

THE NATIONAL GALLERY TRUST

England & Wales · Charity number 299509

Details

Status Registered

Legal form Trust

Registered 1988-06-21

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

Contact

Address C/o The National Gallery
Trafalgar Square
London
WC2N 5DN

Phone 02077472436

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Activities

Objects: THE ADVANCEMENT OF EDUCATION AND THE CHARITABLE OBJECTS OF THE NATIONAL GALLERY.

Activities: The objects of the Trust are the advancement of education and the charitable objects of the National Gallery. The Trust achieves this by making grants to organisations.

Classification

- **How:** Makes Grants To Organisations
- **What:** Arts/culture/heritage/science
- **Who:** Other Charities Or Voluntary Bodies

Geography

- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£8,423,328	£11,478,175	£112,168,787	0
2024-03-31	£7,927,658	£19,760,618	£111,695,437	0
2023-03-31	£6,261,058	£4,042,337	£112,584,002	0
2022-03-31	£7,126,391	£7,461,326	£115,235,351	0
2021-03-31	£9,171,031	£5,592,900	£109,607,497	63

Trustees

Name	Role	Appointed
Andrew Ross		2019-10-21
CAROLINE THOMSON		2019-10-21
Charles Sebag-Montefiore CBE		2022-03-16
David Symondson		2024-10-15
Isabel Emo Capodilista		2021-10-11
John Booth		2021-10-11
Katrin Henkel		2025-09-01

Accounts

THE NATIONAL GALLERY TRUST

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

Charity Number: 299509

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Legal and administrative information

The National Gallery Trust was established by a declaration of trust dated 27 April 1988. It was a registered charity from 1988 until 1992 when it became exempt from registration with the Charity Commission under the Charities Act 1992. In 1996 it was re-registered with the Charity Commission (Charity No. 299509).

Address: The National Gallery
Trafalgar Square
London
WC2N 5DN

Trustees: The names of the Trustees who served during the year and since the year end are given below.

John Nelson (Chairman)*
John Booth
Isabel Emo Capodilista*
Charles Sebag-Montefiore
Nicholas Ritblat* (resigned 15 October 2024)
Andrew Ross*
Caroline Thomson
David Symondson* (appointed 15 October 2024)
Katrin Henkel* (appointed 1 September 2025)

* Members of the Investment Committee

Secretary: Victoria Hayes

Bankers: **Coutts & Co**
440 Strand
London
WC2R 0QS

Auditor: **Price Bailey LLP - Statutory Auditor**
24 Old Bond Street
London
W1S 4AP

Investment	Partners Capital, LLP.	Brown Advisory
Advisors:	5th Floor, 5 Young Street	18 Hanover Square
	London	London
	W8 5EH	W1S 1JY

Lawyers: **Farrer & Co LLP**
66 Lincoln's Inn Fields
London
WC2A 3LH

Trustees' Annual Report for the year ended 31 March 2025

Structure, governance, and management

The National Gallery Trust (the Trust) is governed by a Board of Trustees, which meets at least twice a year, with additional sub-committee meetings as and when required. Under a service agreement, administration of the Trust is undertaken by staff of the National Gallery. The Trust does not directly employ any staff thus there are no employees considered to be Key Management Personnel. Trustees are not remunerated.

Power to appoint new Trustees is exercisable by surviving or continuing Trustees. Trustees are normally appointed for a period of four years with the possibility of renewal for a further term and are chosen for their skills and experience. They are fully briefed by the Chairman and Secretary on the objectives of the Trust and their role as Trustees.

The Trustees have established an Investment Committee to consider and monitor the Trust's investment policy and to oversee the appointment and performance of the Trust's fund managers. The Committee has appointed Partners Capital, LLP and Brown Advisory to manage the investment portfolio.

Risk Management

The Trustees regularly review the risks faced by the Trust as part of their review of activities. This review includes a discussion of the level of reserves and the form in which they are held, and of possible future demands on those reserves. In mitigation of the risk that reserves may run too low to meet future needs, at each Board meeting the Trustees review a report on funds that details the balances remaining on both restricted and unrestricted reserves, and the Board will consider any grant applications received in light of these balances. The report on funds includes income forecasts for all income streams.

Risks around investment performance are considered in detail by the Board's Investment Committee, whose work is discussed in detail under the Investment policy on page 4. Other risks relate to the Trust's compliance with charity, legal, taxation and accounting requirements, but this is mitigated through the appointment of the National Gallery to handle administration of the Trust. The Trustees are satisfied that systems are in place to identify and manage risks to which the Trust may be exposed.

Going Concern

Having scrutinised forecasts in light of investment performance and levels of reserves held, Trustees are satisfied that the Trust will be able to meet its financial commitments as they fall due in the period of twelve months following the date of approval of these financial statements. The financial statements have been prepared on the going concern basis.

Basis of preparation

The financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102).

Charitable objects for the benefit of the public

The National Gallery Trust is a charitable trust whose objects are the advancement of education and the charitable objects of the National Gallery. The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives and in planning future activities.

The Trust undertakes the majority of its fundraising activity through the National Gallery Development team, for which the Trust is charged a proportion of costs incurred. The Trust aims to achieve its objects by raising money, through trusts and foundations, corporate and individual giving, and by making donations and grants for the advancement of education and in support of the National Gallery's charitable objectives.

Achievements and performance

Activities and results of the Trust

The income of the Trust as detailed in the Statement of Financial Activities on page 10 was £8.4 million (2024: £7.9 million).

As shown in the restricted and unrestricted funds columns of the Statement of Financial Activities, £6.0 million (2024: £5.3 million) of income was for specified purposes and a further £2.5 million (2024: £2.6 million) was raised with no restrictions. Within the £6.0 million there are two grants from the NGT Foundation for £1.0 million and £2.6 million (2024: £1.5 million). The Trust continues to depend on the generosity of individuals, trusts and foundations for its donation income. The Board sets out expectations for income from all sources, including from the patron scheme, when approving the financial budget at each Board meeting.

The Trust made grants to the National Gallery group amounting to £10.3 million (2024: £18.9 million). The grants paid out of restricted funds were to support picture acquisitions (£6.0 million), exhibitions and educational activities (£1.0 million), the curatorial department (£0.6 million), conservation activities (£0.4 million) as well as other activities that totalled £1.2m. Grants of £1.2 million (2024: £1.0 million) were paid out of unrestricted funds. The payment of these grants fulfilled the Trust's charitable objectives of the advancement of education and the charitable objects of the National Gallery.

As at 31 March 2025, reserves totalled £112.1m (2024: £111.7m). This was split between unrestricted reserves of £57.0m (2024: £55.2m) and restricted reserves of £55.1m (2024: £56.4m).

Plans for future periods

The Trust plans to continue to generate resources sufficient to respond appropriately to grant applications and to make grants in furtherance of the Trust's charitable objectives, including concluding the support to the National Gallery's NG200 suite of projects to celebrate the Gallery's bicentenary. Trustees will place specific focus on ensuring that the Trust's investment portfolio is managed in a way that responds as effectively as possible to the risks created by the uncertain investment environment.

In September 2025 it was announced that the Trust would be financially supporting a major project to construct a new wing for use by the National Gallery. Trustees carefully considered the impact of pledging this support on the Trusts reserves, and will be assessing appropriate long and short term investment management strategies in light of this pledge in the coming months.

Policies

Grant-making policy

Grants are made only with the agreement of the Board of Trustees. The Board of Trustees considers applications from the National Gallery and other bodies for grants and makes such grants as seem best calculated to advance education and the charitable purposes of the National Gallery, ensuring always that the requests and stipulations of donors are strictly met.

Reserves policy

The Trustees review the level of funds at each board meeting, together with known and likely future demands on those funds. It is the Trust's policy to continue to build up reserves until they can be expended in furtherance of the charitable objects. The Trustees manage the Trust's reserves so as to achieve the maximum rate of return consistent with the normal level of prudence which should govern the management of charitable funds and with the need to maintain sufficient liquidity to meet grant applications likely to be received.

Unrestricted free reserves total £57.0 million (2024: £55.2 million). The Trustees consider this level of unrestricted reserves to be sufficient to meet future funding obligations and to continue to make grants in furtherance of the Trust's charitable objects. The National Gallery occasionally approaches the Trust when there is an opportunity to acquire a new painting. Such acquisitions are normally high in value and opportunities can arise at any time.

Investment policy

The investment objectives of the National Gallery Trust are to maximise long-term total return while maintaining adequate levels of liquidity to meet the requirements of the reserves policy. The Trustees recognise that risk is part of the investment process and seek to control risk to a level that is consistent with the investment objective as far as possible through asset allocation and diversification.

Trustees place specific focus on ensuring that the trust's investment portfolio is managed responsibly and cognisant of the need to uphold the reputation of the National Gallery. Trustees believe that the incorporation of Environmental, Social and Governance (ESG) factors into the investment strategy and process is integral to delivering sustainable outcomes, managing risk and delivering robust long-term investment returns. The policy provides guidelines given to the investment manager requiring them to incorporate ESG in all aspects of their investment analysis and decision-making process. Trustees support active ownership through direct engagement with management and voting when deemed appropriate, and expect the investment manager to review the engagement policies of underlying third-party funds and where relevant require the investment manager to report on any ESG engagements undertaken by third-party managers as evidence of active ownership.

The majority of funds are placed with a discretionary manager, Partners Capital LLP. The investment portfolio's performance will be evaluated against long-term and short-term benchmarks. In the long term, over a rolling 5-year period, it will be assessed against the target real rate of return. In the short term it will be assessed against indices appropriate to the various asset classes in which it is invested.

The Trust also holds a portion of the liquid element of the investment portfolio with Brown Advisory with the aim of achieving a long term pre-tax real rate of return of 4% in excess of the rate of UK inflation.

The remaining funds are invested in cash deposits earning the best possible rate of return consistent with the liquidity requirements described under the reserves policy. The Trustees have agreed for the

time being that at least £5 million should always be held on cash deposit. As at 31 March 2025, £4.4m was held in cash. Trustees were comfortable with being slightly below the £5m target as at year end on the basis of short term cashflow forecasts indicating a return to above the target in June 25.

At 31 March 2025 the value of the investments in the Partners Capital funds was £84 million, 74% of total investments as at balance sheet date (2024: £81.0m, 74% of total investments). The value of investments in the Brown Advisory funds was £29.3 million, 26% of total investments as at balance sheet date (2024: £28.4m, 26% of total investments).

Fundraising policy

The Trust understands its duty to protect the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches, and undue pressure to donate but does not currently fundraise from the public or use any internal fundraisers or external fundraising agencies for either telephone or face to face campaigns.

The Trust is registered with the Fundraising Regulator which has set standards of best practice in fundraising. In the year to 31 March 2025 there have been no failures to comply with the fundraising schemes and standards that the Gallery has committed to (2024: nil). During this period, we received no formal complaints relating to our fundraising activities (2024: nil).

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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Charity law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of 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 Trustees are required to::

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (2019);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011. 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 Trustees are responsible for the maintenance and integrity of the charity's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Trustees on 14/10/25

and signed on its behalf by

John Nelson – Chairman

Independent Auditor's Report to the Trustees of the National Gallery Trust

Opinion

We have audited the financial statements of The National Gallery Trust (the 'charity') for the year ended 31 March 2025 which comprise the Statement of Financial Activities, Balance Sheet and Cashflow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2025, 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 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 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 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 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 other information comprises the information included in the trustees annual report, other than the financial statements and our auditor's 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.

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 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 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 require 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
- the charity has not kept adequate accounting records; 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 6], 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 responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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.

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:

We gained an understanding of the legal and regulatory framework applicable to the Charity and the sector in which it operates and considered the risk of the Charity not complying with the applicable laws and regulations including fraud in particular those that could have a material impact on the financial statements. This included those regulations directly related to the financial statements, including financial reporting, and tax legislation. In relation to the operations of the Charity this included compliance with the Charities Act 2011 and SORP 2019.

The risks were discussed with the audit team and we remained alert to any indications of non-compliance throughout the audit. We carried out specific procedures to address the risks identified. These included the following:

Reviewing minutes of Board meetings, reviewing any correspondence with the Charity Commission, agreeing the financial statement disclosures to underlying supporting documentation, and made enquiries of management and officers of the Charity. We have also reviewed the procedures in place for the reporting of any incidents to the Board of Trustees including serious incident reporting of these matters as necessary with the Charity Commission.

Management override: To address the risk of management override of controls, we carried out testing of journal entries and other adjustments for appropriateness. We reviewed systems and procedures to identify potential areas of management override risk.

We also assessed management bias in relation to the accounting policies adopted and in determining significant accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the FRC's website at:
<https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>. This description forms part of our auditor's 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.

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.

Price Bailey LLP

Chartered Accountants

3rd Floor, 24 Old Bond Street

Mayfair

London W1 4AP

Price Bailey LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

THE NATIONAL GALLERY TRUST

**Statement of Financial Activities
For the year ended 31 March 2025**

	Note	Unrestricted funds £	Restricted funds £	Total funds 2025 £	Total funds 2024 £
Income from:					
Donations and legacies	2	1,857,689	5,376,238	7,233,927	6,645,650
Investments:					
Bank Interest income	2	43,434	41,952	85,386	168,278
Investments dividends income	2	521,779	503,978	1,025,757	1,058,474
Investments interest income	2	39,808	38,450	78,258	55,256
		605,021	584,380	1,189,401	1,282,008
Total income		2,462,710	5,960,618	8,423,328	7,927,658
Expenditure on:					
Raising funds	3	(1,167,468)	-	(1,167,468)	(844,139)
Charitable activities	3	(1,177,759)	(9,132,948)	(10,310,707)	(18,916,479)
Total expenditure		(2,345,227)	(9,132,948)	(11,478,175)	(19,760,618)
Net income before unrealised gains and losses		117,483	(3,172,330)	(3,054,847)	(11,832,960)
Net gains/ (losses) on investments	7 & 8	1,624,543	1,569,121	3,193,665	10,659,710
Foreign exchange gains/(losses) on forward contracts	4	170,169	164,364	334,532	284,685
Net income being net movement in funds		1,912,195	(1,438,845)	473,350	(888,565)
Transfers between funds	7 & 8	(100,000)	100,000	-	-
Net movement in funds		1,812,195	(1,338,845)	473,350	(888,565)
Total funds at 1 April		55,245,476	56,449,961	111,695,437	112,584,002
Total funds at 31 March		57,057,671	55,111,116	112,168,787	111,695,437

All of the above results derive from continuing activities.

For full details of the prior year comparatives please see note 11.

THE NATIONAL GALLERY TRUST

**Balance Sheet
As at 31 March 2025**

		2025		2024	
	Note	£	£	£	£
Fixed assets					
Investments	4		113,277,429		109,405,920
Current assets					
Debtors	5	5,234,265		4,726,791	
Investments	4	1,902		1,835	
Cash at bank and in hand		<u>4,396,308</u>		<u>4,586,305</u>	
		9,632,475		9,314,931	
Liabilities					
Creditors: Amounts falling due within one year	6	<u>(10,741,117)</u>		<u>(7,025,414)</u>	
Net current assets			(1,108,642)		2,289,517
Total net assets			<u>112,168,787</u>		<u>111,695,437</u>
Funds:					
Unrestricted funds	7		57,057,671		55,245,476
Restricted funds	8		55,111,116		56,449,961
Total funds			<u>112,168,787</u>		<u>111,695,437</u>

Approved and authorised for issue by the Board of Trustees on 14/10/25
and signed on its behalf by:

John Nelson - Chairman

THE NATIONAL GALLERY TRUST

Statement of Cash Flows
For the year ended 31 March 2025

		2025		2024	
	Note	£	£	£	£
Cash flows from operating activities:					
Net cash used by operating activities	(i)		(4,669,003)		(6,379,281)
Cash flows from investing activities:					
Dividends and interest	2	1,189,401		1,282,008	
Proceeds from sale of investments	4	20,922,934		42,401,399	
Purchase of investments	4	(17,633,262)		(46,838,411)	
Net cash used in investing activities			4,479,073		(3,155,004)
Change in cash and cash equivalents in the reporting period			(189,930)		(9,534,285)
Cash and cash equivalents at the beginning of the reporting period			4,588,140		14,122,425
Cash and cash equivalents at the end of the reporting period	(ii)		<u>4,398,210</u>		<u>4,588,140</u>

Notes to the Statement of Cash Flows

(i) Reconciliation of net income to net cash flow from operating activities

		2025	2024
		£	£
Net income for the reporting period (as per SoFA)		473,350	(888,565)
Gains on investments	4	(1,804,537)	(10,640,038)
Foreign exchange gains on forward contracts	4	(334,533)	(284,685)
Dividends, interest and rents from investments	2	(1,189,401)	(1,282,008)
Movement in investment cash	4	(5,022,111)	3,721,217
Increase in debtors	5	(507,474)	(920,358)
Increase in creditors and provisions	6	3,715,703	3,915,156
Net cash used by operating activities		<u>(4,669,003)</u>	<u>(6,379,281)</u>

(ii) Analysis of cash and cash equivalents

	2025	2024
	£	£
Cash held with commercial banks	4,396,308	4,586,305
Deposit account (90-day notice)	1,902	1,835
Cash held with commercial banks	<u>4,398,210</u>	<u>4,588,140</u>

(iii) Analysis of changes in net debt

	As at 31 March 2024	Cash flows	As at 31 March 2025
	£	£	£
Cash	4,588,140	(189,930)	4,398,210

THE NATIONAL GALLERY TRUST

Notes to the Financial Statements for the year ended 31 March 2025

1. Accounting Policies

a) Accounting convention

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2019.

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) effective from 1 January 2019 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The functional and presentational currency is pounds sterling and rounding is to the nearest pound.

The Trust is a public benefit entity.

b) Going concern

The financial statements have been prepared on the going concern basis, which the Trustees consider to be appropriate in the context of the Trust's ability to meet its obligations as they fall due in the period of twelve months following the date of approval of these financial statements.

c) Income

All income is recognised in full in the Statement of Financial Activities when the Trust is legally entitled to the income, when receipt is probable and when the amount can be quantified with reasonable accuracy.

Donations are accounted for in the year of receipt. Legacies are included when the legacy has been received or before receipt if there is sufficient evidence to provide the necessary certainty that the legacy will be received.

Investment income is accounted for on an accruals basis and allocated on the basis of fund balances.

d) Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category, including an apportionment of overhead and support costs. Support and governance costs incurred by the trading subsidiary are allocated to commercial trading activities, while those incurred in the day-to-day running of the Trust are allocated based on the direct expenditure of the activity. These costs are viewed as expenses of the Trust's unrestricted activities, as are the investment management costs incurred by the Trust. Grants payable are recognised when the grant is communicated to the recipient. Governance costs are the costs associated with the governance arrangements of the Trust which relate to the general running of the charity. These costs include the costs of statutory audit, legal advice for trustees and costs

e) Investments

Investments are stated at fair value at the balance sheet date. The SoFA includes the net gains and losses arising on revaluation and disposals throughout the year.

Unlisted Investments are valued with reference to the most recent valuations provided by the fund managers, all of which were as at year end. The Trust does not believe that there is any evidence of any material reduction in these valuations subsequent to the balance sheet date. These unquoted securities are stated at investment

f) Debtors

The measurement of debtors is based on the anticipated recoverable value of cash or services owed to the group at the end of the year.

g) Current Asset Investments

Current asset investments comprise deposits held for investment purposes with a notice period of thirty days or

h) Cash at bank and in hand

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

i) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after

j) Taxation

The National Gallery Trust is a registered charity and is therefore potentially exempt from taxation of its income and gains to the extent that they fall within Part 10 of the Income tax Act 2007 and section 256 of the Taxation of Chargeable Gains Act 1992.

k) Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the year end. All exchange differences are included in the SoFA.

l) Unrestricted funds

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

m) Restricted funds

Restricted funds are those which are to be used in accordance with specific restrictions imposed by the donors. The purpose for which restricted funds are held is analysed in the notes to the accounts (see note 8).

n) Hedging

Simple forward currency contracts are used within the investment portfolios to minimise the effect of currency fluctuations. These are classified as Held for Trading and are accounted for in accordance with IAS39 as permitted by FRS102, and are valued according to market prices for matching contracts at the balance sheet

o) Financial Instruments

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

The Trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their fair value as at the balance sheet date. All financial instruments of the charity are measured at cost with the exception of investments in the charity's portfolio, which are measured at fair value as at the balance sheet date using the closing market value. The value of investments as well as their original cost is stated in note 4. Financial assets include investments in the portfolio, the bank balances, trade debtors, accrued income and other debtors but exclude prepayments and taxation. Financial liabilities include trade creditors, other creditors, accruals and deferred income but exclude social security and other taxes due.

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Other financial instruments are used as part of the Trust's portfolio management and risk management strategy. The Trust's use of other financial instruments during the year ended 31 March 2024 comprised forward dated contracts for the purchase and sale of foreign currencies ("forward FX contracts") which are both initially recognised and subsequently measured at their fair value in the balance sheet with gains and losses recognised

p) *Critical accounting judgements and key sources of estimation uncertainty*

In the application of the charity's accounting policies, which are described in note 1, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 affects both current and future periods.

The Trustees do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure beyond the accounting policies listed above.

THE NATIONAL GALLERY TRUST

Notes to the Financial Statements for the year ended 31 March 2025 (continued)

2. Income

	Unrestricted funds £	2025 Restricted funds £	Total funds £
Income from:			
Donations and legacies			
Donations	1,075,401	5,376,238	6,451,639
Legacies	782,288	-	782,288
	<u>1,857,689</u>	<u>5,376,238</u>	<u>7,233,927</u>
Investments:			
Bank Interest income	43,434	41,952	85,386
Investments dividends income	521,779	503,978	1,025,757
Investments interest income	39,808	38,450	78,258
	<u>605,021</u>	<u>584,380</u>	<u>1,189,401</u>
Total income	<u>2,462,710</u>	<u>5,960,618</u>	<u>8,423,328</u>

	Unrestricted funds £	2024 Restricted funds £	Total funds £
Income from:			
Donations and legacies			
Donations	1,370,367	4,662,420	6,032,787
Legacies	612,863	-	612,863
	<u>1,983,230</u>	<u>4,662,420</u>	<u>6,645,650</u>
Investments:			
Bank Interest income	83,232	85,046	168,278
Investments dividends income	523,530	534,944	1,058,474
Investments interest income	27,330	27,926	55,256
	<u>634,092</u>	<u>647,916</u>	<u>1,282,008</u>
Total income	<u>2,617,322</u>	<u>5,310,336</u>	<u>7,927,658</u>

THE NATIONAL GALLERY TRUST

**Notes to the Financial Statements
for the year ended 31 March 2025 (continued)**

3. Expenditure

	Direct Costs £	2025 Support Costs £	Total £
Raising funds	434,482	1,428	435,910
Investment management fees	729,162	2,396	731,558
	1,163,644	3,824	1,167,468
Charitable activities			
Grants to The National Gallery	10,266,948	33,726	10,300,674
Other grants made	10,000	33	10,033
	10,276,948	33,759	10,310,707
	11,440,592	37,583	11,478,175
	Direct Costs £	2024 Support Costs £	Total £
Raising funds	432,966	913	433,879
Investment management fees	409,396	864	410,260
	842,362	1,777	844,139
Charitable activities			
Grants to The National Gallery	18,554,660	39,140	18,593,800
Other grants made	322,000	679	322,679
	18,876,660	39,819	18,916,479
	19,719,022	41,596	19,760,618
	Total 2025 £	Total 2024 £	
Grants to the National Gallery from restricted funds:			
Grants for Curatorial posts	594,263	473,105	
Grants towards the exhibition programme	925,209	537,994	
Grants for Education activities	62,000	207,000	
Grants for Conservation posts	370,447	143,210	
Grants towards frame acquisitions and the framing department in general	50,000	-	
Grants for building works	217,464	336,311	
Grant to the Research Centre	-	38,040	
Grant for development activities	69,806	-	
Grants towards picture purchases	3,908,759	1,000,000	
Grant towards NG200	-	12,000,000	
Grant for National Gallery purposes	2,935,000	2,840,000	
Other grants made from restricted funds:			
Grants to The Triumph of Art partners	-	297,000	
	9,132,948	17,872,660	
	Total 2025 £	Total 2024 £	
Grants to the National Gallery from unrestricted funds:			
Grants for building and exhibition insurances	119,000	118,000	
GBG income to support general Gallery operations	1,000,000	861,000	
Grants to support travel for schools	15,000	-	
Other grants made from unrestricted funds:			
Grants to Art UK	-	25,000	
Grant to the Association for Art History	10,000	-	
	1,144,000	1,004,000	
	Total 2025 £	Total 2024 £	
Breakdown of support costs:			
Accounting and administration services	22,155	21,630	
Professional and legal advice	-	9,240	
Fees payable to the charity's auditor	12,965	11,399	
Other	2,462	(673)	
	37,582	41,596	

Support costs are allocated in proportion to the direct costs in each area.

