

The Royal Ballet School Endowment Fund

Annual report and financial statements

for the year ended

31 August 2022

The Royal Ballet School Endowment Fund

Reference and administrative information

TRUSTEES

Jonathan Chenevix-Trench
Tom Clementi
Richard Cunis
Menna McGregor
Zita Saurel
Kenneth Steele

SECRETARY

Pippa Adamson

PRINCIPAL AND REGISTERED OFFICE

46 Floral Street
Covent Garden
London WC2E 9DA

AUDITOR

Crowe U.K. LLP
55 Ludgate Hill
London EC4M 7JW

BANKERS

Barclays Bank plc
Education Team
Level 28
Churchill Place
London E14 5HP

FUND MANAGERS

Fundsmith LLP
33 Cavendish Square
London
W1G 0PW

Ruffer LLP
80 Victoria Street
London SW1E 5JL

Troy Asset Management Limited
Brookfield House
44 Davies Street
London
W1K 5JA

CHARITY REGISTRATION NUMBER

285766

The Royal Ballet School Endowment Fund

Report of the Trustees

The Trustees submit their report and the audited financial statements of The Royal Ballet School Endowment Fund ("the Endowment Fund" or "the Charity") for the year ended 31 August 2022.

STRUCTURE, GOVERNANCE AND MANAGEMENT

CONSTITUTION AND OBJECTS

The Royal Ballet School Endowment Fund is a registered charity (number 285766) and was established under a Definitive Trust Deed dated 9 June 1982.

The income and assets of The Royal Ballet School Endowment Fund (the "Charity") are used to provide funding and facilities for students at The Royal Ballet School ("the School"). In particular:

- Scholarships and financial assistance to students, including overseas and Associate students, who would not otherwise be able to come to the School
- Grants, generally means-tested, to students at the School to pay for items such as dance shoes and music lessons which are not covered by Department for Education ("DfE") funding
- For facilities and expenditure at the School which are not covered by DfE funding, such as new buildings, the archive, choreography for new ballets for School performances and international tours
- Funding for student and teacher exchange programmes

Income not spent in the year is carried forward in the reserves of the Endowment Fund and used to assist in the funding of the School's future development programme.

TRUSTEES

The responsibility for the management of the Charity is vested in its Charity Trustees. Trustees are nominated by its connected charity, the Royal Ballet School and appointed and removed by the existing Board of Trustees.

The Trustees in office during the year and to the date of this report were as follows:

Jonathan Chenevix-Trench (Chair)
Tom Clementi
Richard Cunis
Menna McGregor
Zita Saurel
Kenneth Steele

The Trustees meet periodically, usually three times a year, to review grant applications, spending needs and investment strategy and performance.

The policy of the Trustees is to ensure that they understand their responsibilities and duties. Training needs are considered from time to time and appropriate support provided as necessary. The Trustees liaise with the management of the School to ensure a clear understanding of the financial and training needs of the School and its students. The Fund Managers provide the Trustees with regular reports on investment performance and they also regularly attend board meetings.

To discharge their functions more effectively, the Trustees delegate certain administrative aspects of the day to day management of the Charity to the School.

The Trustees are aware of the Charity Governance Code published in 2017 which sets out the principles and recommended practice for good governance within the sector. The Trustees are satisfied that the charity applies the principles of the code within its current Governance arrangements.

The Royal Ballet School Endowment Fund

Report of the Trustees

OBJECTIVES AND ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE

The Royal Ballet School Endowment Fund provides grant support to the students and facilities of The Royal Ballet School. Each year the Endowment Fund Trustees consider applications from the Royal Ballet School to support students enrolled in full-time courses and the Associates Programme; in particular, the Endowment Fund supports a small number of exceptional young international students at White Lodge and Upper School who show the potential to become classical ballet dancers.

The Endowment Fund provides an annual grant award to the Royal Ballet School to support the maintenance and care of its archive, a resource that is available publicly through an interactive, online tool.

The Trustees of the Endowment Fund work with carefully chosen fund managers to maximise investment returns for the charity. The long term objective for each fund manager is to protect capital and deliver a return of RPI+3%.

In setting our objectives and planning the activities, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

The Endowment Fund has continued to make grants to students of the School and to the School itself.

GRANT MAKING POLICY

The Royal Ballet School Endowment Fund welcomes annual grant applications for the following:

- Full-time student bursaries
- Associate student bursaries
- Grants towards the running of the School's archive.
- Annual prize awards

Trustees will consider applications for single awards for individual projects. When considering these applications, Trustees will make due regard to:

1. The longer term impact of the project on the School and its students.
2. Whether the applicant has approached other donors.
3. Cash flow implications on the Endowment Fund and its investments.
4. Whether there are specific restricted funds and finances available to support the request.

There is no cap on the value that may be applied for and each application will be considered on its merits. Trustees require a higher level of detail for larger, one off grants than annual awards. Trustees may require a meeting with representatives of the School and this will be advised on a case by case basis.

