

City and Guilds Art School Property Trust

Annual Report and Financial statements

31 August 2022

Company Limited by Guarantee
Registration Number
00992490 (England and Wales)

Charity Registration Number
312871

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Reference and administrative information

Trustees	John Taylor MBE (Chairman) Humphrey Carey Aidan Crawshaw Heather Hilburn Brendan Finucane KC Timothy Schroder Sir Alan Yarrow
Secretary	Nicholas Rampley
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Telephone	020 7735 2306
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Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Barclays Bank plc Southwark Branch 29 Borough High Street London SE1 1LY
Company registration number	00992490 (England and Wales)
Charity registration number	312871

Trustees' report Year to 31 August 2022

The Board of Trustees ("the Board") of City & Guilds Art School Property Trust ("the Charity") presents its annual report and the audited financial statements for the year ended 31 August 2022.

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and is also the report of the directors for the purposes of the Companies Act 2006.

The financial statements have been prepared under the accounting policies set out therein and comply with applicable law 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 United Kingdom and Republic of Ireland (FRS 102).

Constitution

The Charity is registered as a company and has the status of a company limited by guarantee, not having a share capital. Its governing document is its Memorandum and Articles of Association dated 30 September 1970 and amended to allow for current governance arrangements on 7 March 2006.

Principal aims and activities

The principal aim of the Charity, which was founded in 1879, is to support the teaching and training of students in the arts, crafts and sciences of the Fine Arts. This activity is consistent with the objects contained within the Memorandum of Association of the Charity.

On 31 March 2012, the educational activities of the City & Guilds of London Art School Ltd ("the Art School") were transferred to CGLAS Trust (Company No: 07817519) under a business transfer agreement. CGLAS subsequently changed its name to the City & Guilds of London Art School Limited and is continuing the educational activities of the Art School. The Charity changed its name on 17 April 2012 from the City and Guilds of London Art School to the City & Guilds Art School Property Trust. The objects of the Charity have not changed.

The Art School's land and buildings at 114 – 124 Kennington Park Road were retained by the Charity whose principal activity today is to maintain and develop these properties for the ongoing benefit of the Art School, in accordance with a phased masterplan established in 2008/09. This also includes the renting of additional property, such as the Old Vauxhall Telephone Exchange Building in adjacent Kennings Way, as required to deliver the masterplan and to support the Art School's development in other ways.

Governance, structure and management

Organisation

The Trustees are directors of the Charity for the purposes of the Companies Act 2006 and are Trustees of the Charity for the purposes of Charity legislation.

The Board is the policy-making body of the Charity. It is assisted by the Secretary, who is appointed by the Board.

Governance, structure and management (continued)

Organisation (continued)

Administrative, fundraising and other tasks are performed by staff employed by the City & Guilds of London Art School. An annual service charge is levied by the Art School in consideration of this.

Risk management

The Trustees have assessed the major risks to which the Charity is exposed. In particular, these relate to the Charity's finances, buildings and health and safety matters.

All areas of risk are monitored through the Charity's governance structure which identifies the lines of responsibility and decision making – administrative and financial, and in particular those relating to the planning and execution of major building refurbishment projects.

The Trustees ensure that the Charity's operations are protected against significant risk through an annual monitoring cycle and risk assessment. The Charity has a comprehensive insurance cover against key areas of risk; in addition to Public Liability Insurance cover up to £10m and Director's Liability of cover of up to £2m. The Charity's buildings are insured at their full re-build value.

The Board is satisfied that systems are in place to mitigate, or control where possible, the Charity's exposure to these risks.

Key management personnel

The key management personnel of the Charity are the Trustees and the Company Secretary. The Trustees do not receive remuneration from the Charity.

Statement of Trustees' responsibilities

The Trustees (who are also directors of the Property Trust for the purposes of company law) are responsible for preparing the Trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company for that period.

In preparing these financial statements, the Trustees are required to:

- ♦ select suitable accounting policies and then apply them consistently;
- ♦ observe the methods and principles in 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);

Governance, structure and management (continued)

Statement of Trustees' responsibilities (continued)

- ◆ 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 charitable company will continue in operation.

The Trustees are responsible for keeping proper 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. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Trustees confirms that:

- ◆ so far as the Trustee is aware, there is no relevant audit information of which the Charity's auditors are unaware; and
- ◆ the Trustee has taken all the steps that he or she ought to have taken as a Trustee in order to make themselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

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

Board of Trustees

The members who are in office at the date of this report are listed on page 1.