The Trust has no employees (2024: nil). The National Gallery provides employees for accounting and other services for which the Trust is charged on an arm's length basis. No Trustees have received any remuneration or reimbursement of expenses during this or the preceding year.

	2025 £	2024 £
Net movement in funds is stated after charging:		
Fees payable to the charity's auditor for the audit of the financial statements	12,965	11,399

THE NATIONAL GALLERY TRUST

Notes to the Financial Statements for the year ended 31 March 2025 (continued)

4. Investments

	Funds / Products £	2025 Cash £	Total £
Fixed assets investments			
Other (Partners Capital LLP)			
Balance at 31 March 2024	79,115,722	1,880,073	80,995,795
Additions	12,585,337	-	12,585,337
Disposal	(17,048,021)	-	(17,048,021)
Unrealised gain / (loss) on revaluation	2,484,351	-	2,484,351
FX Gain/Loss on forward contracts	334,533	-	334,533
Cash movement in the year	-	557,300	557,300
Balance at 31 March 2025	77,471,922	2,437,373	79,909,295
Partners Capital Cash account			
Balance at 31 March 2024	-	-	-
Cash movement in the year	-	4,048,912	4,048,912
Balance at 31 March 2025	-	4,048,912	4,048,912
Partners Capital Balance at 31 March 2025	77,471,922	6,486,285	83,958,207
Other (Brown Advisory Ltd.)			
Balance at 31 March 2024	28,410,125	-	28,410,125
Additions	5,047,925	-	5,047,925
Disposal	(3,874,913)	-	(3,874,913)
Unrealised gain / (loss) on revaluation	(679,814)	-	(679,814)
Cash movement in the year	-	415,899	415,899
Balance at 31 March 2025	28,903,323	415,899	29,319,222
Total fixed assets investments	106,375,245	6,902,184	113,277,429
Current asset investments			
Coutts 90-day notice a/c		1,902	1,902
	-	1,902	1,902
Total investments	106,375,245	6,904,086	113,279,331

Unlisted Investments are valued with reference to the most recent valuations provided by the fund managers, all of which were as at 31 March 2025.

The Trust does not believe that there is any evidence of any material reduction in these valuations subsequent to the balance sheet date. These unquoted securities are stated at investment managers' declared net assets values.

	Funds / Products £	2024 Cash £	Total £
Fixed assets investments			
Other (Partners Capital LLP)			
Balance at 31 March 2023	91,986,948	5,778,453	97,765,401
Additions	20,830,860	-	20,830,860
Disposal	(41,399,721)	-	(41,399,721)
Unrealised gain / (loss) on revaluation	7,412,713	-	7,412,713
FX Gain/Loss on forward contracts	284,685	-	284,685
Cash movement in the year	-	(3,898,143)	(3,898,143)
Balance at 31 March 2024	79,115,485	1,880,310	80,995,795
Other (Brown Advisory Ltd.)			
Balance at 31 March 2023	-	-	-
Additions	26,007,551	-	26,007,551
Disposal	(1,001,677)	-	(1,001,677)
Unrealised gain / (loss) on revaluation	3,227,325	-	3,227,325
Cash movement in the year	-	176,926	176,926
Balance at 31 March 2024	28,233,199	176,926	28,410,125
Total fixed assets investments	107,348,684	2,057,236	109,405,920
Current asset investments			
Coutts 90-day notice a/c		1,835	1,835
	-	1,835	1,835
Total investments	107,348,684	2,059,071	109,407,755

THE NATIONAL GALLERY TRUST

Notes to the Financial Statements for the year ended 31 March 2025 (continued)

4. Investments (continued)

Quoted and other investments by fund type

	2025		2024	
	£	%	£	%
Partners Capital LLP				
Quoted				
Fixed income	2,843,228	3%	2,983,526	4%
Credit	2,058,549	2%	1,190,508	1%
Global equities	4,121,700	5%	5,726,090	7%
Inflation Linked Bonds	2,638,747	3%	2,871,870	4%
Unquoted				
Credit	7,784,175	9%	9,056,291	11%
Absolute return	7,506,885	9%	7,023,860	9%
Hedge equities	5,239,815	6%	5,067,332	6%
Global equities	21,031,261	25%	23,738,693	29%
Core properties	2,707,975	3%	2,983,035	4%
Private equity	21,185,468	25%	18,443,995	23%
Currency Hedge	354,119	0%	30,285	0%
Cash	6,486,285	8%	1,880,310	2%
	83,958,207	100%	80,995,795	100%

	2025		2024	
	£	%	£	%
Brown Advisory Ltd.				
Quoted				
Fixed income	4,440,622	15%	4,427,494	16%
Equities	22,654,866	77%	21,642,822	76%
Alternatives	1,630,908	6%	2,162,883	8%
Cash & Equivalents	592,826	2%	176,926	1%
	29,319,222	100%	28,410,125	100%

5. Debtors

	2025	2024
	£	£
Trade debtors	900	700
Other debtors	37,891	-
Amount due from the NGT Foundation	2,580,000	1,500,000
Prepayments and accrued income	2,537,474	2,994,425
Taxation recoverable	78,000	231,666
	5,234,265	4,726,791

6. Creditors

	2025	2024
	£	£
Amounts falling due within one year:		
Amounts due to the National Gallery	10,723,200	7,007,962
Other tax and social security	4,934	-
Other creditors	-	6,080
Accruals and deferred income	12,983	11,372
	10,741,117	7,025,414

THE NATIONAL GALLERY TRUST

Notes to the Financial Statements for the year ended 31 March 2025 (continued)

7. Unrestricted funds

Movement in resources

	Balance at 1 April 2024 £	Income £	Transfers £	Expenditure £	Investment gain/(loss) £	Balance at 31 March 2025 £
General funds (non-trading)	55,245,476	2,462,710	(100,000)	(2,345,227)	1,794,712	57,057,671
	55,245,476	2,462,710	(100,000)	(2,345,227)	1,794,712	57,057,671

In past years, the Trust has funded specific running costs of the National Gallery. The designated fund for National Gallery specific running costs represents the Trustees' intention to continue to provide such funding.

Prior year unrestricted funds note

Movement in resources

	Balance at 1 April 2023 £	Income £	Transfers £	Expenditure £	Investment gain £	Balance at 31 March 2024 £
General funds (non-trading)	49,102,942	2,617,323	(18)	(1,887,958)	5,413,187	55,245,476
	49,102,942	2,617,323	(18)	(1,887,958)	5,413,187	55,245,476

8. Restricted funds

Movement in resources

	Balance at 1 April 2024 £	Income £	Transfers £	Expenditure £	Investment gain/(loss) £	Balance at 31 March 2025 £
Grants from NGTF restricted to NG	46,249,914	4,066,349	-	(5,892,758)	1,442,692	45,866,197
Exhibitions	1,601,472	618,793	15,000	(925,209)	42,545	1,352,601
Education	729,352	234,215	-	(106,000)	27,850	885,417
Frames	192,973	1,582	-	(50,000)	4,695	149,250
Curatorial	1,637,924	667,174	60,678	(545,263)	59,123	1,879,636
Library	44,352	48,778	-	(5,000)	2,862	90,992
Buildings	710,684	151,054	-	(217,464)	20,923	665,197
Conservation	4,091,813	169,368	24,322	(370,447)	127,145	4,042,201
Gallery administration and strategy	69,807	-	-	(69,807)	-	-
NG fund	1,121,670	3,305	-	(951,000)	5,650	179,625
	56,449,961	5,960,618	100,000	(9,132,948)	1,733,485	55,111,116

The restricted funds above are held for the benefit of the National Gallery. The NG fund can be put towards any aspect of the work of the National Gallery subject to the National Gallery Trust Trustees approving a grant application from the National Gallery. The other funds are more specific and their titles indicate what they can support.

THE NATIONAL GALLERY TRUST

Notes to the Financial Statements for the year ended 31 March 2025 (continued)

8. Restricted funds (continued)

Prior year restricted funds note

	Balance at 1 April 2023 £	Income £	Movement in resources		Investment gain £	Balance at 31 March 2024 £
			Transfers £	Expenditure £		
Grants from NGTF restricted to NG	42,830,439	2,030,842	-	(3,143,131)	4,531,764	46,249,914
Picture purchase	630,869	-	-	(630,869)	-	-
Exhibitions	963,999	1,018,532	16	(537,994)	156,919	1,601,472
Education	690,535	224,351	-	(257,000)	71,466	729,352
Frames	96,850	77,215	-	-	18,908	192,973
Curatorial	926,419	954,855	-	(403,841)	160,491	1,637,924
Library	50,971	46,339	-	(57,304)	4,346	44,352
Buildings	823,000	154,357	2	(336,311)	69,636	710,684
Conservation	3,043,922	790,168	-	(143,210)	400,933	4,091,813
Gallery administration and strategy	62,166	801	-	-	6,840	69,807
NG fund	13,361,890	12,875	-	(12,363,000)	109,905	1,121,670
	63,481,060	5,310,335	18	(17,872,660)	5,531,208	56,449,961

9. Analysis of net assets between funds

	2025				2024			
	Fixed assets £	Current assets £	Current liabilities £	Total 2025 £	Fixed assets £	Current assets £	Current liabilities £	Total 2024 £
Restricted funds								
Grants from NGTF restricted to NG	46,319,525	3,938,752	(4,392,079)	45,866,198	45,301,891	3,857,048	(2,909,023)	46,249,916
Exhibitions	1,365,969	116,154	(129,523)	1,352,600	1,568,645	133,556	(100,729)	1,601,472
Education	894,168	76,035	(84,786)	885,417	714,402	60,825	(45,875)	729,352
Frames	150,726	12,817	(14,292)	149,251	189,018	16,093	(12,138)	192,973
Curatorial	1,898,213	161,413	(179,991)	1,879,635	1,604,350	136,596	(103,022)	1,637,924
Library	91,891	7,814	(8,713)	90,992	43,443	3,699	(2,790)	44,352
Buildings	671,771	57,124	(63,698)	665,197	696,116	59,268	(44,701)	710,683
Conservation	4,082,153	347,123	(387,075)	4,042,201	4,007,940	341,240	(257,367)	4,091,813
Development	-	-	-	-	68,375	5,822	(4,391)	69,806
NG fund for NG purposes	181,399	15,425	(17,201)	179,623	1,098,678	93,543	(70,551)	1,121,670
	55,655,815	4,732,657	(5,277,358)	55,111,114	55,292,858	4,707,690	(3,550,587)	56,449,961
Unrestricted funds	57,621,612	4,899,817	(5,463,758)	57,057,671	54,113,062	4,607,241	(3,474,827)	55,245,476
Total funds	113,277,429	9,632,475	(10,741,117)	112,168,787	109,405,920	9,314,931	(7,025,414)	111,695,437

10. Related party transactions

During the the year ended 31 March 2025, the Trust did not enter into any transactions with related parties (2024: none). Therefore, no related party transactions are disclosed in these financial statements.

Trustees received neither remuneration (2024: nil) or expenses (2024: nil)

There were no other related party transactions (2024: nil).

THE NATIONAL GALLERY TRUST

Notes to the Financial Statements for the year ended 31 March 2025 (continued)

11. Prior year SoFA

Prior Year Statement of Financial Activities for the year ended 31 March 2024

	Unrestricted funds £	Restricted funds £	Total funds 2024 £
Income from:			
Donations and legacies	1,983,230	4,662,420	6,645,650
Investments			
Bank Interest income	83,232	85,046	168,278
Investments dividends income	523,530	534,944	1,058,474
Investments interest income	27,330	27,926	55,256
Total income	2,617,322	5,310,336	7,927,658
Expenditure on:			
Raising funds	(844,139)	-	(844,139)
Charitable activities	(1,043,819)	(17,872,660)	(18,916,479)
Total expenditure	(1,887,958)	(17,872,660)	(19,760,618)
Net gains/losses on investments	5,272,379	5,387,331	10,659,710
Foreign exchange gains/(losses) on forward contracts	140,808	143,877	284,685
Net income being net movement in funds	6,142,551	(7,031,116)	(888,565)
Transfers between funds	(18)	18	-
Net movement in funds	6,142,533	(7,031,098)	(888,565)
Total funds at 1 April 2023	49,102,943	63,481,059	112,584,002
Total funds at 31 March 2024	55,245,476	56,449,961	111,695,437

12. Post Balance Sheet Events

In September 2025 it was announced that the Trust would be financially supporting a project to construct a new wing for use by the National Gallery. Trustees carefully considered the impact of pledging this support on the Trusts reserves, and will be assessing appropriate long and short term investment management strategies in light of this pledge in the coming months.

Accounts

THE NATIONAL GALLERY TRUST

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

Charity Number: 299509

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Legal and administrative information

The National Gallery Trust was established by a declaration of trust dated 27 April 1988. It was a registered charity from 1988 until 1992 when it became exempt from registration with the Charity Commission under the Charities Act 1992. In 1996 it was re-registered with the Charity Commission (Charity No. 299509).

Address: The National Gallery
Trafalgar Square
London
WC2N 5DN

Trustees: The names of the Trustees who served during the year and since the year end are given below.

John Nelson (Chairman)*
John Booth
Isabel Emo Capodilista*
Charles Sebag-Montefiore
Nicholas Ritblat*
Andrew Ross*
Caroline Thomson

* Members of the Investment Committee

Secretary Victoria Hayes

Bankers: **Coutts & Co**
440 Strand
London
WC2R 0QS

Auditor: **Price Bailey LLP - Statutory Auditor**
24 Old Bond Street
London
W1S 4AP

Investment Advisors:	Partners Capital, LLP. 5th Floor, 5 Young Street London W8 5EH	Brown Advisory 18 Hannover Square London W1S 1JY
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Lawyers: **Farrer & Co LLP**
66 Lincoln's Inn Fields
London
WC2A 3LH

Trustees' Annual Report for the year ended 31 March 2024

Structure, governance, and management

The National Gallery Trust (the Trust) is governed by a Board of Trustees, which meets at least twice a year, with additional sub-committee meetings as and when required. Under a service agreement, administration of the Trust is undertaken by staff of the National Gallery. The Trust does not directly employ any staff thus there are no employees considered to be Key Management Personnel. Trustees are not remunerated.

Power to appoint new Trustees is exercisable by surviving or continuing Trustees. Trustees are normally appointed for a period of four years with the possibility of renewal and are chosen for their skills and experience. They are fully briefed by the Chairman and Secretary on the objectives of the Trust and their role as Trustees.

The Trustees have established an Investment Committee to consider and monitor the Trust's investment policy and to oversee the appointment and performance of the Trust's fund managers. The Committee has appointed Partners Capital, LLP and Brown Advisory to manage the investment portfolio.

Risk Management

The Trustees regularly review the risks faced by the Trust as part of their review of activities. This review includes a discussion of the level of reserves and the form in which they are held, and of possible future demands on those reserves. In mitigation of the risk that reserves may run too low to meet future needs, at each Board meeting the Trustees review a report on funds that details the balances remaining on both restricted and unrestricted reserves, and the Board will consider any grant applications received in light of these balances. The report on funds includes income forecasts for all income streams.

Risks around investment performance are considered in detail by the Board's Investment Committee, whose work is discussed in detail under the Investment policy on page 4. Other risks relate to the Trust's compliance with charity, legal, taxation and accounting requirements, but this is mitigated through the appointment of the National Gallery to handle administration of the Trust. The Trustees are satisfied that systems are in place to identify and manage risks to which the Trust may be exposed.

Going Concern

Having scrutinised forecasts in light of investment performance and levels of reserves held, Trustees are satisfied that the Trust will be able to meet its financial commitments as they fall due in the period of twelve months following the date of approval of these financial statements. The financial statements have been prepared on the going concern basis.

Basis of preparation

The financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102).

Charitable objects for the benefit of the public

The National Gallery Trust is a charitable trust whose objects are the advancement of education and the charitable objects of the National Gallery. The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives and in planning future activities.

The Trust undertakes the majority of its fundraising activity through the National Gallery Development team, for which the Trust is charged a proportion of costs incurred. The Trust aims to achieve its objects by raising money, through trusts and foundations, corporate and individual giving, and by making donations and grants for the advancement of education and in support of the National Gallery's charitable objectives.

Achievements and performance

Activities and results of the Trust

The income of the Trust as detailed in the Statement of Financial Activities on page 10 was £7.9 million (2023: £6.3 million).

As shown in the restricted and unrestricted funds columns of the Statement of Financial Activities, £5.3 million (2023: £3.3 million) of income was for specified purposes and a further £2.6 million (2023: £3.0 million) was raised with no restrictions. Within the £4.7 million is a grant from the NGT Foundation for £1.5 million (2023: £1.65 million). The Trust continues to depend on the generosity of individuals, trusts and foundations for its donation income. The Board sets out expectations for income from all sources, including from the patron scheme, when approving the financial budget at each Board meeting.

The Trust made grants to the National Gallery group amounting to £18.9 million (2023: £3.3 million). The grants paid out of restricted funds were to support the NG200 capital project (£12.0 million), other building works (£0.3 million), exhibitions and educational activities (£0.7 million), the curatorial department (£0.5 million) as well as other activities that totalled £4.4m. Grants of £1.0 million (2023: £0.9 million) were paid out of unrestricted funds. The payment of these grants fulfilled the Trust's charitable objectives of the advancement of education and the charitable objects of the National Gallery.

As at 31 March 2024, reserves totalled £111.7m (2023: £112.6m). This was split between unrestricted reserves of £55.2m (2023: £49.1m) and restricted reserves of £56.4m (2023: £63.5m).

Plans for future periods

The Trust plans to continue to generate resources sufficient to respond appropriately to grant applications and to make grants in furtherance of the Trust's charitable objectives. Trustees will place specific focus on ensuring that the Trust's investment portfolio is managed in a way that responds as effectively as possible to the risks created by the uncertain investment environment, as well as any larger than usual grant requests made by the National Gallery in support of projects celebrating the Gallery's bicentenary in 2024 and beyond.

Policies

Grant-making policy

Grants are made only with the agreement of the Board of Trustees. The Board of Trustees considers applications from the National Gallery and other bodies for grants and makes such grants as seem

best calculated to advance education and the charitable purposes of the National Gallery, ensuring always that the requests and stipulations of donors are strictly met.

Reserves policy

The Trustees review the level of funds at each board meeting, together with known and likely future demands on those funds. It is the Trust's policy to continue to build up reserves until they can be expended in furtherance of the charitable objects. The Trustees manage the Trust's reserves so as to achieve the maximum rate of return consistent with the normal level of prudence which should govern the management of charitable funds and with the need to maintain sufficient liquidity to meet grant applications likely to be received.

Unrestricted free reserves total £55.2 million (2023: £49.1 million). The Trustees consider this level of unrestricted reserves to be sufficient to meet future funding obligations and to continue to make grants in furtherance of the Trust's charitable objects. The National Gallery occasionally approaches the Trust when there is an opportunity to acquire a new painting. Such acquisitions are normally high in value and opportunities can arise at any time.

Investment policy

The investment objectives of the National Gallery Trust are to maximise long-term total return while maintaining adequate levels of liquidity to meet the requirements of the reserves policy. The Trustees recognise that risk is part of the investment process and seek to control risk to a level that is consistent with the investment objective as far as possible through asset allocation and diversification.

Trustees place specific focus on ensuring that the trust's investment portfolio is managed responsibly and cognisant of the need to uphold the reputation of the National Gallery. Trustees believe that the incorporation of Environmental, Social and Governance (ESG) factors into the investment strategy and process is integral to delivering sustainable outcomes, managing risk and delivering robust long-term investment returns. The policy provides guidelines given to the investment manager requiring them to incorporate ESG in all aspects of their investment analysis and decision-making process. Trustees support active ownership through direct engagement with management and voting when deemed appropriate, and expect the investment manager to review the engagement policies of underlying third-party funds and where relevant require the investment manager to report on any ESG engagements undertaken by third-party managers as evidence of active ownership.

The majority of funds are placed with a discretionary manager, Partners Capital LLP. The investment portfolio's performance will be evaluated against long-term and short-term benchmarks. In the long term, over a rolling 5-year period, it will be assessed against the target real rate of return. In the short term it will be assessed against indices appropriate to the various asset classes in which it is invested. During the year Trustees elected to allocate a portion of the liquid element of the investment portfolio to Brown Advisory with the aim of achieving a long term pre-tax real rate of return of 4% in excess of the rate of UK inflation.

The remaining funds are invested in cash deposits earning the best possible rate of return consistent with the liquidity requirements described under the reserves policy. The Trustees have agreed for the time being that at least £5 million should always be held on cash deposit. As at 31 March 2024, £4.6m was held in cash. Trustees were comfortable with being slightly below the £5m target as at year end on the basis of short term cashflow forecasts indicating a return to above the target in April 24.

At 31 March 2024 the value of the investments in the Partners Capital funds was £81 million, 72% of reserves then available (2023: £97.8m, 88% of reserves available). The value of investments in the Brown Advisory funds was £28.4 million, 25% of reserves then available (2023: nil).

Fundraising policy

The Trust understands its duty to protect the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches, and undue pressure to donate but does not currently fundraise from the public or use any internal fundraisers or external fundraising agencies for either telephone or face to face campaigns.

The Trust is registered with the Fundraising Regulator which has set standards of best practice in fundraising. In the year to 31 March 2024 there have been no failures to comply with the fundraising schemes and standards that the Gallery has committed to (2023: nil). During this period, we received no formal complaints relating to our fundraising activities (2023: nil).

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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Charity law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of 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 Trustees are required to::

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (2019);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011. 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 Trustees are responsible for the maintenance and integrity of the charity's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Trustees on 15 October 2024

and signed on its behalf by

John Nelson – Chairman

Independent Auditor's Report to the Trustees of the National Gallery Trust

Opinion

We have audited the financial statements of The National Gallery Trust (the 'charity') for the year ended 31 March 2024 which comprise the Statement of Financial Activities, Balance Sheet and Cashflow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 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 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 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 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 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 other information comprises the information included in the trustees annual report, other than the financial statements and our auditor's 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.

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 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 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 require 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
- the charity has not kept adequate accounting records; 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 6], 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 responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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.