When considering grants awards, Trustees take into consideration the recent fund manager performance and any significant valuation changes or market events.

PUBLIC BENEFIT

The Endowment Fund remains committed to the aim of providing public benefit in accordance with its founding principles. Following charity legislation, the Endowment Fund reports that it has carried out the charity's purposes for the public benefit.

The School is open to any student who has the potential to become a classical ballet dancer regardless of their family's financial means. The Endowment Fund provides support to these students in the form of scholarships, bursaries and facilities.

The Royal Ballet School Endowment Fund

Report of the Trustees

FINANCIAL REVIEW

The full financial results are shown on pages 11 to 26 of these financial statements. Incoming resources were £186,000 (2021: £827,000). As well as investment income, the Endowment Fund benefited from one legacy of £5,000 and some residual payments from previous legacies of £2,000 totalling £7,000 (2021: £660,000). A further £1,500 was received from two donors.

Expenditure totalled £150,000 (2021: £573,000) with grants of £29,500 (2021: £170,000). The grant was to support The Royal Ballet School's archive. At the start of the financial year and after conversations with the School, £340,000 was set aside for grant awards to support full time and Associate students. During Covid, the School had offered discounted fees to students and a portion of prior year bursary grants had not been spent. It was agreed with the School that grants for student support would not be awarded during the year and funds would remain invested however the trustees acknowledge that with the current economic uncertainty, there may be a great call for bursary support next year.

At the end of the last financial year, the Charity held £61,000 of restricted funds from the Boscowen Bequest. In January 2022, the trustees of the Boscowen Bequest wrote to the Charity requesting the that fund balance be transferred to the General Fund. This was confirmed by the Charity trustees in March 2022 and the funds duly transferred. The transfer is shown on the face of the Statement of Financial Activities on page 11.

The Trustees continued to closely monitor the performance of the fund managers; Troy Asset Management, Ruffer LLP and Fundsmith LLP and the weighting of investments between each portfolio is discussed at every meeting. The total net loss in the portfolio was £548,000 (2021: £3,520,000 net gain). Ruffer and Troy's Trojan Fund delivered a net gain of £189,000 offset by net losses of £738,000 from Fundsmith and Troy's Trojan Income Fund.

Total reserves fell to £28,679,000 (2021: £29,191,000).

FUNDS AND RESERVES POLICY

The Charity has a number of endowment and restricted funds, the use of which is limited as specified by donors.

Endowment funds of £6,700,000 (2021: £6,838,000) are held as investments to maintain the capital, and income is to be spent on charitable activity according to the conditions the donor has given. The Charity has both permanent endowments and expendable endowments: expendable endowments are where the capital may be spent.

Restricted funds of £7,432,000 (2021: £7,593,000) are subject to the specific restricted conditions imposed by the donor.

Details of these funds, the movements on the funds and the purposes for which they were given are shown in Notes 11 and 12 respectively.

The trustees have designated £1,841,000 of unrestricted funds of £14,547,000 (2021: £14,760,000), from which scholarships, financial support and facilities grants may be provided. The balance of £12,705,000 represents the Charity's general or free reserves. The Trustees receive regular updates from the Royal Ballet School on potential future requests.

The Trustees place funds not immediately required for expenditure with the Endowment Fund's fund managers for investment.

The Trustees' reserves policy is to continue to grow the Endowment Fund's funds in order to enable it to provide the School and its students, both now and in the future, with the resources needed to sustain and enhance the quality of the education provided by the School and to provide support to enable students with

The Royal Ballet School Endowment Fund

Report of the Trustees

limited means to be able to attend and to benefit fully from the School.

INVESTMENT POWERS, POLICY AND PERFORMANCE

Troy Asset Management Limited, Ruffer LLP and Fundsmith LLP managed the Endowment Fund's investment portfolio during the financial year, with the investment strategy of protecting capital and providing a consistent long term return.

This strategy means that, on the whole, returns on investments outperform the market in difficult times but do less well than the market in periods of market growth. The Trustees continue to measure the performance of the portfolio regularly against the agreed target of 3% over RPI over a rolling five-year period.

A small, residual balance of hedge fund investments held with Morgan Stanley with a market value of £327 (2021: £319) was liquidated in November 2021.

Any paid dividend income from the investments in the permanent endowment funds are transferred to restricted income funds to be expended. Dividend income within accumulation funds are held within the permanent endowment fund.

RISK MANAGEMENT

The Trustees are responsible for the management of the risks faced by the Charity. Detailed consideration of risk is carried out by the Trustees in consultation with the School's Executive Leadership team and board of Governors. Key controls used by the Trustees to identify and assess risks during the year include:

- The formal programme of risk assessments and steps taken to mitigate those risks identified
- Comprehensive strategic planning, budgeting and management accounting
- Established organisational structure and lines of reporting
- Formal authorisation and approval levels.

The most significant risk identified relates to the value of the investment portfolio, the income from which is used to finance the Endowment Fund's activities.

Through the above risk management processes, the Trustees anticipate that major risks will be identified and as far as practicable adequately mitigated. It is recognised that systems can only provide reasonable, but not absolute, assurance that major risks have been adequately managed.