No Trustee received any remuneration for services as a member of the Board (2021 – none) and no Trustee was reimbursed for travelling expenses (2021 – none).

Objectives and relevant policies

The Charity's objectives are set to reflect its educational aims and ethos. In setting these, the Trustees have given due consideration to the Charity Commission's general guidance on public benefit.

The Charity's key objectives for the year included:

- ◆ Maintaining the Charity's property in good order for the benefit of the Art School, through a programme of annual maintenance and repair work;
- ◆ Extending Planning Permission and Listed Building Consent for the approved scheme to renovate and partially redevelop Victorian studio buildings at the rear of 118-124 Kennington Park Road;

Objectives and relevant policies (continued)

- ♦ To continue to support the Art School in its work in any other ways appropriate, in line with the Charity's stated objects.

Grant-giving policy

The Property Trust does not actively solicit grant applications, however from time to time may award grants to institutions. In previous years the Property Trust has made grants to the City and Guilds of London Art School, in order to further the Trust's objective to support the Art School. The grant amounts are discussed and approved by the Board of Trustees.

Activities

Development project and other refurbishments

No development work took place during the year, as the Art School consolidates its position and put into place a new Strategic Plan which will help direct how the Trust can best support it. During the course of the year the focus has therefore been on future developments and to that end the Trust has pursued the renewal of planning consent for the 'Phase 3' development project for which consents had previously been granted, and in negotiation of the lease renewal for the two floors of the Vauxhall Telephone Exchange building which the Trust rents from British Telecom. Aside from that, the various repair and maintenance works completed during the summer months included roof repairs to the Georgian buildings, replacement of the flat roof over the WC block at the rear of the Victorian Studio buildings, intensive cleaning of the atrium entrance structure to address wear and tear, and repairs to the lower terrace brick wall and railings to address tree root damage.

Financial Review

Results for the year

The Charity's funds structure is made up of two unrestricted funds, the general fund and the designated fixed asset fund, as well as restricted funds that are held for specific purposes (albeit they were £nil at the balance sheet date). In order to separate the impact of the property development within the financial statements, the Charity established a designated fund to represent the value of its tangible fixed assets. When the Charity incurs expenditure on tangible fixed assets, which is capitalised, the amounts are transferred from other revenue funds to the designated fund.

The restricted funds of the Charity relate to funds received for the development of the properties, notwithstanding that no such funds were received in the current year. These funds would either be expended during the year on the properties or transferred to the designated fixed asset fund when costs are incurred for work on the properties which is capitalised. The Charity recorded an operating deficit on unrestricted funds before transfers of £1,431 (2021 – £2,557).

The Charity expended £nil (2021 – £118,419) in relation to the development of its buildings during the year. The Charity capitalised a total of £nil of fixed asset additions (2021 – £nil).

Financial Review (continued)

Reserves policy and going concern

The Board has examined the requirement for free reserves i.e. those funds not invested in tangible fixed assets, not designated for specific purposes, not restricted and not otherwise committed. At 31 August 2022 the Charity held negative free reserves of £19,995 due to unforeseen unfunded professional fees costs. The Charity secured an additional loan facility (of £150,000) in 2019/20 to assist with working capital needs during the current period of reduced development and related fundraising activity which will be fully repaid in April 2024. The Board has reviewed the Charity's future forecasts and cash flow position and consider that the Charity will have sufficient working capital to meet the Charity's liabilities out of its core rental income as they fall due while recognising that, *in extremis*, its strong fixed asset base would enable it to have recourse further loan funding if necessary. The Trustees have 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.

Financial position

The balance sheet shows total funds of £1,559,971 (2021 – £1,641,327) of which £nil (2021 – £nil) is restricted. Restricted funds either raised for, and their use restricted to, specific purposes or comprising donations subject to donor imposed conditions, have been used in accordance with these restrictions.

Unrestricted funds of the Charity at 31 August 2022 total £1,559,971 (2021 – £1,641,327). These funds are represented by general fund tangible fixed assets of £1,579,966 (2021 – £1,659,891) and a free reserves deficit of £19,995 (2021 – deficit of £18,564).

Future plans

While significant development activity has currently paused, the Property Trust will continue to work with the Art School on progressing with other works to undertake specific improvements to buildings and facilities on the Kennington site (a renovation of the frontage of the part of the Georgian terrace was undertaken early in 2022-23, for example), and to plan for the next phases of masterplan works in due course. A priority for the immediate future continues to be secure renewal of the Planning and Listed Building Consent for a scheme to refurbish and partially redevelop Victorian studio buildings at the rear of the Art School for a further period and to keep under review how best this can be utilised to meet the Art School's future needs.