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:

We gained an understanding of the legal and regulatory framework applicable to the Charity and the sector in which it operates and considered the risk of the Charity not complying with the applicable laws and regulations including fraud in particular those that could have a material impact on the financial statements. This included those regulations directly related to the financial statements, including financial reporting, and tax legislation. In relation to the operations of the Charity this included compliance with the Charities Act 2011 and SORP 2019.

The risks were discussed with the audit team and we remained alert to any indications of non-compliance throughout the audit. We carried out specific procedures to address the risks identified. These included the following:

Reviewing minutes of Board meetings, reviewing any correspondence with the Charity Commission, agreeing the financial statement disclosures to underlying supporting documentation, and made enquiries of management and officers of the Charity. We have also reviewed the procedures in place for the reporting of any incidents to the Board of Trustees including serious incident reporting of these matters as necessary with the Charity Commission.

Management override: To address the risk of management override of controls, we carried out testing of journal entries and other adjustments for appropriateness. We reviewed systems and procedures to identify potential areas of management override risk.

We also assessed management bias in relation to the accounting policies adopted and in determining significant accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the FRC's website at:
<https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>. This description forms part of our auditor's 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.

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.

Price Bailey LLP

Chartered Accountants

3rd Floor, 24 Old Bond Street

Mayfair

London W1 4AP

Price Bailey LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

THE NATIONAL GALLERY TRUST

Statement of Financial Activities For the year ended 31 March 2024

	Note	Unrestricted funds £	Restricted funds £	Total funds 2024 £	Total funds 2023 £
Income from:					
Donations and legacies	2	1,983,230	4,662,420	6,645,650	5,043,089
Investments:					
Bank Interest income	2	83,232	85,046	168,278	65,048
Investments dividends income	2	523,530	534,944	1,058,474	1,152,921
Investments interest income	2	27,330	27,926	55,256	-
		634,092	647,916	1,282,008	1,217,969
Total income		2,617,322	5,310,336	7,927,658	6,261,058
Expenditure on:					
Raising funds	3	(844,139)	-	(844,139)	(752,170)
Charitable activities	3	(1,043,819)	(17,872,660)	(18,916,479)	(3,290,167)
Total expenditure		(1,887,958)	(17,872,660)	(19,760,618)	(4,042,337)
Net income before unrealised gains and losses		729,364	(12,562,324)	(11,832,960)	2,218,721
Net gains/ (losses) on investments	7 & 8	5,272,379	5,387,331	10,659,710	(2,591,021)
Foreign exchange gains/(losses) on forward contracts	4	140,808	143,877	284,685	(2,279,050)
Net income being net movement in funds		6,142,551	(7,031,116)	(888,565)	(2,651,350)
Transfers between funds	7 & 8	(18)	18	-	-
Net movement in funds		6,142,533	(7,031,098)	(888,565)	(2,651,350)
Total funds at 1 April		49,102,943	63,481,059	112,584,002	115,235,352
Total funds at 31 March		55,245,476	56,449,961	111,695,437	112,584,002

All of the above results derive from continuing activities.

For full details of the prior year comparatives please see note 11.

THE NATIONAL GALLERY TRUST

Balance Sheet As at 31 March 2024

		2024		2023	
	Note	£	£	£	£
Fixed assets					
Investments	4		109,405,920		97,765,401
Current assets					
Debtors	5	4,726,791		3,806,433	
Investments	4	1,835		1,768	
Cash at bank and in hand		4,586,305		14,120,657	
		<u>9,314,931</u>		<u>17,928,858</u>	
Liabilities					
Creditors: Amounts falling due within one year	6	<u>(7,025,414)</u>		<u>(3,110,257)</u>	
Net current assets			2,289,517		14,818,601
Total net assets			<u>111,695,437</u>		<u>112,584,002</u>
Funds:					
Unrestricted funds	7		55,245,476		49,102,943
Restricted funds	8		56,449,961		63,481,059
Total funds			<u>111,695,437</u>		<u>112,584,002</u>

Approved and authorised for issue by the Board of Trustees on
15 October 2024 and signed on its behalf by:

John Nelson - Chairman

THE NATIONAL GALLERY TRUST

Statement of Cash Flows

For the year ended 31 March 2024

		2024		2023	
	Note	£	£	£	£
Cash flows from operating activities:					
Net cash (used)/provided by operating activities	(i)		(6,379,281)		(7,104,659)
Cash flows from investing activities:					
Dividends and interest	2	1,282,008		1,217,969	
Proceeds from sale of investments	4	42,401,399		34,410,371	
Purchase of investments	4	(46,838,411)		(30,812,500)	
Net cash used in investing activities			(3,155,004)		4,815,840
Change in cash and cash equivalents in the reporting period			<u>(9,534,285)</u>		<u>(2,288,819)</u>
Cash and cash equivalents at the beginning of the reporting period			14,122,425		16,411,244
Cash and cash equivalents at the end of the reporting period	(ii)		<u>4,588,140</u>		<u>14,122,425</u>

Notes to the Statement of Cash Flows

(i) Reconciliation of net income to net cash flow from operating activities

		2024	2023
		£	£
Net (expenditure)/income for the reporting period (as per SoFA)		(888,565)	(2,651,350)
Losses/(Gains) on investments	4	(10,640,038)	2,591,021
Foreign exchange (gains)/losses on forward contracts	4	(284,685)	2,279,050
Dividends, interest and rents from investments	3	(1,282,008)	(1,217,969)
Movement in investment cash	4	3,721,217	(4,432,492)
Decrease/ (increase) in debtors	5	(920,358)	(1,056,257)
(Decrease)/ increase in creditors and provisions	6	3,915,156	(2,616,662)
Net cash (used)/provided by operating activities		<u>(6,379,281)</u>	<u>(7,104,659)</u>

(ii) Analysis of cash and cash equivalents

	2024	2023
	£	£
Cash held with commercial banks	4,586,305	14,120,657
Deposit account (90-day notice)	1,835	1,768
Cash held with commercial banks	<u>4,588,140</u>	<u>14,122,425</u>

(iii) Analysis of changes in net debt

	As at 1 April 2023	Cash flows	As at 31 March 2024
	£	£	£
Cash	14,122,425	(9,534,285)	4,588,140

THE NATIONAL GALLERY TRUST

Notes to the Financial Statements for the year ended 31 March 2024

1. Accounting Policies

a) Accounting convention

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2019.

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) effective from 1 January 2019 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The functional and presentational currency is pounds sterling and rounding is to the nearest pound.

The Trust is a public benefit entity.

b) Going concern

The financial statements have been prepared on the going concern basis, which the Trustees consider to be appropriate in the context of the Trust's ability to meet its obligations as they fall due in the period of twelve months following the date of approval of these financial statements.

c) Income

All income is recognised in full in the Statement of Financial Activities when the Trust is legally entitled to the income, when receipt is probable and when the amount can be quantified with reasonable accuracy.

Donations are accounted for in the year of receipt. Legacies are included when the legacy has been received or before receipt if there is sufficient evidence to provide the necessary certainty that the legacy will be received.

Investment income is accounted for on an accruals basis and allocated on the basis of fund balances.

d) Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category, including an apportionment of overhead and support costs. Support and governance costs incurred by the trading subsidiary are allocated to commercial trading activities, while those incurred in the day-to-day running of the Trust are allocated based on the direct expenditure of the activity. These costs are viewed as expenses of the Trust's unrestricted activities, as are the investment management costs incurred by the Trust. Grants payable are recognised when the grant is communicated to the recipient. Governance costs are the costs associated with the governance arrangements of the Trust which relate to the general running of the charity. These costs include the costs of statutory audit, legal advice for trustees and costs associated with constitutional and statutory requirements.

e) Investments

Investments are stated at fair value at the balance sheet date. The SoFA includes the net gains and losses arising on revaluation and disposals throughout the year.

Unlisted Investments are valued with reference to the most recent valuations provided by the fund managers, all of which were as at year end. The Trust does not believe that there is any evidence of any material reduction in these valuations subsequent to the balance sheet date. These unquoted securities are stated at investment managers' declared net assets values.

f) Debtors

The measurement of debtors is based on the anticipated recoverable value of cash or services owed to the group at the end of the year.

g) Current Asset Investments

Current asset investments comprise deposits held for investment purposes with a notice period of thirty days or more.

h) Cash at bank and in hand

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

i) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

j) Taxation

The National Gallery Trust is a registered charity and is therefore potentially exempt from taxation of its income and gains to the extent that they fall within Part 10 of the Income tax Act 2007 and section 256 of the Taxation of Chargeable Gains Act 1992.

k) Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the year end. All exchange differences are included in the SoFA.

THE NATIONAL GALLERY TRUST

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

1. Accounting Policies (continued)

l) Unrestricted funds

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

m) Restricted funds

Restricted funds are those which are to be used in accordance with specific restrictions imposed by the donors. The purpose for which restricted funds are held is analysed in the notes to the accounts (see note 8).

n) Hedging

Simple forward currency contracts are used within the investment portfolios to minimise the effect of currency fluctuations.

These are classified as Held for Trading and are accounted for in accordance with IAS39 as permitted by FRS102, and are valued according to market prices for matching contracts at the balance sheet date.

o) Financial Instruments

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

The Trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their fair value as at the balance sheet date. All financial instruments of the charity are measured at cost with the exception of investments in the charity's portfolio, which are measured at fair value as at the balance sheet date using the closing market value. The value of investments as well as their original cost is stated in note 4. Financial assets include investments in the portfolio, the bank balances, trade debtors, accrued income and other debtors but exclude prepayments and taxation. Financial liabilities include trade creditors, other creditors, accruals and deferred income but exclude social security and other taxes due.

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Other financial instruments are used as part of the Trust's portfolio management and risk management strategy. The Trust's use of other financial instruments during the year ended 31 March 2024 comprised forward dated contracts for the purchase and sale of foreign currencies ("forward FX contracts") which are both initially recognised and subsequently measured at their fair value in the balance sheet with gains and losses recognised in the statement of financial activities.

p) Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, which are described in note 1, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 affects both current and future periods.

The Trustees do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure beyond the accounting policies listed above.

THE NATIONAL GALLERY TRUST

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

2. Income

	Unrestricted funds £	2024 Restricted funds £	Total funds £
Income from:			
Donations and legacies			
Donations	1,370,367	4,662,420	6,032,787
Legacies	612,863	-	612,863
	<u>1,983,230</u>	<u>4,662,420</u>	<u>6,645,650</u>
Investments:			
Bank Interest income	83,232	85,046	168,278
Investments dividends income	523,530	534,944	1,058,474
Investments interest income	27,330	27,926	55,256
	<u>634,092</u>	<u>647,916</u>	<u>1,282,008</u>
Total income	<u>2,617,322</u>	<u>5,310,336</u>	<u>7,927,658</u>

	Unrestricted funds £	2023 Restricted funds £	Total funds £
Income from:			
Donations and legacies			
Donations	1,113,079	2,568,262	3,681,341
Legacies	1,361,748	-	1,361,748
	<u>2,474,827</u>	<u>2,568,262</u>	<u>5,043,089</u>
Investments:			
Bank Interest income	28,372	36,676	65,048
Investments dividends income	502,877	650,044	1,152,921
	<u>531,249</u>	<u>686,720</u>	<u>1,217,969</u>
Total income	<u>3,006,076</u>	<u>3,254,982</u>	<u>6,261,058</u>

THE NATIONAL GALLERY TRUST

**Notes to the Financial Statements
for the year ended 31 March 2024 (continued)**

3. Expenditure

	Direct Costs £	2024 Support Costs £	Total £
Raising funds	432,966	913	433,879
Investment management fees	409,396	864	410,260
	842,362	1,777	844,139
Charitable activities			
Grants to The National Gallery	18,554,660	39,140	18,593,800
Other grants made	322,000	679	322,679
	18,876,660	39,819	18,916,479
	19,719,022	41,596	19,760,618

	Direct Costs £	2023 Support Costs £	Total £
Raising funds	420,268	3,034	423,302
Investment management fees	326,511	2,357	328,868
	746,779	5,391	752,170
Charitable activities			
Grants to The National Gallery	2,646,584	19,106	2,665,690
Grants to The National Gallery Global	620,000	4,476	624,476
	3,266,584	23,582	3,290,166
	4,013,363	28,973	4,042,336

	Total 2024 £	Total 2023 £
Grants to the National Gallery from restricted funds:		
Grants for Curatorial posts	473,105	310,052
Grants towards the exhibition programme	537,994	688,943
Grants for Education activities	207,000	156,000
Grants for Conservation posts	143,210	111,292
Grants for building works	336,311	237,197
Grant to the Research Centre	38,040	35,100
Grants towards picture purchases	1,000,000	-
Grant towards NG200	12,000,000	-
Grant for National Gallery purposes	2,840,000	860,000
Other grants made from restricted funds:		
Grants to The Triumph of Art partners	297,000	-
	17,872,660	2,398,584

	Total 2024 £	Total 2023 £
Grants to the National Gallery from unrestricted funds:		
Grants for building and exhibition insurances	118,000	118,000
GBG income to support general Gallery operations	861,000	750,000
Other grants made from unrestricted funds:		
Grants to Art UK	25,000	-
	1,004,000	868,000

	Total 2024 £	Total 2023 £
Breakdown of support costs:		
Accounting and administration services	21,630	14,175
Professional and legal advice	9,240	-
Fees payable to the charity's auditor	11,399	12,502
Other	(673)	2,297
	41,596	28,974

Support costs are allocated in proportion to the direct costs in each area.

The Trust has no employees (2023: nil). The National Gallery provides employees for accounting and other services for which the Trust is charged on an arm's length basis. No Trustees have received any remuneration or reimbursement of expenses during this or the preceding year.

	2024 £	2023 £
Net movement in funds is stated after charging:		
Fees payable to the charity's auditor for the audit of the financial statements	11,399	12,502

THE NATIONAL GALLERY TRUST

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

4. Investments

	Funds / Products £	2024 Cash £	Total £
Fixed assets investments			
Other (Partners Capital LLP)			
Balance at 1 April 2023	91,986,948	5,778,453	97,765,401
Additions	20,830,860	-	20,830,860
Disposal	(61,399,721)	-	(41,399,721)
Unrealised gain / (loss) on revaluation	27,412,713	-	7,412,713
FX Gain/Loss on forward contracts	284,685	-	284,685
Cash movement in the year	-	(3,898,143)	(3,898,143)
Balance at 31 March 2024	79,115,485	1,880,310	80,995,795
Other (Brown Advisory Ltd.)			
Balance at 1 April 2023	-	-	-
Additions	26,007,551	-	26,007,551
Disposal	(1,001,677)	-	(1,001,677)
Unrealised gain / (loss) on revaluation	3,227,325	-	3,227,325
Cash movement in the year	-	176,926	176,926
Balance at 31 March 2024	28,233,199	176,926	28,410,125
Total fixed assets investments	107,348,684	2,057,236	109,405,920
Current asset investments			
Coutts 90-day notice a/c	-	1,835	1,835
	-	1,835	1,835
Total investments	107,348,684	2,059,071	109,407,755

Unlisted Investments are valued with reference to the most recent valuations provided by the fund managers, all of which were as at 31 March 2024.

The Trust does not believe that there is any evidence of any material reduction in these valuations subsequent to the balance sheet date. These unquoted securities are stated at investment managers' declared net assets values.

	Funds / Products £	2023 Cash £	Total £
Fixed assets investments			
Other (Partners Capital LLP)			
Balance at 1 April 2022	100,532,065	1,268,786	101,800,851
Additions	30,812,500	-	30,812,500
Disposal	(34,410,371)	-	(34,410,371)
Unrealised gain / (loss) on revaluation	(2,591,021)	-	(2,591,021)
FX Gain/Loss on forward contracts	(2,279,050)	-	(2,279,050)
Cash movement in the year	-	4,432,492	4,432,492
Balance at 31 March 2023	92,064,123	5,701,278	97,765,401
Current asset investments			
Coutts 90-day notice a/c	-	1,768	1,768
	-	1,768	1,768
Total investments	92,064,123	5,703,046	97,767,169

THE NATIONAL GALLERY TRUST

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

4. Investments (continued)

Quoted and other investments by fund type

	2024		2023	
	£	%	£	%
Partners Capital LLP				
Quoted				
Fixed income	2,983,526	4%	-	0%
Credit	1,190,508	1%	-	0%
Global equities	5,726,090	7%	12,070,436	12%
Inflation Linked Bonds	2,871,870	4%	3,037,397	3%
Unquoted				
Credit	9,056,291	11%	11,044,455	11%
Absolute return	7,023,860	9%	7,212,144	7%
Hedge equities	5,067,332	6%	6,607,662	7%
Global equities	23,738,693	29%	31,177,603	32%
Core properties	2,983,035	4%	3,250,750	3%
Private equity	18,443,995	23%	16,283,289	17%
Currency Hedge	30,285	0%	1,380,339	1%
Cash	1,880,310	2%	5,701,326	6%
	80,995,795	100%	97,765,401	100%

	2024		2023	
	£	%	£	%
Brown Advisory Ltd.				
Quoted				
Fixed income	4,427,494	16%	-	-
Equities	21,642,822	76%	-	-
Alternatives	2,162,883	8%	-	-
Cash & Equivalents	176,926	1%	-	-
	28,410,125	100%	-	-

5. Debtors

	2024	2023
	£	£
Trade debtors	700	1,400
Other debtors	-	7,200
Amount due from the NGT Foundation	1,500,000	1,650,000
Prepayments and accrued income	2,994,425	2,046,923
Taxation recoverable	231,666	100,910
	4,726,791	3,806,433

6. Creditors

	2024	2023
	£	£
Amounts falling due within one year:		
Amounts due to the National Gallery	7,007,962	3,081,848
Other tax and social security	-	18,388
Other creditors	6,080	420
Accruals and deferred income	11,372	9,602
	7,025,414	3,110,258

THE NATIONAL GALLERY TRUST

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

7. Unrestricted funds

	Movement in resources				
	Balance at 1 April 2023	Income	Transfers	Expenditure	Investment gain/(loss)
	£	£	£	£	£
General funds (non-trading)	49,102,942	2,617,323	(18)	(1,887,958)	5,413,187
	49,102,942	2,617,323	(18)	(1,887,958)	5,413,187

Prior year unrestricted funds note

	Movement in resources				
	Balance at 1 April 2022	Income	Transfers	Expenditure	Investment gain
	£	£	£	£	£
General funds (non-trading)	49,864,829	3,006,076	-	(1,643,753)	(2,124,209)
	49,864,829	3,006,076	-	(1,643,753)	(2,124,209)

8. Restricted funds

	Movement in resources				
	Balance at 1 April 2023	Income	Transfers	Expenditure	Investment gain/(loss)
	£	£	£	£	£
Grants from NGTF restricted to NG	42,830,439	2,030,842	-	(3,143,131)	4,531,764
Picture purchase	630,869	-	-	(630,869)	-
Exhibitions	963,999	1,018,532	16	(537,994)	156,919
Education	690,535	224,351	-	(257,000)	71,466
Frames	96,850	77,215	-	-	18,908
Curatorial	926,419	954,855	-	(403,841)	160,491
Library	50,971	46,339	-	(57,304)	4,346
Buildings	823,000	154,357	2	(336,311)	69,636
Conservation	3,043,922	790,168	-	(143,210)	400,933
Gallery administration and strategy	62,166	801	-	-	6,840
NG fund	13,361,890	12,875	-	(12,363,000)	109,905
	63,481,060	5,310,335	18	(17,872,660)	5,531,208

The restricted funds above are held for the benefit of the National Gallery. The NG fund can be put towards any aspect of the work of the National Gallery subject to the National Gallery Trust Trustees approving a grant application from the National Gallery. The other funds are more specific and their titles indicate what they can support.

THE NATIONAL GALLERY TRUST

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

8. Restricted funds (continued)

Prior year restricted funds note

	Balance at 1 April 2022 £	Income £	Movement in resources		Investment gain £	Balance at 31 March 2023 £
			Transfers £	Expenditure £		
Grants from NGTF restricted to NG	42,569,697	2,113,315	-	-	(1,852,573)	42,830,439
Picture purchase	651,334	6,825	-	-	(27,290)	630,869
Exhibitions	1,488,363	206,279	-	(688,943)	(41,700)	963,999
Education	721,628	154,778	-	(156,000)	(29,871)	690,535
Frames	74,992	26,048	-	-	(4,190)	96,850
Curatorial	1,046,598	229,947	-	(310,052)	(40,074)	926,419
Library	44,556	43,720	-	(35,100)	(2,205)	50,971
Buildings	1,085,645	10,153	-	(237,197)	(35,601)	823,000
Conservation	2,968,195	318,691	-	(111,292)	(131,672)	3,043,922
Gallery administration and strategy	64,182	673	-	-	(2,689)	62,166
NG fund	14,655,334	144,553	-	(860,000)	(577,998)	13,361,889
	65,370,524	3,254,982	-	(2,398,584)	(2,745,863)	63,481,059

9. Analysis of net assets between funds

	2024				2023			
	Fixed assets £	Current assets £	Current liabilities £	Total 2024 £	Fixed assets £	Current assets £	Current liabilities £	Total 2023 £
Restricted funds								
Grants from NGTF restricted to NG	45,301,891	3,857,048	(2,909,023)	46,249,916	37,192,985	6,820,692	(1,183,238)	42,830,439
Picture purchase			-	-	547,833	100,465	(17,428)	630,870
Exhibitions	1,568,645	133,556	(100,729)	1,601,472	837,115	153,516	(26,632)	963,999
Education	714,402	60,825	(45,875)	729,352	599,645	109,967	(19,077)	690,535
Frames	189,018	16,093	(12,138)	192,973	84,103	15,423	(2,676)	96,850
Curatorial	1,604,350	136,596	(103,022)	1,637,924	804,481	147,531	(25,593)	926,419
Library	43,443	3,699	(2,790)	44,352	44,262	8,117	(1,408)	50,971
Buildings	696,116	59,268	(44,701)	710,683	714,674	131,062	(22,736)	823,000
Conservation	4,007,940	341,240	(257,367)	4,091,813	2,643,273	484,741	(84,092)	3,043,922
Development	68,375	5,822	(4,391)	69,806	53,983	9,900	(1,717)	62,166
NG fund for NG purposes	1,098,678	93,543	(70,551)	1,121,670	11,603,162	2,127,864	(369,137)	13,361,889
	55,292,858	4,707,690	(3,550,587)	56,449,961	55,125,516	10,109,278	(1,753,734)	63,481,060
Unrestricted funds	54,113,062	4,607,241	(3,474,827)	55,245,476	42,639,884	7,819,581	(1,356,523)	49,102,942
Total funds	109,405,920	9,314,931	(7,025,414)	111,695,437	97,765,400	17,928,859	(3,110,257)	112,584,002

10. Related party transactions

During the year ended 31 March 2024, the Trust did not enter into any transactions with related parties. Therefore, no related party transactions are disclosed in these financial statements.

Trustees received neither remuneration (2023: nil) or expenses (2023: nil)

There were no other related party transactions (2023: nil).

THE NATIONAL GALLERY TRUST

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

11. Prior year SoFA

Prior Year Statement of Financial Activities for the year ended 31 March 2023

	Unrestricted funds £	Restricted funds £	Total funds 2023 £
Income from:			
Donations and legacies	2,474,827	2,568,262	5,043,089
Investments			
Bank interest	28,372	36,676	65,048
Investment dividends income	502,877	650,044	1,152,921
Total income	3,006,076	3,254,982	6,261,058
Expenditure on:			
Raising funds	(752,170)	-	(752,170)
Charitable activities	(891,583)	(2,398,584)	(3,290,167)
Total expenditure	(1,643,753)	(2,398,584)	(4,042,337)
Net gains/losses on investments	(1,130,142)	(1,460,879)	(2,591,021)
Foreign exchange gains/(losses) on forward contracts	(994,067)	(1,284,983)	(2,279,050)
Net income being net movement in funds	(761,886)	(1,889,464)	(2,651,350)
Transfers between funds	-	-	-
Net movement in funds	(761,886)	(1,889,464)	(2,651,350)
Total funds at 2 April 2022	49,864,829	65,370,523	115,235,352
Total funds at 1 April 2023	49,102,943	63,481,059	112,584,002

12. Post Balance Sheet Events

There were no post balance sheet events.