FUNDRAISING

Fundraising is a very modest part of the Charity's activities and the focus is to raise funds through legacies. Supporters of the connected charity, The Royal Ballet School are asked to consider leaving a gift in their will to the Charity. There are no professional fundraising organisations used and occasional fundraising support is provided by the Development staff of the Royal Ballet School. The Charity has not subscribed to the Fundraising Regulator but adheres to the Code of Fundraising Practice when undertaking fundraising activity. There were no complaints received by the Endowment Fund in relation to fundraising activity. The Endowment Fund takes its responsibility to anyone who might be vulnerable very seriously and this will continue to be considered in the Endowment Fund's approach to fundraising activity.

PLANS FOR FUTURE PERIODS

Trustees have reviewed the strategic plans of the Royal Ballet School with a view to estimating longer term grant requirements. Trustees met with the Executive Leadership team of the Royal Ballet School to discuss future needs.

Applications generally fall into two categories; annual requests for the support of students and the archive and one-off grants for larger-scale projects. Better understanding of the School's five-year plan allows Trustees to

The Royal Ballet School Endowment Fund

Report of the Trustees

make appropriate investment decisions.

The Trustees intend to continue to make grants to provide assistance to current and future beneficiaries. The Trustees are mindful of the uncertainty surrounding the Department for Education's funding of The Royal Ballet School and the loss of government funding for European students and the impact of the current economic uncertainty and high inflation on students and their families.

The Endowment Fund continues to develop its strategy of growth and the achievement of this aim is dependent on future fundraising and the performance of the Endowment Fund's investment portfolio. Trustees will continue to review the weighting of investment between fund managers fund types and the fund managers approach during this period of financial turmoil.

The Trustees intend to review the number of individual funds held within the Charity, and the various restrictions, with the aim of simplifying the administration of the Charity and maximising the benefit of grant awards.

This report was approved by the Board of Trustees on 1 December 2022



Jonathan Chenevix-Trench
Trustee

46 Floral Street
Covent Garden
London WC2E 9DA

The Royal Ballet School Endowment Fund

Statement of Trustees' responsibilities in the preparation of financial statements

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Trustees' Annual Report and the Financial Statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

The law, applicable to charities in England and Wales, requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgments and estimates that are reasonable and prudent
- state whether applicable 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

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions, 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 Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the provisions of the charity's constitution. 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.

Royal Ballet School Endowment Fund

Auditor's Report

For the year ended 31 August 2022

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE ROYAL BALLET SCHOOL ENDOWMENT FUND

OPINION

We have audited the financial statements of The Royal Ballet School Endowment Fund ('the charity') for the year ended 31 August 2022 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 August 2022 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 Charities Act 2011.

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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity 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 trustee's 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 charity'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 trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a

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Auditor's Report

For the year ended 31 August 2022

material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient and proper accounting records have not been kept by the charity; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the trustees' responsibilities statement set out on page 7, the trustees 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We have been appointed as auditor under section 151 of the Charities Act 2011, and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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 auditor's 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charity operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and

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Auditor's Report

For the year ended 31 August 2022

disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011 together with the Charities SORP (FRS102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charity's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charity for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulations (GDPR).

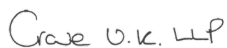
Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Finance Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

USE OF OUR REPORT

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Crowe U.K. LLP
Statutory Auditor

London

13 June 2023

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

Royal Ballet School Endowment Fund

Statement of Financial Activities

For the year ended 31 August 2022

	Notes	Unrestricted Funds £000	Endowment Funds £000	Restricted Funds £000	2022 £000	2021 £000
Income and endowments from:						
Donations	1	8	-	1	9	660
Investments	2	91	17	69	177	167
Total income		99	17	70	186	827
Expenditure on:						
Raising funds	3	96	43	49	188	184
Charitable activities	4	30	-	-	30	382
Governance costs	5	7	-	-	7	7
Total expenditure		133	43	49	225	573
Net income/(expenditure)		(34)	(26)	21	(39)	254
Transfers between funds		61	-	(61)	-	-
Net (losses)/gains on investments		(240)	(111)	(122)	(473)	3,520
Net movement in funds		(213)	(137)	(162)	(512)	3,774
Reconciliation of funds:						
Total funds brought forward		14,760	6,838	7,593	29,191	25,417
Total funds carried forward		14,547	6,701	7,431	28,679	29,191

The net incoming resources for the year arise from the Charity's continuing operations.

The accounting policies and notes on pages 14 to 26 form part of these financial statements.

