

THE ROYAL SCHOOL OF NEEDLEWORK

England & Wales · Charity number 312774

Details

Other names	RSN
Status	Registered
Legal form	Charitable company
Company number	00012192
Registered	1964-07-07
Register	View on the Charity Commission register

Contact

Address	Apt 12A Hampton Court Palace East Molesey Surrey KT8 9AU
Phone	02031666930
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Website	www.royal-needlework.org.uk

Activities

Objects: THE CARRYING ON OF THE ROYAL SCHOOL OF NEEDLEWORK; THE FOUNDING AND CARRYING ON OR ASSISTING OF OTHER SCHOOLS OF NEEDLEWORK; THE TEACHING AND GIVING INSTRUCTION IN ORNAMENTAL NEEDLEWORK AND THE SUPPLYING OF SUITABLE EMPLOYMENT FOR POOR GENTLEWOMEN.

Activities: The RSN comprises three core activities; the Education programme, the Collection and the Studio. These three activities are integrally linked; Studio staff teach on the courses; students work in the Studio; students work on items from the Collection and the collection informs work in the Studio and the courses.

Classification

- **How:** Provides Services, Provides Advocacy/advice/information
- **What:** Education/training, Arts/culture/heritage/science, Environment/conservation/heritage
- **Who:** The General Public/mankind

Geography

- Japan
- Scotland
- United States
- Bristol City
- Durham
- Richmond Upon Thames
- Warwickshire

Finances

Period end	Income	Expenditure	Assets	Employees
2024-08-31	£2,969,245	£3,446,662	£4,852,165	64
2023-08-31	£2,756,048	£3,073,421	£4,970,999	55
2022-08-31	£2,747,686	£2,519,483	£5,770,238	47
2021-08-31	£2,272,430	£2,163,235	£6,297,516	28
2020-08-31	£1,984,354	£2,106,034	£5,300,695	54

Trustees

Name	Role	Appointed
Dr Paula Leftwich		2023-05-04
Eleri Lynn Ritchie		2021-10-05
Julie Ann Richards		2022-07-28
Keith William Pickard		2023-02-01
Linda Anne Palmer		2026-02-11
Louisa Christofidou		2022-07-26
Patricia Barbara Cullen		2020-06-23
Pauline Elizabeth Wood		2021-10-05
Peter Mila		2024-10-09
Sarah Jane Mumford		2023-05-04

Accounts

The Royal School of Needlework

Annual Report and Consolidated Financial Statements

31 August 2024

Company Registration Number
00012192 (England and Wales)

Charity Registration Number
312774

Contents

Reports

Reference and administrative information	1
About the RSN	3
Chair of Trustees' introduction	5
Report of the Council	7
Statement of Corporate Governance and Internal Control	27
Independent auditor's report	35

Financial statements

Consolidated statement of financial activities	40
Balance sheets	41
Consolidated statement of cash flows	42
Principal accounting policies	44
Notes to the financial statements	49

Reference and administrative information

Patron	HM The Queen
President	HRH The Duchess of Gloucester
Council Members	Ms Pip Wood – Chair of Trustees ^{*x+} Mr Keith Pickard – Honorary Treasurer ^{**+} Ms Louisa Christofidou ⁺ Prof Patsy Cullen ^x Ms Victoria Farrow Dr Paula Leftwich ^{x+} Ms Eleri Lynn ^x Mr Peter Mila Miss Sarah Mumford [*] Ms Clara Poon Ms Julie Richards Prof Dominic Tweddle [*] <i>* Member of the Finance and Investment Committee</i> <i>x Member of the Education Committee</i> <i>+ Member of the Fellowship Committee</i>
Chief Executive	Dr Susan Kay-Williams (until August 2024) Ms Rhian Harris (from September 2024)
Registered office	Apartment 12A Hampton Court Palace East Molesey Surrey KT8 9AU
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Barclays Bank plc 8/12 Church Street Walton on Thames Surrey KT12 2QX

Reference and administrative information

Investment managers	J M Finn & Co (until November 2024) 25 Copthall Avenue London EC2R 7AH
	CCLA (from November 2024) One Angel Lane London EC4R 3AB
Company registration number	00012192 (England and Wales)
Charity registration number	312774

About the RSN

The RSN was established in 1872 to revive and teach the art of hand embroidery. Over our 152 years we have expanded our activities and extended our reach worldwide gaining an international reputation for the expertise and skills of our tutors and staff, and the excellence of work in our professional studio. No other single organisation covers the breadth of work we now undertake. We use our remarkable history and knowledge to teach, practise and promote the art of hand embroidery.

Based at Hampton Court Palace, in south-west London, the RSN offers an education programme for beginners through to those pursuing hand embroidery as a professional career. We estimate around 2,000 people undertake a course with us each year.

Validated by Kingston University, we run the only BA Honours degree course in Europe dedicated to hand embroidery. We teach one-day or weekly leisure courses online to embroiderers worldwide, and onsite primarily across the UK, and also in the US, Australia and Japan. We run an annual international summer school and offer pre-recorded video courses for people to study at their own pace. We hold classes in partnership with other organisations and venues and design bespoke courses on application.

Our Certificate & Diploma for stitchers wanting a higher level of technical tuition comprises modules on different techniques, each with around 40 hours of tuition and our Professional Embroidery and Tutor Programme prepares graduates for a career in professional embroidery and, or, teaching.

RSN trained embroiderers are well regarded by customers and in demand by other embroidery 'schools' because of their depth and breadth of knowledge and expertise. We recognise the extensive training they have undertaken through the RSN Fellowship programme.

Our professional studio specialises in bespoke commissions, and the restoration and conservation of historic textiles. All work is undertaken in the UK to a consistent and high standard by RSN trained professional embroiderers. It is the only UK studio with access to such a pool of highly skilled stitchers practising traditional and historical stitches and using this knowledge as inspiration for large and specialist commissions.

We further promote hand embroidery through exhibitions, talks (live and recorded), introductory taster sessions and schools' projects. Our extensive Archive and Collection informs and inspires. Comprising around 10,000 embroidered items and textiles collected and donated from all over the world, it provides inspiration to both recreate historical designs and encourage modern applications and interpretations. Access to the collection is currently limited, but we have now started digitising items which are published online via our website.

The RSN Stitch Bank was introduced in 2021 to mark our 150th anniversary. Currently containing nearly 500 stitches, it is a free online resource aiming to digitally record every known stitch. It is the largest free database of stitches in the world and is used by embroiderers as well as a wide variety of people such as curators, and historians of stitch.

About the RSN

An online retail operation and physical store are based at Hampton Court Palace. Every purchase helps support the RSN. The RSN is a registered charity. We are very grateful to the organisations and individuals who support our work.

OUR MISSION

Our mission is to preserve the heritage and lead the development of hand embroidery, enriching lives by inspiring, teaching and innovating to provide the widest access to our knowledge and skills. We deliver this through our values of Tradition, Quality and Innovation.

Chair of Trustees' Introduction Year to 31 August 2024

The 2023–24 academic year was a real step forward for the RSN as we introduced a number of initiatives and developed a more collaborative approach to delivery.

Activities which have been the recent focus of fundraising came to fruition, including our long held ambition to digitise items from our Collection providing wider access via our website. We reviewed our tutor programme, launching the three-year Professional Embroidery Tutor course which better prepares individuals for a career in professional embroidery and or teaching and introduced the RSN Fellowship to recognise those who have completed the most intensive and rigorous training of all RSN courses.

We also updated our strategy to guide our work over the next few years and this will help us refocus and strengthen our ability to deliver the incredible breadth of educational courses and resources for which the RSN is known. It will also enable us to widen access to our extensive experience and expertise in hand embroidery built up and passed on over the past 152 years.

Central to this is our desire to reach out and work with a broad range of partners helping us reach new audiences at a scale and pace we could not achieve on our own and directly targeting our skills, knowledge and encouragement for the specific benefit of their members and stakeholders. Reviewing our operating model is also essential for our own organisational sustainability. The RSN has a financial deficit which must be reversed and we are now investing in the structure and plans needed to effect this.

The strategic development of this approach took place during 2023-24, and at the point of writing we are gearing up to deliver the initial projects with a range of partners under the programme brand of Fragile Threads. This initiative also helps focus our efforts to champion sustainability. Within our own operations we are committed to adopting working practices that will assist continued environmental improvement and through Fragile Threads we aim to raise awareness, improve understanding and, through the medium of embroidery, challenge behaviour which is leading to the loss of essential species. You can read more about this in our 'Looking to the Future' section on page 20.

Dr Susan Kay-Williams, our Chief Executive for the past 17 years, retired at the end of August 2024. Under her leadership the RSN introduced many new programmes and initiatives. She also helped navigate the path through the challenges of the pandemic when the RSN pivoted operations to an online model as Covid-19 locked us down. We thank her for her dedication and commitment to the RSN and wish her all the best for the future.

Our new Chief Executive, Rhian Harris, took up post in September 2024 and will lead our new strategic approach. She has worked with a range of historic and contemporary art, design and social history collections and has a passion for making heritage, culture, art, craft, and design accessible to a wide and diverse range of people, putting learning and participation at its heart. We are very excited about the skills and expertise Rhian brings, and the Trustees are looking forward to working with her to ensure the RSN continues to develop, grows stronger and becomes sustainable.

We welcomed Clara Poon to our Council of Trustees in September 2023 and Peter Mila joined at the start of the 2024/25 academic year. Both strengthen our Council further adding important skills needed for the oversight and delivery of our strategy.

Chair of Trustees' Introduction Year to 31 August 2024

As a charitable body we are constantly checking activity in line with available funds. Our operation is reliant on the customer support of our commercial activities and the kind donations of individuals, charitable trusts and organisations who share our passion to preserve the heritage of hand embroidery and ensure its continued relevancy and contribution to modern society. We are very appreciative of all the support and the hard work and passion of our staff, tutors and volunteers who help deliver our vision, and to our students, customers and other beneficiaries who make it all worthwhile.

A handwritten signature in black ink, appearing to read 'P. Wood', written in a cursive style.

Pip Wood
Chair of Trustees

Report of the Council Year to 31 August 2024

This report highlights activity during the year ended 31 August 2024 and represents the breadth of our operations which contribute to our ambitions and objectives.

More details on these and many other of our activities can be found on our website royal-needlework.org.uk

The Members of the Council (as Trustees), present this report and the audited consolidated financial statements of The Royal School of Needlework for the year ended 31 August 2024. The report has been prepared in accordance with the Charities Act 2011 and is also the group report of the directors for the purposes of the Companies Act 2006. The reference and administrative information on page 1, further information About the RSN (including our mission) on page 3, and the Message from the Chair on page 5 also form part of the report.

The financial statements have been prepared in accordance with the accounting policies on pages 44 to 48 of the attached financial statements, and comply with our memorandum and articles of association, 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 (FRS 102) and comply with the Office for Students' Accounts Direction.

OUR STRATEGY & AMBITIONS

We have three key areas of focus.

- Provision of tuition and resources;
- Practice of hand embroidery;
- Promotion and insight into embroidery heritage and contemporary use.

To achieve our mission, we are focused on ambitions set out in our five-year strategy for 2022-2027. This aims to ensure activity is forward-looking, relevant, and underpinned by strong and sustainable finances and foundations.

We aim to engage and inspire and to put students, customers and wider beneficiaries at the heart of all we do so that we can deliver a bigger impact for a broader audience.

Our core ambitions are listed below

Delivering A Forward-Looking, Relevant, And Customer-Driven Proposition

1. Develop a collaborative programme that connects hand embroidery with a key societal issue highlighting its contemporary relevance to increase the accessibility of our activity.
2. Ensure we have a customer driven, relevant offer to broaden engagement and increase participation.
3. Leverage our legacy and share our expertise.

Developing Secure Finances

4. Develop new Fundraising strategy.
5. Develop networking and external relationships to increase viability of our community delivery through groups and partnerships.
6. Grow profitable operations and develop new revenue streams.

Building Strong Foundations

7. Embed engaging, empowering and collaborative culture.
8. Build awareness of our activities to encourage broader participation and engagement.
9. Review and improve operations and delivery.

DELIVERING A FORWARD-LOOKING, RELEVANT, AND CUSTOMER-DRIVEN PROPOSITION

We use our experience and expertise to develop a range of courses and educational activities to further strengthen our leadership in hand embroidery.

1. **To develop a collaborative programme that connects hand embroidery with key societal issues highlighting its contemporary relevance to increase the accessibility of our activity.**

During numerous internal and external feedback sessions and consultations over the past couple of years we have heard the need to modernise the perception of hand embroidery and demonstrate its relevance to reach a wider audience. We must also help make the practice more accessible to those unable to afford classes – with the RSN or other organisations.

This goes to the heart of our founding purpose to preserve the broadest range of hand embroidery techniques which we did by providing training and work for women who had to earn a living to support their families.

During the year we have developed an approach to help raise awareness, understanding and challenge behaviour around Climate Change and the damage to biodiversity through species loss.

This programme, called Fragile Threads, will be delivered through enhancements to some of our programmes and by making hand embroidery more accessible through collaboration with like-minded partner organisations. It will launch in 2025 and you can read more details on page 20 in our 'Looking to the Future' section.

2. A customer driven, relevant offer to broaden engagement and increase participation

The RSN is renowned for the high standard of its teaching and expertise. We teach original methods and keep the cultural and societal relevance of hand embroidery alive. While our Professional Embroidery Tutor programme and our Certificate & Diploma have technical excellence at their core, we welcome stitchers of all levels through a broad range of classes and courses. All are delivered by expert RSN trained tutors who bring a wealth of experience, technical knowledge and enthusiasm.

Our future sustainability depends on presenting our knowledge and expertise in a relevant and attractive way to existing and potential embroiderers; this is at the core of our mission to both preserve the heritage and lead the development of hand embroidery.

We are always working to refine and develop our activities; during the year we carried out detailed reviews of some of our courses. Underpinning them all is continuing to train and develop a new generation of professional hand embroiderers and tutors.

RSN Professional Embroidery Tuition

Customers tell us they actively choose courses taught by RSN trained tutors because of the depth and breadth of their teaching and embroidery expertise.

We paused entry to our 'Future Tutor' programme in September 2023 to undertake a full review and ensure we were providing the best content to prepare graduates for a modern career in hand embroidery.

We launched a new syllabus in September 2024 with our three-year Professional Embroidery Tutor Programme (PET).

Under the guidance of our own expert tutors, participants are trained to the highest level in technical hand embroidery. They also receive classes in Art & Design and Business Skills, as well as opportunities for Teaching Practice and teaching opportunities with the RSN following graduation. The programme now offers more flexibility to help participants juggling study with home and family responsibilities. The course was fully subscribed in September 2024 and will now open to new entrants every other year.

We are working towards providing a Scholarship place in an effort to increase the diversity of tutors and role models graduating from the course. With the PET programme now running every other year we hope to offer a more holistic level of scholarship support beyond basic course fees.

The RSN Fellowship

Many people have been trained by the RSN. However, only those successfully graduating from our Apprenticeship, Future Tutor, or PET programmes have undertaken and passed the most intensive and rigorous training of all RSN courses and are uniquely qualified to teach and practise the highest standards in the broadest range of embroidery techniques.

In March 2024 we launched the RSN Fellowship to recognise their significant training and commitment. Fellows can now use post-nominal letters and the RSN Fellowship badge to publicly demonstrate and differentiate their level of training and expertise.

RSN Short Courses

Our day, evening and weekly courses are often a customer's first experience of the RSN. They cover a broad range of techniques, often based on stitching a kit, and cater for beginners to advanced. Many courses are flexible to support a mixed ability of participants who learn in small and friendly groups. Classes are held at Hampton Court Palace and online which attracts a worldwide audience. During the year we ran more than 100 classes; nearly 50 comprised a single day with others being multiple days or a series of sessions over a number of weeks.

RSN Partnership Classes take place at a special venue, usually with an RSN connection, bringing our teaching to new locations and audiences. Many offer an 'added value experience' such as access to an otherwise private venue, exhibition entry or private curator-led talk.

These classes are very popular, and last year we ran 20, up from 16 the year before, with ten partners across 13 venues.

We had not reviewed the content, promotion and delivery of our short courses for a while so in Summer 2024, we invested significant time to understand and evaluate customer experiences and the thoughts of tutors delivering our classes.

RSN Summer Schools

We run an annual International Summer School with day, or multiple day, classes at Hampton Court Palace and online. There are additional benefits such as talks, gifts and, for those at Hampton Court, exhibitions and a tour of our embroidery Studio.

In Summer 2024 we ran over 30 classes including two at our Durham centre and 11 online. A group of tutors travelled to the US to deliver a further 18 classes.

RSN Bespoke Classes

We are uniquely placed to organise bespoke classes tailored to the interests of groups or individuals. Taught online or at Hampton Court Palace, participants travel from around the world to enjoy talks, exhibitions, curator-led viewing of objects from our Collection and Archives and embroidery courses.

Online Video Courses

We offer a series of online video courses for stitchers to learn in their own time, at their own pace and in the comfort of their own home. Led by RSN Tutors, a growing range of courses cover a wide range of hand embroidery techniques and different designs. By the end of August 2024, 16 courses were available. The majority are equivalent to a three day class but two shorter introductory courses, equal to a one day course, were added this year and have been well received.

The programme includes video instruction to complete an exclusive kit and step-by-step written and photographic guides. Customers can interact with other participants through a private Facebook group.

This part of our offer has previously been marketed to customers by a third party operator but in September 2024 we brought the operation in house. Courses continue to sell well.

RSN Certificate & Diploma

Many customers progress from short courses to our part-time Certificate & Diploma (C&D) course, the RSN's flagship leisure programme. This attracts several hundred students each year providing tuition to a very high technical standard.

Teaching takes place at Hampton Court Palace, online and around the UK (Bristol, Rugby, Durham and Glasgow) as well as Japan. Students can pace their learning or take an intensive course which runs a couple of times a year in the UK, US and in July 2024 we started teaching in Brisbane, Australia. Online classes run in three time zones: UK/Europe, North and South America and Australia/New Zealand/SE Asia.

The Certificate comprises four modules and the Diploma six. Each module averages eight days / 40 hours of tuition and is therefore a significant investment for the student. Students can mix online and in-person tuition which was particularly welcomed by some students adversely affected by the current cost of living.

Interest in C&D remains strong, and we increased our capacity to get students started on the first 'set' Jacobean module. Students then choose which technique they study next although many value their class community and stay together throughout the course.

This year we consulted with around 150 C&D students from Canada, USA, Australia, New Zealand and the UK to learn more about their thoughts on course assessment. As a result, we introduced a new assessment process in January 2025.

Students were also very complimentary on the standard of tuition and the accessibility of online tuition.

RSN BA (Hons) Hand Embroidery

Our degree programme is strategically important to the RSN; it has an excellent reputation within the fashion and interiors industries and enables us to work collaboratively with fashion houses and creative partners.

It is the only full time BA (Hons) Degree programme specialising in hand embroidery in Europe, developed to provide an academic learning experience which connects creative practice, textile and design theory with a technical skills base of hand embroidery.

Validated by Kingston University, students use contemporary approaches to traditional hand embroidery techniques, venturing into creative careers in fashion, interiors or textile art.

Skills development is at the heart of the degree, and these are applied to real world projects, giving students the opportunity to experience and network with major potential employers and influencers. Students develop very different interpretations, becoming confident practitioners, designers, creative thinkers and innovators. Our graduates are sought after for their highly skilled work and professional conduct within external settings and gain employment in a wide variety of sectors such as couture, costume, interiors, and textile art.

Post covid applicant numbers dipped in September 2023, consistent with the sector. We worked hard to promote the course during the year and we welcomed a full complement of students to start their studies in September 2024.

We are however reviewing how to deliver a more financially sustainable programme as we heavily subsidise the course. The entire UK higher education sector is feeling the pressure of inflationary costs while being unable to increase tuition fees, the main source of income, to a more sustainable level. We are extremely grateful to those funders, including Livery Companies, Friends, individual donors, and people who have left us legacies to provide bursaries so that our students are able to afford to attend.

3. Leverage our legacy and share our expertise

The RSN Professional Embroidery Studio

Originally called the workroom when the RSN was founded in 1872, our Studio at Hampton Court Palace today offers bespoke embroidery services attracting projects from all over the world, including from royalty, places of worship and Livery Companies to leading fashion and interior design houses and private individuals.

It is unique in being able to call on our network of RSN trained embroiderers and tutors as needed for large and urgent commissions.

In September 2023 our Head of Studio & Standards and Studio Manager were awarded Coronation Medals for their and the RSN's work on the Coronation of King Charles III and Queen Camilla (hereafter 'the Coronation'). They accepted the medals on behalf of the wider RSN team.

2023-24 was a more 'level' year. We had an increase in work from livery companies primarily due to our work on The Anointing Screen, gifted for the Coronation by the City of London Corporation and many participating livery companies.

We also undertook work for new, regular and returning customers. We saw an increase in design enquiries, particularly from interior designers looking for bespoke and special soft furnishing and furniture items, and larger scale pieces.

The RSN's activities are all interlinked and support each other and this is particularly true of the Studio. It supports the teaching of degree and PET students and also designs kits for sale in the RSN shop.

The RSN Studio designed and embroidered the Queen's Robe of Estate for the Coronation and we were delighted when Her Majesty agreed to the Studio producing a special 'sampler' featuring every flower and insect included on the robe, worked in the same techniques but at half the scale. It will become part of the RSN Collection & Archive.

The Studio also produced kits featuring six of the flowers. These went on sale in Autumn 2024, complementing 15 other kits produced and launched by the Studio during the 2023-24 year, one for each decade of the RSN's 150 years. All are available from the RSN shop and online.

RSN Collection and Archive

The RSN Collection and Archive brings the heritage of hand embroidery to life and we use our legacy to inform activities and showcase our experience and expertise.

Our Collection is one of the largest of historical embroidery comprising around 10,000 embroidery and textile pieces, many of which are rare, dating from the 7th century. Our Archive documents the RSN's 150 year history of embroidery design and production.

The Collection both informs and teaches us about embroidery heritage and inspires the creation of future items.

Objects span the globe and the broadest range of techniques, stitches, and materials. It is an invaluable tool for RSN students and staff, as well as external researchers, historians, museum professionals, embroiderers, archivists, and artists.

Accessibility of the Collection has been largely limited to exhibitions, talks and tours, but in April 2024, thanks to generous donations from RSN Friends, Trusts and private individuals, we realised a long-held ambition to make it more accessible and launched the first 100 digitised pieces online giving a glimpse of the Collection's breadth and depth.

The new website is free of charge to view, and features comprehensive catalogue entries, high-definition images, makers' names, dates, places, stitches, motifs, techniques and extensive descriptions. Visitors can learn about the techniques and stitches featured via links to the RSN Stitch Bank.

Items can also reveal a stitcher's access to materials, education and travel and their inspiration for design, symbolism and meaning. Embroidery is particularly important for its ability to shed light on under-represented individuals, especially women and girls, members of poorer classes, and those in the margins of society. We are continuing to add to the online resource but must raise funds for this important work to continue further.

Exhibitions

We regularly exhibit pieces from our Collection and Archive as well as students' work, at events around the UK and in exhibitions at Hampton Court Palace. These often provide an entry point to the RSN as many visitors go on to take our classes and courses. Exhibitions are complemented by talks, curated tours and private views.

In July 2023 we opened 'The Royal School of Needlework & Five Coronations 1902 – 2023' which was scheduled to run until mid-November 2023 and was extended to May 2024 due to demand. We ran nearly 60 tours all of which sold out.

In August 2024, a free exhibition of items from the Collection opened at the Stirling Smith Art Gallery and Museum in Scotland. 'Embroidered Excellence: Treasures from the RSN Collection', ran until mid-November 2024 and brought together some of the finest examples of embroidery in our Collection.

'Tales of Textiles: The RSN Collection in Focus' is now running from September 2024 to June 2025, and focuses on English embroidery and many of the first 100 objects to be digitised and catalogued.

RSN Online Talks

Online talks were introduced in 2020 in response to restrictions imposed during the pandemic but have become an established feature. They help us develop an online community around the world and to stay engaged with RSN supporters who may no longer be able to stitch.

Many talks feature items from our Collection & Archive and are entertaining and educational. Viewers make a donation to watch the talks. Talks are recorded and available on demand after the event on our website.

Speakers include RSN staff members and guest speakers such as authors, historians, and curators from some of our venue partners.

Fifteen talks were held this year with participants from over 20 countries including more unusual locations of Lithuania, Croatia, Mexico and Turkey. The most popular featured dress historian and broadcaster, Amber Butchart, which was only surpassed by an event promoting the RSN Stitch Bank attended by nearly 1,000 viewers.

RSN Stitch Bank

RSN Stitch Bank goes to the core of our mission, making knowledge of stitches freely available to preserve heritage and ensure hand embroidery continues to develop. It features videos, written instructions, illustrations, photographs and the history and use of stitches as well as images of examples from our Collection.

It is used by students, curators, historians and practitioners and currently contains nearly 500 stitches. It is the largest free database of stitches in the world with an aim to digitally preserve every stitch. While some of the earlier stitches to be featured were those in more common use, the Winter 2023 'release' featured late 16th / early 17th centuries stitches that have fallen out of use, as well as different ways of working familiar stitches. We are very grateful to our generous funders for enabling us to add more stitches to RSN Stitch Bank and to keep it as a free resource.

DEVELOPING SECURE FINANCES

Like most charities, we have to raise funds to support our operations and charitable objectives, and we are ever mindful of the need to develop strong and sustainable sources of finance and allocate funds appropriately to get maximum return.

4. Develop new Fundraising strategy

The RSN does not receive any statutory funding. In particular, we raise funds for all new projects as well as for student bursaries.

This year we recruited a dedicated Fundraising Manager to strengthen our fundraising efforts across the board including from Trusts and Foundations, Legacy Fundraising, Individual Giving and Major Donors. We will be developing a new and robust fundraising strategy to take us forward.

We are also hugely indebted to the many individuals and organisations who respond to requests to help fund specific projects, including RSN Stitch Bank and the digitisation of RSN Collection and Archive. These important projects help conserve knowledge, skills and embroidered textiles, and also provide important reference resources.

We are particularly grateful to those Livery Companies, Charitable Trusts and individuals who supported our students through bursaries this year and to those who support the RSN including a number of livery companies: The Worshipful Company of Broderers, The Worshipful Company of Dyers, The Worshipful Company of Girdlers, The Worshipful Company of Gold and Silver Wyre Drawers, The Worshipful Company of Haberdashers, The Worshipful Company of Needlemakers; a number of charitable trusts this year including The Coats Foundation Trust, The Honourable Society of Knights of the Round Table, The Pitt Rivers Trust, The Arts Society, The Radcliffe Trust, The Headley Trust, Newby Trust, Lord Barnby's Foundation, SE Franklin's Charitable Trust Number 3, Trapp Family Foundation, The Henry Lumley Charitable Trust.

RSN Friends

Friends support the RSN through advocacy, engagement with core activities and donations making a vital contribution in supporting our work and ongoing development.

This year we introduced new membership options to distinguish between Friends who want to support the RSN but who no longer stitch and those who continue to practise hand embroidery.

As well as supporting our work, Friends receive benefits including exclusive biannual newsletters, advance information and priority booking notifications for classes and events, along with 10% discount on RSN Shop purchases, Exhibition Tours, and Online Talks.

RSN Stitching Friends receive the same benefits plus 10% discount on selected Day and Short Courses (and our International Summer School).

We also hold exclusive events such as the Private Views of the Degree Show and also of the work of our Future Tutors and Certificate & Diploma Graduates in July 2024 at Hampton Court Palace.

5. Develop networking and external relationships to increase viability of our community delivery through groups and partnerships

We have good links with many organisations involved with or connected to similar pursuits and related backgrounds. Several of our online talks and classes revolve around partners who share information about textile items in their own collections and we run classes at their venues providing a new location to reach communities.

Developing new relationships is at the heart of the new Fragile Threads programme which will connect us with organisations which can help introduce the enjoyment and benefits of hand embroidery to new audiences at a pace and scale we could not achieve on our own.

Schools and engagement programmes

Inspiring a new generation of stitchers is an important part of our mission. Since 2018 we have offered the free 'Embroider a Selfie' project to schools thanks to support from the Worshipful Company of Girdlers. Schools can apply for free needlework supplies and access to a host of ideas and demonstration videos.

For the second year running thanks to the support of the Worshipful Company of Broderers, we ran Family Days and School Workshops with partners at seven different venues which showcased hand embroidery to hundreds of children and families, up 40% over the previous year.

We will continue to build on these programmes and bring innovative ways to introduce embroidery and engage the next generation.

6. Grow profitable operations and develop new revenue streams

The reviews conducted this year will increase the relevance and attractiveness of our courses and help fund the free resources we provide. We also improved and developed areas of particular strength such as Talks and Partnership Classes (see page 10) and the RSN Shop.

The RSN Shop

During the year we introduced new products and ranges resulting in a significantly more dynamic and engaging offer to complement staple embroidery products. The refreshed offer and a programme of themed marketing helped deliver an increase in sales.

In particular kits designed by RSN tutors and presented under a consistent brand have sold well and unique products such as the six coronation kits (see page 13) have appealed to avid collectors with some customers buying the complete set. Our initial stock of the kits sold out within two months and has now been replenished.

Significant growth is difficult given space constraints at Hampton Court Palace, but we will be upgrading our online shop and stock management system this year to improve efficiency.

Whilst maintaining our ethos of UK handmade, we are working alongside British Heritage brands to create low cost/high volume branded equipment suitable for wholesale. These products will sit alongside higher value branded products offering retailers a full range and will also help showcase and promote the RSN Retail brand at Trade Shows, Exhibitions and Pop-Up Shops.

New Revenue streams

We have continued to develop new courses where there is recognised need playing to the RSN's purpose and strengths as a leader in the practice and heritage of hand embroidery.

Hand Embroidery: Skills and Studies

Developed by RSN Tutor Tracy Franklin and launched in September 2024 at our Durham centre, this course includes learning traditional methods and techniques, experimenting with new approaches, and investigating domestic and international contemporary and historic embroideries. Students build a body of personal work and research which they are encouraged to share and contribute to a collection of stitch which will grow over time.

RSN History of Embroidery Course

During the year we began development of this online course which explores embroidery in context. It will be the only leisure-based History of Embroidery course of this depth. Launch is scheduled for 2025

RSN Masters Programme

We have paused progression of a postgraduate Masters course to focus on other activities during the current challenging economic climate.

BUILDING STRONG FOUNDATIONS

We need the appropriate resources and systems in place to support our staff in the delivery of our ambitions.

7. Embed engaging, empowering and collaborative culture

Hampton Court Palace is a popular location for our offices and primary teaching spaces and in September 2023 we took additional space to house our Archiving and Digitisation project and several of our Education administrative team.

However, we are spread out in different locations around the Palace making it more challenging for staff and students to always work together effectively. Our staff survey in Spring 2024 provided feedback on potential improvements to our ways of working and this is a key task for our new Chief Executive.

The effectiveness, efficiency and retention of our employees through developing a fulfilling career at the RSN is fundamental to our success. In May 2024 we appointed a HR professional in the new role of Director of Staff and Customer Engagement to work with our new Chief Executive to support employees and embed an empowering and collaborative culture which puts students, customers and beneficiaries at the heart of all we do.

8. Build awareness of our activity to encourage broader participation and engagement

RSN Sip and Stitch

In November 2023 we held our first online 'RSN Sip & Stitch' event live from Hampton Court Palace with over 700 people registering for the event worldwide. Two smaller onsite events at our Bristol and Durham satellites sold out. While primarily an event organised to encourage wider participation, it also stimulated donations to the RSN Stitch Bank and increased engagement with significant spikes in website visitor numbers.

Marketing and Communications

Our work for the Coronation continued to feature in marketing and communications. We celebrated Goldwork at The Knitting & Stitching Shows in London and Harrogate in the autumn, and Fashion & Embroidery at the Birmingham NEC in the spring. On Boxing Day 2023, the BBC Documentary, *Charles III: The Coronation Year*, attracted an audience of 4.8 million and featured footage from Their Majesties' visit to the RSN to see our work underway.

In May 2024, the first ever digitised version of the Coronation Roll, the official record of the Monarch's accession and crowning, was unveiled and we were honoured to feature in an interview.

Digital Marketing has become an extremely important area, targeting regions and audiences with our online offer. Our Instagram and TikTok accounts saw the biggest growth. The latter reached a new audience with behind-the-scenes videos of Degree and C&D students discussing the inspiration behind their work. Subscription to our eNewsletters has continued to grow.

In September 2023 we opened our doors at Hampton Court Palace as part of the Open House Festival, inviting visitors to see behind the scenes of our Embroidery Studio, not usually open to Palace visitors. We gave free one-hour tours of our Education department to around 400 visitors – most of whom were new to the RSN.

9. Review and improve operations and delivery

Online is the primary method for our educational operations and delivery from booking a talk to taking a class, so the enhancement of our digital provision is critical.

This year we have invested in a significant upgrade to our internet line, to achieve greater resilience and quality of online experience for students and staff. We have also taken on delivery of the online video courses as detailed on page 10. The RSN Studio website also received a rebrand.

We continue to upskill staff in using collaboration and file sharing tools to enhance productivity and cross organisational communication.

SUSTAINABILITY

Sustainability takes different forms at the RSN.

Our Operations

We are based at Hampton Court Palace which is looked after and managed by the independent charity Historic Royal Palaces. In undertaking daily duties, we accept our staff will have an influence on the environment and we are committed to adopting working practices that will help to have a positive effect, assist towards continued environmental improvement, and reduce unavoidable negative influences while acknowledging that we must conform with the requirements of operating within a Grade 1 listed building.

Within our own operations, we continue to look at further prioritising efficient use of resources and materials. We reuse and recycle, practise responsible procurement where possible and aim for 'minimum waste'.

This year we reviewed our investment manager and the investment of our reserves moving to an ethical investment fund run by an Investment Manager which promotes a healthy society and environment. Assets are carefully selected for long-term value and act collectively to encourage systemic change helping to accelerate progress in meeting major sustainability challenges.

Our Ethos

Sustainability is also rooted in our purpose to sustain the art of hand embroidery by preserving the heritage and promoting its contemporary relevance. Our Studio undertakes restoration and conservation work and makes a much-valued contribution to social sustainability.

We think positively about sustainability, and this is actively taught and embraced by our students. We are an advocate for positive change in sustainable fashion, often featuring historic items from our Collection that have been repurposed for another use or owner. We teach and engage people in visible mending techniques to reduce waste in textiles and fashion and this class ran regularly this year.

We encourage the donation of unwanted items to our Archive and Collection, for student and customer use, and as project resources for beneficiaries such as schools.

Agitating for Change through the Language of Stitch

This year we have developed a collaborative programme to work with partners to raise awareness, understanding and challenge behaviour around climate change and species loss (see Looking to the Future).

LOOKING TO THE FUTURE

During 2023/24 we developed a new approach to widen access to our extensive experience and expertise and the result, which will be introduced during 2024/2025, is a new initiative called Fragile Threads which tackles one of the world's most urgent contemporary issues; Climate Change and biodiversity loss.

For centuries nature has inspired extraordinary pieces of embroidery and at the same time unique, rich embroidery traditions have used stitching to record events, impart knowledge, and make powerful statements of intent.

Fragile Threads places this tradition of self-expression and an exploration of the current fragility of the natural world side by side. Through collaborative partnerships it will help raise awareness, understanding and challenge behaviour around species loss through the medium of hand embroidery.

Different species work together to maintain viable eco-systems and provide us with key benefits such as food, clothing, and medicine. Yet estimates suggest 50% of all species will vanish within the next century and globally one million species are thought to be at risk. Fragile Threads will develop compelling narratives, explain and educate by empowering individuals, groups, and communities to tell their own biodiversity stories through hand embroidery.

We aim to share their learning and the impacts on their lives, through curated events, raising awareness, understanding, and challenging behaviour to help protect our natural world. The programme has been warmly received by many organisations and individuals already approached and a number of collaborations are confirmed for launch in Spring/Summer 2025. This will take the art of hand embroidery to new and more diverse groups at a scale and pace we could not achieve on our own.

Fragile Threads aims to reach and impact a broad and diverse audience, and key objectives are to:

- Create and preserve the heritage of hand embroidery techniques and traditions
- Widen access, engagement, and participation through the universal language of embroidery
- Promote the positive impact to a person's mental health and wellbeing through mindfulness and creative activity
- Raise awareness, improve understanding, and challenge behaviour around the impacts of climate change and loss of biodiversity through the empowering medium of embroidery
- Champion sustainability
- Re-energise and re-focus the RSN's ongoing relevance to assist its future development.

We are incredibly grateful to the wide range of individuals and organisations who have helped us develop this programme by sharing their experience, expertise and enthusiasm and look forward to developing and extending the programme further.

FINANCIAL REVIEW

Financial report for the year

The consolidated statement of financial activities for the year shows a net deficit (before investment gains) of £477,417 (2022/23: deficit of £317,373).

The overall income for the year 2023/24 of £2,969,245 was £213,197 higher than that of the previous financial year (2022/23: £2,756,048). Income from donations and legacies was £113,199 higher than the prior year, at £315,131 (2022/23: £201,932), largely due to the fact that the prior year figure contained a charge of £99,473 against legacy income; excluding this, the increase in income over the prior year would have been £13,726. Donation income for the year includes a very generous donation of £89,361 in the form of shares from one of the charity's major supporters. No grant income was received during the year (2022/23: £nil). Donations and legacies remain an extremely important source of income, particularly for the Degree and Future Tutor programmes, neither of which receives any government funding, and for all new initiatives.

The trading subsidiary's turnover of £612,513 (2022/23: £587,577) increased by 4% driven by an increase in retail sales through the shop. Studio income was lower than the prior year, as a range of items for the Coronation of King Charles III and Queen Camilla were commissioned during that period.

Income from charitable School activities amounted to £1,887,974 (2022/23: £1,807,188) a 4% increase year on year. The year saw the first International Summer School in the US since the Covid 19 lockdowns, with this income being offset by a reduction in student numbers and therefore fees for the undergraduate Degree programme. Investment income fell by 6% to £145,384 (2022/23: £154,888).

The restricted fund income of £111,832 (2022/23: £143,701) consisted of resources earmarked for the Degree and Future Tutor programmes, the RSN Stitch Bank, the Collection and Archive Digitisation Campaigns including a specific campaign regarding the digitisation of the Grove Book, the Schools/Family workshops programme and funding for the tuition of a student. Restricted expenditure of £173,521 (2022/23: £182,891) was incurred against this income and in addition the Embroider a Selfie project.

Total expenditure for the year was £3,446,662 (2022/23: £3,073,421), an increase of 12%. The year was the first full year of new staff posts, and increased sales activity in the retail operation drove higher purchases. In addition, travel and accommodation costs were higher than the prior year due to the International Summer School delivered in the US.

Net realised and unrealised gains on investments for the year amounted to £358,583 (2022/23: £481,906 net realised and unrealised losses). During the year, a tender exercise for the provision of investment management services was undertaken and the decision made to transfer the management of the investment portfolio from JM Finn to CCLA. The transfer of investments took place after 31 August 2024 and has now largely been completed other than one stock for which trading is currently suspended.

At the balance sheet date, net assets totalled £4,852,165 (2023: £4,970,099) of which £1,853,026 (2023: £2,100,301) are unrestricted income funds.

The Royal School of Needlework has an investment of £100 (2022/23: £100) in the share capital of RSN Enterprises Limited, a wholly owned company which is incorporated in England and Wales. The net trading result of the company for the year amounted to a loss of £3,063 (2022/23: profit of £44,336).

Reserves policy and financial position

The Council has examined the requirements for free reserves, i.e. those unrestricted funds not invested in tangible fixed assets, designated for specific purposes or otherwise committed. During 2023/24, the Council reviewed the Charity's reserves policy and confirmed it to remain at five months' total expenditure at any one time, excluding the additional commitments on the licence at Hampton Court Palace. In coming to this conclusion, the Council considered the nature of the charity's work and the discretionary nature of a significant proportion of income. Based upon budgeted expenditure levels for 2024/25, the maximum expenditure for five consecutive months would be in the region of £1,598,000. The Council is of the opinion that this provides sufficient flexibility to cover temporary shortfalls in incoming resources due to timing differences in income flows, adequate working capital to cover core costs and will allow the charity to cope with and respond to unforeseen emergencies whilst specific action plans are implemented.

The charity held net assets at 31 August 2024 totalling £4,852,165 (2023: £4,970,999). This is represented by endowment funds and restricted funds of £2,836,226 (2023: £2,646,096) and £157,993 (2023: £219,682) respectively and designated funds of £158,527 (2023: £701,126). After deducting funds represented by tangible fixed assets and shareholders' funds, this leaves free reserves at 31 August 2024 of £1,629,357 (2023: £1,366,807), which is in excess of the target level of £1,598,000 by £31,357. The Council is of the opinion that the level of funds overall is satisfactory and does not cast doubt on the ability of the charity to continue as a going concern.

The Council has continued to formally designate £158,527 towards the planned developments within the strategic plan (2023: £701,126). During the year the Council made the decision to undesignate £542,000 of funds previously designated for the Futures campaign in the light of the deficit for the year. The Council will review the designation of funds on an ongoing basis. The funds that are designated at the balance sheet date are for the 150 Forward project and the digitisation of the archive and collection.

Investment policy and performance

The investment policy remains to maintain the real value of the RSN funds through continued growth of the asset base, seeking to achieve this with an appropriate balance between sustained cash flow and capital growth, to generate over the long term, defined as a period of not less than five years, a total return on capital invested that reflects the risk appetite.

The Trustees have a moderate / medium attitude to risk, with the level of risk mitigated by having a diversified portfolio of assets. During the year the portfolio was managed on a discretionary basis by the investment manager, JM Finn. Since the year end, the investment portfolio has been transferred to CCLA for investment in a pooled fund, of which the investment aims and decisions are compatible with the RSN's investment policy and its environmental, social and governance standards, covering the following areas:

- Protection of the global environment, its climate and its biodiversity including the reduction and future elimination of fossil fuel exploration and production;
- Promotion of human rights, including but not limited to the equality of gender, race and sexuality; and
- Promotion of good business ethics and good employment practices.

The Finance and Investment Committee keeps a close eye on investments and returns to ensure maximum benefit for the RSN and meetings are held regularly with the investment manager to ensure that the balance of the portfolio remains appropriate particularly given political uncertainties and the ongoing potential for market volatility.

During the financial year, the market value of the investment portfolio strengthened in each of the second, third and fourth quarters, with the UK, and towards the end of the year, the UK Gilts in the portfolio strengthened following the interest rate cut in August 2024 and expectation of further interest rate cuts. At the charity's 31st August 2024 year end, the investment portfolio was valued at £5,258,977, having increased +9.5% in total return terms over the past 12 months. This is behind the ARC Steady Growth Index return of +12.4% and the 70% FTSE All-Share/30% FTSE UK Gilt Index return of +13.9%, while CPI+3% returned +5.3%. The portfolio has a 13 year annualised return of +6.1% per annum, in-line with the comparators.

The UK markets have suffered a steep fall in confidence following the increase to Employer National Insurance costs in the October 2024 budget, together with higher than expected inflation, which is making further interest rate cuts unlikely.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution and Legal Status

The Royal School of Needlework was founded in 1872 and incorporated in England and Wales, on 16 April 1878 as a company limited by shares. The Trustees are the shareholders, and their liability is limited to the value of shares held. The RSN is also registered as a charity with the Charity Commission, under the number 312774.

Our Memorandum of Association sets out our objects and powers, and we govern in accordance with our Articles of Association.

How we are governed

The Board of Trustees, or 'Council', is the RSN's governing body and has legal, financial and managerial responsibility. Council members are directors for the purpose of company law and trustees for the purpose of charity law and are referred to as both in this report.

Council is responsible for overseeing the establishment of strategy, policy, and the control framework. Key governance documents are reviewed and updated at the start of each year and policies are reviewed on a rolling cycle or more frequently as needed.

Council comprises 12 members including the Chair of Trustees and Honorary Treasurer. Those who served during the year and up to the date of this report are listed on page 28.

Trustees confirm that they have due regard for the Charity Commission's guidance on public benefit and that the required statement appears on page 29 of these financial statements.

Trustee recruitment, induction & training

Council members complete a skills audit periodically to record and review their expertise relative to the RSN's strategic needs. Outputs are used to help inform future recruitment and trustee appointments.

Positions are advertised broadly, and a trustee panel shortlists and interviews applicants before making recommendations to the full Council. Trustees use external advisors where appropriate.

Trustees are appointed by Council for a three-year term and can be re-elected for a further two terms. On appointment, they are provided with Charity Commission guidance on trustee roles and responsibilities, and documents such as the RSN's annual report, strategic plan and governance framework and code.

They are invited to spend time with senior managers and staff learning about and seeing the RSN in action. Trustees may also observe Committee meetings (see page 25) if they are not appointed members, ensuring they have the information and tools needed to fulfil their legal obligations and play an effective role within the governing body.

Training is available to Trustees as required. A number of online training resources were undertaken during the year. All trustees are provided with any new relevant information and publications as they become available.

Meeting Procedures

Formal agendas, papers and reports are supplied to Trustees in a timely manner, prior to Council meetings. Briefings are also provided as needed. Reports include financial status and information such as performance against targets, proposed capital expenditure, quality and personnel related matters such as health and safety.

Council Procedures and Decision-making

Trustees understand their responsibilities, including their duty to act in the RSN's best interests and to use reasonable skill and care to make balanced and informed decisions for the RSN to further its purpose and mission.

Report of the Council Year to 31 August 2024

They consider current factors and likely consequences, and potential impacts decisions may have now and in the future.

The Council met formally seven times in 2023/24 and held a Strategy Day with the senior management to review performance and shape future activity and the resources needed to deliver this.

An additional meeting was held to discuss the recruitment and appointment of a new Chief Executive and, following consultation with, and subsequent approval from, The Charity Commission (CC), an EGM was held to approve a change to our governing document to allow us to provide payment to Trustees in return for goods or services.

This amendment was sought in particular regard to the Fragile Threads programme as we did not have the capability or capacity within our staff team to provide the visioning and strategic development needed but did have this expertise on our Board. As it was outside the normal scope of a Trustee's role we believed it was appropriate to provide payment and did so following best practice and relevant CC guidelines. We are grateful to our Trustee for undertaking this significant task at a fee well below market rate. A separate governance framework was developed for this work with delegated authority to oversee development within the scope and budget approved by full Council.

The RSN has a strong and independent non-executive element; no individual or group dominates decision-making process. We consider each non-executive member is independent of management and free from business or other relationships which could materially interfere with exercising their independent judgement. There is a clear division of responsibility as the roles of Chair of Trustees and Accounting Officer are separate.

Council oversees the RSN's key management which has responsibility for operations.

Employees

During the year a new Chief Executive was recruited, with her employment starting on 30 September 2024. Two new members of the senior management team (Finance Director and Director of Staff and Customer Engagement) also joined.

Council sets the Chief Executive's salary and staff salaries are considered annually by the Finance and Investment Committee following performance review and approved by Council.

At 31 August 2024, the RSN employed 13 full time and 24 part-time staff, core teams of 5 part time stitchers in the Studio and 22 part-time tutors. In addition, around 20 volunteers assisted with the library, donated items, Research, Studio Talk and Tours, marketing and data entry. The RSN also used the services of a number of self-employed stitchers and tutors.

Committees

Council delegates specific responsibilities to three committees detailed below which report back to Council and may make recommendations.

Finance and Investment Committee

The Finance and Investment Committee (F&I) usually meets four times a year and provides oversight for all aspects of the RSN's finances, including financial management, financial policies, monitoring the integrity of the RSN's financial statements, the effectiveness of financial controls with regard to internal risk assessment, the performance and objectivity of external auditors, the mitigation of risk by insurance and the performance of investments. F&I members are also the directors of RSN Enterprises Limited.

Education Committee

The Education Committee had its first full year in 2023/24 and met three times. This will increase to four times going forwards to give greater scrutiny to our educational activities, results and developments.

It is responsible for overseeing academic quality and standards across education and learning activities and for monitoring and assuring compliance with Office for Students conditions or registration.

Tutor and student representatives are invited to join meetings. The committee also has an external independent educational advisor and we are grateful to Stuart Nicholson who filled this post in 2023/2024.

Fellowship Committee

A committee was established to oversee the newly formed RSN Fellowship programme including Fellowship experience, setting and maintaining standards, approval of Fellowship applications and annual activity. It met formally three times. Fellow representatives are invited to join meetings.

Trading subsidiary

The RSN has a wholly owned trading subsidiary RSN Enterprises Limited, a company incorporated in England and Wales with a share capital of £100. Its principal activity is to undertake the commercial and retail activities of The Royal School of Needlework. It comprises the RSN Studio, and our retail business. All taxable profits of the trading subsidiary are donated to the School under the Gift Aid scheme.

During the year the company made a loss of £3,063 (2022/23: profit of £44,336).

This report was approved by the Council on 5th February 2025 and signed on its behalf by:



P Wood
Chair of Trustees



R Harris
Chief Executive

Statement of Corporate Governance and Internal Control Year to 31 August 2024

The following statement is provided to enable readers of the annual report and financial statements of the Royal School of Needlework to obtain a better understanding of its governance and legal structure. The statement covers the period from 1 September 2023 to 31 August 2024 and up to the date of the approval of the annual report and financial statements.

The Royal School of Needlework endeavours to conduct its business;

1. Having due regard to the UK Corporate Governance Code 2018 in so far as it is applicable to the Higher Education Sector.
2. Complying with Office for Students on-going conditions or regulations and terms of conditions of funding as well as other regulatory responsibilities.

We have adopted the UK Corporate Governance Code. We have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code that we consider relevant to the Higher Education Sector.

The Trustees recognise that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

Legal Status

The Royal School of Needlework is a registered charity and a private company limited by shares. The trustees are the shareholders and their liability is limited to the value of shares held.

The Trustees, who are also Council Members and referred to as both in this report, confirm that they have due regard for the Charity Commission's guidance on public benefit and that the required statement appears elsewhere within these financial statements.

PATRON, PRESIDENT AND BOARD OF TRUSTEES

Patron: Her Majesty Queen Camilla

President: Her Royal Highness The Duchess of Gloucester

Following a major review of more than 1,000 Royal Patronages and charity Presidencies, Her Majesty The Queen has retained her Patronage of the RSN which began in 2017.

Her Royal Highness The Duchess of Gloucester is our president and has supported the RSN since the 1990s.

Statement of Corporate Governance and Internal Control Year to 31 August 2024

The Board of Trustees

Council Members (who are also Trustees of The Royal School of Needlework for the purposes of charity law) are shown below and except for any instance mentioned have served throughout the year.

Council members (Directors)	Appointed / Retired
Ms Pip Wood (Chair of Trustees)**+	
Ms Louisa Christofidou+	
Prof Patsy Cullen*	
Ms Victoria Farrow	
Dr Paula Leftwich**+	
Mr Peter Mila	Appointed 9 October 2024
Miss Sarah Mumford*	
Mr Keith Pickard (Honorary Treasurer)*+	
Ms Clara Poon	Appointed 28 September 2023
Ms Julie Richards	
Ms Eleri Lynn *	
Prof Dominic Tweddle*	

* indicates members of the Finance and Investment Committee, which met five times during the year under the chairmanship of the Honorary Treasurer.

x indicates members of the Education Committee which met three times during the year under the chairmanship of Prof Patsy Cullen.

+ indicates members of the Fellowship Committee which met three times during the year under the chairmanship of the Director of Education.

During the year working parties comprising Trustees and staff looked at the development of Fragile Threads, a new strategic approach detailed on page 20.

Board of Trustees' interests

All Council Members at 31 August 2024 held one £10 share (2023: one £10 share) in the capital of the charitable company.

The Finance Director maintains a register of financial and personal interests of the members of the Council. This can be obtained by contacting Rebecca Turner at the RSN's registered office (see page 1).

KEY STATEMENTS AND POLICIES

Public Benefit

Our Annual Report demonstrates the depth and breadth of activities undertaken during the year to further our charitable purpose for public benefit.

The RSN preserves the heritage and leads the development of the art of hand embroidery primarily through education. This includes practical courses to pass on the heritage and skill, as well as imparting knowledge of historical significance and context of many hand embroidery traditions and practices through events such as exhibitions, talks and 'taster' sessions.

We aim to inspire and innovate, attracting beginners through to expert stitchers, and invest in training professional hand embroiderers and tutors to the highest standards to share skills and expertise.

The practice of hand embroidery provides significant mental health and wellbeing benefits and we are committed to providing the widest access possible to our activities.

We have invested in the provision of significant online resources; the RSN Stitch Bank (RSNSB) (see page 14) is free to all and provides detailed instructions and videos on how to embroider nearly 500 stitches across a broad range of techniques. It is becoming established as the online source of information on stitches and is used extensively by stakeholders such as students, curators, historians of stitch and practitioners for a wide range of purposes including identifying and researching stitches, and as a teaching aid.

The RSNSB is linked to items in our Collection and Archive. This year we digitised the first 100 objects and continue to add pieces as quickly as we can. The two resources complement each other showing the stitches in detail and their application in historical pieces.

The RSN complies with its duty, under Section 17 of the Charities Act 2011, to show due regard for the Charity Commission's general guidance on public benefit.

Fundraising declaration

Fundraising continues to be an ongoing challenge, in a climate of social change and economic uncertainty, and we are really grateful to all our donors for their continual and valuable support.

Fundraising events included the Sip and Stitch week in November 2023, attended by many RSN Friends and Supporters, which raised funds for the RSN Stitch Bank.

Legacies: we are extremely grateful for the legacy from the estate of Marjorie Piper.

Campaigns: thank you to all the Friends who supported our Grove Book campaign and to raise funds to digitise our Collection and Archive.

Bursaries: this year we were able to raise over £50,000 for our Bursary fund which will support our students through their studies at the RSN.

Statement of Corporate Governance and Internal Control Year to 31 August 2024

We would like to thank all Major Donors to the RSN including Dorothy Jones, the Worshipful Companies of Broderers, Dyers, Girdlers, Gold and Silver Wyre Drawers, Haberdashers, Needlemakers and charitable trusts including The Coats Foundation Trust, The Honourable Society of Knights of the Round Table, the Pitt Rivers Trust, The Arts Society, The Radcliffe Trust, The Headley Trust, Newby Trust, Lord Barnby's Foundation, SE Franklin's Charitable Trust Number 3, Trapp Family Foundation and The Henry Lumley Charitable Trust.

In undertaking its fundraising, the RSN abides by the codes of the Fundraising Regulator and the GDPR requirements and removes from any appeal any supporter who requests this. This year the RSN received no fundraising complaints.

The following statement is provided to enable readers of our Annual Report and Accounts to better understand our governance and legal structure and covers the period from 1 September 2023 to 31 August 2024 and up to the date of the approval of the annual report and financial statements.

The RSN endeavours to conduct its business;

1. Having due regard to the UK Corporate Governance Code 2018 in so far as it is applicable to the Higher Education Sector.
2. Complying with Office for Students on-going conditions or regulations and terms of conditions of funding and other regulatory responsibilities.

We have adopted the UK Corporate Governance Code. We have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code that we consider relevant to the Higher Education Sector.

As a body entrusted with both public and private funds, trustees recognise they have a particular duty to observe the highest standards of corporate governance at all times.