Accounts

THE NATIONAL GALLERY TRUST

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

Charity Number: 299509

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Legal and administrative information

The National Gallery Trust was established by a declaration of trust dated 27 April 1988. It was a registered charity from 1988 until 1992 when it became exempt from registration with the Charity Commission under the Charities Act 1992. In 1996 it was re-registered with the Charity Commission (Charity No. 299509).

Address: St Vincent House
30 Orange Street
London
WC2H 7HH

Trustees: The names of the Trustees who served during the year and since the year end are given below.

John Nelson (Chairman)*
John Booth
Isabel Emo Capodilista*
David Landau (resigned 1 August 22)
Charles Sebag-Montefiore
Nicholas Ritblat*
Andrew Ross*
Caroline Thomson

* Members of the Investment Committee

Bankers: **Coutts & Co**
440 Strand
London
WC2R 0QS

Auditor: **Price Bailey LLP - Statutory Auditor**
24 Old Bond Street
London
W1S 4AP

Investment
Advisors: **Partners Capital, LLP.**
5th Floor, 5 Young Street
London
W8 5EH

Lawyers: **Farrer & Co LLP**
66 Lincoln's Inn Fields
London
WC2A 3LH

Trustees' Annual Report for the year ended 31 March 2023

Structure, governance, and management

The National Gallery Trust (the Trust) is governed by a Board of Trustees, which meets at least twice a year, with additional sub-committee meetings as and when required. Under a service agreement, administration of the Trust is undertaken by staff of the National Gallery. The Trust does not directly employ any staff thus there are no employees considered to be Key Management Personnel. Trustees are not remunerated.

Power to appoint new Trustees is exercisable by surviving or continuing Trustees. Trustees are normally appointed for a period of four years with the possibility of renewal and are chosen for their skills and experience. They are fully briefed by the Chairman on the objectives of the Trust and their role as Trustees.

The Trustees have established an Investment Committee to consider and monitor the Trust's investment policy and to oversee the appointment and performance of the Trust's fund managers. The Committee has appointed Partners Capital, LLP to manage the investment portfolio.

Related parties

The Trust is independent of the National Gallery. At 31 March 2023 one Trustee of the Trust was also a Trustee of the National Gallery. Full details of related parties are given in note 10 to the financial statements.

Risk Management

The Trustees regularly review the risks faced by the Trust as part of their review of activities. This review includes a discussion of the level of reserves and the form in which they are held, and of possible future demands on those reserves. In mitigation of the risk that reserves may run too low to meet future needs, at each Board meeting the Trustees review a report on funds that details the balances remaining on both restricted and unrestricted reserves, and the Board will consider any grant applications received in light of these balances. The report on funds includes income forecasts for all income streams.

Risks around investment performance are considered in detail by the Board's Investment Committee, whose work is discussed in detail under the Investment policy on page 4. Other risks relate to the Trust's compliance with charity, legal, taxation and accounting requirements, but this is mitigated through the appointment of the National Gallery to handle administration of the Trust. The Trustees are satisfied that systems are in place to identify and manage risks to which the Trust may be exposed.

Going Concern

Having scrutinised forecasts in light of investment performance and levels of reserves held, Trustees are satisfied that the Trust will be able to meet its financial commitments as they fall due in the period of twelve months following the date of approval of these financial statements. The financial statements have been prepared on the going concern basis.

Basis of preparation

The financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102).

Charitable objects for the benefit of the public

The National Gallery Trust is a charitable trust whose objects are the advancement of education and the charitable objects of the National Gallery. The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives and in planning future activities.

The Trust undertakes the majority of its fundraising activity through the National Gallery Development team, for which the Trust is charged a proportion of costs incurred. The Trust aims to achieve its objects by raising money, through trusts and foundations, corporate and individual giving, and by making donations and grants for the advancement of education and in support of the National Gallery's charitable objectives.

Achievements and performance

Activities and results of the Trust

The income of the Trust as detailed in the Statement of Financial Activities on page 10 was £6.3 million (2022: £7.1 million).

As shown in the restricted and unrestricted funds columns of the Statement of Financial Activities, £2.6 million (2022: £3.7 million) of income from donors was for specified purposes and a further £2.5 million (2022: £2.1 million) was raised with no restrictions. Within the £2.6 million is a grant from the NGT Foundation for £1.65 million (2022: £1.5 million). The Trust continues to depend on the generosity of individuals, trusts and foundations for its donation income. The Board sets out expectations for income from all sources, including from the patron scheme, when approving the financial budget at each Board meeting.

The Trust made grants to the National Gallery group amounting to £3.3 million (2022: £5.3 million). The grants paid out of restricted funds were to support building works (£0.2 million), exhibitions and educational activities (£0.8 million), the curatorial department (£0.3 million) as well as other activities that totalled £1.8m. Grants of £0.9m (2022: £0.1m) were paid out of unrestricted funds. The payment of these grants fulfilled the Trust's charitable objectives of the advancement of education and the charitable objects of the National Gallery.

Plans for future periods

The Trust plans to continue to generate resources sufficient to respond appropriately to grant applications and to make grants in furtherance of the Trust's charitable objectives. Trustees will place specific focus on ensuring that the Trust's investment portfolio is managed in a way that responds as effectively as possible to the risks created by the uncertain investment environment, as well as any larger than usual grant requests made by the National Gallery in support of projects celebrating the Gallery's bicentenary in 2024.

Policies

Grant-making policy

Grants are made only with the agreement of the Board of Trustees. The Board of Trustees considers applications from the National Gallery and other bodies for grants and makes such grants as seem best calculated to advance education and the charitable purposes of the National Gallery, ensuring always that the requests and stipulations of donors are strictly met.

Reserves policy

The Trustees review the level of funds at each board meeting, together with known and likely future demands on those funds. It is the Trust's policy to continue to build up reserves until they can be expended in furtherance of the charitable objects. The Trustees manage the Trust's reserves so as to achieve the maximum rate of return consistent with the normal level of prudence which should govern the management of charitable funds and with the need to maintain sufficient liquidity to meet grant applications likely to be received.

Unrestricted free reserves total £49.1 million (2022: £49.9 million). The Trustees consider this level of unrestricted reserves to be sufficient to meet future funding obligations and to continue to make grants in furtherance of the Trust's charitable objects. The National Gallery occasionally approaches the Trust when there is an opportunity to acquire a new painting. Such acquisitions are normally high in value and opportunities can arise at any time.

Investment policy

The investment objectives of the National Gallery Trust are to maximise long-term total return while maintaining adequate levels of liquidity to meet the requirements of the reserves policy. The Trustees recognise that risk is part of the investment process and seek to control risk to a level that is consistent with the investment objective as far as possible through asset allocation and diversification.

Trustees place specific focus on ensuring that the trust's investment portfolio is managed responsibly and cognisant of the need to uphold the reputation of the National Gallery. Trustees believe that the incorporation of Environmental, Social and Governance (ESG) factors into the investment strategy and process is integral to delivering sustainable outcomes, managing risk and delivering robust long-term investment returns. The policy provides guidelines given to the investment manager requiring them to incorporate ESG in all aspects of their investment analysis and decision-making process. Trustees support active ownership through direct engagement with management and voting when deemed appropriate, and expect the investment manager to review the engagement policies of underlying third-party funds and where relevant require the investment manager to report on any ESG engagements undertaken by third-party managers as evidence of active ownership.

Funds are placed with a discretionary manager, Partners Capital LLP. The investment portfolio's performance will be evaluated against long-term and short-term benchmarks. In the long term, over a rolling 5-year period, it will be assessed against the target real rate of return. In the short term it will be assessed against indices appropriate to the various asset classes in which it is invested.

The remaining funds are invested in cash deposits earning the best possible rate of return consistent with the liquidity requirements described under the reserves policy. The Trustees have agreed for the time being that at least £5 million should always be held on cash deposit. As at 31 March 2023, £14.1m was held in cash. This amount was higher than the £5m benchmark due to an anticipated significant grant request from the National Gallery relating to the NG200 capital project.

At 31 March 2023 the value of the investments in the Partners Capital funds was £97.8 million, 87% of reserves then available (2022: £101.8m, 88% of reserves available).

Fundraising policy

The Trust understands its duty to protect the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches, and undue pressure to donate but does not currently fundraise from the public or use any internal fundraisers or external fundraising agencies for either telephone or face to face campaigns.

The Trust is registered with the Fundraising Regulator which has set standards of best practice in fundraising. In the year to 31 March 2023 there have been no failures to comply with the fundraising schemes and standards that the Gallery has committed to (2022: nil). During this period, we received no formal complaints relating to our fundraising activities (2022: nil).

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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Charity law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of 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 Trustees are required to::

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (2019);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011. 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 Trustees are responsible for the maintenance and integrity of the charity's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Trustees on 30/10/2023

and signed on its behalf by

John Nelson – Chairman

Independent Auditor's Report to the Trustees of the National Gallery Trust

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 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 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 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 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 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 other information comprises the information included in the trustees annual report, other than the financial statements and our auditor's 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.

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 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 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 require 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
- the charity has not kept adequate accounting records; 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 6], 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 responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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.

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:

We gained an understanding of the legal and regulatory framework applicable to the Charity and the sector in which it operates and considered the risk of the Charity not complying with the applicable laws and regulations including fraud in particular those that could have a material impact on the financial statements. This included those regulations directly related to the financial statements, including financial reporting, and tax legislation. In relation to the operations of the Charity this included compliance with the Charities Act 2011 and SORP 2019.

The risks were discussed with the audit team and we remained alert to any indications of non-compliance throughout the audit. We carried out specific procedures to address the risks identified. These included the following:

Reviewing minutes of Board meetings, reviewing any correspondence with the Charity Commission, agreeing the financial statement disclosures to underlying supporting documentation, and made enquiries of management and officers of the Charity. We have also reviewed the procedures in place for the reporting of any incidents to the Board of Trustees including serious incident reporting of these matters as necessary with the Charity Commission.

Management override: To address the risk of management override of controls, we carried out testing of journal entries and other adjustments for appropriateness. We reviewed systems and procedures to identify potential areas of management override risk.

We also assessed management bias in relation to the accounting policies adopted and in determining significant accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the FRC's website at: <https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>. This description forms part of our auditor's 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.

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.

Price Bailey LLP

Chartered Accountants

3rd Floor, 24 Old Bond Street

Mayfair

London W1 4AP

Price Bailey LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

THE NATIONAL GALLERY TRUST

**Statement of Financial Activities
For the year ended 31 March 2023**

	Note	Unrestricted funds £	Restricted funds £	Total funds 2023 £	Total funds 2022 £
Income from:					
Donations and legacies	2	2,474,827	2,568,262	5,043,089	5,844,423
Investments:					
Bank interest	2	28,372	36,676	65,048	1,437
Dividends income	2	502,877	650,044	1,152,921	1,280,531
		531,249	686,720	1,217,969	1,281,968
Total income		3,006,076	3,254,982	6,261,058	7,126,391
Expenditure on:					
Raising funds	3	(752,170)	-	(752,170)	(1,373,613)
Charitable activities	3	(891,583)	(2,398,584)	(3,290,167)	(6,087,713)
Total expenditure		(1,643,753)	(2,398,584)	(4,042,337)	(7,461,326)
Net income before unrealised gains and losses		1,362,323	856,398	2,218,721	(334,935)
Net gains/ (losses) on investments	7 & 8	(1,130,142)	(1,460,879)	(2,591,021)	7,170,697
Foreign exchange gains/(losses) on forward contracts	4	(994,067)	(1,284,983)	(2,279,050)	(1,635,800)
Net income being net movement in funds		(761,886)	(1,889,464)	(2,651,350)	5,199,962
Transfers between funds	7 & 8	-	-	-	-
Net movement in funds		(761,886)	(1,889,464)	(2,651,350)	5,199,962
Total funds at 1 April		49,864,829	65,370,523	115,235,352	110,035,389
Total funds at 31 March		49,102,943	63,481,059	112,584,002	115,235,351

All of the above results derive from continuing activities.

For full details of the prior year comparatives please see note 10.

THE NATIONAL GALLERY TRUST

**Balance Sheet
As at 31 March 2023**

		2023		2022	
	Note	£	£	£	£
Fixed assets					
Investments	4		97,765,401		101,800,850
Current assets					
Debtors	5	3,806,433		2,750,177	
Investments	4	1,768		1,752	
Cash at bank and in hand		14,120,657		16,409,492	
		<u>17,928,858</u>		<u>19,161,421</u>	
Liabilities					
Creditors: Amounts falling due within one year	6	<u>(3,110,257)</u>		<u>(5,726,920)</u>	
Net current assets			14,818,601		13,434,501
Total assets less current liabilities			112,584,002		115,235,351
Total net assets			<u>112,584,002</u>		<u>115,235,351</u>
Funds:					
Unrestricted funds	7		49,102,943		49,864,829
Restricted funds	8		63,481,059		65,370,522
Total funds			<u>112,584,002</u>		<u>115,235,351</u>

Approved and authorised for issue by the Board of Trustees on 30/10/2023
and signed on its behalf by:

John Nelson - Chairman

THE NATIONAL GALLERY TRUST

Statement of Cash Flows

For the year ended 31 March 2023

		2023		2022	
	Note	£	£	£	£
Cash flows from operating activities:					
Net cash (used)/provided by operating activities	(i)		(7,104,659)		4,041,817
Cash flows from investing activities:					
Dividends and interest	2	1,217,969		1,281,968	
Proceeds from sale of investments	4	34,410,371		20,152,762	
Purchase of investments	4	(30,812,500)		(20,583,227)	
Net cash used in investing activities			4,815,840		851,503
Change in cash and cash equivalents in the reporting period			(2,288,819)		4,893,320
Cash and cash equivalents at the beginning of the reporting period			16,411,244		11,517,924
Cash and cash equivalents at the end of the reporting period	(ii)		<u>14,122,425</u>		<u>16,411,244</u>

Notes to the Statement of Cash Flows

(i) Reconciliation of net income to net cash flow from operating activities

		2023	2022
		£	£
Net (expenditure)/income for the reporting period (as per SoFA)		(2,651,350)	5,199,962
Losses/(Gains) on investments	4	2,591,021	(7,170,697)
Foreign exchange (gains)/losses on forward contracts	4	2,279,050	1,635,800
Dividends, interest and rents from investments	3	(1,217,969)	(1,281,968)
Movement in investment cash	4	(4,432,492)	198,041
Gift of fixed assets			800,100
Decrease/ (increase) in debtors	5	(1,056,257)	258,021
(Decrease)/ increase in creditors and provisions	6	(2,616,662)	4,402,557
Net cash (used)/provided by operating activities		<u>(7,104,659)</u>	<u>4,041,817</u>

(ii) Analysis of cash and cash equivalents

	2023	2022
	£	£
Cash held with commercial banks	14,120,657	16,409,492
Deposit account (90-day notice)	1,768	1,752
Cash held with commercial banks	<u>14,122,425</u>	<u>16,411,244</u>

(iii) Analysis of changes in net debt

	As at 1 April 2022	Cash flows	As at 31 March 2023
	£	£	£
Cash	16,411,244	(2,288,819)	14,122,425

THE NATIONAL GALLERY TRUST

Notes to the Financial Statements for the year ended 31 March 2023

1. Accounting Policies

a) Accounting convention

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2019.

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) effective from 1 January 2019 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The functional and presentational currency is pounds sterling and rounding is to the nearest pound.

The Trust is a public benefit entity.

As of 1 April 2021, the Trust no longer owns a trading subsidiary so consolidated accounts have not been produced.

Upon review, the Trustees have determined that it is more appropriate to show reinvested dividends as dividend income rather than unrealised gains on the portfolio. The financial statements have been updated to reflect this.

b) Going concern

Having scrutinised forecasts and cash flows in light of the impact of Covid-19, investment returns following the Russian invasion of Ukraine, and fundraising pipeline have satisfied Trustees of the Trust's ability to meet its obligations as they fall due in the period of twelve months following the date of approval of these financial statements. Trustees are confident that the income generated from fundraising and investing activities will be sufficient to support the Trust following the transfer of the National Gallery Company to the National Gallery. The financial statements have therefore been prepared on the going concern basis.

c) Income

All income is recognised in full in the Statement of Financial Activities when the Trust is legally entitled to the income, when receipt is probable and when the amount can be quantified with reasonable accuracy.

Donations are accounted for in the year of receipt. Legacies are included when the legacy has been received or before receipt if there is sufficient evidence to provide the necessary certainty that the legacy will be received.

Investment income is accounted for on an accruals basis and allocated on the basis of fund balances. The prior year balances have been restated to increase dividend income reinvested and investment managers fees out of unrealised gains

d) Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category, including an apportionment of overhead and support costs. Support and governance costs incurred by the trading subsidiary are allocated to commercial trading activities, while those incurred in the day-to-day running of the Trust are allocated based on the direct expenditure of the activity. These costs are viewed as expenses of the Trust's unrestricted activities, as are the investment management costs incurred by the Trust. Grants payable are recognised when the grant is communicated to the recipient. Governance costs are the costs associated with the governance arrangements of the Trust which relate to the general running of the charity. These costs include the costs of statutory audit, legal advice for trustees and costs associated with constitutional and statutory requirements.

e) Investments

The charity has taken advantage of the Charity SORP to record its investment and loan notes with its trading subsidiary in the accounts at cost as allowed for under the concessionary loans accounting treatment. Other investments are stated at fair value at the balance sheet date. The SoFA includes the net gains and losses arising on revaluation and disposals throughout the year.

Unlisted Investments are valued with reference to the most recent valuations provided by the fund managers, all of which were as at year end. The Trust does not believe that there is any evidence of any material reduction in these valuations subsequent to the balance sheet date. These unquoted securities are stated at investment managers' declared net assets values.

f) Debtors

The measurement of debtors is based on the anticipated recoverable value of cash or services owed to the group at the end of the year.

g) Current Asset Investments

Current asset investments comprise deposits held for investment purposes with a notice period of thirty days or more.

h) Cash at bank and in hand

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

i) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

j) Taxation

The National Gallery Trust is a registered charity and is therefore potentially exempt from taxation of its income and gains to the extent that they fall within Part 10 of the Income tax Act 2007 and section 256 of the Taxation of Chargeable Gains Act 1992.

k) Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the year end. All exchange differences are included in the SoFA.

THE NATIONAL GALLERY TRUST

Notes to the Financial Statements for the year ended 31 March 2023 (continued)

1. Accounting Policies (continued)

l) Unrestricted funds

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

Designated funds are unrestricted funds which have been applied or reserved by the trustees for a specific purpose. The aim and use of each designated fund is set out in the notes to the accounts (see note 7).

m) Restricted funds

Restricted funds are those which are to be used in accordance with specific restrictions imposed by the donors. The purpose for which restricted funds are held is analysed in the notes to the accounts (see note 8).

n) Hedging

Simple forward currency contracts are used within the investment portfolios to minimise the effect of currency fluctuations. These are classified as Held for Trading and are accounted for in accordance with IAS39 as permitted by FRS102, and are valued according to market prices for matching contracts at the balance sheet date.

o) Financial Instruments

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

The Trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their fair value as at the balance sheet date. All financial instruments of the charity are measured at cost with the exception of investments in the charity's portfolio, which are measured at fair value as at the balance sheet date using the closing market value. The value of investments as well as their original cost is stated in note 4. Financial assets include investments in the portfolio, the bank balances, trade debtors, accrued income and other debtors but exclude prepayments and taxation. Financial liabilities include trade creditors, other creditors, accruals and deferred income but exclude social security and other taxes due.

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Other financial instruments are used as part of the Trust's portfolio management and risk management strategy. The Trust's use of other financial instruments during the year ended 31 March 2023 comprised forward dated contracts for the purchase and sale of foreign currencies ("forward FX contracts") which are both initially recognised and subsequently measured at their fair value in the balance sheet with gains and losses recognised in the statement of financial activities.

p) Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, which are described in note 1, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 affects both current and future periods.

The Trustees do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure beyond the accounting policies listed above.

THE NATIONAL GALLERY TRUST

**Notes to the Financial Statements
for the year ended 31 March 2023 (continued)**

2. Income

	Unrestricted funds £	2023 Restricted funds £	Total funds £
Income from:			
Donations and legacies			
Donations	1,113,079	2,568,262	3,681,341
Legacies	1,361,748	-	1,361,748
	<u>2,474,827</u>	<u>2,568,262</u>	<u>5,043,089</u>
Investments:			
Bank interest	28,372	36,676	65,048
Dividends income	502,877	650,044	1,152,921
	<u>531,249</u>	<u>686,720</u>	<u>1,217,969</u>
Total income	<u>3,006,076</u>	<u>3,254,982</u>	<u>6,261,058</u>

	Unrestricted funds £	2022 Restricted funds £	Total funds £
Income from:			
Donations and legacies			
Donations	693,070	3,719,176	4,412,246
Legacies	1,416,000	16,177	1,432,177
	<u>2,109,070</u>	<u>3,735,353</u>	<u>5,844,423</u>
Investments:			
Bank interest	622	815	1,437
Dividends income	622,551	657,980	1,280,531
	<u>623,173</u>	<u>658,795</u>	<u>1,281,968</u>
Total income	<u>2,732,243</u>	<u>4,394,148</u>	<u>7,126,391</u>

THE NATIONAL GALLERY TRUST

Notes to the Financial Statements
for the year ended 31 March 2023 (continued)

3. Expenditure

	Direct Costs £	2023 Support Costs £	Total £
Raising funds	420,268	3,034	423,302
Investment management fees	326,511	2,357	328,868
	746,779	5,391	752,170
Charitable activities			
Grants to The National Gallery	2,646,584	19,106	2,665,690
Grants to The National Gallery Global	620,000	4,476	624,476
	4,013,363	28,973	4,042,336

	Direct Costs £	2022 Support Costs £	Total £
Raising funds	402,024	1,936	403,960
Investment management fees	939,662	4,525	944,187
	1,341,686	6,461	1,348,147
Charitable activities			
	6,087,712	25,465	6,113,177
	7,429,398	31,926	7,461,324

	Total 2023 £	Total 2022 £
Grants to the National Gallery from restricted funds:		
Grants for Curatorial posts	310,052	438,742
Grants towards frame acquisitions and the framing department in general	-	25,000
Grants towards the exhibition programme	688,943	673,880
Grants for Education activities	156,000	170,138
Grants for Conservation posts	111,292	307,893
Grants for building works	237,197	594,527
Grant to the Research Centre	35,100	37,604
Grants towards picture purchases	-	2,914,828
Grant for National Gallery purposes	860,000	-
	2,398,584	5,162,612

	Total 2023 £	Total 2022 £
Grants to the National Gallery from unrestricted funds:		
Grants towards the exhibition programme	-	25,000
Grants for building and exhibition insurances	118,000	100,000
Gift of NGC shares to the National Gallery	-	800,100
GBG income to support general Gallery operations	750,000	-
	868,000	925,100

	Total 2023 £	Total 2022 £
Breakdown of support costs:		
Accounting and administration services	14,175	24,045
Fees payable to the charity's auditor	12,502	8,114
Other	2,297	(232)
	28,974	31,927

Support costs are allocated in proportion to the direct costs in each area.