Royal Ballet School Endowment Fund

Balance sheet

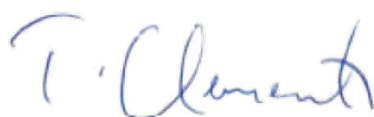
to 31 August 2022

	<i>Notes</i>	2022 £000	2021 £000
Fixed assets			
Heritage assets - ballet memorabilia	6	32	32
Investments	7	27,815	28,301
Total fixed assets		27,847	28,333
Current assets			
Prepayments and accrued income			
Cash at bank		1,259	1,250
Total current assets		1,259	1,250
Liabilities – falling due within one year			
Accruals		(7)	(7)
Connected charity creditor	8	(420)	(385)
Total liabilities		(427)	(392)
Total net assets	9	28,679	29,191
The funds of the charity:			
Unrestricted funds			
General fund		12,706	12,859
Designated funds		1,841	1,901
Total unrestricted funds	10	14,547	14,760
Endowment funds	11	6,701	6,838
Restricted funds	12	7,431	7,593
Total charity funds		28,679	29,191

The financial statements on pages 11 to 26 were approved by the trustees and authorised for issue on 1 December 2022 and signed on its behalf by:



Jonathan Chenevix-Trench
Trustee



Tom Clementi
Trustee

Royal Ballet School Endowment Fund

Statement of cash flows

31 August 2022

	Note	2022 £000	2021 £000
Cash flows from operating activities:			
Net cash used by operating activities	A below	(181)	(888)
Cash flows from investing activities:			
Dividends and interest from investments		176	166
Interest receivable		1	1
Allocation of funds for investments		4	(643)
Net cash provided by/(used in) investing activities		181	(704)
Cash flows from financing activities:			
Receipt of endowment		9	660
Net cash provided by investing activities		9	660
Change in cash in the reporting period		9	(704)
Cash at the beginning of the year		1,250	1,955
Cash at the end of the year	B below	1,259	1,250
Reconciliation of cash flows from operating activities:	Note A	2022 £000	2021 £000
Net income, from the statement of financial activities		(512)	3,774
Adjustments for:			
Losses/(gains) on investments		473	(3,520)
Dividends, interest and rents from investments		(177)	(167)
Increase/(decrease) in creditors		35	(975)
Net cash used in operating activities		(181)	(888)
Analysis of cash	Note B	2022 £000	2021 £000
Cash at bank and in hand		1,259	1,250

Royal Ballet School Endowment Fund

Accounting policies

BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – effective 1 January 2015.

TRUE AND FAIR OVERRIDE

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

The accounts are drawn up on the historical cost basis of accounting, as modified by the revaluation of investments.

The Royal Ballet School Endowment Fund is a Public Benefit Entity registered as a charity in England and Wales and was established under a Definitive Trust Deed dated 9 June 1982 (charity number 285766).

GOING CONCERN

The Trustees have reviewed the current economic situation and the impact on the financial markets carefully with a view to managing the investment portfolio and the ability to fund future grants.

Having reviewed the funding facilities available to the Charity together with the expected ongoing need for grants and the Charity's future projected cash flows, the Trustees have a reasonable expectation that the Charity has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the Charity's financial viability. Accordingly, they also continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Accounting and Reporting Responsibilities on page 7.

CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATING UNCERTAINTY

In the application of the accounting policies, Trustees are required to make judgement, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affected current and future periods.

In the view of the trustees, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Charity's financial statements.

INCOME

Income consists of donations (including legacies) and investment income. All income is accounted for when the Charity has entitlement, there is probability of receipt and the amount is measurable. Legacies are recorded when they are received, on receipt of finalised estate accounts or where there is sufficient evidence that the legacy will probably be received. Investment income is apportioned to unrestricted, endowment and restricted funds based on the values of the funds. The income generated from permanent endowment funds is apportioned to restricted funds for future expenditure.

Royal Ballet School Endowment Fund

Accounting policies

EXPENDITURE

Resources expended are recognised in the period in which they are incurred. Costs are allocated to the particular activity to which they relate. Grants payable are recognised when a constructive obligation exists. Governance costs comprise costs of running the Charity.

HERITAGE ASSETS

Heritage assets are valued at the cost of purchase less any impairment in value over the period. Donated heritage assets have not been valued, as it is not practicable to obtain a valuation of unique assets. Heritage assets held are ballet memorabilia and are tangible fixed assets of historical and artistic importance held to advance the educational objectives of the Charity and The Royal Ballet School. Where these assets are capitalised, depreciation is not charged because the assets have a very long useful life and the estimated residual value is not materially different from the carrying amount. The assets are subject to an annual impairment review by the Trustees and there was no reduction in the value of the heritage assets during the year.

INVESTMENTS

Investments, including bonds held as part of an investment portfolio are held at fair value at the Balance Sheet date, with gains and losses being recognised within income and expenditure.

FUND ACCOUNTING

The charitable trust funds of the Charity are accounted for as unrestricted or restricted income, or as endowment capital, in accordance with the terms of trust imposed by the donors or any appeal to which they may have responded. Endowment funds are further sub-divided into permanent and expendable endowment funds.

Unrestricted general funds comprise of the accumulated unrestricted surplus or deficit each year.

Unrestricted designated funds are amounts put aside by the Trustees. The Property Fund represented the funds invested in property and so not available for other purposes. The other designated funds have been set aside by the Trustees to follow the donors' wishes although the Trustees do have discretion on the use of these funds.