Statement of the Council's responsibilities

Council Members are responsible for preparing the report of Council and financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice).

Company law requires Council to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and the group and of the income and expenditure of the group for that period. In preparing these financial statements, Council is required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in 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 (FRS 102);
- make judgements and estimates that are reasonable and prudent;

Statement of Corporate Governance and Internal Control Year to 31 August 2024

- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Council is responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable it to ensure financial statements comply with the Companies Act 2006 and the Charities Act 2011. It is also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.

Each Council Member confirms that:

- so far as they are aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- they have taken all steps they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Council is responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Council Performance

Council has made a strong contribution to performance in 2023/24 through the setting of challenging targets; regular analysis, scrutiny and challenge; and strong performance management at Council meetings. Trustees are pro-active in their oversight and involved in planning and discharging Council business. They regularly review their own performance and governance processes and implement improvements if required. The Chair has a regular individual performance review.

STATEMENT OF INTERNAL CONTROL

Scope of responsibility

Council is ultimately responsible for the RSN's system of internal control and for reviewing its effectiveness.

Council delegates day-to-day responsibility to the Chief Executive, as Accounting Officer, for maintaining a sound internal control system that supports the achievement of policy aims and objectives, whilst safeguarding public funds and assets. The Chief Executive is also responsible for reporting to Council any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance of effectiveness against material misstatement or loss.

It is based on an ongoing process designed to identify and prioritise risks, evaluate likelihood of their being realised and the potential impacts, and manage them efficiently, effectively and economically. This system has been in place for the year ended 31 August 2024 and up to the date of approval of the annual report and financial statements.

Risk management

The Council and senior managers have reviewed the principal financial, reputational, operational and governance risks that might impact the RSN during the year, and updated the risk register accordingly.

The review enables reflection upon the impact of both internal and external changes and the longer-term impact they may have, ensuring mitigation is updated to respond to changes. While known risks can be mitigated there will always be unanticipated events.

The Finance and Investment Committee takes the lead in reviewing financial risks, aiming to minimise and mitigate any that appear or will potentially impact the RSN and that are within its power to affect.

We have reviewed internal financial controls and are satisfied these are appropriate in minimising any risks to funds.

The top three risks that could have a negative impact on achieving our strategic plan have been identified as:

- Meeting the financial and fundraising targets in the current environment, especially at a time of investment for the RSN;
- The threat of cyber-crime and its potential to impact the RSN's activities.
- Failure to develop successful new income streams.

Statement of Corporate Governance and Internal Control Year to 31 August 2024

Review of effectiveness

As Accounting Officer, the Chief Executive has responsibility for reviewing the effectiveness of the system of internal control.

This is informed by:

- the work of the external auditors;
- the work of RSN senior managers responsible for developing and maintaining the internal control framework; and
- comments made by the auditors in their management letters and other reports.

There are no significant internal control weaknesses reported for the period.

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to its attention by early warning mechanisms, which are embedded within the departments.

The senior management team and the Finance and Investment Committee also receive regular reports, which include recommendations for improvement.

We regularly consider risk and control and receive reports thereon from senior management and the Finance and Investment Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At our December 2024 Council meeting, we carried out our annual assessment for the year ended 31 August 2024 by considering documentation from the senior management team, and taking account of events since 31 August 2023.

Based on this and reports by the Chief Executive, we are of the opinion that the RSN has an adequate and effective framework for governance, risk management and control to manage achievements of objectives for the year ended 31 August 2024 and we have fulfilled our statutory responsibility for "the effective and efficient use of resources, the solvency of the institution and the safeguarding of their assets".

Regularity, propriety, and compliance

We have considered our responsibility to notify the Office for Students of material irregularity, impropriety and non-compliance with Office for Students terms and conditions of funding.

We confirm, on behalf of the RSN, that after due enquiry and to the best of our knowledge, we believe we are able to identify any material irregularity or improper use of funds by the RSN, or material non-compliance with terms and conditions of funding under our financial regulations. As part of our consideration, we have had due regard to our financial regulations.

We confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement these will be notified to the Office for Students.

Statement of Corporate Governance and Internal Control Year to 31 August 2024

Going Concern

Details on the Board's going concern assessment are set out on page 44.

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



P Wood
Chair of Trustees



R Harris
Chief Executive

Date: 5th February 2025

Independent auditor's report to the Members of The Royal School of Needlework

Opinion

We have audited the financial statements of The Royal School of Needlework (the 'parent charitable company') for the year ended 31 August 2024 which comprise the consolidated statement of financial activities, the consolidated and parent charitable company's balance sheets, the consolidated statement of cash flows, the principal accounting policies and the notes to the financial statements. 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 and parent charitable company's affairs as at 31 August 2024 and of the group's income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006;
- ◆ where applicable, funds from whatever source administered by the provider for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- ◆ where applicable, funds provided by the OfS and by Research England have been applied in accordance with the relevant terms and conditions; and
- ◆ meet the requirements of the Office for Student's Accounts Direction.

We have nothing to report in respect of the following matter in relation to which the OfS Accounts Direction requires us to report to you if, in our opinion:

- ◆ the charitable company's grant and fee income, as disclosed in note 4 to these financial statements has been materially misstated.

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 parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Council Members' 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 and charitable parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The Council Members are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the report of the Council, which is also the directors' report for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the report of the Council, which is also the directors' report for the purposes of company law, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the report of the Council.

Matters on which we are required to report by exception (continued)

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

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

Responsibilities of Council Members

As explained more fully in the statement of the Council's responsibilities, the Council Members (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council Members 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 Council Members are responsible for assessing the group and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council Members either intend to liquidate the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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:

Auditor's responsibilities for the audit of the financial statements (continued)

How the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ The engagement director ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ We obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements;
- ◆ We focused on specific laws and regulations which we considered may have a direct material effect on the accounts.
- ◆ We assessed the extent of compliance with the laws and regulations identified above through making enquiries of representatives of management and the review of minutes of Council meetings.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ Making enquiries of where management considers there was susceptibility to fraud and knowledge of actual, suspected and alleged fraud; and
- ◆ Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ Performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ Reviewed journal entries to identify unusual transactions;
- ◆ Gained an understanding of the processes in place for the management of the charitable company's investments; and
- ◆ Investigated the rationale behind significant or unusual transactions (if any).

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ Review of the minutes of meetings of those charged with governance;
- ◆ Enquiring of management as to actual and potential litigation and claims; and

Auditor's responsibilities for the audit of the financial statements (continued)

How the audit was considered capable of detecting irregularities including fraud
(continued)

- ◆ Agreeing accounts disclosures to underlying supporting documentation.

As a result of our procedures we did not identify any key audit matters relating to irregularities.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

This report is made solely to the parent charitable company's Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the Charity's Council Members, as a body, in accordance with Section 144 of the Charities Act 2011 and with regulations made under Section 154 of that Act. Our audit work has been undertaken so that we might state to the parent charitable company's Members and the parent charitable company's Council Members 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 parent charitable company, the parent charitable company's Members as a body and the parent charitable company's Council Members, as a body, for our audit work, for this report, or for the opinions we have formed.



Gumayel Miah, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 6 February 2025

Consolidated statement of financial activities (including the Income and Expenditure Account) Year ended 31 August 2024

		Unrestricted funds £	Restricted funds £	Endowment funds £	2024 Total funds £	2023 Total funds £
Income and expenditure	Notes					
Income from:						
Donations and legacies	1	205,854	109,277	—	315,131	201,932
Investments	2	145,384	—	—	145,384	154,888
Other trading activities	3	620,756	—		620,756	592,040
Charitable activities						
School activities	4	1,885,419	2,555	—	1,887,974	1,807,188
Total income		2,857,413	111,832	—	2,969,245	2,756,048
Expenditure on:						
Raising funds	5	748,349	—	—	748,349	651,151
Charitable activities						
Costs of school activities	6	2,524,292	173,521	500	2,698,313	2,422,270
Total expenditure		3,272,641	173,521	500	3,446,662	3,073,421
Net expenditure before investment gains and losses						
	8	(415,228)	(61,689)	(500)	(477,417)	(317,373)
Realised losses on investments	12	(3,439)	—	(3,903)	(7,342)	(51,479)
Unrealised gains/(losses) on investments	12	171,392	—	194,533	365,925	(430,427)
Net movement in funds		(247,275)	(61,689)	190,130	(118,834)	(799,279)
Reconciliation of funds:						
Fund balances brought forward at 1 September 2023		2,100,301	219,682	2,646,096	4,966,079	5,765,358
Fund balances carried forward at 31 August 2024		1,853,026	157,993	2,836,226	4,847,245	4,966,079

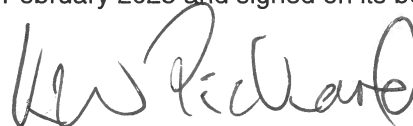
Balance sheets 31 August 2024

	Notes	Group		Charity	
		2024 £	2023 £	2024 £	2023 £
Fixed assets					
Intangible assets	9	18,360	—	18,360	—
Tangible assets	10	46,782	32,368	46,782	32,368
Investments	12	5,258,977	4,959,508	5,259,077	4,959,608
		5,324,119	4,991,876	5,324,219	4,991,976
Current assets					
Stocks	13	108,857	94,461	43,869	34,627
Debtors	14	128,206	199,323	195,167	258,058
Cash at bank and in hand		249,776	514,356	199,331	483,395
		486,839	808,140	438,367	776,080
Creditors: amounts falling due within one year	15	(946,091)	(829,017)	(883,314)	(785,715)
Net current (liabilities)/assets		(459,252)	(20,877)	(444,947)	(9,635)
Creditors: amounts falling due in more than one year	17	(12,702)	—	(12,702)	—
Total net assets		4,852,165	4,970,999	4,866,570	4,982,341
Represented by:					
Capital and reserves					
Called up share capital	18	220	240	220	240
Capital redemption reserve	19	4,700	4,680	4,700	4,680
		4,920	4,920	4,920	4,920
The funds of the charity:					
Unrestricted funds:					
. General fund		1,694,499	1,399,175	1,708,904	1,410,517
. Designated funds	22	158,527	701,126	158,527	701,126
		1,853,026	2,100,301	1,867,431	2,111,643
Endowment funds	20	2,836,226	2,646,096	2,836,226	2,646,096
Restricted funds	21	157,993	219,682	157,993	219,682
Total charitable funds		4,847,245	4,966,079	4,861,650	4,977,421
Total funds		4,852,165	4,970,999	4,866,570	4,982,341

Approved by the Council of Members on 5th February 2025 and signed on its behalf by:



P Wood
Chair of Trustees



K Pickard
Honorary Treasurer

The Royal School of Needlework: Company Registration Number 00012192

Consolidated statement of cash flows Year to 31 August 2024

	Notes	2024 £	2023 £
Cash flows from operating activities:			
Net cash used in operating activities	A	(518,282)	(145,233)
Cash flows from investing activities:			
Investment income		145,384	154,888
Purchase of fixed assets		(37,060)	(6,880)
Proceeds from the disposal of investments		977,166	940,828
Purchase of investments		(821,058)	(1,011,521)
Net cash provided by investing activities		264,432	77,315
Cash flows from financing activities:			
New share capital issued / (repurchase) of share capital		—	40
Capital element of finance lease repayments		(3,097)	—
Net cash (outflows) / inflows from financing activities		(3,097)	40
Change in cash and cash equivalents in the year		(256,947)	(67,878)
Cash and cash equivalents at 1 September 2023		516,212	584,090
Cash and cash equivalents at 31 August 2024	B	259,265	516,212

Notes to the statement of cash flows for the year to 31 August 2024

A Reconciliation of net movement in funds to net cash used in operating activities

	2024 £	2023 £
Net movement in funds (as per the statement of financial activities)	(118,834)	(799,279)
Adjustments for:		
Depreciation & amortisation charges	23,299	13,745
Donations of shares in specie	(89,361)	—
Gains / (losses) on investments	(358,583)	481,906
Investment income	(145,384)	(154,888)
Increase in stocks	(14,396)	(16,926)
Decrease in debtors	71,117	212,034
Increase in creditors	113,860	118,175
Net cash used in operating activities	(518,282)	(145,233)

B Analysis of cash and cash equivalents

	2024 £	2023 £
Cash at bank and in hand	249,776	514,356
Cash held by investment managers	9,489	1,856
Total cash and cash equivalents	259,265	516,212

Consolidated statement of cash flows Year to 31 August 2024

C Analysis of change in net debt

	At 1 September 2023 £	Cash flows £	New finance leases £	At 31 August 2024 £
Cash and cash equivalents	516,212	(256,947)	—	259,265
Finance lease liabilities	—	3,097	(19,013)	(15,916)
Net debt	516,212	(253,850)	(19,013)	243,349

Principal accounting policies Year to 31 August 2024

General information

The Royal School of Needlework is a company, limited by shares and is registered in England and Wales. The registered number is 12192 and the registered office is Apartment 12A, Hampton Court Palace, East Molesey, Surrey, KT8 9AU.

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 August 2024.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with 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 (FRS 102) (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011 and the Companies Act 2006.

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

The financial statements are presented in sterling and are rounded to the nearest pound.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the Council Members and management to make certain judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include: stock provisions, estimating the useful economic life of tangible and intangible fixed assets and legacy income recognition.

As set out in these accounting policies under “going concern”, the Council has considered the impact of the current economic circumstances on the charity and has concluded that although there may be some negative consequences, it is appropriate for the charity to continue to prepare its accounts on the going concern basis.

Assessment of going concern

The Council has assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Council has made this assessment in respect to a period of one year from the date of approval of these financial statements.

Assessment of going concern (continued)

The Council has concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The Council is of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The RSN currently has unrestricted reserves that are £31k above the target level set in its reserves policy. At the balance sheet date, designated funds were £159k, and any or all of these funds are able to be undesignated upon the decision of the Council. The Council is of the opinion that the level of funds overall is satisfactory and does not cast doubt on the ability of the charity to continue as a going concern. Cash flow continues to be monitored closely.

The most significant areas of judgement that affect items in the financial statements are detailed above. With regard to the next accounting period, the year ending 31 August 2025, the most significant areas that affect the financial position of the charity are maintaining a profitable model of online and in-person classes, the level of donations and legacies, the level of investment return and the performance of the investment markets.

Consolidation

Consolidated financial statements ("group financial statements") have been prepared in respect of the charity and its wholly owned subsidiary, RSN Enterprises Limited. The results of RSN Enterprises Limited have been consolidated on a line-by-line basis.

A separate statement of financial activities for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by the Charities SORP FRS 102. The company has also taken advantage of the exemption in the Companies Act 2006 Section 408 not to present its own statement of financial activities. A net deficit of (£115,771) (2022/23: £843,614 deficit) is attributable to The Royal School of Needlework.

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations and legacies, grants, investment income, income from trading activities and school income.

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued when the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds or where the donation is specifically for a subsequent period, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Donations of assets such as shares are recognised at the fair value of the shares at the date of transfer of ownership. Where the shares are traded on a public exchange, the fair value is considered to be the market value.

Income recognition (continued)

In accordance with the Charities SORP FRS 102, volunteer time is not recognised.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Dividend income is recognised upon receipt of the dividend payment. Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Income from school activities is accounted for on an accruals basis; where fees are received for courses commencing in the following financial period, the income is deferred to the next financial period.

Expenditure recognition

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

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- ◆ Expenditure on raising funds includes all expenditure associated with raising funds for the charity. This includes investment management fees, the costs of the trading subsidiary company and costs incurred in encouraging people and organisations to contribute financially to the charity.
- ◆ Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include the direct cost of operating the school and support costs.

Allocation of support and governance costs

Support costs represent indirect charitable expenditure including governance costs. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment. Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect of its compliance with regulation and good practice.

Support costs (which are predominantly staff costs for the Chief Executive and marketing and finance teams) are apportioned between expenditure on raising funds and on charitable activities (which comprises costs of school activities) based on an estimate of the proportion of the time spent on each area. Governance costs are all included within expenditure on charitable activities (costs of school activities).

Principal accounting policies Year to 31 August 2024

Intangible fixed assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

♦ Software:	3-5 years

Tangible fixed assets

Depreciation is provided on all tangible fixed assets at the following annual rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life:

♦ Fixtures and fittings	10% on cost
♦ Office equipment	20% on cost
♦ Leasehold improvements	10% on cost or if shorter over the remaining term of the lease

Fixtures and fittings and office equipment with a cost greater than £1,000 are capitalised.

Heritage assets

The Royal School of Needlework possesses a collection of historic embroidery, the value of which has not been included in the financial statements, as the Council does not believe that the value of ascertaining their market value would be commensurate with the associated cost. Further details are disclosed in note 11 to the financial statements.

Investments

Investments are included on the balance sheet at their market value at the end of the financial period. Investment income is credited to income on an accruals basis, using dates of payment for dividends and daily accruals for interest. Realised and unrealised gains and losses are credited, or debited, to the statement of financial activities in the year in which they arise.

Stocks

Stocks are stated at the lower of cost and net realisable value as follows:

Materials	- At purchase cost on a first-in, first-out basis
Work-in-progress, finished work and goods held for re-sale	- At purchase cost or at cost of direct materials and labour plus attributable overheads based on the normal level of activity

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Fund accounting

The unrestricted general fund comprises those monies which may be used towards meeting the charitable objectives of the charity at the discretion of the Council.

The designated fund comprises monies set aside out of unrestricted funds for future projects or purposes.

The restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to conditions imposed by the donor.

The endowment funds comprise permanent endowments, where the capital is held indefinitely and the income is used for prizes and training for students and expendable endowments, where both the capital and income can be used for student scholarships or the general purposes of the charity.

1 Donations and legacies

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2024 £
2024				
Donations	153,690	109,277	—	262,967
Legacies	52,164	—	—	52,164
Total funds	205,854	109,277	—	315,131
	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2023 £
2023				
Donations	111,063	143,701	—	254,764
Legacies	(52,832)	—	—	(52,832)
Total funds	58,231	143,701	—	201,932

2 Investment income

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2024 £
2024				
Bank and deposit interest received	1,724	—	—	1,724
Income from listed investments	143,660	—	—	143,660
Total funds	145,384	—	—	145,384
	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2023 £
2023				
Bank and deposit interest received	1,580	—	—	1,580
Income from listed investments	153,308	—	—	153,308
Total funds	154,888	—	—	154,888

3 Income from trading activities

The Royal School of Needlework has a wholly owned trading subsidiary which is incorporated in England and Wales. RSN Enterprises Limited undertakes the retail activities of The Royal School of Needlework. The company will donate any taxable profits to the charity under Gift Aid. A summary of the company's trading results is shown below. Audited financial statements are filed with the Registrar of Companies.

3 Income from trading activities (continued)

RSN Enterprises Limited – Statement of comprehensive income:

	Total 2024 £	Total 2023 £
Turnover	612,513	587,577
Cost of sales	(484,446)	(428,453)
Gross profit	128,067	159,124
Other operating income	18,714	4,463
Administrative expenses	(149,844)	(119,251)
Operating (loss)/profit	(3,063)	44,336
Gift Aid donation to The Royal School of Needlework	—	—
Retained (loss)/profit for the financial year	(3,063)	44,336

In the year ended 31 August 2024, turnover includes £10,471 (2023: £ nil) of income received by RSN Enterprises Limited from the charity, which is eliminated upon consolidation.

4 Income from school activities

Income from school activities is mostly unrestricted and comprises mainly fees for the Degree programme, Certificate and Diploma programme, Future Tutors and Short Courses.

Income from school activities includes:

	2024 £	2023 £
Unrestricted funds		
Fee income for taught awards (Higher Education)	—	—
Fee income from non-qualifying courses	1,282,693	1,181,019
	1,282,693	1,181,019
Higher Education income from sub-contractual arrangements with other providers	409,956	456,618
Other income from School activities	192,770	169,551
Total unrestricted income from school activities	1,885,419	1,807,188
Restricted funds		
Income for private tuition of individual	2,555	—
Total income from school activities	1,887,974	1,807,188

Fee income for taught awards (Higher Education) shows as zero above due to all Higher Education income arriving through sub-contractual arrangements with other providers.

5 Expenditure on raising funds

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2024 £
2024				
Costs of trading subsidiary	621,829	—	—	621,829
Investment managers' fees	39,473	—	—	39,473
Advertising and literature	47,234	—	—	47,234
Fundraising costs	35,720	—	—	35,720
Travelling & other costs	4,093	—	—	4,093
Total funds	748,349	—	—	748,349
	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2023 £
2023				
Costs of trading subsidiary	547,704	—	—	547,704
Investment managers' fees	39,604	—	—	39,604
Advertising and literature	46,456	—	—	46,456
Fundraising costs	13,540	400	—	13,940
Travelling & other costs	3,447	—	—	3,447
Total funds	650,751	400	—	651,151

6 Costs of school activities

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2024 £
2024				
Staff costs	1,697,831	29,578	—	1,727,409
Other costs	826,461	143,943	500	970,904
Total funds	2,524,292	173,521	500	2,698,313
	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2023 £
2023				
Staff costs	1,501,880	63,952	-	1,565,832
Other costs	737,499	118,539	400	856,438
Total funds	2,239,379	182,491	400	2,422,270

7 Staff costs

	2024 £	2023 £
Wages and salaries	1,840,385	1,683,421
Social security costs	133,985	123,206
Pension costs	70,796	62,615
	2,045,166	1,869,242
Staff costs by function were as follows:		
Cost of school activities	1,727,409	1,565,832
Cost of raising funds (fundraising and trading subsidiary)	317,757	303,410
	2,045,166	1,869,242

7 Staff costs (continued)

The average monthly number of employees during the year was 64 (2023: 55) and on a full time equivalent basis was 34 (2023: 31).

The number of employees who earned £60,000 or more (including taxable benefits but excluding employer's pension contributions) during the year was as follows:

	2024 No.	2023 No.
£60,000 - £64,999	1	1
£65,000 - £69,999	1	—
£100,000 - £104,999	—	1
£110,000 - £114,999	1	—

Five Council Members had their expenses met for travel / accommodation costs incurred in connection with exercising their duties as Council Members in the year totalling £4,236 (2023: £2,149). No remuneration was paid to the Council Members in the year for their duties as Council members. Note 25 below contains information regarding a payment of £20,000 to one of the Council Members in relation to a service provided by them. (2023: none).

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day-to-day basis during the year and the prior year comprised the Council, the Chief Executive and the Senior Management Team of five). The total cost of the remuneration (including taxable benefits, employer's national insurance and pension contributions) of the key management personnel for the year was £449,173 (2023: £396,505).

Chief Executive Remuneration

	2024 £	2023 £
Basic salary	110,311	103,415
Salary sacrifice arrangements	(11,031)	(6,185)
Pension contribution	16,546	11,320
Total remuneration after salary sacrifice	115,826	108,550

The RSN has given regard to the "Higher Education senior staff remuneration code" published by the Committee of University Chairs when determining senior staff remuneration. Staff who are part of the pension scheme operate under a salary sacrifice arrangement where they give up an amount of salary and in return the charity makes an equivalent contribution directly into their pension on their behalf.

The Chief Executive's remuneration shown in year was considered and reviewed by the Council.

The Chief Executive's basic salary as a multiple of the median of all staff was 2.9 (2023: 2.8).

The Chief Executive's total remuneration as a multiple of the median of all staff was 2.9 (2023: 2.8)

8 Net income/(expenditure) before investment gains and losses

These are stated after charging:

	2024 £	2023 £
Depreciation	18,709	13,745
Amortisation	4,590	—
Auditor's remuneration		
. Charity audit	12,270	10,500
. Trading subsidiary audit	3,655	3,325
. Other services	2,813	1,591
Lease expenses		
. Land and buildings	216,347	197,955
. Other	1,938	13,584

9 Intangible fixed assets

Group and Charity	Restricted Computer software £	Total £
Cost		
At 1 September 2023	—	—
Additions	22,950	22,950
At 31 August 2024	22,950	22,950
Depreciation		
At 1 September 2023	—	—
Charge for year	4,590	4,590
At 31 August 2024	4,590	4,590
Net book values		
At 31 August 2024	18,360	18,360
At 31 August 2023	—	—

10 Tangible fixed assets

Group and Charity	Leasehold improve- ments £	Office equipment £	Fixtures and fittings £	Total £
Cost				
At 1 September 2023	150,509	124,782	70,386	345,677
Additions	—	33,123	—	33,123
Disposals	—	(6,967)	—	(6,967)
At 31 August 2024	150,509	150,938	70,386	371,833
Depreciation				
At 1 September 2023	150,509	105,457	57,343	313,309
Charge for year	—	15,354	3,355	18,709
Disposals	—	(6,967)	—	(6,967)
At 31 August 2024	150,509	113,844	60,698	325,051
Net book values				
At 31 August 2024	—	37,094	9,688	46,782
At 31 August 2023	—	19,325	13,043	32,368

The net book value of assets held under finance leases was £15,210 at 31 August 2024 (31 August 2023: £nil).

11 Heritage assets

The RSN is rich in heritage assets comprising embroidered textiles, designs, company archives, photographs and student pieces. The RSN does not generally have the funds to acquire pieces so most of the Collection has been donated. The acquisition policy relates firstly to items that have an RSN connection, then to items of a high standard of work and/or types of work not already included in the collection.

The Collection of textiles comprises objects almost all of which have been donated to the RSN and which are mostly examples of embroidery, with some examples of lace. Whilst there are a few pieces from the 16th century, most date from the 19th and 20th centuries.

They comprise many embroidery techniques from the UK and around the world. Also included are a number of pieces worked by the RSN and its students, especially from the original Diploma course, which ran from the late 19th century until 1960, which have been given back to the RSN by the families.

The Archive comprises registers, minutes and other paperwork relating to the management of the RSN, photographs and ephemera from various events. It also contains workbooks of jobs undertaken from the 1940s onwards, some with samples, and drawings. The largest holding is of designs relating to work undertaken in the Studio.

The RSN Collection and Archive is unique and though it is only minimally catalogued, researchers are given access to specific parts of the archive if it can be identified. The Collection and Archive are made available for student research and for public exhibition.

11 Heritage assets (continued)

The RSN also endeavours to offer public access to the Collection through exhibitions and study days both at Hampton Court and elsewhere. Researchers wishing to access the archive can also make appointments but with the caveat that we do not have a full-time archivist or curator and most parts of the archive are not catalogued, especially the designs. The most popular requests are whether a family member worked for the RSN (until the registers are digitised this will not be possible to answer), and also in relation to the work the RSN did in therapeutic stitch during the First World War.

Heritage assets have not been capitalised in the financial statements as the Council considers that the significant costs involved in valuing the charity's collection of historic embroidery would outweigh the benefits derived from such an exercise.

12 Investments

	2024 £	2023 £
Listed investments and cash holdings	5,258,977	4,959,508
Group total	5,258,977	4,959,508
Shares in subsidiary undertaking at cost	100	100
Charity total	5,259,077	4,959,608

The charity owns the entire issued share capital of RSN Enterprises Limited which is incorporated in England and Wales. Its registered number is 3158058 and its registered address is the same as the RSN.

	2024 £	2023 £
Aggregate share capital and reserves of RSN Enterprises Limited	(14,305)	(11,242)

	2024 £	2023 £
Listed investments & cash holdings		
Market value at 1 September	4,957,652	5,368,865
Additions at cost	821,058	1,011,521
Donated shares received at market value	89,361	—
Disposal proceeds	(977,166)	(940,828)
Realised losses	(7,342)	(51,479)
Unrealised gains/(losses)	365,925	(430,427)
Market value at 31 August	5,249,488	4,957,652
Cash held by investment managers	9,489	1,856
	5,258,977	4,959,508

12 Investments (continued)

Listed investments held at 31 August comprised the following:

	2024 £	2023 £
Fixed interest	649,247	597,643
UK equities	1,849,019	1,661,263
Overseas equities and equity funds	2,036,935	1,748,233
Other listed investments	714,287	950,513
	5,249,488	4,957,652
Listed investments at cost	4,325,272	4,353,934

At 31 August 2024, listed investments included the following individual holdings deemed material when compared with the overall valuation of listed investments as at that date:

	Percentage %	Value £
Findlay Park Funds	5.0	260,908
JP Morgan American Investment Trust	5.2	274,390
I Shares Core	4.9	257,398
Invesco Nasdaq	4.8	251,315

13 Stocks

	Group		Charity	
	2024 £	2023 £	2024 £	2023 £
Materials	43,869	34,627	43,869	34,627
Finished work and goods held for resale	64,988	59,834	—	—
	108,857	94,461	43,869	34,627

14 Debtors

	Group		Charity	
	2024 £	2023 £	2024 £	2023 £
Trade debtors	47,243	48,683	—	43,817
Prepayments and accrued income	80,963	150,640	63,977	110,820
Amounts owed by subsidiary company	—	—	131,190	103,421
	128,206	199,323	195,167	258,058

15 Creditors: amounts falling due within one year

	Group		Charity	
	2024 £	2023 £	2024 £	2023 £
Trade creditors	135,229	72,392	118,023	47,883
Other taxes and social security costs	53,624	32,836	33,834	29,434
Accruals and deferred income	754,024	723,789	728,243	708,398
Finance lease creditor (note 17)	3,214	—	3,214	—
	946,091	829,017	883,314	785,715

16 Deferred income (included above)

	Group		Charity	
	2024 £	2023 £	2024 £	2023 £
Brought forward at 1 September	653,368	570,836	646,603	562,560
Deferred in the year	436,510	400,261	436,510	400,261
Released in the year	(457,000)	(317,729)	(456,235)	(316,218)
Carried forward at 31 August	632,878	653,368	626,878	646,603

Deferred income is fees received in advance of the course taking place and donations received for the following academic year.

17 Creditors: amounts falling due in more than one year

	Group		Charity	
	2024 £	2023 £	2024 £	2023 £
Finance lease creditor (see below)	12,702	—	12,702	—
	12,702	—	12,702	—

Liabilities in respect of finance leases fall due as follows:

	Group		Charity	
	2024 £	2023 £	2024 £	2023 £
Within one year (note 15)	3,214	—	3,214	—
More than one, but less than five years (note 17)	12,702	—	12,702	—
	15,916	—	15,916	—

18 Share capital

	Issued, called up and fully paid	
	2024 £	2023 £
Ordinary shares of £10 each	220	240

19 Capital redemption reserve

	2024 £	2023 £
470 Ordinary shares of £10 each (2023: 468)	4700	4,680

20 Endowment funds

2024	At 1 September 2023 £	Income £	Expenditure £	Investment gains £	At 31 August 2024 £
Victoria Adams Fund	1,874,653	—	—	135,054	2,009,707
General Endowment Fund	513,832	—	—	37,017	550,849
Hilda Watson Fund	2,890	—	(200)	208	2,898
Charrington / Broderers Fund	2,987	—	(100)	215	3,102
Wendy Hogg Fund	17,124	—	(200)	1,234	18,158
HB Allen Fund	234,610	—	—	16,902	251,512
	2,646,096	—	(500)	190,630	2,836,226

2023	At 1 September 2022 £	Income £	Expenditure £	Investment losses £	At 31 August 2023 £
Victoria Adams Fund	2,043,857	—	—	(169,204)	1,874,653
General Endowment Fund	560,210	—	—	(46,378)	513,832
Hilda Watson Fund	3,260	—	(100)	(270)	2,890
Charrington / Broderers Fund	3,366	—	(100)	(279)	2,987
Wendy Hogg Fund	18,888	—	(200)	(1,564)	17,124
HB Allen Fund	255,786	—	—	(21,176)	234,610
	2,885,367	—	(400)	(238,871)	2,646,096

- The Victoria Adams Fund is an expendable endowment fund for student scholarships and the general purposes of the charity.
- The General Endowment Fund provides for the training of students.
- The Hilda Watson Fund provides prizes for Silk Work.
- The Charrington / Broderers Fund provides prizes for students.
- The Wendy Hogg Fund is an expendable scholarship / prize fund for students.
- The HB Allen Fund provides support for the Future Tutor programme.

21 Restricted funds

	At 1 September 2023 £	Income £	Expenditure £	Investment gains £	Transfers between funds £	At 31 August 2024 £
2024						
Future Tutor Programme	—	29,829	(29,829)	—	—	—
Degree Programme	—	47,729	(47,729)	—	—	—
Collection & Digitisation	187,867	4,632	(74,852)	—	—	117,647
Digitisation of Grove Book	—	7,490	—	—	—	7,490
Embroider a Selfie	1,671	—	(1,435)	—	—	236
Stitch Bank	—	11,997	(11,997)	—	—	—
School/Family Workshops	2,155	7,600	(5,124)	—	—	4,631
Funding for tuition	—	2,555	(2,555)	—	—	—
Other Restricted Legacy	27,989	—	—	—	—	27,989
	219,682	111,832	(173,521)	—	—	157,993

	At 1 September 2022 £	Income £	Expenditure £	Investment gains £	Transfers between funds £	At 31 August 2023 £
2023						
Janet Churm Fund	7,832	—	(7,184)	(648)	—	—
Future Tutor Programme	—	63,200	(63,200)	—	—	—
Degree Programme	—	54,490	(54,490)	—	—	—
Collection & Digitisation	212,599	1,605	(26,337)	—	—	187,867
Embroider a Selfie	8,296	—	(6,625)	—	—	1,671
Stitch Bank	—	21,406	(21,406)	—	—	—
School/Family Workshops	2,804	3,000	(3,649)	—	—	2,155
Other Restricted Legacy	27,989	—	—	—	—	27,989
	259,520	143,701	(182,891)	(648)	—	219,682

- The Janet Churm Fund provides support for both the Degree and Future Tutor programmes and was funded by a generous legacy from the estate of the late Mrs Janet Churm.
- The Future Tutor Programme Fund specifically provides bursaries, prizes and day-to-day support for the Future Tutor programme and includes restricted donations and legacies from a number of donors.
- The Degree Programme Fund specifically provides bursaries, prizes and day-to-day support for the Degree Programme and includes restricted donations and legacies from a number of donors.
- The RSN Collection & Digitisation Appeal includes donations from a large number of RSN Friends, supporters and other donors towards the Cataloguing and Digitisation of the RSN Archive and Collection.
- The Digitisation of the Grove Book Appeal includes donations from RSN Friends, supporters and other donors towards the digitisation of the Grove Book, one of the treasures of the RSN Collection.
- The Embroider a Selfie fund is a project to introduce stitch to young people.

21 Restricted funds (continued)

- g) The Stitch Bank fund is a project that aims to digitally conserve and preserve every stitch in the world, becoming the biggest repository of stitch in the world.
- h) The School/Family workshops started in 2022 to engage young people with stitch at the RSN's 150th Anniversary exhibition at the Fashion and Textile museum
- i) The Funding for Tuition restricted fund is income received to fund the private tuition of a named individual.
- j) The Other Restricted Legacy Fund relates to a legacy received in 2016/17, which will provide support for the Future Tutor Programme.

22 Designated funds

	At 1 September 2023 £	New Designations £	Utilised/ released £	At 31 August 2024 £
2024				
Futures campaign	542,000	—	(542,000)	—
Stitch Bank	599	—	(599)	—
Collection & Digitisation	88,000	—	—	88,000
150 Forward	70,527	—	—	70,527
	701,126	—	(542,599)	158,527

	At 1 September 2022 £	New Designations £	Utilised/ released £	At 31 August 2023 £
2023				
Futures campaign	570,000	—	(28,000)	542,000
Stitch Bank	28,029	20,000	(47,430)	599
Collection & Digitisation	88,000	—	—	88,000
150 Forward	170,000	—	(99,473)	70,527
Website development	—	8,000	(8,000)	—
	856,029	28,000	(182,903)	701,126

The Futures campaign fund comprises monies set aside for various campaign projects. Given the deficit for the year ended 31 August 2024, the decision was made to undesignate all of the £542,000 brought forward at 1 September 2023. During 2022/23, £20,000 was designated for expenditure on the Stitch Bank project to enable it to continue momentum, and the small balance remaining on these funds was used in 2023/24. The £88,000 designated in the financial year 2021/22 for the Digitisation of the Archive and Collection remains unspent as it is currently being financed with restricted funds. The 150 Forward fund was designated in the 2021/22 financial year from funds raised as part of the 150th Anniversary campaign.

23 Analysis of net assets between funds

Group	Share-holders funds £	Restricted funds £	Un-restricted funds £	Endowment funds £	Total 2024 £
Intangible fixed assets	—	18,360	—	—	18,360
Tangible fixed assets	—	2,665	44,117	—	46,782
Investments	—	—	2,422,751	2,836,226	5,258,977
Current assets	4,920	184,268	297,651	—	486,839
Creditors: amounts falling due within one year	—	(47,300)	(898,791)	—	(946,091)
Creditors: amounts falling due in more than one year	—	—	(12,702)	—	(12,702)
Total net assets	4,920	157,993	1,853,026	2,836,226	4,852,165

Group	Share-holders funds £	Restricted funds £	Un-restricted funds £	Endowment funds £	Total 2023 £
Tangible fixed assets	—	—	32,368	—	32,368
Investments	—	—	2,313,412	2,646,096	4,959,508
Current assets	4,920	236,591	566,629	—	808,140
Creditors: amounts falling due within one year	—	(16,909)	(812,108)	—	(829,017)
Total net assets	4,920	219,682	2,100,301	2,646,096	4,970,999

Charity	Share-holders funds £	Restricted funds £	Un-restricted funds £	Endowment funds £	Total 2024 £
Intangible fixed assets	—	18,360	—	—	18,360
Tangible fixed assets	—	2,665	44,117	—	46,782
Investments	—	—	2,422,851	2,836,226	5,259,077
Current assets	4,920	184,268	249,178	—	438,366
Creditors: amounts falling due within one year	—	(47,300)	(836,013)	—	(883,313)
Creditors: amounts falling due in more than one year	—	—	(12,702)	—	(12,702)
Total net assets	4,920	157,993	1,867,431	2,836,226	4,866,570

Charity	Share-holders funds £	Restricted funds £	Un-restricted funds £	Endowment funds £	Total 2023 £
Tangible fixed assets	—	—	32,368	—	32,368
Investments	—	—	2,313,512	2,646,096	4,959,608
Current assets	4,920	236,591	534,569	—	776,080
Creditors: amounts falling due within one year	—	(16,909)	(768,806)	—	(785,715)
Total net assets	4,920	219,682	2,111,643	2,646,096	4,982,341

24 Operating lease commitments

As at 31 August 2024, the group and charity had the following future minimum payments under non-cancellable licences and operating leases:

Group	Land and buildings £	Equipment £	2024 £
Operating lease payments due:			
within the next year	220,513	918	221,431
between one and two years	227,129	—	227,129
	<u>447,642</u>	<u>918</u>	<u>448,560</u>

Charity	Land and buildings £	Equipment £	2024 £
Operating lease payments due:			
within the next year	220,513	—	220,513
between one and two years	227,129	—	227,129
	<u>447,642</u>	<u>—</u>	<u>447,642</u>

Group	Land and buildings £	Equipment £	2023 £
Operating lease payments due:			
within the next year	202,900	711	203,611
between two and five years	403,571	—	403,571
	<u>606,471</u>	<u>711</u>	<u>607,182</u>

Charity	Land and buildings £	Equipment £	2023 £
Operating lease payments due:			
within the next year	202,900	—	202,900
between two and five years	403,571	—	403,571
	<u>606,471</u>	<u>—</u>	<u>606,471</u>

25 Related party transactions

RSN Enterprises Limited donates any profits via Gift Aid to the charity. During the year RSN Enterprises Limited reported a loss of £3,063. No Gift Aid donation was made during the year as the company has accumulated losses from prior years and no reserves available for distribution (2023: £nil).

During the year, intercompany charges of £3,389 (2023: £nil) took place between The Royal School of Needlework and RSN Enterprises Ltd, which have been eliminated upon consolidation. At 31 August 2024, £131,190 is due by RSN Enterprises Limited to the charity (2023: £103,421).

Council Members paid an aggregate of £1,065 (2023: £1,821) for classes and events, £1,151 (2023: £222) for Friends' subscriptions at standard un-discounted rates and donations of £320 (2023: £300). The figures reported in these financial statements include an amount of £20,000 invoiced by one of the Trustees for a strategic consultancy review. The invoice was paid in September 2024.

During the year, the Royal School of Needlework sought and obtained permission from the Charity Commission to change its governing document in order to allow payment to members of Council where permitted in accordance with the Charities Act 2011. The amendment to the governing document was approved at an extraordinary general meeting on 19 June 2024.

26 Comparative statement of financial activities for the year ended 31 August 2023

		Unrestricted funds £	Restricted funds £	Endowment funds £	2023 Total funds £
<i>Income and expenditure</i>	<i>Notes</i>				
<i>Income from:</i>					
<i>Donations and legacies</i>	1	58,231	143,701	—	201,932
<i>Investments</i>	2	154,888	—	—	154,888
<i>Other trading activities</i>	3	592,040	—	—	592,040
<i>Charitable activities</i>					
<i>School activities</i>	4	1,807,188	—	—	1,807,188
<i>Total income</i>		<u>2,612,347</u>	<u>143,701</u>	<u>—</u>	<u>2,756,048</u>
<i>Expenditure on:</i>					
<i>Raising funds</i>	5	650,751	400	—	651,151
<i>Charitable activities</i>					
<i>Costs of school activities</i>	6	2,239,379	182,491	400	2,422,270
<i>Total expenditure</i>		<u>2,890,130</u>	<u>182,891</u>	<u>400</u>	<u>3,073,421</u>
<i>Net income/(expenditure) before investment gains and losses</i>	8	(277,783)	(39,190)	(400)	(317,373)
<i>Realised (losses) on investments</i>	12	(25,893)	(69)	(25,517)	(51,479)
<i>Unrealised (losses) on investments</i>	12	(216,494)	(579)	(213,354)	(430,427)
<i>Net movement in funds</i>		(520,170)	(39,838)	(239,271)	(799,279)
<i>Reconciliation of funds:</i>					
<i>Fund balances brought forward at 1 September 2022</i>		<u>2,620,471</u>	<u>259,520</u>	<u>2,885,367</u>	<u>5,765,358</u>
<i>Fund balances carried forward at 31 August 2023</i>		<u>2,100,301</u>	<u>219,682</u>	<u>2,646,096</u>	<u>4,966,079</u>

Accounts

The Royal School of Needlework

Annual Report and Consolidated Financial Statements

31 August 2023

Company Registration Number
12192 (England and Wales)

Charity Registration Number
312774

Contents

Reports

Reference and administrative information	1
About the RSN	2
Chair of Trustees' Introduction	3
Report of the Council	5
Statement of corporate governance and internal control	28
Independent auditor's report	35

Financial statements

Consolidated statement of financial activities	40
Balance sheets	41
Consolidated statement of cash flows	42
Principal accounting policies	43
Notes to the financial statements	48

Reference and administrative information

Patron	HRH The Duchess of Cornwall
President	HRH The Duchess of Gloucester
Council Members	Ms Pip Wood – Chair of Trustees** Mr Keith Pickard – Honorary Treasurer* Ms Louisa Christofidou Prof Patsy Cullen ^x Ms Victoria Farrow Dr Paula Leftwich ^x Miss Sarah Mumford* Ms Clara Poon Ms Julie Richards Ms Eleri Lynn ^x Prof Dominic Tweddle* * Member of the Finance and Investment Committee ^x Member of the Education Committee
Chief Executive	Dr Susan Kay-Williams
Registered office	Apartment 12A Hampton Court Palace East Molesey Surrey KT8 9AU
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Barclays Bank plc 8/12 Church Street Walton on Thames Surrey KT12 2QX
Investment managers	J M Finn & Co 25 Copthall Avenue London EC2R 7AH
Company registration number	12192 (England and Wales)
Charity registration number	312774

About the RSN

The RSN was established in 1872 at a small single site in London to revive and teach the art of needlework and thereby provide suitable employment for poor gentlewomen. In the intervening 150 years we have expanded our activities and extended our reach across the world to protect the future of hand embroidery. Increasingly we have been exploring a more contemporary societal purpose and challenging ourselves to understand better the broader benefits people derive from our activities today. Safeguarding the future of hand embroidery is an outcome that will be achieved if we ensure our activities are appropriate, accessible, attractive and add value to society. This has involved a top-down, bottom-up review to rearticulate the relevance of our work for more modern times.

Our mission is to preserve the heritage and lead the development of hand embroidery, enriching lives by inspiring, teaching and innovating to provide the widest access to our knowledge and skills.

No other single organisation covers the breadth of work now undertaken by the RSN. We use our 150 years of remarkable history, knowledge and expertise to teach, practise and promote the art of hand embroidery underpinned by our values of Tradition, Quality and Innovation.

Our Education Team runs a degree programme and professional embroidery and tutor course for those interested in pursuing a career in embroidery and we have a range of leisure courses aimed at beginners through to serious hobbyists which are delivered online to participants around the world and in person at locations across the UK and internationally.

Our Studio specialises in creating beautiful bespoke commissions as well as restoring historic textiles and bringing heirlooms back to life. Clients include the British royal family, cathedrals, synagogues, churches and private individuals.

We further promote the art of hand embroidery through activities including exhibitions, talks and taster sessions and use our extensive Archive and Collection to inform and inspire. We introduced the RSN Stitch Bank in late 2021 to digitally conserve a record of every stitch worldwide and provide a resource for stitchers. An online retail operation and store at our Hampton Court base also provides a range of products, kits and materials.

Chair of Trustees' Introduction Year to 31 August 2023

At the beginning of September 2022, I took on the role of Chair of the RSN Council. Just eight days later we heard the sad news that Her Majesty Queen Elizabeth had died. It was a sombre time for all at the RSN as we had embroidered numerous pieces for Her Majesty, but we were honoured to be asked to produce several items for the coronation of Their Majesties King Charles III and Queen Camilla.

The Coronation helped raise not only the profile of the RSN worldwide but also the practice and art of hand embroidery. Our work was a fitting display of the talent and creativity of the RSN embroiderers and provided a window on our wider portfolio.

It is a credit to our small and dedicated team of staff and tutors that they manage to undertake so much, and we are grateful for their hard work and commitment in helping the RSN lead the development of hand embroidery through an unrivalled range of activities.

With participation in courses increasing post-Covid, trustees approved new resources to streamline administrative tasks and created the new role of Director of Education. The new Director is reviewing and improving programme delivery to further strengthen our education provision.

People are now engaging in the practice of hand embroidery in a very different way; we have adapted to online courses and events and broken down geographic barriers with participation possible from anywhere in the world via Wi-Fi access and a screen. As a result, our operational delivery and customer reach have been transformed and this has led to an array of strategically driven decisions and initiatives.

We are redesigning our tutor course to better prepare graduates for the ongoing needs of both the RSN and a modern career in professional embroidery. The new Professional Embroidery Tutor Programme will start in September 2024 and we are hopeful to be able to fulfil a long-held aim to offer a scholarship place for one student each year.

Recognising and investing in our tutors is critical; we know from research that customers choose to learn with the RSN because of the depth and breadth of our tutors' knowledge and proficiency. During the year we developed the RSN Fellowship programme which is launching in Spring 2024. Fellows of the RSN (FRSN) will all be graduates of our previous Apprenticeship scheme or three-year Tutor programme. They have undertaken and passed the most intensive and rigorous training of all RSN courses and are uniquely qualified to teach and practise, to the highest standards, the broadest range of embroidery techniques and related activities. Our tutors play an important role in delivering our mission and we look forward to supporting them further through the RSN Fellowship.

We are investing in the ongoing development of new practical and theory programmes which we hope to launch for September 2024. We have started work on digitising pieces in our Collection and Archives so they can be made available online and have continued to add stitches to the RSN Stitch Bank which aims to digitally conserve and showcase the wide variety of the world's embroidery stitches and how they have been used in different cultures and times. You can read more about our activities and projects in this report and on our website royal-needlework.org.uk.

Chair of Trustees' Introduction Year to 31 August 2023

We have also been reviewing our current operation to help shape our future strategy and the direction of the RSN of the future. You can read more about this on page 22 of this report.

As the new RSN Chair and with a number of relatively new trustees this year felt an appropriate time to review governance processes and reflect on the RSN's strategic direction. We have updated and introduced new policies, further strengthened our trustee skill set, refined reporting to Council, and introduced an Education Committee to provide additional oversight and help inform the strategic direction of education activities.

We welcomed four new trustees; Keith Pickard joined as honorary treasurer in early 2023 helping us to continue to invest funds wisely and generate maximum impact from our work. Dominic Tweddle, Sarah Mumford and Paula Leftwich joined in May 2023 and strengthen our Council further. Thank you to Nicola Clarke, Stephanie Wright and Claire Miller for all their help before standing down last year.

As a charitable body we are funded entirely by surplus income from our commercial activities and the kind donations of individuals, charitable trusts and organisations who share our passion for the important role embroidery has, and continues to play, in helping individuals and cultures tell stories, record history, create community and derive pleasure from the creation of a piece of art. A huge thank you to everyone who has supported us financially, to the hard work of our staff and tutors who help deliver our vision, and to our students, customers and other beneficiaries who make it all worthwhile. It is very much appreciated.

A handwritten signature in black ink, appearing to read 'P. Wood', with a stylized, cursive flourish at the end.

Pip Wood
Chair of Trustees

The Members of the Council (as Trustees), who are also the directors for the purposes of company law, present their annual report together with the audited consolidated financial statements of The Royal School of Needlework for the year ended 31 August 2023. The report has been prepared in accordance with the Charities Act 2011 and is also the group report of the directors for the purposes of the Companies Act 2006. The reference and administrative information set out on page 1 and the Chair of Trustees' Introduction set out on pages 3 to 4 also form part of the report.

The financial statements have been prepared in accordance with the accounting policies on pages 43 to 47 of the attached financial statements, and comply with the charitable company's memorandum and articles of association, 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 (FRS 102) and comply with the Office for Students' Accounts Direction.

ACTIVITIES AND ACHIEVEMENTS

Our principal activities, achievements and outcomes are delivered through three key areas of focus. These are:

- ◆ Teaching and Learning;
- ◆ The Practice of Embroidery; and
- ◆ The Promotion of the Heritage and Modern Application of Embroidery

Public Benefit

The RSN has due regard to the Charity Commission's guidance on public benefit. During this year our most significant public benefit offering was the RSN Stitch Bank which goes to the core of the RSN's mission, making knowledge of stitches available to all, so that we ensure hand embroidery will continue in a relevant way. It is now becoming established as the online source of information on stitches, both traditional and new and is designed with users in mind.

This fantastic resource which has been made possible by charitable donations and is offered free at the point of use. Since its launch in 2021 it is now visited by nearly 25,000 unique visitors every month.

The RSN Stitch Bank is open to all and used by students, curators, historians of stitch and practitioners. This service receives thanks regularly for the variety of ways in which each stitch is explained, so that all types of learners can gain from the explanations, especially because with one click, the diagrams can be changed to show how a left-handed embroiderer works the stitch.

At the year-end we had 350 stitches on the site and this number has increased since and will continue to grow throughout 2023-24. This resource is the largest free database of stitches anywhere in the world and is used by a wide variety of people from the Curators of local UK Museums to identify the stitches on a historic garment to Canadian Embroiderers' Guild groups using it as a resource for projects around unusual stitches and from teachers of textiles in schools and colleges in the UK to researchers at the Victoria and Albert Museum. As more people learn of it, the more they share it with other embroiderers.

ACTIVITIES AND ACHIEVEMENTS (continued)

Public Benefit (continued)

The aim of the RSN Stitch Bank is ultimately to feature every stitch in the world so conserving many that would otherwise be lost.

"I think it is an amazing resource and the range of stitches and the quality of the information for each stitch is incredible - I use it all the time and tell all my embroidery friends about it - being a lefty I also appreciate that I can turn the stitch to show for a left rather than right hand stitching."

Numerous other examples of the RSN's public benefit can be found throughout this report relating to activities such as Exhibitions, Talks, and Taster courses. We continue to improve our accessibility and expand the reach of our activities.

THE PRACTICE OF EMBROIDERY

The origins of the RSN - the RSN Studio

The longest established part of the RSN is the Studio and it really came to the forefront of activities this year. Originally called the Workroom it is responsible for two things: the training of new embroiderers to professional standards and for working on clients' pieces, both new and conservation/restoration commissions for a wide range of clients across sectors from the Church to private individuals and from the military to stately homes and occasionally the Royal Family.

The advantages of using the RSN for important work is not only the consistency and high standards but all the work is undertaken in the UK, as we have a pool of our own trained professional embroiderers on whom we can call to work on pieces. The RSN is the only place in the UK with such a quantity of highly skilled people and is one of the main reasons why the RSN was asked to work on nine pieces for the Coronation, both new and conservation.

The first piece commissioned was the Robe of Estate for her Majesty Queen Camilla who has been the Patron of the RSN since 2017. This is the train that she wore to exit Westminster Abbey and traditionally the Queens' trains are extensively embroidered. Her Majesty wanted something shorter and lighter than that of the late Queen Elizabeth, which the RSN had designed and made in 1953. Embroiderers have long looked to the natural world for symbolism and creative design. The Robe of Estate was no exception. The brief was for flowers including the four flowers of the United Kingdom: Rose, Thistle, Shamrock and Daffodil but beyond that, the design was open. The core team in the Studio undertook extensive research and sampling. They wanted to represent both the King and the Queen's interest in the natural world so they selected flowers that were meaningful to both of them, but also populated the design with insects, butterflies, dragonflies, bees, ladybirds, a caterpillar and a snail to highlight Their Majesties' interest in biodiversity and the importance of the natural world.

The Studio created new cyphers for Their Majesties and a new crest for Her Majesty while that for the King was reused from the one made by the RSN for George VI in 1937 as the King's crest is the same as his grandfather's.

ACTIVITIES AND ACHIEVEMENTS (continued)

The origins of the RSN - the RSN Studio (continued)

Other pieces were commissioned by some of the City of London livery companies with whom the RSN has long-standing relationships. The anointing screen was to be completely different from the canopy used previously. It was based on a window in the private chapel at St James's Palace, converted into a workable motif by Iconographer Aidan Hart, with the poles used to carry the panels being turned by Nick Gutfreund of the Worshipful Company of Carpenters, from a fallen tree in Windsor Great Park. The audience-facing part of the screen featured a tree bearing the names of the 56 countries of the Commonwealth worked on leaves in gold thread. Because of the scale of this piece, we were able to invite all the degree and tutor students to participate in this as well as representatives of our Certificate and Diploma programme and members of staff.

The Worshipful Company of Girdlers provide the Girdle (sword belt) and the stole for the ceremony. The RSN helped conserve and extend the girdle which had previously been worn by the late Queen, and to work a new stole to a design by the College of Heralds. This featured the four Apostles, the four plants of the United Kingdom, this time utilising the more traditional leek for Wales, as well as reference to the Cosmati pavement, the flooring of Westminster Abbey at the point where the crowning takes place. The stole also featured the gridiron as the symbol of the Girdlers and the palm branch of St Lawrence their patron saint.

The RSN Studio was thrilled to host a visit from the King and Queen prior to the coronation for them to see the work in progress and talk with some of those who worked on the various items. The nine pieces were initially showcased in the British and international press and seen by millions on the day. They have subsequently been enjoyed by over 450,000 people who visited Buckingham Palace in summer 2023 where the pieces were on exhibition.

In addition to these very special pieces, this year the studio worked on a wide range of other pieces from a Mitre for an American Bishop in the traditional technique of underside couching to conserving pairs of crewelwork curtains and adding a name to a family christening robe to restoring canvaswork chair covers chewed by a new puppy.

