

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.

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**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.

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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

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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.

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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
	1,341,686	6,461	1,348,147
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
	7,429,398	31,926	7,461,324

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

	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
	5,162,612	706,573

	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	
	925,100	100,000

	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
	31,927	103,261

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
	47,109,930	2,732,243	(10,601)	(2,298,713)	2,331,970	49,864,829

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
	37,272,726	1,257,846	-	(1,484,707)	10,064,064	47,109,929

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
	62,925,459	4,394,149	10,601	(5,162,612)	3,202,928	65,370,524

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 2021-22 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