

City and Guilds Art School Property Trust

Annual Report and Financial statements

31 August 2023

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

Charity Registration Number
312871

Contents

Reports

Reference and administrative information	1
Trustees' report	2
Independent auditor's report	7

Financial statements

Statement of financial activities	12
Balance sheet	13
Statement of cash flows	14
Principal accounting policies	16
Notes to the financial statements	19

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
Registered office	City and Guilds of London Art School 124 Kennington Park Road London SE11 4DJ
Telephone	020 7626 3531
Principal office	124 Kennington Park Road London SE11 4DJ
Telephone	020 7735 2306
Facsimile	020 7582 5361
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 2023

The Board of Trustees ("the Board") of City and Guilds Art School Property Trust ("the Charity") presents its annual report and the audited financial statements for the year ended 31 August 2023.

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 and 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 and 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 and 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 and Guilds of London Art School. An annual management 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. The Company Secretary is an employee of the City and Guilds of London Art School and his services form part of the tasks for which the Art School levies a management charge as mentioned above.

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);
- ◆ make judgements and estimates that are reasonable and prudent;

Trustees' report Year to 31 August 2023

Governance, structure and management (continued)

Statement of Trustees' responsibilities (continued)

- ◆ 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 (2022 – none) and no Trustee was reimbursed for travelling expenses (2022 – 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;
- ◆ 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 major development work took place during the year, as the Art School consolidates its position and puts 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 main refurbishment work the Trust supported was the external redecoration and renovation of part of the Georgian terrace's main frontage.

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. 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. These funds are either 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 surplus on unrestricted funds before transfers of £4,483 (2022 – £1,431).

Due to the temporary suspension of significant development activity pending review of the accommodation and facilities needed to meet the Art School's longer-term requirements, the Charity raised £nil of restricted donations during the year (2022 – £nil).

The Charity expended £6,360 (2022 – £nil) in relation to the development of its buildings during the year. The Charity capitalised a total of £6,360 of fixed asset additions (2022 – £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 2023 the Charity held negative free reserves of £21,872. The Charity secured a loan facility (of £150,000) in 2019/20 to assist with working capital needs during a period of reduced development and related fundraising activity. This loan is fully drawn down and is due to be repaid in April 2024. The Board has carefully reviewed the Charity's cash flow position. It considers that, given its limited plans for the immediate future and the ending of its interest commitments and repayments in regard to the above loan, careful cash-flow management especially in respect of its obligations to and amounts due from the Art School, will, notwithstanding the current free reserves deficit position, provide the Charity with sufficient working capital to meet its liabilities out of its core rental income as they fall due. However, it also recognises that should its liquidity needs require it, the Charity's assets would provide adequate security to obtain a further loan. 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 £1,484,631 (2022 – £1,559,971) of which £nil (2022 – £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 2023 total £1,484,631 (2022 – £1,559,971). These funds are represented by tangible fixed assets of £1,506,503 (2022 – £1,579,966) and a free reserves deficit of £21,872 (2022 – £19,995).


Future plans

The Trust has put on pause significant development activity pending review of the accommodation and facilities needed to meet the Art School's longer-term requirements. A first step in that review will be to undertake a feasibility study to determine the potential capacity for development of the Kennington Park Road site. In the meantime, the Property Trust will continue to work with the Art School on progressing specific improvements to buildings and facilities on the site (a renovation of the frontage of the part of the Georgian terrace was undertaken early in 2022-23, for example), as limited resources will allow.

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 13 March 2024 and signed on its behalf by:


John Taylor MBE (Chairman)

Independent auditor's report to the members of City and 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 2023 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 2023 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.

Independent auditor's report Year to 31 August 2023

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.