As a result of the Coronation projects the Studio has strengthened relations with institutions with which it has had previous links including the royal household, the College of Heralds, the office of the Archbishop of Canterbury and some of the livery companies. This will enable new initiatives to be thought about to work on collectively.

It was not possible to watch the coronation and miss the work of the RSN Studio stitchers. With the variety of techniques being used, the RSN really showed how contemporary and relevant embroidery can be in all environments.

ACTIVITIES AND ACHIEVEMENTS (continued)

The origins of the RSN - the RSN Studio (continued)

Broadcaster and journalist, Anne Diamond OBE: *“Your high profile during the Coronation has sparked a great deal of interest! I am fascinated to learn more about The Royal School of Needlework and all you do - and I know our audience would too.”* Prior to recording a feature for Viking TV.

TEACHING AND LEARNING

The RSN receives no government funding, it has to raise or earn its income. The principal way in which we raise funds is by fulfilling our mission to preserve the heritage and lead the development of hand embroidery, enriching lives by inspiring, teaching and innovating to provide the widest access to our knowledge and skills. The hallmark of the RSN is technical hand embroidery applied to a wide variety of subject matters. For our Future Tutor programme and the Certificate and Diploma in Technical Hand Embroidery, technical excellence is at their core. It is for this reason that the RSN is sought out for very special work. For those taught through the main training programme (Training School, Apprenticeship or Future Tutor programme) there are two key mantras at the RSN, first that as a result of the teaching, if they need to work on a project collectively, it will be done in such a way that it looks like the work of one person. Secondly, when working to a deadline we invoke the saying ‘never a seat shall go cold’ because if one person gets up, another can sit down and carry on from where the other left off. These are special skills because, as individual artisans our professional embroiderers all have different styles, but effective collective working has been taught to them through their time at the RSN and put to good effect when required.

RSN Degree

The student body for the degree is diverse in background, age, gender, country of origin and we have above average numbers who are the first in their family to go to university. Last year the geographic spread was Germany, Norway, Brazil, USA, Hong Kong, and of Lithuanian, Moroccan, Eritrean and Nigerian heritage. Even within the UK we have students from Cornwall, Wales, Yorkshire, Cumbria, Bristol, Cambridgeshire and the Home Counties. This makes for a very dynamic group who can learn from each other and why we encourage working in the RSN rooms as often as possible for peer learning.

The hallmark of the degree programme is that while all learn hand embroidery at the same pace and in the same process they develop into very individual and innovative artists as they are actively encouraged to develop their own practice.

ACTIVITIES AND ACHIEVEMENTS (continued)

RSN Degree (continued)

At the heart of the programme, alongside skills development is using those skills in external projects. These provide an external perspective, build student confidence and enable the application of transferable skills to real world projects. In this academic year, students engaged with established and high-profile artists, designers and makers including a third project with textile artist Susan Aldworth for an installation at the National Centre for Craft and Design, Sleaford, Lincolnshire; the Great Imagining Festival at the Studio of Gavin Turk and Deborah Curtis; an innovative Couture Embroidery project for Alexander McQueen Embroidery Atelier and a project for Maddux Creative and Fromental for Chelsea Design Centre, WOWHouse.

In addition, Degree students from all three years participated in work on the Anointing Screen for the Coronation of King Charles.

As with Tutor students we encourage participation in major competitions. This year two Degree students received Commended accolades from the Bradford Textile Competition, while at the Hand and Lock Awards, the most prestigious international award for hand embroidery, 2022 degree graduate Sabina Lima won the Gold and Silver Wyre Drawers' (GSWD) award for use of metal thread for her work Ablaze, and her piece was then invited to be shown at the GSWD 400th anniversary exhibition, 2022 graduate Eliza Gomersall won both the Worshipful Company of Broderers' Associate Award and the Textile Art Student Category for her work 'Palingenesis' (Rebirth): A Story of Transformation. This is the fifth time in the last six years that the Textile Art prize has been awarded to an RSN student and the third time to a degree student.

We also ensure that student work is given every opportunity for exhibition holding shows at Hampton Court Palace and participating in New Designers and Graduate Fashion Week.

The students are taught by the in-house staff supplemented by a range of visiting lecturers to offer breadth of experience to the students. Angie Wyman, Degree Course Leader, was invited by Jamie Chalmers 'Mr X Stitch' to be on the judging panel for his online Competition, she was also on the judging panel for the Fine Art Textiles Award and is a mentor on the Hand and Lock awards for people in the open category, fashion.

The degree team were contacted by Professor Helen Storey of London College of Fashion about exploring stitch with refugees in Malawi and Mozambique. The RSN agreed to lend pieces from the handling collection to give people an idea of stitching and then they would be encouraged to make their own work. Helen reported back that this had been a very positive project with the refugees really relating to the stitched pieces they saw and worked.

ACTIVITIES AND ACHIEVEMENTS (continued)

RSN Degree (continued)

Impact

The teaching methods at the RSN, of learning by making, enables everyone to learn at the same pace, becoming conversant in not only the language and methods of hand embroidery but also to develop innovative approaches to creative practice. This enables students to become confident practitioners, designers, creative thinkers and innovators. This in turn leads on to student successes not just in competitions but also in their professional lives.

Our graduates are sought after for their highly skilled work and professional conduct within external settings. This may include freelance opportunities in couture including Alexander McQueen, Tamara Ralph, Dame Zandra Rhodes, Erdem, and Cathryn Avison. Of note, one graduate from last year has gone on to the graduate Traineeship at Alexander McQueen, the third RSN graduate to achieve this honour; a previous winner is now working for Hugo Boss. Other graduates are also working for Alexander McQueen, Cathryn Avison and Tamara Ralph as well as for film, for a bridal atelier and for an interior design company. Two degree graduates are also now back working for the RSN part time to pass on their skills and experience, while also working for other organisations.

The RSN Future Tutor programme

The training of new tutors is the most important activity that the RSN runs in terms of ensuring there are adequately trained people to continue our work. The current Tutor programme had been running for ten years so it was time for a serious review of the course and what was needed going forward. On the appointment of the new Director of Education this was the primary area for consideration. A thorough review was undertaken holding open discussions with graduates of both the Future Tutor and previous Apprenticeship programmes and with current students. Following these discussions, the Course Leader and Director of Education redesigned the course.

A key change is to split the tutoring element from Studio experience. Going forward the Tutor programme will focus on teaching and learning and the RSN Studio will support an intern programme to develop people with the right skills and who want to work on commissions, restoration and conservation. The new course is now being advertised and promoted for September 2024 entry.

In November 2022, work produced by the graduates of 2020 and 2021 was exhibited at the Girdlers' Hall in London. This was a wonderful opportunity for the graduates to showcase their pieces, especially as they had not been able to do so at the normal time (at Graduation) during the Covid-19 pandemic.

Throughout the year, there were numerous opportunities for our students to develop their teaching skills. These included events such as the Knitting and Stitching shows in London and Harrogate, the Artisan Fayre at HCP and the many day classes we hold at the Palace. Many of these are taster classes which we run at low cost to introduce new audiences to stitch.

ACTIVITIES AND ACHIEVEMENTS (continued)

The RSN Future Tutor programme (continued)

In conjunction with the Degree programme, the Future Tutor students were able to take part in a Korean Embroidery Workshop. This was an incredible experience for them, with Korean Masters working with them on site at HCP, to create traditional Korean embroidered pieces.

The year ended with the work of second year student Sue Kim and third year/ graduate Abigail Carter being selected to be shown at the Gold and Silver Wyre Drawers 400th Anniversary Exhibition.

We encourage students and Tutors to enter awards and we were thrilled that Tutor Chrissie Juno Mann was awarded third place in Mr X Stitch's online competition and Tutor Kate Pankhurst was shortlisted for the 2023 Hand and Lock prize Open Category Textile Art.

One very special opportunity offered to students this year was the chance to be involved with the Coronation, a "*once in a lifetime*" experience for them.

RSN Certificate and Diploma

The Certificate and Diploma (C&D) programme flourished this year with face-to-face teaching back to pre-pandemic levels and the interest in online teaching still strong. All satellites were operational: Glasgow, Durham, Rugby, Bristol and Japan. In addition, to meet need, one session was run in the USA because while many students are content to work online, others prefer the face-to-face experience and even those doing most modules online like the opportunity to do one face to face. As a result, this programme achieved its highest ever income. RSN tutors taught across three time zones online for more than 1,672 hours while we taught for 2,616 hours face to face; combined RSN Tutors taught over 850 days. After the first module, online students may then join any of the online sessions and at the venues, Tutors have up to six students and all of whom may be working on a different technique. It is the skills and experience of the Tutors which allows them to move from one technique to another effectively for each student.

This year we also saw our first 'online only' students complete the RSN Certificate. The level which they achieved clearly showed that we are offering this programme very effectively online. Tutors utilise a range of tools to ensure students are clear in how to make the stitches and are able to give the most effective feedback when they can enlarge digital images.

It has been pleasing to see the continuing, and growing interest in technical hand embroidery. This is a leisure course, but it is unique to the RSN and is sought out by people from all over the world because it enables participants to gain a high level of skill across a range of techniques. More than this, the finished pieces are not simply exercises but are works of art in each technique. This was borne out by the exhibition that was held at our Glasgow base. For the first time in ten years, we exhibited student work and held graduation there. We exhibited more than fifty pieces of work, and one visitor was overheard to say "*This is one of the best exhibitions I have seen here*", no mean accolade given that our base is the Glasgow Arts Club.

ACTIVITIES AND ACHIEVEMENTS (continued)

RSN Certificate and Diploma (continued)

Impact

Visitors to all our exhibitions come to appreciate the quality of the stitching and the variety of the subject matter but the biggest impact is on the students themselves who learn a greater confidence in stitching, enjoy being part of a group when they learn, whether online or in person, and invariably achieve more than they ever thought they could when they started. In turn, this builds personal pride and admiration from family and friends which is not to be underestimated, especially when on public display. Or as one participant put it *"What a joy it is to be part of a group of women acting towards each other in a sisterly manner. It's joyous, and not taken for granted"*.

RSN Short Courses

Short courses remain an integral part of the RSN programme. They are there to introduce people to the range of techniques, before some might move on to C&D, but also to offer a bit of fun, a sense of collective endeavour and a personal opportunity for learning in a friendly environment. Many participants also mention the support of the RSN community. This year we offered classes at Hampton Court again, as well as online.

We also expanded the range of technical introductory courses (Technical Tuesdays), these courses introduce students to a range of stitches in each technique across 30 weeks, at the end of which they have a really strong understanding of the range of stitches and how they might best be used and participants also see examples from the RSN Collection to put their work in context. This year we ran two of each of three courses, Crewelwork, Blackwork and Goldwork, to meet demand.

The opening up of classes at Hampton Court resulted in a gradual increase in the number of attendees across the year. It is always hard to know what will particularly appeal but this year the top three areas were a series of more unusual whitework techniques, contemporary kit-less classes which gave some people greater confidence to try a more structured RSN course and classes based around mindfulness, although many of our students would think all our classes have a mindfulness element as they are spending time on something they enjoy and the stitching is always about the repetition of making the stitch which is a slow and deliberate activity so engendering a mindful approach.

Online classes continue to attract a diverse worldwide audience and it has become apparent that people will book onto a class that suits them time wise rather than a class, geared towards their geographical location. For example, early morning classes originally positioned for people in the Far East and Australasia have attracted UK/Europe attendees who clearly relish learning before starting their working day.

We strive to ensure we deliver a positive experience for all students, whether new or returning, and offer opportunities to grow and develop through trying different techniques and levels. We look for ways to expand and broaden the appeal and this year were delighted by the success of the Hampton Sampler designed by Masako Newton and taught by Masako and Nao Nagamura – this was a first for the RSN as it was advertised and taught in Japanese. As a result, it attracted new people with some attendees flying in from Japan.

ACTIVITIES AND ACHIEVEMENTS (continued)

RSN Short Courses (continued)

Impact

The role of short courses is two-fold, to act as an introduction – to the RSN, to hand embroidery, to different techniques, but also to offer a way to start building skills and confidence for those who want to go on to the RSN C&D or other programmes.

Tutors play a vital role in introductory courses not just as the source of technical knowledge but also as ambassadors and encouragers. Most of the comments we receive for the short courses are to offer thanks to the tutors for their skills, patience, enthusiasm and guidance. As a result, students are encouraged to return and one result of online classes is that people can book more if they don't have to factor in travel and accommodation costs, especially at this financially challenging time. We are also benefiting from trying new things, as the Japanese class demonstrated, and we were able to ensure participants were aware of the Japan Satellite should they wish to progress further.

"This is my first experience of the RSN, and indeed Goldwork, and I've already learned so much. Helen sets a good pace for this beginners class, always taking time to explain the techniques" (**Susan Cooney, UK— Technical Tuesday Goldwork with Helen McCook**)

"I finished your project. Thanks heaps for a fun small project. I learnt heaps. So much so I've signed up for the self paced videos and ordered the Puffin Blackwork.. Thank you so much for designing this work and offering the class."(**Danielle Rogerson, Australia, Introduction to Blackwork : Winter Leaf with Kathryn Sanders**)

"We all had a difficult time during the pandemic but the RSN going online is one of the good things to come out of this difficult time.!" (**Anja Diek, Germany – Captivating Crewelwork with Kate Barlow**)

The RSN International Summer School

The International Summer School has gone from strength to strength especially in the UK and online. This year we again ran a programme online in July and at Hampton Court in August. As an extra special addition, for all those coming to Hampton Court Palace we took them to the exhibition of coronation regalia at Buckingham Palace one afternoon of the week to see the work of the RSN Studio up close. Altogether we ran 40 courses by 16 tutors, 11 at HCP, 2 at Glasgow and 27 online with a total take up of 356 places.

Impact

As a direct result of a live talk given during the 2023 Summer School a US student donated an item to the RSN Collection. New Friendships were forged in the online and onsite classrooms, and for those attending Hampton Court the welcome morning refreshments added to the joy and the sense of inclusion in a very special family.

ACTIVITIES AND ACHIEVEMENTS (continued)

The RSN International Summer School (continued)

"I just wanted to say that the gift is wonderful! Such a lovely keepsake and so useful. I was touched by the care you had taken both with the selection and the beautiful way it was presented in the silk bag with the personalised, handwritten label. I know this takes a great deal of thought, organisation and work "beyond normal expectation" and is part of what makes you all at RSN so special to us "stitchers" (Vivienne D, UK)

"Thank you for the most terrific RSN Summer School. Beautifully done and just such a special place to be within Hampton Court. We loved our Tutor who taught her skill with all the patience in the world. What a thing for us to be able to travel with our Group and Tutors to Buckingham Palace and be some small part to have known some who embroidered and therefore had all played a huge part in the Coronation. To follow it up the next day with our own special Tour and Talk within the RSN was special. Thank you to you all for such inspiration." (Frankie V, UK, Heath & Harebells with Sarah Smith)

"I really enjoyed the course and learnt a huge amount – I had been a bit worried about how effective an online course would be, but my concerns were wholly unnecessary." (Helen G, UK, Heath & Harebells with Sarah Smith)

RSN Partnership Classes and bespoke classes

Partnership classes are ones which take place at a special venue which has an RSN link, such as holding items made by the RSN in their Collections or showing RSN-made items at exhibitions. These not only bring the RSN to new audiences, but also cement relations with other similar organisations. The partnership classes offer 'an experience' with added value to students, such as access to a normally private venue, entry to an exhibition or private talk by a venue Curator. New venue partners this year have included Canterbury Cathedral, St Alban's Cathedral, the Palace of Holyroodhouse, Royal Collection Trust and Historic Royal Palaces. Bespoke classes are for small numbers of people who want to work on a special project or have a class in a particular technique. In total we ran 16 partnership classes at 8 venues.

Impact

The partnership classes offer something extra and enable the RSN to meet its broader ambition to be accessible in more parts of the country. This is appreciated by new attendees and regulars. While many people now prefer to do online classes for convenience and cost, partnership classes continue to inspire because they offer something that is not usually available and has to be experienced in person. The bespoke classes enable people to stitch exactly what they want under RSN expert tuition

Royal Collection Trust *"Our partnership with RSN is one of our most valuable".*

"We loved our Private Tour what a special treat. A super day out thank you to you all."

"Thank you for the most amazing and inspiring class. It was a wonderful day."

ACTIVITIES AND ACHIEVEMENTS (continued)

PROMOTION OF HERITAGE AND MODERN APPLICATION OF EMBROIDERY

Exhibitions

Exhibitions are an important way for the RSN to reach new audiences. At the start of the academic year we held two exhibitions which were aimed at widely different audiences. Both featured recent work by RSN students and both were free entry. The first was held at the Sunbury Gallery. This is local to the RSN's Hampton Court Palace (HCP) base but in putting this exhibition in Sunbury it reached a very different, local audience whereas the HCP audience is mostly tourists and visitors.

The second exhibition was held at the Worshipful Company of Girdlers' headquarters in the City of London. This building is rarely open to the public, so this was an opportunity for people to see both RSN graduate work and the Livery Company's impressive building. The event was only open for three days but some 1,700 people came despite tube and rail strikes. The event was considered a great success by all involved.

At Hampton Court we continued *A Girl's education in Stitch* which was booked out by both groups and individual guests because, being in our working studio it can only be opened on limited days, but we still managed to honour all the bookings even while working secretly on the special projects.

After the Coronation we launched a new mini exhibition: *The Royal School of Needlework & Five Coronations 1902 – 2023*. This opened in July and was originally scheduled to run until November but such has been the interest that it has been extended to May 2024. The exhibitions at Hampton Court give visitors the opportunity to view pieces from the RSN Collection and also build awareness of the work and history of the RSN.

We also held Degree, Certificate and Diploma (C&D) and Future Tutor graduate exhibitions at HCP which were open to both HCP general visitors as well as those specifically booking. As a Historic Royal Palace, HCP can sometimes pose an accessibility challenge for some so this year both these exhibitions were held in a ground floor apartment at HCP making it easier for the public. We are very grateful to the Hampton Court Palace team for enabling us to use these rooms.

One further exhibition was held when the Degree students exhibited at New Designers which is an essential forum for graduates in creative subjects held at the Business Design Centre in London. These events enable the RSN to engage with people who may not have come across the organisation before and exhibitions have been the source of attracting new learners and supporters as well as showing the students' work to a range of audiences.

Impact

On the Curator's tours there are regularly people here from New Zealand, Australia, Canada and America as well as those from around the corner. All really appreciate the stories of our past coronations and the opportunity to see sampling and prep work for the nine items the RSN worked on for 2023.

ACTIVITIES AND ACHIEVEMENTS (continued)

Impact (continued)

"It really is amazing and wonderful you can get so close up to it to really see the workmanship."
Comment on the sampler the RSN is making of the Queen's Robe of Estate.

"I wish I had come to this before I went to the Buckingham Palace exhibition, this puts everything in context."

RSN Online Talks

Twice a month the RSN has continued to deliver Online Talks to its community around the world. The Online Talks are accessibly priced and are offered free to our own Degree and Future Tutor students and Tutors. They open up the world of embroidery to more people and give access wherever they live. The talks are about appreciating and exploring embroidery, so we welcome in an additional group of those who don't, or perhaps no longer, stitch but are interested in embroidery history. Talks highlight the RSN Collection and RSN history and we also invite guest speakers to produce a varied programme of different topics and presentation styles. This year guest speakers have also included RSN Ambassadors. In total we delivered 15 talks to 3650 people with many repeat visitors.

In particular, we gave two coronation presentations, the first on the RSN's involvement with the four coronations of the 20th century and the second on our work for the coronation of King Charles and Queen Camilla. These garnered very high audiences from all over the world. The talks were then put online and many people have gone back to watch one or both again. We have also given talks for other organisations including the Royal Collection which expands our audience.

Impact

The talks have built an international community that broadens the RSN's reach and enables us to communicate with more people on a regular basis. This year, with other events we have managed to meet some of our online audience in person and they have shared how much the talks mean to them.

"What a fabulous presentation of the RSN's continuing involvement with such splendid artefacts. So interesting to see the results of the archival research in the RSN's collection."

"FABULOUS presentation!!!! I've really enjoyed last week's and this week's journey through the Coronations."

Schools and Children Engagement Programme

Inspiring the next generation of stitchers is an important part of the RSN's mission. Since 2018 the RSN has offered the Embroider a Selfie project free to schools thanks to support from the Worshipful Company of Girdlers. The project gives schools the opportunity to apply to receive free needlework supplies and access to a host of ideas and stitch demonstration videos. This year we were inundated with requests after one teacher wrote how good it was on a teachers' forum and sent 50 kits to secondary (and some primary) schools around the country. Many schools have applied as time allocated for textiles has been cut due to budget constraints.

ACTIVITIES AND ACHIEVEMENTS (continued)

Schools and Children Engagement Programme (continued)

Teachers have used the kits for lunch time and after school clubs as well as to help promote textiles as a GCSE subject. Many schools also acknowledged the benefit for mental wellness. This year with the support of the Worshipful Company of Broderers, we have also run Family Days and School Workshops with venue partners. For this programme we created pre-printed designs themed around wellness. Children were given the opportunity to decorate the words LOVE, LIVE and CALM with different stitches and coloured threads. We also created a design of the crown which was popular following the Coronation. This year, the events took place around the country, not just in London.

Impact

The Selfie kits are offered to encourage a whole class to take part. The kits have been used creatively by the teachers for in class, after schools and special initiative programmes depending on what the school wants to help the children achieve.

One of the schools who attended at St Alban's Cathedral so enjoyed the day they also sent an application for the Embroider a Selfie project kit. *"It was a thoroughly enjoyable morning. The students got so much from your tutorials. We all came back so enthused (including our caretaker!) that we have organised a needlework club to run from September this year."*

"I strongly believe by providing interesting, relevant projects for students in a stimulating environment will help foster their love for the subject and in turn increase the amount of students opting for a creative GCSE."

"The task and equipment gave the children the vehicle to have a go which has been tremendous as there was a purpose. Thank you for giving us the opportunity."

Digitisation of the Collection and Archive

We have been able to start this project thanks to successful fundraising. In June we appointed an archivist and curator and before the end of the academic year they had researched and selected the best collection management system for our needs. Working with the Chief Executive and Colleagues they have also selected the first 100 objects to be digitised which should be complete in early 2024.

Impact

The first 100 objects will show the variety of the objects in the RSN collection and archive but more than this, it will give students, researchers, curators and historians a much greater understanding of the history of the RSN and the materials the organisation holds.

ACTIVITIES AND ACHIEVEMENTS (continued)

Retail

During the year new management of the RSN's retail operation gave a new impetus to the potential for this area. The aim is to focus on areas where we have specialist or exclusive product and this is already paying off. We also offered more opportunities to tutors to create bespoke kits and enhanced customer service to good effect recognising that the RSN shop can be the shop window to all the RSN's activities.

In addition, we curated a specific selection to tie in with the Coronation featuring products, kits and materials. Following the ceremony, the Studio supplied the shop with a Goldwork inspiration kit for customers to make their own journeys into this technique, especially as access to gold thread is becoming more problematic.

We also set up product placement and pop-up shops, such as for the Friends events, which raised profile and income and gave attendees very personal souvenirs. We will look to expand this to grow potential while we are limited with the physical storage and space of the retail operation at HCP. All of this led to increased sales and profit.

RSN Friends

Friends support the RSN through advocacy, engagement with core programmes and donations. In return we wanted to offer something special to Friends as a thank you; that opportunity came with the coronation and the exhibition of regalia at Buckingham Palace. We offered Friends the opportunity to be shown round the exhibition by the Chief Executive and either the Head of Studio or Studio Manager and then meet others who had worked on the project over afternoon tea. So popular was this that the original three events filled overnight and we had to extend it to six sessions.

In addition, we offered Friends free access to the talk on the current coronation which was gratefully taken up by a good number contributing to this being the most popular talk of the year, perhaps not surprisingly.

Impact

The events had a tremendous impact on those who attended (with people coming from across the UK, Netherlands, Austria, New Zealand, Australia and America). Many letters and emails of appreciation were received both from the Friends and their guests.

This has helped to cement our relationship with Friends, especially those who are newer, as they had the opportunity to meet with some of the stitchers on the project and felt closer to the work of the RSN.

ACTIVITIES AND ACHIEVEMENTS (continued)

IT

Digital is the primary method for our educational operations and delivery from booking a talk to taking a class, so the enhancement of our digital provision is critical. During the year we have upgraded the digital equipment in Degree with new interactive HD screens to improve the teaching and student experience. We have added additional MAC machines in the IT suite and reconfigured the set up to improve workflow.

Across the organisation we have streamlined printing to multi-function devices which improve copy quality and reduce costs and are implementing cloud migration for more efficient team working while enhancing RSN password security.

We have engaged consultants to significantly enhance the RSN Website to improve user experience and simplify the user interface and initial feedback has been good.

We have developed a Teams-based portal for Tutors, Education and customers with various levels of access that can be used to collate information on classes in one place and enable tutors to provide more information to customers.

Marketing

The Coronation projects resulted in widespread international, national and regional coverage (both print and online) as well as TV and radio. Over 3000 pieces of editorial coverage was achieved. During a concentrated media campaign over one weekend, website traffic increased by 350%. The coverage also widened awareness of the RSN around the globe with inclusion in previously untapped markets including publications *Vogue Philippines*, *National Geographic Indonesia* and Japan's *Window of Art*. Awareness of the RSN was further highlighted through Coronation pieces on display at Buckingham Palace where our role was featured in media coverage and at the exhibition itself.

The RSN's name and work has reached more people than ever before. As a result, we are receiving more requests for information on historic textiles, and more visitors. One visitor ensured she could get a ticket for our own Coronation exhibition before she booked her flight from New Zealand. We have welcomed people from down the road and round the world for our recent events including America, Canada, Sweden, Switzerland, The Netherlands, Australia and New Zealand.

Digital marketing is such a key part of spreading the word about our activities now. We added both Tik Tok and Pinterest to our digital presence in response to customer demand. Second only to the online presence is the RSN appearing at key exhibitions such as Knitting and Stitching and Decorex to promote what we do, engage with past and potential customers.

Staffing and facilities

During the year we worked with Hampton Court Palace managers to identify and lease some additional space for the Digitisation project and to enable the Education team to be housed together.

ACTIVITIES AND ACHIEVEMENTS (continued)

Staffing and facilities (continued)

We also reviewed the staffing requirements and recognised the need to appoint a Director of Education to help us develop and oversee this vital part of the RSN, with responsibility for both the Tutors and the education staff team, especially as we deliver an enhanced programme.

The RSN runs with a very small team of hard-working staff for the range and reach of our activities. We also have a dedicated team of volunteers who help in a number of areas from marketing to retail and especially assisting with tours, for which we are very grateful.

Fundraising declaration

Fundraising was an ongoing challenge, and we are pleased to report that we have maintained our regular donors and were additionally supported by a gift of £50,000 from the JH Rausing Trust in recognition of Queen Camilla as our Patron. This was very much appreciated as it was for core funding and we were able to use it to support the appointment of our Director of Education which has been an invaluable role.

One fundraising ask was made to Friends to support the bursary fund for degree students for the coming year (2023-24). Nearly £10,000 was given by Friends to support our students which is the highest to date. This is greatly needed as we have the highest number of applicants for the bursaries this year.

Other fundraising this year really focused around funding for the RSN Stitch Bank. The Sip and Stitch event held on World Embroidery Day raised funds for Stitch Bank while we continued to raise funds for the Digitisation so it could be started this year. We were however, dismayed that the Canadian legacy reported last year had actually realised £100,000 less than was originally forecast, based on figures at probate, due to a range of problems which were not known about until too late. That loss is reflected in the figures this year.

In undertaking its fundraising the RSN abides by the codes of the Fundraising Regulator and the GDPR requirements and removes from any appeal any supporter who requests this. This year the RSN received no fundraising complaints.

Donors to the RSN included many City Livery Companies including the Worshipful Companies of Broderers, Dyers, Girdlers, Gold and Silver Wyre Drawers, Haberdashers, Needlemakers and charitable trusts including the Headley Foundation, Coats Foundation Trust, the PF Foundation, Knights of the Round Table, the Henry Lumley Foundation and the RK Trapp Family Foundation.

ACTIVITIES AND ACHIEVEMENTS (continued)

Sustainability

The RSN was founded in 1872 to help preserve the art of hand embroidery through the provision of education and employment. Today we continue to promote, practise and provide a wide range of educational opportunities to raise awareness and help a global audience access and benefit from the practice of hand embroidery ensuring it retains relevance and is sustained. As well as upskilling thousands of people every year, our professional studio undertakes restoration and conservation work and makes a much-valued contribution to social sustainability.

We aim to drive positive change on sustainable fashion, promoting the conservation and preservation of historic and significant items. We also teach and engage people in visible mending techniques to reduce waste in textiles and fashion and this has been one of our most successful day classes during the year. We actively encourage people to donate unwanted items to our archives, collection, for student and customer use, and in the provision of project resources supplied to beneficiaries such as schools.

We have recently set up a Staff Sustainability Group to help us continue to look at what we can do to further prioritise the efficient use of resources and materials, reusing and recycling and practising responsible procurement where possible. We aim for 'minimum waste' which is essential to the cost effective and efficient running of all our operations.

The RSN is currently based at Hampton Court Palace which is looked after and managed by the independent charity Historic Royal Palaces. In the undertaking of their daily duties, we accept that all staff associated with the RSN will have an influence on the environment. We are committed to adopting working practices that will help to have a positive effect, assist towards continued environmental improvement, and reduce unavoidable negative influences caused by our working practices while acknowledging that our activities must conform with the requirements of operating within a Grade 1 listed building.

We think positively about sustainability, and this is actively embraced by our students. In 2023, final year degree student, Jenna Riddell, used only recycled and repurposed materials for her final major project. She made threads from plastic shopping bags and re-used cardboard and other packaging materials for her submission of embroidered animals, each of which had been chosen for its endangered species status.

Embroiderers have long taken inspiration and resources from the natural world to practise their stitching. Embroidering particular plants or animals in pieces of work provided symbolism and meaning while the appearance of specific species and materials has helped document the extent to which people travelled and explored the world. For centuries, people have used embroidery to play a compelling role in helping societies and individuals impart knowledge, tell stories and influence behaviour. We are in the early stages of reviewing how the practice of embroidery can be more relevant to the current needs of society.

ACTIVITIES AND ACHIEVEMENTS (continued)

Looking ahead

The RSN has 150 years of unique heritage, knowledge and experience but it is vital that it continues to develop and keep pace with what customers and wider beneficiaries want and need today and in the future. During the year we have been reviewing our operation, listening to a wide range of stakeholders, and posing the question 'What If?' to inform our strategic plan over the next few years.

The practice of embroidery is also increasingly recognised for its therapeutic and beneficial impact on mental health and wellbeing as well as the pure satisfaction and enjoyment of creating a piece of art. We want to be more inclusive and extend the positive benefits of embroidery - personal, economic or societal - to a broader and more diverse audience.

To help fulfil this ambition we are currently making significant investment in three core focus areas to support our development, growth, sustainability and impact.

1. Our proposition: we are using our experience and expertise to develop forward looking, needs-driven activities to further strengthen our leadership role in the world of hand embroidery. This will help build awareness, broaden community engagement and increase participation.
2. Strong and secure finance: like most charities, the RSN has to raise funds to support its operations and we are ever mindful to allocate funds appropriately to get maximum return. Continued fundraising, maximising revenue from current activities and developing new income streams will be complemented by seeking strategic mutually beneficial collaborations and partnerships to help elevate our reach and relevance.
3. Strong foundations: we need the appropriate resources and systems in place to support our ambitions. This includes improving our IT capability, keeping pace with appropriate facilities and environments for teaching and learning, and reviewing our locations to ensure we have suitable space for our staff operations, studio and retail business.

Underpinning this will be providing the environment for our staff team, network of RSN trained tutors and volunteers to work together as a cohesive team to inspire, innovate and provide the widest access to our knowledge and skills.

FINANCIAL REVIEW

Financial report for the year

The consolidated statement of financial activities for the year shows a net deficit (before investment losses) of £317,373 (2021/22: surplus of £228,203).

The overall income for the year 2022/23 of £2,756,048 was broadly similar to that of the previous financial year (2021/22: £2,747,686). Income from donations and legacies was less than the prior year, at £201,932 (2021/22: £513,330), affected by a charge of £99,473 against legacy income recognised in the prior year. This charge led to legacy income being reported as negative for the year ended 31 August 2023 at (£52,832) (2021/22 income of £260,157) and is explained further in note 1 to these financial statements. No grant income was received during the year (2021/22: £3,444). Donations and legacies remain an extremely important source of income, particularly for the Degree and Future Tutor programmes, neither of which receives any government funding, and for all new initiatives.

The trading subsidiary's income of £587,577 (2021/22: £383,508) increased by 53% driven by both an increase in retail sales through the shop, and a wide range of commissions in the Studio, including the honour of working on a range of items for the Coronation of King Charles III and Queen Camilla.

Income from charitable School activities amounted to £1,807,188 (2021/22: £1,694,473) a 7% increase year on year due to the continued popularity of online learning, return to more in-person classes and the International Summer School that was held both online and in-person in July 2023. Investment income fell by 2% to £154,888 (2021/22: £158,419).

The restricted fund income of £143,701 (2021/22: £134,175) consisted of resources earmarked for the Degree and Future Tutor programmes, the RSN Stitch Bank and Collection and Archive Digitisation Campaigns. Restricted expenditure of £182,891 (2021/22: £176,706) was incurred against the Degree and Future Tutor programmes, for the RSN Stitch Bank project, the Schools/Family workshops at the Fashion and Textile Museum and also the ongoing depreciation on the capital costs of the set-up of the new classrooms at Hampton Court Palace in 2015.

Total expenditure for the year was £3,073,421 (2021/22: £2,519,483), an increase of 22%. Costs have increased in 2022/23 due to the investment in new staff posts and the increased activity in the Studio and shop.

Net realised and unrealised losses on investments for the year amounted to £481,906 (2021/22: £755,541 net realised and unrealised losses). At the balance sheet date, net assets totalled £4,970,099 (2022: £5,770,238) of which £2,100,301 (2022: £2,620,471) are unrestricted income funds.

The Royal School of Needlework has an investment of £100 (2021/22: £100) in the share capital of RSN Enterprises Limited, a wholly owned company which is incorporated in England and Wales. The net trading income of the company for the year amounted to a profit of £44,336 (2021/22: deficit of £3,899).

FINANCIAL REVIEW (continued)

Reserves policy and financial position

The Council has examined the requirements for free reserves, i.e. those unrestricted funds not invested in tangible fixed assets, designated for specific purposes or otherwise committed. During 2022/23, the Council reviewed the Charity's reserves policy and confirmed it to be five months' total expenditure at any one time, excluding the additional commitments on the licence at Hampton Court. In coming to this conclusion, the Council considered the nature of the charity's work and the discretionary nature of a significant proportion of income. Based upon budgeted expenditure levels for 2023/24, the maximum expenditure for five consecutive months would be in the region of £1,429,000. The Council is of the opinion that this provides sufficient flexibility to cover temporary shortfalls in incoming resources due to timing differences in income flows, adequate working capital to cover core costs and will allow the charity to cope with and respond to unforeseen emergencies whilst specific action plans are implemented.

The charity held net assets at 31 August 2023 totalling £4,970,999 (2022: £5,770,238). This is represented by endowment funds and restricted funds of £2,646,096 (2022: £2,885,367) and £219,682 (2022: £259,520) respectively and designated funds of £701,126 (2022: £856,029). After deducting funds represented by tangible fixed assets and shareholders' funds, this leaves free reserves at 31 August 2023 of £1,366,807 (2022: £1,725,209), which is a slight shortfall below the target level of £1,429,000. The Council is of the opinion that although the level of free reserves is slightly below target due to investment losses in the year, the level of funds overall is satisfactory and does not cast doubt on the ability of the charity to continue as a going concern.

The Council has continued to formally designate £701,126 towards the planned developments within the strategic plan (2022: £856,029). The Council will review this designation on an ongoing basis. The funds that are designated are for future strategic projects, including the ongoing RSN Stitch Bank project and digitisation of the archive.

Investment policy and performance

The investment policy remains to maintain the real value of the RSN funds through continued growth of the asset base, seeking to achieve this with an appropriate balance between sustained cash flow and capital growth, to generate over the long term, defined as a period of not less than five years, a total return on capital invested that reflects the risk appetite.

FINANCIAL REVIEW (continued)

Investment policy and performance (continued)

The Trustees have a moderate / medium attitude to risk, with the level of risk mitigated by having a diversified portfolio of assets. The portfolio is managed on a discretionary basis by the investment manager, JM Finn. The RSN has recognised that, when investing its funds, promoting good standards of environmental, social, and governance ('ESG') behaviour is a priority. Accordingly, it now expects its investment manager, when making investment decisions, to consider the following areas:

- ◆ Protection of the global environment, its climate and its biodiversity including the reduction and future elimination of fossil fuel exploration and production;
- ◆ Promotion of human rights, including but not limited to the equality of gender, race and sexuality; and
- ◆ Promotion of good business ethics and good employment practices.

The Finance and Investment Committee keeps a close eye on investments and returns to ensure maximum benefit for the RSN and meetings are held regularly with the investment manager to ensure that the balance of the portfolio remains appropriate particularly given political uncertainties and the ongoing potential for market volatility.

During the year, the investment portfolio was negatively impacted as interest rates rose higher than many expected and as such, many of the more secure investments on the portfolio weakened as investors sought the safety of gilts and cash deposits. At the charity's 31st August 2023 year end, the investment portfolio was valued at £4,959,508, having depreciated -6.8% in total return terms over the past 12 months. (in total return terms, net of fees). This is behind the ARC Steady Growth Index return of +0.6% and the 70% FTSE All-Share/30% FTSE UK Gilt Index return of +0.8%, while CPI+3% returned +10.0%. The portfolio has a 12 year annualised return of +5.8% per annum, in-line with the comparators.

Markets have continued to be volatile since the end of August and market confidence has remained low. Encouragingly, most recently, markets and confidence have rebounded following the late October decision by the US Federal Reserve and the Bank of England not to raise interest rates further.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Royal School of Needlework was founded in 1872 and incorporated in England and Wales, on 16 April 1878 as a company limited by shares, the word 'limited' being omitted by licence of the then Board of Trade. The RSN is also registered as a charity with the Charity Commission, under the number 312774.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Council Members' Appointment, Induction and Training

Council members serve an initial term of three years and may serve a second term before retirement.

Trustees complete a skills audit on a regular basis to record and review their expertise and experience relative to the needs of the organisation and the outputs are used to help inform the recruitment and appointment of new trustees. Positions are advertised broadly, and a panel of trustees undertakes the shortlisting and interview stages before making recommendations to the full Council. Trustees use external advisors where appropriate.

On appointment, Council members are provided with the Charity Commission publication about trustees' roles and responsibilities, and other relevant documents such as the annual report, strategic plan and governance framework. They are invited to spend time with senior managers and their teams learning about the work of each and seeing the RSN in action at HCP. Trustees may also attend and observe Committee meetings if they are not appointed members. Training is available to Trustees as required and five courses were undertaken during the year.

During the year all Governance documents are reviewed and updated. All trustees are provided with any new relevant information and publications as they become available.

Organisational Structure and Key Management

The RSN Council is in charge of governance while the key management personnel of the RSN in charge of directing and controlling, running and operating the charity comprise the Chief Executive, Dr Susan Kay-Williams and the Senior Management Team of five. The RSN is a small organisation with at most only three levels of hierarchy.

The salary of the Chief Executive is set by the Council. The salaries of all staff are considered annually by the Finance and Investment Committee following performance review and approved by the Council.

During the year the size of the team has grown with the most senior appointment being that of the Director of Education, this reflects the growing workload of the staff team and the need for increased oversight and management of the RSN's education provision. It is recognised that new appointments are an investment in improving operational effectiveness and efficiency and will over time drive increased income and public benefit. As at 31 August 2023, the RSN employed 14 full time and 17 part-time management and administrative staff and core teams of eight part time stitchers in the Studio and 32 part time tutors. In addition, there are around 20 volunteers who assist with the library, donated items, Studio Talk and Tours, marketing and data entry.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Trading subsidiary

The RSN has a wholly owned trading subsidiary RSN Enterprises Limited, a company incorporated in England and Wales with a share capital of £100. The principal activity of the company is that of undertaking the commercial and retail activities of The Royal School of Needlework. The company comprises the RSN Studio, which undertakes commissions for individuals and public bodies and a retail outlet within the premises of The Royal School of Needlework. The retail outlet also offers products for sale via its website.

All taxable profits of the trading subsidiary are donated to the School under the Gift Aid scheme. During the year the company made a profit of £44,336 (2021/22: loss of £3,899).

This report is approved by the Council on 7th February 2024 and signed on its behalf by:



P Wood
Chair of Trustees



Dr S Kay-Williams
Chief Executive

Statement of Corporate Governance and Internal Control Year to 31 August 2023

The following statement is provided to enable readers of the annual report and financial statements of the Royal School of Needlework to obtain a better understanding of its governance and legal structure. The statement covers the period from 1 September 2022 to 31 August 2023 and up to the date of the approval of the annual report and financial statements.

The Royal School of Needlework endeavours to conduct its business;

1. Having due regard to the UK Corporate Governance Code 2018 in so far as it is applicable to the Higher Education Sector.
2. Complying with Office for Students on-going conditions or regulations and terms of conditions of funding as well as other regulatory responsibilities.

We have adopted the UK Corporate Governance Code. We have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code that we consider relevant to the Higher Education Sector.

The Trustees recognise that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

Legal Status

The Royal School of Needlework is a registered charity and a private company limited by shares. The trustees are the shareholders and their liability is limited to the value of shares held.

The Trustees, who are also Council Members and referred to as both in this report, confirm that they have due regard for the Charity Commission's guidance on public benefit and that the required statement appears elsewhere within these financial statements.

Council and Trustees

The governing body of the RSN is the Council. This comprises the Chair of Trustees, Honorary Treasurer and up to 12 ordinary members.

Members of the Council (who are also Trustees of The Royal School of Needlework for the purposes of charity law) who served during the year and up to the date of this report were:

Council and Trustees (continued)

Council members (Directors)	Appointed / Retired
Ms Pip Wood (Chair of Trustees)**	Appointed Chair of Trustees 1 September 2022
Ms Louisa Christofidou	
Ms Nicola Clarke*	Retired 14 December 2022
Prof Patsy Cullen ^x	
Ms Victoria Farrow	
Dr Paula Leftwich ^x	Appointed 4 May 2023
Ms Claire Miller	Retired 31 March 2023
Miss Sarah Mumford*	Appointed 4 May 2023
Mr Keith Pickard (Honorary Treasurer)*	Appointed 1 February 2023
Ms Clara Poon	Appointed 28 September 2023
Ms Julie Richards	
Ms Eleri Lynn ^x	
Prof Dominic Tweddle*	Appointed 4 May 2023
Mrs Stephanie Wright (Honorary Treasurer)*	Appointed Honorary Treasurer 5 October 2022
	Retired 4 May 2023

* indicates members of the Finance and Investment Committee, which met four times during the year under the chairmanship of the Honorary Treasurer.

^x indicates members of the Education Committee which met twice during the year under the chairmanship of Prof Patsy Cullen.

During the year working parties comprising Trustees and staff have looked at the RSN Strategic Plan and updated all RSN Policies..

Board of Trustees' interests

The Board of Trustees are shown above and except for any instance mentioned above have served throughout the year.

All Council Members at 31 August 2023 held one £10 share (2022: one £10 share) in the capital of the charitable company.

The Finance Director maintains a register of financial and personal interest of the members of the Council. This can be obtained by contacting Rebecca Turner at the RSN's registered office (see page 1).

Statement of the Council's responsibilities

The Council Members (who are also directors of The Royal School of Needlework for the purposes of company law) are responsible for preparing the report of the Council and financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice).

Company law requires the Council to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and the group and of the income and expenditure of the group for that period. In preparing these financial statements, the Council is required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in 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 (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Council is responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the Charities Act 2011. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Council Members confirms that:

- ◆ so far as the Council Member is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- ◆ the Council Member has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The Council is responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Meeting Procedures

Formal agendas, papers and reports are supplied to the Trustees in a timely manner, prior to Council meetings. Briefings are also provided on an ad hoc basis. Reports include overall financial performance of the organisation together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety issues. The Council met formally six times in 2022/23 including a strategy day.

The Royal School of Needlework has a strong and independent non-executive element and no individual or group dominates its decision-making process. The organisation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with exercise of their independent judgement.

There is a clear division of responsibility in that the roles of the Chair of Trustees and Accounting Officer are separate.

Appointment to Council

Council members serve a term of three years and may serve a second term of three years before retirement.

Approximately biennially, the Council members undertake a skills analysis, the Chair of Trustees and the Chief Executive review the skills available, the likely retirement dates of Council members and the future needs of the charity in order to start searching for new potential Council members.

Council Performance

The Council has made a strong contribution to the improvements made in 2021/22 through the setting of challenging targets with regular scrutiny of performance. There is strong performance management at Council meetings. The Council provides robust scrutiny and challenge. Trustees are pro-active in their oversight of the organisation and are involved in the planning and discharging of Council business. Trustees also regularly review their own performance and governance processes and implement improvements if required and the Chair has an individual review on a periodic basis.

Committees

In addition to the Council there are two committees which have delegated responsibilities and report to the Council.

The Finance and Investment Committee usually meets four times a year and ensures that the finances of the RSN are well managed and accurately reported and that the investments are handled in accordance with the agreed risk appetite.

The Education Committee began its life during this year and plans to meet four times a year to give greater scrutiny to the RSN's educational offerings and review results and developments.

Committees (continued)

Finance and Investment Committee

The Finance and Investment Committee is responsible to the Council of Trustees for oversight for all aspects of the RSN's finances, including financial management, financial policies, monitoring the integrity of the RSN's financial statements, the effectiveness of financial controls with regard to internal risk assessment, the performance and objectivity of external auditors, the mitigation of risk by insurance and the performance of investments.

Education Committee

The Education Committee is responsible for advising Council on academic quality and standards across the RSN's portfolio of education and learning activities and for monitoring and assuring compliance with OfS conditions or registration. The committee may make recommendations to Council. Council has overall responsibility for accepting recommendations or otherwise.

Tutor and student representatives are invited to join meetings and the committee also appoints an external independent member.

Internal Control

Scope of responsibility

The Council is ultimately responsible for the organisation's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Council has delegated the day-to-day responsibility to the Chief Executive, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives, whilst safeguarding the public funds and assets. The Chief Executive is also responsible for reporting to the Council any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure and can only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of organisation policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at the organisation for the year ended 31 August 2023 and up to the date of approval of the annual report and financial statements.

Risk management

The Council and senior managers have reviewed the principal financial, reputational, operational and governance risks that might impact on the organisation during the year, and updated the risk register accordingly. The review enables the RSN to reflect upon the impact of both internal and external changes and the longer-term impact they may have, ensuring that mitigation is updated to respond to the changes. While known risks can be mitigated there will always be unanticipated events.

The Finance and Investment Committee continues to take the lead in reviewing the financial risks, aiming to minimise and mitigate any that appear or will potentially impact the charity and that are within its power to affect.

The Council has reviewed the RSN's internal financial controls and is satisfied that these are appropriate in minimising any risks to its funds.

The top three risks that could have a negative impact on achieving the RSN's strategic plan have been identified as:

- ◆ Meeting the financial targets in the current environment, especially at a time of investment for the RSN;
- ◆ The challenge of finding suitable space to meet our needs for strategic development;
- ◆ The threat of cyber crime and its potential to impact the RSN's activities.

Review of effectiveness

As the Accounting Officer, the Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. The Chief Executive review of the effectiveness of the system of internal control is informed by:

- ◆ the work of the external auditors;
- ◆ the work of the senior managers within the organisation who have responsibility for the development and maintenance of the internal control framework; and
- ◆ comments made by the organisation's auditors in their management letters and other reports.

There are no significant internal control weaknesses reported for the period.

Review of effectiveness (continued)

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments. The senior management team and the Finance and Investment Committee also receive regular reports, which include recommendations for improvement. The Council agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Finance and Investment Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2023 meeting, the Board of Trustees, carried out the annual assessment for the year ended 31 August 2023 by considering documentation from the senior management team, and taking account of events since 31 August 2022.

Based on above and reports by the Chief Executive, the Council is of the opinion that the organisation has an adequate and effective framework for governance, risk management and control to manage the achievements of the organisation's objectives for the year ended 31 August 2023 and it has fulfilled its statutory responsibility for "the effective and efficient use of resources, the solvency of the institution and the safeguarding of their assets".

Regularity, propriety, and compliance

The organisation has considered its responsibility to notify the Office for Students of material irregularity, impropriety and non-compliance with Office for Students terms and conditions of funding.

We confirm, on behalf of the organisation, that after due enquiry and to the best of its knowledge, the Council believes it is able to identify any material irregularity or improper use of funds by the organisation, or material non-compliance with terms and conditions of funding under the organisations financial regulations. As part of our consideration we have had due regard to our financial regulations. We confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement these will be notified to the Office for Students.

Going Concern

Details on Board's going concern assessment are set out on pages 43 and 44.

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



P Wood
Chair of Trustees



Dr S Kay-Williams
Chief Executive

Date: 7th February 2024

Independent auditor's report to the Members of The Royal School of Needlework

Opinion

We have audited the financial statements of The Royal School of Needlework (the 'parent charitable company') for the year ended 31 August 2023 which comprise the consolidated statement of financial activities, the consolidated and parent charitable company's balance sheets, the consolidated statement of cash flows, the principal accounting policies and the notes to the financial statements. 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 and parent charitable company's affairs as at 31 August 2023 and of the group's income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006;
- ◆ where applicable, funds from whatever source administered by the provider for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- ◆ where applicable, funds provided by the OfS and by Research England have been applied in accordance with the relevant terms and conditions; and
- ◆ meet the requirements of the Office for Students Accounts Direction.

We have nothing to report in respect of the following matter in relation to which the OfS Accounts Direction requires us to report to you if, in our opinion:

- ◆ the charitable company's grant and fee income, as disclosed in note 4 to these financial statements has been materially misstated.

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 parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Council Members' 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 and charitable parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The Council Members are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the report of the Council, which is also the directors' report for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the report of the Council, which is also the directors' report for the purposes of company law, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the report of the Council.

Matters on which we are required to report by exception (continued)

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

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

Responsibilities of Council Members

As explained more fully in the statement of the Council's responsibilities, the Council Members (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council Members 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 Council Members are responsible for assessing the group and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council Members either intend to liquidate the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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:

Auditor's responsibilities for the audit of the financial statements (continued)

How the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ The engagement director ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ We obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements;
- ◆ We focused on specific laws and regulations which we considered may have a direct material effect on the accounts.
- ◆ We assessed the extent of compliance with the laws and regulations identified above through making enquiries of representatives of management and the review of minutes of Council meetings.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ Making enquiries of where management considers there was susceptibility to fraud and knowledge of actual, suspected and alleged fraud; and
- ◆ Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ Performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ Reviewed journal entries to identify unusual transactions;
- ◆ Tested the authorisation of expenditure;
- ◆ Gained an understanding of the processes in place for the management of the charitable company's investments; and
- ◆ Investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ Review of the minutes of meetings of those charged with governance;
- ◆ Enquiring of management as to actual and potential litigation and claims; and

Auditor's responsibilities for the audit of the financial statements (continued)

How the audit was considered capable of detecting irregularities including fraud
(continued)

- ◆ Agreeing accounts disclosures to underlying supporting documentation.

As a result of our procedures we did not identify any key audit matters relating to irregularities.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

This report is made solely to the parent charitable company's Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the Charity's Council Members, as a body, in accordance with Section 144 of the Charities Act 2011 and with regulations made under Section 154 of that Act. Our audit work has been undertaken so that we might state to the parent charitable company's Members and the parent charitable company's Council Members 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 parent charitable company, the parent charitable company's Members as a body and the parent charitable company's Council Members, as a body, for our audit work, for this report, or for the opinions we have formed.



Gumayel Miah, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 7 February 2024

Consolidated statement of financial activities (including the Income and Expenditure Account) Year ended 31 August 2023

		Unrestricted funds £	Restricted funds £	Endowment funds £	2023 Total funds £	2022 Total funds £
Income and expenditure	Notes					
Income from:						
Donations and legacies	1	58,231	143,701	—	201,932	513,330
Investments	2	154,888	—	—	154,888	158,419
Other trading activities	3	592,040	—	—	592,040	381,464
Charitable activities						
School activities	4	1,807,188	—	—	1,807,188	1,694,473
Total income		2,612,347	143,701	—	2,756,048	2,747,686
Expenditure on:						
Raising funds	5	650,751	400	—	651,151	491,753
Charitable activities						
Costs of school activities	6	2,239,379	182,491	400	2,422,270	2,027,730
Total expenditure		2,890,130	182,891	400	3,073,421	2,519,483
Net income/(expenditure) before investment gains and losses	8	(277,783)	(39,190)	(400)	(317,373)	228,203
Realised (losses) on investments	11	(25,893)	(69)	(25,517)	(51,479)	(153,951)
Unrealised (losses) on investments	11	(216,494)	(579)	(213,354)	(430,427)	(601,590)
Net movement in funds		(520,170)	(39,838)	(239,271)	(799,279)	(527,338)
Reconciliation of funds:						
Fund balances brought forward at 1 September 2022		2,620,471	259,520	2,885,367	5,765,358	6,292,696
Fund balances carried forward at 31 August 2023		2,100,301	219,682	2,646,096	4,966,079	5,765,358

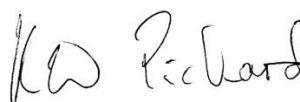
Balance sheets 31 August 2023

	Notes	Group		Charity	
		2023 £	2022 £	2023 £	2022 £
Fixed assets					
Tangible assets	9	32,368	39,233	32,368	39,233
Investments	11	4,959,508	5,381,018	4,959,608	5,381,118
		4,991,876	5,420,251	4,991,976	5,420,351
Current assets					
Stocks	12	94,461	77,535	34,627	31,736
Debtors	13	199,323	411,357	258,058	492,729
Cash at bank and in hand		514,356	571,937	483,395	559,962
		808,140	1,060,829	776,080	1,084,427
Creditors: amounts falling due within one year	14	(829,017)	(710,842)	(785,715)	(678,864)
Net current (liabilities)/assets		(20,877)	349,987	(9,635)	405,563
Total net assets		4,970,999	5,770,238	4,982,341	5,825,914
Represented by:					
Capital and reserves					
Called up share capital	16	240	230	240	230
Capital redemption reserve	17	4,680	4,650	4,680	4,650
		4,920	4,880	4,920	4,880
The funds of the charity:					
Unrestricted funds:					
. General fund		1,399,175	1,764,442	1,410,517	1,820,118
. Designated funds	20	701,126	856,029	701,126	856,029
		2,100,301	2,620,471	2,111,643	2,676,147
Endowment funds	18	2,646,096	2,885,367	2,646,096	2,885,367
Restricted funds	19	219,682	259,520	219,682	259,520
Total charitable funds		4,966,079	5,765,358	4,977,421	5,821,034
Total funds		4,970,999	5,770,238	4,982,341	5,825,914

Approved by the Council of Members on 7th February 2024 and signed on its behalf by:



P Wood
Chair of Trustees



K Pickard
Honorary Treasurer

The Royal School of Needlework: Company Registration Number 12192

Consolidated statement of cash flows Year to 31 August 2023

	Notes	2023 £	2022 £
Cash flows from operating activities:			
Net cash used in operating activities	A	(145,233)	(113,141)
Cash flows from investing activities:			
Investment income		154,888	158,419
Purchase of tangible fixed assets		(6,880)	(7,263)
Proceeds from the disposal of investments		940,828	1,486,906
Purchase of investments		(1,011,521)	(1,457,964)
Net cash provided by investing activities		77,315	180,098
Cash flows from financing activities:			
New share capital issued / (repurchase) of share capital		40	(10)
Increase in capital redemption reserve		—	70
Net cash provided by financing activities		40	60
Change in cash and cash equivalents in the year		(67,878)	67,017
Cash and cash equivalents at 1 September 2022		584,090	517,073
Cash and cash equivalents at 31 August 2023	B	516,212	584,090

Notes to the statement of cash flows for the year to 31 August 2023

A Reconciliation of net movement in funds to net cash used in operating activities

	2023 £	2022 £
Net movement in funds (as per the statement of financial activities)	(799,279)	(527,338)
Adjustments for:		
Depreciation charge	13,745	12,350
Losses/(gains) on investments	481,906	755,541
Investment income	(154,888)	(158,419)
Decrease in stocks	(16,926)	(11,167)
Decrease/(Increase) in debtors	212,034	(273,927)
Increase in creditors	118,175	89,819
Net cash used in operating activities	(145,233)	(113,141)

B Analysis of cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand	514,356	571,937
Cash held by investment managers	1,856	12,153
Total cash and cash equivalents	516,212	584,090

No separate reconciliation of net debt has been provided as there is no difference between the movements on cash and cash equivalents and the net debt position (due to the absence of any loans or debt finance).

