Amount deferred in the year            | 6,292        | -           |
|  | <u>6,292</u> | <u>-</u>    |
| <b>Balance at 31 August</b>            | <b>6,292</b> | <b>-</b>    |

**12 Notes to the statement of cash flows**

| <b>Reconciliation of net movement in funds to net cash flow from operating activities:</b> | <b>2020</b> | <b>2019</b> |
|--|-------------|-------------|
|  | <b>£</b>    | <b>£</b>    |
| Net movement in funds:   | -           | -           |
| Adjustments for:   |             |             |
| - Decrease / (increase) in debtors   | 19,725      | (70,567)    |
| - (Decrease) / increase in creditors   | (19,725)    | 70,567      |
|  | <u>-</u>    | <u>-</u>    |
| <b>Net cash used in / provided by operating activities</b>                                 | <b>-</b>    | <b>-</b>    |

**13 Financial commitments**

The Charity had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

| Payments due:                                     | <b>2020</b>   | <b>2019</b>   |
|---|---------------|---------------|
|   | <b>£</b>      | <b>£</b>      |
| Not later than one year                           | 18,900        | 37,800        |
| Later than one year and not later than five years | -             | 18,900        |
|   | <u>18,900</u> | <u>56,700</u> |
| <b>Total</b>                                      | <b>18,900</b> | <b>56,700</b> |

**The Friends of the Royal Academy  
Notes to the Financial Statements  
For the year ended 31 August 2020**

| <b>14 Financial instruments</b>                  | <b>2020</b>   | 2019    |
|--|---------------|---------|
|  | £             | £       |
| Financial assets measured at amortised cost      | <b>1,006</b>  | 110,213 |
| Financial liabilities measured at amortised cost | <b>99,276</b> | 113,693 |

**15 Related party transactions**

During the year the Charity donated £11,527,070 (2019: £11,571,381) to the Royal Academy and reimbursed expenditure of £750,017 (2019: £619,874), including salaries of £556,180 (2019: £425,774) and facilities charges of £193,837 (2019: £194,100) for the Charity's use of Keeper's House, being £175,000 (2019: £175,000) for rent and £18,837 (2019: £19,100) for utilities. At the year end, £41,343 was outstanding and included within creditors (2019: £109,673 outstanding and included within debtors).

During the year, the Charity donated £357,456 (2019: £92,087) to the Royal Academy Trust to be held in unrestricted funds to provide future support to the Royal Academy.

During the year the Charity purchased £567,310 (2019: £563,990) of goods from R.A. Enterprises Limited, a subsidiary of the Royal Academy, related to costs for the quarterly RA magazine. R.A. Enterprises Limited sold subscriptions with a value of £7,229 (2019: £13,597) on behalf of the Charity. At the year end, £nil (2019: £nil) was outstanding.

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