The Charity's assets

Acquisitions and disposals of fixed assets during the year are recorded in the notes to the financial statements.

Approved by the Board on 22 March 2023 and signed on its behalf by:



John Taylor MBE (Chairman)

Independent auditor's report to the members of City & Guilds Art School Property Trust

Opinion

We have audited the financial statements of City and Guilds Art School Property Trust (the 'charitable company') for the year ended 31 August 2022 which comprise the statement of financial activities, the balance sheet, the 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 charitable company's affairs as at 31 August 2022 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. 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, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit; or
- ◆ the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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.

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 are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011), Companies Act 2006 and those that relate to data protection (General Data Protection Regulation); and
- ◆ identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

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 management as to their 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 journal entries to identify unusual transactions;
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias;
- ◆ used data analytics to investigate the rationale behind any significant or unusual transactions;
- ◆ tested authorisation controls on expenditure items, ensuring all expenditure was approved in line with the charitable company's financial procedures; and
- ◆ Performed substantive testing over income to gain assurance that the income recognised was materially complete.

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

- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reading the minutes of meetings of those charged with governance; and
- ◆ enquiring of management as to actual and potential litigation and claims.

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 directors 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.

Independent auditor's report Year to 31 August 2022

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Hugh Swainson, Senior Statutory Auditor
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

19 May 2023

Statement of financial activities Year to 31 August 2022

	Notes	Unrestricted funds			2022 Total funds £	2021 Total funds £
		General fund £	Designated funds £	Restricted funds £		
Income from:						
Charitable activities						
. Rent receivable	15	246,020	—	—	246,020	241,574
Total income		<u>246,020</u>	<u>—</u>	<u>—</u>	<u>246,020</u>	<u>241,574</u>
Expenditure on:						
Charitable activities						
. Costs of operating the Charity						
.. Premises		138,344	79,925	—	218,269	337,026
.. Support costs	2	109,107	—	—	109,107	101,625
Total expenditure		<u>247,451</u>	<u>79,925</u>	<u>—</u>	<u>327,376</u>	<u>438,651</u>
Net income (expenditure)	1	(1,431)	(79,925)	—	(81,356)	(197,077)
Transfers between funds	9,10	—	—	—	—	—
Net movement in funds		(1,431)	(79,925)	—	(81,356)	(197,077)
Fund balances brought forward at 1 September 2021		<u>(18,564)</u>	<u>1,659,891</u>	<u>—</u>	<u>1,641,327</u>	<u>1,838,404</u>
Fund balances carried forward at 31 August 2022		<u>(19,995)</u>	<u>1,579,966</u>	<u>—</u>	<u>1,559,971</u>	<u>1,641,327</u>

All of the Charity's activities derived from continuing operations during the above two financial years.

The Charity has no recognised gains and losses other than those shown above.

A comparative statement for the previous year is included in note 16.

Balance Sheet 31 August 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Tangible assets	5		1,579,966		1,659,891
Current assets					
Debtors	6	66,877		77,900	
Cash at bank and in hand		40,727		103,669	
		107,604		181,569	
Creditors: amounts falling due within one year	7	(92,123)		(114,390)	
Net current assets			15,481		67,179
Total assets less current liabilities			1,595,447		1,727,069
Creditors: falling due after more than one year	8		(35,476)		(85,742)
Total net assets			1,559,971		1,641,327
The funds of the charity:					
Income funds:					
. Restricted funds	9		—		—
Unrestricted funds:					
. General fund	10	(19,995)		(18,564)	
. Designated funds	11	1,579,966		1,659,891	
		1,559,971		1,641,327	

Approved by the Board on 22 March 2023 and signed on its behalf by:



John Taylor MBE (Chairman)

City and Guilds Art School Property Trust: A company limited by guarantee, Company Registration No.00992490 (England and Wales)

22 March 2023

Statement of cash flows 31 August 2022

	Notes	Year to 31 August 2022 £	Year to 31 August 2021 £
Net cash flows from operating activities	A	(27,466)	(135,404)
Net cash flows from investing activities	B	—	—
Net cash flows from financing activities	C	(35,476)	85,742
Change in cash and cash equivalents in the year		(62,942)	(49,662)
Cash and cash equivalents at the beginning of the year		103,669	153,331
Cash and cash equivalents at the end of the year	D	40,727	103,669