Principal accounting policies Year to 31 August 2023

General information

The Royal School of Needlework is a company, limited by shares and is registered in England and Wales. The registered number is 12192 and the registered office is Apartment 12A, Hampton Court Palace, East Molesey, Surrey, KT8 9AU.

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 August 2023.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with 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 (FRS 102) (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011 and the Companies Act 2006.

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

The financial statements are presented in sterling and are rounded to the nearest pound.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the Council Members and management to make certain judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include: stock provisions, estimating the useful economic life of tangible fixed assets and legacy income recognition.

As set out in these accounting policies under “going concern”, the Council has considered the impact of the current economic circumstances on the charity and has concluded that although there may be some negative consequences, it is appropriate for the charity to continue to prepare its accounts on the going concern basis.

Assessment of going concern

The Council has assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Council has made this assessment in respect to a period of one year from the date of approval of these financial statements.

Assessment of going concern (continued)

The Council has concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The Council is of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The RSN currently has unrestricted reserves that are £62,000 below the target level set in its reserves policy, due to the significant charges reported in respect of unrealised losses on investments. At the balance sheet date, designated funds were £701,000, and any or all of these funds are able to be undesignated upon the decision of the Council. Therefore the Council is of the opinion that although the level of free reserves is slightly below target, the level of funds overall is satisfactory and does not cast doubt on the ability of the charity to continue as a going concern. Cash flow continues to be monitored closely and in recent years there has been no need to liquidate investments.

The most significant areas of judgement that affect items in the financial statements are detailed above. With regard to the next accounting period, the year ending 31 August 2024, the most significant areas that affect the financial position of the charity are maintaining a profitable model of online and in-person classes, the level of donations and legacies, the level of investment return and the performance of the investment markets.

Consolidation

Consolidated financial statements ("group financial statements") have been prepared in respect of the charity and its wholly owned subsidiary, RSN Enterprises Limited. The results of RSN Enterprises Limited have been consolidated on a line-by-line basis.

A separate statement of financial activities for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by the Charities SORP FRS 102. The company has also taken advantage of the exemption in the Companies Act 2006 Section 408 not to present its own statement of financial activities. Net deficit of £843,614 (2021/22: £523,440 deficit) is attributable to The Royal School of Needlework.

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations and legacies, grants, investment income, income from trading activities and school income.

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued when the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds or where the donation is specifically for a subsequent period, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

In accordance with the Charities SORP FRS 102, volunteer time is not recognised.

Income recognition (continued)

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Dividend income is recognised upon receipt of the dividend payment.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Income from school activities is accounted for on an accruals basis; where fees are received for courses commencing in the following financial period, the income is deferred to the next financial period.

Expenditure recognition

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

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- ◆ Expenditure on raising funds includes all expenditure associated with raising funds for the charity. This includes investment management fees, the costs of the trading subsidiary company and costs incurred in encouraging people and organisations to contribute financially to the charity.
- ◆ Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include the direct cost of operating the school and support costs.

Allocation of support and governance costs

Support costs represent indirect charitable expenditure including governance costs. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment. Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect of its compliance with regulation and good practice.

Support costs (which are predominantly staff costs for the Chief Executive and marketing and finance teams) are apportioned between expenditure on raising funds and on charitable activities (which comprises costs of school activities) based on an estimate of the proportion of the time spent on each area. Governance costs are all included within expenditure on charitable activities (costs of school activities).

Principal accounting policies Year to 31 August 2023

Tangible fixed assets

Depreciation is provided on all tangible fixed assets at the following annual rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life:

♦ Fixtures and fittings	10% on cost
♦ Office equipment	20% on cost
♦ Leasehold improvements	10% on cost or if shorter over the remaining term of the lease

Fixtures and fittings and office equipment with a cost greater than £1,000 are capitalised.

Heritage assets

The Royal School of Needlework possesses a collection of historic embroidery, the value of which has not been included in the financial statements, as the Council does not believe that the value of ascertaining their market value would be commensurate with the associated cost. Further details are disclosed in note 10 to the financial statements.

Investments

Investments are included on the balance sheet at their market value at the end of the financial period. Investment income is credited to income on an accruals basis, using dates of payment for dividends and daily accruals for interest. Realised and unrealised gains and losses are credited, or debited, to the statement of financial activities in the year in which they arise.

Stocks

Stocks are stated at the lower of cost and net realisable value as follows:

Materials	- At purchase cost on a first-in, first-out basis
Work-in-progress, finished work and goods held for re-sale	- At purchase cost or at cost of direct materials and labour plus attributable overheads based on the normal level of activity

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Principal accounting policies Year to 31 August 2023

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Fund accounting

The unrestricted general fund comprises those monies which may be used towards meeting the charitable objectives of the charity at the discretion of the Council.

The designated fund comprises monies set aside out of unrestricted funds for future projects or purposes.

The restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to conditions imposed by the donor.

The endowment funds comprise permanent endowments, where the capital is held indefinitely and the income is used for prizes and training for students and expendable endowments, where both the capital and income can be used for student scholarships or the general purposes of the charity.

Notes to the financial statements Year to 31 August 2023

1 Donations and legacies

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2023 £
2023				
Donations	111,063	143,701	—	254,764
Legacies	(52,832)	—	—	(52,832)
Total funds	58,231	143,701	—	201,932
	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2022 £
2022				
Donations	115,554	134,175	—	249,729
Legacies	260,157	—	—	260,157
Grants	3,444	—	—	3,444
Total funds	379,155	134,175	—	513,330

During 2022/23 a charge of £99,473 was made to unrestricted legacy income in respect of an overseas legacy recognised in the 2021/22 financial statements. The income had been recognised in accordance with the Charity's accounting policy on legacy income recognition, but due to unforeseen factors outside its control, the updated position on the legator's estate reflected a significantly lower amount receivable by the Charity. The charge to the 2022/23 financial statements adjusts the amount receivable and included within debtors at year end to the actual amount received in September 2023.

2 Investment income

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2023 £
2023				
Bank and deposit interest received	1,580	—	—	1,580
Income from listed investments	153,308	—	—	153,308
Total funds	154,888	—	—	154,888
	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2022 £
2022				
Bank and deposit interest received	15	—	—	15
Income from listed investments	158,404	—	—	158,404
Total funds	158,419	—	—	158,419

3 Income from trading activities

The Royal School of Needlework has a wholly owned trading subsidiary which is incorporated in England and Wales. RSN Enterprises Limited undertakes the retail activities of The Royal School of Needlework. The company will donate any taxable profits to the charity under Gift Aid. A summary of the company's trading results is shown below. Audited financial statements are filed with the Registrar of Companies.

3 Income from trading activities (continued)

RSN Enterprises Limited – Statement of comprehensive income:

	Total 2023 £	Total 2022 £
Turnover	587,577	383,508
Cost of sales	(428,453)	(276,992)
Gross profit	159,124	106,516
Other operating income	4,463	556
Administrative expenses	(119,251)	(110,971)
Operating profit/(loss)	44,336	(3,899)
Gift Aid donation to The Royal School of Needlework	—	—
Retained profit/(loss) for the financial year	44,336	(3,899)

In the year ended 31 August 2023, turnover includes £nil (2022: £2,600) of income received by RSN Enterprises Limited from the charity, which is eliminated upon consolidation.

4 Income from school activities

Income from school activities is wholly unrestricted and comprises mainly fees for the Degree programme, Certificate and Diploma programme, Future Tutors and Short Courses.

Income from school activities includes:

	2023 £	2022 £
Fee income for taught awards (Higher Education)	—	—
Fee income from non-qualifying courses	1,181,019	1,089,115
	1,181,019	1,089,115
Higher Education income from sub-contractual arrangements with other providers	456,618	462,726
Other income from School activities	169,551	142,632
	1,807,188	1,694,473

Fee income for taught awards (Higher Education) shows as zero above due to all Higher Education income arriving through sub-contractual arrangements with other providers.

5 Expenditure on raising funds

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2023 £
2023				
Costs of trading subsidiary	547,704	—	—	547,704
Investment managers' fees	39,604	—	—	39,604
Advertising and literature	46,456	—	—	46,456
Fundraising costs	13,540	400	—	13,940
Travelling & other costs	3,447	—	—	3,447
Total funds	650,751	400	—	651,151

Notes to the financial statements Year to 31 August 2023

5 Expenditure on raising funds (continued)

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2022 £
2022				
Costs of trading subsidiary	385,770	—	—	385,770
Investment managers' fees	45,101	—	—	45,101
Advertising and literature	40,635	—	—	40,635
Fundraising costs	10,301	6,753	—	17,054
Travelling & other costs	3,193	—	—	3,193
Total funds	485,000	6,753	—	491,753

6 Costs of school activities

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2023 £
2023				
Staff costs	1,501,880	63,952	-	1,565,832
Other costs	737,499	118,539	400	856,438
Total funds	2,239,379	182,491	400	2,422,270

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2022 £
2022				
Staff costs	1,250,115	95,821	—	1,345,936
Other costs	607,362	74,132	300	681,794
Total funds	1,857,477	169,953	300	2,027,730

7 Staff costs

	2023 £	2022 £
Wages and salaries	1,683,421	1,384,089
Social security costs	123,206	95,612
Pension costs	62,615	52,200
	1,869,242	1,531,901
Staff costs by function were as follows:		
Cost of school activities	1,565,832	1,345,936
Cost of raising funds (fundraising and trading subsidiary)	303,410	185,965
	1,869,242	1,531,901

The average monthly number of employees during the year was 55 (2022: 47) and on a full time equivalent basis was 31 (2022: 26).

7 Staff costs (continued)

The number of employees who earned £60,000 or more (including taxable benefits but excluding employer's pension contributions) during the year was as follows:

	2023	2022
£60,001 - £69,999	1	1
£100,001 - £109,999	1	1

Seven Council Members had their expenses met for travel / accommodation costs incurred in connection with exercising their duties as Council Members in the year totalling £2,149 (2022: £1,069).

No remuneration was paid to the Council Members in the year (2022: none).

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day-to-day basis comprise the Council, the Chief Executive and the Senior Management Team of five (2022: Council and the Chief Executive). The total cost of the remuneration (including taxable benefits, employer's national insurance and pension contributions) of the key management personnel for the year was £396,505 (2022: £118,963).

Chief Executive Remuneration

	2023 £	2022 £
Basic salary	103,415	97,883
Salary sacrifice arrangements	(6,185)	(7,915)
Bonus	—	4,000
Pension contribution	11,320	12,810
Total remuneration after salary sacrifice	108,550	106,778

The RSN has given regard to the "Higher Education senior staff remuneration code" published by the Committee of University Chairs when determining senior staff remuneration. Staff who are part of the pension scheme operate under a salary sacrifice arrangement where they give up an amount of salary and in return the charity makes an equivalent contribution directly into their pension on their behalf.

The Chief Executive's remuneration shown in year was considered and reviewed by the Council.

The Chief Executive's basic salary as a multiple of the median of all staff was 2.8 (2022: 2.1).

The Chief Executive's total remuneration as a multiple of the median of all staff was 2.8 (2022: 2.2)

8 Net income/(expenditure) before investment gains and losses

These are stated after charging:

	2023 £	2022 £
Depreciation	13,745	12,350
Auditor's remuneration		
. Charity audit	10,500	9,085
. Trading subsidiary audit	3,325	2,240
. Other services	1,591	3,040
Lease expenses		
. Land and buildings	197,955	191,655
. Other	13,584	14,435

9 Tangible fixed assets

Group and Charity	Leasehold improve- ments £	Office equipment £	Fixtures and fittings £	Total £
Cost				
At 1 September 2022	150,509	117,902	70,386	338,797
Additions	—	6,880	—	6,880
At 31 August 2023	150,509	124,782	70,386	345,677
Depreciation				
At 1 September 2022	150,509	96,640	52,415	299,564
Charge for year	—	8,817	4,928	13,745
At 31 August 2023	150,509	105,457	57,343	313,309
Net book values				
At 31 August 2023	—	19,325	13,043	32,368
At 31 August 2022	—	21,262	17,971	39,233

10 Heritage assets

The RSN is rich in heritage assets comprising embroidered textiles, designs, company archives, photographs and student pieces. The RSN does not generally have the funds to acquire pieces so most of the Collection has been donated. The acquisition policy relates firstly to items that have an RSN connection, then to items of a high standard of work and/or types of work not already included in the collection.

The Collection of textiles comprises objects almost all of which have been donated to the RSN and which are mostly examples of embroidery, with some examples of lace. Whilst there are a few pieces from the 16th century, most date from the 19th and 20th centuries.

They comprise many embroidery techniques from the UK and around the world. Also included are a number of pieces worked by the RSN and its students, especially from the original Diploma course, which ran from the late 19th century until 1960, which have been given back to the RSN by the families.

10 Heritage assets (continued)

The Archive comprises registers, minutes and other paperwork relating to the management of the RSN, photographs and ephemera from various events. It also contains workbooks of jobs undertaken from the 1940s onwards, some with samples, and drawings. The largest holding is of designs relating to work undertaken in the Studio.

The RSN Collection and Archive is unique and though it is only minimally catalogued, researchers are given access to specific parts of the archive if it can be identified. The Collection and Archive are made available for student research and for public exhibition.

The RSN also endeavours to offer public access to the Collection through exhibitions and study days both at Hampton Court and elsewhere. Researchers wishing to access the archive can also make appointments but with the caveat that we do not have a resident archivist or curator and most parts of the archive are not catalogued, especially the designs. The most popular requests are whether a family member worked for the RSN (until the registers are digitised this will not be possible to answer), and also in relation to the work the RSN did in therapeutic stitch during the First World War.

Heritage assets have not been capitalised in the financial statements as the Council considers that the significant costs involved in valuing the charity's collection of historic embroidery would outweigh the benefits derived from such an exercise.

11 Investments

	2023 £	2022 £
Listed investments and cash holdings	4,959,508	5,381,018
Group total	4,959,508	5,381,018
Shares in subsidiary undertaking at cost	100	100
Charity total	4,959,608	5,381,118

The charity owns the entire issued share capital of RSN Enterprises Limited which is incorporated in England and Wales. Its registered number is 3158058 and its registered address is the same as the RSN.

	2023 £	2022 £
Aggregate share capital and reserves of RSN Enterprises Limited	(11,242)	(55,577)

	2023 £	2022 £
Listed investments & cash holdings		
Market value at 1 September	5,368,865	6,153,348
Additions at cost	1,011,521	1,457,964
Disposal proceeds	(940,828)	(1,486,906)
Realised losses	(51,479)	(153,951)
Unrealised losses	(430,427)	(601,590)
Market value at 31 August	4,957,652	5,368,865
Cash held by investment managers	1,856	12,153
	4,959,508	5,381,018

11 Investments (continued)

Listed investments held at 31 August comprised the following:

	2023 £	2022 £
Fixed interest	597,643	202,491
UK equities	1,661,263	1,635,836
Overseas equities and equity funds	1,748,233	1,752,252
Other listed investments	950,513	1,778,286
	4,957,652	5,368,865
Listed investments at cost	4,353,934	4,189,647

At 31 August 2023, listed investments included the following individual holdings deemed material when compared with the overall valuation of listed investments as at that date:

	Percentage %	Value £
Findlay Park Funds	4.5%	222,467
JP Morgan American Investment Trust	5.6%	275,772
I Shares Core	5.4%	265,716

12 Stocks

	Group		Charity	
	2023 £	2022 £	2023 £	2022 £
Materials	34,627	31,736	34,627	31,736
Finished work and goods held for resale	59,834	45,799	—	—
	94,461	77,535	34,627	31,736

13 Debtors

	Group		Charity	
	2023 £	2022 £	2023 £	2022 £
Trade debtors	48,683	41,276	43,817	25,694
Prepayments and accrued income	150,640	370,081	110,820	345,439
Amounts owed by subsidiary company	—	—	103,421	121,596
	199,323	411,357	258,058	492,729

14 Creditors: amounts falling due within one year

	Group		Charity	
	2023 £	2022 £	2023 £	2022 £
Trade creditors	72,392	45,476	47,883	38,218
Other taxes and social security costs	32,836	32,203	29,434	26,299
Accruals and deferred income	723,789	633,163	708,398	614,347
	829,017	710,842	785,715	678,864

15 Deferred income (included above)

	Group		Charity	
	2023 £	2022 £	2023 £	2022 £
Brought forward at 1 September	570,836	493,261	562,560	493,261
Deferred in the year	400,261	388,243	400,261	379,967
Released in the year	(317,729)	(310,668)	(316,218)	(310,668)
Carried forward at 31 August	653,368	570,836	646,603	562,560

Deferred income is fees received in advance of the course taking place and donations received for the following academic year.

16 Share capital

	Issued, called up and fully paid	
	2023 £	2022 £
Ordinary shares of £10 each	240	230

17 Capital redemption reserve

	2023 £	2022 £
468 Ordinary shares of £10 each (2022: 465)	4,680	4,650

18 Endowment funds

	At 1 September 2022 £	Income £	Expenditure £	Investment losses £	At 31 August 2023 £
2023					
Victoria Adams Fund	2,043,857	—	—	(169,204)	1,874,653
General Endowment Fund	560,210	—	—	(46,378)	513,832
Hilda Watson Fund	3,260	—	(100)	(270)	2,890
Charrington / Broderers Fund	3,366	—	(100)	(279)	2,987
Wendy Hogg Fund	18,888	—	(200)	(1,564)	17,124
HB Allen Fund	255,786	—	—	(21,176)	234,610
	2,885,367	—	(400)	(238,871)	2,646,096

	At 1 September 2021 £	Income £	Expenditure £	Investment losses £	At 31 August 2022 £
2022					
Victoria Adams Fund	2,320,157	—	—	(276,300)	2,043,857
General Endowment Fund	635,942	—	—	(75,732)	560,210
Hilda Watson Fund	3,814	—	(100)	(454)	3,260
Charrington / Broderers Fund	3,935	—	(100)	(469)	3,366
Wendy Hogg Fund	21,555	—	(100)	(2,567)	18,888
HB Allen Fund	290,364	—	—	(34,578)	255,786
	3,275,767	—	(300)	(390,100)	2,885,367

18 Endowment funds (continued)

- a) The Victoria Adams Fund is an expendable endowment fund for student scholarships and the general purposes of the charity.
- b) The General Endowment Fund provides for the training of students.
- c) The Hilda Watson Fund provides prizes for Silk Work.
- d) The Charrington / Broderers Fund provides prizes for students.
- e) The Wendy Hogg Fund is an expendable scholarship / prize fund for students.
- f) The HB Allen Fund provides support for the Future Tutor programme.

19 Restricted funds

	At 1 September 2022 £	Income £	Expenditure £	Investment gains £	Transfers between funds £	At 31 August 2023 £
2023						
Janet Churm Fund	7,832	—	(7,184)	(648)	—	—
Future Tutor Programme	—	63,200	(63,200)	—	—	—
Degree Programme	—	54,490	(54,490)	—	—	—
Collection & Digitisation	212,599	1,605	(26,337)	—	—	187,867
Embroider a Selfie	8,296	—	(6,625)	—	—	1,671
Stitch Bank	—	21,406	(21,406)	—	—	—
School/Family Workshops	2,804	3,000	(3,649)	—	—	2,155
Other Restricted Legacy	27,989	—	—	—	—	27,989
	259,520	143,701	(182,891)	(648)	—	219,682

	At 1 September 2021 £	Income £	Expenditure £	Investment gains £	Transfers between funds £	At 31 August 2022 £
2022						
Janet Churm Fund	29,584	—	(18,229)	(3,523)	—	7,832
Future Tutor Programme	—	52,934	(52,934)	—	—	—
Degree Programme	—	32,440	(32,440)	—	—	—
Campaign HCP New Rooms	8,015	—	(8,015)	—	—	—
Collection & Digitisation	206,060	8,715	(2,176)	—	—	212,599
Embroider a Selfie	8,896	—	(600)	—	—	8,296
Stitch Bank	25,030	28,586	(53,616)	—	—	—
School/Family Workshops	—	11,500	(8,696)	—	—	2,804
Other Restricted Legacy	27,989	—	—	—	—	27,989
	305,574	134,175	(176,706)	(3,523)	—	259,520

- a) The Janet Churm Fund provides support for both the Degree and Future Tutor programmes and was funded by a generous legacy from the estate of the late Mrs Janet Churm.
- b) The Future Tutor Programme Fund specifically provides bursaries, prizes and day-to-day support for the Future Tutor programme and includes restricted donations and legacies from a number of donors.

19 Restricted funds (continued)

- c) The Degree Programme Fund specifically provides bursaries, prizes and day-to-day support for the Degree Programme and includes restricted donations and legacies from a number of donors.
- d) The Campaign HCP New Rooms Fund was established to fund the improvement works and equipment required to set up additional rooms at Hampton Court Palace, which were taken on in 2015 to accommodate expansion. It was funded by donations from a wide number of RSN Friends and other donors. Expenditure includes depreciation on capital works.
- e) The RSN Collection & Digitisation Appeal includes donations from a large number of RSN Friends, supporters and other donors towards the Cataloguing and Digitisation of the RSN Archive and Collection.
- f) The Embroider a Selfie fund is a project to introduce stitch to young people.
- g) The Stitch Bank fund is a project that aims to digitally conserve and preserve every stitch in the world, becoming the biggest repository of stitch in the world.
- h) The School/Family workshops started in 2022 to engage young people with stitch at the RSN's 150th Anniversary exhibition at the Fashion and Textile museum
- i) The Other Restricted Legacy Fund relates to a legacy received in 2016/17, which will provide support for the Future Tutor Programme.

20 Designated funds

	At 1 September 2022 £	New Designations £	Utilised/ released £	At 31 August 2023 £
2023				
Futures campaign	570,000	—	(28,000)	542,000
Stitch Bank	28,029	20,000	(47,430)	599
Collection & Digitisation	88,000	—	—	88,000
150 Forward	170,000	—	(99,473)	70,527
Website development	—	8,000	(8,000)	—
	856,029	28,000	(182,903)	701,126

20 Designated funds (continued)

2022	At 1 September 2021 £	New Designations £	Utilised/ released £	At 31 August 2022 £
<i>Futures campaign</i>	610,000	—	(40,000)	570,000
<i>Stitch Bank</i>	—	40,000	(11,971)	28,029
<i>Collection & Digitisation</i>	—	88,000	—	88,000
<i>150 Forward</i>	—	170,000	—	170,000
	<u>610,000</u>	<u>298,000</u>	<u>(51,971)</u>	<u>856,029</u>

The Futures campaign fund comprises monies set aside for various campaign projects. During 2022/23, £20,000 was released for expenditure on the Stitch Bank project to enable it to continue momentum, and £8,000 was released to cover the costs of the first phase of a project to enhance the website. During 2022/23 a release of £99,473 was made from the 150 Forward fund into general funds in respect of the shortfall in the overseas legacy explained in note 1 above.

21 Analysis of net assets between funds

Group	Share- holders funds £	Restricted funds £	Un- restricted funds £	Endowment funds £	Total 2023 £
Tangible fixed assets	—	—	32,368	—	32,368
Investments	—	—	2,313,412	2,646,096	4,959,508
Current assets	4,920	236,591	566,629	—	808,140
Creditors: amounts falling due within one year	—	(16,909)	(812,108)	—	(829,017)
Total net assets	<u>4,920</u>	<u>219,682</u>	<u>2,100,301</u>	<u>2,646,096</u>	<u>4,970,999</u>

Group	Share- holders funds £	Restricted funds £	Un- restricted funds £	Endowment funds £	Total 2022 £
<i>Tangible fixed assets</i>	—	—	39,233	—	39,233
<i>Investments</i>	—	7,831	2,487,820	2,885,367	5,381,018
<i>Current assets</i>	4,880	286,689	769,260	—	1,060,829
<i>Creditors: amounts falling due within one year</i>	—	(35,000)	(675,842)	—	(710,842)
<i>Total net assets</i>	<u>4,880</u>	<u>259,520</u>	<u>2,620,471</u>	<u>2,885,367</u>	<u>5,770,238</u>

Charity	Share- holders funds £	Restricted funds £	Un- restricted funds £	Endowment funds £	Total 2023 £
Tangible fixed assets	—	—	32,368	—	32,368
Investments	—	—	2,313,512	2,646,096	4,959,608
Current assets	4,920	236,591	534,569	—	776,080
Creditors: amounts falling due within one year	—	(16,909)	(768,806)	—	(785,715)
Total net assets	<u>4,920</u>	<u>219,682</u>	<u>2,111,643</u>	<u>2,646,096</u>	<u>4,982,341</u>

21 Analysis of net assets between funds (continued)

Charity	Share- holders funds £	Restricted funds £	Un- restricted funds £	Endowment funds £	Total 2022 £
Tangible fixed assets	—	—	39,233	—	39,233
Investments	—	7,831	2,487,920	2,885,367	5,381,118
Current assets	4,880	286,689	792,858	—	1,084,427
Creditors: amounts falling due within one year	—	(35,000)	(643,864)	—	(678,864)
Total net assets	4,880	259,520	2,676,147	2,885,367	5,825,914

22 Operating lease commitments

As at 31 August 2023, the group and charity had the following future minimum payments under non-cancellable licences and operating leases:

Group	Land and buildings £	Equipment £	2023 £
Operating lease payments due:			
within the next year	202,900	711	203,611
between two and five years	403,571	—	403,571
	606,471	711	607,182
Charity	Land and buildings £	Equipment £	2023 £
Operating lease payments due:			
within the next year	202,900	—	202,900
between two and five years	403,571	—	403,571
	606,471	—	606,471
Group and Charity	Land and buildings £	Equipment £	2022 £
Operating lease payments due:			
within the next year	196,974	12,480	209,454
between two and five years	193,013	—	193,013
	389,987	12,480	402,467

23 Related party transactions

RSN Enterprises Limited donates any profits via Gift Aid to the charity. During the year the RSN Enterprises Limited reported a profit, but the profit did not exceed losses arising in prior years and so no donation was made (2022: £nil).

At 31 August 2023, £103,421 is due by RSN Enterprises Limited to the charity (2022: £121,596). Council Members paid an aggregate of £1,821 (2022: £2,044) for classes and events, £222 (2022: £120) for Friends' subscriptions at standard un-discounted rates and donations of £300 (2022: £50).

24 Comparative statement of financial activities for the year ended 31 August 2022

		Unrestricted funds	Restricted funds	Endowment funds	2022 Total funds
<i>Income and expenditure</i>	<i>Notes</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
<i>Income from:</i>					
<i>Donations and legacies</i>	1	379,155	134,175	—	513,330
<i>Investments</i>	2	158,419	—	—	158,419
<i>Other trading activities</i>	3	381,464	—	—	381,464
<i>Charitable activities</i>					
<i>. School activities</i>	4	1,694,473	—	—	1,694,473
<i>Total income</i>		<u>2,613,511</u>	<u>134,175</u>	<u>—</u>	<u>2,747,686</u>
<i>Expenditure on:</i>					
<i>Raising funds</i>	5	485,000	6,753	—	491,753
<i>Charitable activities</i>					
<i>. Costs of school activities</i>	6	1,857,477	169,953	300	2,027,730
<i>Total expenditure</i>		<u>2,342,477</u>	<u>176,706</u>	<u>300</u>	<u>2,519,483</u>
<i>Net income/(expenditure) before investment gains and losses</i>	8	271,034	(42,531)	(300)	228,203
<i>Realised losses on investments</i>	11	(73,745)	(718)	(79,488)	(153,951)
<i>Unrealised (losses)/gains on investments</i>	11	(288,173)	(2,805)	(310,612)	(601,590)
<i>Net movement in funds</i>		(90,884)	(46,054)	(390,400)	(527,338)
<i>Reconciliation of funds:</i>					
<i>Fund balances brought forward at 1 September 2021</i>		<u>2,711,355</u>	<u>305,574</u>	<u>3,275,767</u>	<u>6,292,696</u>
<i>Fund balances carried forward at 31 August 2022</i>		<u>2,620,471</u>	<u>259,520</u>	<u>2,885,367</u>	<u>5,765,358</u>

Accounts

The Royal School of Needlework

Annual Report and Consolidated Financial Statements

31 August 2022

Company Registration Number
12192 (England and Wales)

Charity Registration Number
312774

Contents

Reports

Reference and administrative information	1
Report of the Council	4
Statement of corporate governance and internal control	23
Independent auditor's report	30

Financial statements

Consolidated statement of financial activities	35
Balance sheets	36
Consolidated statement of cash flows	37
Principal accounting policies	39
Notes to the financial statements	44

Reference and administrative information

Patron	HM The Queen Consort
President	HRH The Duchess of Gloucester
Council Members	Ms Pip Wood – Chair of Trustees* Mrs Stephanie Wright – Honorary Treasurer* Ms Louisa Christofidou Prof Patsy Cullen Ms Victoria Farrow Ms Claire Miller* Ms Julie Richards Ms Eleri Lynn Ritchie *Member of the Finance and Investment Committee
Chief Executive	Dr Susan Kay-Williams
Registered office	Apartment 12A Hampton Court Palace East Molesey Surrey KT8 9AU
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Barclays Bank plc 8/12 Church Street Walton on Thames Surrey KT12 2QX
Investment managers	J M Finn & Co 25 Copthall Avenue London EC2R 7AH
Company registration number	12192 (England and Wales)
Charity registration number	312774

Chair of Trustees' Introduction Year to 31 August 2022

In 2022 we celebrated over 150 years of the Royal School of Needlework and there was no better tribute to the incredible achievements of many individuals over the years than our 150th Anniversary exhibition, '150 Years of the Royal School of Needlework: Crown to Catwalk' which ran for five months at the Fashion and Textile Museum in London.

This unique exhibition explored the RSN's contribution to the world of embroidery and our remarkable history. From collaborations with the Arts and Crafts movement and commissions for the British royal family, to contemporary works for top, international designers, and pieces by our own talented students, it featured pieces from our own extensive archive, as well as museums and collections from across the UK. Thank you to everyone who contributed to making this possible for the thousands of visitors that attended.

For our Council of trustees 2022 was also a time to reflect on the last couple of years in particular. While many similar organisations suspended activities during the bulk of 2020 and 2021 due to the global pandemic, the RSN kept going and our own operations had to undergo enormous change. We are very grateful to our dedicated and hardworking team of staff who responded to the challenge and made this possible.

However, the broader societal impacts of Covid are still to be fully understood and the external environment continues to adapt to numerous factors such as changing work patterns, the re-emerging popularity of many arts and crafts and an increasing appreciation of factors impacting mental health and wellbeing. Our own switch to online classes and activities attracted many new customers to the RSN who had previously been unable to join us face-to-face. We must take the best of that experience for those who prefer to stitch in their own home or who are unable to travel to us and combine it with our operation at Hampton Court Palace and other venues throughout the UK and beyond.

We undertook a listening exercise in Spring 2022 to better understand the experiences and views of a variety of stakeholder groups as we all emerged from the restrictions of the pandemic. On behalf of the trustees, I personally spoke to a number of individuals which was invaluable preparation in taking on the Chair of Trustee role at the beginning of September 2022. This exercise provided a rich pool of data and insights for us to consider our role going forward and how we best deliver that. As a result we have implemented a number of actions such as strengthening the staff team with additional resource and embarked on a series of reviews to underpin the foundations of our operation and delivery and improve our proposition for stakeholders.

In particular the exercise has led to a key piece of work entitled 'What If?'. The aim of this is to review our broader vision and values and our role in the wider community to ensure we are relevant and inspiring in the context of 2022 and beyond. The RSN is unique; no other single organisation covers the breadth of education, practice and promotional activity we undertake, or has our connections, collection, archive and heritage. In 1872, it was founded on two key principles: the preservation of hand embroidery as an art form and the support of women's independence through work. In the intervening 150 years, these goals have taken many different forms and at time of writing our 'What If?' review is posing some very interesting questions for us to consider. We have involved a broad range of stakeholders and look forward to analysing the findings in more detail and progressing the project as appropriate.

Chair of Trustees' Introduction Year to 31 August 2022

I took over as Chair of Trustees last September and look forward to helping the RSN navigate this journey with our Council of Trustees. We thank Andrew Palmer for his chairmanship over the past six years and also the five trustees whose terms came to an end during the year or for whom the demands of their own professional and personal circumstances meant they had to leave mid-term; Morgan Fowles, Elizabeth Braakenburg Dyce, Deborah Lamb, Reena Pastakia and Miranda Corti.

Our trustee team now spans a good range of tenures, and we welcomed three new trustees in Claire Miller, Julie Richards, and Louisa Christofidou just before the year end whose individual skills and experience strengthen our Council further. In addition, we have reviewed our committee structure to improve our governance further and will be recruiting more trustees in 2023.

Our strategic plans going forward involve ensuring we emerge from the pandemic stronger and more focused on the areas where we have specific skills and expertise and can make most difference. We are never short of ideas, but we must make sure we have solid foundations and the resources needed to achieve all that we want.

A handwritten signature in black ink, appearing to read 'P. Wood', with a stylized, cursive script.

Pip Wood
Chair of Trustees

The Members of the Council (as Trustees), who are also the directors for the purposes of company law, present their annual report together with the audited consolidated financial statements of The Royal School of Needlework for the year ended 31 August 2022. The report has been prepared in accordance with the Charities Act 2011 and is also the group report of the directors for the purposes of the Companies Act 2006. The reference and administrative information set out on page 1 and the Chair of Trustees' Introduction set out on pages 2 to 3 also form part of the report.

The financial statements have been prepared in accordance with the accounting policies on pages 39 to 43 of the attached financial statements, and comply with the charitable company's memorandum and articles of association, 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 (FRS 102) and comply with the Office for Students' Accounts Direction 2020/21.

ACTIVITIES AND ACHIEVEMENTS

The values of the RSN are Quality, Tradition and Innovation all of which have been demonstrated throughout the year through teaching, the practise of Stitch in the RSN Studio and promotion. In addition, these values were particularly shown as we celebrated our 150th anniversary in 2022.

Public Benefit

A key part of the celebrations for the 150th was to offer more public benefit through exhibitions and events for the widest range of people from school pupils to embroidery enthusiasts. We launched the 150th anniversary year on 5 November 2021 with the inaugural 150 stitches as part of the RSN Stitch Bank. The RSN Stitch Bank aims to conserve every stitch in the world, giving people information about the stitch but more crucially, guidance on how to work the stitch through diagrams and video. Importantly, RSN Stitch Bank offers free access to all, and now comprises 250 stitches and is growing. Supported by charitable trusts and individual donors, this is ultimate public benefit and it has been exceptionally well received by stitchers all over the world and visitor numbers continue to increase.

After many months of lockdown and restrictions due to the pandemic we were delighted to be able to display work and see people in person again out in the community. In the Autumn of 2021 we attended the Knitting and Stitching Shows to promote the work of the RSN and also offered short courses led by Future Tutors for beginners through to experienced stitchers and the Studio attended Decorex featuring work from the RSN's archive of curtain designs by Alexander Fisher from around 1900.

We started 2022 showing all 12 of the Litany of Loreto pieces as part of *Worship and Glory II* at Ely Cathedral from late January to March with around 5000 people coming to see them. We then allowed two of the Litany to go to the Maryan Library at Daytona University, Ohio, America where they were centre stage in an exhibition of the work of the designer Ezio Anichini who created the original designs in Italy in the period 1914-20. In support of this exhibition Chief Executive Dr Susan Kay-Williams gave an online talk about the pieces to an audience of 600 people from all over the world including RSN Friends from the UK and beyond.

ACTIVITIES AND ACHIEVEMENTS (continued)

Public Benefit (continued)

As part of our public activities, we undertook demonstrations for some of our Livery partners for the Becket Pageant and for the Field of Cloth of Gold event by Painter Stainers. Many of our tutors and some students had work accepted for the Worshipful Company of Broderers' exhibition in London in February.

Then in April we opened our main anniversary event and our largest exhibition since 1997 at the Fashion and Textile Museum - *150 years of the RSN: Crown to Catwalk*, where we displayed a huge range of items from our own and other collections to tell the story of our work and teaching over the last 150 years. We promoted public benefit through schools events and Family workshops, both of which were supported by the Worshipful Company of Broderers. This gave us a broad outreach and encouraged many people, male and female of all ages to have a go at stitch for the first time, with several reporting back their continued stitching at home. The sessions were supported by Future Tutors, Degree students and RSN volunteers. The Museum also commented that our exhibition had more lenders than any other exhibition they had held. Since the close of the physical exhibition many of the objects have been highlighted in a special area of the RSN website so that people can see them online in detail, especially for those who could not get to the actual exhibition.

Sharing our knowledge and expertise we have offered online talks throughout the year both live twice a month and on demand after the event, we have visited UK based groups and given talks online to many in the US and Canada too. These talks also provided access to the RSN's extensive Collection and Archives which would not otherwise have been possible.

For the first time since 2019 we were able to hold the summer exhibitions for Degree, Certificate, Diploma and Future Tutors and welcomed both general Hampton Court and RHS flower show visitors as well as specific stitch visitors to see the work. This was followed by the launch of the first exhibition at HCP since 2019. *A Girl's education in Stitch* looked at the variety of work girls had made in school from small samplers to clothes from the period mid-18th century to mid-20th century and it will be followed up online.

Impact

The impact of all of these events and activities has been to bring the RSN to a wider range of people across the globe, it has broadened the interest and participation of those who have taken part in stitch and made us more accessible to many others. The online events certainly expanded the audience who can benefit from our activities and the accessible-to-all approach of our Family and School days helped make people realise that stitch is a positive activity that can really boost health and wellbeing and needs no prior requirement to be of a certain standard. These kinds of activities will be continued and expanded in our forward plans.

Perhaps the biggest impact has been from the RSN Stitch Bank which is introducing and making the exploration of hand stitching accessible worldwide. This single comment represents hundreds of responses.

Instagram comment on RSN Stitch Bank "Having so much fun exploring the stitches. What a wonderful resource. I'm so excited to use this and watch it grow. Thank you for all your hard work and attention to detail!"

ACTIVITIES AND ACHIEVEMENTS (continued)

A diversified portfolio

The RSN receives no income from government and so has to earn or raise all its income. As such it has a diverse portfolio of income sources in order to protect itself if any do less well than budgeted. The principal sources of income are taught courses including the Certificate and Diploma in technical hand embroidery, short courses and the Degree programme. We also run the Future Tutor programme as the only programme through which someone can teach for the RSN, although this often costs us money which we cover by raising funds for core costs and bursaries. We are also looking at new ways to enhance the portfolio hence our move to online courses, originally enforced by lockdown but now a staple part of the programme, and the development of the International Summer School which began in the US in 2018 but now operates both online in different time zones and onsite. In addition, we have the RSN Studio and our Retail operation which promote our skills and meet the needs of a variety of different customers.

Education

Education is the heart of the RSN, passing on the skills of hand embroidery across more than a dozen techniques to students through a wide range of courses. Students can start on short courses and move on to Certificate and Diploma or head straight for the Future Tutor or Degree programmes.

Short Courses

It was inevitable that as lockdowns lifted and people began to move around more, that they turned to other activities, so we were prepared for a reduction in take up of short courses, but in actual fact this happened less than was anticipated. We were helped by the special courses, especially Technical Tuesdays which, following the success of the initial launch last year, we expanded by adding a technique, Blackwork, and ran four classes, two of Jacobean stitches and two of Blackwork stitches each for 30 weeks.

The other short course offerings covered a wide range of techniques and were generally available on UK/Europe and American time zones. We also opened up Hampton Court Palace for onsite classes over seven weeks of the summer and while booking was initially slow, they did attract people from USA, Australia, New Zealand, Canada, Japan and Europe. All these strands resulted in income exceeding budget.

Impact

The impact of the Short courses is to give people access to a variety of stitch courses. Through the online offering we can enable more people to access our teaching regardless of location and have also expanded our own teaching capacity as we are not limited by our own on site facilities. As a result, this has increased the average number of classes taken by a student each year. For the students it means more enjoyment and for many that is relaxation and a positive enhancement of mental health and wellbeing. It has also had the effect of encouraging a number of people to move on to the Certificate and Diploma Programme.

“Learning online suits me perfectly as I care for my elderly father. I have found the RSN to be a very professional organisation in delivering the courses and in the back up support offered. I would say to anyone wishing to learn embroidery to take one of the many classes offered on the RSN website.”

ACTIVITIES AND ACHIEVEMENTS (continued)

Certificate and Diploma

Participation in our Certificate and Diploma (C&D) course has been growing back to pre-pandemic levels. All four of our UK regional satellites reopened in 2021-22 although some had greater take up than others. We also returned to North America for the first time since 2019, welcoming 12 students and offered a full eight weeks of Summer Intensives. During the eight weeks we had five students attending all eight weeks and achieving their certificate in the summer,

Also this year, C&D graduates were once again able to hold an exhibition and have a proper presentation ceremony with family on hand to witness.

The online C&D classes have held up well with three starting across the year on each time zone. Teaching Jacobean, Blackwork and Goldwork has proved very effective with students achieving similar marks to students receiving tuition face to face. Silk shading has proved slightly more challenging and the team are working on streamlining the choices and adding key stages to ensure students understand the steps involved. We now have more groups of Jacobean Crewelwork students wanting to stay together finding the peer support as important as the course. We are on the verge of having the first three students complete the Certificate course all online, a massive achievement in just over two years.

We are now looking to build on participation as we go forward. We are particularly grateful to the Tutors who have embraced online teaching, enabling them to work from home and the RSN to reach a broader audience.

Impact

Making the C&D, our flagship programme to many people, open online as well as on site has had a huge impact and brought in many students who have for years wanted to take this course but could not accommodate the travel distance and timing. Now with the online versions it is available wherever people are based.

C&D posts about students work were regularly liked on Instagram with some receiving 2,500 likes. The impact on individuals was often more than just technical learning,

"I attended a Certificate and Diploma open day at Bristol in May 2019 and decided to sign up for the course. I am studying purely for pleasure and find embroidery a great way to relax and unwind. I like the flexibility of studying with the RSN and find the quality of teaching, materials, and range of courses outstanding. I look forward to experimenting with my own ideas in the future, utilising the different skills I am learning with the RSN."

"Hand embroidery has been life changing for me; it improves my mental health, gives me a break from my work at the keyboard and is something I do just for me, no one else (hard to achieve sometimes when you are a working parent!). I have just started planning the first piece for my Diploma and am looking forward to being back at the RSN in September."

"That is absolutely exquisite! I really didn't appreciate canvas embroidery until I started seeing the Certificate student designs and now I'm really inspired by the possibilities of this technique."

ACTIVITIES AND ACHIEVEMENTS (continued)

Future Tutors

All technical tuition for our Future Tutor (FT) course returned to onsite in 2021 as lockdown restrictions eased, although the team still used online for art and design as the best use of time.

Meanwhile 2021 FT graduate Kate Pankhurst won London Embroidery House Hand & Lock's prize for Textile Art with her stunning *Lockdown o'clock* and current and graduate Future Tutors participated extensively in the Worshipful Company of Broderers' exhibition of contemporary embroidery held on Bankside in February 2022. This open exhibition was an excellent introduction to the art form and its many different formats and techniques. One third of the pieces on display had been created by RSN graduates from C&D, Future Tutors and Degree. The comments from visitors to the various Future Tutor exhibitions have all been extremely positive, with one gentleman remarking to the Course Leader, "It is wonderful that these traditions are being kept alive and passed on."

We particularly try to introduce live projects for the FTs and this year while in the Studio the Third year FT students had the opportunity to provide competing designs for an altar frontal, for St Paul's Old Ford Church, London. So much did the working group from the church like the designs that they incorporated two of them in the one frontal and the third year students then worked the piece, completing it just after graduation. This gave them a really excellent opportunity to work collectively which is one of the hallmarks of the RSN and also to work to budgets and deadlines.

Five students graduated this year and they were able to hold an exhibition and share the presentation of the awards with their family and friends. The FT graduates also took a lead role in the classes for school pupils and families, sponsored by the Worshipful Company of Broderers, at our Anniversary exhibition.

Impact

With all tuition returning to onsite this had a very positive impact on building community. Alongside this was the opportunity for the students to return to demonstrating and teaching at offsite events which is key to developing teaching skills. Using demonstration frames the students had the opportunity to show their skills and talk about the work, which was always a big draw.

Online comment on the Future Tutor programme

"What an impressive hands-on training opportunity! I had no idea that something as special & unique as this was available!! The students here will never forget these unbelievable experiences! To train & learn by experts of this calibre is a lifetime opportunity that will be treasured forever!! Bravo!!"

ACTIVITIES AND ACHIEVEMENTS (continued)

Degree

It was the third year students on our degree programme which was probably the most affected by the pandemic, interrupting their first year with lockdown, causing them to stay home in the second year, and so missing out on some of the shared experiences of university. Nevertheless, all students passed and at the top end there was work that sat well alongside that from other years. For example, Daisy Streatfeild has been selected by the Crafts Council as 'one to watch' making this the third year in a row that an RSN student has been selected as such by the Crafts Council.

Meanwhile, it was the largest ever intake into the first year with 26 students. The RSN prides itself on developing interesting partnerships especially for live projects. This year one such external project was called 'Fields of Everywhere': First and second year students created works based on the life stories of people living in Thamesmead for a 25m digitally printed balloon and the project also enabled us to work with Degree alumnus Livia Papiernik.

The second year live project gave all the second year students the opportunity to be inspired by the lingerie section of the RSN 150th Anniversary exhibition and create a new camisole, all made up in rapid speed by Degree Technician Emily Howse. The camisoles showed a great deal of variety, even to the point where some were clearly contemporary outerwear as opposed to underwear. It is a rare opportunity for first and second year degree students to have work on public display but this is something the RSN tries to offer its students because it requires them to think of the possibility of a piece going on show, considering more carefully the quality, finish and need to work to a deadline. These are skills which will be useful in the third year and in their professional life.

Behind the scenes much of the year was taken up with obtaining validation with Kingston University (KU). The aim of moving from validation with the University for the Creative Arts (UCA) to Kingston University is based around the proximity of resources, so it will be easier for students to access library resources for example, and to look at developing joint projects in a way that was not physically possible with the partner site at Farnham. Validation was achieved and for the next two years we will teach out the UCA students while taking on the first KU students.

The Degree was also able to hold its own show at Hampton Court and participate in New Designers as a live show, it having been online for two years. The value of the live show is the way students get to see the work of others and share feedback which just does not work the same online. The exhibition also led to a number of students being given commissions.

All of this is thanks to the teaching and time commitment given by the staff to the students.

Impact

The impact of the Degree is to show people what can be achieved in embroidery at the cutting edge of design and making. Each year students are challenged to develop their final major projects in exciting and challenging ways so that they achieve something new. This work is in contrast to the precision and two-dimensionality of much of the Future Tutor work and shows how embroidery can be brought alive and be very contemporary.

ACTIVITIES AND ACHIEVEMENTS (continued)

Degree (continued)

Impact (continued)

The listing of one of the graduates by the Crafts Council for the third year running is a great recognition of this course, as are the awards its students won from the Glovers' competition to achieving a first, second, third and commended from the Bradford Textile Competition.

The exhibition at the Fashion and Textile Museum showed the work of more than a dozen graduates of the Degree giving visitors a real chance to see what could be achieved with embroidery and gave the graduates a very important exhibition opportunity. Some of the best pieces have been on almost constant exhibition for the RSN and others since their creation which is an excellent start to their professional CVs.

"Oh my goodness! I want to do this so badly, seeing all your students sitting there working on their stunning pieces! Completely inspirational" Instagram post about the Degree

Talks and Bespoke classes

In response to popular demand the RSN has maintained its twice monthly talks, led by Chief Executive Dr Susan Kay-Williams on the history of the RSN, a key topic in this critical anniversary year, and Contextual Studies tutor Amy Hare on the treasures in the RSN's Collection and Archive. These have garnered interest from around the world and helped to build a community of those who love stitch but who may no longer be able to stitch themselves, but who enjoy the shared experience of seeing the wonderful examples of stitch from the RSN's Collection. Also this year we invited external speakers to talk about their work in stitch from Claire Hunter talking about Mary Queen of Scots to those talking about their own work.

In turn, alongside the talks, we worked with partners across this country from the D Day Story Museum in Portsmouth to the Royal Collection, although we were sad to have to abandon the long-planned workshops in association with the coronation exhibition at Windsor as they had been planned for the week after Her Majesty died. Notwithstanding the unfortunate dates, we will be looking to extend classes in this area in the future as people enjoy seeing the connections between RSN work and the techniques they can explore in classes and it also enables us to reach more people in their own communities.

New and existing partnerships also extended our hand embroidery classes to new customers and positioned us alongside leading museums and institutions. Two new key partners were Kensington Palace and The Courtauld. The partnership class at The Courtauld on 13 May included a Chinese student studying at the Royal College of Art; an MA student and a PHD student studying at The Courtauld, and several American students including one who watches our talks and was inspired to take a class with us while vacationing in London.

ACTIVITIES AND ACHIEVEMENTS (continued)

Talks and Bespoke classes (continued)

Impact

The online talks in particular continue to have a strong impact. With the addition of external speakers who may have their own followings this has also opened the RSN talks to more people. In 2021-22, we staged 20 talks each attracting an average of 170 viewers. We have built up an international online community of regular attendees from an average of 12 countries, but up to 36 countries in total, across the globe who converse with us and each other in the Chat during the talks and send us emails of thanks after each talk. Here is an example sent in February 2022 from an Australian devotee:

"I think we have been truly blessed and privileged to see all these amazing treasures from the RSN Collection and sometimes items from the tutors' private collections!! You could not possibly have shared all these items in an exhibition of any sort!! And, the new perspective every presentation and interview gives us on how embroidery developed and what influenced over the decades - I am just fascinated!! I leap up at 4.45am to get connected and enjoy each presentation! It is so worthwhile!!"

With the partnership classes the impact has been to reach new audiences and offer classes in different places enabling more people who can access the RSN perhaps for the first time but can then build a future relationship and in holding classes alongside pieces made by the RSN it helps to put stitch and the RSN's work in a wider context.

150th anniversary events

Project Manager Emma Daggart worked extremely hard over the year to build partnerships for our special anniversary. Two of particular note were with Fullers Builders, also celebrating 150 years, and the children's programmes at the Fashion and Textile Museum with the Worshipful Company of Broderers. These enabled us to reach new audiences and show our work in different ways attracting a diverse range of individuals to stitch.

The highlight was undoubtedly the *150 years of the RSN Crown to Catwalk* exhibition at the Fashion and Textile Museum (FTM) curated by the RSN Chief Executive and the team at the FTM. The aim was to surprise visitors, showing even those who thought they knew the RSN well, that there were things to surprise them in the RSN's past. Reports back showed this had been achieved. The exhibition had well over 100 objects from the largest number of lenders that the FTM had ever worked with and covered the full span of the RSN's 150 years. The standout pieces were the royal Robe of Estate of Her Majesty Queen Elizabeth from 1937 and the cope of Edward VII from 1902 which had stunning almost three-dimensional flowers, lent courtesy of Her late Majesty the Queen and the Royal Collection.

Also for this special year the Chief Executive produced a history of the RSN *An Unbroken Thread*, as there was no such review of the whole era. With a foreword by our Patron, now the Queen Consort, this was an appropriate publication for all the fans and supporters of the RSN.

ACTIVITIES AND ACHIEVEMENTS (continued)

150th anniversary events (continued)

At the exhibition, with the support of the Worshipful Company of Broderers we were able to run school and family events. We were somewhat thwarted by train strikes and the decision of the FTM that the school classes had to be early morning, but this was made up for by the enthusiastic participation of families. All age groups from Grannies to young school age participated, Mums and Dads, Sons and Daughters in an overwhelmingly quiet and productive environment. Many people discovered a new hobby and saw its potential, actively wanting to pursue it further at home.

During the summer we introduced a participation activity that could also be a fundraiser for the RSN, called Sip and Stitch. Launched on World Embroidery Day it was taken up by groups from around the world and raised money for the RSN Stitch Bank. We encouraged groups to sit and stitch but also have fun around embroidery with quizzes about stitching and the RSN. We will be extending this initiative next year.

We also partnered with another company which celebrated its 150th anniversary, Fullers Builders, a heritage building and conservation specialist company and so from the start we had many things in common. We held skill swap days so that we could learn about the trades and crafts of each other. The company also supported the exhibition and gave staff a tour round.

Impact

The impact of our 150th events was to extend our reach bringing the RSN to the attention of more people and the exhibition achieved its aim of surprising people by the variety of the work the RSN had accomplished as well as the high skill level shown across so many techniques both in the past and today.

150th Anniversary Exhibition quotes from social media

"It was glorious . Whole thing such a joy. Every word and visual Thank you"

"A wonderful exhibition. Well worth a visit I was truly inspired"

"I really enjoyed my visit and the workshop on the Thursday was very therapeutic."

"This is a lovely exhibition, I saw and learned so much"

The biggest impact of the Exhibition was the schools and Family Days. All eight School days were fully booked and we added extra Family Days due to demand, even abandoning the planned lunch break due to the popularity so everyone who wanted to could take part. Each day approximately 150-200 people attended the exhibition and almost all of them dropped in to have a go on the nine Family Days.

ACTIVITIES AND ACHIEVEMENTS (continued)

150th anniversary events (continued)

Impact (continued)

Teachers commented on the positive effect the exhibition had had on pupils and perhaps the greatest endorsement is the teacher who wrote and asked what we were offering for pupils this year.

"I was writing to enquire if we could possibly organise another trip ...with our pupils. We loved our trip and it really started an embroidery craze towards the end of the year."