Independent auditor's report Year to 31 August 2023

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;
- ◆ reviewed 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 2023

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
130 Wood Street
London
EC2V 6DL

26 March 2024

Statement of financial activities Year to 31 August 2023

	Notes	Unrestricted funds			2023 Total funds £	2022 Total funds £
		General fund £	Designated funds £	Restricted funds £		
Income from:						
Donations		—	—	—	—	—
Charitable activities						—
. Rent receivable	15	303,744	—	—	303,744	246,020
Total income		<u>303,744</u>	<u>—</u>	<u>—</u>	<u>303,744</u>	<u>246,020</u>
Expenditure on:						
Charitable activities						
. Costs of operating the Charity						
.. Premises		206,037	79,823	—	285,860	218,269
.. Support costs	2	93,224	—	—	93,224	109,107
Total expenditure		<u>299,261</u>	<u>79,823</u>	<u>—</u>	<u>379,084</u>	<u>327,376</u>
Net income (expenditure)	1	4,483	(79,823)	—	(75,340)	(81,356)
Transfers between funds	10	(6,360)	6,360	—	—	—
Net movement in funds		(1,877)	(73,463)	—	(75,340)	(81,356)
Fund balances brought forward at 1 September 2022		<u>(19,995)</u>	<u>1,579,966</u>	<u>—</u>	<u>1,559,971</u>	<u>1,641,327</u>
Fund balances carried forward at 31 August 2023		<u>(21,872)</u>	<u>1,506,503</u>	<u>—</u>	<u>1,484,631</u>	<u>1,559,971</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 2023

	Notes	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Tangible assets	5		1,506,503		1,579,966
Current assets					
Debtors	6	49,846		66,877	
Cash at bank and in hand		107,848		40,727	
		<u>157,694</u>		<u>107,604</u>	
Creditors: amounts falling due within one year	7	<u>(179,566)</u>		<u>(92,123)</u>	
Net current (liabilities) assets			<u>(21,872)</u>		<u>15,481</u>
Total assets less current liabilities			1,484,631		1,595,447
Creditors: falling due after more than one year	8		<u>—</u>		<u>(35,476)</u>
Total net assets			<u>1,484,631</u>		<u>1,559,971</u>
The funds of the charity:					
Income funds:					
· Restricted funds	9		<u>—</u>		<u>—</u>
Unrestricted funds:					
· General fund	10		<u>(21,872)</u>		<u>(19,995)</u>
· Designated funds	11		<u>1,506,503</u>		<u>1,579,966</u>
			<u>1,484,631</u>		<u>1,559,971</u>

Approved by the Board on 13 March 2024 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)

Statement of cash flows 31 August 2023

	Notes	Year to 31 August 2023 £	Year to 31 August 2022 £
Net cash flows provided by (used in) operating activities	A	123,674	(27,466)
Net cash flows (used in) investing activities	B	(6,360)	—
Net cash flows (used in) financing activities	C	(50,193)	(35,476)
Change in cash and cash equivalents in the year		67,121	(62,942)
Cash and cash equivalents at the beginning of the year		40,727	103,669
Cash and cash equivalents at the end of the year	D	107,848	40,727

Notes to the cash flow statement for the year to 31 August 2023

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

	2023 £	2022 £
Net (expenditure)	(75,340)	(81,356)
Depreciation charge	79,823	79,925
Decrease in debtors	17,031	11,022
Increase (decrease) in creditors	102,160	(37,057)
Net cash provided by (used in) operating activities	123,674	(27,466)

B Cash flows from investing activities:

	2023 £	2022 £
Purchase of tangible fixed assets	6,360	—
Net cash (used in) investing activities	6,360	—

C Cash flows from financing activities:

	2023 £	2022 £
Repayments of borrowing	(50,193)	(35,476)
Net cash (used in) financing activities	(50,193)	(35,476)

D Analysis of cash and cash equivalents

	31 August 2023 £	31 August 2022 £
Cash at bank and in hand	107,848	40,727

Statement of cash flows 31 August 2023

E Analysis of changes in net debt

	At 1 September 2022 £	Cash flows £	At 31 August 2023 £
Cash at bank and in hand	40,727	67,121	107,848
Loan payments falling due within one year	(50,421)	14,718	(35,703)
Loan payments falling due after more than one year	(35,476)	35,476	—
Total	(45,170)	117,315	72,145

Principal accounting policies 31 August 2023

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; and
- ◆ estimates in respect to accrued expenditure.