The Trust has no employees (2022: nil). The National Gallery provides employees for accounting and other services for which the Trust is charged on an arm's length basis. No Trustees have received any remuneration or reimbursement of expenses during this or the preceding year.

	2023 £	2022 £
Net movement in funds is stated after charging:		
Fees payable to the charity's auditor for the audit of the financial statements	12,502	8,114

THE NATIONAL GALLERY TRUST

Notes to the Financial Statements for the year ended 31 March 2023 (continued)

4. Investments

	Funds / Products £	2023 Cash £	Total £
Fixed assets investments			
Other (Partners Capital LLP)			
Balance at 1 April 2022	100,532,065	1,268,786	101,800,851
Additions	30,812,500	-	30,812,500
Disposal	(34,410,371)	-	(34,410,371)
Unrealised gain / (loss) on revaluation	(2,591,021)	-	(2,591,021)
FX Gain/Loss on forward contracts	(2,279,050)	-	(2,279,050)
Cash movement in the year	-	4,432,492	4,432,492
Balance at 31 March 2023	92,064,123	5,701,278	97,765,401
Current asset investments			
Coutts 90-day notice a/c		1,768	1,768
	-	1,768	1,768
Total investments	92,064,123	5,703,046	97,767,170

Unlisted Investments are valued with reference to the most recent valuations provided by the fund managers, all of which were as at 31 March 2023.

The Trust does not believe that there is any evidence of any material reduction in these valuations subsequent to the balance sheet date. These unquoted securities are stated at investment managers' declared net assets values.

	Funds / Products £	2022 Cash £	Total £
Fixed assets investments			
NGC - issued share capital			
Balance at 1 April 2021	800,100	-	800,100
Gift of asset investment to The National Gallery	(800,100)	-	(800,100)
Balance at 31 March 2022	-	-	-
Other (Partners Capital LLP)			
Balance at 1 April 2021	94,566,703	1,466,826	96,033,529
Additions	20,583,227	-	20,583,227
Disposal	(20,152,762)	-	(20,152,762)
Unrealised gain / (loss) on revaluation	7,170,697	-	7,170,697
FX Gain/Loss on forward contracts	(1,635,800)	-	(1,635,800)
Cash movement in the year		(198,041)	(198,041)
Balance at 31 March 2022	100,532,065	1,268,785	101,800,850
Current asset investments			
Coutts 90-day notice a/c		1,752	1,752
	-	1,752	1,752
Total investments	100,532,065	1,270,537	101,802,602

THE NATIONAL GALLERY TRUST

Notes to the Financial Statements for the year ended 31 March 2023 (continued)

4. Investments (continued)

Quoted and other investments by fund type

	2023		2022	
	£	%	£	%
Quoted				
Credit	-	0%	1,500,000	1%
Absolute return	-	0%	962,708	1%
Global equities	12,070,436	12%	7,365,363	7%
Inflation Linked Bonds	3,037,397	3%	5,203,763	5%
Commodities	-	0%	1,007,154	1%
Unquoted				
Credit	11,044,455	11%	10,963,085	11%
Absolute return	7,212,144	7%	10,109,213	10%
Hedge equities	6,607,662	7%	10,609,000	10%
Global equities	31,177,603	32%	37,852,003	37%
Core properties	3,250,750	3%	3,965,504	4%
Private equity	16,283,289	17%	11,940,376	12%
Currency Hedge	1,380,339	1%	(946,104)	-1%
Cash	5,701,326	6%	1,268,785	1%
	97,765,401	100%	101,800,850	100%

5. Debtors

	2023	2022
	£	£
Trade debtors	1,400	1,400
Other debtors	7,200	-
Amount due from the NGT Foundation	1,650,000	1,500,000
Prepayments and accrued income	2,046,923	1,046,043
Taxation recoverable	100,910	202,733
	3,806,433	2,750,176

6. Creditors

	2023	2022
	£	£
Amounts falling due within one year:		
Amounts due to the National Gallery	3,081,848	5,713,181
Other tax and social security	18,388	5,583
Other creditors	420	-
Accruals and deferred income	9,602	8,156
	3,110,258	5,726,920

THE NATIONAL GALLERY TRUST

Notes to the Financial Statements for the year ended 31 March 2023 (continued)

7. Unrestricted funds

	Movement in resources					Balance at 31 March 2023 £
	Balance at 1 April 2022 £	Income £	Transfers £	Expenditure £	Investment gain/(loss) £	
General funds (non-trading)	49,864,829	3,006,076	-	(1,643,753)	(2,124,209)	49,102,943
	49,864,829	3,006,076	-	(1,643,753)	(2,124,209)	49,102,943

In past years, the Trust has funded specific running costs of the National Gallery. The designated fund for National Gallery specific running costs represents the Trustees' intention to continue to provide such funding.

Prior year unrestricted funds note

	Movement in resources					Balance at 31 March 2022 £
	Balance at 1 April 2021 £	Income £	Transfers £	Expenditure £	Investment gain £	
General funds (non-trading)	47,109,930	2,732,243	(10,601)	(2,298,713)	2,331,970	49,864,829
	47,109,930	2,732,243	(10,601)	(2,298,713)	2,331,970	49,864,829

8. Restricted funds

	Movement in resources					Balance at 31 March 2023 £
	Balance at 1 April 2022 £	Income £	Transfers £	Expenditure £	Investment gain/(loss) £	
Grants from NGTF restricted to NG	42,569,697	2,113,315	-	-	(1,852,573)	42,830,439
Picture purchase	651,334	6,825	-	-	(27,290)	630,869
Exhibitions	1,488,363	206,279	-	(688,943)	(41,700)	963,999
Education	721,628	154,778	-	(156,000)	(29,871)	690,535
Frames	74,992	26,048	-	-	(4,189)	96,850
Curatorial	1,046,598	229,947	-	(310,052)	(40,074)	926,419
Library	44,556	43,720	-	(35,100)	(2,205)	50,971
Buildings	1,085,645	10,153	-	(237,197)	(35,601)	823,000
Conservation	2,968,195	318,691	-	(111,292)	(131,672)	3,043,922
Gallery administration and strategy	64,182	673	-	-	(2,689)	62,166
NG fund	14,655,334	144,553	-	(860,000)	(577,998)	13,361,889
	65,370,524	3,254,982	-	(2,398,584)	(2,745,862)	63,481,059

The restricted funds above are held for the benefit of the National Gallery. The NG fund can be put towards any aspect of the work of the National Gallery subject to the National Gallery Trust Trustees approving a grant application from the National Gallery. The other funds are more specific and their titles indicate what they can support.

THE NATIONAL GALLERY TRUST

Notes to the Financial Statements for the year ended 31 March 2023 (continued)

8. Restricted funds (continued)

Prior year restricted funds note

	Balance at 1 April 2021 £	Income £	Transfers £	Expenditure £	Investment gain £	Balance at 31 March 2022 £
Grants from NGTF restricted to NG	40,603,763	1,928,999	-	(2,050,000)	2,086,936	42,569,698
Picture purchase	1,461,558	22,741	(17)	(864,828)	31,880	651,334
Exhibitions	935,715	1,143,700	9,979	(673,880)	72,848	1,488,362
Education	226,320	630,134	(9)	(170,138)	35,320	721,627
Frames	70,565	25,756	-	(25,000)	3,670	74,991
Curatorial	1,338,283	95,832	-	(438,742)	51,226	1,046,599
Library	15,539	64,439	1	(37,604)	2,181	44,556
Buildings	1,581,143	45,942	(50)	(594,527)	53,137	1,085,645
Conservation	2,841,856	288,256	697	(307,893)	145,279	2,968,195
Gallery administration and strategy	60,393	647	-	-	3,141	64,181
NG fund	13,790,323	147,702	-	-	717,309	14,655,334
	62,925,458	4,394,148	10,601	(5,162,612)	3,202,927	65,370,522

9. Analysis of net assets between funds

	2023				2022			
	Fixed assets £	Current assets £	Current liabilities £	Total 2023 £	Fixed assets £	Current assets £	Current liabilities £	Total 2022 £
Restricted funds								
Grants from NGTF restricted to NG	37,192,985	6,820,693	(1,183,238)	42,830,439	37,606,788	7,078,521	(2,115,612)	42,569,697
Picture purchase	547,833	100,465	(17,428)	630,870	575,400	108,304	(32,370)	651,334
Exhibitions	837,115	153,516	(26,632)	963,999	1,314,845	247,486	(73,968)	1,488,363
Education	599,645	109,967	(19,077)	690,535	637,498	119,993	(35,863)	721,628
Frames	84,103	15,423	(2,676)	96,850	66,249	12,470	(3,727)	74,992
Curatorial	804,481	147,531	(25,593)	926,419	924,582	174,029	(52,013)	1,046,598
Library	44,262	8,117	(1,408)	50,971	39,361	7,409	(2,214)	44,556
Buildings	714,674	131,062	(22,736)	823,000	959,077	180,522	(53,954)	1,085,645
Conservation	2,643,273	484,741	(84,092)	3,043,922	2,622,153	493,554	(147,512)	2,968,195
Development	53,983	9,900	(1,717)	62,165	56,699	10,672	(3,190)	64,182
NG fund for NG purposes	11,603,162	2,127,864	(369,137)	13,361,889	12,946,769	2,436,900	(728,335)	14,655,334
	55,125,517	10,109,278	(1,753,734)	63,481,059	57,749,422	10,869,859	(3,248,758)	65,370,523
Unrestricted funds	42,639,885	7,819,581	(1,356,523)	49,102,943	44,051,429	8,291,561	(2,478,162)	49,864,828
Total funds	97,765,400	17,928,858	(3,110,257)	112,584,001	101,800,851	19,161,420	(5,726,920)	115,235,351

10. Related party transactions

Details of related party transactions for the year ended 31 March 2023 are shown below. In all cases, a majority of trustees are independent of the respective related party. Comparative balances for the prior years are shown in *italics* against each related party.

Related Party	Nature of relationship	Year	Value of income in year £	Value of expenditure in year £	Amounts expected from or due to be paid to related party as at year end £	Nature of transaction
NGT Foundation	One trustees of the Trust (David Landau), is also a trustee of the NGT Foundation.	2022-23	1,650,000	-	1,650,000	£1.65 million grant due to be received.
		2021-22	1,500,000	-	1,500,000	
The National Gallery	Lord Hall (until 22 May 2021) and John Booth (from 11 October 2021), Trustees, are or were also Trustees of the related party.	2022-23		(3,646,294)	(3,646,294)	Grants paid by the Trust to the National Gallery; and annual accounting fee paid by the Trust to the National Gallery.
		2021-22		(5,713,181)	(5,713,181)	

Trustees received neither remuneration (2022: nil) or expenses (2022: nil)

There were no other related party transactions (2022: nil).

THE NATIONAL GALLERY TRUST

Notes to the Financial Statements for the year ended 31 March 2023 (continued)

11. Prior year SoFA

Prior Year Statement of Financial Activities for the year ended 31 March 2022

	Unrestricted funds £	Restricted funds £	Total funds 2022 £
Income from:			
Donations and legacies	2,109,070	3,735,353	5,844,423
Investments			
Bank interest	622	815	1,437
Dividends income	622,551	657,980	1,280,531
Total income	2,732,243	4,394,148	7,126,391
Expenditure on:			
Raising funds	(1,373,613)	-	(1,373,613)
Charitable activities	(925,100)	(5,162,613)	(6,087,713)
Total expenditure	(2,298,713)	(5,162,613)	(7,461,326)
Net gains/losses on investments	3,967,770	3,202,927	7,170,697
Foreign exchange gains/(losses) on forward contracts	(1,635,800)	-	(1,635,800)
Net income being net movement in funds	2,765,500	2,434,462	5,199,962
Transfers between funds	(10,601)	10,601	-
Net movement in funds	2,754,899	2,445,063	5,199,962
Total funds at 1 April 2021	47,109,930	62,925,459	110,035,389
Total funds at 31 March 2022	49,864,829	65,370,522	115,235,351

12. Post Balance Sheet Events

Trustees formally approved a £12m grant to the National Gallery in September 2023 to support the NG200 capital project.

Accounts

THE NATIONAL GALLERY TRUST

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

Charity Number: 299509

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Legal and administrative information

The National Gallery Trust was established by a declaration of trust dated 27 April 1988. It was a registered charity from 1988 until 1992 when it became exempt from registration with the Charity Commission under the Charities Act 1992. In 1996 it was re-registered with the Charity Commission (Charity No. 299509).

Address: St Vincent House
30 Orange Street
London
WC2H 7HH

Trustees: The names of the Trustees who served during the year and since the year end are given below.

John Nelson (Chairman)*
David Landau (resigned 21 July 2022) *
Nicholas Ritblat*
Andrew Ross*
Caroline Thomson
Lord Hall of Birkenhead (resigned 22 May 2021)
John Booth (appointed 11 October 2021)
Isabel Emo Capodilista* (appointed 11 October 2021)
Charles Sebag Montefiore (appointed 16 March 2022)

* Members of the Investment Committee

Bankers: **Coutts & Co**
440 Strand
London
WC2R 0QS

Auditor: **Price Bailey LLP - Statutory Auditor**
24 Old Bond Street
London
W1S 4AP

Investment
Advisors: **Partners Capital, LLP.**
5th Floor, 5 Young Street
London
W8 5EH

Lawyers: **Farrer & Co LLP**
66 Lincoln's Inn Fields
London
WC2A 3LH

Trustees' Annual Report for the year ended 31 March 2022

Structure, governance, and management

The National Gallery Trust (the Trust) is governed by a Board of Trustees, which meets at least twice a year, with additional sub-committee meetings as and when required. Under a service agreement, administration of the Trust is undertaken by staff of the National Gallery. The Trust does not directly employ any staff.

Power to appoint new Trustees is exercisable by surviving or continuing Trustees. Trustees are normally appointed for a period of four years with the possibility of renewal and are chosen for their skills and experience. They are fully briefed by the Chairman on the objectives of the Trust and their role as Trustees.

Up to and including 31 March 2021, the Trust was the parent entity of a trading subsidiary, the National Gallery Company Limited (NGC), which raises funds through publishing and the management of catering and retail outlets within the National Gallery. On 1 April 2021 the Trust gifted 100% of the share capital of NGC to the National Gallery. Further details on the transfer can be found under Activities and results of the Trust on page 3.

The Trustees have established an Investment Committee to consider and monitor the Trust's investment policy and to oversee the appointment and performance of the Trust's fund managers. The Committee is advised by Partners Capital, LLP.

Related parties

The Trust is independent of the National Gallery. At 31 March 2022 one Trustee of the Trust was also a Trustee of the National Gallery and one Trustee of the Trust was also a Trustee of the NGT Foundation. Full details of related parties are given in note 9 to the financial statements.

Risk Management

The Trustees review the risks faced by the Trust as part of their review of activities at each Board meeting. This review includes a discussion of the level of reserves and the form in which they are held, and of possible future demands on those reserves. In mitigation of the risk that reserves may run too low to meet future needs, at each Board meeting the Trustees review a report on funds that details the balances remaining on both restricted and unrestricted reserves, and the Board will consider any grant applications received in light of these balances. The report on funds includes income forecasts for all income streams.

Risks around investment performance are considered in detail by the Board's Investment Committee, whose work is discussed in detail under the Investment policy on page 4. Other risks relate to the Trust's compliance with charity, legal, taxation and accounting requirements, but this is mitigated through the appointment of the National Gallery to handle administration of the Trust. The Trustees are satisfied that systems are in place to identify and manage risks to which the Trust may be exposed.

Going Concern

Having scrutinised forecasts in light of the impact of Covid-19, the upturn in investment performance and fundraising pipeline have satisfied Trustees of the Trust's ability to meet its obligations as they fall due in the period of twelve months following the date of approval of these financial statements. The financial statements have been prepared on the going concern basis.

Basis of preparation

The financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102).

Charitable objects for the benefit of the public

The National Gallery Trust is a charitable trust whose objects are the advancement of education and the charitable objects of the National Gallery. The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives and in planning future activities.

The Trust undertakes the majority of its fundraising activity through the National Gallery Development team, for which the Trust is charged a proportion of costs incurred. The Trust aims to achieve its objects by raising money, through trusts and foundations, corporate and individual giving, and by making donations and grants for the advancement of education and in support of the National Gallery's charitable objectives.

Achievements and performance

Activities and results of the Trust

The income of the Trust as detailed in the Statement of Financial Activities on page 9 was £7.0 million (2021: £6.0 million).

As shown in the restricted and unrestricted funds columns of the Statement of Financial Activities, £3.7 million (2021: £4.5 million) of income from donors was for specified purposes and a further £2.1 million (2021: £1.2 million) was raised with no restrictions. Within the £3.7 million is a grant from the NGT Foundation for £1.5 million (2021: £2 million). The Trust continues to depend on the generosity of individuals, trusts and foundations for its donation income. The Board sets out expectations for income from all sources, including from the patron scheme, when approving the financial budget at each Board meeting.

The Trust made grants to the National Gallery amounting to £5.3 million (2021: £0.8 million). The grants paid out of restricted funds were to support building works (£0.6 million), exhibitions and educational activities (£0.7 million), the curatorial department (£0.4 million) as well as other activities that totalled £3.5m. Grants of £0.1m (2021: £0.1m) were paid out of unrestricted funds. The payment of these grants fulfilled the Trust's charitable objectives of the advancement of education and the charitable objects of the National Gallery.

On 1 April 2021, the Trust gifted 100% of the share capital of NGC to the National Gallery in order to better integrate and align the operations and strategic direction of the Company within the Gallery, a significant benefit to both organisations following the launch of the Gallery's new strategic plan leading up to the bicentenary in 2024. The move also benefited the Trust by enabling it to focus on core activities of managing the investment portfolio and making grants to support the charitable purpose of the National Gallery. The gift is in line with the Trust's charitable objectives of advancing the objects of the National Gallery.

Trustees would like to express their thanks to the staff of NGC for their work and resilience, especially during the challenges posed by the pandemic, and wish them well under the management of the National Gallery.

Plans for future periods

The Trust plans to continue to generate resources sufficient to respond appropriately to grant applications and to make grants in furtherance of the Trust's charitable objectives. Trustees will place specific focus on ensuring that the Trust's investment portfolio is managed in a way that responds as effectively as possible to the risks created by the Covid-19 pandemic and conflict in Ukraine, as well as any larger than usual grant requests made by the National Gallery in support of projects celebrating the Gallery's bicentenary in 2024.

Policies

Grant-making policy

Grants are made only with the agreement of the Board of Trustees. The Board of Trustees considers applications from the National Gallery and other bodies for grants and makes such grants as seem best calculated to advance education and the charitable purposes of the National Gallery, ensuring always that the requests and stipulations of donors are strictly met.

Reserves policy

The Trustees review the level of funds at each board meeting, together with known and likely future demands on those funds. It is the Trust's policy to continue to build up reserves until they can be expended in furtherance of the charitable objects. The Trustees manage the Trust's reserves so as to achieve the maximum rate of return consistent with the normal level of prudence which should govern the management of charitable funds and with the need to maintain sufficient liquidity to meet grant applications likely to be received.

Unrestricted free reserves total £50.1 million (2021: £47.1 million). The Trustees consider this level of unrestricted reserves to be sufficient to meet future funding obligations and to continue to make grants in furtherance of the Trust's charitable objects. The National Gallery occasionally approaches the Trust when there is an opportunity to acquire a new painting. Such acquisitions are normally high in value and opportunities can arise at any time.

Investment policy

The investment objectives of the National Gallery Trust are to maximise long-term total return while maintaining adequate levels of liquidity to meet the requirements of the reserves policy. The Trustees recognise that risk is part of the investment process and seek to minimise risk as far as possible through asset allocation and diversification.

During the year, Trustees approved a responsible investment policy. Trustees place specific focus on ensuring that the trust's investment portfolio is managed responsibly and cognisant of the need to uphold the reputation of the National Gallery. Trustees believe that the incorporation of Environmental, Social and Governance (ESG) factors into the investment strategy and process is integral to delivering sustainable outcomes, managing risk and delivering robust long-term investment returns. The policy provides guidelines given to the investment manager requiring them to incorporate ESG in all aspects of their investment analysis and decision-making process. Trustees support active ownership through direct engagement with management and voting when deemed appropriate, and expect the investment manager to review the engagement policies of underlying third-party funds and where relevant require the investment manager to report on any ESG engagements undertaken by third-party managers as evidence of active ownership.

Trustees' Annual Report for the year ended 31 March 2022 (continued)

Funds are placed with a discretionary manager, Partners Capital LLP. The investment portfolio's performance will be evaluated against long-term and short-term benchmarks. In the long term, over a rolling 5-year period, it will be assessed against the target real rate of return. In the short term it will be assessed against indices appropriate to the various asset classes in which it is invested.

The remaining funds are invested in cash deposits earning the best possible rate of return consistent with the liquidity requirements described under the reserves policy. The Trustees have agreed for the time being that at least £5 million should always be held on cash deposit.

At 31 March 2022 the value of the investments in the Partners Capital funds was £101.8 million, 88% of reserves then available. At 31 March 2022 the Trust held £16.4 million in cash or cash deposits, on which an average rate of interest of 0.01% was earned over the year.

Fundraising policy

The Trust understands its duty to protect the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches, and undue pressure to donate but does not currently fundraise from the public or use any internal fundraisers or external fundraising agencies for either telephone or face to face campaigns.

The Trust is registered with the Fundraising Regulator which has set standards of best practice in fundraising. In the year to 31 March 2022 there have been no failures to comply with the fundraising schemes and standards that the Gallery has committed to (2021: nil). During this period we received no formal complaints relating to our fundraising activities (2021: nil).

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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Charity law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of 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 Trustees are required to::

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (2019);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011. 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 Trustees are responsible for the maintenance and integrity of the charity's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Trustees on
and signed on its behalf by

John Nelson – Chairman

Independent Auditor's Report to the Trustees of the National Gallery Trust

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 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 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 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 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 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 other information comprises the information included in the trustees annual report, other than the financial statements and our auditor's 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.

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 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 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 require 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
- the charity has not kept adequate accounting records; 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 6], 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 responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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.

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:

We gained an understanding of the legal and regulatory framework applicable to the Charity and the sector in which it operates and considered the risk of the Charity not complying with the applicable laws and regulations including fraud in particular those that could have a material impact on the financial statements. This included those regulations directly related to the financial statements, including financial reporting, and tax legislation. In relation to the operations of the Charity this included compliance with the Charities Act 2011 and SORP 2019.

The risks were discussed with the audit team and we remained alert to any indications of non-compliance throughout the audit. We carried out specific procedures to address the risks identified. These included the following:

Reviewing minutes of Board meetings, reviewing any correspondence with the Charity Commission, agreeing the financial statement disclosures to underlying supporting documentation, and made enquiries of management and officers of the Charity. We have also reviewed the procedures in place for the reporting of any incidents to the Board of Trustees including serious incident reporting of these matters as necessary with the Charity Commission.

Management override: To address the risk of management override of controls, we carried out testing of journal entries and other adjustments for appropriateness. We reviewed systems and procedures to identify potential areas of management override risk.

We also assessed management bias in relation to the accounting policies adopted and in determining significant accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the FRC's website at: <https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>. This description forms part of our auditor's 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.

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.