Permanent endowment funds consist of capital that cannot be spent. The income earned on these funds is subject to specific conditions imposed by the donors and is shown in restricted funds.

Expendable endowment funds consist of funds where the capital can be spent, and the funds are subject to specific conditions imposed by the donors.

Restricted funds are subject to specific restricted conditions imposed by the donors.

FINANCIAL INSTRUMENTS

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised value with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions. Assets and liabilities held in foreign currency are translated to GBP at the balance sheet date at an appropriate year-end exchange rate.

Royal Ballet School Endowment Fund

Notes to the financial statements

for the year ended 31 August 2022

1	DONATIONS		2022	2021
			£000	£000
	Legacies and gifts by individuals		9	660
			<u></u>	<u></u>

2	INVESTMENT INCOME				Total	
		Unrestricted	Endowment	Restricted	2022	2021
		£000	£000	£000	£000	£000
	Income from securities:					
	Equities	91	17	69	177	167
		<u></u>	<u></u>	<u></u>	<u></u>	<u></u>

3	EXPENDITURE ON RAISING FUNDS				Total	
		Unrestricted	Endowment	Restricted	2022	2021
		£000	£000	£000	£000	£000
	Investment management costs	96	43	49	188	184
		<u></u>	<u></u>	<u></u>	<u></u>	<u></u>

4	EXPENDITURE ON CHARITABLE ACTIVITIES				Total	
		Unrestricted	Endowment	Restricted	2022	2021
		£000	£000	£000	£000	£000
	Grants payable:					
	Grants to students	-	-	-	-	170
	Grants to the School	30	-	-	30	212
		<u>30</u>	<u>-</u>	<u>-</u>	<u>30</u>	<u>382</u>
		<u></u>	<u></u>	<u></u>	<u></u>	<u></u>

The Charity had no employees in either year.

The Trustees received no remuneration or any other benefits for their services and were not reimbursed for any expenses in either year. Trustees made no donations to the Charity in either year.

5	GOVERNANCE COSTS		2022	2021
			£000	£000
	Fees payable to the auditor for the statutory audit		7	7
			<u></u>	<u></u>

Royal Ballet School Endowment Fund

Notes to the financial statements

for the year ended 31 August 2022

6 HERITAGE ASSETS

The heritage assets of £32,000 (2021: £32,000) consist of the cost of ballet memorabilia of Margot Fonteyn who was a former alumna of the School. The purchase was made in the year 2000/01 and the Trustees have carried out an impairment review and there is no reduction in the value of these assets.

7 INVESTMENTS

	2022 £000	2021 £000
Market value brought forward	28,301	24,797
New money invested	-	-
Reinvested income	175	167
Proceeds received	-	-
Management charges	(188)	(141)
	<u>28,288</u>	<u>24,823</u>
Net (loss)/gain on revaluation	(473)	3,478
Market value carried forward	<u>27,815</u>	<u>28,301</u>
The investment portfolio is divided into the following classes:		
Equities	19,916	22,769
Index-linked	4,762	63
Fixed interest	-	2,681
Credit and illiquid strategies	1,137	667
Gold	237	509
Forward foreign exchange	(18)	-
Options	757	239
Hedge funds	583	572
Cash	441	801
	<u>27,815</u>	<u>28,301</u>

Royal Ballet School Endowment Fund

Notes to the financial statements

for the year ended 31 August 2022

8 RELATED PARTY TRANSACTIONS

The connected charity, The Royal Ballet School, has as its purpose the training and education of students for a career as ballet dancers. Four of the Royal Ballet School Endowment Fund Trustees are also Trustees and Governors of The Royal Ballet School (2021: four). During the year the Endowment Fund provided grants to students and to the School of £nil (2021: £381,000). The School has not recharged any sum for staff costs in either year. The Endowment Fund owes £422,000 to the School at the balance sheet date (2021: £385,000).

There are no other related party transactions (2021: None).

9 ANALYSIS OF NET ASSETS BY FUND TYPE

Funds:	Fixed Assets £000	Investments £000	Net current assets £000	Total Funds 2022 £000
Unrestricted general fund	32	11,842	832	12,706
Unrestricted designated funds	-	1,841	-	1,841
Endowment funds	-	6,701	-	6,701
Restricted funds	-	7,431	-	7,431
	<u>32</u>	<u>27,815</u>	<u>832</u>	<u>28,679</u>

ANALYSIS OF NET ASSETS BY FUND TYPE 2021

	Fixed Assets £000	Investments £000	Net current assets £000	Total Funds 2021 £000
Unrestricted general fund	32	11,969	858	12,859
Unrestricted designated funds	-	1,901	-	1,901
Endowment funds	-	6,838	-	6,838
Restricted funds	-	7,593	-	7,593
	<u>32</u>	<u>28,301</u>	<u>858</u>	<u>29,191</u>