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 2023 the Charity held negative free reserves of £21,872. The Charity secured a loan facility (of £150,000) in 2019/20 to assist with working capital needs during a period of reduced development and related fundraising activity. This loan is fully drawn down and is due to be repaid in April 2024.

Going Concern (continued)

The Board has carefully reviewed the Charity's cash flow position. It considers that, given its limited plans for the immediate future and the ending of its interest commitments and repayments in regard to the above loan, careful cash-flow management especially in respect of its obligations to and amounts due from the Art School, will, notwithstanding the current fee reserves deficit position, provide the Charity with sufficient working capital to meet its liabilities out of its core rental income as they fall due. However, it also recognises that should its liquidity needs require it, the Charity's assets would provide adequate security to obtain a further loan. 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 2023

1 Net expenditure

This is stated after charging:

	General fund £	Designated funds £	Restricted funds £	Total 2023 £
Auditor's remuneration:				
. Statutory audit services	4,450	—	—	4,450
Depreciation	—	79,823	—	79,823
Operating lease rentals	145,620	—	—	145,620
	<i>General fund £</i>	<i>Designated funds £</i>	<i>Restricted funds £</i>	<i>Total 2022 £</i>
Auditor's remuneration:				
. Statutory audit services	5,226	—	—	5,226
Depreciation	—	79,925	—	79,925
Operating lease rentals	95,774	—	—	95,774

2 Support costs

	2023 £	2022 £
Management charges from the City and Guilds of London Art School	57,261	62,778
Insurance	16,154	16,138
Legal and professional fees	10,425	19,533
Governance costs	4,450	5,226
Interest on loans and bank charges	4,934	5,432
	93,224	109,107

3 Staff costs and Trustees' remuneration

The average number of staff employed by the charity in the year was nil (2022 – nil). The Charity's total staff costs in the year were therefore £nil (2022 – £nil).

No Trustee received any remuneration or other emoluments in respect of their services as a member of the Board during the year (2022 – none). No Trustees were reimbursed for travelling expenses during the year (2022 – 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 (2022 – £2 million).

The aggregate remuneration of key management personnel was £nil (2022 – £nil). In the year ended 31 August 2023, key management personnel consisted of the Trustees and the Company Secretary who was an employee of the City and Guilds of London Art School.

4 Taxation

City and 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.

Notes to the financial statements Year to 31 August 2023

5 Tangible fixed assets

	Leasehold property £	Freehold land and property £	Freehold property improvements £	Total £
Cost				
At 1 September 2022	382,169	595,872	1,472,585	2,450,626
Additions	—	—	6,360	6,360
At 31 August 2023	<u>382,169</u>	<u>595,872</u>	<u>1,478,945</u>	<u>2,456,986</u>
Depreciation				
At 1 September 2022	361,069	224,320	285,271	870,660
Charge for year	11,496	8,036	60,291	79,823
At 31 August 2023	<u>372,565</u>	<u>232,356</u>	<u>345,562</u>	<u>950,483</u>
Net book values				
At 31 August 2023	<u>9,604</u>	<u>363,516</u>	<u>1,133,383</u>	<u>1,506,503</u>
At 31 August 2022	<u>21,100</u>	<u>371,552</u>	<u>1,187,314</u>	<u>1,579,966</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

	2023 £	2022 £
Other debtors	49,846	66,877
	<u>49,846</u>	<u>66,877</u>

7 Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	—	5,746
Loan*	35,703	50,421
Social security and other taxes	10,302	9,756
Other creditors	57,404	—
Accruals and deferred income	76,157	26,200
	<u>179,566</u>	<u>92,123</u>

*The loan balance above is in respect of a bank borrowing facility with Charity Bank in respect of which the Charity has drawn down £150,000. It is being paid back 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 and 116 Kennington Park Road properties.

