

THOMAS HEATHERLEY EDUCATIONAL TRUST

England & Wales · Charity number 312872

Details

Other names	HEATHERLEY'S, HEATHERLEYS, THE HEATHERLEY SCHOOL OF FINE ART
Status	Registered
Legal form	Charitable company
Company number	00977615
Registered	1972-01-24
Register	View on the Charity Commission register

Contact

Address	75 Lots Road London SW10 ORN
Phone	020 7351 4190
Email	info@heatherleys.org
Website	www.heatherleys.org

Activities

Objects: TO ADVANCE EDUCATION IN THE ARTS. (FOR FURTHER DETAILS SEE CLAUSE 3 OF MEMORANDUM AND ARTICLES).

Activities: Education/TrainingArts/culture

Classification

- **How:** Provides Human Resources, Provides Services
- **What:** Education/training, Arts/culture/heritage/science
- **Who:** The General Public/mankind

Geography

- Kensington And Chelsea

Finances

Period end	Income	Expenditure	Assets	Employees
2024-08-31	£1,160,666	£1,299,300	£4,987,958	19
2023-08-31	£1,159,455	£1,285,045	£5,119,544	19
2022-08-31	£1,132,283	£1,224,941	£5,328,185	26
2021-08-31	£932,422	£1,108,088	£5,446,978	23
2020-08-31	£1,043,079	£1,179,424	£5,510,668	24

Trustees

Name	Role	Appointed
Christopher Penn		2022-03-23
Frances Christie		2023-10-11
John Eagle		2020-08-27
Lord Nicolas Gage		2020-08-27
Murray George Shanks		2023-03-23
Professor Sue Timney		2026-03-30
RICHARD SHARP		2016-04-19
Rachel Parker		2024-10-09
Robert Smith Leighton		2023-03-22

THOMAS HEATHERLEY EDUCATIONAL TRUST

England & Wales - Charity number 312872

Accounts

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

DIRECTORS' AND TRUSTEES' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2024

Company No: 00977615
Charity No: 312872

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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REPORT AND ACCOUNTS

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THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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DIRECTORS' AND TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2024

The trustees are pleased to present their annual directors' report together with the financial statements of the charity for the year ended 31st August 2024, which are also prepared to meet the requirements for a directors' report and Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statements 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) (effective 1 January 2019).

OUR PURPOSE AND ACTIVITIES

The enduring objective of the Charity is to offer a public benefit through the provision of education in the visual arts at the Heatherley School of Fine Art.

The Charity was founded in 1969 and incorporated in 1970. It has had control of The Heatherley School of Fine Art since 1974, which is one of the oldest, and now one of the few remaining fully independent Art Schools in England.

Its primary objective, to paraphrase its Memorandum of Association (22.2.77), is to advance education in the visual arts, by the teaching of drawing, painting, sculpture, design, print-making and associated visual arts and crafts.

From the earliest days of the founding of the school in 1845, our teaching has been centred on a strong belief in the value to the artist of learning how to see. We provide a thorough grounding in methods of working from direct observation basing early study on the primary source of the human figure, portrait and natural objects. Students of Painting, Drawing, Sculpture, Ceramics and Printmaking explore the context of ideas within which they will build a personal language and develop the technical skills they require.

The pattern of study offered by Heatherleys has all but disappeared from mainstream colleges in the State Sector. We offer a portfolio of full and part time courses in direct response to the clear public demand for constructive and supportive teaching in the skills and disciplines of Fine Art. Full time Diploma Courses are offered for those who wish to develop a career or to enrich their practice. Part time courses are structured to introduce and develop the skills and interests of students who may construct their own menu from over 30 courses. Experienced tutors are all artist practitioners and many are graduates of the Royal College of Art or The Slade. We offer a creative learning environment to our student community whatever their age, background or range of ability.

Whilst the School is mindful of its responsibility to maintain adequate Building Maintenance Funds, the core activity of the school is to provide an education in the visual arts to students, and in so far that this is possible, by means of additional fee-paying students and a Bursary Fund to make this education accessible to talented but disadvantaged students. Funds are set aside for this purpose and the charity is looking actively towards raising further funds specifically to extend this Bursary programme.

Achievement and activities

The mission of the school is to promote academic excellence and an education in the Fine Arts for all.
We are committed to making our Diploma and Part time courses accessible to a diverse student population.

Accessible Learning

We are committed to making our Diploma and Part time courses accessible to a diverse student demographic.