Price Bailey LLP

Chartered Accountants

3rd Floor, 24 Old Bond Street

Mayfair

London W1 4AP

Price Bailey LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

THE NATIONAL GALLERY TRUST

Statement of Financial Activities For the year ended 31 March 2022

	Note	Unrestricted funds £	Restricted funds £	Total funds 2022 £	Total funds 2021 £
Income from:					
Donations and legacies	2	2,109,070	3,735,353	5,844,423	5,703,436
Investments:					
Bank interest	2	622	815	1,437	3,928
Dividends income	2	622,551	657,980	1,280,531	307,588
		623,173	658,795	1,281,968	311,516
Total income		2,732,243	4,394,148	7,126,391	6,014,952
Expenditure on:					
Raising funds	3	(1,373,613)	-	(1,373,613)	(1,384,707)
Charitable activities	3	(925,100)	(5,162,613)	(6,087,713)	(806,573)
Total expenditure		(2,298,713)	(5,162,613)	(7,461,326)	(2,191,280)
Net gains/ (losses) on investments	7 & 8	2,331,970	3,202,927	5,534,897	22,509,201
Net income being net movement in funds		2,765,500	2,434,462	5,199,962	26,332,873
Transfers between funds	7 & 8	(10,601)	10,601	-	-
Net movement in funds		2,754,899	2,445,063	5,199,962	26,332,873
Total funds at 1 April		47,109,930	62,925,459	110,035,389	83,702,515
Total funds at 31 March		49,864,829	65,370,522	115,235,351	110,035,388

All of the above results derive from continuing activities.

For full details of the prior year comparatives please see note 10.

THE NATIONAL GALLERY TRUST

Balance Sheet As at 31 March 2022

		2022		2021	
	Note	£	£	£	£
Fixed assets					
Investments	4		101,800,850		96,833,629
Current assets					
Debtors	5	2,750,176		3,008,198	
Investments	4	1,752		1,750	
Cash at bank and in hand		16,409,492		11,516,174	
		<u>19,161,420</u>		<u>14,526,122</u>	
Liabilities					
Creditors: Amounts falling due within one year	6	<u>(5,726,920)</u>		<u>(1,324,363)</u>	
Net current assets			13,434,500		13,201,759
Total assets less current liabilities			115,235,350		110,035,388
Total net assets			<u>115,235,350</u>		<u>110,035,388</u>
Funds:					
Unrestricted funds	7		49,864,828		47,109,931
Restricted funds	8		65,370,524		62,925,457
Total funds			<u>115,235,351</u>		<u>110,035,388</u>

Approved and authorised for issue by the Board of Trustees on
and signed on its behalf by:

John Nelson - Chairman

THE NATIONAL GALLERY TRUST

Statement of Cash Flows

For the year ended 31 March 2022

		2022		2021	
	Note	£	£	£	£
Cash flows from operating activities:					
Net cash (used)/provided by operating activities	(i)		3,843,776		5,058,115
Cash flows from investing activities:					
Dividends and interest	2	1,281,968		311,516	
Proceeds from sale of investments	4	29,899,070		25,487,313	
Purchase of investments	4	(30,329,535)		(27,257,567)	
Net movement in funds		<u>198,041</u>		<u>1,470,254</u>	
Net cash used in investing activities			1,049,544		11,516
Change in cash and cash equivalents in the reporting period			<u>4,893,320</u>		<u>5,069,631</u>
Cash and cash equivalents at the beginning of the reporting period			11,517,924		6,448,293
Cash and cash equivalents at the end of the reporting period	(ii)		<u>16,411,244</u>		<u>11,517,924</u>

Notes to the Statement of Cash Flows

(i) Reconciliation of net income to net cash flow from operating activities

		2022	2021
		£	£
Net (expenditure)/income for the reporting period (as per SoFA)			
		5,199,962	26,332,873
Losses/(Gains) on investments	4	(5,534,897)	(21,850,334)
Dividends, interest and rents from investments	3	(1,281,968)	(311,516)
Gift of fixed assets		800,100	
Decrease/ (increase) in debtors	5	258,021	165,465
(Decrease)/ increase in creditors and provisions	6	4,402,557	721,627
Net cash (used)/provided by operating activities		<u>3,843,776</u>	<u>5,058,115</u>

(ii) Analysis of cash and cash equivalents

	2022	2021
	£	£
Cash held with commercial banks	16,409,492	11,516,174
Deposit account (90-day notice)	1,752	1,750
Cash held with commercial banks	<u>16,411,244</u>	<u>11,517,924</u>

(iii) Analysis of changes in net debt

	As at 1 April 2021	Cash flows	As at 31 March 2022
	£	£	£
Cash	11,517,924	4,893,320	16,411,244

THE NATIONAL GALLERY TRUST

Notes to the Financial Statements for the year ended 31 March 2022

1. Accounting Policies

a) Accounting convention

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2019.

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) effective from 1 January 2019 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The functional and presentational currency is pounds sterling and rounding is to the nearest pound.

The Trust is a public benefit entity.

As of 1 April 2021, the Trust no longer owns a trading subsidiary so consolidated accounts have not been produced.

Upon review, the Trustees have determined that it is more appropriate to show reinvested dividends as dividend income rather than unrealised gains on the portfolio. The financial statements have been updated to reflect this.

b) Going concern

Having scrutinised forecasts and cash flows in light of the impact of Covid-19, investment returns following the Russian invasion of Ukraine, and fundraising pipeline have satisfied Trustees of the Trust's ability to meet its obligations as they fall due in the period of twelve months following the date of approval of these financial statements. Trustees are confident that the income generated from fundraising and investing activities will be sufficient to support the Trust following the transfer of the National Gallery Company to the National Gallery. The financial statements have therefore been prepared on the going concern basis.

c) Income

All income is recognised in full in the Statement of Financial Activities when the Trust is legally entitled to the income, when receipt is probable and when the amount can be quantified with reasonable accuracy.

Donations are accounted for in the year of receipt. Legacies are included when the legacy has been received or before receipt if there is sufficient evidence to provide the necessary certainty that the legacy will be received.

Investment income is accounted for on an accruals basis and allocated on the basis of fund balances.

d) Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category, including an apportionment of overhead and support costs. Support and governance costs incurred by the trading subsidiary are allocated to commercial trading activities, while those incurred in the day-to-day running of the Trust are allocated based on the direct expenditure of the activity. These costs are viewed as expenses of the Trust's unrestricted activities, as are the investment management costs incurred by the Trust. Grants payable are recognised when the grant is communicated to the recipient. Governance costs are the costs associated with the governance arrangements of the Trust which relate to the general running of the charity. These costs include the costs of statutory audit, legal advice for trustees and costs associated with constitutional and statutory requirements.

e) Investments

The charity has taken advantage of the Charity SORP to record its investment and loan notes with its trading subsidiary in the accounts at cost as allowed for under the concessionary loans accounting treatment. Other investments are stated at fair value at the balance sheet date. The SoFA includes the net gains and losses arising on revaluation and disposals throughout the year.

Unlisted Investments are valued with reference to the most recent valuations provided by the fund managers, all of which were as at year end. The Trust does not believe that there is any evidence of any material reduction in these valuations subsequent to the balance sheet date. These unquoted securities are stated at investment managers' declared net assets values.

f) Debtors

The measurement of debtors is based on the anticipated recoverable value of cash or services owed to the group at the end of the year.

g) Current Asset Investments

Current asset investments comprise deposits held for investment purposes with a notice period of thirty days or more.

h) Cash at bank and in hand

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

i) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

j) Taxation

The National Gallery Trust is a registered charity and is therefore potentially exempt from taxation of its income and gains to the extent that they fall within Part 10 of the Income tax Act 2007 and section 256 of the Taxation of Chargeable Gains Act 1992.

k) Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the year end. All exchange differences are included in the SoFA.

THE NATIONAL GALLERY TRUST

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

1. Accounting Policies (continued)

l) Unrestricted funds

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

Designated funds are unrestricted funds which have been applied or reserved by the trustees for a specific purpose. The aim and use of each designated fund is set out in the notes to the accounts (see note 6).

m) Restricted funds

Restricted funds are those which are to be used in accordance with specific restrictions imposed by the donors. The purpose for which restricted funds are held is analysed in the notes to the accounts (see note 7).

n) Hedging

Simple forward currency contracts are used within the investment portfolios to minimise the effect of currency fluctuations.

These are classified as Held for Trading and are accounted for in accordance with IAS39 as permitted by FRS102, and are valued according to market prices for matching contracts at the balance sheet date.

o) Financial Instruments

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

The Trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their fair value as at the balance sheet date. All financial instruments of the charity are measured at cost with the exception of investments in the charity's portfolio, which are measured at fair value as at the balance sheet date using the closing market value. The value of investments as well as their original cost is stated in note 9. Financial assets include investments in the portfolio, the bank balances, trade debtors, accrued income and other debtors but exclude prepayments and taxation. Financial liabilities include trade creditors, other creditors, accruals and deferred income but exclude social security and other taxes due.

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Other financial instruments are used as part of the Trust's portfolio management and risk management strategy. The Trust's use of other financial instruments during the year ended 31 March 2022 comprised forward dated contracts for the purchase and sale of foreign currencies ("forward FX contracts") which are both initially recognised and subsequently measured at their fair value in the balance sheet with gains and losses recognised in the statement of financial activities.

p) Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, which are described in note 1, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 affects both current and future periods.

The Trustees do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure beyond the accounting policies listed above.

THE NATIONAL GALLERY TRUST

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

2. Income

	Unrestricted funds £	Restricted funds £	Total funds 2022 £	Total funds 2021 £
Income from:				
Donations and legacies				
Donations	693,070	3,719,177	4,412,247	4,587,400
Legacies	1,416,000	16,177	1,432,177	1,116,036
	<u>2,109,070</u>	<u>3,735,354</u>	<u>5,844,424</u>	<u>5,703,436</u>
Investments:				
Bank interest	622	815	1,437	3,928
Dividends income	622,551	657,980	1,280,531	307,588
	<u>623,173</u>	<u>658,795</u>	<u>1,281,968</u>	<u>311,516</u>
Total income	<u>2,732,243</u>	<u>4,394,149</u>	<u>7,126,391</u>	<u>6,014,952</u>

THE NATIONAL GALLERY TRUST

**Notes to the Financial Statements
for the year ended 31 March 2022 (continued)**

3. Expenditure

	Direct Costs £	2022 Support Costs £	Total £
Raising funds	402,024	1,936	403,960
Investment management fees	939,662	4,525	944,187
	<u>1,341,686</u>	<u>6,461</u>	<u>1,348,147</u>
Charitable activities			
Grants to The National Gallery	5,287,612	25,465	5,313,077
NGC shares grant to The National Gallery	800,100		800,100
	<u>7,429,398</u>	<u>31,926</u>	<u>7,461,324</u>

	Direct Costs £	2021 Support Costs £	Total £
Raising funds	314,992	15,578	330,570
Investment management fees	966,454	47,795	1,014,249
	<u>1,281,446</u>	<u>63,373</u>	<u>1,344,819</u>
Charitable activities	806,573	39,888	846,461
	<u>2,088,019</u>	<u>103,261</u>	<u>2,191,280</u>

	Total 2022 £	Total 2021 £
Grants to the National Gallery from restricted funds:		
Grants for Curatorial posts	438,742	283,236
Grants towards frame acquisitions and the framing department in general	25,000	18,366
Grants towards the exhibition programme	673,880	44,918
Grants for Conservation posts	307,893	75,287
Grants towards picture purchases	2,914,828	37,208
Grants for Education activities	170,138	14,776
Grants for building works	594,527	200,000
Grant to the Research Centre	37,604	32,782
	<u>5,162,612</u>	<u>706,573</u>

	Total 2022 £	Total 2021 £
Grants to the National Gallery from unrestricted funds:		
Grants towards the exhibition programme	25,000	
Grants for building and exhibition insurances	100,000	100,000
Gift of NGC shares to the National Gallery	800,100	
	<u>925,100</u>	<u>100,000</u>

	Total 2022 £	Total 2021 £
Breakdown of support costs:		
Accounting and administration services	24,045	40,292
Professional and legal advice	-	16,129
Fees payable to the charity's auditor	8,114	8,073
Other	(232)	38,767
	<u>31,927</u>	<u>103,261</u>

Support costs are allocated in proportion to the direct costs in each area.

The Trust has no employees (2021: nil). The National Gallery provides employees for accounting and other services for which the Trust is charged on an arm's length basis. No Trustees have received any remuneration or reimbursement of expenses during this or the preceding year.

	2022 £	2021 £
Net movement in funds is stated after charging:		
Fees payable to the charity's auditor for the audit of the financial statements	8,114	8,073

THE NATIONAL GALLERY TRUST

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

4. Investments

	Funds / Products £	2022 Cash £	Total £
Fixed assets investments			
NGC - issued share capital			
Balance at 1 April 2021	800,100	-	800,100
Gift of asset investment to The National Gallery	(800,100)	-	(800,100)
Cash movement in the year	-	-	-
Balance at 31 March 2022	-	-	-
Other (Partners Capital LLP)			
Balance at 1 April 2021	94,566,703	1,466,826	96,033,529
Additions	30,329,535	-	30,329,535
Disposal	(29,899,070)	-	(29,899,070)
Unrealised gain / (loss) on revaluation	5,534,897	-	5,534,897
FX Gain/Loss	-	-	-
Cash movement in the year	-	(198,041)	(198,041)
Balance at 31 March 2022	100,532,065	1,268,785	101,800,850
Current asset investments			
Coutts 90-day notice a/c	-	1,752	1,752
	-	1,752	1,752
Total investments	100,532,065	1,270,537	101,802,602

Unlisted Investments are valued with reference to the most recent valuations provided by the fund managers, all of which were as at 31 March 2022.

The Trust does not believe that there is any evidence of any material reduction in these valuations subsequent to the balance sheet date. These unquoted securities are stated at investment managers' declared net assets values.

	Funds / Products £	2021 Cash £	Total £
Fixed assets investments			
NGC - issued share capital			
Balance at 1 April 2020	800,100	-	800,100
Disposal of fixed assets investments	-	-	-
Cash movement in the year	-	-	-
Balance at 31 March 2021	800,100	-	800,100
Other (Partners Capital LLP)			
Balance at 1 April 2020	72,396,788	1,786,407	74,183,195
Additions	27,257,567	-	27,257,567
Disposal	(25,777,313)	-	(25,787,313)
Unrealised gain / (loss) on revaluation	19,743,138	-	19,743,138
FX Gain/Loss	-	901,902	901,902
Cash movement in the year	-	(264,960)	(264,960)
Balance at 31 March 2021	93,620,180	2,423,349	96,033,529
Current asset investments			
Coutts 90-day notice a/c	-	1,750	1,750
	-	1,750	1,750
Total investments	94,420,280	2,425,099	96,835,379

Until the 31 March 2021, the Trust was the parent entity of a trading subsidiary, the National Gallery Company Limited (Company Registration No. 02280277) and on 1 April 2021 the Trust gifted 100% of the share capital of NGC to the National Gallery. The results of NGC for the year ended 31 March 2021 where it was a subsidiary was it had a loss for the year of £546,845 and the balance sheet total of £372,209.

THE NATIONAL GALLERY TRUST

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

4. Investments (continued)

Quoted and other investments by fund type

	2022		2021	
	£	%	£	%
Quoted				
Fixed income	-	0%	1,419,265	1%
Credit	1,500,000	1%	1,282,948	1%
Absolute return	962,708	1%	-	0%
Global equities	7,365,363	7%	8,001,921	8%
Inflation Linked Bonds	5,203,763	5%	4,358,542	5%
Commodities	1,007,154	1%	926,475	1%
Unquoted				
Credit	10,963,085	11%	7,826,817	8%
Absolute return	10,109,213	10%	8,008,175	8%
Hedge equities	10,609,000	10%	12,241,430	13%
Global equities	37,852,003	37%	41,138,641	43%
Core properties	3,965,504	4%	3,290,868	3%
Private equity	11,940,376	12%	5,125,097	5%
Currency Hedge	(946,104)	-1%	956,523	1%
Cash	1,268,785	1%	1,466,826	2%
	101,800,850	100%	96,043,528	100.00%

5. Debtors

	2022 £	2021 £
Trade debtors	1,400	700
Other debtors	-	25,000
Amount due from the NGT Foundation	1,500,000	2,000,000
Prepayments and accrued income	1,046,043	836,300
Taxation recoverable	202,733	146,198
	2,750,176	3,008,198

6. Creditors

	2022 £	2021 £
Amounts falling due within one year:		
Amounts due to the National Gallery	5,713,181	1,316,204
Other tax and social security	5,583	-
Accruals and deferred income	8,156	8,159
	5,726,920	1,324,363

THE NATIONAL GALLERY TRUST

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

7. Unrestricted funds

	Movement in resources					Balance at 31 March 2022 £
	Balance at 1 April 2021 £	Income £	Transfers £	Expenditure £	Investment gain/(loss) £	
General funds (non-trading)	47,109,930	2,732,243	(10,601)	(2,298,713)	2,331,970	49,864,829
	<u>47,109,930</u>	<u>2,732,243</u>	<u>(10,601)</u>	<u>(2,298,713)</u>	<u>2,331,970</u>	<u>49,864,829</u>

In past years, the Trust has funded specific running costs of the National Gallery. The designated fund for National Gallery specific running costs represents the Trustees' intention to continue to provide such funding.

Prior year unrestricted funds note

	Movement in resources					Balance at 31 March 2021 £
	Balance at 1 April 2020 £	Income £	Transfers £	Expenditure £	Investment gain £	
General funds (non-trading)	37,272,726	1,257,846	-	(1,484,707)	10,064,064	47,109,929
	<u>37,272,726</u>	<u>1,257,846</u>	<u>-</u>	<u>(1,484,707)</u>	<u>10,064,064</u>	<u>47,109,929</u>

8. Restricted funds

	Movement in resources					Balance at 31 March 2022 £
	Balance at 1 April 2021 £	Income £	Transfers £	Expenditure £	Investment gain/(loss) £	
Grants from NGTF restricted to NG	40,603,763	1,928,999	-	(2,050,000)	2,085,705	42,568,468
Picture purchase	1,461,558	22,741	(17)	(864,828)	31,915	651,369
Exhibitions	935,715	1,143,700	9,979	(673,880)	72,929	1,488,443
Education	226,320	630,134	(9)	(170,138)	35,359	721,666
Frames	70,565	25,756	-	(25,000)	3,675	74,996
Curatorial	1,338,283	95,832	(0)	(438,742)	51,282	1,046,655
Library	15,539	64,439	1	(37,604)	2,183	44,559
Buildings	1,581,143	45,942	(50)	(594,527)	53,196	1,085,703
Conservation	2,841,856	288,256	697	(307,893)	145,439	2,968,355
Gallery administration and strategy	60,393	647	-	-	3,145	64,186
NG fund	13,790,324	147,702	-	-	718,100	14,656,126
	<u>62,925,459</u>	<u>4,394,149</u>	<u>10,601</u>	<u>(5,162,612)</u>	<u>3,202,928</u>	<u>65,370,524</u>

The restricted funds above are held for the benefit of the National Gallery. The NG fund can be put towards any aspect of the work of the National Gallery subject to the National Gallery Trust Trustees approving a grant application from the National Gallery. The other funds are more specific and their titles indicate what they can support.

THE NATIONAL GALLERY TRUST

Notes to the Financial Statements
for the year ended 31 March 2022 (continued)

8. Restricted funds (continued)

Prior year restricted funds note

	Balance at 1 April 2020 £	Income £	Movement in resources		Investment gain £	Balance at 31 March 2021 £
			Transfers £	Expenditure £		
Grants from NGTF restricted to NG	30,414,899	2,001,448			8,187,415	40,603,763
Picture purchase	330,495	873,560		(37,208)	294,711	1,461,558
Exhibitions	39,921	752,033		(44,918)	188,679	935,715
Education	82,436	121,008		(14,776)	47,652	236,321
Frames		74,703		(18,366)	14,229	70,565
Curatorial	1,066,181	285,484		(283,236)	269,854	1,338,283
Library	32,785	12,403		(32,782)	3,133	15,539
Buildings	1,132,262	330,056		(200,000)	318,825	1,581,143
Conservation	2,281,453	62,653		(75,287)	573,037	2,841,855
Gallery administration and strategy	48,213	2			12,178	60,393
NG fund	11,001,143	491			2,778,689	13,780,323
	46,429,788	4,513,842		(706,573)	12,688,402	62,925,458

9. Analysis of net assets between funds

	2022				2021			
	Fixed assets £	Current assets £	Current liabilities £	Total 2022 £	Fixed assets £	Current assets £	Current liabilities £	Total 2021 £
Restricted funds								
Grants from NGTF restricted to NG	37,605,702	7,078,316	(2,115,551)	42,568,467	35,820,680	6,012,871	(1,261,033)	40,572,517
Picture purchase	575,431	108,311	(32,372)	651,368	1,317,970	221,235	(46,397)	1,492,806
Exhibitions	1,314,916	247,500	(73,971)	1,488,445	826,124	138,673	(29,082)	935,714
Education	637,533	119,999	(35,865)	721,668	204,227	34,282	(7,190)	231,320
Frames	66,253	12,470	(3,727)	74,996	62,301	10,458	(2,193)	70,565
Curatorial	924,632	174,039	(52,016)	1,046,655	1,181,544	198,334	(41,595)	1,338,283
Library	39,363	7,409	(2,214)	44,558	13,719	2,303	(483)	15,539
Buildings	959,129	180,532	(53,956)	1,085,704	1,395,959	234,326	(49,143)	1,581,142
Conservation	2,622,295	493,580	(147,520)	2,968,354	2,509,017	421,164	(88,328)	2,841,855
Development	56,702	10,673	(3,190)	64,185	53,321	8,950	(1,877)	60,395
NG fund for NG purposes	12,947,467	2,437,031	(728,374)	14,656,125	12,170,792	2,042,993	(428,461)	13,785,324
	57,749,422	10,869,859	(3,248,758)	65,370,525	55,555,654	9,325,590	(1,955,784)	62,925,460
Unrestricted funds	44,051,429	8,291,561	(2,478,162)	49,864,828	41,214,657	6,918,306	(1,450,923)	46,682,039
Total funds	101,800,850	19,161,420	(5,726,920)	115,235,350	96,770,311	16,243,895	(3,406,708)	109,607,499

9. Related party transactions

Details of related party transactions for the year ended 31 March 2022 are shown below. In all cases, a majority of trustees are independent of the respective related party. Comparative balances for the prior years are shown in *italics* against each related party.

Related Party	Nature of relationship	Year	Value of income in year £	Value of expenditure in year £	Amounts expected from or due to be paid to related party as at year end £	Nature of transaction
NGT Foundation	One trustees of the Trust (David Landau), is also a trustee of the NGT Foundation.		1,500,000	-	1,500,000	£1.5 million grant due to be received; and rent and service charge paid by subsidiary to the related party.
		2020-21	2,001,647	-	2,001,647	
The National Gallery	Lord Hall (until 22 May 2021) and 2021-22 John Booth (from 11 October 2021), Trustees, are or were also Trustees of the related party.			(5,713,181)	(5,713,181)	Grants paid by the Trust to the National Gallery; and annual accounting fee paid by the Trust to the National Gallery.
		2020-21	500,588	(1,132,050)	(1,085,908)	

Trustees received neither remuneration (2021: nil) or expenses (2021: nil)

There were no other related party transactions (2021: nil).