Notes to the financial statements Year to 31 August 2023

7 Creditors: amounts falling due within one year (continued)

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

	2023 £	2022 £
At 1 September	21,049	16,762
Deferred in the year	71,157	21,049
Released in the year	(21,049)	(16,762)
At 31 August	71,157	21,049

8 Creditors: amounts falling after more than one year

	2023 £	2022 £
Loan	—	35,476

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 2022 £	Donations £	Expenditure £	Transfers £	Balance at 31 August 2023 £
Development Fund	—	—	—	—	—

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

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.

Notes to the financial statements Year to 31 August 2023

10 Unrestricted Funds

	Balance at 1 September 2022 £	Income £	Expenditure £	Transfers £	Balance at 1 September 2023 £
General Fund	(19,995)	303,744	(299,261)	(6,360)	(21,872)
Designated Fund	1,579,966	—	(79,823)	6,360	1,506,503
	<u>1,559,971</u>	<u>303,744</u>	<u>(379,084)</u>	<u>—</u>	<u>1,484,631</u>

	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
	<u>1,641,327</u>	<u>246,020</u>	<u>(327,376)</u>	<u>—</u>	<u>1,559,971</u>

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 £6,360 (2022 – £nil) was transferred to the designated fund during the year representing capital additions. No capital work was funded from the restricted funds (2022 – none). The general fund showed a deficit of £21,872 (2022 – deficit of £19,995) at the end of the financial year.

11 Analysis of net assets between funds

	General fund £	Designated funds £	Restricted funds £	Total 2023 £
Fund balances at 31 August 2023 are represented by:				
Tangible fixed assets	—	1,506,503	—	1,506,503
Current assets	157,694	—	—	157,694
Creditors: amounts falling due within one year	(179,566)	—	—	(179,566)
Creditors: amount falling due in more than one year	—	—	—	—
Total net assets	<u>(21,872)</u>	<u>1,506,503</u>	<u>—</u>	<u>1,484,631</u>

Notes to the financial statements Year to 31 August 2023

11 Analysis of net assets between funds (continued)

	General fund £	Designated funds £	Restricted funds £	Total 2022 £
<i>Fund balances at 31 August 2022 are represented by:</i>				
<i>Tangible fixed assets</i>	—	1,579,966	—	1,579,966
<i>Current assets</i>	107,604	—	—	107,604
<i>Creditors: amounts falling due within one year</i>	(92,123)	—	—	(92,123)
<i>Creditors: amount falling due in more than one year</i>	(35,476)	—	—	(35,476)
<i>Total net assets</i>	(19,995)	1,579,966	—	1,559,971

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 2023 the total of the Charity's future minimum payments under non-cancellable operating leases was:

	Buildings	
	2023 £	2022 £
Amounts due within one year	145,200	7,981
Amounts due between one and five years	582,900	—

The buildings operating lease relates to the sub-lease of premises in the Old Vauxhall Telephone Exchange in Kennings Way for the period up to the first break clause. The previous lease expired in late September 2022 and Heads of Terms for a new lease from the date of that expiry were agreed at an increased rental which has been duly accounted for in 2022/23.

14 Capital commitments

As at 31 August 2023, the Charity had capital commitments of £nil (2022 – £nil).

15 Related party transactions

Administrative, fundraising and other tasks are performed by staff employed by the City and Guilds of London Art School. An annual management charge is levied by the Art School in consideration of this. The City and Guilds of London Art School is therefore considered a related party. The Art School charged the Charity a management fee for services provided of £57,261 (2022 – £62,778), which was outstanding at the year end. The Trust recognised rental income from the Art School of £303,744 plus VAT in rent during the year (2022 – £246,020 plus VAT), of which £49,846 was outstanding at the year end.

Notes to the financial statements Year to 31 August 2023

16 Comparative statement of financial activities

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