Notes to the cash flow statement for the year to 31 August 2022

A Reconciliation of net expenditure to net cash (used in) provided by operating activities

	2022 £	2021 £
Net income	(81,356)	(197,077)
Depreciation charge	79,925	81,215
Decrease (increase) in debtors	11,022	(34,434)
(Increase) decrease in creditors, excluding repayments of borrowing	(37,057)	14,892
Net cash (used in) provided by operating activities	(27,466)	(135,404)

B Cash flows from investing activities:

	2022 £	2021 £
Purchase of tangible fixed assets	—	—
Net cash used in investing activities	—	—

C Cash flows from financing activities:

	2022 £	2021 £
Repayments of borrowing	(35,476)	(64,258)
New loan taken out	—	150,000
Net cash used in financing activities	(35,476)	85,742

D Analysis of cash and cash equivalents

	31 August 2022 £	31 August 2021 £
Cash at bank and in hand	40,727	103,669

Statement of cash flows 31 August 2022

E Analysis of changes in net debt

	At 1 September 2021 £	Cash flows £	At 31 August 2022 £
Cash at bank and in hand	103,669	(62,942)	40,727
Loan payments falling due within one year	(48,544)	(1,877)	(50,421)
Loan payments falling due after more than one year	(85,742)	50,266	(35,476)
Total	(30,617)	(14,553)	(45,170)

Principal accounting policies 31 August 2022

Basis of accounting

The financial statements have been prepared under the historical cost convention with items initially recognised at cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

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 FRS 102 SORP'), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

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

Critical accounting estimates and areas of judgement

Preparation of the accounts requires the Trustees and management to make significant judgements and estimates.

The items in the accounts where these judgements and estimates have been made include:

- ◆ the useful economic lives attributed to tangible fixed assets used to determine the annual depreciation charge.

As set out in the going concern accounting policy, the trustees have considered the impact of the pandemic on the charity and have 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.

Going concern

The Trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Trustees have made this assessment in respect to a period of one year from the date of approval of these financial statements. The Board has examined the requirement for free reserves i.e. those funds not invested in tangible fixed assets, not designated for specific purposes, not restricted and not otherwise committed. At 31 August 2022 the Charity held negative free reserves of £19.995 due to unforeseen unfunded professional fees costs

Principal accounting policies 31 August 2022

The Trustees have reviewed the Charity's future forecasts and cash flow position. Having secured an additional loan facility (of £150,000) in 2019/20 to assist with working capital needs during the current period of reduced development and related fundraising activity, they consider that the Charity will have sufficient working capital to meet the Charity's liabilities out of its core rental income as they fall due while recognising that, *in extremis*, its strong fixed asset base would enable it to have recourse to further loan funding if necessary. The Trustees have 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.

Income

Income is recognised in the period in which the Charity is entitled to its receipt and the amount can be measured with reasonable certainty.

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided.

Expenditure

Expenditure is included in the statement of financial activities when incurred. Expenditure comprises the costs of charitable activities on the Charity's primary charitable purpose, i.e. the operation of the Charity. The costs of operating the Charity include the costs of premises and governance costs.

Grants payable are included in the statement of financial activities when approved by the trustees and when the intended recipient has either received all the funds, or has been informed of the decision to make the grants and has satisfied all relevant and due terms and conditions.

Tangible fixed assets

Assets are included in these financial statements at cost at the date of acquisition together with the cost of additions and improvements to date.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

- | | |
|----------------------------------|--------------------------------|
| ♦ Freehold property | 2% on cost; |
| ♦ Freehold property improvements | 4% on cost; |
| ♦ Leasehold property | The minimum life of the lease. |

Debtors

Debtors are recognised at the 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. Deposits for more than three months but less than one year have been disclosed as short term deposits. Cash placed on deposit for more than one year is disclosed as a fixed asset investment.

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.

Financial instruments

The Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Trust and their measurement basis are as follows:

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 6. Prepayments are not financial instruments.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 7. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Fund accounting

The general fund comprises those monies which may be used towards meeting the charitable objectives of the Charity at the discretion of the Board.

Within unrestricted funds, the designated fund represents the net book value of the Charity's tangible fixed assets.