THE NATIONAL GALLERY TRUST

Notes to the Financial Statements
for the year ended 31 March 2022 (continued)

10. Prior year SoFA

Prior Year Statement of Financial Activities
for the year ended 31 March 2021

	Unrestricted funds £	Restricted funds £	Total funds 2021 £
Income from:			
Donations and legacies	1,191,839	4,511,597	5,703,436
Investments			
Bank interest	1,684	2,244	3,928
Dividends income	64,323	243,265	307,588
Total income	1,257,846	4,757,106	6,014,952
Expenditure on:			
Raising funds	(1,384,707)	-	(1,384,707)
Charitable activities	(100,000)	(706,573)	(806,573)
Total expenditure	(1,484,707)	(706,573)	(2,191,280)
Net gains/losses on investments	10,064,064	12,445,137	22,509,201
Net movement in funds	9,837,203	16,495,670	26,332,873
Total funds at 1 April 2020	37,272,728	46,429,787	83,702,515
Total funds at 31 March 2021	47,109,931	62,925,457	110,035,388

Accounts

THE NATIONAL GALLERY TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

Charity Number: 299509

THE NATIONAL GALLERY TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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THE NATIONAL GALLERY TRUST

Legal and administrative information

The National Gallery Trust was established by a declaration of trust dated 27 April 1988. It was a registered charity from 1988 until 1992 when it became exempt from registration with the Charity Commission under the Charities Act 1992. In 1996 it was re-registered with the Charity Commission (Charity No. 299509).

Address: St Vincent House
30 Orange Street
London
WC2H 7HH

Trustees: The names of the Trustees who served during the year and since the year end are given below.

John Nelson (Chairman)*
David Landau*
Catherine Stevenson (resigned 22 March 2021)
Nicholas Ritblat*
Andrew Ross*
Caroline Thomson
Douglas Gurr (resigned 30 November 2020)
Lord Hall of Birkenhead (appointed 27 October 2020) (resigned 24 May 2021)

* Members of the Investment Committee

Bankers: **Coutts & Co**
440 Strand
London
WC2R 0QS

Auditor: **Price Bailey LLP - Statutory Auditor**
24 Old Bond Street
London
W1S 4AP

Investment Advisors: **Partners Capital, LLP.**
5th Floor, 5 Young Street
London
W8 5EH

Lawyers: **Farrer & Co LLP**
66 Lincoln's Inn Fields
London
WC2A 3LH

THE NATIONAL GALLERY TRUST

Trustees' Annual Report

Structure, governance and management

The National Gallery Trust (the Trust) is governed by a Board of Trustees, which meets at least twice a year, with additional sub-committee meetings as and when required. Under a service agreement, administration of the Trust is undertaken by staff of the National Gallery. The Trust does not directly employ any staff.

Power to appoint new Trustees is exercisable by surviving or continuing Trustees. Trustees are normally appointed for a period of four years with the possibility of renewal and are chosen for their skills and experience. They are fully briefed by the Chairman on the objectives of the Trust and their role as Trustees.

Up to and including 31 March 2021, the Trust was the parent entity of a trading subsidiary, the National Gallery Company Limited, which raises funds through publishing and the management of catering and retail outlets within the National Gallery. The trading subsidiary had an independent Board of Directors, which met on a regular basis during the year. On 1 April 2021 the Trust gifted 100% of the share capital of NGC to the National Gallery. Further details on the transfer can be found under Plans for Future Periods on p3.

The Trustees have established an Investment Committee to consider and monitor the Trust's investment policy and to oversee the appointment and performance of the Trust's fund managers. The Committee is advised by Partners Capital, LLP.

Related parties

The Trust is independent of the National Gallery. At 31 March 2021 one Trustee of the Trust was also a Trustee of the National Gallery and one Trustee of the Trust was also a Trustee of the NGT Foundation. Full details of related parties are given in note 18 to the financial statements.

Risk Management

The Trustees review the risks faced by the Trust as part of their review of activities at each Board meeting. This review includes a discussion of the level of reserves and the form in which they are held, and of possible future demands on those reserves. In mitigation of the risk that reserves may run too low to meet future needs, at each Board meeting the Trustees review a report on funds that details the balances remaining on both restricted and unrestricted reserves, and the Board will consider any grant applications received in light of these balances. The report on funds includes income forecasts for all income streams. Up until ownership was transferred, the Trustees also received regular reports from the National Gallery Company on its future forecasts for remittances to the Trust.

Risks around investment performance are considered in detail by the Board's Investment Committee, whose work is discussed in detail under the Investment policy on page 4. Other risks relate to the Trust's compliance with charity, legal, taxation and accounting requirements, but this is mitigated through the appointment of the National Gallery to handle administration of the Trust. The Trustees are satisfied that systems are in place to identify and manage risks to which the Trust may be exposed.

Going Concern

Having scrutinised forecasts in light of the impact of Covid-19, the upturn in investment performance and fundraising pipeline have satisfied Trustees of the Trust's ability to meet its obligations as they fall due in the period of twelve months following the date of approval of these financial statements. The financial statements have been prepared on the going concern basis.

Basis of preparation

The financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102).

Charitable objects for the benefit of the public

The National Gallery Trust is a charitable trust whose objects are the advancement of education and the charitable objects of the National Gallery. The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives and in planning future activities.

The Trust undertakes the majority of its fundraising activity through the National Gallery Development team, for which the Trust is charged a proportion of costs incurred. The Trust aims to achieve its objects by raising money, through trusts and foundations, corporate and individual giving and through its trading subsidiary, and by making donations and grants for the advancement of education and in support of the National Gallery's charitable objectives.

Achievements and performance

Activities and results of the Trust

The income of the Trust (entity only) as detailed in the Trust Statement of Financial Activities on page 9 was £5.7 million (2020: £4.4 million).

THE NATIONAL GALLERY TRUST

Trustees' Annual Report (continued)

As shown in the restricted and unrestricted funds columns of the consolidated Statement of Financial Activities, £4.5 million (2020: £3.1 million) of income from donors was for specified purposes and a further £1.2 million (2020: £1.2 million) was raised with no restrictions. Within the £4.5 million is a grant from the NGT Foundation for £2 million (2020: £2.5 million). The Trust continues to depend on the generosity of individuals, trusts and foundations for its donation income. The Board sets out expectations for income from all sources, including from the patron scheme, when approving the financial budget at each Board meeting.

The Trust made grants to the National Gallery amounting to £0.8 million (2020: £13.0 million). The grants paid out of restricted funds were to support building works (£0.2 million), exhibitions and educational activities (£0.1 million), the curatorial department (£0.3 million) as well as other activities. Grants of £0.1m (2020: £0.2m) were paid out of unrestricted funds. The payment of these grants fulfilled the Trust's charitable objectives of the advancement of education and the charitable objects of the National Gallery.

Activities and results of the subsidiary

Up to and including 31 March 2021, the Trust was the parent entity of a trading subsidiary, the National Gallery Company Limited, which raises funds through publishing and the management of catering and retail outlets within the National Gallery. The trading subsidiary had an independent Board of Directors, which met on a regular basis during the year. On 1 April 2021 the Trust gifted 100% of the share capital of NGC to the National Gallery.

NGC made a loss before taxation and intergroup transactions £0.54 million (2020: £0.01 million profit) on turnover of £2.7 million (2020: £9.9 million). Usually the principal source of revenue comes from the Gallery shops. Other income is generated through the distribution of NGC's books worldwide, digital sales, catering commission, venue hire, brand licensing and commission sales of audio and multi-media guides in the Gallery. However the pandemic created a challenging trading environment for NGC, with enforced Gallery closures severely limiting the potential for sales through on-site retail, concessions and events. Sales through NGC's e-commerce platform did however hit record highs at £831k, compared to £382k during 19/20. In response to these challenges, the team made some significant changes to reduce all overhead lines in year, including the surrendering of the lease on offices space and a reduction in headcount. NGC made full use of the Government Furlough Scheme during the year.

Fixed assets

The movements in fixed assets during the year are set out in notes 7 to 9 of the financial statements.

The results of NGC are shown in more detail in note 2 to the financial statements.

Plans for future periods

The Trust plans to continue to generate resources sufficient to respond appropriately to grant applications and to make grants in furtherance of the Trust's charitable objectives. Trustees will place specific focus on ensuring that the Trust's investment portfolio is managed in a way that responds as effectively as possible to the risks created by the Covid-19 pandemic.

On 1 April 2021, NGT gifted 100% of the share capital of NGC to the National Gallery in order to better integrate and align the operations and strategic direction of the Company within the Gallery, a significant benefit to both organisations following the launch of the Gallery's new strategic plan leading up to the bicentenary in 2024. The move also benefits the Trust by enabling it to focus on core activities of managing the investment portfolio and making grants to support the charitable purpose of the National Gallery. The gift is in line with the Trust's charitable objectives of advancing the objects of the National Gallery.

Trustees would like to express their thanks to the staff of NGC for their work and resilience, especially during the challenges posed by the pandemic, and wish them well under the management of the National Gallery.

Policies

Grant-making policy

Grants are made only with the agreement of the Board of Trustees. The Board of Trustees considers applications from the National Gallery and other bodies for grants and makes such grants as seem best calculated to advance education and the charitable purposes of the National Gallery, ensuring always that the requests and stipulations of donors are strictly met.

Reserves policy

The Trustees review the level of funds at each board meeting, together with known and likely future demands on those funds. It is the Trust's policy to continue to build up reserves until they can be expended in furtherance of the charitable objects. The Trustees manage the Trust's reserves so as to achieve the maximum rate of return consistent with the normal level of prudence which should govern the management of charitable funds and with the need to maintain sufficient liquidity to meet grant applications likely to be received.

Unrestricted free reserves total £47 million (2020: £37 million). The Trustees consider this level of unrestricted reserves to be sufficient to meet future funding obligations and to continue to make grants in furtherance of the Trust's charitable objects. The National Gallery sometimes approaches the Trust when there is an opportunity to acquire a new painting. Such acquisitions are normally high in value and opportunities can arise at any time.

THE NATIONAL GALLERY TRUST

Trustees' Annual Report (continued)

A substantial proportion of restricted funds held is for sole use for projects undertaken by the National Gallery. Of the total restricted funds balance of £62.9 million (2020: £46.5 million), an amount of £54.4 million (2020: £41.4 million) is restricted to the support of National Gallery activities.

Investment policy

The investment objectives of the National Gallery Trust are to maximise long-term total return while maintaining adequate levels of liquidity to meet the requirements of the reserves policy. The Trustees recognise that risk is part of the investment process and seek to minimise risk as far as possible through asset allocation and diversification.

The Trust is the parent entity of a trading subsidiary, the National Gallery Company Limited, which raises funds through publishing and the management of catering and retail outlets within the National Gallery. The trading subsidiary has an independent Board of Directors, which meets on a regular basis.

Funds are placed with a discretionary manager, Partners Capital LLP. The annualised nominal return target for Partners Capital is at least 7% after the payment of costs. On an assumed inflation rate of 3% a year this would amount to an annual real rate of return of 4%.

The investment portfolio's performance will be evaluated against long-term and short-term benchmarks. In the long term, over a rolling 5-year period, it will be assessed against the target real rate of return. In the short term it will be assessed against indices appropriate to the various asset classes in which it is invested.

The remaining funds are invested in cash deposits earning the best possible rate of return consistent with the liquidity requirements described under the reserves policy. The Trustees have agreed for the time being that at least £5 million should always be held on cash deposit.

At 31 March 2021 the value of the investments in the Partners Capital funds was £97 million, 88% of reserves then available. At 31 March 2021 the Trust held £11.5 million in cash or cash deposits, on which an average rate of interest of 0.04% was earned over the year.

Fundraising policy

The Trust understands its duty to protect the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches, and undue pressure to donate but does not currently fundraise from the public or use any internal fundraisers or external fundraising agencies for either telephone or face to face campaigns.

The Trust is registered with the Fundraising Regulator which has set standards of best practice in fundraising. In the year to 31 March 2021 there have been no failures to comply with the fundraising schemes and standards that the Gallery has committed to (2020: nil). During this period we received no formal complaints relating to our fundraising activities (2020: nil).

THE NATIONAL GALLERY TRUST

Trustees' Annual Report (continued)

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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 (2019);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011. 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 Trustees are responsible for the maintenance and integrity of the charity's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Trustees on 27 October 2021
and signed on its behalf by

John Nelson - Chairman

THE NATIONAL GALLERY TRUST

Independent Auditor's Report to the Trustees of the National Gallery Trust

Opinion

We have audited the financial statements of The National Gallery Trust (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the Consolidated Statement of Financial Activities, Trust Statement of Financial activities, Consolidated Balance Sheet, Trust Balance Sheet, Consolidated Cashflow and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31 March 2021, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 group and parent 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 trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent 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 other information comprises the information included in the trustees annual report, other than the financial statements and our auditor's 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. 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 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 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 require 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 accounting records have not been kept; or
- the parent charity's 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 5, 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 group's and parent 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 group or the parent charity or to cease operations, or have no realistic alternative but to do so.

THE NATIONAL GALLERY TRUST

Independent Auditor's Report to the Trustees of the National Gallery Trust (continued)

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 regulations made under section 154 of that Act.

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. 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:

We gained an understanding of the legal and regulatory framework applicable to the charity and the sector in which it operates and considered the risk of the parent charity not complying with the applicable laws and regulations including fraud in particular those that could have a material impact on the financial statements. This included those regulations directly related to the financial statements, including financial reporting, and tax legislation. In relation to the operations of the parent charity this included compliance with the Charities Act 2011 and SORP 2019.

The risks were discussed with the audit team and we remained alert to any indications of non-compliance throughout the audit. We carried out specific procedures to address the risks identified. These included the following:

Reviewing minutes of Board meetings, reviewing any correspondence with the Charity Commission, agreeing the financial statement disclosures to underlying supporting documentation, and made enquiries of management and officers of the parent charity. We have also reviewed the procedures in place for the reporting of any incidents to the Trustee Board including serious incident reporting of these matters as necessary with the Charity Commission.

Management override: To address the risk of management override of controls, we carried out testing of journal entries and other adjustments for appropriateness. We reviewed systems and procedures to identify potential areas of management override risk and evaluated the business rationale of significant transactions to identify large or unusual transactions. We reviewed key authorisation procedures and decision making processes for any unusual or one-off transactions.

We also assessed management bias in relation to the accounting policies adopted and in determining significant accounting estimates. Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

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.

Price Bailey LLP
Chartered Accountants
3rd Floor
24 Old Bond Street, Mayfair,
London W1 4AP

Price Bailey LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

THE NATIONAL GALLERY TRUST

Consolidated Statement of Financial Activities
For the year ended 31 March 2021

		Continuing Activities Unrestricted	Discontinued Activities Unrestricted	Continuing Activities Restricted	Total funds 2021	Total funds 2020
	Note	Funds £	Funds £	Funds £	£	£
Income from:						
Donations and legacies		1,191,839	-	4,511,597	5,703,436	4,333,117
Other trading activities	2	-	2,723,133	-	2,723,133	9,931,124
Other income	2	-	740,431	-	740,431	-
Investments	3	1,684	103	2,244	4,031	58,278
Total income		1,193,523	3,463,667	4,513,841	9,171,031	14,322,519
Expenditure on:						
Raising funds:						
Commercial trading operations	2	-	(4,010,512)	-	(4,010,512)	(9,918,972)
Other	4	(719,506)	-	-	(719,506)	(1,009,494)
Charitable activities	4	(156,309)	-	(706,573)	(862,882)	(13,037,654)
Total expenditure		(875,815)	(4,010,512)	(706,573)	(5,592,900)	(23,966,120)
Net gains/ (losses) on investments	9	9,519,494	-	12,688,402	22,207,896	(3,158,911)
Net income/(expenditure) being net movement in funds		9,837,202	(546,845)	16,495,670	25,786,028	(12,802,512)
Total funds at 1 April as previously reported		33,542,849		46,710,083	80,252,932	80,252,932
Prior year adjustment		-		-	-	-
Total funds at 1 April 2020		37,256,229	135,453	46,429,787	83,821,469	96,623,981
Total funds at 31 March 2021		47,093,431	(411,392)	62,925,457	109,607,497	83,821,469

For full details of the prior year comparatives please see note 19.

The notes on pages 13 to 23 form part of the financial statements.

THE NATIONAL GALLERY TRUST - ENTITY ONLY

**Trust Statement of Financial Activities
For the year ended 31 March 2021**

	Note	Unrestricted funds £	Restricted funds £	Total funds 2021 £	Total funds 2020 £
Income from:					
Donations and legacies		1,191,839	4,511,597	5,703,436	4,333,117
Investments	3	1,684	2,244	3,928	70,429
Total income		1,193,523	4,513,842	5,707,364	4,403,546
Expenditure on:					
Raising funds	4	(719,506)	-	(719,506)	(1,009,494)
Charitable activities	4	(156,309)	(706,573)	(862,882)	(13,037,654)
Total expenditure		(875,815)	(706,573)	(1,582,388)	(14,047,148)
Net gains/ (losses) on investments	9	9,519,495	12,688,402	22,207,897	(3,158,911)
Net (expenditure)/income being net movement in funds		9,837,203	16,495,671	26,332,874	(12,802,513)
Total funds at 1 April 2020		37,272,728	46,429,787	83,702,515	96,505,028
Total funds at 31 March 2021		47,109,931	62,925,458	110,035,389	83,702,515

All of the above results derive from continuing activities.

For full details of the prior year comparatives please see note 19.

The notes on pages 13 to 23 form part of the financial statements.

THE NATIONAL GALLERY TRUST

Consolidated Balance Sheet
As at 31 March 2021

		2021		2020	
	Note	£	£	£	£
Fixed assets					
Intangible assets	7		57,885		79,403
Tangible assets	8		678,895		302,584
Investments	9		<u>96,033,529</u>		<u>74,183,195</u>
			96,770,309		74,565,182
Current assets					
Stock	10	667,328		1,006,468	
Debtors	11	3,493,736		3,906,944	
Investments	9	1,750		2,103,159	
Cash at bank and in hand		<u>12,081,082</u>		<u>4,990,587</u>	
		16,243,895		12,007,158	
Liabilities					
Creditors: Amounts falling due within one year	12	<u>(3,406,708)</u>		<u>(2,750,871)</u>	
		(3,406,708)		(2,750,871)	
Net current assets			<u>12,837,187</u>		<u>9,256,287</u>
Total assets less current liabilities			109,607,497		83,821,469
Total net assets			<u>109,607,497</u>		<u>83,821,469</u>
Funds:					
Unrestricted funds					
General funds	14	47,093,431		37,256,229	
NGC trading funds	14	<u>(411,392)</u>		<u>135,453</u>	
			46,682,039		37,391,682
Restricted funds	15		62,925,458		46,429,787
Total funds			<u>109,607,497</u>		<u>83,821,469</u>

The notes on pages 13 to 23 form part of the financial statements.

Approved and authorised for issue by the Board of Trustees on 27 October 2021
and signed on its behalf by:

John Nelson - Chairman

THE NATIONAL GALLERY TRUST

**Trust Balance Sheet
As at 31 March 2021**

		2021		2020	
	Note	£	£	£	£
Fixed assets					
Investments	9		96,833,629		74,683,295
Current assets					
Debtors	11	3,008,198		3,173,663	
Investments	9	1,750		2,103,159	
Cash at bank and in hand		<u>11,516,174</u>		<u>4,345,134</u>	
		14,526,122		9,621,956	
Liabilities					
Creditors: Amounts falling due within one year	12	<u>(1,324,363)</u>		<u>(602,736)</u>	
Net current assets			13,201,759		9,019,220
Total assets less current liabilities			110,035,388		83,702,515
Total net assets			<u>110,035,388</u>		<u>83,702,515</u>
Funds:					
Unrestricted funds					
Designated funds	14	-		-	
General funds	14	<u>47,109,930</u>		<u>37,272,727</u>	
			47,109,930		37,272,727
Restricted funds	15		62,925,458		46,429,787
Total funds			<u>110,035,388</u>		<u>83,702,515</u>

The notes on pages 13 to 23 form part of the financial statements.

Approved and authorised for issue by the Board of Trustees on 27 October 2021
and signed on its behalf by:

John Nelson - Chairman

THE NATIONAL GALLERY TRUST

Consolidated Statement of Cash Flows
For the year ended 31 March 2021

		2021		2020	
	Note	£	£	£	£
Cash flows from operating activities:					
Net cash (used)/provided by operating activities	(i)		5,457,949		(10,896,248)
Cash flows from investing activities:					
Dividends, interest and rents from investments	3	4,031		58,657	
Purchase of property, plant and equipment	8	(467,895)		(161,036)	
Purchase of intangible fixed assets	7	(5,000)		(18,900)	
Proceeds from sale of investments	9	186,808,469		403,630,458	
Purchase of investments	9	<u>(186,808,469)</u>		<u>(403,630,458)</u>	
Net cash used in investing activities			(468,864)		(121,279)
Change in cash and cash equivalents in the reporting period			<u>4,989,085</u>		<u>(11,017,527)</u>
Cash and cash equivalents at the beginning of the reporting period			7,093,746		18,111,273
Cash and cash equivalents at the end of the reporting period	(ii)		<u>12,082,832</u>		<u>7,093,746</u>

Notes to the Statement of Cash Flows

(i) Reconciliation of net income to net cash flow from operating activities

		2021	2020
		£	£
Net (expenditure)/income for the reporting period (as per SoFA)			
		25,786,028	(12,802,512)
Depreciation charges	7&8	104,879	107,502
Losses/(Gains) on investments	9	(21,849,903)	3,863,381
Dividends, interest and rents from investments	3	(4,031)	(58,657)
Loss on disposal of fixed assets	7&8	12,793	18,353
(Decrease)/increase in stocks	10	339,140	(21,790)
Decrease/ (increase) in debtors	11	413,207	49,215
(Decrease)/ increase in creditors and provisions	12	655,837	(2,051,740)
Net cash (used)/provided by operating activities		<u>5,457,949</u>	<u>(10,896,248)</u>

(ii) Analysis of cash and cash equivalents

	2021	2020
	£	£
Cash held with commercial banks	12,081,082	4,990,587
Deposit account (90-day notice)	1,750	2,103,159
Cash held with commercial banks	<u>12,082,832</u>	<u>7,093,746</u>

(iii) Analysis of changes in net debt

	As at 1 April 2020	Cash flows	As at 31 March 2021
	£	£	£
Cash	7,093,746	4,989,085	12,082,832

THE NATIONAL GALLERY TRUST

Notes to the Financial Statements for the year ended 31 March 2021

1. Accounting Policies

a) Accounting convention

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2019.

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 (Charities SORP FRS 102) rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The functional and presentational currency is pounds sterling and rounding is to the nearest pound.

The Trust is a public benefit entity.

b) Going concern

Having scrutinised forecasts and cash flows in light of the impact of Covid-19, the upturn in investment performance and fundraising pipeline have satisfied Trustees of the Trust's ability to meet its obligations as they fall due in the period of twelve months following the date of approval of these financial statements. Trustees are confident that the income generated from fundraising and investing activities will be sufficient to support the Trust following the transfer of the National Gallery Company to the National Gallery. The financial statements have therefore been prepared on the going concern basis.

c) Subsidiary consolidation

National Gallery Company Limited (company number 02280277) was incorporated in the United Kingdom on 26 July 1988 as a wholly-owned subsidiary of the National Gallery Trust. Its registered office address is St Vincent House, 30 Orange Street, London, WC2H 7HH. The statement of financial activities (SoFA) and balance sheet consolidate the financial statements of the Trust and its subsidiary undertaking. The results of the subsidiary are consolidated on a line-by-line basis using the acquisition basis of accounting.

d) Income

All income is recognised in full in the Statement of Financial Activities when the Trust is legally entitled to the income, when receipt is probable and when the amount can be quantified with reasonable accuracy.

Donations are accounted for in the year of receipt. Legacies are included when the legacy has been received or before receipt if there is sufficient evidence to provide the necessary certainty that the legacy will be received.