"I just wanted to write and thank you for the incredible experience we had with you yesterday morning. Our pupils have come back and are still sewing (we had a few tapestry rings at school). They are so excited about learning new stitches"

And from Family days we had comments like;

"We loved the hands on embroidery session - ended up buying a hoop and threads for my daughter and she's been loving experimenting with different stitches."

The Sip and Stitch event attracted 65 event hosts registered from countries round the world, including UK, USA, Australia, New Zealand, Spain and South Africa which is a broader spread than we could have anticipated.

International Summer School 2022

As people were more willing to travel, it was decided to make the 2022 Summer School both on line and face to face at Hampton Court Palace, once again celebrating our 150th anniversary through eight special classes, seven of which were then repeated online, with some additional shorter classes online that could reach from New Zealand to the West Coast of North America. People travelled from a wide range of countries to be part of the onsite anniversary Summer School and for this special year, the event was not just the taught class but also comprised a tea party, a visit to our 150th Anniversary Exhibition and a visit to the RSN Studio. Overall the Summer School generated almost as much income as the preceding year which is no mean achievement when people had many more choices of what to do in the summer than they had in 2021.

However, we recognise that five day events were quite expensive and so, going forward we will be looking at shorter sessions so that more people can participate.

Impact

Overall, we were thrilled with the numbers taking part and those who came in person for the eight onsite classes were particularly happy with the extras that had been laid on. While online students were happy to take the class at home and still feel part of the wider event.

One student used the Summer School to road test us and see if she liked us...by the end of the week she had joined as a Friend, signed up for C&D and bought a set of trestles and she is now onsite regularly and is partway through her Jacobean and always comes to say hello!

ACTIVITIES AND ACHIEVEMENTS (continued)

International Summer School 2022 (continued)

Impact (continued)

"I am still full of the joy that I got from the time at the RSN - it was so wonderful! Thank you for making it such a memorable experience. I'll never forget the tea in the garden, and I cherish the lovely gifts in the goody bag - thank you." (Netherlands)

"Just a quick note to send you and the team a big THANK YOU for all your time and effort put into organizing an online Summer School. I've had so much fun with Kate's class and have actually finished my piece today. I am very proud of my achievement and in general how much I've learned at the RSN in the last year. Embroidery is giving me so much joy, I am really glad I found the RSN. And: I've signed up for the certificate last week :-)" (Germany)

"Thank you so much for hosting the wonderful reception (I joined the UK one)! It was great to meet some of the RSN leaders and participants." (UK)

"I think I can safely say we all loved taking your class. Great coaching, excellent camera work, wonderful patience, fine sense of humour and lively conversation. I loved Stretching the class out over weeks - felt I could actually have time to do the project." (USA)

Retail

Inspired by our 150th Anniversary the retail offering of the RSN endeavoured to reflect our history selecting three images to represent the different periods of the RSN – a design by Selwyn Image from the 19th Century, a 1950s laid work student piece of a curlew and a piece by Degree Graduate Livia Papiernik who graduated in 2018. We also worked with specialist cutlery to produce some limited edition embroidery scissors which proved very popular.

We also added a range of pens, pencils and stationery including an inspiration book which featured over 60 images of works in the RSN Textile Collection with a blank page opposite so that people could devise their own drawings and designs based on the pieces they saw.

Also available through the shop was the book written by RSN Chief Executive Dr Susan Kay-Williams, *An Unbreakable Thread* of the 150 year history of the RSN, who personally signed many copies. At the year end the shop showed a higher profit than previous years having been able to open its physical doors as Hampton Court Palace opened again to the public and will be working with the new Director of Operations to develop this further.

Impact

For many the retail department is the first part of the RSN they encounter so it provides a service not just for retail but across the RSN.

Friends

Friends are tremendous supporters of the RSN and we are always happy to see RSN Friends at events. During the year Friends played an important part in providing funding for student bursaries on both the Degree and Future Tutor programmes. They also supported many of our exhibitions and especially the talks online.

ACTIVITIES AND ACHIEVEMENTS (continued)

Friends (continued)

We also introduced a special one-week advance booking period for Friends for each season of courses and Friends get a ten per cent discount on those courses. This has proved popular and a good reason for being a Friend, especially on popular classes.

We also recognise Friends as having the potential to help us with legacy gifts and this was the case this year with a large legacy from a Canadian Friend. This will be an area that we continue to promote given the demographic of our supporters by showing how transformative a legacy can be to the work we can do for future generations.

Impact

Friends are a strong community of very loyal people, many of whom have supported the RSN for years. The funding from the Friends meant that we could offer more bursaries and enhance some of them so that we could better support the students. This was really appreciated by the students whether it was used for basics like travel and food or, especially for the third years, for quality materials for their final projects.

I used a huge range of materials for the embroidery, ranging from hundreds of beads, to beetle wings to mirrors. Having the bursary has ensured that I have been able to use as many different materials as I need. The silk dupion and silk velvet was also a large cost in the project so having the bursary helped to cover the cost of these. The bursary also allowed me to invest in more sewing tools.

This Degree student whose bursary was sponsored by the Friends was identified by the Crafts Council as 'one to watch' having seen her final graduate showcase.

Promotion

Our small team of Marketing and External Relations staff, expanded this year with the addition of its first Digital Marketing Officer in April, worked very hard to extend the reach of the RSN through as many channels as possible; perhaps the highest achievement being a two page article in the weekend Financial Times to coincide with our 150th Anniversary. Articles like this bring us to different audiences and so can have a very positive effect. We also featured in regional and local magazines, making the cover of two, and in some magazines internationally thanks to some of our supporters. However, the main promotion has been through social media where the RSN has built a solid following especially on Facebook and Instagram. This has helped us to promote events, classes and retail items. 'Live' content through video and Instagram Reels has been key. We produced videos to open the RSN doors to our newly acquired international audience with 11 'RSN 150' videos and four 'Welcome to...' videos covering various departments.

It has been particularly important to market online tuition, the 'new way' of learning which has increased the RSN's potential audience over the last year, producing student case studies to illustrate the ease of accessibility and how much it has been needed and loved by students learning in countries across the world.

ACTIVITIES AND ACHIEVEMENTS (continued)

Promotion (continued)

Impact

With investment in targeted social media and Google advertising alongside influencer marketing, the RSN website attracted a new audience of 14% with similar increases across individual platforms such as Facebook, Instagram and Twitter. This increased audience then helped us achieve our targets or better across the short courses and Summer School.

RSN Studio

This year the Studio was asked to create two large hangings for the Katie Paterson Studio, they were to depict extinct flowers so they were worked in black thread. To ensure the flowers were represented authentically the stitch team used tablets to show detailed drawings of each plant which they worked but they had the freedom to then work the final pieces in a more freestyle way than in many projects. The pieces were needed to a tight timescale as they were both going on exhibition, one in Scotland and one in Norway. Working with a team of stitchers, both of the hangings were finished on time. It was great for the Studio to work on something which was clearly seen as art rather than craft.

The team also worked on a project with Jay Blades' Company to enhance and restore two Parker Knoll chairs which formed the centrepiece of our display for Decorex. This project gave us the chance to use the archive as a design source and view the piece differently and in a more commercial manner by combining print and stitch. Other work continued in the classic tradition of the RSN Studio to be a mixture of small jobs from wedding veils and christening robes to samplers and historic garments while most larger jobs this year were around conservation for banners, altar frontals and standards, including a private commission for Her late Majesty The Queen, our final piece of work for her which was of personal significance, finished shortly before she died.

At the beginning of the year the RSN Studio was invited to make a piece for the Worshipful Company of Broderers' exhibition held in February. The Studio took the opportunity to make a modern twist on Jacobean Crewelwork. The piece also featured in our 150th Anniversary exhibition at the Fashion and Textile Museum and will be of great use in the future to show how different embroidery techniques can be brought forward to today.

Impact

The new partnerships and projects this year show the potential of the Studio to work in creative and contemporary ways and will enable us to promote its work to new potential customers such as Interior Designers and architects. As previously mentioned, it was great for the Studio to work on something which was clearly seen as art rather than craft as we continue to promote the practise and relevance of embroidery in the current day.

ACTIVITIES AND ACHIEVEMENTS (continued)

Fundraising declaration

One disappointment of the year was that, in the scramble for additional staff that many organisations faced as they emerged from Covid, the RSN could not find suitably qualified and skilled people to take on the key fundraising roles. This is particularly important as the RSN has to earn or raise all its income, receiving nothing from government. Funds are raised to run core programmes, especially the Future Tutors and for students in the form of bursaries on the Future Tutor and Degree programme. As a result all Future Tutors received a bursary this year and more than 60 per cent of Degree students received a bursary. This is a very high level of support for undergraduate students where, generally, bursaries are rare. Fundraising also supported the development of the RSN Stitch Bank and is helping complete the funding for the Digitisation programme which will enable our Collection and key parts of our Archive to be put online as part of our public benefit programme and one of our 150 legacy projects for everyone to access. These new projects would not happen at all without fundraising.

What was of particular importance in fundraising terms was that the RSN sees the 150th anniversary not as an ending but as a beginning of the future. The RSN sees much scope for its work, not just at higher education and elite levels but increasingly at community levels to which end it has now launched a new campaign for the future called **150 Forward**. The **150 Forward** campaign aims to underpin a range of activities, to pump prime them and bring them to fruition more quickly. This will be an ongoing campaign to really support our future plans, these can be explored in more detail in the Future plans section.

An appeal was sent out in August and from the initial response we were able to conclude the funding for the Digitisation programme as well as save some for the future projects. This Campaign has further to run and more work will be done on this over the coming year as the RSN moves through the anniversary into the future. In undertaking this appeal the RSN abides by the codes of the Fundraising Regulator and the GDPR requirements and removes from any appeal any supporter who requests this. This year the RSN received no fundraising complaints.

Donors to the RSN included many City Livery Companies including the Worshipful Companies of Broderers, Dyers, Girdlers, Gold and Silver Wyre Drawers, Haberdashers, Needlemakers and charitable trusts including the Barbara Whatmore, Headley, Coats, Knights of the Round Table the RK Trapp Family Foundation, heritage builders Fullers Builders and partner organisation David and Charles.

IT

IT continues to be of increasing importance to delivering our programmes online. Over the year we have reviewed some of our future needs so that in 2022-23 we can put in place a timetable of activity for further development of the retail online site, the website and for general administration and operations.

ACTIVITIES AND ACHIEVEMENTS (continued)

Complaints

Two complaints were received this year in relation to our Future Tutors course which were reviewed by the Trustees. We are committed to ensuring our activities address stakeholder needs. We reflected on the comments made and additional feedback sought and put several improvements in place as well as reviewing policies and procedures. We continue to review how we deliver our broader educational activities and welcome all feedback.

Staffing

The relatively small team of RSN staff 'punched above its weight' once again over the last twelve months, and in our broader listening exercise many people commented on the wide range of activities delivered by so few people and we thank them for their commitment and dedication. We appreciate that we can only deliver so much with the current resource and are currently reviewing our operations to ensure we are focused on priorities. We are also introducing a small number of additional posts which will have a substantial impact on our ability to deliver activities to a high standard, introduce new ways of working and look to the future.

Overall review of performance

The year was a mixture of continued living with the effects of the pandemic through to emerging from restrictions and starting to live a more normal life again. Where not essential for students and customers to be at Hampton Court Palace we delivered short courses online, finally re-introducing onsite classes in late Spring and Summer. We were also delighted that celebrations for our 150th Anniversary which had been planned to ramp up from April 2022 with the launch of our major exhibition at the Fashion & Textile Museum in London were largely unaffected. We celebrated the RSN's anniversary in style and in as many ways as possible, using public exhibitions as our primary way of showcasing the heritage and achievements of the RSN to the public. These proved very popular and enabled us to hold multiple talks and classes on the back of the exhibitions.

The Certificate and Diploma, short courses and international summer school all achieved positive income levels above budget which helped underpin the whole. Degree with a fixed income, given that student fees have not increased, benefited from a few extra international students and from spending less than budgeted, FTs benefited from additional fundraised income that supported the whole course. Income was up for Retail, thanks in part to merchandise sourced specifically in support of our 150th Anniversary year and the Studio also attracted some substantial commissions including two large hangings.

Future developments

The Year Ahead

While the RSN continues to celebrate its 150th anniversary into 2023, we are also looking ahead and using the feedback and insights gained from the listening exercise undertaken in the first half of the year to build on the solid foundations of 150 years and ensure the RSN grows stronger and remains relevant for stitchers today.

ACTIVITIES AND ACHIEVEMENTS (continued)

Future developments (continued)

The Year Ahead (continued)

We have introduced a new position of Director of Education and made an appointment which will take effect in February 2023, This is a new post which will take on overall responsibility for all our core educational programmes. One of the first tasks will be to undertake a strategic review of our current course offerings and make recommendations for improvements and developments.

We are currently reviewing our broader vision and values and our role in the wider community asking a variety of stakeholder groups to help us answer the question 'What If?'. We want to ensure we are actively working to put stitch into the heart of the community, showing how stitch can enhance wellbeing and bringing people together through the shared language of stitch. We want to grow programmes for young people, for refugees and international communities based in Britain, especially those that come from countries with strong stitch cultures. We want to show how stitch can indeed help build mental health and wellbeing through the repetitive, almost meditative activity of taking a needle through fabric in a deliberate way such that a calm can come over the stitcher,

Undertaking these new programmes will be our leap forward, 150 Forward, and we will be raising funds to help deliver our ambitions in the coming year.

To help promote and deliver our work to a broader audience we want to build more partnerships across the UK in locations that contain RSN textiles and develop ongoing effective partnerships that can build up over time. We are also looking to build more licensing opportunities to help spread the RSN name more broadly. In addition to extending our reach 'at home' our ambitions include plans to launch a touring exhibition for both the UK and North America comprising Treasures of the RSN Collection with complementary classes, talks and other activities.

We are inspired by the potential of the 'What If' question while also ensuring efficient delivery of our core operations.

FINANCIAL REVIEW

Financial report for the year

The consolidated statement of financial activities for the year shows a net surplus (before investment gain and losses) of £228,203 (2020/21: surplus of £109,195).

The overall income for the year 2021/22 amounted to £2,747,686 (2020/21: £2,272,430), a year-on-year increase of 21%. Income from donations and legacies increased by 19% to £513,330 (2020/21: £430,171). This includes legacies totalling £260,157 (2020/21 £73,415) and £3,444 (2020/21: £129,496) of grant income from the Government Job Retention Scheme and other Local Government grants. Donations and legacies remain an extremely important source of income, particularly for the Degree and Future Tutor programmes, neither of which receives any government funding, and for all new initiatives.

FINANCIAL REVIEW (continued)

Financial report for the year (continued)

The trading subsidiary's income of £381,464 (2020/21: £288,112) increased by 33% as the Studio activity has no longer been hampered by social distancing and the physical shop has reopened.

Income from charitable School activities amounted to £1,694,473 (2020/21: £1,405,564) a 21% increase year on year due to the continued popularity of online learning, return to more in-person classes and the International Summer School that was held both online and in-person in July 2022. Investment income increased by 7% to £158,419 (2020/21: £148,583).

The restricted fund income of £134,175 (2020/21: £177,142) consisted of resources earmarked for the Degree and Future Tutor programmes, the RSN Stitch Bank and Collection and Archive Digitisation Campaigns. Restricted expenditure of £176,706 (2020/21: £210,212) was incurred against the Degree and Future Tutor programmes, for the RSN Stitch Bank project, the Schools/Family workshops at the Fashion and Textile Museum and also the ongoing depreciation on the capital costs of the set-up of the new classrooms at Hampton Court Palace in 2015.

Total expenditure for the year was £2,519,483 (2020/21: £2,163,235), an increase of 16%. Costs have increased in 2021/22 to help deliver the charitable School activities.

Net realised and unrealised losses on investments for the year amounted to £755,541 (2020/21: £887,626 net realised and unrealised gains). At the balance sheet date, net assets totalled £5,770,238 (2021: £6,297,516) of which £2,620,471 (2021: £2,711,355) are unrestricted income funds.

The Royal School of Needlework has an investment of £100 (2020/21: £100) in the share capital of RSN Enterprises Limited, a wholly owned company which is incorporated in England and Wales. The net trading income of the company for the year amounted to a deficit of £3,899 (2020/21: deficit of £8,572).

Reserves policy and financial position

The Council has examined the requirements for free reserves, i.e. those unrestricted funds not invested in tangible fixed assets, designated for specific purposes or otherwise committed. During 2021/22, the Council reviewed the Charity's reserves policy and confirmed it to be five months' total expenditure at any one time plus the additional commitments on the licence at Hampton Court. In coming to this conclusion, the Council considered the nature of the charity's work and the discretionary nature of a significant proportion of income. Based upon budgeted expenditure levels for 2022/23, the maximum expenditure for five consecutive months plus commitments on the Hampton Court licence would be in the region of £1,534,000. The Council is of the opinion that this provides sufficient flexibility to cover temporary shortfalls in incoming resources due to timing differences in income flows, adequate working capital to cover core costs and will allow the charity to cope with and respond to unforeseen emergencies whilst specific action plans are implemented.

FINANCIAL REVIEW (continued)

Reserves policy and financial position (continued)

The charity has total reserves of £5,770,238 (2021: £6,297,516). This includes endowment funds and restricted funds of £2,885,367 (2021: £3,275,767) and £259,520 (2021: £305,574) respectively and designated funds of £856,029 (2021: £610,000). After deducting funds represented by tangible fixed assets and shareholders' funds, this leaves free reserves at 31 August 2022 of £1,725,209 (2021: £2,057,035). There is currently an excess of free reserves over the target level of £1,534,000. Given the current economic uncertainty, the Council is of the opinion that the level of free reserves held is prudent at this time.

The Council has continued to formally designate £856,029 towards the planned developments within the strategic plan (2021: £610,000). The Council will review this designation on an ongoing basis. The funds that are designated are for future strategic projects, including the ongoing RSN Stitch Bank project and digitisation of the archive.

Investment policy

Under the Memorandum and Articles of Association, The Royal School of Needlework has the power to make any investments, which the Council sees fit. The Finance and Investment Committee keeps a close eye on investments and returns to ensure maximum benefit for the RSN and meetings are held regularly with the investment managers to ensure that the balance of the portfolio remains appropriate particularly given political uncertainties and the ongoing potential for market volatility.

The tenor of the investment policy remains to maintain the real value of the RSN funds through continued growth of the asset base, seeking to achieve this with an appropriate balance between sustained cash flow and capital growth, to generate over the long term, defined as a period of not less than five years, a total return on capital invested that reflects the risk appetite.

During the year, the Council also considered and reaffirmed its risk appetite for the investments, which has been mandated as medium.

During 2021/22 markets have been impacted by the Russian invasion of Ukraine and the steep rise in inflationary pressures, while in the UK ongoing political instability has brought ongoing uncertainty to markets. At the charity's 31st August 2022 year end, the investment portfolio was valued at £5,381,018, having depreciated -10.5% in total return terms over the past 12 months. (in total return terms, net of fees). This is behind the 70% FTSE All-Share /30% FTSE UK Gilt Index return of -5.2%, while CPI+3% returned +13.3%. The portfolio has an 11 year annualised return of +7.0% per annum, which remains comfortably ahead of the comparators.

Markets have continued to be volatile since then, and with levels of confidence low. Central banks around the world are expected to continue to raise interest rates over the coming year, although we believe we are nearing the end of this current interest rate raising cycle. The key for future market direction and confidence is the war in Ukraine. The Finance and Investment Committee continues to have regular meetings with the investment managers.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Royal School of Needlework was founded in 1872 and incorporated in England and Wales, on 16 April 1878 as a company limited by shares, the word 'limited' being omitted by licence of the then Board of Trade. The RSN is also registered as a charity with the Charity Commission, under the number 312774.

Council Members' Induction and Training

On appointment, Council members are provided with the Charity Commission publication about trustees' roles and responsibilities, are invited to come and spend a day with senior managers and their teams learning about the work of each team, and are provided with copies of the annual report, strategic plan and campaign presentation.

Council members have been provided with Charity Commission guidance on fundraising regulations. Council members are informed of training courses run by our advisors, which they may attend.

Organisational Structure and Key Management

The key management personnel of the RSN in charge of directing and controlling, running and operating the charity comprise the Council and the Chief Executive, Dr Susan Kay-Williams. The Chief Executive is supported in day-to-day operations by a small senior management team and other staff. The RSN is a small organisation with at most only three levels of hierarchy but in practice, much of it operates at a more hands-on level.

The salary of the Chief Executive is set by the Council. The salaries of all staff are considered annually by the Finance and Investment Committee and approved by the Council.

As at 31 August 2022, the RSN employed eleven full time and 14 part-time management and administrative staff and core teams of five part time stitchers in the Studio and 17 part time tutors. In addition, there are around 20 volunteers who assist with the library, donated items, Studio Talk and Tours, marketing and data entry.

Trading subsidiary

The RSN has a wholly owned trading subsidiary RSN Enterprises Limited, a company incorporated in England and Wales with a share capital of £100. The principal activity of the company is that of undertaking the commercial and retail activities of The Royal School of Needlework. The company comprises the RSN Studio, which undertakes commissions for individuals and public bodies and a retail outlet within the premises of The Royal School of Needlework. The retail outlet also offers products for sale via its website.

All taxable profits of the trading subsidiary are donated to the School under the Gift Aid scheme. During the year the company made a loss of £3,899 (2020/21: loss of £8,572).

This report is approved by the Council on 1 February 2023 and signed on its behalf by:



P Wood
Chair of Trustees



Dr S Kay-Williams
Chief Executive

Statement of Corporate Governance and Internal Control Year to 31 August 2022

The following statement is provided to enable readers of the annual report and financial statements of the Royal School of Needlework to obtain a better understanding of its governance and legal structure. The statement covers the period from 1 September 2021 to 31 August 2022 and up to the date of the approval of the annual report and financial statements.

The Royal School of Needlework endeavours to conduct its business;

1. Having due regard to the UK Corporate Governance Code 2018 in so far as it is applicable to the Higher Education Sector.
2. Complying with Office for Students on-going conditions or regulations and terms of conditions of funding as well as other regulatory responsibilities.

We have adopted the UK Corporate Governance Code. We have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code that we consider relevant to the Higher Education Sector.

The Trustees recognise that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

Legal Status

The Royal School of Needlework is a registered charity and a private company limited by shares. The trustees are the shareholders and their liability is limited to the value of shares held.

The Trustees, who are also Council Members and referred to as both in this report, confirm that they have due regard for the Charity Commission's guidance on public benefit and that the required statement appears elsewhere within these financial statements.

Council and Trustees

The governing body of the RSN is the Council. This comprises the Chair of Trustees, Honorary Treasurer and up to 12 ordinary members.

Members of the Council (who are also Trustees of The Royal School of Needlework for the purposes of charity law) who served during the year and up to the date of this report were:

Statement of Corporate Governance and Internal Control Year to 31 August 2022

Council and Trustees (continued)

Council members (Directors)	Appointed / Retired
Ms Pip Wood (Chair of Trustees)*	Appointed 5 October 2021 Appointed Chair of Trustees 1 September 2022
Mr Andrew Palmer (Chair of Trustees)**	Retired 31 August 2022
Mrs Elizabeth Braakenburg Dyce	Retired 23 June 2022
Ms Louisa Christofidou	Appointed 26 July 2022
Ms Nicola Clarke*	Retired 14 December 2022
Ms Miranda Corti (Honorary Treasurer)*	Appointed 5 October 2021 Appointed Honorary Treasurer 16 February 2022 Retired 10 August 2022
Prof Patsy Cullen	
Ms Victoria Farrow	
Mrs Morgan Fowles	Retired 4 May 2022
Miss Samantha Hoe-Richardson (Honorary Treasurer)*	Retired 5 October 2021
Ms Deborah Lamb	Retired 4 May 2022
Ms Claire Miller*	Appointed 28 July 2022
Ms Reena Pastakia	Retired 10 January 2022
Ms Julie Richards	Appointed 28 July 2022
Ms Eleri Lynn Ritchie	Appointed 5 October 2021
Mrs Stephanie Wright (Honorary Treasurer)*	Appointed Honorary Treasurer 5 October 2022

* indicates members of the Finance and Investment Committee, which met four times during the year under the chairmanship of the Honorary Treasurer.

** Since retiring, Andrew Palmer has attended one Finance and Investment Committee meetings as an Observer.

In addition to the Council there is one committee which reports to the Council:

The Finance and Investment Committee, usually meets four times a year and ensures that the finances of the RSN are well managed and accurately reported, and that the investments are handled in accordance with the agreed risk appetite.

During the year working parties comprising Trustees and staff have looked at the RSN Strategic Plan, the exhibition at the Fashion and Textile Museum in 2022 and RSN Policies.

Board of Trustees' interests

The Board of Trustees are shown above and except for any instance mentioned above have served throughout the year.

All Council Members at 31 August 2022 held one £10 share (2021: one £10 share) in the capital of the charitable company.

The Finance Director maintains a register of financial and personal interest of the members of the Council. This can be obtained by contacting Hannah Warwick at the RSN's registered office (see page 1).

Statement of the Council's responsibilities

The Council Members (who are also directors of The Royal School of Needlework for the purposes of company law) are responsible for preparing the report of the Council and financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice).

Company law requires the Council to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and the group and of the income and expenditure of the group for that period. In preparing these financial statements, the Council is required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in 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 (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Council is responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the Charities Act 2011. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Council Members confirms that:

- ◆ so far as the Council Member is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- ◆ the Council Member has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The Council is responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Meeting Procedures

Formal agendas, papers and reports are supplied to the Board of Trustees in a timely manner, prior to Council meetings. Briefings are also provided on an ad hoc basis. Reports include overall financial performance of the organisation together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety issues. The Council met formally six times in 2021/22.

The Royal School of Needlework has a strong and independent non-executive element and no individual or group dominates its decision-making process. The organisation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with exercise of their independent judgement.

There is a clear division of responsibility in that the roles of the Chair of Trustees and Accounting Officer are separate.

Appointment to Council

Council members serve a term of three years and may serve a second term of three years before retirement.

Approximately biennially, the Council members undertake a skills analysis, the Chair of Trustees and the Chief Executive review the skills available, the likely retirement dates of Council members and the future needs of the charity in order to start searching for new potential Council members.

Council Performance

The Council has made a strong contribution to the improvements made in 2021/22 through the setting of challenging targets with regular scrutiny of performance. There is strong performance management at Council meetings. The Council provides robust scrutiny and challenge. Trustees are pro-active in their oversight of the organisation and are involved in the planning and discharging of Council business.

Committees

Finance and Investment Committee

The Finance and Investment Committee is responsible to the Council of Trustees in discharging its responsibilities for monitoring the integrity of the RSN's financial statements, the effectiveness of financial controls with regard to internal risk assessment, the performance and objectivity of external auditors and the performance of investments.

The Committee is responsible for the following:

- ◆ To appoint external auditors and agree the audit fee, meet with the external auditors to discuss the scope and nature of the audit and to discuss the findings included within the management letter and management responses.
- ◆ To take the lead in reviewing the financial risks, aiming to minimise and mitigate any that appear or will potentially impact the charity and that are within its power to affect.

Committees (continued)

Finance and Investment Committee (continued)

- ◆ To satisfy itself that satisfactory arrangements are in place to manage the RSN's investments and to monitor their performance

Internal Control

Scope of responsibility

The Council is ultimately responsible for the organisation's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Council has delegated the day-to-day responsibility to the Chief Executive, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives, whilst safeguarding the public funds and assets. The Chief Executive is also responsible for reporting to the Council any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure and can only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of organisation policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at the organisation for the year ended 31 August 2022 and up to the date of approval of the annual report and financial statements.

Risk management

The Council and senior managers have reviewed the principal financial, reputational, operational and governance risks that might impact on the organisation during the year, especially in the light of Covid and its impact and updated the risk register accordingly. The review enables the RSN to reflect upon the impact of both internal and external changes and the longer-term impact they may have, ensuring that mitigation is updated to respond to the changes. While known risks can be mitigated there will always be unanticipated events of which the ongoing Covid situation has been an unwelcome example.

The Finance and Investment Committee continues to take the lead in reviewing the financial risks, aiming to minimise and mitigate any that appear or will potentially impact the charity and that are within its power to affect.

The Council has reviewed the RSN's internal financial controls and is satisfied that these are appropriate in minimising any risks to its funds.

Risk management (continued)

The top three risks that could have a negative impact on achieving the RSN's strategic plan have been identified as:

- ◆ The challenges of meeting financial targets when the RSN is a luxury purchase in a period of recession;
- ◆ The impact of limited physical space for RSN activities as potentially limiting income – we will be looking for additional space for certain areas of work during the year;
- ◆ If the proposed website development does not happen to schedule and/or has usability issues this could impact sales, overall activity and reputation. The project will however, be closely monitored to ensure this does not happen and that it meets the needs of internal and external customers.

Review of effectiveness

As the Accounting Officer, the Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. The Chief Executive review of the effectiveness of the system of internal control is informed by:

- ◆ the work of the external auditors;
- ◆ the work of the senior managers within the organisation who have responsibility for the development and maintenance of the internal control framework; and
- ◆ comments made by the organisation's financial statements and regularity auditors in their management letters and other reports.

There are no significant internal control weaknesses reported for the period.

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments. The senior management team and the Finance and Investment Committee also receive regular reports, which include recommendations for improvement. The Council agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Finance and Investment Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2022 meeting, the Board of Trustees, carried out the annual assessment for the year ended 31 August 2022 by considering documentation from the senior management team, and taking account of events since 31 August 2021.

Based on above and reports by the Chief Executive, the Council is of the opinion that the organisation had an adequate and effective framework for governance, risk management and control to manage the achievements of the organisation's objectives for the year ended 31 August 2022 and it has fulfilled its statutory responsibility for "the effective and efficient use of resources, the solvency of the institution and the safeguarding of their assets".

Regularity, propriety, and compliance

The organisation has considered its responsibility to notify the Office for Students of material irregularity, impropriety and non-compliance with Office for Students terms and conditions of funding.

We confirm, on behalf of the organisation, that after due enquiry and to the best of its knowledge, the Council believes it is able to identify any material irregularity or improper use of funds by the organisation, or material non-compliance with terms and conditions of funding under the organisations financial regulations. As part of our consideration we have had due regard to our financial regulations. We confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement these will be notified to the Office for Students.

Going Concern

Details on Board's going concern assessment are set out on page 39.

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



P Wood
Chair of Trustees



Dr S Kay-Williams
Chief Executive

Date: 1 February 2023

Independent auditor's report to the Members of The Royal School of Needlework

Opinion

We have audited the financial statements of The Royal School of Needlework (the 'parent charitable company') for the year ended 31 August 2022 which comprise the consolidated statement of financial activities, the consolidated and parent charitable company's balance sheets, the consolidated statement of cash flows, the principal accounting policies and the notes to the financial statements. 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 and parent charitable company's affairs as at 31 August 2022 and of the group's income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006;
- ◆ where applicable, funds from whatever source administered by the provider for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- ◆ where applicable, funds provided by the OfS and by Research England have been applied in accordance with the relevant terms and conditions; and
- ◆ meet the requirements of the Office for Student's Accounts Direction 2021/22.

We have nothing to report in respect of the following matter in relation to which the OfS Accounts Direction 2021/22 requires us to report to you if, in our opinion:

- ◆ the charitable company's grant and fee income, as disclosed in note 4 to these financial statements has been materially misstated.

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 parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Council Members' 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 and charitable parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The Council Members are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the report of the Council, which is also the directors' report for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the report of the Council, which is also the directors' report for the purposes of company law, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the report of the Council.

Matters on which we are required to report by exception (continued)

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

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

Responsibilities of Council Members

As explained more fully in the statement of the Council's responsibilities, the Council Members (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council Members 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 Council Members are responsible for assessing the group and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council Members either intend to liquidate the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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:

Auditor's responsibilities for the audit of the financial statements (continued)

How the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ The engagement director ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ We obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements;
- ◆ We focused on specific laws and regulations which we considered may have a direct material effect on the accounts.
- ◆ We assessed the extent of compliance with the laws and regulations identified above through making enquiries of representatives of management and the review of minutes of Council meetings.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ Making enquiries of where management considers there was susceptibility to fraud and knowledge of actual, suspected and alleged fraud; and
- ◆ Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ Performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ Tested and reviewed journal entries to identify unusual transactions;
- ◆ Tested the authorisation of expenditure;
- ◆ Gained an understanding of the processes in place for the management of the charitable company's investments; and
- ◆ Investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ Review of the minutes of meetings of those charged with governance;
- ◆ Enquiring of management as to actual and potential litigation and claims; and

Auditor's responsibilities for the audit of the financial statements (continued)

How the audit was considered capable of detecting irregularities including fraud
(continued)

- ◆ Agreeing accounts disclosures to underlying supporting documentation.

As a result of our procedures we did not identify any key audit matters relating to irregularities.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

This report is made solely to the parent charitable company's Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the Charity's Council Members, as a body, in accordance with Section 144 of the Charities Act 2011 and with regulations made under Section 154 of that Act. Our audit work has been undertaken so that we might state to the parent charitable company's Members and the parent charitable company's Council Members 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 parent charitable company, the parent charitable company's Members as a body and the parent charitable company's Council Members, as a body, for our audit work, for this report, or for the opinions we have formed.



Gumayel Miah, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 3 February 2023

Consolidated statement of financial activities (including the Income and Expenditure Account) Year ended 31 August 2022

		Unrestricted funds £	Restricted funds £	Endowment funds £	2022 Total funds £	2021 Total funds £
Income and expenditure	Notes					
Income from:						
Donations and legacies	1	379,155	134,175	—	513,330	430,171
Investments	2	158,419	—	—	158,419	148,583
Other trading activities	3	381,464	—	—	381,464	288,112
Charitable activities						
. School activities	4	1,694,473	—	—	1,694,473	1,405,564
Total income		2,613,511	134,175	—	2,747,686	2,272,430
Expenditure on:						
Raising funds	5	485,000	6,753	—	491,753	395,030
Charitable activities						
. Costs of school activities	6	1,857,477	169,953	300	2,027,730	1,768,205
Total expenditure		2,342,477	176,706	300	2,519,483	2,163,235
Net income/(expenditure) before investment gains and losses	8	271,034	(42,531)	(300)	228,203	109,195
Realised losses on investments	11	(73,745)	(718)	(79,488)	(153,951)	(398)
Unrealised (losses)/gains on investments	11	(288,173)	(2,805)	(310,612)	(601,590)	888,024
Net movement in funds		(90,884)	(46,054)	(390,400)	(527,338)	996,821
Reconciliation of funds:						
Fund balances brought forward at 1 September 2021		2,711,355	305,574	3,275,767	6,292,696	5,295,875
Fund balances carried forward at 31 August 2022		2,620,471	259,520	2,885,367	5,765,358	6,292,696

Balance sheets 31 August 2022

	Notes	Group		Charity	
		2022 £	2021 £	2022 £	2021 £
Fixed assets					
Tangible assets	9	39,233	44,320	39,233	44,320
Investments	11	5,381,018	6,181,660	5,381,118	6,181,760
		5,420,251	6,225,980	5,420,351	6,226,080
Current assets					
Stocks	12	77,535	66,368	31,736	25,037
Debtors	13	411,357	137,430	492,729	215,950
Cash at bank and in hand		571,937	488,761	559,962	467,668
		1,060,829	692,559	1,084,427	708,655
Creditors: amounts falling due within one year	14	(710,842)	(621,023)	(678,864)	(585,440)
Net current assets		349,987	71,536	405,562	123,215
Total net assets		5,770,238	6,297,516	5,825,914	6,349,295
Represented by:					
Capital and reserves					
Called up share capital	16	230	240	230	240
Capital redemption reserve	17	4,650	4,580	4,650	4,580
		4,880	4,820	4,880	4,820
The funds of the charity:					
Endowment funds	18	2,885,367	3,275,767	2,885,367	3,275,767
Restricted funds	19	259,520	305,574	259,520	305,574
Unrestricted funds:					
. General fund		1,764,442	2,101,355	1,820,118	2,153,134
. Designated funds	20	856,029	610,000	856,029	610,000
		5,765,358	6,292,696	5,821,034	6,344,475
		5,770,238	6,297,516	5,825,914	6,349,295

Approved by the Council of Members on 1 February 2023 and signed on its behalf by:



P Wood
Chair of Trustees



S Wright
Honorary Treasurer

The Royal School of Needlework: Company Registration Number 12192

Consolidated statement of cash flows Year to 31 August 2022

	Notes	2022 £	2021 £
Cash flows from operating activities:			
Net cash used in operating activities	A	(113,141)	(58,102)
Cash flows from investing activities:			
Investment income		158,419	148,583
Purchase of tangible fixed assets		(7,263)	(13,639)
Proceeds from the disposal of investments		1,486,906	763,930
Purchase of investments		(1,457,964)	(811,122)
Net cash provided by investing activities		180,098	87,752
Cash flows from financing activities:			
Repurchase of share capital		(10)	(20)
Increase in capital redemption reserve		70	20
Repayment of loan		—	(50,000)
Net cash provided by financing activities		60	(50,000)
Change in cash and cash equivalents in the year		67,017	(20,350)
Cash and cash equivalents at 1 September 2021		517,073	537,423
Cash and cash equivalents at 31 August 2022	B	584,090	517,073

Notes to the statement of cash flows for the year to 31 August 2022

A Reconciliation of net movement in funds to net cash used in operating activities

	2022 £	2021 £
Net movement in funds (as per the statement of financial activities)	(527,338)	996,821
Adjustments for:		
Depreciation charge	12,350	12,626
Losses/(gains) on investments	755,541	(887,626)
Investment income	(158,419)	(148,583)
(Increase)/Decrease in stocks	(11,167)	5,385
Increase in debtors	(273,927)	(3,835)
Increase/(Decrease) in creditors	89,819	(32,890)
Net cash used in operating activities	(113,141)	(58,102)

B Analysis of cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	571,937	488,761
Cash held by investment managers	12,153	28,312
Total cash and cash equivalents	584,090	517,073

Consolidated statement of cash flows Year to 31 August 2022

C Reconciliation of net debt

	At 1 September 2021 £	Cash flows £	At 31 August 2022 £
Cash at bank and in hand	517,073	67,017	584,089
Total cash and cash equivalents	517,073	67,017	584,089

Principal accounting policies Year to 31 August 2022

General information

The Royal School of Needlework is a company, limited by shares and is registered in England and Wales. The registered number is 12192 and the registered office is Apartment 12A, Hampton Court Palace, East Molesey, Surrey, KT8 9AU.

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 August 2022.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with 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 (FRS 102) (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011 and the Companies Act 2006.

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

The financial statements are presented in sterling and are rounded to the nearest pound.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the Council Members and management to make certain judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include: stock provisions, estimating the useful economic life of tangible fixed assets and legacy recognition.

In addition to the above, the impact of high inflation and recession creates the risk that estimates used in the accounts, particularly with respect to the value of listed investments (see note 11) may be subject to a greater degree of uncertainty and volatility.

As set out in these accounting policies under “going concern”, the Council has considered the impact of the current economic circumstances on the charity and has concluded that although there may be some negative consequences, it is appropriate for the charity to continue to prepare its accounts on the going concern basis.

Assessment of going concern

The Council has assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Council has made this assessment in respect to a period of one year from the date of approval of these financial statements.

Assessment of going concern (continued)

The Council has concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The Council is of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The RSN currently has unrestricted reserves that are £191k in excess of the level set in its reserves policy. Cash flow is being monitored closely and in recent years there has been no need to liquidate investments. The most significant areas of judgement that affect items in the financial statements are detailed above. With regard to the next accounting period, the year ending 31 August 2023, the most significant areas that affect the carrying value of the assets held by the charity are maintaining a blended model of online and in-person classes, the level of donations and legacies, the level of investment return and the performance of the investment markets.

Consolidation

Consolidated financial statements ("group financial statements") have been prepared in respect of the charity and its wholly owned subsidiary, RSN Enterprises Limited. The results of RSN Enterprises Limited have been consolidated on a line-by-line basis.

A separate statement of financial activities for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by the Charities SORP FRS 102. The company has also taken advantage of the exemption in the Companies Act 2006 Section 408 not to present its own statement of financial activities. Net deficit of £523,440 (2020/21: £1,005,393 surplus) is attributable to The Royal School of Needlework.

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations and legacies, grants, investment income, income from trading activities and school income.

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued when the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds or where the donation is specifically for a subsequent period, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

In accordance with the Charities SORP FRS 102, volunteer time is not recognised.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Income recognition (continued)

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Income from school activities is accounted for on an accruals basis; where fees are received for courses commencing in the following financial period, the income is deferred to the next financial period.

Expenditure recognition

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

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- ◆ Expenditure on raising funds includes all expenditure associated with raising funds for the charity. This includes investment management fees, the costs of the trading subsidiary company and costs incurred in encouraging people and organisations to contribute financially to the charity.
- ◆ Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include the direct cost of operating the school and support costs.

Allocation of support and governance costs

Support costs represent indirect charitable expenditure including governance costs. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment. Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect of its compliance with regulation and good practice.

Support costs (which are predominantly staff costs for the Chief Executive and marketing and finance teams) are apportioned between expenditure on raising funds and on charitable activities (which comprises costs of school activities) based on an estimate of the proportion of the time spent on each area. Governance costs are all included within expenditure on charitable activities (costs of school activities).

Principal accounting policies Year to 31 August 2022

Tangible fixed assets

Depreciation is provided on all tangible fixed assets at the following annual rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life:

♦ Fixtures and fittings	10% on cost
♦ Office equipment	20% on cost
♦ Leasehold improvements	10% on cost or if shorter over the remaining term of the lease

Fixtures and fittings and office equipment with a cost greater than £1,000 are capitalised.

Heritage assets

The Royal School of Needlework possesses a collection of historic embroidery, the value of which has not been included in the financial statements, as the Council does not believe that the value of ascertaining their market value would be commensurate with the associated cost. Further details are disclosed in note 10 to the financial statements.

Investments

Investments are included on the balance sheet at their market value at the end of the financial period. Investment income is credited to income on an accruals basis, using dates of payment for dividends and daily accruals for interest. Realised and unrealised gains and losses are credited, or debited, to the statement of financial activities in the year in which they arise.

Stocks

Stocks are stated at the lower of cost and net realisable value as follows:

Materials	- At purchase cost on a first-in, first-out basis
Work-in-progress, finished work and goods held for re-sale	- At purchase cost or at cost of direct materials and labour plus attributable overheads based on the normal level of activity

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Fund accounting

The unrestricted general fund comprises those monies which may be used towards meeting the charitable objectives of the charity at the discretion of the Council.

The designated fund comprises monies set aside out of unrestricted funds for future projects or purposes.

The restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to conditions imposed by the donor.

The endowment funds comprise permanent endowments, where the capital is held indefinitely and the income is used for prizes and training for students and expendable endowments, where both the capital and income can be used for student scholarships or the general purposes of the charity.

1 Donations and legacies

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2022 £
2022				
Donations	115,554	134,175	—	249,729
Legacies	260,157	—	—	260,157
Grants	3,444	—	—	3,444
Total funds	379,155	134,175	—	513,330
	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2021 £
2021				
Donations	51,118	176,142	—	227,260
Legacies	72,415	1,000	—	73,415
Grants	129,496	—	—	129,496
Total funds	253,029	177,142	—	430,171

2 Investment income

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2022 £
2022				
Bank and deposit interest received	15	—	—	15
Income from listed investments	158,404	—	—	158,404
Total funds	158,419	—	—	158,419
	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2021 £
2021				
Bank and deposit interest received	87	—	—	87
Income from listed investments	148,496	—	—	148,496
Total funds	148,583	—	—	148,583

3 Income from trading activities

The Royal School of Needlework has a wholly owned trading subsidiary which is incorporated in England and Wales. RSN Enterprises Limited undertakes the retail activities of The Royal School of Needlework. The company will donate any taxable profits to the charity under Gift Aid. A summary of the company's trading results is shown below. Audited financial statements have been filed with the Registrar of Companies.

3 Income from trading activities (continued)

RSN Enterprises Limited – Statement of comprehensive income

	Total 2022 £	Total 2021 £
Turnover	383,508	292,185
Cost of sales	(276,992)	(204,531)
Gross profit	106,516	87,654
Other operating income	556	635
Administrative expenses	(110,971)	(96,861)
Operating loss	(3,899)	(8,572)
Gift Aid donation to The Royal School of Needlework	—	—
Retained loss for the financial year	(3,899)	(8,572)

In the year ended 31 August 2022, turnover includes £2,600 (2021: £4,708) of income received by RSN Enterprises Limited from the charity, which is eliminated upon consolidation.

4 Income from school activities

Income from school activities is wholly unrestricted and comprises mainly fees for the Degree programme, Certificate and Diploma programme, Future Tutors and Short Courses.

Income from school activities includes:

	2022 £	2021 £
Fee income for taught awards (Higher Education)	—	—
Fee income from non-qualifying courses	1,089,115	892,754
	1,089,115	892,754
Higher Education income from sub-contractual arrangements with other providers	462,726	379,985
Other income from School activities	142,632	132,825
	1,694,473	1,405,564

Fee income for taught awards (Higher Education) shows as zero above due to all Higher Education income arriving through sub-contractual arrangements with other providers.

5 Expenditure on raising funds

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2022 £
2022				
Costs of trading subsidiary	385,770	—	—	385,770
Investment managers' fees	45,101	—	—	45,101
Advertising and literature	40,635	—	—	40,635
Fundraising costs	10,301	6,753	—	17,054
Travelling & other costs	3,193	—	—	3,193
Total funds	485,000	6,753	—	491,753
	<i>Unrestricted funds £</i>	<i>Restricted funds £</i>	<i>Endowment funds £</i>	<i>Total 2021 £</i>
2021				
Costs of trading subsidiary	299,423	—	—	299,423
Investment managers' fees	45,284	—	—	45,284
Advertising and literature	26,649	—	—	26,649
Fundraising costs	6,648	14,434	—	21,082
Travelling & other costs	817	1,775	—	2,592
Total funds	378,821	16,209	—	395,030

6 Costs of school activities

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2022 £
2022				
Staff costs	1,250,115	95,821	—	1,345,936
Other costs	607,362	74,132	300	681,794
Total funds	1,857,477	169,953	300	2,027,730
	<i>Unrestricted funds £</i>	<i>Restricted funds £</i>	<i>Endowment funds £</i>	<i>Total 2021 £</i>
2021				
Staff costs	1,122,001	92,768	—	1,214,769
Other costs	452,201	101,235	—	553,436
Total funds	1,574,202	194,003	—	1,768,205

7 Staff costs

	2022 £	2021 £
Wages and salaries	1,384,089	1,218,456
Social security costs	95,612	83,465
Pension costs	52,200	49,039
	1,531,901	1,350,960
Staff costs by function were as follows:		
Cost of school activities	1,345,936	1,214,769
Cost of raising funds (fundraising and trading subsidiary)	185,965	136,191
	1,531,901	1,350,960

The average monthly number of employees during the year was 47 (2021: 48) and on a full time equivalent basis was 26 (2021: 26).

The number of employees who earned £60,000 or more (including taxable benefits but excluding employer's pension contributions) during the year was as follows:

	2022	2021
£60,001 - £65,000	1	—
£95,001 - £100,000	—	1
£100,001 - £105,000	1	—

Pension contributions in respect of these employees were £8,071 (2021: £4,995).

Three Council Members received reimbursement of travelling expenses in the year totalling £1,069 (2021: none).

No remuneration was paid to the Council Members in the year (2021: none).

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day-to-day basis comprise the Council and the Chief Executive. The total cost of the remuneration (including taxable benefits, employer's national insurance and pension contributions) of the key management personnel for the year was £118,963 (2021: £116,906).

Chief Executive Remuneration

	2022 £	2021 £
Basic salary	97,883	99,893
Salary sacrifice arrangements	(7,915)	(3,996)
Bonus	4,000	—
Pension contribution	12,810	8,991
Total remuneration after salary sacrifice	106,778	104,888

7 Staff costs (continued)

The RSN has given regard to the “Higher Education senior staff remuneration code” published by the Committee of University Chairs when determining senior staff remuneration. Staff who are part of the pension scheme operate under a salary sacrifice arrangement where they give up an amount of salary and in return the charity makes an equivalent contribution directly into their pension on their behalf.

The Chief Executive’s remuneration shown in year was considered and reviewed by the Council.

The Chief Executive’s basic salary as a multiple of the median of all staff was 2.1 (2021: 2.3).

The Chief Executive’s total remuneration as a multiple of the median of all staff was 2.2 (2021: 2.3)

8 Net income/(expenditure) before investment gains and losses

These are stated after charging:

	2022 £	2021 £
Depreciation	12,350	12,626
Auditor’s remuneration		
. Charity audit	9,085	8,955
. Trading subsidiary audit	2,240	2,088
. Other services	3,040	1,696
Lease expenses		
. Land and buildings	191,655	188,222
. Other	14,435	15,460

9 Tangible fixed assets

Group and Charity	Leasehold improve- ments £	Office equipment £	Fixtures and fittings £	Total £
Cost				
At 1 September 2021	150,509	110,639	70,386	331,534
Additions	—	7,263	—	7,263
At 31 August 2022	<u>150,509</u>	<u>117,902</u>	<u>70,386</u>	<u>338,797</u>
Depreciation				
At 1 September 2021	150,509	89,216	47,489	287,214
Charge for year	—	7,424	4,926	12,350
At 31 August 2022	<u>150,509</u>	<u>96,640</u>	<u>52,415</u>	<u>299,564</u>
Net book values				
At 31 August 2022	—	21,262	17,971	39,233
At 31 August 2021	—	<u>21,423</u>	<u>22,897</u>	<u>44,320</u>

10 Heritage assets

The RSN is rich in heritage assets comprising embroidered textiles, designs, company archives, photographs and student pieces. The RSN does not generally have the funds to acquire pieces so most of the Collection has been donated. The acquisition policy relates firstly to items that have an RSN connection, then to items of a high standard of work and/or types of work not already included in the collection.

The Collection of textiles comprises objects almost all of which have been donated to the RSN and which are mostly examples of embroidery, with some examples of lace. Whilst there are a few pieces from the 16th century, most date from the 19th and 20th centuries.

They comprise many embroidery techniques from the UK and around the world. Also included are a number of pieces worked by the RSN and its students, especially from the original Diploma course, which ran from the late 19th century until 1960, which have been given back to the RSN by the families.

The Archive comprises registers, minutes and other paperwork relating to the management of the RSN, photographs and ephemera from various events. It also contains workbooks of jobs undertaken from the 1940s onwards, some with samples, and drawings. The largest holding is of designs relating to work undertaken in the Studio.

The RSN Collection and Archive is unique and though it is only minimally catalogued, researchers are given access to specific parts of the archive if it can be identified. The Collection and Archive are made available for student research and for public exhibition.

10 Heritage assets (continued)

The RSN also endeavours to offer public access to the Collection through exhibitions and study days both at Hampton Court and elsewhere. Researchers wishing to access the archive can also make appointments but with the caveat that we do not have a resident archivist or curator and most parts of the archive are not catalogued, especially the designs. The most popular requests are whether a family member worked for the RSN (until the registers are digitised this will not be possible to answer), and also in relation to the work the RSN did in therapeutic stitch during the First World War.

Heritage assets have not been capitalised in the financial statements as the Council considers that the significant costs involved in valuing the charity's collection of historic embroidery would outweigh the benefits derived from such an exercise.

11 Investments

	2022 £	2021 £
Listed investments and cash holdings	5,381,018	6,181,660
Group total	5,381,018	6,181,660
Shares in subsidiary undertaking at cost	100	100
Charity total	5,381,118	6,181,760

The charity owns the entire issued share capital of RSN Enterprises Limited which is incorporated in England and Wales. Its registered number is 3158058 and its registered address is the same as the RSN.

	2022 £	2021 £
Aggregate share capital and reserves of RSN Enterprises Limited	(55,577)	(52,679)

	2022 £	2021 £
Listed investments & cash holdings		
Market value at 1 September	6,153,348	5,218,530
Additions at cost	1,457,964	811,122
Disposal proceeds	(1,486,906)	(763,930)
Realised losses	(153,951)	(398)
Unrealised (losses)/gains	(601,590)	888,024
Market value at 31 August	5,368,865	6,153,348
Cash held by investment managers	12,153	28,312
	5,381,018	6,181,660

11 Investments (continued)

Listed investments held at 31 August comprised the following:

	2022 £	2021 £
Fixed interest	202,491	814,363
UK equities	1,635,836	2,118,989
Overseas equities and equity funds	1,752,252	1,732,633
Other listed investments	1,778,286	1,487,363
	5,368,865	6,153,348
Listed investments at cost	4,189,647	3,861,799

At 31 August 2022, listed investments included the following individual holdings deemed material when compared with the overall valuation of listed investments as at that date:

	Percentage %	Value £
Findlay Park Funds	5.0%	267,349
JP Morgan American Investment Trust	4.8%	256,221
I Shares Core	4.7%	254,405

12 Stocks

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Materials	31,736	25,037	31,736	25,037
Finished work and goods held for resale	45,799	41,331	—	—
	77,535	66,368	31,736	25,037

13 Debtors

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Trade debtors	41,276	12,745	25,694	4,479
Prepayments and accrued income	370,081	124,685	345,439	121,638
Amounts owed by subsidiary company	—	—	121,596	89,833
	411,357	137,430	492,729	215,950

14 Creditors: amounts falling due within one year

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Trade creditors	45,476	32,731	38,218	26,470
Other taxes and social security costs	32,203	44,002	26,299	29,076
Accruals and deferred income	633,163	544,290	614,347	529,894
	710,842	621,023	678,864	585,440

15 Deferred income (included above)

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Brought forward at 1 September	493,261	457,716	493,261	447,621
Deferred in the year	388,243	324,829	379,967	324,829
Released in the year	(310,668)	(289,284)	(310,668)	(279,189)
Carried forward at 31 August	570,836	493,261	562,560	493,261

Deferred income is fees received in advance of the course taking place and donations received for the following academic year.

16 Share capital

	Issued, called up and fully paid	
	2022 £	2021 £
Ordinary shares of £10 each	230	240

17 Capital redemption reserve

	2022 £	2021 £
465 Ordinary shares of £10 each (2021: 458)	4,650	4,580

18 Endowment funds

	At 1 September 2021 £	Income £	Expenditure £	Investment losses £	At 31 August 2022 £
2022					
Victoria Adams Fund	2,320,157	—	—	(276,300)	2,043,857
General Endowment Fund	635,942	—	—	(75,732)	560,210
Hilda Watson Fund	3,814	—	(100)	(454)	3,260
Charrington / Broderers Fund	3,935	—	(100)	(469)	3,366
Wendy Hogg Fund	21,555	—	(100)	(2,567)	18,888
HB Allen Fund	290,364	—	—	(34,578)	255,786
	3,275,767	—	(300)	(390,100)	2,885,367

18 Endowment funds (continued)

	At 1 September 2020 £	Income £	Expenditure £	Investment gains £	At 31 August 2021 £
<i>2021</i>					
<i>Victoria Adams Fund</i>	1,989,415	—	—	330,742	2,320,157
<i>General Endowment Fund</i>	545,288	—	—	90,654	635,942
<i>Hilda Watson Fund</i>	3,270	—	—	544	3,814
<i>Charrington / Broderers Fund</i>	3,374	—	—	561	3,935
<i>Wendy Hogg Fund</i>	18,482	—	—	3,073	21,555
<i>HB Allen Fund</i>	248,972	—	—	41,392	290,364
	<u>2,808,801</u>	<u>—</u>	<u>—</u>	<u>466,966</u>	<u>3,275,767</u>

- a) The Victoria Adams Fund is an expendable endowment fund for student scholarships and the general purposes of the charity.
- b) The General Endowment Fund provides for the training of students.
- c) The Hilda Watson Fund provides prizes for Silk Work.
- d) The Charrington / Broderers Fund provides prizes for students.
- e) The Wendy Hogg Fund is an expendable scholarship / prize fund for students.
- f) The HB Allen Fund provides support for the Future Tutor programme.