Royal Ballet School Endowment Fund

Notes to the financial statements

for the year ended 31 August 2022

10 UNRESTRICTED FUNDS

	Balance at 1 September 2021	Income	Expenditure	Gains and transfers	Balance at 31 August 2022
	£000	£000	£000	£000	£000
General fund	12,859	86	(91)	(188)	12,706
Designated Sutton fund	742	4	(5)	(12)	729
Designated GBL Wilson fund	864	7	(36)	(14)	821
Designated GT Sindell fund	17	-	-	-	17
Designated Dulcie Pamela Tilley fund	254	2	(1)	(5)	250
Valarie Adams Award	24	-	-	-	24
	<u>14,760</u>	<u>99</u>	<u>(133)</u>	<u>(179)</u>	<u>14,547</u>

UNRESTRICTED FUNDS 2021	Balance at 1 September 2020	Income	Expenditure	Gains and transfers	Balance at August 2021
	£000	£000	£000	£000	£000
General fund	10,779	622	(87)	1,545	12,859
Designated Sutton fund	654	4	(5)	89	742
Designated GBL Wilson fund	789	7	(36)	104	864
Designated GT Sindell fund	15	-	-	2	17
Designated Dulcie Pamela Tilley fund	224	1	(2)	31	254
Valarie Adams Award	21	-	-	3	24
	<u>12,482</u>	<u>634</u>	<u>(130)</u>	<u>1,774</u>	<u>14,760</u>

- The General Fund comprises of the accumulated unrestricted surplus or deficit each year
- The Sutton Scholarship Fund is a designated fund available to fund scholarships to the School but the requirements of the gift require it to be held as a separate fund with identifiable investments. This fund is used when the School requires funding for scholarships.
- The designated GBL Wilson Fund provides funds for the School archive and library. The Fund also includes a collection of prints and lithographs, received by way of gift, which have not been capitalised and included in the balance sheet as their value cannot be ascertained with reasonable certainty. The Trustees consider that the amounts involved are not material. The fund is being used to help with the costs of looking after the School Special Collections.
- The GT Sindell Fund is designated to fund scholarships to The Royal Ballet School. The fund is used when the School requires funding for scholarships.
- The Dulcie Pamela Tilley Fund is designated to fund exchange programmes with foreign ballet schools, international ballet tours, performances and student scholarships. The Trustees of the estate request that the legacy be applied where possible in the above order or priority. This fund is therefore used for exchange programmes as required by the School.
- The Valarie Adams Award is a designated fund to provide an annual student award in Valerie Adams name.

Royal Ballet School Endowment Fund

Notes to the financial statements

for the year ended 31 August 2022

11 ENDOWMENT FUNDS

	Balance at 1 September 2021 £000	Income £000	Expenditure £000	Gains and transfers £000	Balance at 31 August 2022 £000
Permanent endowment funds					
Askew Scholarship Fund	284	-	(2)	(5)	277
Brian Shaw Memorial Fund	97	-	-	(2)	95
Usherwood Fund	58	-	-	(1)	57
J Edward Conway Fund	111	-	-	(2)	109
McMillan Memorial Fund	52	-	-	(1)	51
Calleva Foundation Fund	811	-	(5)	(13)	793
Morris Kemp Foundation Fund	452	-	(3)	(7)	442
John Dorrick Brookes Fund	99	-	-	(2)	97
Lynn Seymour Award	26	-	-	-	26
Rob Wallace Scholarship Fund	1,020	-	(7)	(16)	997
Prince of Wales Bursary Fund	144	-	(1)	(3)	140
Charles Hollway Bursary Fund	826	-	(5)	(13)	808
The Madeleine and Timothy Plaut Bursary Fund	64	-	-	(1)	63
	<u>4,044</u>	<u>-</u>	<u>(23)</u>	<u>(66)</u>	<u>3,955</u>
Expendable endowment					
Ethel Rose Hart Fund	570	3	(4)	(9)	560
Joseph Lockwood Fund	2,127	13	(16)	(34)	2,088
Nellie Florence Watson Fund	97	1	-	(2)	96
	<u>2,794</u>	<u>17</u>	<u>(20)</u>	<u>(45)</u>	<u>2,746</u>
Total endowment funds	<u>6,838</u>	<u>17</u>	<u>(43)</u>	<u>(111)</u>	<u>6,701</u>