Investment income is accounted for on an accruals basis and allocated on the basis of fund balances.

e) Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category, including an apportionment of overhead and support costs. Support and governance costs incurred by the trading subsidiary are allocated to commercial trading activities, while those incurred in the day-to-day running of the Trust are allocated based on the direct expenditure of the activity. These costs are viewed as expenses of the Trust's unrestricted activities, as are the investment management costs incurred by the Trust. Grants payable are recognised when the grant is communicated to the recipient. Governance costs are the costs associated with the governance arrangements of the Trust which relate to the general running of the charity. These costs include the costs of statutory audit, legal advice for trustees and costs associated with constitutional and statutory requirements.

f) Investments

The investments include shares and loan notes in National Gallery Company Limited. The charity has taken advantage of the Charity SORP to record its investment and loan notes in the accounts at cost as allowed for under the concessionary loans accounting treatment. Other investments are stated at fair value at the balance sheet date. The SoFA includes the net gains and losses arising on revaluation and disposals throughout the year.

g) Intangible fixed assets

Computer software is capitalised as an intangible asset and amortised over the period during which the Company is expected to benefit. This period is between three and five years.

h) Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation. Provision is made for depreciation at rates designed to write off the cost of fixed assets less their estimated residual value on a reducing basis over their estimated useful lives. Assets are depreciated over their remaining lives from the date of acquisition:

Motor vehicles	25%
Fixtures, fittings, tools and equipment	20% - 33%

i) Stocks

Stocks are stated at the lower of cost and net realisable value. Stock is regularly reviewed and provision is made for obsolete, slow-moving or defective items where appropriate. In general, cost is determined on a first-in first-out basis; in the case of book production, costs includes all direct expenditure in bringing books to their present location and condition. Overhead expenses are not included as, in the Trustees' opinion, the amount to be included would not be material.

j) Debtors

The measurement of debtors is based on the anticipated recoverable value of cash or services owed to the group at the end of the year.

k) Current Asset Investments

Current asset investments comprise deposits held for investment purposes with a notice period of thirty days or more.

THE NATIONAL GALLERY TRUST

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

1. Accounting Policies (continued)

l) Cash at bank and in hand

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

m) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

n) Pensions

NGC operates a Group Personal Pension Plan (defined contribution). The amount charged to the SoFA in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments on the balance sheet.

o) Taxation

The National Gallery Trust is a registered charity and is therefore potentially exempt from taxation of its income and gains to the extent that they fall within Part 10 of the Income tax Act 2007 and section 256 of the Taxation of Chargeable Gains Act 1992. No tax charge has arisen in its subsidiary since it gifts all taxable profits to the National Gallery Trust.

There is no tax charge for the year nor year-end tax debtor or creditor (2020: £nil). No provision is required for deferred tax (2020: £nil). The taxation recoverable detailed in note 11 is Gift Aid on donations.

p) Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the year end. All exchange differences are included in the SoFA.

q) Unrestricted funds

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

Designated funds are unrestricted funds which have been applied or reserved by the trustees for a specific purpose. The aim and use of each designated fund is set out in the notes to the accounts (see note 14).

r) Restricted funds

Restricted funds are those which are to be used in accordance with specific restrictions imposed by the donors. The purpose for which restricted funds are held is analysed in the notes to the accounts (see note 15).

s) Operating leases

The rentals payable under operating leases are charged to the SoFA on a straight line basis over the shorter of the lease term and their useful lives even if the payments are not made on such a basis.

t) Statement of Cash Flows

The Trust has taken the exemption available in FRS 102 1.12 for parent entities not to prepare a charity only Statement of Cash Flows.

u) Financial Instruments

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

The Trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their fair value as at the balance sheet date. All financial instruments of the charity are measured at cost with the exception of investments in the charity's portfolio, which are measured at fair value as at the balance sheet date using the closing market value. The value of investments as well as their original cost is stated in note 9. Financial assets include investments in the portfolio, the bank balances, trade debtors, accrued income and other debtors but exclude prepayments and taxation. Financial liabilities include trade creditors, other creditors, accruals and deferred income but exclude social security and other taxes due.

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

v) Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, which are described in note 1, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 affects both current and future periods.

The Trustees do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure beyond the accounting policies listed above.

THE NATIONAL GALLERY TRUST

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

2. Net income from trading activities of subsidiary

During the year, the Trust owned a trading subsidiary, National Gallery Company Limited (NGC), which is incorporated in the UK. The company publishes and retails publications and merchandise based upon the National Gallery's permanent collection and temporary exhibitions. The National Gallery Company Limited also manages the catering outlets within the National Gallery. The company makes Gift Aid donations of its taxable profits where possible, and pays interest on loan notes, to the National Gallery Trust. A summary of its trading results is shown below. Audited financial statements are filed with the Registrar of Companies. On 1 April 2021 the full share capital of the company was transferred to the National Gallery (NG), giving NG full ownership of NGC.

Profit and Loss Account

	2021 £	2020 £
Turnover from trading operations	2,723,133	9,931,124
Cost of sales	(864,767)	(4,433,902)
Gross profit	1,858,366	5,497,222
Distribution costs	(49,426)	(762,109)
Administration costs	(3,096,319)	(4,722,962)
Other operating income	740,431	-
Operating (loss)/profit	(546,948)	12,151
Interest payable and similar charges	-	(1,893)
Interest receivable and similar income	103	2,972
(Loss)/profit before taxation	(546,845)	13,230
Tax on profit on ordinary activities	-	-
(Loss)/profit after taxation	(546,845)	13,230

The above figures have been extracted from the audited financial statements. The subsidiary's net assets totalled £372,209 at 31 March 2021 (2020: £619,054).

3. Investment income

	2021		2020	
	Consolidated £	Trust £	Consolidated £	Trust £
NGC loan interest	-	-	-	1,514
NGC Gift Aid donation	-	-	-	13,230
Bank interest	4,031	3,928	58,657	55,685
	4,031	3,928	58,657	70,429

THE NATIONAL GALLERY TRUST

Notes to the Financial Statements
for the year ended 31 March 2021 (continued)

4. Expenditure

	2021	
	Direct	Support
	Costs	Costs
	£	£
Raising funds	330,112	23,046
Investment management fees	342,442	23,907
	672,553	46,953
Charitable activities	806,573	56,309
	1,479,126	103,261
	1,582,388	
	2020	
	Direct	Support
	Costs	Costs
	£	£
Raising funds	349,297	2,078
Investment management fees	654,228	3,892
	1,003,524	5,969
Charitable activities	12,960,551	77,103
	13,964,076	83,072
	14,047,148	
	Total	Total
	2021	2020
	£	£
Grants to the National Gallery from restricted funds:		
Grants for Curatorial posts	283,236	250,922
Grants towards frame acquisitions and the framing department in general	18,366	25,000
Grants towards the exhibition programme	44,918	125,155
Grants for Conservation posts	75,287	60,000
Grants towards Orazio Gentileschi's <i>The Finding of Moses</i>	37,208	5,025,000
Grants for Education activities	14,776	181,132
Grants for building works	200,000	7,010,861
Grant to the Research Centre	32,782	9,512
Grant for income generation strategy initiatives		55,549
	706,573	12,743,131
	Total	Total
	2021	2020
	£	£
Breakdown of support costs:		
Accounting and administration services	40,292	40,862
Professional and legal advice	16,129	815
Fees payable to the parent charity's auditor for the audit of the parent charity's consolidated financial statements	8,073	7,684
Other	38,767	33,711
	103,261	83,072

Support costs are allocated in proportion to the direct costs in each area.

The Trust has no employees (2020: nil). The National Gallery provides employees for accounting and other services for which the Trust is charged on an arm's length basis. No Trustees have received any remuneration or reimbursement of expenses during this or the preceding year. Staff costs for the subsidiary are shown in note 6. No staff in the subsidiary are considered key management personnel of the Trust.

THE NATIONAL GALLERY TRUST

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

5. Net movement in funds

	2021 £	2020 £
Net movement in funds is stated after charging:		
Auditor's remuneration		
Fees payable to the parent charity's auditor for the audit of the parent charity's annual financial statements	8,073	7,684
Fees payable to the charity's auditor for other services to the Group:		
The audit of the subsidiary's financial statements	10,650	9,825
Depreciation of fixed assets	78,361	69,974
Amortisation of assets - owned	26,518	37,524
Loss on disposal of fixed assets	12,793	18,353
Operating leases - land and buildings	2,018	171,850

6. Staff costs (including directors)

All staff costs were incurred by the subsidiary company.

<i>a) Employment costs</i>	2021 £	2020 £
Wages and salaries	2,151,037	2,565,484
Social security costs	196,665	246,548
Pension costs	95,605	112,540
	<u>2,443,307</u>	<u>2,924,572</u>
The average number of persons employed by the subsidiary company:		
Full time or full time equivalent	<u>63</u>	<u>95</u>

b) Higher paid staff of subsidiary

Number of employees whose emoluments for the year fell within the following bands:

	2021	2020
£60,000 - £69,999	-	1
£70,000 - £79,999	3	2
£80,000 - £89,999	-	1
£100,000 - £109,999	1	-
£110,000 - £119,999	-	1

THE NATIONAL GALLERY TRUST

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

7. Intangible fixed assets

All intangible fixed assets are held by the subsidiary company.

	Total £
Cost	
As at 1 April 2020	376,174
Additions	5,000
Disposals	-
As at 31 March 2021	<u>381,174</u>
Depreciation	
As at 1 April 2020	296,771
Charge for Year	26,518
Disposals	
As at 31 March 2021	<u>323,289</u>
Net book value at 31 March 2021	<u>57,885</u>
Net book value at 31 March 2020	<u>79,403</u>

8. Tangible fixed assets

All tangible fixed assets are held by the subsidiary company.

	Fixtures, fittings, tools and equipment £
Cost	
As at 1 April 2020	1,016,425
Additions	467,895
Disposals	(90,591)
As at 31 March 2021	<u>1,393,729</u>
Depreciation	
As at 1 April 2020	713,841
Charge for Year	78,361
Disposals	(77,368)
As at 31 March 2021	<u>714,834</u>
Net book value at 31 March 2021	<u>678,895</u>
Net book value at 31 March 2020	<u>302,584</u>

THE NATIONAL GALLERY TRUST

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

9. Investments

The investments of the National Gallery Trust include the entire issued share capital of the trading subsidiary, National Gallery Company Ltd. The National Gallery Company Ltd is incorporated in England and its principal trade is retailing and publishing.

Other investments which are shown at market value comprise £96 million invested with Partners Capital LLP.

Investments also include deposits held in money market accounts.

	2021		2020	
	Consolidated £	Trust £	Consolidated £	Trust £
Fixed asset investments				
NGC - issued share capital	-	800,100	-	500,100
Other	96,033,529	96,033,529	74,183,195	74,183,195
	96,033,529	96,833,629	74,183,195	74,683,295
Current asset investments				
Coutts 90-day notice a/c	1,750	1,750	2,103,159	2,103,159
Total investments	96,035,279	96,835,379	76,286,354	76,786,454

The charity has taken advantage of the SORP to recognise its trading subsidiary's shares and loans at cost in accordance with the accounting policy.

Movement in investments:

	2021		2020	
	Consolidated £	Trust £	Consolidated £	Trust £
Balance at 31 March 2020	76,286,354	76,786,454	80,136,083	80,636,183
Purchase of fixed asset investments	186,808,469	187,108,469	403,630,458	403,630,458
Purchase of current asset investments	-	-	-	-
Disposal of current asset investments	(2,101,409)	(2,101,409)	13,652	13,652
Disposals of fixed asset investments	(186,808,469)	(186,808,469)	(403,630,458)	(403,630,458)
Management fees charged to SoFA	(357,562)	(357,562)	(704,470)	(704,470)
(Loss)/Gain on revaluation	22,207,896	22,207,896	(3,158,911)	(3,158,911)
Balance at 31 March 2021	96,035,279	96,835,379	76,286,354	76,786,454

Income generated by the Partners Capital funds is reinvested and used to purchase additional asset investments.

10. Stock

All stock is held by the subsidiary company.

	2021 £	2020 £
Work in progress	73,781	97,400
Finished goods and stocks held for resale	593,547	909,068
	667,328	1,006,468

There is no material difference between the balance sheet value of stocks and their replacement cost.

THE NATIONAL GALLERY TRUST

**Notes to the Financial Statements
for the year ended 31 March 2021 (continued)**

11. Debtors

	2021		2020	
	Consolidated £	Trust £	Consolidated £	Trust £
Trade debtors	190,345	700	372,038	700
Other debtors	25,153	25,000	9,503	215
Amount due from National Gallery	86,071	-	31,968	-
Amount due from the NGT Foundation	2,000,000	2,000,000	2,500,000	2,500,000
Amounts due from NGC	-	-	-	13,230
Prepayments and accrued income	1,045,969	836,300	836,803	502,886
Taxation recoverable	146,198	146,198	156,632	156,632
	3,493,736	3,008,198	3,906,944	3,173,663

12. Creditors

	2021		2020	
	Consolidated £	Trust £	Consolidated £	Trust £
Amounts falling due within one year:				
Trade creditors	511,292	-	657,461	-
Amounts due to the National Gallery	836,216	-	793,264	-
Other tax and social security	154,702	-	187,727	-
Other creditors	122,088	-	60,059	8,081
Accruals and deferred income	1,782,410	1,324,363	1,052,360	594,655
	3,406,708	1,324,363	2,750,871	602,736

There are no amounts falling due after more than one year (2020: nil).

13. Operating leases

As at 31 March 2021 the National Gallery Company Limited had the following total minimum lease payments under non-cancellable operating leases:

	2021 Land and Buildings £	2020 Land and Buildings £
Within 1 year	333	83,500
Between 1 and 5 years	-	-
After 5 years	-	-
	333	83,500

THE NATIONAL GALLERY TRUST

Notes to the Financial Statements
for the year ended 31 March 2021 (continued)

14. Unrestricted funds

		Movement in resources				
	Balance at 1 April 2020 £	Income £	Transfers £	Expenditure £	Investment gain/(loss) £	Balance at 31 March 2021 £
Consolidated						
General funds (non-trading)	37,256,229	1,193,523		(875,815)	9,519,494	47,093,431
NGC trading funds	135,453	3,463,667		(4,010,512)	-	(411,392)
	37,391,682	4,657,190	-	(4,886,327)	9,519,494	46,682,039
NGT Entity only						
General funds (non-trading)	37,272,727	1,193,523	-	(875,815)	9,519,495	47,109,930
	37,272,727	1,193,523	-	(875,815)	9,519,495	47,109,930

In past years, the Trust has funded specific running costs of the National Gallery. The designated fund for National Gallery specific running costs represents the Trustees' intention to continue to provide such funding.

Prior year unrestricted funds note

	Movement in resources					
	Restated balance at 1 April 2019	Income	Transfers	Expenditure	Investment gain	Balance at 31 March 2020
	£	£	£	£	£	£
Consolidated						
General funds (non-trading)	38,720,559	1,231,227	15,123	(1,304,017)	(1,406,664)	37,256,229
NGC trading funds	135,453	9,934,096	(15,123)	(9,918,973)	-	135,453
	38,856,012	11,165,323	-	(11,222,990)	(1,406,664)	37,391,682
NGT Entity only						
General funds (non-trading)	38,737,059	1,246,350	-	(1,304,017)	(1,406,664)	37,272,727
	38,737,059	1,246,350	-	(1,304,017)	(1,406,664)	37,272,727

15. Restricted funds

	Movement in resources					
	Balance at 1 April 2020 £	Income £	Transfers £	Expenditure £	Investment gain/(loss) £	Balance at 31 March 2021 £
Grants from NGTF restricted to NG	30,414,899	2,001,448	-	-	8,187,415	40,603,763
Picture purchase	330,495	873,560	-	(37,208)	294,711	1,461,558
Exhibitions	39,921	752,033	-	(44,918)	188,679	935,715
Education	82,436	121,008	-	(14,776)	47,652	236,321
Frames	-	74,703	-	(18,366)	14,229	70,565
Curatorial	1,066,181	285,484	-	(283,236)	269,854	1,338,283
Library	32,785	12,403	-	(32,782)	3,133	15,539
Buildings	1,132,262	330,056	-	(200,000)	318,825	1,581,143
Conservation	2,281,453	62,653	-	(75,287)	573,037	2,841,855
Gallery administration and strategy	48,213	2	-	-	12,178	60,393
NG fund	11,001,143	491	-	-	2,778,689	13,780,323
	46,429,788	4,513,842	-	(706,573)	12,688,402	62,925,458

The restricted funds above are held for the benefit of the National Gallery. The NG fund can be put towards any aspect of the work of the National Gallery subject to the National Gallery Trust Trustees approving a grant application from the National Gallery. The other funds are more specific and their titles indicate what they can support.

THE NATIONAL GALLERY TRUST

Notes to the Financial Statements
for the year ended 31 March 2021 (continued)

15. Restricted funds (continued)

Prior year restricted funds note

	Balance at 1 April 2019 £	Income £	Movement in resources		Investment gain £	Balance at 31 March 2020 £
			Transfers £	Expenditure £		
Grants from NGTF restricted to NG	34,010,720	2,520,784		(5,000,000)	(1,147,850)	30,383,654
Picture purchase	335,401	63,816		(25,000)	(12,473)	361,744
Exhibitions	96,804	69,777		(125,155)	(1,506)	39,920
Education	141,456	120,034		(181,133)	(2,922)	77,435
Frames		25,000		(25,000)		
Curatorial	1,162,781	194,560		(250,922)	(40,238)	1,066,182
Library	9,511	34,022		(9,512)	(1,237)	32,784
Buildings	5,153,828	32,024		(4,010,860)	(42,731)	1,132,260
Conservation	2,387,928	39,625		(60,000)	(86,101)	2,281,451
Gallery administration and strategy	55,550	50,033		(55,549)	(1,820)	48,214
NG fund	14,413,990	7,522		(3,000,000)	(415,368)	11,006,144
	57,767,969	3,157,197		(12,743,131)	(1,752,247)	46,429,787

16. Analysis of consolidated net assets between funds

	2021				2020			
	Fixed assets £	Current assets £	Current liabilities £	Total 2021 £	Fixed assets £	Current assets £	Current liabilities £	Total 2020 £
Restricted funds								
Grants from NGTF restricted to NG	35,820,680	6,012,871	(1,261,033)	40,572,517	27,028,430	4,352,361	(997,137)	30,383,654
Picture purchase	1,317,970	221,235	(46,397)	1,492,806	321,797	51,819	(11,871)	361,744
Exhibitions	826,124	138,673	(29,082)	935,714	35,512	5,718	(1,309)	39,920
Education	204,227	34,282	(7,190)	231,320	68,884	11,092	(2,541)	77,436
Frames	62,301	10,458	(2,193)	70,565				
Curatorial	1,181,544	198,334	(41,595)	1,338,283	948,444	152,727	(34,990)	1,066,181
Library	13,719	2,303	(483)	15,539	29,164	4,696	(1,076)	32,784
Buildings	1,395,959	234,326	(49,143)	1,581,142	1,007,226	162,193	(37,159)	1,132,260
Conservation	2,509,017	421,164	(88,328)	2,841,855	2,029,514	326,811	(74,873)	2,281,452
Development	53,321	8,950	(1,877)	60,395	42,891	6,907	(1,582)	48,216
NG fund for NG purposes	12,170,792	2,042,993	(428,461)	13,785,324	9,790,749	1,576,595	(361,201)	11,006,142
	55,555,654	9,325,590	(1,955,784)	62,925,460	41,302,610	6,650,919	(1,523,742)	46,429,789
Unrestricted funds	41,214,657	6,918,306	(1,450,923)	46,682,039	33,262,571	5,356,239	(1,227,128)	37,391,682
Total funds	96,770,311	16,243,895	(3,406,708)	109,607,499	74,565,181	12,007,158	(2,750,871)	83,821,471

17. Capital commitments

As at 31 March 2021 the company had capital commitments of £nil (2020: £nil).

18. Related party transactions

Details of related party transactions for the year ended 31 March 2021 are shown below. In all cases, a majority of trustees are independent of the respective related party. Comparative balances for the prior years are shown in *italics* against each related party.

Related Party	Nature of relationship	Year	Value of income in year £	Value of expenditure in year £	Amounts expected from or due to be paid to related party as at year end £	Nature of transaction
NGT Foundation	One trustees of the Trust (David Landau), is also a trustee of the NGT Foundation.	2020-21	2,001,647	-	2,001,647	£2.0 million grant due to be received; and rent and service charge paid by subsidiary to the related party.
		2019-20	2,500,000	222,633	2,547,135	
The National Gallery	Lord Hall and Douglas Gurr (until 30 November 2020), Trustees, are or were also Trustees of the related party.	2020-21	500,588	1,132,050	(1,085,908)	Grant paid by the National Gallery to the Trust and services provided by the subsidiary to the National Gallery; grants paid by the Trust to the National Gallery; rent charged to the subsidiary for shop space within the National Gallery; and annual accounting fee paid by the Trust to the National Gallery.
		2019-20	604,582	14,991,283	(1,198,655)	

Trustees received neither remuneration (2020: nil) or expenses (2020: nil)

There were no other related party transactions (2020: nil).

THE NATIONAL GALLERY TRUST

Notes to the Financial Statements
for the year ended 31 March 2021 (continued)

19. Prior year SoFA (restated for discontinued activities)
Prior Year Consolidated Statement of Financial Activities
For the year ended 31 March 2020

	Continuing Activities Unrestricted Funds £	Discontinued Activities Unrestricted Funds	Continuing Activities Restricted Funds £	Total funds 2020 £
Income from:				
Donations and legacies	1,207,649	-	3,125,468	4,333,117
Other trading activities	-	9,931,124	-	9,931,124
Investments	23,578	2,972	31,728	58,278
Total income	1,231,227	9,934,096	3,157,196	14,322,519
Expenditure on:				
Raising funds:				
Commercial trading operations	-	(9,918,972)	-	(9,918,972)
Other	(1,009,494)	-	-	(1,009,494)
Charitable activities	(294,523)	-	(12,743,131)	(13,037,654)
Total expenditure	(1,304,017)	(9,918,972)	(12,743,131)	(23,966,120)
Net losses on investments	(1,406,664)	-	(1,752,247)	(3,158,911)
Net Income/(Expenditure)	(1,479,454)	15,124	(11,338,182)	(12,802,512)
Transfers	15,124	(15,124)	-	-
Net movements in funds	(1,464,330)	-	(11,338,182)	(12,802,512)
Total funds at 1 April	38,720,559	135,453	57,767,969	96,623,981
Total funds at 31 March	37,120,776	135,453	46,429,787	83,821,469

Prior Year Statement of Financial Activities - Entity
For the year ended 31 March 2020

	Unrestricted funds £	Restricted funds £	Total funds 2020 £
Income from:			
Donations and legacies	1,207,649	3,125,468	4,333,117
Investments	38,701	31,728	70,429
Total income	1,246,350	3,157,196	4,403,546
Expenditure on:			
Raising funds	(1,009,494)	-	(1,009,494)
Charitable activities	(294,523)	(12,743,131)	(13,037,654)
Total expenditure	(1,304,017)	(12,743,131)	(14,047,148)
Net losses on investments	(1,406,664)	(1,752,247)	(3,158,911)
Net movement in funds	(1,464,331)	(11,338,182)	(12,802,513)
Total funds at 1 April	38,737,059	57,767,969	96,505,028
Total funds at 31 March	37,272,728	46,429,787	83,702,515

20. Post balance sheet events

On 1 April 2021, the National Gallery Trust gifted 800,100 ordinary shares in the National Gallery Company Limited to the National Gallery, giving the Gallery 100% ownership of the company.