19 Restricted funds

	At 1 September 2021 £	Income £	Expenditure £	Investment gains £	Transfers between funds £	At 31 August 2022 £
2022						
Janet Churm Fund	29,584	—	(18,229)	(3,523)	—	7,832
Future Tutor Programme	—	52,934	(52,934)	—	—	—
Degree Programme	—	32,440	(32,440)	—	—	—
Campaign HCP New Rooms	8,015	—	(8,015)	—	—	—
Collection & Digitisation	206,060	8,715	(2,176)	—	—	212,599
Embroider a Selfie	8,896	—	(600)	—	—	8,296
Stitch Bank	25,030	28,586	(53,616)	—	—	—
School/Family Workshops	—	11,500	(8,696)	—	—	2,804
Other Restricted Legacy	27,989	—	—	—	—	27,989
	305,574	134,175	(176,706)	(3,523)	—	259,520
	At 1 September 2020 £	Income £	Expenditure £	Investment gains £	Transfers between funds £	At 31 August 2021 £
2021						
Janet Churm Fund	62,254	—	(43,019)	10,349	—	29,584
Degree Building Improvements	5,386	—	(5,386)	—	—	—
Future Tutor Programme	—	67,541	(67,541)	—	—	—
Degree Programme	—	42,551	(42,551)	—	—	—
Campaign HCP New Rooms	10,056	—	(2,041)	—	—	8,015
Collection & Digitisation	158,255	52,620	(4,815)	—	—	206,060
Embroider a Selfie	11,363	—	(2,467)	—	—	8,896
Stitch Bank	52,992	14,430	(42,392)	—	—	25,030
Other Restricted Legacy	27,989	—	—	—	—	27,989
	328,295	177,142	(210,212)	10,349	—	305,574

- The Janet Churm Fund provides support for both the Degree and Future Tutor programmes and was funded by a generous legacy from the estate of the late Mrs Janet Churm.
- The Future Tutor Programme Fund specifically provides bursaries, prizes and day-to-day support for the Future Tutor programme and includes restricted donations and legacies from a number of donors.
- The Degree Programme Fund specifically provides bursaries, prizes and day-to-day support for the Degree Programme and includes restricted donations and legacies from a number of donors.
- The Campaign HCP New Rooms Fund was established to fund the improvement works and equipment required to set up additional rooms at Hampton Court Palace, which were taken on in 2015 to accommodate expansion. It was funded by donations from a wide number of RSN Friends and other donors. Expenditure includes depreciation on capital works.

19 Restricted funds (continued)

- e) The RSN Collection & Digitisation Appeal includes donations from a large number of RSN Friends, supporters and other donors towards the Cataloguing and Digitisation of the RSN Archive and Collection. This project is in the planning stages and it is anticipated that it will get underway in the latter part of 2021/22.
- f) The Embroider a Selfie fund is a project to introduce stitch to young people.
- g) The Stitch Bank fund is a project that aims to digitally conserve and preserve every stitch in the world, becoming the biggest repository of stitch in the world. The first phase went live in 2021/22.
- h) The School/Family workshops started in 2022 to engage young people with stitch at the RSN's 150th Anniversary exhibition at the Fashion and Textile museum
- i) The Other Restricted Legacy Fund relates to a legacy received in 2016/17, which will provide support for the Future Tutor Programme.
- j) The Degree Building Improvements Fund was established when the RSN Degree programme commenced. Expenditure relates to the depreciation on leasehold and other improvements, which were required to set up the Degree rooms at Hampton Court Palace. This fund was spent in full in 2020/21.

20 Designated funds

	At 1 September 2021 £	New Designations £	Utilised/ released £	At 31 August 2022 £
2022				
Futures campaign	610,000	—	(40,000)	570,000
Stitch Bank	—	40,000	(11,971)	28,029
Collection & Digitisation	—	88,000	—	88,000
150 Forward	—	170,000	—	170,000
	610,000	298,000	(51,971)	856,029
	At 1 September 2020 £	New Designations £	Utilised/ released £	At 31 August 2021 £
2021				
<i>Futures campaign</i>	<i>610,000</i>	<i>—</i>	<i>—</i>	<i>610,000</i>

The Futures campaign fund comprises monies set aside for various campaign projects. During 2021/22, £40,000 was released for expenditure on the Stitch Bank project to enable it to continue momentum. During 2021/22, £88,000 has been designated for future expenditure on the Collection and Digitisation project. A further £170,000 for future initiatives has been designated from funds raised as part of the 150th Anniversary '150 Forward' campaign.

21 Analysis of net assets between funds

Group	Share-holders funds £	Restricted funds £	Un-restricted funds £	Endowment funds £	Total 2022 £
Tangible fixed assets	—	—	39,233	—	39,233
Investments	—	7,831	2,487,820	2,885,367	5,381,018
Current assets	4,880	286,689	769,260	—	1,060,829
Creditors: amounts falling due within one year	—	(35,000)	(675,842)	—	(710,842)
Total net assets	4,880	259,520	2,620,471	2,885,367	5,770,238

Group	Share-holders funds £	Restricted funds £	Un-restricted funds £	Endowment funds £	Total 2021 £
Tangible fixed assets	—	8,015	36,305	—	44,320
Investments	—	29,584	2,876,309	3,275,767	6,181,660
Current assets	4,820	308,500	379,239	—	692,559
Creditors: amounts falling due within one year	—	(40,525)	(580,498)	—	(621,023)
Total net assets	4,820	305,574	2,711,355	3,275,767	6,297,516

Charity	Share-holders funds £	Restricted funds £	Un-restricted funds £	Endowment funds £	Total 2022 £
Tangible fixed assets	—	—	39,233	—	39,233
Investments	—	7,831	2,487,920	2,885,367	5,381,118
Current assets	4,880	286,689	792,858	—	1,084,427
Creditors: amounts falling due within one year	—	(35,000)	(643,864)	—	(678,864)
Total net assets	4,880	259,520	2,676,147	2,885,367	5,825,914

Charity	Share-holders funds £	Restricted funds £	Un-restricted funds £	Endowment funds £	Total 2021 £
Tangible fixed assets	—	8,015	36,305	—	44,320
Investments	—	29,584	2,876,409	3,275,767	6,181,760
Current assets	4,820	308,500	395,335	—	708,655
Creditors: amounts falling due within one year	—	(40,525)	(544,916)	—	(585,441)
Creditors falling due in more than one year	—	—	—	—	—
Total net assets	4,820	305,574	2,763,133	3,275,767	6,349,294

22 Operating lease commitments

As at 31 August 2022, the group and charity had the following future minimum payments under non-cancellable licences and operating leases:

2022	Land and buildings £	Equipment £	2022 £
Operating lease payments due:			
within the next year	196,974	12,480	209,454
between two and five years	193,013	—	193,013
	<u>389,987</u>	<u>12,480</u>	<u>402,467</u>
2021	Land and buildings £	Equipment £	2021 £
Operating lease payments due:			
within the next year	202,209	13,836	216,045
between two and five years	380,817	8,538	389,355
	<u>583,026</u>	<u>22,374</u>	<u>605,400</u>

23 Related party transactions

RSN Enterprises Limited donates any profits via Gift Aid to the charity. During the year the RSN Enterprises Limited was loss making and so no donation was made (2021: £nil).

At 31 August 2022, £121,598 is due by RSN Enterprises Limited to the charity (2021: £89,833).

Council Members paid an aggregate of £2,044 (2021: £2,970) for classes and events, £120 (2021: £190) for Friends' subscriptions at standard un-discounted rates and donations of £50 (2021: £473).

24 Comparative statement of financial activities for the year ended 31 August 2021

		Unrestricted funds	Restricted funds	Endowment funds	2021 Total funds
<i>Income and expenditure</i>	<i>Notes</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
<i>Income from:</i>					
<i>Donations and legacies</i>	<i>1</i>	<i>253,029</i>	<i>177,142</i>	<i>—</i>	<i>430,171</i>
<i>Investments</i>	<i>2</i>	<i>148,583</i>	<i>—</i>	<i>—</i>	<i>148,583</i>
<i>Other trading activities</i>	<i>3</i>	<i>288,112</i>	<i>—</i>	<i>—</i>	<i>288,112</i>
<i>Charitable activities</i>					
<i>. School activities</i>	<i>4</i>	<i>1,405,564</i>	<i>—</i>	<i>—</i>	<i>1,405,564</i>
<i>Total income</i>		<i>2,095,288</i>	<i>177,142</i>	<i>—</i>	<i>2,272,430</i>
<i>Expenditure on:</i>					
<i>Raising funds</i>	<i>5</i>	<i>378,821</i>	<i>16,209</i>	<i>—</i>	<i>395,030</i>
<i>Charitable activities</i>					
<i>. Costs of school activities</i>	<i>6</i>	<i>1,574,202</i>	<i>194,003</i>	<i>—</i>	<i>1,768,205</i>
<i>Total expenditure</i>		<i>1,953,023</i>	<i>210,212</i>	<i>—</i>	<i>2,163,235</i>
<i>Net income/(expenditure) before investment gains and losses</i>	<i>8</i>	<i>142,265</i>	<i>(33,070)</i>	<i>—</i>	<i>109,195</i>
<i>Realised losses on investments</i>	<i>11</i>	<i>(184)</i>	<i>(5)</i>	<i>(209)</i>	<i>(398)</i>
<i>Unrealised gains on investments</i>	<i>11</i>	<i>410,495</i>	<i>10,354</i>	<i>467,175</i>	<i>888,024</i>
<i>Net movement in funds</i>		<i>552,576</i>	<i>(22,721)</i>	<i>466,966</i>	<i>996,821</i>
<i>Reconciliation of funds:</i>					
<i>Fund balances brought forward at 1 September 2020</i>		<i>2,158,779</i>	<i>328,295</i>	<i>2,808,801</i>	<i>5,295,875</i>
<i>Fund balances carried forward at 31 August 2021</i>		<i>2,711,355</i>	<i>305,574</i>	<i>3,275,767</i>	<i>6,292,696</i>

Accounts

The Royal School of Needlework

Annual Report and Consolidated Financial Statements

31 August 2021

Company Registration Number
12192 (England and Wales)

Charity Registration Number
312774

Contents

Reports

Reference and administrative information	1
Report of the Council	2
Statement of corporate governance and internal control	16
Independent auditor's report	24

Financial statements

Consolidated statement of financial activities	29
Balance sheets	30
Consolidated statement of cash flows	31
Principal accounting policies	33
Notes to the financial statements	38

Reference and administrative information

Patron	HRH The Duchess of Cornwall
President	HRH The Duchess of Gloucester
Council Members	Mr Andrew Palmer – Chairman* Mrs Elizabeth Braakenburg Dyce Ms Nicola Clarke* Ms Miranda Corti - Honorary Treasurer* Prof Patsy Cullen Ms Victoria Farrow Mrs Morgan Fowles Ms Deborah Lamb Ms Eleri Lynn Ms Pip Wood Mrs Stephanie Wright* *Member of the Finance and Investment Committee
Chief Executive	Dr Susan Kay-Williams
Registered office	Apartment 12A Hampton Court Palace East Molesey Surrey KT8 9AU
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Barclays Bank plc 8/12 Church Street Walton on Thames Surrey KT12 2QX
Investment managers	J M Finn & Co 25 Copthall Avenue London EC2R 7AH
Company registration number	12192 (England and Wales)
Charity registration number	312774

Chairman's Introduction Year to 31 August 2021

When academic year 2020-21 began it was with much uncertainty across the board. Students returned to their courses later than usual, the extra space that was needed to accommodate people safely-distanced, meant that onsite teaching of short courses was impossible and numbers had to be reduced for the Certificate and Diploma courses. All of this had a potentially serious impact on income and the Council agreed to accept a working budget for the year that was no better than had been achieved in 2019-20, potentially a loss year. However, the exceptional team at the RSN, under the leadership of the Chief Executive had other thoughts and challenged themselves to perform better than anticipated.

Through a combined approach of meeting need and offering new opportunities to people in very different time zones, the RSN team has, this year, done much to move the organisation forward through student support, online teaching, and offering an ancillary programme that had not previously been possible. Short courses filled as quickly as they were posted on the website and many had to be re-run and offered at different times to meet demand. Responding to this unprecedented demand, the RSN introduced two year-long courses to play to its strengths: that of technical excellence and multiple tutors all taught to the same standard who could deliver the course. Such was the demand that one filled twice, and the other course filled four times over and extra tutors were brought in.

While students had returned to Hampton Court Palace for the Certificate and Diploma it was less feasible to operate at the satellites, but there was still demand. After much planning it was decided to start offering the Certificate online in January 2021. This was a very bold step, something that had not been thought possible before, but this year the team and tutors have made it work. This course is now being taught from New Zealand to Chile and reaching many new people.

Introducing twice-monthly talks was another relevant idea. This enabled the RSN to engage with an even wider community, beyond those who can stitch. Fashion and textile enthusiasts, historians and students were all able to access the talks first live and later on demand, enabling the RSN to re-engage with some of its audience.

In 2020 one of the highlights of the year would have been the US Summer School. While this was cancelled many North American supporters left their payments with the RSN in the hope of something being possible a bit later. While travel was not possible in summer 2021, that did not stop the team developing the RSN's first online International Summer School which attracted many new stitchers as well as regular RSN attendees.

Finally the overall result was income exceeding expenditure and for this all the RSN team of staff and tutors are to be congratulated. However, as people begin to move around more, it could be a challenge to fill classes online so it will be a fine balancing act to continue meeting need and growing both the onsite and online aspects of the RSN's work.

Looking ahead, the next academic year will take the RSN into its 150th anniversary. This is a tremendous achievement and it will add further momentum and energy to the organisation to develop new ideas, new courses and new opportunities for the future. Having survived the last eighteen months, it is even more clear how the RSN can uphold its values of quality, tradition and innovation and play a major role not just in embroidery education and execution, but also through stitch to support mental health and wellbeing, and in the future of hand embroidery. There is much opportunity for the RSN to flourish.

Chairman's Introduction Year to 31 August 2021

This is my final year as Chair of the Royal School of Needlework: I will step down in 2022, and the search is currently on, to find my successor.

I couldn't let this moment pass without saying what an honour and a pleasure it has been to be a Trustee - and more recently Chair - of the RSN. The work that we do is quite extraordinary: whether it be in the Studio or in the Classroom. And the passion and energy shown by all who work for and with us is inspiring.

I would like to express my thanks to all those who have helped us - to all our Supporters, our Friends, our Tutors, and especially to Susan and her staff: thank you for all that you have done to ensure that we have a bright and exciting future.

I wish you all the very best for the next 150 years.

Andrew Palmer
Chairman

The Members of the Council (as Trustees), who are also the directors for the purposes of company law, present their annual report together with the audited consolidated financial statements of The Royal School of Needlework for the year ended 31 August 2021. The report has been prepared in accordance with the Charities Act 2011 and is also the group report of the directors for the purposes of the Companies Act 2006. The reference and administrative information set out on page 1 and the Chairman's Introduction set out on pages 2 to 3 also form part of the report.

The financial statements have been prepared in accordance with the accounting policies on pages 33 to 37 of the attached financial statements, and comply with the charitable company's memorandum and articles of association, 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 (FRS 102) and comply with the Office for Students' Accounts Direction 2020/21.

ACTIVITIES AND ACHIEVEMENTS

The values of the RSN are Quality, Tradition and Innovation all of which have been demonstrated throughout the year through teaching, the practise of Stitch in the RSN Studio and promotion.

Public Benefit

During 2020-21 the RSN actively promoted stitch for mental health and wellbeing and this was appreciated by long-standing and new customers around the world. This year, classes and/or talks have been enjoyed by over 2,500 people. We have received many comments from people for whom their class was their only communication with the outside world during the second lockdown and for some, even during the periods in between it was their only social contact. For example a lady in France told us that she was in isolation and her time in weekly Technical Tuesday class was the only time she felt in contact with anyone else.

Since September 2020 the RSN has offered fortnightly talks. These are open to anyone for a donation and we have welcomed hundreds of people each time from diverse countries all over the world. We receive extensive encouragement on the night and afterwards, thanking the RSN for the talks for their range and content. There has been strong feedback to continue them, which we are doing through 2021-22.

The RSN is the international leader in technical hand embroidery and has currently around 40 active teachers all trained to the same standard, so we have played to our strengths to offer technical evening classes which have not previously been possible since the 1980s. This so met need that we had to put the class on four times on the same day. The RSN is the only embroidery organisation that has the capability of a team of tutors able to teach the same technique to the same standard.

In particular, being online means we have made ourselves more accessible to disabled people to participate because they do not have to overcome the transport challenges. Frances told us she only leaves the house to go to the doctor. Through the online classes and especially the Summer School she was able to fully participate in something, regardless of her disability and to meet with other people. Others acknowledged that by not having to pay for travel and accommodation they could take more classes.

ACTIVITIES AND ACHIEVEMENTS (continued)

Public Benefit (continued)

All of this shows that despite having no exhibitions this year, the RSN has offered a very wide range of public benefit.

Teaching

Short courses came to the fore this year. With ongoing lockdowns in different parts of the world and a reticence to go out even among those not locked down, short courses provided a great opportunity for people to do something with others, even if online. Over 900 people participated in short courses, excluding summer school and bespoke classes, with each person on average booking more than two classes. Tutors mixed the traditional with more innovative subject matter which was well received.

In particular, new for this year were evening classes, something the RSN has not offered since the end of the 1980s. As the base of the short course programme were two courses which ran across the year, one monthly and one weekly. These were aimed at building students' skill levels but also about building community and laying down a reliable base of income: Technical Tuesdays harnessed the RSN's particular skills of the highest technical standards and a group of teachers all taught to that same standard so three teachers ran four classes on the same day, while the monthly sampler programme was taught by one tutor. Both of these were well received and offered a solid base to the budgeted income.

Also lockdown offered opportunities to set courses at a range of times. Take-up will be reviewed to assist with planning going forward, although it will always be true to say that as soon as people start going out more, some of the times offered may become less popular.

Certificate and Diploma

Certificate and Diploma is the backbone of the RSN's teaching programme in terms of number of participants from many different countries. With the lockdowns and changing rules even within the four countries of the UK the RSN needed to find new options. Studio Director and Head of Education Anne Butcher worked hard to redevelop the whole course so that we could effectively introduce new students to the RSN and the course, enabling them to really understand the standards and rigour of the course. A whole new introductory programme was developed comprising introduction to the RSN, to the course, to the first technique and to pieces from the Collection even before the students began to think about their project. There was then guidance on design, on framing up and sampling of basic stitches all before the students began. This extra effort has paid off and assessment of the pioneers' pieces showed that students had achieved the expected standard. This was all helped not just by the online teaching but by sharing images with the tutors via WhatsApp so that the tutor could enlarge the images to check the work.

The only technique which has proved more problematical online is silk shading. This is due to the differing specs of computers and screens so that a true colour representation is often difficult. After much consideration it has been decided to test out a small range of botanicals that can be pre colour-coded at base so that we are sure that the students have the right range of shades and it will give them more confidence in their shading, especially at this level it is about correct technique and achieving effective blending.

ACTIVITIES AND ACHIEVEMENTS (continued)

Certificate and Diploma (continued)

The course has been well received by students and we are now planning courses into 2022 for new starters on three time zones, recruited through online Open Days.

Meanwhile Hampton Court continued to offer onsite classes except during the main lockdown between January and March 2021.

International Summer School

While the uncertainties of the pandemic linger on, the RSN recognised that it was not going to be possible for its people – tutors or students – to travel even into the summer. So, to give people the opportunity to still feel like they were going to have a 'holiday' the RSN established the first online International Summer School. This reached 273 people across 17 countries for anything from 2 to 6 days. Of those, some 89 were experiencing their first RSN class, - some had booked for Lexington in 2020 but as that was cancelled, this was their first actual RSN experience. The event comprised classes, talks and receptions to try to make it as like the normal summer school experience as possible. Plus, the students not only received their kits they also received a relevant box of ancillary items to reinforce the professionalism of RSN stitch (hoops, binding to wrap them, tissue paper and a bag to keep work clean, pen, pencil and notebook for the details and a mug for the all-important breaks). All of this added to the event and response from customers was fantastic.

I just wanted to let you know what a fantastic presentation you organized for the summer school boxes! It was such a treat to see all the special goodies tucked in with the project kits. Additionally, the box arrived very quickly in the US so I've had plenty of time to read and reread the directions. With such a beginning, the courses will certainly be stellar!

Thanks for your hard work to make this so pleasant for me.

Donna Winn

Talks and Bespoke classes

Commencing in September 2020, the RSN decided to offer two talks a month online, one was more about the RSN and usually given by the Chief Executive and one was more about the Collection led by contextual studies lecturer Amy Hare. In the early days and through the winter lockdowns these reached many people, not just in this country but internationally. The highest number was over 600 people for one of the Collection lectures but audiences of 400 were not unusual. Over 1,750 people participated from a total of 35 countries including Chile, Ghana, South Africa, Russia and Singapore as well as those more usually linked to the RSN.

While the webinar format meant that no-one other than the presenters could be seen, this did not stop the audience from signing in to tell us where they were from and ask questions which were answered during the presentation. As such, this created a strong community and many of the audience have continued following the sessions live or via the recordings.

Once companies began to open up, the RSN returned to some of its partner organisations holding one-off face to face courses where large airy rooms existed and they have been well supported. This is something we plan to continue and expand in 2021-22.

ACTIVITIES AND ACHIEVEMENTS (continued)

Talks and Bespoke classes (continued)

All of these four areas helped the RSN to increase its income in 2020-21.

Core programmes

Degree

The Degree programme worked in a hybrid manner throughout the year. All students started on site although quickly second and third years were working offsite with online tuition and support. All went home during the second main lockdown but continued working. From Easter, first years returned although by then many second and third year students had abandoned their accommodation and established their studios at home so continued there until the end of the year. Through the year support for students was in excess of standard contact hours, which were already higher than for many other courses. With this support and the ability to carry on their work from home, students were motivated to achieve their best. This was something particularly noted by the External Examiner. This resulted in competition wins at the Bradford Textile Competition (First, Third and Commended in the embroidery category) and the third year achieved nine first class degrees and five upper seconds.

While inevitably some external projects had to be curtailed, students did have the opportunity to participate in a project with Sheme shoes and by the end of the year a number were working for couture houses at their sites. Students also participated in the Hand and Lock awards resulting in Degree students achieving three third places in Textile Art and Fashion.

Open Days for new students were held online and, by the end of the year, in person. These attracted the largest number of applicants ever as the course establishes its reputation. During the year the RSN also notified the University for the Creative Arts that we would be looking to change validating partners to Kingston University School of Art. This process will continue into 2021-22.

Future Tutors

As with the Degree, the Future Tutors began in class, taking over additional space when all were being taught, to achieve distancing requirements. During the January lockdown they transferred to online classes although some adjustments were needed to the planned timetable. They mostly returned after Easter although some classes were run with students in class and at home.

The two third year students worked with the Studio team to help create St Amphibalus's shrine canopy for St Albans Cathedral. Being able to work on this large project through all stages gave them a good understanding of large-scale pieces and their challenges.

The two graduating students both achieved distinction and have since commenced their teaching careers for the RSN.

The Future Tutors administrator chose to return to teaching at the end of the year and this gave the opportunity for the role to be reviewed and it was split into Course Leader and Course administrator, with new appointments being made at the beginning of the new academic year.

ACTIVITIES AND ACHIEVEMENTS (continued)

End of year celebrations

Thanks to the space afforded by the east Front Gardens of Hampton Court Palace the RSN was able to hold ceremonies for our graduating Certificate, Diploma, Future Tutor and Degree students. The first three of these were held on the same day when the Palace was not open to the public. Held in the gardens we also offered a direct broadcast on Instagram Live so that students from around the world could be a part of it. This was very well received, especially if they learned they had won a prize or special commendation.

For the Degree students RSN held an interim graduation on the east front lawn, inviting students, parents, and partners. Many students dressed for the part which was reciprocated by the Chief Executive. This event was very well received as it was not possible to have a full UCA graduation due to the Covid restrictions.

These celebrations, though simple in themselves and without the usual exhibitions, really helped the students to feel a proper sense of conclusion and achievement which is so vital in helping them to move on.

RSN Studio

The main project of the Studio this year was the creation of St Amphibalus's shrine canopy for St Alban's Cathedral. Working even through lockdowns, the Studio team worked as a bubble to achieve the work on time for the dedication of the shrine in its new location within the Cathedral. The challenges for creating this were the size of the piece and that it would be located over three metres above ground which meant using bolder techniques to stand out and give the desired effect. Now installed, the Cathedral staff and worshippers have thanked the RSN for their work and commented on how the piece glows in the light. This and the conservation of St Alban's shrine has started a very positive partnership and the Cathedral plans to bring additional pieces for cleaning and conservation over time to benefit from the specialist skills of the RSN Studio.

Other work during the year was as varied as ever from sampler conservation to the creation of door hangers for a special event. This year it was also possible to ensure the Future Tutors received all their training within the normal academic year.

Promotion

Social media has been at the heart of the RSN's promotion of its work in 2020-21. The RSN has grown its audiences significantly on Instagram, Facebook and YouTube. Marketing has used it extensively, along with selected other media to reach new people so that one third of those participating in the International Summer School were taking their first course with the RSN.

For those who already know the RSN, the monthly e-news is a major source of sales with a regular spike of interest every time it is sent out. All the income-generating parts of the RSN have benefited from the work of the marketing team helping not simply to build audiences but also to build community.

ACTIVITIES AND ACHIEVEMENTS (continued)

Retail

Retail remained online throughout the year although people could organise to click and collect if they were going to be onsite. Inevitably the frenetic buying of first lockdown abated somewhat but there were steady sales through the year. The next challenge for retail will be to open up the physical shop at the weekends when Hampton Court Palace is open and to launch the special items for the anniversary.

RSN Friends

The number of Friends grew over the year as more people realised that they could benefit, regardless of geography. Friends receive discounts on classes, the International Summer School, the RSN shop and on the talks. Two of the talks in December and April were also made free for Friends as a special thank you to them for supporting the RSN. Both of these events were well attended.

Due to lockdown the winter newsletter was sent by email to most people, except those Friends who do not have the internet. While some Friends, especially those in the US, might prefer the virtual version to save postage, we also believe that many Friends use the physical version as a way to interest other people, passing it on to friends and family which in turn attracts a new audience, so it is planned to continue with the paper newsletter for most Friends.

Special Projects

During the year we brought back from furlough the team working on the RSN Stitch Bank and aimed for a revised launch date of September 2021. Prior to the public launch the RSN held introductions to the project for journalists so that they could promote it in preparation for launch. This proved an effective tool to reach not only news media but also other audiences such as curators and historians. The RSN Stitch Bank will be an ongoing activity and will be one of the legacy projects of the 150 anniversary.

IT

During the year we have further developed our IT capabilities. Our IT needs were probably seen at their most complex in all aspects of the International Summer School from the challenges of offering the different packages for booking through to offering multiple courses at the same time during two weeks in July. This will be an ongoing area for development.

Staffing

Over the course of the year all staff on furlough were brought back and then there was a review of needs leading to a further restructuring. As a result of the income realised this year and its potential for the future, the review of needs highlighted a requirement for additional staff with specific skills who will be engaged in 2021-22 in relation to IT, fundraising, promotion, and support for the Chief Executive. These additional posts will add vital manpower to support a team who have worked extremely hard over the last 18 months, well beyond their scheduled hours.

ACTIVITIES AND ACHIEVEMENTS (continued)

Fundraising declaration

The RSN has to raise or earn all its income. Earned income comes from the courses it runs as the central part of its charitable purpose. Funds are raised to support core programmes such as bursaries for Degree and Future Tutors, the core Future Tutor course and also for special projects such as the RSN Stitch Bank.

During the year the RSN has undertaken one appeal to Friends to support Student bursaries and has continued to fundraise from individuals and trusts for the RSN Stitch Bank and the Digitisation of the Collection programme. The RSN abides by the codes of the Fundraising regulator and GDPR requirements and removes from appeal mailings any person who requests this. This year the RSN received no fundraising complaints.

Donors to the RSN included many of the City Livery companies: Broderers, Dyers, Girdlers, Gold and Silver Wyre Drawers, Haberdashers and Needlemakers; and from charitable trusts: Barbara Whatmore Foundation, Radcliffe Trust, Newby Trust, Knights of the Round Table, Sainsbury Family Charitable Trusts, Arts Society Westminster, Arts Society Greater London Area, Coats Foundation Trust and the RK Trapp Family Foundation. The largest individual donation was £50,000 from an RSN Special Supporter.

The RSN is extremely grateful to all its supporters and customers.

Review of overall performance

The RSN team worked with passion and commitment to achieve the exceptional income and customer satisfaction this year. This was very much driven by two imperatives: the survival of the RSN but, more than that, meeting the need of current and new supporters across the world. The RSN realised it could provide teaching of a skill that could easily be done in lockdown, creating a community and camaraderie when so many people were limited to their own four walls.

Furthermore, in significantly developing the principal income generating programme, the Certificate and Diploma in Technical Hand Embroidery which is a unique course of the RSN, it has opened up this programme to the world and is now taught online in three time zones, enabling many more people to participate.

Beyond this, the two weeks of the International Summer School reached new heights in terms of outreach and engagement. We had so many positive comments and will repeat this - but with a number of differences in 2022.

The Trustees acknowledge and recognise the achievement of the small staff team in all they have done this year to stabilise the finances and to take the RSN forward.

FUTURE DEVELOPMENTS

The Year Ahead

The year 2021-22 will see the start of the RSN's 150th anniversary. It began with the launch of the RSN Stitch Bank in September 2021, featuring the first 150 stitches. The main event of the year will be the exhibition at the Fashion and Textile Museum from April to September 2022 and many of the activities of the anniversary year will be hung around this.

In the summer, the RSN will run its second International Summer School but this time will feature face to face classes at Hampton Court Palace as well as online classes for those who cannot travel. In this way we will keep the focus of the anniversary year as London, looking to travel internationally again for 2023. Smaller exhibitions will also be held in Ely Cathedral and in Sunbury and two pieces from the Collection will be travelling to the US for an exhibition.

We will also work on raising money to start the Digitisation programme and as a legacy programme of the anniversary the RSN wants to establish a community-based mental health and wellbeing programme based around stitch. The aim is to offer this to a range of communities initially as a pilot programme to show the opportunities that stitch can bring in terms of positive mental health and connectivity for those on their own.

Behind the scenes there will be more work on IT to enhance our capabilities, redeveloping the website and developing a stand-alone site for the Studio.

The RSN will also begin to consider how we might develop an MA programme and also how we re-present the Studio so that to external people it appears a stand-alone enterprise.

As a whole, the year will be an opportunity to promote the RSN across a range of platforms to reach new audiences because far from seeing it as an end, the anniversary is seen more as the launch of the next 150 years. The RSN will continue to demonstrate its values of Quality, Tradition and Innovation through Teaching, Conservation and new Commissions and through Promotion.

FINANCIAL REVIEW

Financial report for the year

The consolidated statement of financial activities for the year shows a net surplus (before investment gain and losses) of £109,195 (2019/20: deficit of £121,680).

The overall income for the year 2020/21 amounted to £2,272,430 (2019/20: £1,984,354), a year on year increase of 15%. Income from donations and legacies decreased by 10% to £430,171 (2019/20: £475,858). This includes £129,496 (2019/20: £187,659) of grant income from the Government Job Retention Scheme and other Local Government grants. Donations and legacies remain an extremely important source of income, particularly for the Degree and Future Tutor programmes, neither of which receives any government funding, and for all new initiatives.

The trading subsidiary's income of £288,112 (2019/20: £278,555) increased by 3% as the Studio activity started to increase in the second half of 2020/21.

Income from charitable School activities amounted to £1,405,564 (2019/20: £1,059,988) a 33% increase year on year due to the popularity of online learning and the International Summer School that was held in July 2021. Investment income decreased by 13% to £148,583 (2019/20: £169,953).

The restricted fund income of £177,142 (2019/20: £120,622) consisted of resources earmarked for the Degree and Future Tutor programmes, the RSN Stitch Bank and Collection and Archive Digitisation Campaigns. The increase compared with last year is mainly due to appeals to Friends in 2019/20 being focused on unrestricted donations following the Covid-19 pandemic. Restricted expenditure of £210,212 (2019/20: £180,204) was incurred against the Degree and Future Tutor programmes, for the RSN Stitch Bank project and also the ongoing depreciation on the capital costs of the set-up of the new classrooms at Hampton Court Palace in 2015.

Total expenditure for the year was £2,163,235 (2019/20: £2,106,034), an increase of 3%. Whilst variable staff costs increased in 2020/21 to help deliver the charitable School activities, fixed staff costs were lower as four full time posts were made redundant during 2019/20 as a result of the Covid-19 pandemic.

Net realised and unrealised gains on investments for the year amounted to £887,626 (2019/20: £22,433 net realised and unrealised losses). At the balance sheet date, net assets totalled £6,297,516 (2020: £5,300,695) of which £2,711,355 (2020: £2,158,779) are unrestricted.

The Royal School of Needlework has an investment of £100 (2019/20: £100) in the share capital of RSN Enterprises Limited, a wholly owned company which is incorporated in England and Wales. The net trading income of the company for the year amounted to a deficit of £8,572 (2019/20: deficit of £25,733).

FINANCIAL REVIEW (continued)

Reserves policy and financial position

The Council has examined the requirements for free reserves, i.e. those unrestricted funds not invested in tangible fixed assets, designated for specific purposes or otherwise committed. During 2020/21, the Council reviewed the Charity's reserves policy and updated it to be five months' total expenditure at any one time plus the additional commitments on the licence at Hampton Court. In coming to this conclusion, the Council considered the nature of the charity's work and the discretionary nature of a significant proportion of income. They decided that it would be prudent to include the commitments in the licence in the reserves policy, given that it is such a significant part of the Charity's fixed costs. Based upon budgeted expenditure levels for 2021/22, the maximum expenditure for five consecutive months plus commitments on the Hampton Court licence would be in the region of £1,629,000. The Council is of the opinion that this provides sufficient flexibility to cover temporary shortfalls in incoming resources due to timing differences in income flows, adequate working capital to cover core costs and will allow the charity to cope with and respond to unforeseen emergencies whilst specific action plans are implemented.

The charity has total reserves of £6,297,516 (2020: £5,300,695). This includes endowment funds and restricted funds of £3,275,767 (2020: £2,808,801) and £305,574 (2020: £328,295) respectively and designated funds of £610,000 (2020: £610,000). After deducting funds represented by tangible fixed assets and shareholders' funds, this leaves free reserves at 31 August 2021 of £2,057,035 (2020: £1,505,472). There is currently an excess of free reserves over the target level of £1,629,000. Given the current economic uncertainty, the Council is of the opinion that the level of free reserves held is prudent at this time.

The Council has continued to formally designate £610,000 towards the planned developments within the strategic plan (2020: £610,000). The Council will review this designation on an ongoing basis. The funds that are designated are for future strategic projects, including the ongoing RSN Stitch Bank project and digitisation of the archive.

Investment policy

Under the Memorandum and Articles of Association, The Royal School of Needlework has the power to make any investments, which the Council sees fit. The Finance and Investment Committee keeps a close eye on investments and returns to ensure maximum benefit for the RSN and meetings are held regularly with the investment managers to ensure that the balance of the portfolio remains appropriate particularly given political uncertainties and the ongoing potential for market volatility.

The tenor of the investment policy remains to maintain the real value of the RSN funds through continued growth of the asset base, seeking to achieve this with an appropriate balance between sustained cash flow and capital growth, to generate over the long term, defined as a period of not less than five years, a total return on capital invested that reflects the risk appetite.

FINANCIAL REVIEW (continued)

Investment policy (continued)

During the year, the Council also considered and reaffirmed its risk appetite for the investments, which has been mandated as medium. During 2020/21, markets have continued to recover from the 23 March 2020 lows, and so by the charity's year end of 31 August 2021 the investment portfolio had risen to £6,181,660. Over the past year the portfolio has returned +18.7% (in total return and net of fees), outperforming the 18.3% return in the 70% FTSE All-Share/30% FTSE UK Gilts benchmark. The portfolio now has a 10 year annualised return of +8.9% compared to the benchmark return of 6.8% per annum and the CPI+3% return of 4.9%.

Since 31 August 2021 the value of investments held by the RSN has fluctuated as we move between hopes for a strong global economic recovery and fears of another Covid variant and higher inflation, while the ongoing Russian invasion of Ukraine has further unsettled investors' nerves. The overall value of the RSN's investments decreased by 9% in the first half of 2021/22 to £5,670,471 on 1 March 2022. The Finance and Investment Committee is continuing to monitor the portfolio and its risk appetite closely by holding regular meetings with the investment managers.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Royal School of Needlework was founded in 1872 and incorporated in England and Wales, on 16 April 1878 as a company limited by shares, the word 'limited' being omitted by licence of the then Board of Trade. The RSN is also registered as a charity with the Charity Commission, under the number 312774.

Council Members' Induction and Training

On appointment, Council members are provided with the Charity Commission publication about trustees' roles and responsibilities, are invited to come and spend a day with senior managers and their teams learning about the work of each team, and are provided with copies of the annual report, strategic plan and campaign presentation.

Council members have been provided with Charity Commission guidance on fundraising regulations. Council members are informed of training courses run by our advisors, which they may attend.

Organisational Structure and Key Management

The key management personnel of the RSN in charge of directing and controlling, running and operating the charity comprise the Council and the Chief Executive, Dr Susan Kay-Williams. The Chief Executive is supported in day-to-day operations by a small senior management team and other staff. The RSN is a small organisation with at most only three levels of hierarchy but in practice, much of it operates at a more hands-on level.

The salary of the Chief Executive is set by the Council. The salaries of all staff are considered annually by the Finance and Investment Committee and approved by the Council.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

As at 31 August 2021, the RSN employed eight full time and 19 part-time management and administrative staff and core teams of four part time stitchers in the Studio and 17 part time tutors. In addition, there are around 20 volunteers who assist with the library, donated items, Studio Talk and Tours, marketing and data entry.

Trading subsidiary

The RSN has a wholly owned trading subsidiary RSN Enterprises Limited, a company incorporated in England and Wales with a share capital of £100. The principal activity of the company is that of undertaking the commercial and retail activities of The Royal School of Needlework. The company comprises the RSN Studio, which undertakes commissions for individuals and public bodies and a retail outlet within the premises of The Royal School of Needlework. The retail outlet also offers products for sale via its website.

All taxable profits of the trading subsidiary are donated to the School under the Gift Aid scheme. During the year the company made a loss of £8,572 (2019/20: loss of £25,733).

This report is approved by the Council on 16/02/2022 and signed on its behalf by:



Chairman



Chief Executive

Statement of Corporate Governance and Internal Control Year to 31 August 2021

The following statement is provided to enable readers of the annual report and financial statements of the Royal School of Needlework to obtain a better understanding of its governance and legal structure. The statement covers the period from 1 September 2020 to 31 August 2021 and up to the date of the approval of the annual report and financial statements.

The Royal School of Needlework endeavours to conduct its business;

1. Having due regard to the UK Corporate Governance Code 2018 in so far as it is applicable to the Higher Education Sector.
2. Complying with Office for Students on-going conditions or regulations and terms of conditions of funding as well as other regulatory responsibilities.

We have adopted the UK Corporate Governance Code. We have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code that we consider relevant to the Higher Education Sector.

The Trustees recognise that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

Legal Status

The Royal School of Needlework is a registered charity and a private company limited by shares. The trustees are the shareholders and their liability is limited to the value of shares held.

The Trustees, who are also Council Members and referred to as both in this report, confirm that they have due regard for the Charity Commission's guidance on public benefit and that the required statement appears elsewhere within these financial statements.

Council and Trustees

The governing body of the RSN is the Council. This comprises the Chairman, Honorary Treasurer and up to 12 ordinary members.

Members of the Council (who are also Trustees of The Royal School of Needlework for the purposes of charity law) who served during the year and up to the date of this report were:

Statement of Corporate Governance and Internal Control Year to 31 August 2021

Council members (Directors)	Appointed / Retired
Mr Andrew Palmer (Chairman)*	
Mrs Elizabeth Braakenburg Dyce	
Ms Nicola Clarke*	
Ms Miranda Corti (Honorary Treasurer)*	Appointed 5 October 2021 Appointed Honorary Treasurer 16 February 2022
Prof Patsy Cullen	
Mrs Caroline De Guitaut	Retired 21 April 2021
Ms Victoria Farrow	
Mrs Morgan Fowles	
Miss Samantha Hoe-Richardson (Honorary Treasurer)*	Retired 5 October 2021
Ms Deborah Lamb	
Ms Eleri Lynn	Appointed 5 October 2021
Ms Reena Pastakia	Retired 10 January 2022
Ms Pip Wood	Appointed 5 October 2021
Mrs Stephanie Wright*	

* indicates members of the Finance and Investment Committee, which met four times during the year under the chairmanship of the Honorary Treasurer.

In addition to the Council there is one committee which reports to the Council:

The Finance and Investment Committee, usually meets four times a year and ensures that the finances of the RSN are well managed and accurately reported, and that the investments are handled in accordance with the agreed risk appetite.

During the year working parties comprising Trustees and staff have looked at the RSN Strategic Plan and at the exhibition at the Fashion and Textile Museum in 2022.

Board of Trustees' interests

The Board of Trustees are shown above and except for any instance mentioned above have served throughout the year.

All Council Members at 31 August 2021 held one £10 share (2020: one £10 share) in the capital of the charitable company.

The Finance Director maintains a register of financial and personal interest of the members of the Council. This can be obtained by contacting Hannah Warwick at the RSN's registered office (see page 1).

Statement of the Council's responsibilities

The Council Members (who are also directors of The Royal School of Needlework for the purposes of company law) are responsible for preparing the report of the Council and financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice).

Company law requires the Council to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and the group and of the income and expenditure of the group for that period. In preparing these financial statements, the Council is required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in 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 (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Council is responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the Charities Act 2011. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Council Members confirms that:

- ◆ so far as the Council Member is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- ◆ the Council Member has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The Council is responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Meeting Procedures

Formal agendas, papers and reports are supplied to the Board of Trustees in a timely manner, prior to Council meetings. Briefings are also provided on an ad hoc basis. Reports include overall financial performance of the organisation together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety issues. The Council met formally 6 times in 2020/21.

The Royal School of Needlework has a strong and independent non-executive element and no individual or group dominates its decision-making process. The organisation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with exercise of their independent judgement.

There is a clear division of responsibility in that the roles of the Chairman and Accounting Officer are separate.

Appointment to Council

Council members serve a term of three years and may serve a second term of three years before retirement.

Approximately biennially, the Council members undertake a skills analysis, the Chairman and the Chief Executive review the skills available, the likely retirement dates of Council members and the future needs of the charity in order to start searching for new potential Council members. As a result of that and the resignation of the academic Trustee, the Chief Executive and Chairman undertook the search for additional Trustees during 2020-21 and three appointments were made in October 2021.

Council Performance

The Council has made a strong contribution to the improvements made in 2020/21 through the setting of challenging targets with regular scrutiny of performance. There is strong performance management at Council meetings. The Council provides robust scrutiny and challenge. Trustees are pro-active in their oversight of the organisation and are involved in the planning and discharging of Council business.

Committees

Finance and Investment Committee

The Finance and Investment Committee is responsible to the Council of Trustees in discharging its responsibilities for monitoring the integrity of the RSN's financial statements, the effectiveness of financial controls with regard to internal risk assessment, the performance and objectivity of external auditors and the performance of investments.

Committees (continued)

Finance and Investment Committee (continued)

The Committee is responsible for the following:

- To appoint external auditors and agree the audit fee, meet with the external auditors to discuss the scope and nature of the audit and to discuss the findings included within the management letter and management responses.
- To take the lead in reviewing the financial risks, aiming to minimise and mitigate any that appear or will potentially impact the charity and that are within its power to affect.
- To satisfy itself that satisfactory arrangements are in place to manage the RSN's investments and to monitor their performance

Internal Control

Scope of responsibility

The Council is ultimately responsible for the organisation's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Council has delegated the day-to-day responsibility to the Chief Executive, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives, whilst safeguarding the public funds and assets. The Chief Executive is also responsible for reporting to the Council any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure and can only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of organisation policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at the organisation for the year ended 31 August 2021 and up to the date of approval of the annual report and financial statements.

Risk management

The Council and senior managers have reviewed the principal financial, reputational, operational and governance risks that might impact on the organisation during the year, especially in the light of Covid and its impact and updated the risk register accordingly. The review enables the RSN to reflect upon the impact of both internal and external changes and the longer-term impact they may have, ensuring that mitigation is updated to respond to the changes. While known risks can be mitigated there will always be unanticipated events of which the ongoing Covid situation has been an unwelcome example.

Risk management (continued)

The Finance and Investment Committee continues to take the lead in reviewing the financial risks, aiming to minimise and mitigate any that appear or will potentially impact the charity and that are within its power to affect.

The Council has reviewed the RSN's internal financial controls and is satisfied that these are appropriate in minimising any risks to its funds.

The top four risks that could have a negative impact on achieving the RSN's strategic plan have been identified as:

1. The change of validating partner. The RSN is moving from the University of the Creative Arts (UCA) to Kingston University (KU) as the validating partner. Any delays in this process could have a detrimental financial and reputational effect, so the teams on all sides are working hard to ensure this does not happen. It is planned that current students will be taught out under the current course with UCA and new 2022 students will be on the KU validated course.
2. The growing reliance on IT – we will mitigate this by upskilling staff, updating and enhancing the website, especially for 2022 to ensure we are digitally able to meet the interest we are generating
3. Customer confidence in attending physical classes – through the Covid period so far the RSN has managed physical classes, enabling them to keep going, except in full lockdowns, at Hampton Court and re-opening in the other UK satellites, however the risk is going forward in terms of people's confidence in coming to class with the rise of more transmissible strains of the virus. This will be monitored on a regular basis and will be compensated where possible with additional online classes.
4. Trying to do too much in the Anniversary year – this comes from the team's commitment to the organisation, so we will regularly review prioritising how we allocate our limited resources during the year for impact and ROI.

Review of effectiveness

As the Accounting Officer, the Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. The Chief Executive review of the effectiveness of the system of internal control is informed by:

- the work of the external auditors;
- the work of the senior managers within the organisation who have responsibility for the development and maintenance of the internal control framework; and
- comments made by the organisation's financial statements and regularity auditors in their management letters and other reports.

There are no significant internal control weaknesses reported for the period.

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments. The senior management team and the Finance and Investment Committee also receive regular reports, which include recommendations for improvement. The Council agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Finance and Investment Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2021 meeting, the Board of Trustees, carried out the annual assessment for the year ended 31 August 2021 by considering documentation from the senior management team, and taking account of events since 31 August 2020.

Based on above and reports by the Chief Executive, the Council is of the opinion that the organisation has an adequate and effective framework for governance, risk management and control to manage the achievements of the organisation's objectives for the year ended 31 August 2021 and it has fulfilled its statutory responsibility for "the effective and efficient use of resources, the solvency of the institution and the safeguarding of their assets".

Regularity, propriety, and compliance

The organisation has considered its responsibility to notify the Office for Students of material irregularity, impropriety and non-compliance with Office for Students terms and conditions of funding.

We confirm, on behalf of the organisation, that after due enquiry and to the best of its knowledge, the Council believes it is able to identify any material irregularity or improper use of funds by the organisation, or material non-compliance with terms and conditions of funding under the organisations financial regulations. As part of our consideration we have had due regard to our financial regulations. We confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement these will be notified to the Office for Students.

Statement of Corporate Governance and Internal Control Year to 31 August 2021

Going Concern

Details on Board's going concern assessment are set out on page 34.

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



Chair

Date: 16/02/2022



Chief Executive

16/02/2022

Independent auditor's report to the Members of The Royal School of Needlework

Opinion

We have audited the financial statements of The Royal School of Needlework (the 'parent charitable company') for the year ended 31 August 2021 which comprise the consolidated statement of financial activities, the consolidated and parent charitable company's balance sheets, the consolidated statement of cash flows, the principal accounting policies and the notes to the financial statements. 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 and parent charitable company's affairs as at 31 August 2021 and of the group's income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006;
- ◆ where applicable, funds from whatever source administered by the provider for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- ◆ where applicable, funds provided by the OfS and by Research England have been applied in accordance with the relevant terms and conditions; and
- ◆ meet the requirements of the Office for Student's Accounts Direction 2020/21.

We have nothing to report in respect of the following matter in relation to which the OfS Accounts Direction 2020/21 requires us to report to you if, in our opinion:

- ◆ the charitable company's grant and fee income, as disclosed in note 1 to these financial statements has been materially misstated.

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 parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Council Members' 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 and charitable parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the report of the Council, which is also the directors' report for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the report of the Council, which is also the directors' report for the purposes of company law, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the report of the Council.

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

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

Responsibilities of Council Members

As explained more fully in the statement of the Council's responsibilities, the Council Members (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council Members 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 Council Members are responsible for assessing the group and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council Members either intend to liquidate the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.

Auditor's responsibilities for the audit of the financial statements (continued)

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:

How the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ We obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements;
- ◆ We focused on specific laws and regulations which we considered may have a direct material effect on the accounts.
- ◆ We assessed the extent of compliance with the laws and regulations identified above through making enquiries of representatives of management and the review of minutes of Council meetings.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ Making enquiries of where management considers there was susceptibility to fraud and knowledge of actual, suspected and alleged fraud; and
- ◆ Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ Performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ Tested and reviewed journal entries to identify unusual transactions;
- ◆ Tested the authorisation of expenditure;
- ◆ Gained an understanding of the processes in place for the management of the charitable company's investments; and
- ◆ Investigated the rationale behind significant or unusual transactions.

Auditor's responsibilities for the audit of the financial statements (continued)

How the audit was considered capable of detecting irregularities including fraud (continued)

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ Review of the minutes of meetings of those charged with governance;
- ◆ Enquiring of management as to actual and potential litigation and claims; and
- ◆ Agreeing accounts disclosures to underlying supporting documentation.

As a result of our procedures we did not identify any key audit matters relating to irregularities.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

This report is made solely to the parent charitable company's Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the Charity's Council Members, as a body, in accordance with Section 144 of the Charities Act 2011 and with regulations made under Section 154 of that Act. Our audit work has been undertaken so that we might state to the parent charitable company's Members and the parent charitable company's Council Members 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 parent charitable company, the parent charitable company's Members as a body and the parent charitable company's Council Members, as a body, for our audit work, for this report, or for the opinions we have formed.



Katharine Patel, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

16 March 2022

Consolidated statement of financial activities (including the Income and Expenditure Account) Year ended 31 August 2021

		Unrestricted funds £	Restricted funds £	Endowment funds £	2021 Total funds £	2020 Total funds £
Income and expenditure	Notes					
Income from:						
Donations and legacies	1	253,029	177,142	—	430,171	475,858
Investments	2	148,583	—	—	148,583	169,953
Other trading activities	3	288,112	—	—	288,112	278,555
Charitable activities						
. School activities	4	1,405,564	—	—	1,405,564	1,059,988
Total income		2,095,288	177,142	—	2,272,430	1,984,354
Expenditure on:						
Raising funds	5	378,821	16,209	—	395,030	413,376
Charitable activities						
. Costs of school activities	6	1,574,202	194,003	—	1,768,205	1,692,658
Total expenditure		1,953,023	210,212	—	2,163,235	2,106,034
Net income/(expenditure) before investment gains and losses	8	142,265	(33,070)	—	109,195	(121,680)
Realised losses on investments	11	(184)	(5)	(209)	(398)	(136,571)
Unrealised gains on investments	11	410,495	10,354	467,175	888,024	114,138
Net movement in funds		552,576	(22,721)	466,966	996,821	(144,113)
Reconciliation of funds:						
Fund balances brought forward at 1 September 2020		2,158,779	328,295	2,808,801	5,295,875	5,439,988
Fund balances carried forward at 31 August 2021		2,711,355	305,574	3,275,767	6,292,696	5,295,875

Balance sheets 31 August 2021

	Notes	Group		Charity	
		2021 £	2020 £	2021 £	2020 £
Fixed assets					
Tangible assets	9	44,320	43,307	44,320	43,307
Investments	11	6,181,660	5,338,754	6,181,760	5,338,854
		6,225,980	5,382,061	6,226,080	5,382,161
Current assets					
Stocks	12	66,368	71,753	25,037	29,474
Debtors	13	137,430	133,595	215,950	197,682
Cash at bank and in hand		488,761	417,199	467,668	376,711
		692,559	622,547	708,655	603,867
Creditors: amounts falling due within one year	14	(621,023)	(655,580)	(585,441)	(593,794)
Net current (liabilities)/assets		71,536	(33,033)	123,214	10,073
Creditors due in more than one year	15	—	(48,333)	—	(48,333)
Total net assets		6,297,516	5,300,695	6,349,295	5,343,901
Represented by:					
Capital and reserves					
Called up share capital	16	240	260	240	260
Capital redemption reserve	17	4,580	4,560	4,580	4,560
		4,820	4,820	4,820	4,820
The funds of the charity:					
Endowment funds	18	3,275,767	2,808,801	3,275,767	2,808,801
Restricted funds	19	305,574	328,295	305,574	328,295
Unrestricted funds:					
. General fund		2,101,355	1,548,779	2,153,134	1,591,985
. Designated fund	20	610,000	610,000	610,000	610,000
		6,292,696	5,295,875	6,344,475	5,339,081
		6,297,516	5,300,695	6,349,295	5,343,901

Approved by the Council of Members on 16/02/2022 and signed on its behalf by:



Andrew Palmer
Chairman



Miranda Corti
Honorary Treasurer

The Royal School of Needlework: Company Registration Number 12192

Consolidated statement of cash flows Year to 31 August 2021

	Notes	2021 £	2020 £
Cash flows from operating activities:			
Net cash used in operating activities	A	(58,102)	(193,362)
Cash flows from investing activities:			
Investment income		148,583	169,953
Purchase of tangible fixed assets		(13,639)	(28,571)
Proceeds from the disposal of investments		763,930	807,633
Purchase of investments		(811,122)	(653,932)
Net cash provided by investing activities		87,752	295,083
Cash flows from financing activities:			
Repurchase of share capital		(20)	(20)
Increase in capital redemption reserve		20	50
New loan financing		—	50,000
Repayment of loan		(50,000)	—
Net cash provided by financing activities		(50,000)	50,030
Change in cash and cash equivalents in the year		(20,350)	151,751
Cash and cash equivalents at 1 September 2020		537,423	385,672
Cash and cash equivalents at 31 August 2021	B	517,073	537,423

Notes to the statement of cash flows for the year to 31 August 2021

A Reconciliation of net movement in funds to net cash used in operating activities

	2021 £	2020 £
Net movement in funds (as per the statement of financial activities)	996,821	(144,113)
Adjustments for:		
Depreciation charge	12,626	9,899
(Gains)/losses on investments	(887,626)	22,433
Investment income	(148,583)	(169,953)
Decrease in stocks	5,385	4,327
Increase in debtors	(3,835)	(16,907)
(Decrease)/increase in creditors	(32,890)	100,952
Net cash used in operating activities	(58,102)	(193,362)

B Analysis of cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	488,761	417,199
Cash held by investment managers	28,312	120,224
Total cash and cash equivalents	517,073	537,423

Consolidated statement of cash flows Year to 31 August 2021

C Reconciliation of net debt

	At 1 September 2020 £	Cash flows £	At 31 August 2021 £
Cash at bank and in hand	537,423	(20,350)	517,073
Bank loan	(50,000)	50,000	—
Total cash and cash equivalents	487,423	29,650	517,073

Principal accounting policies Year to 31 August 2021

General information

The Royal School of Needlework is a company, limited by shares and is registered in England and Wales. The registered number is 12192 and the registered office is Apartment 12A, Hampton Court Palace, East Molesey, Surrey, KT8 9AU.