Royal Ballet School Endowment Fund

Notes to the financial statements

for the year ended 31 August 2022

ENDOWMENT FUNDS 2021	Balance at 1 September 2020 £000	Income £000	Expenditure £000	Gains and transfers £000	Balance at 31 August 2021 £000
Permanent endowment funds					
Askew Scholarship Fund	252	-	(2)	34	284
Brian Shaw Memorial Fund	86	-	(1)	12	97
Usherwood Fund	51	-	-	7	58
J Edward Conway Fund	99	-	(1)	13	111
McMillan Memorial Fund	46	-	-	6	52
Calleva Foundation Fund	718	-	(5)	98	811
Morris Kemp Foundation Fund	401	-	(3)	54	452
John Dorrick Brookes Fund	88	-	(1)	12	99
Lynn Seymour Award	23	-	-	3	26
Rob Wallace Scholarship Fund	903	-	(6)	123	1,020
Prince of Wales Bursary Fund	128	-	(1)	17	144
Charles Hollway Bursary Fund	732	-	(5)	99	826
The Madeleine and Timothy Plaut Bursary Fund	56	-	-	8	64
	<u>3,583</u>	<u>-</u>	<u>(25)</u>	<u>486</u>	<u>4,044</u>
Expendable endowment					
Ethel Rose Hart Fund	521	3	(23)	69	570
Joseph Lockwood Fund	1,902	12	(43)	256	2,127
Nellie Florence Watson Fund	85	1	(1)	12	97
	<u>2,508</u>	<u>16</u>	<u>(67)</u>	<u>337</u>	<u>2,794</u>
Total endowment funds	<u>6,091</u>	<u>16</u>	<u>(92)</u>	<u>823</u>	<u>6,838</u>

Permanent endowment funds

Permanent endowment funds are capital funds where the donor has specified that the capital is invested to provide income and only the income can be spent. This income is accumulated separately in restricted funds as shown in note 11 with the following restrictions:

- The Askew Scholarship Fund is available to fund bursaries and scholarships to the School but is required to be held in a separate fund with identifiable investments
- The Brian Shaw Memorial Fund can be used to fund bursaries and scholarships to the School
- The Usherwood Fund is to provide an annual bursary or scholarship to the School
- The J Edward Conway Fund is to fund Birmingham associates
- The MacMillan Memorial Fund for Young Dancers is to be invested and the income is to be used annually as a bursary for a male student to help him with his studies in memory of Sir Kenneth MacMillan
- The Calleva Foundation Fund is to be invested and the income generated is to provide an annual scholarship for a pupil of the Upper School
- The Morris Kemp Foundation Fund is to be invested and used to provide scholarships and bursaries for one or two pupils who would otherwise not be able to afford to attend the School

Royal Ballet School Endowment Fund

Notes to the financial statements

for the year ended 31 August 2022

- Income from the John Dorrick Brookes Fund is available to fund scholarships for a deserving female student of the Upper School
- The Lynn Seymour Award funds an annual prize for Upper School students.
- The Rob Wallace Scholarship Fund was set up from generous donations to celebrate the achievements of School Governor Rob Wallace on his retirement. The fund pays for an annual scholarship
- The Prince of Wales Bursary Fund was set up on the occasion of H.R.H Prince of Wales' 70th birthday. Generous donors made gifts to the fund to provide a named bursary to a student of The Royal Ballet School.
- The Charles Hollway Bursary Fund is to provide a named bursary to a student of The Royal Ballet School.
- The Madeleine and Timothy Plaut Bursary Fund is to provide a named bursary to a student of The Royal Ballet School

Expendable endowment funds

The capital element of these funds can be expended, so the fund balances represent the capital donation and subsequent income and related gains, which can all be expended

- The Ethel Rose Hart Fund is to provide one annual scholarship of £5,000 awarded for excellence in ballet and shall be called the Ethel Rose Hart Scholarship
- The Joseph Lockwood Scholarship fund is available to provide an annual scholarship to the Upper School
- The Nellie Florence Watson Fund is available to provide funding for one student per annum

Royal Ballet School Endowment Fund

Notes to the financial statements

for the year ended 31 August 2022

12 RESTRICTED FUNDS

	Balance at 1 September 2021	Incoming resources	Outgoing resources	Gains and transfers	Balance at 31 August 2022
	£000	£000	£000	£000	£000
Restricted income funds from permanent endowment funds					
Askew Scholarship Fund	6	2	-	-	8
Brian Shaw Memorial Fund	3	1	-	-	4
Carolyn Usherwood Bequest	3	-	-	-	3
McMillan Memorial Fund	127	2	-	(2)	127
Calleva Foundation Fund	2	5	-	-	7
Morris Kemp Foundation Fund	3	3	-	-	6
John Dorrick Brookes Fund	7	1	-	-	8
Lynn Seymour Prize Fund	15	-	-	-	15
Rob Wallace Scholarship Fund	-	6	-	-	6
Prince of Wales Bursary Fund	-	2	-	-	2
Charles Hollway Bursary Fund	2	5	-	-	7
Restricted funds					
Dame Margot Fonteyn Fund	777	5	(5)	(12)	765
Hines Fund	306	2	(2)	(5)	301
Boscawen Fund	61	-	-	(61)	-
John Lyons Charity Fund	1	-	-	-	1
Upper School Maintenance Fund	1,767	8	(13)	(32)	1,730
Noreen Mummery Fund	1,273	8	(8)	(20)	1,253
Elizabeth Mills Fund	123	1	-	(2)	122
Partnership & Access Fund	635	4	(4)	(10)	625
White Lodge Appeal Fund	1,146	7	(8)	(18)	1,127
Royal Ballet School Fund	1,301	8	(9)	(21)	1,279
Ashton Award	18	-	-	-	18
Captain & Mrs John Moore Award	17	-	-	-	17
	<u>7,593</u>	<u>70</u>	<u>(29)</u>	<u>(202)</u>	<u>7,432</u>