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

Notes to the financial statements Year to 31 August 2022

1 Net expenditure

This is stated after charging:

	General fund £	Designated funds £	Restricted funds £	Total 2022 £
Auditor's remuneration:				
. Statutory audit services	5,226	—	—	5,226
Depreciation	—	79,925	—	79,925
Operating lease rentals	95,774	—	—	95,774
	General fund £	Designated funds £	Restricted funds £	Total 2021 £
Auditor's remuneration:				
. Statutory audit services	4,300	—	—	4,300
Depreciation	—	81,215	—	81,215
Operating lease rentals	95,774	—	—	95,774

2 Support costs

	2022 £	2021 £
Management charges from the City & Guilds of London Art School	51,778	43,796
Staff Costs	0	27,204
Insurance	16,138	15,766
Legal and professional fees	19,533	4,132
Governance costs	5,226	5,185
Interest on loans and bank charges	5,432	5,542
	109,107	101,625

3 Staff costs and Trustees' remuneration

During the year, the charity had no employees on its payroll (2021 – 0.4FTE). The Charity's total staff costs in the year were therefore £nil (2021 - £27,204, of which £1,584 was in respect of employer's NI and Pension contributions). Management services were provided to the charity by City and Guilds of London Art School to the value of £51,778 (2021 - £43,796).

No Trustee received any remuneration or other emoluments in respect of their services as a member of the Board during the year (2021 – none). No Trustees were reimbursed for travelling expenses during the year (2021 – none).

The Charity has purchased insurance to protect itself from any loss arising from the neglect or defaults of its Trustees, employees and agents and to indemnify the Trustees or other officers against the consequences of any neglect or default on their part. The insurance premium provided cover of up to a maximum of £2 million (2021 – £2 million).

Notes to the financial statements Year to 31 August 2022

3 Staff costs and Trustees' remuneration (continued)

The aggregate remuneration of key management personnel was £nil (2021 – £41,580). In the year ended 31 August 2022, key management personnel consisted of the Trustees and the Company Secretary.

4 Taxation

City & Guilds Art School Property Trust is a registered Charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

5 Tangible fixed assets

	Leasehold property £	Freehold land and property £	Freehold property improvements £	Total £
Cost				
At 1 September 2021	382,169	595,872	1,472,585	2,450,626
Additions	—	—	—	—
At 31 August 2022	<u>382,169</u>	<u>595,872</u>	<u>1,472,585</u>	<u>2,450,626</u>
Depreciation				
At 1 September 2021	349,329	216,284	225,123	790,736
Charge for year	11,741	8,036	60,148	79,925
At 31 August 2022	<u>361,069</u>	<u>224,320</u>	<u>285,271</u>	<u>870,660</u>
Net book values				
At 31 August 2022	<u>21,100</u>	<u>371,552</u>	<u>1,187,314</u>	<u>1,579,966</u>
At 31 August 2021	<u>32,840</u>	<u>379,588</u>	<u>1,247,462</u>	<u>1,659,890</u>

No formal valuation of Freehold land and property has been conducted during the year, but in the opinion of the Trustees, the market value of the freehold property is well in excess of the figure shown above.

6 Debtors

	2022 £	2021 £
Other debtors	66,877	77,900
	<u>66,877</u>	<u>77,900</u>

Notes to the financial statements Year to 31 August 2022

7 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	5,746	28,732
Loan*	50,421	48,544
Social security and other taxes	9,756	3,334
Accruals and deferred income	26,200	33,780
	92,123	114,390

Included within creditors is the following deferred income, analysed as follows:

	2022 £	2021 £
At 1 September	16,762	16,762
Deferred in the year	21,049	16,762
Released in the year	(16,762)	(16,762)
At 31 August	21,049	16,762

*The 2022 loan balance above is in respect of a bank borrowing facility with Charity Bank in respect of which the charity drew-down £150,000. It is being paid back by the charity on a monthly basis along with interest at 4.25% above the Bank of England base rate per annum, and will be fully repaid by April 2024. It is secured via a charge on the charity's 114 & 116 Kennington Park Road properties.

8 Creditors: amounts falling after more than one year

	2022 £	2021 £
Loan	35,476	85,742

9 Restricted funds

The income funds include restricted funds comprising the following donations and grants held on trusts to be applied for specific purposes:

	Balance at 1 September 2021 £	Donations £	Expenditure £	Transfers £	Balance at 31 August 2022 £
Development Fund	—	—	—	—	—

Notes to the financial statements Year to 31 August 2022

9 Restricted funds (continued)

	Balance at 1 September 2020 £	Donations £	Expenditure £	Transfers £	Balance at 31 August 2021 £
<i>Development Fund</i>	63,757	—	(118,419)	54,662	—

The Development Fund represents funds donated for the specific purpose of funding the Charity's Masterplan development. Expenditure on work which is capital in nature is transferred to a designated fixed asset fund, as explained in note 10 below. Expenditure relating to professional fees for design and other planning work on current and future masterplan phases are expended.