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 August 2021.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with 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 (FRS 102) (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011 and the Companies Act 2006.

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

The financial statements are presented in sterling and are rounded to the nearest pound.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the Council Members and management to make certain judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include: stock provisions, estimating the useful economic life of tangible fixed assets and legacy recognition.

In addition to the above, the ongoing impact of the global coronavirus pandemic is being kept under review. During 2020/21, the RSN has continued to adapt its activities to offer a blended in-person and online model of teaching. However, it is not currently possible to evaluate all the potential future implications for the Charity's activities, beneficiaries, funders, suppliers and the wider economy. There is a risk that estimates used in the accounts, particularly with respect to the value of listed investments (see note 11) may be subject to a greater degree of uncertainty and volatility.

As set out in these accounting policies under "going concern", the Council has considered the impact of the pandemic on the charity and has concluded that although there may be some negative consequences, it is appropriate for the charity to continue to prepare its accounts on the going concern basis.

Assessment of going concern

The Council has assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Council has made this assessment in respect to a period of one year from the date of approval of these financial statements.

The Council has concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The Council is of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The RSN currently has unrestricted reserves that are £428k in excess of the level set in its reserves policy. Cash flow is being monitored closely and in recent years there has been no need to liquidate investments. The most significant areas of judgement that affect items in the financial statements are detailed above. With regard to the next accounting period, the year ending 31 August 2022, the most significant areas that affect the carrying value of the assets held by the charity are maintaining a blended model of online and in-person classes, the level of donations and legacies, the level of investment return and the performance of the investment markets.

Consolidation

Consolidated financial statements ("group financial statements") have been prepared in respect of the charity and its wholly owned subsidiary, RSN Enterprises Limited. The results of RSN Enterprises Limited have been consolidated on a line-by-line basis.

A separate statement of financial activities for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by the Charities SORP FRS 102. The company has also taken advantage of the exemption in the Companies Act 2006 Section 408 not to present its own statement of financial activities. Net surplus of £1,005,393 (2019/20: £107,750 surplus) is attributable to The Royal School of Needlework.

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations and legacies, grants, investment income, income from trading activities and school income.

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued when the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds or where the donation is specifically for a subsequent period, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

In accordance with the Charities SORP FRS 102, volunteer time is not recognised.

Income recognition (continued)

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Income from school activities is accounted for on an accruals basis; where fees are received for courses commencing in the following financial period, the income is deferred to the next financial period.

Expenditure recognition

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

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- ◆ Expenditure on raising funds includes all expenditure associated with raising funds for the charity. This includes investment management fees, the costs of the trading subsidiary company and costs incurred in encouraging people and organisations to contribute financially to the charity.
- ◆ Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include the direct cost of operating the school and support costs.

Allocation of support and governance costs

Support costs represent indirect charitable expenditure including governance costs. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment. Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect of its compliance with regulation and good practice.

Support costs (which are predominantly staff costs for the Chief Executive and marketing and finance teams) are apportioned between expenditure on raising funds and on charitable activities (which comprises costs of school activities) based on an estimate of the proportion of the time spent on each area. Governance costs are all included within expenditure on charitable activities (costs of school activities).

Principal accounting policies Year to 31 August 2021

Tangible fixed assets

Depreciation is provided on all tangible fixed assets at the following annual rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life:

♦ Fixtures and fittings	10% on cost
♦ Office equipment	20% on cost
♦ Leasehold improvements	10% on cost or if shorter over the remaining term of the lease

Fixtures and fittings and office equipment with a cost greater than £1,000 are capitalised.

Heritage assets

The Royal School of Needlework possesses a collection of historic embroidery, the value of which has not been included in the financial statements, as the Council does not believe that the value of ascertaining their market value would be commensurate with the associated cost. Further details are disclosed in note 10 to the financial statements.

Investments

Investments are included on the balance sheet at their market value at the end of the financial period. Investment income is credited to income on an accruals basis, using dates of payment for dividends and daily accruals for interest. Realised and unrealised gains and losses are credited, or debited, to the statement of financial activities in the year in which they arise.

Stocks

Stocks are stated at the lower of cost and net realisable value as follows:

Materials	- At purchase cost on a first-in, first-out basis
Work-in-progress, finished work and goods held for re-sale	- At purchase cost or at cost of direct materials and labour plus attributable overheads based on the normal level of activity

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Principal accounting policies Year to 31 August 2021

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Fund accounting

The unrestricted general fund comprises those monies which may be used towards meeting the charitable objectives of the charity at the discretion of the Council.

The designated fund comprises monies set aside out of unrestricted funds for future projects or purposes.

The restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to conditions imposed by the donor.

The endowment funds comprise permanent endowments, where the capital is held indefinitely and the income is used for prizes and training for students and expendable endowments, where both the capital and income can be used for student scholarships or the general purposes of the charity.

1 Donations and legacies

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2021 £
2021				
Donations	51,118	176,142	—	227,260
Legacies	72,415	1,000	—	73,415
Grants	129,496	—	—	129,496
Total funds	253,029	177,142	—	430,171
	<i>Unrestricted funds £</i>	<i>Restricted funds £</i>	<i>Endowment funds £</i>	<i>Total 2020 £</i>
2020				
Donations	134,527	120,662	—	255,189
Legacies	33,010	—	—	33,010
Grants	187,659	—	—	187,659
Total funds	355,196	120,662	—	475,858

2 Investment income

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2021 £
2021				
Bank and deposit interest received	87	—	—	87
Income from listed investments	148,496	—	—	148,496
Total funds	148,583	—	—	148,583
	<i>Unrestricted funds £</i>	<i>Restricted funds £</i>	<i>Endowment funds £</i>	<i>Total 2020 £</i>
2020				
Bank and deposit interest received	642	—	—	642
Income from listed investments	169,311	—	—	169,311
Total funds	169,953	—	—	169,953

3 Income from trading activities

The Royal School of Needlework has a wholly owned trading subsidiary which is incorporated in England and Wales. RSN Enterprises Limited undertakes the retail activities of The Royal School of Needlework. The company will donate any taxable profits to the charity under Gift Aid. A summary of the company's trading results is shown below. Audited financial statements have been filed with the Registrar of Companies.

3 Income from trading activities (continued)

RSN Enterprises Limited – Statement of comprehensive income

	Total 2021 £	Total 2020 £
Turnover	292,185	290,210
Cost of sales	(204,531)	(225,756)
Gross profit	87,654	64,454
Other operating income	635	564
Administrative expenses	(96,861)	(90,751)
Operating loss	(8,572)	(25,733)
Gift Aid donation to The Royal School of Needlework	—	—
Retained loss for the financial year	(8,572)	(25,733)

In the year ended 31 August 2021, turnover includes £4,708 (2020: £12,219) of income received by RSN Enterprises Limited from the charity, which is eliminated upon consolidation.

4 Income from school activities

Income from school activities is wholly unrestricted and comprises mainly fees for the Degree programme, Certificate and Diploma programme, Future Tutors and Short Courses.

5 Expenditure on raising funds

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2021 £
2021				
Costs of trading subsidiary	299,423	—	—	299,423
Investment managers' fees	45,284	—	—	45,284
Advertising and literature	26,649	—	—	26,649
Fundraising costs	6,648	14,434	—	21,082
Travelling & other costs	817	1,775	—	2,592
Total funds	378,821	16,209	—	395,030
	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2020 £
2020				
Costs of trading subsidiary	316,507	—	—	316,507
Investment managers' fees	41,703	—	—	41,703
Advertising and literature	29,255	—	—	29,255
Fundraising costs	11,222	11,717	—	22,939
Travelling & other costs	1,439	1,533	—	2,972
Total funds	400,126	13,250	—	413,376

6 Costs of school activities

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2021 £
2021				
Staff costs	1,122,001	92,768	—	1,214,769
Other costs	452,201	101,235	—	553,436
Total funds	1,574,202	194,003	—	1,768,205

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2020 £
2020				
Staff costs	1,140,888	84,517	—	1,225,405
Other costs	376,816	82,437	8,000	467,253
Total funds	1,517,704	166,954	8,000	1,692,658

7 Staff costs

	2021 £	2020 £
Wages and salaries	1,218,456	1,240,297
Social security costs	83,465	84,637
Pension costs	49,039	53,475
	1,350,960	1,378,409
Staff costs by function were as follows:		
Cost of school activities	1,214,769	1,225,405
Cost of raising funds (fundraising and trading subsidiary)	136,191	153,004
	1,350,960	1,378,409

The average monthly number of employees during the year was 48 (2020: 54) and on a full time equivalent basis was 26 (2020: 29).

Redundancy costs totalling £nil were incurred in the year as a result of restructuring during the Covid-19 pandemic (2020: £15,350). The RSN has given regard to the “Guidance on decisions taken about severance payments in HEI’s” published by the Committee of University Chairs when determining severance pay.

The number of employees who earned £60,000 or more (including taxable benefits but excluding employer’s pension contributions) during the year was as follows:

	2021	2020
£90,001 - £95,000	—	1
£95,001 - £100,000	1	—

Pension contributions in respect of these employees were £4,995 (2020: £4,333).

7 Staff costs (continued)

No Council Members received reimbursement of travelling expenses in the year (2020: none).

No remuneration was paid to the Council Members in the year (2020: none).

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day-to-day basis comprise the Council and the Chief Executive. The total cost of the remuneration (including taxable benefits, employer's national insurance and pension contributions) of the key management personnel for the year was £116,906 (2020: £105,537).

Chief Executive Remuneration

	2021 £	2020 £
Basic salary	99,893	86,657
Salary sacrifice arrangements	(3,996)	(3,466)
Bonus	—	3,750
Pension contribution	8,991	7,799
Total remuneration after salary sacrifice	104,888	94,740

The RSN has given regard to the “Higher Education senior staff remuneration code” published by the Committee of University Chairs when determining senior staff remuneration. Staff who are part of the pension scheme operate under a salary sacrifice arrangement where they give up an amount of salary and in return the charity makes an equivalent contribution directly into their pension on their behalf.

The Chief Executive's remuneration shown in year was considered and reviewed by the Council.

The Chief Executive's basic salary as a multiple of the median of all staff was 2.3 (2020: 2.2)

The Chief Executive's total remuneration as a multiple of the median of all staff was 2.3 (2020: 2.3)

8 Net (expenditure) income before investment gains and losses

These are stated after charging:

	2021 £	2020 £
Depreciation	12,626	9,898
Auditor's remuneration		
. Charity audit	8,955	8,872
. Trading subsidiary audit	2,088	2,705
. Other services	1,696	2,983
Lease expenses		
. Land and buildings	188,222	189,224
. Other	15,460	15,260

9 Tangible fixed assets

Group and Charity	Leasehold improve- ments £	Office equipment £	Fixtures and fittings £	Total £
Cost				
At 1 September 2020	150,509	97,000	70,386	317,895
Additions	—	13,639	—	13,639
At 31 August 2021	150,509	110,639	70,386	331,534
Depreciation				
At 1 September 2020	150,509	81,516	42,563	274,588
Charge for year	—	7,700	4,926	12,626
At 31 August 2021	150,509	89,216	47,489	287,214
Net book values				
At 31 August 2021	—	21,423	22,897	44,320
At 31 August 2020	—	15,484	27,823	43,307

10 Heritage assets

The RSN is rich in heritage assets comprising embroidered textiles, designs, company archives, photographs and student pieces. The RSN does not generally have the funds to acquire pieces so most of the Collection has been donated. The acquisition policy relates firstly to items that have an RSN connection, then to items of a high standard of work and/or types of work not already included in the collection.

The Collection of textiles comprises objects almost all of which have been donated to the RSN and which are mostly examples of embroidery, with some examples of lace. Whilst there are a few pieces from the 16th century, most date from the 19th and 20th centuries.

They comprise many embroidery techniques from the UK and around the world. Also included are a number of pieces worked by the RSN and its students, especially from the original Diploma course, which ran from the late 19th century until 1960, which have been given back to the RSN by the families.

The Archive comprises registers, minutes and other paperwork relating to the management of the RSN, photographs and ephemera from various events. It also contains workbooks of jobs undertaken from the 1940s onwards, some with samples, and drawings. The largest holding is of designs relating to work undertaken in the Studio.

The RSN Collection and Archive is unique and though it is only minimally catalogued, researchers are given access to specific parts of the archive if it can be identified. The Collection and Archive are made available for student research and for public exhibition.

The RSN also endeavours to offer public access to the Collection through exhibitions and study days both at Hampton Court and elsewhere. Researchers wishing to access the archive can also make appointments but with the caveat that we do not have a resident archivist or curator and most parts of the archive are not catalogued, especially the designs. The most popular requests are whether a family member worked for the RSN (until the registers are digitised this will not be possible to answer), and also in relation to the work the RSN did in therapeutic stitch during the First World War.

Heritage assets have not been capitalised in the financial statements as the Council considers that the significant costs involved in valuing the charity's collection of historic embroidery would outweigh the benefits derived from such an exercise.

11 Investments

	2021 £	2020 £
Listed investments and cash holdings	6,181,660	5,338,754
Group total	6,181,660	5,338,754
Shares in subsidiary undertaking at cost	100	100
Charity total	6,181,760	5,338,854

The charity owns the entire issued share capital of RSN Enterprises Limited which is incorporated in England and Wales. Its registered number is 3158058 and its registered address is the same as the RSN.

	2021 £	2020 £
Aggregate share capital and reserves of RSN Enterprises Limited	(52,679)	(43,107)

	2021 £	2020 £
Listed investments & cash holdings		
Market value at 1 September	5,218,530	5,394,664
Additions at cost	811,122	653,932
Disposal proceeds	(763,930)	(807,633)
Realised losses	(398)	(136,571)
Unrealised gains	888,024	114,138
Market value at 31 August	6,153,348	5,218,530
Cash held by investment managers	28,312	120,224
	6,181,660	5,338,754

Listed investments held at 31 August comprised the following:

	2021 £	2020 £
Fixed interest	814,363	857,095
UK equities	2,118,989	1,805,953
Overseas equities and equity funds	1,732,633	1,302,806
Other listed investments	1,487,363	1,252,676
	6,153,348	5,218,530
Listed investments at cost	3,861,799	3,595,554

At 31 August 2021, listed investments included the following individual holding deemed material when compared with the overall valuation of listed investments as at that date:

	Percentage %	Value £
Scottish Mortgage Investment Trust	5.8	358,336

11 Investments (continued)

Since 31 August 2021 the value of investments held by the RSN has fluctuated as we move between hopes for a strong global economic recovery and fears of another Covid variant and higher inflation, while the ongoing Russian invasion of Ukraine has further unsettled investors' nerves. The overall value of the RSN's investments decreased by 9% in the first half of 2021/22 to £5,670,471 on 1 March 2022. The Finance and Investment Committee is continuing to monitor the portfolio and its risk appetite closely by holding regular meetings with the investment managers.

12 Stocks

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Materials	25,037	29,474	25,037	29,474
Finished work and goods held for resale	41,331	42,279	—	—
	66,368	71,753	25,037	29,474

13 Debtors

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Trade debtors	12,745	18,619	4,479	8,400
Prepayments and accrued income	124,685	114,976	121,638	100,013
Amounts owed by subsidiary company	—	—	89,833	89,269
	137,430	133,595	215,950	197,682

14 Creditors: amounts falling due within one year

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Bank loans	—	1,667	—	1,667
Trade creditors	32,731	82,852	26,470	43,767
Other taxes and social security costs	44,002	31,964	29,076	27,563
Accruals and deferred income	544,290	539,097	529,895	520,797
	621,023	655,580	585,441	593,794

Deferred income (included above)

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Brought forward at 1 September	457,716	381,497	447,621	376,942
Deferred in the year	324,829	379,854	324,829	369,760
Released in the year	(289,284)	(303,635)	(279,189)	(299,081)
Carried forward at 31 August	493,261	457,716	493,261	447,621

14 Creditors: amounts falling due within one year (continued)

Deferred income (included above)

Deferred income is fees received in advance of the course taking place and donations received for the following academic year.

15 Creditors due in more than one year

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Bank loans	—	48,333	—	48,333
	—	48,333	—	48,333

Included in creditors falling due in more than one year in 2020 was a loan received on 3 July, 2020 under the Bounce Back Loan Scheme created by the UK Government in response to Covid-19. The loan was interest free if repaid within one year from the date the loan was drawn and was repaid in July 2021.

The above loan was repayable as follows:

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Within one year	—	1,667	—	1,667
Within two to five years	—	48,333	—	48,333
	—	50,000	—	50,000

15 Share capital

	Issued, called up and fully paid	
	2021 £	2020 £
Ordinary shares of £10 each	240	260

16 Capital redemption reserve

	2021 £	2020 £
458 Ordinary shares of £10 each (2020: 456)	4,580	4,560

17 Endowment funds

	At 1 September 2020 £	Income £	Expenditure £	Investment gains £	At 31 August 2021 £
2021					
Victoria Adams Fund	1,989,415	—	—	330,742	2,320,157
General Endowment Fund	545,288	—	—	90,654	635,942
Hilda Watson Fund	3,270	—	—	544	3,814
Charrington / Broderers Fund	3,374	—	—	561	3,935
Wendy Hogg Fund	18,482	—	—	3,073	21,555
HB Allen Fund	248,972	—	—	41,392	290,364
	2,808,801	—	—	466,966	3,275,767
	At 1 September 2019 £	Income £	Expenditure £	Investment losses £	At 31 August 2020 £
2020					
Victoria Adams Fund	2,004,907	—	(7,250)	(8,242)	1,989,415
General Endowment Fund	547,539	—	—	(2,251)	545,288
Hilda Watson Fund	3,283	—	—	(13)	3,270
Charrington / Broderers Fund	3,388	—	—	(14)	3,374
Wendy Hogg Fund	19,311	—	(750)	(79)	18,482
HB Allen Fund	250,000	—	—	(1,028)	248,972
	2,828,428	—	(8,000)	(11,627)	2,808,801

- a) The Victoria Adams Fund is an expendable endowment fund for student scholarships and the general purposes of the charity.
- b) The General Endowment Fund provides for the training of students.
- c) The Hilda Watson Fund provides prizes for Silk Work.
- d) The Charrington / Broderers Fund provides prizes for students.
- e) The Wendy Hogg Fund is an expendable scholarship / prize fund for students.
- f) The HB Allen Fund provides support for the Future Tutor programme.

18 Restricted funds

	At 1 September 2020 £	Income £	Expenditure £	Investment gains £	Transfers between funds £	At 31 August 2021 £
2021						
Janet Churm Fund	62,254	—	(43,019)	10,349	—	29,584
Degree Building Improvements	5,386	—	(5,386)	—	—	—
Future Tutor Programme	—	67,541	(67,541)	—	—	—
Degree Programme	—	42,551	(42,551)	—	—	—
Campaign HCP New Rooms	10,056	—	(2,041)	—	—	8,015
Collection & Digitisation	158,255	52,620	(4,815)	—	—	206,060
Embroider a Selfie	11,363	—	(2,467)	—	—	8,896
Stitch Bank	52,992	14,430	(42,392)	—	—	25,030
Other Restricted Legacy	27,989	—	—	—	—	27,989
	328,295	177,142	(210,212)	10,349	—	305,574

	At 1 September 2019 £	Income £	Expenditure £	Investment losses £	Transfers between funds £	At 31 August 2020 £
2020						
Janet Churm Fund	114,705	—	(51,980)	(471)	—	62,254
Degree Building Improvements	11,850	—	(6,464)	—	—	5,386
Future Tutor Programme	16,322	40,234	(56,556)	—	—	—
Degree Programme	—	25,940	(25,940)	—	—	—
Campaign HCP New Rooms	12,097	—	(2,041)	—	—	10,056
Collection & Digitisation	155,046	2,961	(325)	—	573	158,255
Embroider a Selfie	14,196	—	(2,833)	—	—	11,363
Stitch Bank	—	51,527	(34,065)	—	35,530	52,992
Other Campaign Funds	36,103	—	—	—	(36,103)	—
Other Restricted Legacy	27,989	—	—	—	—	27,989
	388,308	120,662	(180,204)	(471)	—	328,295

- The Janet Churm Fund provides support for both the Degree and Future Tutor programmes and was funded by a generous legacy from the estate of the late Mrs Janet Churm.
- The Degree Building Improvements Fund was established when the RSN Degree programme commenced. Expenditure relates to the depreciation on leasehold and other improvements, which were required to set up the Degree rooms at Hampton Court Palace.
- The Future Tutor Programme Fund specifically provides bursaries, prizes and day-to-day support for the Future Tutor programme and includes restricted donations and legacies from a number of donors.
- The Degree Programme Fund specifically provides bursaries, prizes and day-to-day support for the Degree Programme and includes restricted donations and legacies from a number of donors.

19 Restricted funds (continued)

- e) The Campaign HCP New Rooms Fund was established to fund the improvement works and equipment required to set up additional rooms at Hampton Court Palace, which were taken on in 2015 to accommodate expansion. It was funded by donations from a wide number of RSN Friends and other donors. Expenditure includes depreciation on capital works.
- f) The RSN Collection & Digitisation Appeal includes donations from a large number of RSN Friends, supporters and other donors towards the Cataloguing and Digitisation of the RSN Archive and Collection. This project is in the planning stages and it is anticipated that it will get underway in the latter part of 2021/22.
- g) The Embroider a Selfie fund is a project to introduce stitch to young people.
- h) The Stitch Bank fund is a project that aims to digitally conserve and preserve every stitch in the world, becoming the biggest repository of stitch in the world. The first phase went live in 2021/22.
- i) Other Campaign Funds include donations from a number of donors towards the RSN Stitch Bank, Archive & Collection Digitisation, Distance Learning and General Campaign projects. The funds have now all been transferred to separate restricted project funds, as detailed above.
- j) The Other Restricted Legacy Fund relates to a legacy received in 2016/17, which will provide support for the Future Tutor Programme.

20 Designated funds

	At 1 September 2020 £	New Designations £	Utilised/ released £	At 31 August 2021 £
2021				
Futures campaign	610,000	—	—	610,000
	At 1 September 2019 £	New Designations £	Utilised/ released £	At 31 August 2020 £
2020				
Futures campaign	610,000	—	—	610,000

The Futures campaign fund comprises monies set aside for various campaign projects. During 2020/21 and 2019/20 no funds were utilised because expenditure on projects has been funded by restricted income that has been raised in current and prior years. The designated funds continue to be kept under review by the trustees so that they can be repurposed and used as and when they are needed.

21 Analysis of net assets between funds

Group	Share-holders funds £	Restricted funds £	Un-restricted funds £	Endowment funds £	Total 2021 £
Tangible fixed assets	—	8,015	36,305	—	44,320
Investments	—	29,584	2,876,309	3,275,767	6,181,660
Current assets	4,820	308,500	379,239	—	692,559
Creditors: amounts falling due within one year	—	(40,525)	(580,498)	—	(621,023)
Creditors falling due in more than one year	—	—	—	—	—
Total net assets	4,820	305,574	2,711,355	3,275,767	6,297,516

Group	Share-holders funds £	Restricted funds £	Un-restricted funds £	Endowment funds £	Total 2020 £
Tangible fixed assets	—	15,441	27,866	—	43,307
Investments	—	326,672	2,203,281	2,808,801	5,338,754
Current assets	4,820	28,832	588,895	—	622,547
Creditors: amounts falling due within one year	—	(42,650)	(612,930)	—	(655,580)
Creditors falling due in more than one year	—	—	(48,333)	—	(48,333)
Total net assets	4,820	328,295	2,158,779	2,808,801	5,300,695

Charity	Share-holders funds £	Restricted funds £	Un-restricted funds £	Endowment funds £	Total 2021 £
Tangible fixed assets	—	8,015	36,305	—	44,320
Investments	—	29,584	2,876,409	3,275,767	6,181,760
Current assets	4,820	308,500	395,335	—	708,655
Creditors: amounts falling due within one year	—	(40,525)	(544,916)	—	(585,441)
Creditors falling due in more than one year	—	—	—	—	—
Total net assets	4,820	305,574	2,763,133	3,275,767	6,349,294

Charity	Share-holders funds £	Restricted funds £	Un-restricted funds £	Endowment funds £	Total 2020 £
Tangible fixed assets	—	15,441	27,866	—	43,307
Investments	—	326,672	2,203,381	2,808,801	5,338,854
Current assets	4,820	28,832	570,216	—	603,868
Creditors: amounts falling due within one year	—	(42,650)	(551,145)	—	(593,795)
Creditors falling due in more than one year	—	—	(48,333)	—	(48,333)
Total net assets	4,820	328,295	2,201,985	2,808,801	5,343,901

22 Operating lease commitments

As at 31 August 2021, the group and charity had the following future minimum payments under non-cancellable licences and operating leases:

2021	Land and buildings £	Equipment £	2021 £
Operating lease payments due:			
within the next year	202,209	13,836	216,045
between two and five years	380,817	8,538	389,355
	583,026	22,374	605,400

2020	Land and buildings £	Equipment £	2020 £
Operating lease payments due:			
within the next year	187,332	14,866	202,198
between two and five years	183,736	22,374	206,110
	371,068	37,240	408,308

23 Related party transactions

RSN Enterprises Limited donates any profits via Gift Aid to the charity. During the year the RSN Enterprises Limited was loss making and so no donation was made (2020: £nil).

At 31 August 2021, £89,833 is due by RSN Enterprises Limited to the charity (2020: £89,269).

Council Members paid an aggregate of £2,970 (2020: £1,703) for classes and events, £190 (2020: £114) for Friends' subscriptions at standard un-discounted rates and donations of £473 (2020: £1,451).

24 Comparative statement of financial activities for the year ended 31 August 2020

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	2020 Total funds £
Income and expenditure					
Income from:					
Donations and legacies	1	355,196	120,662	—	475,858
Investments	2	169,953	—	—	169,953
Other trading activities	3	278,555	—	—	278,555
Charitable activities					
. School activities	4	1,059,988	—	—	1,059,988
Total income		<u>1,863,692</u>	<u>120,662</u>	<u>—</u>	<u>1,984,354</u>
Expenditure on:					
Raising funds	5	400,126	13,250	—	413,376
Charitable activities					
. Costs of school activities	6	1,517,704	166,954	8,000	1,692,658
Total expenditure		<u>1,917,830</u>	<u>180,204</u>	<u>8,000</u>	<u>2,106,034</u>
Net (expenditure)/income before investment gains and losses	8	(54,138)	(59,542)	(8,000)	(121,680)
Realised losses on investments	11	(62,920)	(2,870)	(70,781)	(136,571)
Unrealised gains on investments	11	52,585	2,399	59,154	114,138
Net movement in funds		(64,473)	(60,013)	(19,627)	(144,113)
Reconciliation of funds:					
Fund balances brought forward at 1 September 2019		<u>2,223,252</u>	<u>388,308</u>	<u>2,828,428</u>	<u>5,439,988</u>
Fund balances carried forward at 31 August 2020		<u>2,158,779</u>	<u>328,295</u>	<u>2,808,801</u>	<u>5,295,875</u>

Accounts

The Royal School of Needlework

Annual Report and Consolidated Financial Statements

31 August 2020

Company Registration Number
12192 (England and Wales)

Charity Registration Number
312774

Contents

Reports

Reference and administrative information	1
Report of the Council	2
Statement of corporate governance and internal control	21
Independent auditor's report	29

Financial statements

Consolidated statement of financial activities	33
Balance sheets	34
Consolidated statement of cash flows	35
Principal accounting policies	37
Notes to the financial statements	42

Reference and administrative information

Patron	HRH The Duchess of Cornwall
President	HRH The Duchess of Gloucester
Council Members	Mr Andrew Palmer – Chairman* Mrs Elizabeth Braakenburg Dyce Ms Nicola Clarke* Prof Patsy Cullen Mrs Caroline De Guitaut Ms Victoria Farrow Mrs Morgan Fowles Miss Samantha Hoe-Richardson – Honorary Treasurer* Ms Deborah Lamb Ms Reena Pastakia* Mrs Stephanie Wright*
	*Member of the Finance and Investment Committee
Chief Executive	Dr Susan Kay-Williams
Registered office	Apartment 12A Hampton Court Palace East Molesey Surrey KT8 9AU
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Barclays Bank plc 8/12 Church Street Walton on Thames Surrey KT12 2QX
Investment managers	J M Finn & Co 4 Coleman Street London EC2R 5TA
Company registration number	12192 (England and Wales)
Charity registration number	312774

Chairman's Introduction Year to 31 August 2020

This report covers the period 1 September 2019 to 31 August 2020. It can, without doubt, be considered a year of two halves. The year began with a visit from our Patron, HRH The Duchess of Cornwall, to open the exhibition *Figures and Faces in Embroidery* and see the blackwork portrait of herself created by the RSN Studio team. It continued to March with good class numbers for the Certificate and Diploma programme (C&D), strong engagement from our Future Tutor and Degree students and the launch of the second US Summer School, scheduled for July 2020. Then, came COVID-19 and lockdown. The RSN went from delivering all classes face to face, to temporarily closing short courses and C&D programmes. Future Tutor and Degree students were sent home with as many materials as they could carry and within two days all classes and tutorials went online.

The teaching team reacted with immense speed to put information online and to set up online teaching, which is much more challenging for practical teaching than it is for the delivery of lectures.

The fastest adoption of online learning was by the Future Tutors as the focus of their teaching is on technical tuition on the different techniques. The actions that were taken by the Future Tutor team to realise online teaching were ones from which the whole organisation was able to learn.

The Degree students had completed most of their technical tuition for the year and were moving on to the project units, so were slightly better placed. They worked mostly through tutorials, with technical back up and support online. The decision was taken to extend the hand-in dates and maintain all the pastoral support the RSN offers throughout this period, as the students coped not just with their work but also with being away from friends, and in some cases the challenge of finding a peaceful space to study at home.

In particular, we were pleased that we had made the recent investment in IT. Without the work that had already been put in place and the drive and energy of the IT Manager, setting up Zoom and Teams, the RSN would not have been in a position to move forward as quickly as it did.

Meanwhile, all other staff also moved off site, setting up offices at home. For the Education team, the main focus was to look at establishing the future offering of the RSN, especially with regards to short courses and C&D which are the main income generating courses. Working with available Tutors, they pioneered online tuition for both short classes and C&D. Never afraid of a challenge, the first online group tuition was with three students in Australia.

For day classes everything changed, not just the planned programme but it was realised that online we could offer classes at different times of the day and evening and even offer classes on repeat occasions. This is potentially transformative.

Notwithstanding these pioneering activities, the RSN experienced a significant reduction in income, so it was imperative that the RSN made use of the Chancellor's Furlough scheme and initially 11 administrative staff and all eligible tutors and studio stitchers were put on this scheme. The only department that remained fully staffed was the Degree.

Chairman's Introduction Year to 31 August 2020

I would particularly like to thank the RSN Friends and supporters who rallied to help when the Chief Executive sent out an emergency appeal in April. They donated over £70K through direct donations, converting class payments to donations, buying goods in the shop and becoming RSN Friends which really helped to stabilise the situation at the most critical time.

The other vital department at this time was the RSN Shop as people sought things to do with their spare time. The online shop did strong business through the rest of the year and reached the end of the year ahead of budget.

The RSN Council members met regularly during this period, supplementing the diarised meetings with regular Zoom calls, sometimes weekly, to examine cash flow and also to start a wider review of the Strategic Plan. Clearly, however long the direct results of the pandemic might last, there were going to be enduring changes to programme delivery which needed to be considered now, to modify the strategic plan that was only put in place a year ago.

As the lockdown continued, even with furloughing, we had to look at ongoing costs. The year was clearly going to end in a very different financial position to that which had been budgeted and looking ahead the position for 2020-21 was not going to be that dissimilar, so further action had to be taken. The main outgoings for the RSN are rent and people. While it is not currently possible to reduce rent this only left people and it was decided that five roles would be made redundant, although aspects of two roles are being combined

The RSN finally returned to face-to-face teaching at the beginning of July but with social distancing this reduced class sizes from 12 students to six for the Certificate and Diploma. The only rooms which could be used for day classes, to be economically viable, were the Degree rooms so these could only be used while the degree was on vacation.

At the same time, the RSN made the most of offering activities to those with time on their hands and nowhere to travel in the summer by offering a range of online classes and this allowed us to test a number of options as to preferred timings.

By the end of the financial year, the staff team had worked incredibly hard, not simply to keep the RSN going but to forge a new future for it, where it can operate effectively both face to face and online. I would like to pay tribute to the staff who all worked long hours, especially during the early weeks of lockdown, to support students and keep people informed. The speed and content of communication was enhanced especially for newsletters and social media, staff experimented with new ways of working and above all were incredibly flexible with their time and willingness to learn and embrace new ways of working. As a result, the RSN is still here and has a potentially stronger future.



Andrew Palmer
Chairman

23/02/2021

The Members of the Council (as Trustees), who are also the directors for the purposes of company law, present their annual report together with the audited consolidated financial statements of The Royal School of Needlework for the year ended 31 August 2020. The report has been prepared in accordance with the Charities Act 2011 and is also the group report of the directors for the purposes of the Companies Act 2006. The reference and administrative information set out on page 1 and the Chairman's Introduction set out on pages 2 to 3 also form part of the report.

The financial statements have been prepared in accordance with the accounting policies on pages 37 to 42 of the attached financial statements, and comply with the charitable company's memorandum and articles of association, 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 (FRS 102) and comply with the Office for Students' Accounts Direction 2019/20.

ACTIVITIES AND ACHIEVEMENTS

The Royal School of Needlework ('RSN') exists to offer practical education in the art and techniques of hand embroidery and to create, collect, conserve, interpret and display items of hand embroidery. The income and property of the charity are to be applied solely towards the promotion of the objects.

COVID-19 response

The RSN responded very speedily to the requirements of the lockdown and in moving the organisation forward to meet customer demand:

18 March	Final day of face to face teaching across all programmes
23 March	Degree and Future Tutors started online teaching All staff working from home
1 April	30 staff and tutors furloughed
2 April	First online interviews for Future Tutor candidates
3 April	Launch of RSN Postcard From Home Challenge
8 April	Launch of weekly e-news as public service and keeping in touch with our supporters
9 April	Emergency appeal sent out to all supporters by email
9 April	C&D one to one sessions started online
10-13 April	Over 200 retail orders received Easter Weekend
14 April	First of a series of Tuesday Council meetings to review cashflow and actions
16 April	Launch of the NHS Embroidered Heart Challenge
14 May	First online day class
2 & 9 June	Degree students handed in digitally for assessment

ACTIVITIES AND ACHIEVEMENTS (continued)

10 June	The Chief Executive holds the first Instagram Live event
23 June	Coronavirus policy was produced and approved by Council to set the framework for a return to face to face classes
30 June	Launch of the eighth self-paced RSN Online Course, Next Steps: Goldwork & Silk Shading with Tutor Chrissie Juno Mann, in partnership with David and Charles, delayed by the lockdown
1 July	eNews goes back to twice a month
2 July	End of term for continuing Future Tutors
6 July	Start of online teaching C&D for Australian students
9 July	Certificate and Diploma being taught face to face at Hampton Court
9 July	Online celebration of Degree awards
15 July	Retail offered click and collect to those coming to classes
July-August	Testing out different options for short classes
1-28 August	Future Tutors in to complete Studio modules
28 August	Graduation for Future Tutors live, with family online
August-Sept	Limited short classes at Hampton Court
4 Sept- 16 Oct	Assessment of pieces completed to August 2020

The initial impact was devastating but the reduced-size staff team, especially in the early days of the first lockdown, made a heroic effort to ensure that the RSN survived. Swift action by the staff team ensured that key programmes continued and that we learned quickly how to adapt our offerings to an online format. It was also about seeing the possibilities for the future, potentially attracting a much more international audience. While we look forward to being able to offer more classes at Hampton Court again, we will also continue to offer online courses and other activities to meet supporter needs worldwide.

Financial Impact

The immediate financial impact was in classes that we could not hold and therefore had to refund or defer the dates. As a charity we also asked people if they were willing to donate the class fees. Across Certificate and Diploma there was £108K of income for the period mid-March to August, a further £58K for short courses and £14K for private and bespoke lessons and tours. C&D is not refundable so was moved forward and on the short courses, £16K was donated. By the year end across all categories £43K had been refunded.

ACTIVITIES AND ACHIEVEMENTS (continued)

The active team took voluntary pay cuts of 20% or 10% for four months to help support the organisation. This was really appreciated by the Trustees, especially as at this time, with fewer staff available than normal, those working were putting in more hours than ever, such was the commitment of the staff team to the organisation and the students.

Online courses were charged at the same rate as they had been for the physical courses because, although we might not be utilising them, we were still paying for the physical classrooms.

The US Summer School had brought in over £98K but the RSN supporters had stuck with the organisation and £85K remained with the RSN for the future event.

The emergency appeal generated direct income of £69K, plus more than 35 new Friends memberships, both annual and life, and retail orders, including more than 200 orders over the Easter weekend.

Income from the online classes for short courses generated £11K between May and August. Income from C&D saw £46K recognised a mixture of carried forward and new money (April to August).

Cash flow was the most critical issue but with the help of the RSN Friends and supporters we did not have to dip into investments. As a precautionary measure, we have used the Bounce Back Loan Scheme created by the UK Government in response to COVID-19 to borrow £50,000. The loan is interest free if repaid within one year from the date the loan was drawn. We intend to repay it in full by July 2021.

COVID-19 summary

At this point COVID-19 has been simultaneously galvanising, exhausting, demanding, isolating, transformative, challenging and horizon broadening. In other words, the impact has been a heap of contradictions. Physically, it has driven us apart as staff work individually from home and away from some face-to-face teaching, but it has opened a number of opportunities that we can take forward.

The RSN and Public Benefit

As the RSN's mission is to keep hand embroidery alive, public benefit is an essential part of our raison d'être. However, this has come to the fore more than we imagined this year during lockdown, where stitch and hand stitch especially, have become a positive and powerful contributor to mental health and wellbeing.

NHS hearts – in response to a request from the University for the Creative Arts (UCA) to all its students, RSN student Lucy Martin, with support from Course Leader Angie Wyman, came up with the idea to support the NHS by embroidering the letters NHS in a heart. This led to extensive media coverage, promoted by the RSN, and more than 220 hearts were made and posted to Lucy's Instagram account. The impact of this was very positive for the RSN student, for those who made the hearts and in support of the NHS staff.

ACTIVITIES AND ACHIEVEMENTS (continued)

Postcards from Home was a campaign launched by the RSN during lockdown; it was for any stitchers and people new to stitch. It was based on the premise that as people were in their homes, this might be the source of inspiration for stitch or they could stitch about somewhere that meant something to them for example from their past, where they came from, their childhood bedroom. This was a longer project than NHS hearts and postcards are still being received. Those sending them in are using this campaign as a focus of both hand stitch skills and being an opportunity to think of somewhere or sometime different than lockdown.

Throughout the first lockdown period the RSN took great pains to communicate with people through all its online and social media platforms, to give a positive focus and show the variety of hand embroidery. It has featured work from our Collection, information from our history and given a platform to our graduating students on both the Degree and the Certificate and Diploma programmes as they were not able to show work physically. This was much appreciated by our followers:

Every time I read an e mail from the RSN I am reminded how hard you are all working, and all the issues you are dealing with so ingeniously and you get my very heartfelt gratitude and admiration.

Keira a student at our Bristol satellite.

As a result of the lockdown we started offering beginners classes online – starting with an embroidered rainbow class, so some people chose to take this class as a commemoration of their lockdown experience.

The RSN has also continued its role as the international centre of hand embroidery excellence by teaching students in North America, Europe and Australia as well as the UK, through the online classes. Access to the classes for those in North America, is by running them 3pm to 9pm UK time, which is 10am - 4pm Eastern Summer Time in the US. This has been particularly appreciated.

Normally, the Chief Executive lectures extensively on behalf of the RSN. Before lockdown, this included many UK locations as well as an invitation to Winterthur, Delaware USA and Japan in January when visiting RSN tutor Emi Nimura and students. The purpose of these lectures is to spread the word about the RSN and to give many more people the opportunity to understand its work and learn how they might participate. While the physical lecture has had to be put on hold, the Chief Executive led the RSN's first, free, Instagram Live session. This reached over 150 people from more than 30 countries ranging from Argentina and Chile to South Korea and Japan via America, Canada, South Africa and many European countries. The impact was to make more people feel engaged with the RSN and want to be able to participate in classes in the future, whether online or in person. This has been furthered by putting online images of the works talked about from the RSN Collection which enabled our Instagram followers to talk to each other about the pieces and share their enjoyment through the stitch community.

We will be continuing this outreach through videoing and putting online a tour of the current exhibition and plan to offer this for future exhibitions so that people who cannot physically come to the exhibition can get a flavour of it.

ACTIVITIES AND ACHIEVEMENTS (continued)

Schools programme – this was ongoing and had been extended with a new option for students to stitch their mantra as a positive word or phrase. Information about this had gone out to existing participating schools but was just about to be launched to more participants in March. This will be picked up in the new academic year as the feedback from participating schools and pupils is that it has a calming and positive effect on pupils.

Degree and Future Tutor students have participated in shows in the first half of the year to offer stitch tuition and encouragement to new stitchers. For our students it gives them confidence in their abilities as stitchers and tutors.

Initiated by the Marketing Manager, the RSN made a partnership with a venue in Islington, north London, and when the original plans had to be amended due to COVID-19, Future Tutor Co-ordinator Kelley Aldridge recorded an introductory class, with support from colleagues, which was freely open to all with a follow on free class for a smaller number. Participants in the class came from a wide area: as far afield as Northumbria.

Through all of this outreach, we continue to fulfil our mission and support people's mental health and wellbeing in these challenging times.

Degree

This year there were 56 students across the three years. All year groups were working on their major projects when COVID-19 enforced lockdown. From March, all teaching went online. Most students were able to go home and communication was through Microsoft Teams. The RSN academic and technical teams worked extensively with the students through tutorials and peer sessions to encourage and support them. Materials and resources were put online, while Technical Support helped with garment construction and supplying hard-to-access threads and fabrics, to enable the students to keep working. The hand in deadline was put back, not least because of the delays in materials getting through, but students were kept in constant contact to keep them motivated and encouraged.

For the assessment, all students were asked to submit images of their work digitally and then, for the third years, there was an opportunity to present their work live to three reviewers so they could tell the panel about their ideas and how these had been executed. This allowed the team to see the thinking behind their projects and how they had brought them to fruition. It also gave the students an opportunity to reflect on the work and tell us of the challenges they had faced and how they overcame them.

ACTIVITIES AND ACHIEVEMENTS (continued)

A key part of the RSN Degree in hand embroidery, validated by UCA, is what are known as Live Projects. These are opportunities for RSN students to compete in open textile competitions, work on a particular project or meet a commercial brief. Students at all levels may get these opportunities, although they can change from year to year. This year students from all three years excelled in these opportunities and, as recommended by their tutors, the 2020 graduates have been active in following up a number of post-completion competitions, publications and exhibitions. As we say to the students, their work is not done when they submit their pieces for assessment, that is just the start and well considered and executed pieces may continue to have a life for several years after graduation for competitions or exhibitions.

Degree awards for 2019-20 included Sabina Lima (2nd year) runner up Bradford Textile Competition (Embroidery) and highly commended category Use of Wool. Hollie Philips, Felicity Billing, Millie Whitehead and Daisy Whitewere also highly commended for the Embroidery award. The first years entered the Worshipful Company of Glovers awards: Eliza Gomersall was runner up in the main category Function meets Fashion and Linnea Lyndon's entry was selected as the most commercial glove from all entrants across the competition. More than that, the RSN was awarded the prestigious Silver Salver for the Institution which has contributed most to the competition. Second years also participated in a project with Chinese female shoe brand Sheme. Originally the company were going to select two shoes to make into prototypes and potentially market. After the inevitable delay of lockdown, the company finally selected four shoes by Sabina Linda, Millie Whitehead, Eliza Tutere and Erin Ledsom.

This year the graduating students achieved their highest ever grades, beating the achievements of students two years ago by whom they had been particularly inspired. This year there were 10 firsts and 9 upper second degrees. Far from grade inflation these were particularly talented students, a fact reinforced by the external awards and recognition that the students have been selected or shortlisted for. Each year we encourage students to participate in the Hand and Lock Prize for Embroidery, the most prestigious hand embroidery award. This year seven RSN students have been shortlisted: five Degree thirds years, one Future Tutor third year and one Degree second year.

Three 2020 graduates have had their work selected for the publication *Talking Textiles*, entries for the book are selected by the director of Trend Union in New York, Li Edejlkoort. Each year the book features the work of graduates from around the world that she sees as leading the trends. As most of those selected are at Masters Level this is a great achievement for the three RSN students.

In this country, the Crafts Council was planning an exhibition of some of the best graduate work featuring crafts, although it has since had to go online. Three more RSN 2020 graduates have had their work selected for this show.

ACTIVITIES AND ACHIEVEMENTS (continued)

Future Tutors

The Future Tutors were the pioneers of the RSN moving online in terms of practical stitch teaching. They were faced with the potentially daunting challenge of learning two of the most demanding techniques - Whitework and Silk Shading - online but they rose to the challenge. They tested out different media, settling on Zoom and WhatsApp: by harnessing the power of their smart phones and WhatsApp, students could take images of their work which the tutor could enlarge to see the stitches in great detail. Students quickly discovered there was nowhere to hide. Since then they have enhanced their technology so that the tutor can not only see the completed stitch but can now see the student making the stitch, as this is as vital to good technique as the finished stitch. Seeing how the students took to their new way of working encouraged the education department that it would be possible to offer group sessions online for both short courses and the Certificate and Diploma.

The biggest challenge, though, was for the third years as they had to miss time in the Studio. This could not be rectified until August when the five who were due to graduate came back to be taught all the remaining conservation and restoration techniques that they had not covered, as well as how to make a set of church vestments in miniature. Although not ideal, this did ensure they had covered all the core, essential techniques. They had had a number of interesting items to work on earlier in the year including the transfer and recreation of a piece for the TV programme *Salvage Hunters: the Restorers*. Finally the five graduated at the end of August, watched by family and friends online.

The third years had, however, been able to work on their signature projects. This project has a very open brief, students can do anything they want, and ideally combining techniques but in this case they were also, for the first time, to meet the brief for the Hand and Lock Prize for Embroidery. The five projects were very different and they submitted images for the Prize for Embroidery, from those, one Future Tutor has been shortlisted for the main award for Textile Art and an ancillary award.

Education

The Certificate and Diploma course is the lifeblood of the RSN. It is a specialist course but taught part time so that it can be open to many. The RSN offers the course at its base in Hampton Court Palace ('HCP'), in four UK satellites, in Japan, and twice a year in America. Up to mid-March the programme was performing well. We were often teaching to a full class seven days a week at HCP and to good numbers in all our satellites. Starting with Japan, this stopped with the arrival of COVID-19. Initially we had to stop the programme completely. Then we looked at how we could offer aspects of it online but from survey results there seemed to be an aversion to this from UK and US students. The only ones who jumped at the online opportunity were our Australian and Far Eastern students.

Nevertheless, we pioneered a number of options with available tutors who were willing to try online teaching and paired them, initially with individual students to see how it would work. Early feedback from tutors and students was positive so we tried a number of different formats with the aim being to work back to the one tutor to six students model that we have in the classroom.

ACTIVITIES AND ACHIEVEMENTS (continued)

It was not until July that the RSN could re-open its teaching centre at HCP. However, after initial reluctance, when students saw what we had put in place for them they were keen to return. Albeit, that with social distancing we could only accommodate half the students we had previously and only on four days a week over the summer. So, as a result of this, one of the major areas of reduced income is through the Certificate and Diploma. With all the issues there were also no assessments after December 2019, no end of year show and no awards this year.

Looking ahead, we are aware that there is a group of people who want to study for the Certificate but they live too far away from any of our sites. They want to take the programme totally online. However, to start the programme online needs more consideration so that we set people up with a good understanding of what is needed from the beginning. This was being developed in the autumn with the aim of opening this opportunity in 2021.

We also had to close all our day classes from March, which was unfortunate as it is the second half of the year when we can normally hold the longer classes. However, we began looking at what might be possible working with tutors who had experience online. Finally, we offered our first online short course with Future Tutor Sarah de Rousset Hall whose motif was a rainbow. This went well but our North American supporters wanted to participate too. We then realised that with a change to the teaching time, we could offer classes to reach the east coast of the US. Through July and August, we offered a series of classes in drawing and stitch, experimenting with different times of day and different lengths of course, two and three-hour sessions, evenings as well as days. It was realised that potentially this could be very liberating for the range of classes that we could offer.

The take up of both C&D and short courses in the last two months of the year really helped contribute to a better end of year position than had been forecast. Many supporters also commented on how quickly and effectively the RSN had taken on board working in a different way. However, there was just one unforeseen aspect and that was the need to send out kits to people for the start of classes. After the first couple of months of lockdown UK postal services eased a bit and returned to a near normal service. The same could not be said of some international countries and we had to post as early as possible to get kits to their destination in time.

Short courses, bespoke classes, tours and partnerships

For this department, COVID-19 really wrecked what had been a promising year. We had the largest number of bespoke groups booked in for classes and tours in the summer. We had a growing range of partnerships including the Fashion and Textile Museum, V&A, Bath Fashion Museum and the D Day Story in Portsmouth, and were looking to add more partner organisations where there is a link to stitch and RSN tutors could offer classes. There was also a new exhibition planned, Stitch is international, which could not be held as we cannot know when we could next have visitors in the Studio. As with everything else, all these were cancelled and the responsible staff member put on furlough.

The plan for the future will be to hold special events like talks online to generate income and reach new people as well as regular visitors.

ACTIVITIES AND ACHIEVEMENTS (continued)

Studio

In the first half of the year the RSN held the exhibition *Faces and Figures in Embroidery* which was launched by the RSN Patron HRH The Duchess of Cornwall, who specifically came to see the portrait of herself in blackwork that had been created by the RSN Studio. The working of the face had been videoed using the time-lapse process so it showed in just a few minutes the work of two days, this had then been put on YouTube. When Her Royal Highness arrived she immediately recognised the RSN Studio member whom she had seen on film and thanked her for her work.

This began as a quiet year working on small pieces in the Studio. The stand out piece was for the television programme *Salvage Hunters: The Restorers* where the RSN studio transferred and brought back to life some 19th century embroidery and then added new elements. When finished the owner could not work out which were the new elements and which the old.

With lockdown the Studio had to close, however, the enforced time at home clearly led to many people tidying cupboards as the Studio has seen a surge of interest, with enquiries coming through the lockdown period and a steady flow of enquiries since the summer.

Marketing

Marketing plays a vital role in maintaining and building our audience. It was a busy first half of the year promoting the usual events and activities, with more and more activity moving to social media. However, when lockdown began, we initially had little to market except the retail offering, so instead the communications were much more about keeping our audience engaged and entertained especially while people were somewhat scared and overwhelmed by the pandemic.

We had to cut the marketing budget but the Head of Marketing,, used all the social media platforms she could to ensure that far from being forgotten, the RSN was seen as dynamic, proactive, engaged and offering positive messages and actions. During the lockdown period we held a competition for our 30,000th follower on Instagram; this was achieved within hours and at the year-end there were over 34,000 followers.

Marketing was particularly involved in Postcards from Home and the NHS hearts mentioned in the Public Benefit section. The eNews is normally a monthly newsletter of activities and a half monthly class availability schedule, for the first weeks of the pandemic it was transformed into a weekly communication. It talked about the RSN history, archive, Collection and our plans, again to inform and entertain people during the bleak period and it really fulfilled our public benefit role, as a positive public service.

ACTIVITIES AND ACHIEVEMENTS (continued)

Collection and Archive

During the first half of the year there were a number of queries about the Archive but these picked up during lockdown as people had time to research their ancestors, so the most asked question – ‘did my (relative) train/work at the RSN?’ has been asked several times a week. In most cases we cannot answer this as we do not have the capacity and working from home means there is not access to the archive. However, we did make use of the lockdown to tell people more about the history of the RSN and what is in the archive through the eNews. We particularly featured the photographs and some of the stories behind them.

It is planned that the Collection and Archive will be used for talks online in the future, to help show people what we have.

Retail

One of the positive stories of the lockdown was the RSN's retail operation. From the beginning of lockdown the shop was busy with orders, more than 200 just from the Easter Weekend. It quickly became clear that we needed more expertise and both the retail manager and assistant began working on site. This was particularly necessary in terms of keeping stock ordered in time to meet demand. The team also converted Studio 2 into a mailing operation. They were particularly pleased that the Studio tables could be raised to make packing items easier.

In a normal year, online sales might only be a fraction of the total sales, this year the retail operation reached its original total, even though the second half of the year was all online.

Distance Learning

The planned series of new self-paced courses with David and Charles came to an abrupt halt with lockdown and even the course filmed in February could not be launched for lack of material. It was eventually launched in June. There were reasonable sales of the kits available but again this was hampered by lack of materials at the beginning of the lockdown.

It is hoped that we can revive the planned subsequent programmes in 2021 as, even with online teaching now available, these offer more direct tuition that people can do when they have the time, rather than fitting into a schedule.

ACTIVITIES AND ACHIEVEMENTS (continued)

RSN Stitch Bank

The aim of the RSN Stitch Bank is to put every stitch in the world on to a digital resource as both an instructional guide and also a source of preservation for old stitches. Work on this initiative was going well in the first half of the year with developments to the web framework and we had trained a number of tutors to photograph and video the creation of the stitches. However, this all came to an abrupt halt with the lockdown when the team were furloughed. The original launch date of the first 500 stitches by July had to be put on hold but interest in the scheme continued during lockdown, attracting additional support which reinforced to us how important this initiative is. The project will be taken up again in the next financial year with the aim of launching in spring 2021 even if with fewer stitches than was originally anticipated.

IT

When we first went into lockdown, so much had to happen in such a short time almost all of which was focused on or through IT. All the things that we had worked on over the last three years really came to fruition at this point in making the enforced transition much smoother than it would otherwise have been.