Royal Ballet School Endowment Fund

Notes to the financial statements

for the year ended 31 August 2022

RESTRICTED FUNDS 2021	Balance at 1 September 2020	Incoming resources	Outgoing resources	Gains and transfers	Balance at 31 August 2021
	£000	£000	£000	£000	£000
Restricted income funds from permanent endowment funds					
Askew Scholarship Fund	3	2	-	1	6
Brian Shaw Memorial Fund	2	1	-	-	3
Carolyn Usherwood Bequest	3	-	-	-	3
J Edward Conway Fund	-	1	(10)	9	-
McMillan Memorial Fund	2	111	(1)	15	127
Calleva Foundation Fund	7	5	(10)	-	2
Morris Kemp Foundation Fund	-	3	-	-	3
John Dorrick Brookes Fund	5	1	-	1	7
Lynn Seymour Prize Fund	13	-	-	2	15
Rob Wallace Scholarship Fund	9	6	(15)	-	-
Prince of Wales Bursary Fund	2	1	(3)	-	-
Charles Hollway Bursary Fund	17	5	(20)	-	2
The Madeleine and Timothy Plaut Bursary Fund	2	-	(2)	-	-
Restricted Funds					
Dame Margot Fonteyn Fund	734	4	(55)	94	777
Hines Fund	279	2	(12)	37	306
Boscawen Fund	54	-	-	7	61
John Lyons Charity Fund	1	-	-	-	1
Upper School Maintenance Fund	1,654	9	(110)	214	1,767
Noreen Mummery Fund	1,121	7	(8)	153	1,273
Elizabeth Mills Fund	108	1	(1)	15	123
Partnership & Access Fund	559	4	(4)	76	635
White Lodge Appeal Fund	1,092	7	(91)	138	1,146
Royal Ballet School Fund	1,145	7	(8)	157	1,301
Ashton Award	16	-	-	2	18
Captain & Mrs John Moore Award	16	-	(1)	2	17
	<u>6,844</u>	<u>177</u>	<u>(351)</u>	<u>923</u>	<u>7,593</u>

Restricted funds

- The Dame Margot Fonteyn Fund can be applied to advance the education of children, young people and students of the School
- The Hines Fund is to provide bursaries to the School for children coming from the West Country
- The Boscawen Fund is used for the exchange of students and teachers between the School and the Royal Danish Ballet School. At the request of the trustees, this fund has been transferred to the General Fund and all restrictions discharged.
- The John Lyons Charity Fund is available to fund bursaries for students from nine specific London Boroughs
- The Upper School Maintenance Fund is available to fund Royal Ballet Upper School premises and boarding

Royal Ballet School Endowment Fund

Notes to the financial statements

for the year ended 31 August 2022

accommodation

- The Noreen Mummery Fund provides bursaries to students of the School which shall be known as Sopwith Bursaries
- The Elizabeth Mills Fund was set up from a legacy left by the late Miss Mills and is to fund a scholarship or bursary for a student who would not otherwise be able to attend the School. The support will be known as the Elizabeth Florence May Mills Bursary
- The Partnership & Access Fund is to support the School's Partnership and Access programme through which children at state schools of both primary and secondary school age are given access to classical ballet through the School's students and network of teaching expertise
- The White Lodge Appeal Fund is to support the acquisition of a new 100 year lease at White Lodge and redevelop the land and buildings at White Lodge.
- The Royal Ballet School Fund is to further the charitable objectives of The Royal Ballet School.
- The remaining restricted funds represent the expendable income element of the permanent endowment funds shown in note 10. This income is restricted to expenditure as shown in that note

13 TAXATION

As a registered charity, The Endowment Fund is potentially exempt from taxation of income and gains falling within sections 466 to 493 of the Corporation Tax Act 2010 and section 521 to 536 of the Income Tax Act 2007.

Royal Ballet School Endowment Fund

Notes to the financial statements

for the year ended 31 August 2022

15 STATEMENT OF FINANCIAL ACTIVITIES – COMPARATIVE PRIOR PERIOD FIGURES BY FUND

	Notes	Unrestricted Funds £000	Endowment Funds £000	Restricted Funds £000	2021 £000
Income and endowments from:					
Donations	1	550	-	110	660
Investments	2	84	16	67	167
Total income		634	16	177	827
Expenditure on:					
Raising funds	3	93	43	48	184
Charitable activities	4	30	49	303	382
Governance costs	5	7	-	-	7
Total expenditure		130	92	351	573
Net income/(expenditure)		504	(76)	(174)	254
Transfers between funds		(9)	-	9	-
Net gains on investments		1,783	823	914	3,520
Net movement in funds		2,278	747	749	3,774
Reconciliation of funds:					
Total funds brought forward		12,482	6,091	6,844	25,417
Total funds carried forward		14,760	6,838	7,593	29,191