10 Unrestricted Funds

	Balance at 1 September 2021 £	Income £	Expenditure £	Transfers £	Balance at 1 September 2022 £
General Fund	(18,564)	246,020	(247,451)	—	(19,995)
Designated Fund	1,659,891	—	(79,925)	—	1,579,966
	1,641,327	246,020	(327,376)	—	1,559,971

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers £	Balance at 1 September 2021 £
<i>General Fund</i>	33,541	241,574	(239,017)	(54,662)	(18,564)
<i>Designated Fund</i>	1,741,106	—	(81,215)	—	1,659,891
	1,774,647	241,574	(320,232)	(54,662)	1,641,327

Designated fixed assets funds: In order to separate the impact of the property development within the financial statements, the Charity established a designated fund to represent the value of its tangible fixed assets. When the Charity incurs expenditure on tangible fixed assets, the amounts are transferred from other revenue funds to the designated fund.

A total of £nil (2021 – £nil) was transferred to the designated fund during the year representing capital additions. In 2021, £54,662 of this capital work was funded from restricted revenue funds raised. This year, no capital work was funded from the general fund (2021 – none). The general fund showed a deficit of £19,995 (2021 – deficit of £18,564) at the end of the financial year.

Notes to the financial statements Year to 31 August 2022

11 Analysis of net assets between funds

	General fund £	Designated funds £	Restricted funds £	Total 2022 £
Fund balances at 31 August 2022 are represented by:				
Tangible fixed assets	—	1,579,966	—	1,579,966
Current assets	107,604	—	—	107,604
Creditors: amounts falling due within one year	(92,123)	—	—	(92,123)
Creditors: amount falling due in more than one year	(35,476)	—	—	(35,476)
Total net assets	(19,995)	1,579,966	—	1,559,971
	General fund £	Designated funds £	Restricted funds £	Total 2021 £
Fund balances at 31 August 2021 are represented by:				
Tangible fixed assets	—	1,659,891	—	1,659,891
Current assets	181,568	—	—	181,568
Creditors: amounts falling due within one year	(114,390)	—	—	(114,390)
Creditors: amount falling due in more than one year	(85,742)	—	—	(85,742)
Total net assets	(18,564)	1,659,891	—	1,641,327

12 Liability of members

The Charity is constituted as a company limited by guarantee. In the event of the Charity being wound up members are required to contribute an amount not exceeding £1 each.

13 Leasing commitments

Operating leases

At 31 August 2022 the total of the Charity's future minimum payments under non-cancellable operating leases was:

	Buildings	
	2022 £	2021 £
Amounts due within one year	7,981	95,774
Amounts due between one and five years	—	7,981

14 Capital commitments

As at 31 August 2022, the Charity had capital commitments of £nil (2021 – £nil).

Notes to the financial statements Year to 31 August 2022

15 Related party transactions

During the year, The City & Guilds of London Art School and Guilds Art School Property Trust had shared management arrangements. The City & Guilds of London Art School is therefore considered a related party.

The Trust recognised rental income from the Art School of £246,020 plus VAT in rent during the year (2021 – £241,574 plus VAT).

The Art School charged the Charity a management fee for services provided of £44,577 (2021 – £29,420).

16 Comparative statement of financial activities

	Unrestricted funds			2021 Total funds £
	General fund £	Designated funds £	Restricted funds £	
Income from:				
Donations	—	—	—	—
Charitable activities				
.. Rent receivable	241,574	—	—	241,574
Total income	241,574	—	—	241,574
Expenditure on:				
Charitable activities				
.. Costs of operating the Charity				
.. Premises	137,392	81,215	118,419	337,026
.. Support costs	101,625	—	—	101,625
Total expenditure	239,017	81,215	118,419	438,651
Net income (expenditure)	2,557	(81,215)	(118,419)	(197,077)
Transfers between funds	(54,662)	—	54,662	—
Net movement in funds	(52,105)	(81,215)	(63,757)	(197,077)
Fund balances brought forward at 1 September 2020	33,541	1,741,106	63,757	1,838,404
Fund balances carried forward at 31 August 2021	(18,564)	1,659,891	—	1,641,327