Not that everything was plain sailing. It became expected that every time we wanted to do something new, like offer a class at a different time of day, the IT needed to be tweaked to accommodate the change. For the longer term it is helping us to determine what needs to be part of a bigger change on the system and just how far it will meet our needs.

Our IT manager has shown immense versatility in encouraging the system to work in different ways so that we can offer things like discounts and special offers that were not previously part of what we did, but all of which have paid off for us whether in income generated or elements of learning.

Friends

During the COVID-19 outbreak and the lockdown, the RSN Friends have been the most tremendous help to the RSN. They have supported the fundraising, they have bought items in the shop, they have tried out the online classes and they have sent messages of support and encouragement. Some former Friends even came back into the Friends this year. The RSN is extremely grateful to the Friends for this support and encouragement.

Staffing

A great deal of what has been achieved in the second half of the year has been achieved with a much smaller team than usual. Only the degree kept all its staffing during lockdown, elsewhere people doubled and tripled their roles and made the best out of the challenging situation, putting in many hours to ensure we would survive. New skills were acquired including working from home adjustments and preparing rooms for the new normal. Perhaps the staff member who had most challenge was interim Finance Director Elaine Ogle who was covering the FD's maternity leave, as the role became much more demanding.

ACTIVITIES AND ACHIEVEMENTS (continued)

The RSN has supported staff working from home with additional equipment to make them as effective as possible and the weekly team meeting of staff became a very important event as it brought most of the staff together. In addition, the Chief Executive decided to send out a weekly letter to all who were furloughed from the beginning of April. Initially, this was just for those furloughed but in the end was sent to everyone, furloughed and active, so all were kept informed and knew what had been happening. It is still sent out every Friday night. Following enquiry with recipients, this will be continued into the next academic year because although we now have more of the team back working, the limited on site access still means that many of the team are working individually so the regular updates keep everyone informed.

However, with a significantly reduced income we had to look at more drastic ways to cut costs. As the largest percentage of the RSN outgoings is on staff, we had few options but to look at reducing costs here. In the end, we had to make five roles/four people redundant, but have brought in one person to take on a combined role to support the Head of Education and Teaching.

During the first lockdown the Council took a pro-active approach to managing risk with sometimes weekly Zoom meetings to review the most urgent issues, usually around cash flow.

Fundraising declaration

The RSN has to earn or raise its income. Earned income comes from the courses it runs as part of its charitable mission. Funds are raised to support core programmes like the Future Tutors and bursaries for students on the Degree and Future Tutors and also to support new initiatives such as the RSN Stitch Bank and the digitisation of the RSN Collection and Archive. Usually these funds are raised primarily from charitable trusts and livery companies. This year, when earning income became more difficult, we looked to fundraise from Friends and supporters for our emergency appeal. Recipients could choose a number of ways to support the RSN: through a direct donation, by becoming or returning to being a Friend, by purchasing items from our shop or by becoming a subscriber to the RSN Stitch Bank.

The RSN complies with the fundraising code and complies with the GDPR requests of anyone who asks not to receive fundraising requests. This year, supporters and Friends were only specifically given this one request for support and they had a range of options as to how they could help. The RSN has received just one fundraising complaint this year following this mailing, from an international person who did not at the time realise that the RSN is a charity. Once explained this was rescinded.

Donors this year have included livery companies including the Broderers, Dyers, Girdlers, Gold and Silver Wyre Drawers, Haberdashers and Needlemakers as well as charitable trusts such as the Barbara Whatmore Foundation, the Weinstock Foundation, the Coats Foundation Trust and others which wish to remain anonymous. We also received many donations from our Friends and supporters from the UK, the US and elsewhere. The largest individual gift was for £30,000 for our emergency support from an RSN Life Friend.

The RSN is extremely grateful for all this help and support this year.

ACTIVITIES AND ACHIEVEMENTS (continued)

Review of overall performance

In the light of COVID-19, the RSN has managed remarkably well thanks to the swift action of Trustees and staff. Collectively, we made things happen at a speed that would not have been imagined just a few months before. The transition from face to face to online teaching was fast and we have learned from this for ongoing teaching. In terms of income generation while we could not physically make up for the months lost to the lockdown, we worked very hard to be able to offer courses online and to rebuild all our operations so that we continued to generate income. As a result, the financial picture was nowhere near as bad as it could have been.

The active staff team (those members of staff not on furlough) worked incredibly hard to keep awareness and momentum and this has paid off with a broader online presence and greater engagement with our activities, which can only augur well for the future.

The Trustees acknowledge and thank the staff team for their commitment and dedication over this year. It has been an extraordinary year.

FUTURE DEVELOPMENTS

The Year Ahead

During the year, the Trustees and senior staff have looked at the way forward, taking the opportunity to revise and update the strategic plan in the light of COVID-19. While in some ways COVID-19 has, of course, slowed us down and changed many plans, it has given us new opportunities that we need to capitalise on. In looking at the strategic plan, we have enhanced even further the role of IT, factored in online tuition for the long term, and focused the goals of the business plan to be more specific in the short term. As such, we might summarise the overarching themes for the next four years as 2020-21 stabilise, 2021-22 rebuild, 2022-23 celebrate (our 150th anniversary), 2023-24 growth.

While not forgetting the short term, the staff team is looking ahead to the anniversary year which actually straddles two financial years, as our opportunity to really use it as an effective launch pad for the future of the RSN.

FINANCIAL REVIEW

Financial report for the year

The consolidated statement of financial activities for the year shows a net deficit (before investment losses) of £121,680 (2018/19: surplus of £142,916).

FINANCIAL REVIEW (continued)

The overall income for the year 2019/20 amounted to £1,984,354 (2018/19: £2,357,491), a year on year decrease of 16%. Income from donations and legacies increased by 5% to £475,858 (2018/19: £454,451). In 2019/20 this includes £187,659 of grant income from the Government Job Retention Scheme. In 2018/19 a donation of £250,000 was received from the HB Allen Charitable Trust upon their closure. Donations and legacies remain an extremely important source of income, particularly for the Degree and Future Tutor programmes, neither of which receives any government funding, and for all new initiatives.

The trading subsidiary's income of £278,555 (2018/19: £352,549) decreased by 21% as the Studio was closed from the end of March due to lockdown.

Income from charitable School activities amounted to £1,059,988 (2018/19: £1,377,207) a 23% decrease year on year due to reduced activity in Certificate & Diploma and short courses from the end of March. Whilst online courses replaced face-to-face classes, the volume of sales was not enough to equal that delivered in 2018/19. Investment income of £169,953 (2018/19: £173,284) also decreased marginally.

The restricted fund income of £120,622 (2018/19: £152,584) consisted of resources earmarked for the Degree and Future Tutor programmes, the RSN Stitch Bank and Collection and Archive Digitisation Campaigns. The decrease compared with last year is mainly due to appeals to Friends being focused on unrestricted donations following the COVID-19 pandemic. Restricted expenditure of £180,204 (2018/19: £234,689) was incurred against the Degree and Future Tutor programmes, for the RSN Stitch Bank project and also the ongoing depreciation on the capital costs of the set-up of the new classrooms at Hampton Court Palace in 2015.

Total expenditure for the year of was £2,106,034, 5% less than the previous year (2018/19: £2,214,575). The RSN reduced all non-essential expenditure following lockdown.

Net realised and unrealised losses on investments for the year amounted to £22,433 (2018/19: £146,237 gains). At the balance sheet date, net assets totalled £5,300,695 (2019: £5,444,778) of which £2,158,779 (2019: £2,223,252) are unrestricted.

The Royal School of Needlework has an investment of £100 (2018/19: £100) in the share capital of RSN Enterprises Limited, a wholly owned company which is incorporated in England and Wales. The net trading income of the company for the year amounted to a deficit of £25,733 (2018/19: deficit of £11,332).

FINANCIAL REVIEW (continued)

Reserves policy and financial position

The Council has examined the requirements for free reserves, i.e. those unrestricted funds not invested in tangible fixed assets, designated for specific purposes or otherwise committed. The Council considers that, given the nature of the charity's work and the discretionary nature of a significant proportion of income, the level of free reserves should remain unchanged from last year at five months' total expenditure at any one time. Based upon budgeted expenditure levels for 2020/21, the maximum expenditure for five consecutive months would be in the region of £1,088,000. The Council is of the opinion that this provides sufficient flexibility to cover temporary shortfalls in incoming resources due to timing differences in income flows, adequate working capital to cover core costs and will allow the charity to cope with and respond to unforeseen emergencies whilst specific action plans are implemented.

The charity has total reserves of £5,300,695 (2019: £5,444,778). This includes endowment funds and restricted funds of £2,808,801 (2019: £2,828,428) and £328,295 (2019: £388,308) respectively and designated funds of £610,000 (2019: £610,000). After deducting funds represented by tangible fixed assets and shareholders' funds, this leaves free reserves at 31 August 2020 of £1,505,472 (2019: £1,588,618). There is currently an excess of free reserves over the target level of £1,088,000. Given the current economic uncertainty, the Council is of the opinion that the level of free reserves held is prudent at this time.

The Council has continued to formally designate £610,000 towards the planned developments within the strategic plan (2019: £610,000). The Council will review this designation on an ongoing basis. The funds that are designated are for future strategic projects, including the ongoing RSN Stitch Bank project and digitisation of the archive.

Investment policy

Under the Memorandum and Articles of Association, The Royal School of Needlework has the power to make any investments, which the Council sees fit. The Finance and Investment Committee keeps a close eye on investments and returns to ensure maximum benefit for the RSN and meetings are held regularly with the investment managers to ensure that the balance of the portfolio remains appropriate particularly given political uncertainties and the ongoing potential for market volatility.

The tenor of the investment policy remains to maintain the real value of the RSN funds through continued growth of the asset base, seeking to achieve this with an appropriate balance between sustained cash flow and capital growth, to generate over the long term, defined as a period of not less than five years, a total return on capital invested that reflects the risk appetite.

Investment policy (continued)

During the year, the Council also considered and reaffirmed its risk appetite for the investments, which has been mandated as medium. Markets continued to recover from the 23 March lows, and so by the charity's year end of 31 August 2020 the investment portfolio had risen to £5,338,754 this representing a gain of +4.3% in total return terms over the past quarter and +2.0% of unrealised gains over the past year (returns are net of fees). To that end, while the value of the investment portfolio had fallen back with the markets earlier in the year, it had recovered strongly, and as such the overall impact of COVID on the RSN's investment portfolio has been limited, if not negligible. Indeed, at 31 August 2020 the investment portfolio had a 9 year annualised return of +7.9% per annum (total return, net of fees).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Royal School of Needlework was founded in 1872 and incorporated in England and Wales, on 16 April 1878 as a company limited by shares, the word 'limited' being omitted by licence of the then Board of Trade. The RSN is also registered as a charity with the Charity Commission, under the number 312774.

Council Members' Induction and Training

Normally, on appointment, Council members are provided with the Charity Commission publication about trustees' roles and responsibilities, are invited to come and spend a day with senior managers and their teams learning about the work of each team, and are provided with copies of the annual report, strategic plan and campaign presentation.

This year the first appointment was able to follow the usual route but the induction for the later appointments was all online, although one was able to visit the RSN and see people face to face in the summer. Council members have been provided with Charity Commission guidance on fundraising regulations. Council members are informed of training courses run by our advisors, which they may attend.

Organisational Structure and Key Management

The key management personnel of the RSN in charge of directing and controlling, running and operating the charity comprise the Council and the Chief Executive, Dr Susan Kay-Williams. The Chief Executive is supported in day-to-day operations by a small senior management team and other staff. The RSN is a small organisation with at most only three levels of hierarchy but in practice, much of it operates at a more hands-on level.

The salary of the Chief Executive is set by the Council. The salaries of all staff are considered annually by the Finance and Investment Committee and approved by the Council.

As at 31 August 2020, the RSN employed seven full time and 17 part-time management and administrative staff and core teams of eight part time stitchers in the Studio and 21 part time tutors of whom two full time, six part time, six stitchers and 16 tutors were on furlough or flexible furlough. In addition, there are around 20 volunteers who in normal times assist with the library, Studio Talk and Tours, marketing and data entry, but since lockdown only three have been able to assist.

Trading subsidiary

The RSN has a wholly owned trading subsidiary RSN Enterprises Limited, a company incorporated in England and Wales with a share capital of £100. The principal activity of the company is that of undertaking the commercial and retail activities of The Royal School of Needlework. The company comprises the RSN Studio, which undertakes commissions for individuals and public bodies and a retail outlet within the premises of The Royal School of Needlework. The retail outlet also offers products for sale via its website.

All taxable profits of the trading subsidiary are donated to the School under the Gift Aid scheme. During the year the company made a loss of £25,733 (2018/19: loss of £11,332).

This report is approved by the Council on 23 February 2021 and signed on its behalf by:



Andrew Palmer
Chairman



Susan Kay-Williams
Chief Executive

Statement of Corporate Governance and Internal Control Year to 31 August 2020

The following statement is provided to enable readers of the annual report and financial statements of the Royal School of Needlework to obtain a better understanding of its governance and legal structure. The statement covers the period from 1 September 2019 to 31 August 2020 and up to the date of the approval of the annual report and financial statements.

The Royal School of Needlework endeavours to conduct its business;

1. Having due regard to the UK Corporate Governance Code 2018 in so far as it is applicable to the Higher Education Sector.
2. Complying with Office for Students on-going conditions or regulations and terms of conditions of funding as well as other regulatory responsibilities.

We have adopted the UK Corporate Governance Code. We have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code that we consider relevant to the Higher Education Sector.

The Trustees recognise that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

Legal Status

The Royal School of Needlework is a registered charity and a private company limited by shares. The trustees are the shareholders and their liability is limited to the value of shares held.

The Trustees, who are also Council Members and referred to as both in this report, confirm that they have due regard for the Charity Commission's guidance on public benefit and that the required statement appears elsewhere within these financial statements.

Council and Trustees

The governing body of the RSN is the Council. This comprises the Chairman, Honorary Treasurer and up to 12 ordinary members.

Members of the Council (who are also Trustees of The Royal School of Needlework for the purposes of charity law) who served during the year and up to the date of this report were:

Statement of Corporate Governance and Internal Control Year to 31 August 2020

Council members (Directors)	Appointed / Retired
Mr Andrew Palmer (Chairman)*	
Mrs Elizabeth Braakenburg Dyce	
Ms Nicola Clarke*	
Prof Patsy Cullen	Appointed 23 June 2020
Mrs Caroline De Guitaut	
Ms Victoria Farrow	Appointed 23 June 2020
Mrs Morgan Fowles	
Miss Samantha Hoe-Richardson (Honorary Treasurer)*	
Ms Deborah Lamb	
Prof John Miles	Retired 17 February 2020
Ms Reena Pastakia	Appointed 17 February 2020
Mrs Sharan Wicks	Retired 18 December 2019
Mrs Stephanie Wright*	

* indicates members of the Finance and Investment Committee, which met five times during the year under the chairmanship of the Honorary Treasurer.

In addition to the Council there is one committee which reports to the Council:

The Finance and Investment Committee, usually meets four times a year and ensures that the finances of the RSN are well managed and accurately reported, and that the investments are handled in accordance with the agreed risk appetite.

In response to the impact of COVID-19, in addition to the planned meetings, the Trustees met online on a number of Tuesday evenings especially through April to June and an extra Finance and Investment Committee was added in July. The planned Council meeting was moved to the end of August to give additional time for the preparation and discussion of budgets for 2020-21.

During the year working parties comprising Trustees and staff have looked at the RSN Strategic Plan and at the potential exhibition at the Fashion and Textile Museum in 2022.

Board of Trustees' interests

The Board of Trustees are shown above and except for any instance mentioned above have served throughout the year.

All Council Members at 31 August 2020 held one £10 share (2019: one £10 share) in the capital of the charitable company.

The Finance Director maintains a register of financial and personal interest of the members of the Council. This can be obtained by contacting Hannah Warwick at the RSN's registered office (see page 1).

Statement of the Council's responsibilities

The Council Members (who are also directors of The Royal School of Needlework for the purposes of company law) are responsible for preparing the report of the Council and financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice).

Company law requires the Council to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and the group and of the income and expenditure of the group for that period. In preparing these financial statements, the Council is required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in 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 (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Council is responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the Charities Act 2011. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Council Members confirms that:

- ◆ so far as the Council Member is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- ◆ the Council Member has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The Council is responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Meeting Procedures

Formal agendas, papers and reports are supplied to the Board of Trustees in a timely manner, prior to Council meetings. Briefings are also provided on an ad hoc basis. Reports include overall financial performance of the organisation together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety issues. The Council met formally 6 times in 2019/20.

The Royal School of Needlework has a strong and independent non-executive element and no individual or group dominates its decision-making process. The organisation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with exercise of their independent judgement.

There is a clear division of responsibility in that the roles of the Chairman and Accounting Officer are separate.

Appointment to Council

Council members serve a term of three years and may serve a second term of three years before retirement.

Approximately biennially, the Council members undertake a skills analysis, the Chairman and the Chief Executive review the skills available, the likely retirement dates of Council members and the future needs of the charity in order to start searching for new potential Council members. As a result of that and the resignation of the academic Trustee, the Chief Executive and Chairman undertook the search for additional Trustees during 2019-20 and three appointments were made including a new academic Trustee. We are grateful for the support of Ian Lazarus and colleagues of SaintyHird in helping us to identify potential Trustees.

Council Performance

The Council has made a strong contribution to the improvements made in 2019/20 through the setting of challenging targets with regular scrutiny of performance. There is strong performance management at Council meetings. The Council provides robust scrutiny and challenge. Trustees are pro-active in their oversight of the organisation and are involved in the planning and discharging of Council business.

Committees

Finance and Investment Committee

The Finance and Investment Committee is responsible to the Council of Trustees in discharging its responsibilities for monitoring the integrity of the RSN's financial statements, the effectiveness of financial controls with regard to internal risk assessment, the performance and objectivity of external auditors and the performance of investments.

Finance and Investment Committee (continued)

The Committee is responsible for the following:

- To appoint external auditors and agree the audit fee, meet with the external auditors to discuss the scope and nature of the audit and to discuss the findings included within the management letter and management responses.
- To take the lead in reviewing the financial risks, aiming to minimise and mitigate any that appear or will potentially impact the charity and that are within its power to affect.
- To satisfy itself that satisfactory arrangements are in place to manage the RSN's investments and to monitor their performance

Internal Control

Scope of responsibility

The Council is ultimately responsible for the organisation's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Council has delegated the day-to-day responsibility to the Chief Executive, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives, whilst safeguarding the public funds and assets. The Chief Executive is also responsible for reporting to the Council any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure and can only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of organisation policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at the organisation for the year ended 31 August 2020 and up to the date of approval of the annual report and financial statements.

Risk management

The Council and senior managers have reviewed the principal financial, reputational, operational and governance risks that might impact on the organisation during the year, especially in the light of Covid and its impact and updated the risk register accordingly. The review enables the RSN to reflect upon the impact of both internal and external changes and the longer-term impact they may have, ensuring that mitigation is updated to respond to the changes. While known risks can be mitigated there will always be unanticipated events of which COVID has been an unwelcome example.

Risk management (continued)

The Finance and Investment Committee continues to take the lead in reviewing the financial risks, aiming to minimise and mitigate any that appear or will potentially impact the charity and that are within its power to affect.

The Council has reviewed the RSN's internal financial controls and is satisfied that these are appropriate in minimising any risks to its funds.

The top four risks that could have a negative impact on achieving the RSN's strategic plan have been identified as:

1. Cashflow – a very robust approach was taken from the start of the original lockdown, which involved halting all expenditure, asking people if they would donate class fees or at least leave them with us for a future class and an appeal for funds for immediate use. This combined approach really helped in the early days. Since then we have re-opened Certificate and Diploma teaching in person as well as online and offered a wide range of online short classes to bring in new funds. We will also be planning an online Summer School in 2021 to meet the needs of students and generate new income. This continues to be monitored on a regular basis.
2. Students not wishing to participate unless in person, not willing to go online. While the initial response was slow, once students saw what measures had been put in place, and shared that with colleagues we have had a positive response from students to attending classes of the Certificate and Diploma in person at Hampton Court and later at our satellites. While we are still persuading some Certificate and Diploma students to attend online, we are making up for some of this with our short course online offerings where we have reached new audiences, been able to run longer courses and at different times of the day.
3. IT systems – with the move to so much online, the need for robust IT systems is even more important. Staff have learned quickly about methods of online delivery and our IT manager has been reviewing many of our systems to upgrade in an ongoing way. We will be looking at the needs of the organisation going forward so that IT is enhanced and kept updated in the short term, with a wider review of future needs in the medium term
4. Challenges of running the degree programme – because many of our students live in shared accommodation and need to use public transport to get here, this is the most challenging group. We have effective measures in place to keep all the three year groups in bubbles, to limit the number of days the students have to come in and giving them the freedom to work from home. We are even accommodating students who have stayed away this term in order to better manage their health and time and yet still play a full role in the course.

Review of effectiveness

As the Accounting Officer, the Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. The Chief Executive review of the effectiveness of the system of internal control is informed by:

- the work of the external auditors;
- the work of the senior managers within the organisation who have responsibility for the development and maintenance of the internal control framework; and
- comments made by the organisation's financial statements and regularity auditors in their management letters and other reports.

There are no significant internal control weaknesses reported for the period.

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments. The senior management team and the Finance and Investment Committee also receive regular reports, which include recommendations for improvement. The Council agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Finance and Investment Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2020 meeting, the Board of Trustees, carried out the annual assessment for the year ended 31 August 2020 by considering documentation from the senior management team, and taking account of events since 31 August 2019.

Based on above and reports by the Chief Executive, the Council is of the opinion that the organisation has an adequate and effective framework for governance, risk management and control to manage the achievements of the organisation's objectives for the year ended 31 August 2020 and it has fulfilled its statutory responsibility for "the effective and efficient use of resources, the solvency of the institution and the safeguarding of their assets".

Regularity, propriety, and compliance

The organisation has considered its responsibility to notify the Office for Students of material irregularity, impropriety and non-compliance with Office for Students terms and conditions of funding.

We confirm, on behalf of the organisation, that after due enquiry and to the best of its knowledge, the Council believes it is able to identify any material irregularity or improper use of funds by the organisation, or material non-compliance with terms and conditions of funding under the organisations financial regulations. As part of our consideration we have had due regard to our financial regulations. We confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement these will be notified to the Office for Students.

Statement of Corporate Governance and Internal Control Year to 31 August 2020

Going Concern

Details on Board's going concern assessment are set out on page 38.

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



Andrew Palmer

Chair

Date: 23 February 2021



Susan Kay-Williams
Chief Executive

Independent auditor's report to the members of The Royal School of Needlework

Opinion

We have audited the financial statements of The Royal School of Needlework (the 'parent charitable company') for the year ended 31 August 2020 which comprise the consolidated statement of financial activities, the consolidated and parent charitable company's balance sheets, the consolidated statement of cash flows, the principal accounting policies and the notes to the financial statements. 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 and parent charitable company's affairs as at 31 August 2020 and of the group's income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006;
- ◆ where applicable, funds from whatever source administered by the provider for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- ◆ where applicable, funds provided by the OfS and by Research England have been applied in accordance with the relevant terms and conditions; and
- ◆ meet the requirements of the Office for Student's Accounts Direction 2019/20.

We have nothing to report in respect of the following matter in relation to which the OfS Accounts Direction 2019/20 requires us to report to you if, in our opinion:

- ◆ the charitable company's grant and fee income, as disclosed in note 1 to these Financial Statements has been materially misstated.

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 parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the report of the Council.

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

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

Responsibilities of Council members

As explained more fully in the statement of the Council's responsibilities, the Council members 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 Council members 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 Council members are responsible for assessing the group and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council members either intend to liquidate the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.

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

Independent auditor's report Year to 31 August 2020

Use of our report

This report is made solely to the parent charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the charity's Council members, as a body, in accordance with Section 144 of the Charities Act 2011 and with regulations made under Section 154 of that Act. Our audit work has been undertaken so that we might state to the parent charitable company's members and the parent charitable company's Council members 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 parent charitable company, the parent charitable company's members as a body and the parent charitable company's Council members, as a body, for our audit work, for this report, or for the opinions we have formed.



Katharine Patel, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 1 March 2021

Consolidated statement of financial activities (including the Income and Expenditure Account) Year ended 31 August 2020

		Unrestricted funds £	Restricted funds £	Endowment funds £	2020 Total funds £	2019 Total funds £
Income and expenditure	Notes					
Income from:						
Donations and legacies	1	355,196	120,662	—	475,858	454,451
Investments	2	169,953	—	—	169,953	173,284
Other trading activities	3	278,555	—	—	278,555	352,549
Charitable activities						
. School activities	4	1,059,988	—	—	1,059,988	1,377,207
Total income		1,863,692	120,662	—	1,984,354	2,357,491
Expenditure on:						
Raising funds	5	400,126	13,250	—	413,376	486,209
Charitable activities						
. Costs of school activities	6	1,517,704	166,954	8,000	1,692,658	1,728,366
Total expenditure		1,917,830	180,204	8,000	2,106,034	2,214,575
Net (expenditure)/income before investment gains and losses	8	(54,138)	(59,542)	(8,000)	(121,680)	142,916
Realised losses on investments	11	(62,920)	(2,870)	(70,781)	(136,571)	(64,552)
Unrealised gains on investments	11	52,585	2,399	59,154	114,138	210,789
Net movement in funds		(64,473)	(60,013)	(19,627)	(144,113)	289,153
Reconciliation of funds:						
Fund balances brought forward at 1 September 2019		2,223,252	388,308	2,828,428	5,439,988	5,150,835
Fund balances carried forward at 31 August 2020		2,158,779	328,295	2,808,801	5,295,875	5,439,988

Balance sheets 31 August 2020

	Notes	Group		Charity	
		2020 £	2019 £	2020 £	2019 £
Fixed assets					
Tangible assets	9	43,307	24,635	43,307	24,635
Investments	11	5,338,754	5,402,282	5,338,854	5,402,382
		5,382,061	5,426,917	5,382,161	5,427,017
Current assets					
Stocks	12	71,753	76,080	29,474	29,625
Debtors	13	133,595	116,688	197,682	182,539
Cash at bank and in hand		417,199	378,054	376,711	351,671
		622,547	570,822	603,867	563,835
Creditors: amounts falling due within one year	14	(655,580)	(552,961)	(593,794)	(528,600)
Net current (liabilities)/assets		(33,033)	17,861	10,073	35,235
Creditors due in more than one year	15	(48,333)	—	(48,333)	—
Total net assets		5,300,695	5,444,778	5,343,901	5,462,252
Represented by:					
Capital and reserves					
Called up share capital	16	260	280	260	280
Capital redemption reserve	17	4,560	4,510	4,560	4,510
		4,820	4,790	4,820	4,790
The funds of the charity:					
Endowment funds	18	2,808,801	2,828,428	2,808,801	2,828,428
Restricted funds	19	328,295	388,308	328,295	388,308
Unrestricted funds:					
. General fund		1,548,779	1,613,252	1,591,985	1,630,726
. Designated fund	20	610,000	610,000	610,000	610,000
		5,295,875	5,439,988	5,339,081	5,457,462
		5,300,695	5,444,778	5,343,901	5,462,252

Approved by the Council of Members on 23 February 2021 and signed on its behalf by:



Andrew Palmer
Chairman



Samantha Hoe-Richardson
Honorary Treasurer

The Royal School of Needlework: Company Registration Number 12192

Consolidated statement of cash flows Year to 31 August 2020

	Notes	2020 £	2019 £
Cash flows from operating activities:			
Net cash (used in)/provided by operating activities	A	(193,362)	35,205
Cash flows from investing activities:			
Investment income		169,953	173,284
Purchase of tangible fixed assets		(28,571)	(5,282)
Proceeds from the disposal of investments		807,633	378,231
Purchase of investments		(653,932)	(614,462)
Net cash provided/(used in) by investing activities		295,083	(68,229)
Cash flows from financing activities:			
Repurchase of share capital		(20)	(10)
Increase in capital redemption reserve		50	10
New loan financing		50,000	—
Net cash provided by financing activities		50,030	—
Change in cash and cash equivalents in the year		151,751	(33,024)
Cash and cash equivalents at 1 September 2019		385,672	418,696
Cash and cash equivalents at 31 August 2020	B	537,423	385,672

Notes to the statement of cash flows for the year to 31 August 2020

A Reconciliation of net movement in funds to net cash used in operating activities

	2020 £	2019 £
Net movement in funds (as per the statement of financial activities)	(144,113)	289,153
Adjustments for:		
Depreciation charge	9,899	28,398
Losses (gains) on investments	22,433	(146,237)
Investment income	(169,953)	(173,284)
Decrease (increase) in stocks	4,327	(11,682)
(Increase) decrease in debtors	(16,907)	20,665
Increase in creditors	100,952	28,192
Net cash (used in)/provided by operating activities	(193,362)	35,205

B Analysis of cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	417,199	378,054
Cash held by investment managers	120,224	7,618
Total cash and cash equivalents	537,423	385,672

Consolidated statement of cash flows Year to 31 August 2020

C Reconciliation of net debt

	At 1 September 2019 £	Cash flows £	At 31 August 2020 £
Cash at bank and in hand	385,672	151,753	537,425
Bank loan	—	(50,000)	(50,000)
Total cash and cash equivalents	385,672	101,753	487,425

Principal accounting policies Year to 31 August 2020

General information

The Royal School of Needlework is a company, limited by shares and is registered in England and Wales. The registered number is 12192 and the registered office is Apartment 12A, Hampton Court Palace, East Molesey, Surrey, KT8 9AU.

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 August 2020.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with 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 (FRS 102) (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011 and the Companies Act 2006.

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

The financial statements are presented in sterling and are rounded to the nearest pound.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the Council Members and management to make certain judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include: stock provisions, estimating the useful economic life of tangible fixed assets and legacy recognition.

In addition to the above, the full impact following the recent emergence of the global coronavirus pandemic is still unknown. It is therefore not currently possible to evaluate all the potential implications for the charity's activities, beneficiaries, funders, suppliers and the wider economy. Estimates used in the accounts, particularly with respect to the value of listed investments (see note 11) are subject to a greater degree of uncertainty and volatility.

As set out in these accounting policies under "going concern", the Council has considered the impact of the pandemic on the charity and has concluded that although there may be some negative consequences, it is appropriate for the charity to continue to prepare its accounts on the going concern basis.

Assessment of going concern

The Council has assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Council has made this assessment in respect to a period of one year from the date of approval of these financial statements.

The Council has concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The Council is of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The RSN currently has unrestricted reserves that are £417k in excess of the level set in its reserves policy. Cash flow is being monitored closely and since the start of the COVID-19 pandemic there has been no need to liquidate investments. The most significant areas of judgement that affect items in the financial statements are detailed above. With regard to the next accounting period, the year ending 31 August 2021, the most significant areas that affect the carrying value of the assets held by the charity are maintaining a blended model of online and in-person classes as the COVID-19 pandemic continues, the level of donations and legacies, the level of investment return and the performance of the investment markets.

Consolidation

Consolidated financial statements ("group financial statements") have been prepared in respect of the charity and its wholly owned subsidiary, RSN Enterprises Limited. The results of RSN Enterprises Limited have been consolidated on a line-by-line basis.

A separate statement of financial activities for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by the Charities SORP FRS 102. The company has also taken advantage of the exemption in the Companies Act 2006 Section 408 not to present its own statement of financial activities. Net deficit of £107,750 (2018/19: £300,486 surplus) is attributable to The Royal School of Needlework.

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations and legacies, grants, investment income, income from trading activities and school income.

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued when the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds or where the donation is specifically for a subsequent period, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

In accordance with the Charities SORP FRS 102, volunteer time is not recognised.

Income recognition (continued)

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Income from school activities is accounted for on an accruals basis; where fees are received for courses commencing in the following financial period, the income is deferred to the next financial period.

Expenditure recognition

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

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- ◆ Expenditure on raising funds includes all expenditure associated with raising funds for the charity. This includes investment management fees, the costs of the trading subsidiary company and costs incurred in encouraging people and organisations to contribute financially to the charity.
- ◆ Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include the direct cost of operating the school and support costs.

Allocation of support and governance costs

Support costs represent indirect charitable expenditure including governance costs. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment. Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect of its compliance with regulation and good practice.

Support costs (which are predominantly staff costs for the Chief Executive and marketing and finance teams) are apportioned between expenditure on raising funds and on charitable activities (which comprises costs of school activities) based on an estimate of the proportion of the time spent on each area. Governance costs are all included within expenditure on charitable activities (costs of school activities).

Principal accounting policies Year to 31 August 2020

Tangible fixed assets

Depreciation is provided on all tangible fixed assets at the following annual rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life:

♦ Fixtures and fittings	10% on cost
♦ Office equipment	20% on cost
♦ Leasehold improvements	10% on cost or if shorter over the remaining term of the lease

Fixtures and fittings and office equipment with a cost greater than £1,000 are capitalised.

Heritage assets

The Royal School of Needlework possesses a collection of historic embroidery, the value of which has not been included in the financial statements, as the Council does not believe that the value of ascertaining their market value would be commensurate with the associated cost. Further details are disclosed in note 10 to the financial statements.

Investments

Investments are included on the balance sheet at their market value at the end of the financial period. Investment income is credited to income on an accruals basis, using dates of payment for dividends and daily accruals for interest. Realised and unrealised gains and losses are credited, or debited, to the statement of financial activities in the year in which they arise.

Stocks

Stocks are stated at the lower of cost and net realisable value as follows:

Materials	- At purchase cost on a first-in, first-out basis
Work-in-progress, finished work and goods held for re-sale	- At purchase cost or at cost of direct materials and labour plus attributable overheads based on the normal level of activity

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Principal accounting policies Year to 31 August 2020

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Fund accounting

The unrestricted general fund comprises those monies which may be used towards meeting the charitable objectives of the charity at the discretion of the Council.

The designated fund comprises monies set aside out of unrestricted funds for future projects or purposes.

The restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to conditions imposed by the donor.

The endowment funds comprise permanent endowments, where the capital is held indefinitely and the income is used for prizes and training for students and expendable endowments, where both the capital and income can be used for student scholarships or the general purposes of the charity.

1 Donations and legacies

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2020 £
2020				
Donations	134,527	120,662	—	255,189
Legacies	33,010	—	—	33,010
Grants	187,659	—	—	187,659
Total funds	355,196	120,662	—	475,858
	<i>Unrestricted funds £</i>	<i>Restricted funds £</i>	<i>Endowment funds £</i>	<i>Total 2019 £</i>
2019				
Donations	44,887	152,584	250,000	447,471
Legacies	6,980	—	—	6,980
Total funds	51,867	152,584	250,000	454,451

2 Investment income

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2020 £
2020				
Bank and deposit interest received	642	—	—	642
Income from listed investments	169,311	—	—	169,311
Total funds	169,953	—	—	169,953
	<i>Unrestricted funds £</i>	<i>Restricted funds £</i>	<i>Endowment funds £</i>	<i>Total 2019 £</i>
2019				
Bank and deposit interest received	709	—	—	709
Income from listed investments	172,575	—	—	172,575
Total funds	173,284	—	—	173,284

3 Income from trading activities

The Royal School of Needlework has a wholly owned trading subsidiary which is incorporated in England and Wales. RSN Enterprises Limited undertakes the retail activities of The Royal School of Needlework. The company will donate any taxable profits to the charity under Gift Aid. A summary of the company's trading results is shown below. Audited financial statements have been filed with the Registrar of Companies.

3 Income from trading activities (continued)

RSN Enterprises Limited – Statement of comprehensive income

	Total 2020 £	Total 2019 £
Turnover	290,210	361,645
Cost of sales	(225,756)	(294,809)
Gross profit	64,454	66,836
Other operating income	564	564
Administrative expenses	(90,751)	(78,732)
Operating loss	(25,733)	(11,332)
Gift Aid donation to The Royal School of Needlework	—	—
Retained loss for the financial year	(25,733)	(11,332)

In the year ended 31 August 2020, turnover includes £12,219 (2019: £9,660) of income received by RSN Enterprises Limited from the charity, which is eliminated upon consolidation.

4 Income from school activities

Income from school activities is wholly unrestricted and comprises mainly fees for the Degree programme, Certificate and Diploma programme, Future Tutors and Short Courses.

5 Expenditure on raising funds

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2020 £
2020				
Costs of trading subsidiary	316,507	—	—	316,507
Investment managers' fees	41,703	—	—	41,703
Advertising and literature	29,255	—	—	29,255
Fundraising costs	11,222	11,717	—	22,939
Travelling & other costs	1,439	1,533	—	2,972
Total funds	400,126	13,250	—	413,376
	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2019 £
2019				
Costs of trading subsidiary	373,541	—	—	373,541
Investment managers' fees	40,062	—	—	40,062
Advertising and literature	50,659	—	—	50,659
Fundraising costs	1,365	16,876	—	18,241
Travelling & other costs	207	3,499	—	3,706
Total funds	465,834	20,375	—	486,209

6 Costs of school activities

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2020 £
2020				
Staff costs	1,140,888	84,517	—	1,225,405
Other costs	376,816	82,437	8,000	467,253
Total funds	1,517,704	166,954	8,000	1,692,658

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2019 £
2019				
Staff costs	1,113,695	103,876	—	1,217,571
Other costs	394,182	110,438	6,175	510,795
Total funds	1,507,877	214,314	6,175	1,728,366

7 Staff costs

	2020 £	2019 £
Wages and salaries	1,240,297	1,313,907
Social security costs	84,637	81,862
Pension costs	53,475	40,090
	1,378,409	1,435,859
Staff costs by function were as follows:		
Cost of school activities	1,225,405	1,217,571
Cost of raising funds (fundraising and trading subsidiary)	153,004	218,288
	1,378,409	1,435,859

The average monthly number of employees during the year was 54 (2019: 52) and on a full time equivalent basis was 29 (2019: 28).

Redundancy costs totalling £15,350 were incurred in the year as a result of restructuring during the COVID-19 pandemic (2019: nil). The costs were accrued at 31 August 2020 and paid in September 2020. The RSN has given regard to the “Guidance on decisions taken about severance payments in HEI’s” published by the Committee of University Chairs when determining severance pay.

The number of employees who earned £60,000 or more (including taxable benefits but excluding employer’s pension contributions) during the year was as follows:

	2020	2019
£60,001 - £65,000	—	1
£90,001 - £95,000	1	—
£95,001 - £100,000	—	1

Pension contributions in respect of these employees were £4,333 (2019: £7,925).

7 Staff costs (continued)

No Council Members received reimbursement of travelling expenses in the year (2019: none).

No remuneration was paid to the Council Members in the year (2019: none).

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day-to-day basis comprise the Council and the Chief Executive. The total cost of the remuneration (including taxable benefits, employer's national insurance and pension contributions) of the key management personnel for the year was £105,537 (2019: £111,146).

Chief Executive Remuneration

	2020 £	2019 £
Basic salary	86,657	91,103
Bonus	3,750	4,500
Pension contribution	4,333	4,027
	94,740	99,630

The RSN has given regard to the "Higher Education senior staff remuneration code" published by the Committee of University Chairs when determining senior staff remuneration.

The Chief Executive's remuneration shown in year was considered and reviewed by the Council.

The Chief Executive's basic salary as a multiple of the median of all staff was 2.3 (2019: 2.7)

8 Net (expenditure) income before investment gains and losses

These are stated after charging:

	2020 £	2019 £
Depreciation	9,898	28,399
Auditor's remuneration		
. Charity audit	8,872	7,574
. Trading subsidiary audit	2,705	3,369
. Other services	2,983	1,044
Lease expenses		
. Land and buildings	189,224	125,927
. Other	15,260	14,991

9 Tangible fixed assets

Group and Charity	Leasehold improve- ments £	Office equipment £	Fixtures and fittings £	Total £
Cost				
At 1 September 2019	150,509	83,129	55,686	289,324
Additions	—	13,871	14,700	28,571
At 31 August 2020	150,509	97,000	70,386	317,895
Depreciation				
At 1 September 2019	150,509	76,544	37,636	264,689
Charge for year	—	4,972	4,927	9,899
At 31 August 2020	150,509	81,516	42,563	274,588
Net book values				
At 31 August 2020	—	15,484	27,823	43,307
At 31 August 2019	—	6,585	18,050	24,635

10 Heritage assets

The RSN is rich in heritage assets comprising embroidered textiles, designs, company archives, photographs and student pieces. The RSN does not generally have the funds to acquire pieces so most of the Collection has been donated. The acquisition policy relates firstly to items that have an RSN connection, then to items of a high standard of work and/or types of work not already included in the collection.

The Collection of textiles comprises objects almost all of which have been donated to the RSN and which are mostly examples of embroidery, with some examples of lace. Whilst there are a few pieces from the 16th century, most date from the 19th and 20th centuries.

They comprise many embroidery techniques from the UK and around the world. Also included are a number of pieces worked by the RSN and its students, especially from the original Diploma course, which ran from the late 19th century until 1960, which have been given back to the RSN by the families.

The Archive comprises registers, minutes and other paperwork relating to the management of the RSN, photographs and ephemera from various events. It also contains workbooks of jobs undertaken from the 1940s onwards, some with samples, and drawings. The largest holding is of designs relating to work undertaken in the Studio.

The RSN Collection and Archive is unique and though it is only minimally catalogued, researchers are given access to specific parts of the archive if it can be identified. The Collection and Archive are made available for student research and for public exhibition.

The RSN also endeavours to offer public access to the Collection through exhibitions and study days both at Hampton Court and elsewhere. Researchers wishing to access the archive can also make appointments but with the caveat that we do not have a resident archivist or curator and most parts of the archive are not catalogued, especially the designs. The most popular requests are whether a family member worked for the RSN (until the registers are digitised this will not be possible to answer), and also in relation to the work the RSN did in therapeutic stitch during the First World War.

Heritage assets have not been capitalised in the financial statements as the Council considers that the significant costs involved in valuing the charity's collection of historic embroidery would outweigh the benefits derived from such an exercise.

11 Investments

	2020 £	2019 £
Listed investments and cash holdings	5,338,754	5,402,282
Group total	5,338,754	5,402,282
Shares in subsidiary undertaking at cost	100	100
Charity total	5,338,854	5,402,382

The charity owns the entire issued share capital of RSN Enterprises Limited which is incorporated in England and Wales. Its registered number is 3158058 and its registered address is the same as the RSN.

	2020 £	2019 £
Aggregate share capital and reserves of RSN Enterprises Limited	(43,107)	(17,374)

	2020 £	2019 £
Listed investments & cash holdings		
Market value at 1 September	5,394,664	5,012,196
Additions at cost	653,932	614,462
Disposal proceeds	(807,633)	(378,231)
Realised losses	(136,571)	(64,552)
Unrealised gains	114,138	210,789
Market value at 31 August	5,218,530	5,394,664
Cash held by investment managers	120,224	7,618
	5,338,754	5,402,282

Listed investments held at 31 August comprised the following:

	2020 £	2019 £
Fixed interest	857,095	871,060
UK equities	1,805,953	2,126,574
Overseas equities and equity funds	1,302,806	1,238,443
Other listed investments	1,252,676	1,158,587
	5,218,530	5,394,664
Listed investments at cost	3,595,554	3,761,360

12 Stocks

	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Materials	29,474	29,625	29,474	29,625
Finished work and goods held for resale	42,279	46,455	—	—
	71,753	76,080	29,474	29,625

13 Debtors

	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Trade debtors	18,619	20,723	8,400	10,870
Prepayments and accrued income	114,976	95,965	100,013	67,996
Amounts owed by subsidiary company	—	—	89,269	103,673
	133,595	116,688	197,682	182,539

14 Creditors: amounts falling due within one year

	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Bank loans	1,667	—	1,667	—
Trade creditors	82,852	77,285	43,767	72,630
Other taxes and social security costs	31,964	35,724	27,563	30,286
Accruals and deferred income	539,097	439,952	520,797	425,684
	655,580	552,961	593,794	528,600

Deferred income (included above)

	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Brought forward at 1 September	381,497	330,463	376,942	311,312
Deferred in the year	379,854	368,714	369,760	364,159
Released in the year	(303,635)	(317,680)	(299,081)	(298,529)
Carried forward at 31 August	457,716	381,497	447,621	376,942

Deferred income is fees received in advance of the course taking place and donations received for the following academic year.

15 Creditors due in more than one year

	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Bank loans	48,333	—	48,333	—
	48,333	—	48,333	—

Included in creditors falling due in more than one year is a loan received on 3 July, 2020 under the Bounce Back Loan Scheme created by the UK Government in response to COVID-19. The loan is interest free if repaid within one year from the date the loan was drawn. The loan is due 3 July 2026 if not repaid early. Interest is accrued at 2.5% per year after the first year. The Charity intends to repay the loan in full before July 2021. If the loan is not repaid in full within the first year, 60 monthly payments of £833.33 are required.

15 Creditors due in more than one year (continued)

The above loan is repayable as follows:

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Within one year	1,667	—	1,667	—
Within two to five years	48,333	—	48,333	—
	50,000	—	50,000	—

16 Share capital

	Issued, called up and fully paid	
	2020	2019
	£	£
Ordinary shares of £10 each	260	280

17 Capital redemption reserve

	2020	2019
	£	£
456 Ordinary shares of £10 each (2019: 451)	4,560	4,510

18 Endowment funds

	At 1 September 2019 £	Income £	Expenditure £	Investment losses £	At 31 August 2020 £
2020					
Victoria Adams Fund	2,004,907	—	(7,250)	(8,242)	1,989,415
General Endowment Fund	547,539	—	—	(2,251)	545,288
Hilda Watson Fund	3,283	—	—	(13)	3,270
Charrington / Broderers Fund	3,388	—	—	(14)	3,374
Wendy Hogg Fund	19,311	—	(750)	(79)	18,482
HB Allen Fund	250,000	—	—	(1,028)	248,972
	<u>2,828,428</u>	<u>—</u>	<u>(8,000)</u>	<u>(11,627)</u>	<u>2,808,801</u>
	At 1 September 2018 £	Income £	Expenditure £	Investment gains £	At 31 August 2019 £
2019					
Victoria Adams Fund	1,955,334	—	(5,875)	55,448	2,004,907
General Endowment Fund	532,440	—	—	15,099	547,539
Hilda Watson Fund	3,290	—	(100)	93	3,283
Charrington / Broderers Fund	3,392	—	(100)	96	3,388
Wendy Hogg Fund	18,876	—	(100)	535	19,311
HB Allen Fund	—	250,000	—	—	250,000
	<u>2,513,332</u>	<u>250,000</u>	<u>(6,175)</u>	<u>71,271</u>	<u>2,828,428</u>

- a) The Victoria Adams Fund is an expendable endowment fund for student scholarships and the general purposes of the charity.
- b) The General Endowment Fund provides for the training of students.
- c) The Hilda Watson Fund provides prizes for Silk Work.
- d) The Charrington / Broderers Fund provides prizes for students.
- e) The Wendy Hogg Fund is an expendable scholarship / prize fund for students.
- f) The HB Allen Fund provides support for the Future Tutor programme.

19 Restricted funds

	At 1 September 2019 £	Income £	Expenditure £	Investment losses £	Transfers between funds £	At 31 August 2020 £
2020						
Janet Churm Fund	114,705	—	(51,980)	(471)	—	62,254
Degree Building Improvements	11,850	—	(6,464)	—	—	5,386
Future Tutor Programme	16,322	40,234	(56,556)	—	—	—
Degree Programme	—	25,940	(25,940)	—	—	—
Campaign HCP New Rooms	12,097	—	(2,041)	—	—	10,056
Collection & Digitisation	155,046	2,961	(325)	—	573	158,255
Embroider a Selfie	14,196	—	(2,833)	—	—	11,363
Stitch Bank	—	51,527	(34,065)	—	35,530	52,992
Other Campaign Funds	36,103	—	—	—	(36,103)	—
Other Restricted Legacy	27,989	—	—	—	—	27,989
	388,308	120,662	(180,204)	(471)	—	328,295
	At 1 September 2018 £	Income £	Expenditure £	Investment gains £	Transfers between funds £	At 31 August 2019 £
2019						
Janet Churm Fund	161,689	—	(51,569)	4,585	—	114,705
Degree Building Improvements	19,266	—	(7,416)	—	—	11,850
Future Tutor Programme	36,534	64,766	(84,978)	—	—	16,322
Degree Programme	—	31,140	(31,140)	—	—	—
Campaign HCP New Rooms	28,887	—	(16,790)	—	—	12,097
Collection & Digitisation	140,924	17,275	(3,153)	—	—	155,046
Embroider a Selfie	14,566	—	(370)	—	—	14,196
Stitch Bank	—	—	—	—	—	—
Other Campaign Funds	35,973	39,403	(39,273)	—	—	36,103
Other Restricted Legacy	27,989	—	—	—	—	27,989
	465,828	152,584	(234,689)	4,585	—	388,308

- a) The Janet Churm Fund provides support for both the Degree and Future Tutor programmes and was funded by a generous legacy from the estate of the late Mrs Janet Churm.
- b) The Degree Building Improvements Fund was established when the RSN Degree programme commenced. Expenditure relates to the depreciation on leasehold and other improvements, which were required to set up the Degree rooms at Hampton Court Palace.
- c) The Future Tutor Programme Fund specifically provides bursaries, prizes and day-to-day support for the Future Tutor programme and includes restricted donations and legacies from a number of donors.
- d) The Degree Programme Fund specifically provides bursaries, prizes and day-to-day support for the Degree Programme and includes restricted donations and legacies from a number of donors.

19 Restricted funds (continued)

- e) The Campaign HCP New Rooms Fund was established to fund the improvement works and equipment required to set up additional rooms at Hampton Court Palace, which were taken on in 2015 to accommodate expansion. It was funded by donations from a wide number of RSN Friends and other donors. Expenditure includes depreciation on capital works.
- f) The RSN Collection & Digitisation Appeal includes donations from a large number of RSN Friends, supporters and other donors towards the Cataloguing and Digitisation of the RSN Archive and Collection. This project is in the planning stages and it is anticipated that it will get underway in the latter part of 2020/21.
- g) The Embroider a Selfie fund is a project to introduce stitch to young people.
- h) The Stitch Bank fund is a project that aims to digitally conserve and preserve every stitch in the world, becoming the biggest repository of stitch in the world. The first phase is expected to go live in 2020/21.
- i) Other Campaign Funds include donations from a number of donors towards the RSN Stitch Bank, Archive & Collection Digitisation, Distance Learning and General Campaign projects. The funds have now all been transferred to separate restricted project funds, as detailed above.
- j) The Other Restricted Legacy Fund relates to a legacy received in 2016/17, which will provide support for the Future Tutor Programme.

20 Designated funds

	At 1 September 2019 £	New Designations £	Utilised/ released £	At 31 August 2020 £
2020				
Futures campaign	610,000	—	—	610,000
	At 1 September 2018 £	New Designations £	Utilised/ released £	At 31 August 2019 £
2019				
Futures campaign	650,000	—	(40,000)	610,000

The Futures campaign fund comprises monies set aside for various campaign projects. During 2019/20 no funds were utilised. In 2018/19: £40,000 of this fund was utilised for the RSN IT transformation project.

21 Analysis of net assets between funds

Group	Share- holders funds £	Restricted funds £	Un- restricted funds £	Endowment funds £	Total 2020 £
Tangible fixed assets	—	15,441	27,866	—	43,307
Investments	—	326,672	2,203,281	2,808,801	5,338,754
Current assets	4,820	28,832	588,895	—	622,547
Creditors: amounts falling due within one year	—	(42,650)	(612,930)	—	(655,580)
Creditors falling due in more than one year	—	—	(48,333)	—	(48,333)
Total net assets	4,820	328,295	2,158,779	2,808,801	5,300,695

Group	Share- holders funds £	Restricted funds £	Un- restricted funds £	Endowment funds £	Total 2019 £
Tangible fixed assets	—	8,900	15,734	—	24,634
Investments	—	327,144	2,246,710	2,828,428	5,402,282
Current assets	4,790	79,948	486,084	—	570,822
Creditors: amounts falling due within one year	—	(27,684)	(525,276)	—	(552,960)
Total net assets	4,790	388,308	2,223,252	2,828,428	5,444,778

Charity	Share- holders funds £	Restricted funds £	Un- restricted funds £	Endowment funds £	Total 2020 £
Tangible fixed assets	—	15,441	27,866	—	43,307
Investments	—	326,672	2,203,381	2,808,801	5,338,854
Current assets	4,820	28,832	570,216	—	603,868
Creditors: amounts falling due within one year	—	(42,650)	(551,145)	—	(593,795)
Creditors falling due in more than one year	—	—	(48,333)	—	(48,333)
Total net assets	4,820	328,295	2,201,985	2,808,801	5,343,901

Charity	Share- holders funds £	Restricted funds £	Un- restricted funds £	Endowment funds £	Total 2019 £
Tangible fixed assets	—	8,900	15,734	—	24,634
Investments	—	327,144	2,246,810	2,828,428	5,402,382
Current assets	4,790	79,948	479,097	—	563,835
Creditors: amounts falling due within one year	—	(27,684)	(500,915)	—	(528,599)
Total net assets	4,790	388,308	2,240,726	2,828,428	5,462,252

22 Operating lease commitments

As at 31 August 2020, the group and charity had the following future minimum payments under non-cancellable operating leases:

2020	Land and buildings £	Equipment £	2020 £
Operating lease payments due:			
within the next year	187,332	14,866	202,198
between two and five years	183,736	22,374	206,110
	371,068	37,240	408,308

2019	Land and buildings £	Equipment £	2019 £
Operating lease payments due:			
within the next year	211,136	14,866	226,002
between two and five years	382,805	37,241	420,046
	593,941	52,107	646,048

23 Related party transactions

RSN Enterprises Limited donates any profits via Gift Aid to the charity. During the year the RSN Enterprises Limited was loss making and so no donation was made (2019: £nil).

At 31 August 2020, £89,269 is due by RSN Enterprises Limited to the charity (2019: £103,673).

Council Members paid an aggregate of £1,703 (2019: £5,394) for classes and events, £114 (2019: £152) for Friends' subscriptions at standard un-discounted rates and donations of £1,451 (2019: £nil).

24 Comparative statement of financial activities for the year ended 31 August 2019

	Unrestricted funds £	Restricted funds £	Endowment funds £	2019 Total funds £
Income and expenditure				
Income from:				
Donations and legacies	51,867	152,584	250,000	454,451
Investment income	173,284	—	—	173,284
Income from trading activities	352,549	—	—	352,549
Charitable activities				
. School activities	1,377,207	—	—	1,377,207
Total income	1,954,907	152,584	250,000	2,357,491
Expenditure on:				
Raising funds	465,834	20,375	—	486,209
Charitable activities				
. Costs of school activities	1,507,877	214,314	6,175	1,728,366
Total expenditure	1,973,711	234,689	6,175	2,214,575
Net (expenditure)/income before investment gains and losses	(18,804)	(82,105)	243,825	142,916
Realised (losses)/gains on investments	(31,068)	(2,024)	(31,460)	(64,552)
Unrealised gains on investments	101,449	6,609	102,731	210,789
Net movement in funds	51,577	(77,520)	315,096	289,153
Reconciliation of funds:				
Fund balances brought forward at 1 September 2018	2,171,675	465,828	2,513,332	5,150,835
Fund balances carried forward at 31 August 2019	2,223,252	388,308	2,828,428	5,439,988