Heatherleys offers full and part time courses in Fine Art to students with a variety of needs. Our student demographic represents a wide range of ages, social and cultural background and ethnic diversity. We are noted for the strong sense of friendly community which is fostered within the school, promotes a constructive approach to learning and is an important support to students when they leave.

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We encourage and respect the participation in our courses of all adult age groups from any background, whether they are preparing for professional practice as artists or exploring and developing their creativity on a part time basis. We do this by providing a range of part time day and evening courses, offering beginners flexible and accessible choices for entry level tuition.

Day, evening and weekend courses provide an accessible introduction to the Fine Arts for adult students of all ages and levels of ability. They may choose to use this programme as a pathway to further learning or simply enjoy and benefit from the range of possibilities available to the amateur enthusiast.

Structured Diploma courses in Portraiture and Sculpture, directed by Minna Stevens and Tony Mott respectively, offer two years of intensive study to those who wish to develop a career in art. Sculpture Diploma Graduates may choose to continue their studies in an elective Post Diploma year. The Post Diploma in Figurative Painting, coordinated by Fred Crayk, is a one year programme offered to students who have completed Heatherley's Diploma in Portraiture or an equivalent degree course in painting. Students are provided with opportunities for further personal development as they make the transition to independent studio practice.

Students

Each year students are supported so that they may be qualified for a career in the arts or to apply for courses in further and higher education for which they might not otherwise have been eligible.

In an era of fluctuating and unsettled employment prospects, Heatherleys attracts a number of mature students who are drawn to our vocational courses as a means of developing or changing career pathways. The charity has helped a number of students to rediscover an earlier unfulfilled vocation in art and design, or to take initial steps into a new field after another career.

On leaving

Younger students may seek further qualifications on completion of a Diploma course at Heatherleys, for instance by continuing their studies elsewhere on BA degree courses in Fine Art. Alternatively diploma graduates may choose to complete a further year of Post graduate study in either sculpture or painting at Heatherleys. Their high calibre has been marked by the regular acceptance of our graduates on Master of Arts degree courses at universities such as at the Royal College of Art and University of the Arts London.

Diploma Courses are structured so that they equip students with the practical skills and understanding necessary for professional practice. This to an extent that is not normally found in mainstream art schools these days. Graduates of the school are enabled to establish themselves as exhibiting artists in painting, sculpture and printmaking. Many graduates of the Diploma in Portraiture choose to become professional portrait painters working to public or private commissions.

On leaving the school, Diploma graduates may gain professional employment in a variety of arts related areas including exhibition preparation and curation, educational programmes, arts promotion and technical production such as making scenery and props for film production and theatrical companies such as at the Royal Opera House, London.

Accredited Education

Heatherleys has accredited status awarded by the British Accreditation Council.

Accreditation underlines academic excellence to internationally accepted standards and promotes student confidence in our independent institution.

The Council demands that our building and facilities meet the highest standards of Health and Safety, and that we subject our courses to continuous review. By means of a system of staff appraisals and class observations, we ensure our teaching staff and course programmes are of the highest quality so that we are able to fulfil student expectations. First awarded in 2017, the school undergoes regular interim inspections and a full inspection every four years before our accredited status is formally renewed. Our accredited status was formally renewed after full inspection in January 2024.

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FOR THE YEAR ENDED 31ST AUGUST 2024

Financial Support

Each year we offer financial support to a number of students who are talented but financially disadvantaged (often younger ones) so that they may benefit from the figurative art education which is provided by Heatherleys. The school has created a Bursary Fund, setting aside school funds to provide financial assistance For Diploma course students who would otherwise be unable to afford fees for this two-year course. Bursaries are awarded each year for this purpose.

The John Walton Student Support Fund is available to help Diploma students already in receipt of a Bursary but who find themselves in unforeseen difficulties. They may apply for help with travel, living expenses or buying course materials so that they are able to continue with their studies.

We have the enthusiastic support of Patrons and our Board of Trustees who are working to increase the level of support we can offer financially disadvantaged students. With their help in approaching donors, charitable trusts and foundations, we have been able to attract sponsorship for students who could not otherwise afford our fees.

We are grateful to a number of sponsors, including the Worshipful Company of Painter Stainers, the De Laszlo Foundation and Worlds End Studios, who have donated funds to be used to support our deserving students in their studies or upon graduation.

Student welfare

The school has an important therapeutic function for some of our students. Although highly creative, they may be challenged by difficulties which are temporary or permanent and range from depression or bereavement to autism or include physical problems such as mobility or hearing loss. Our modern building is purpose designed and equipped so that studios and facilities are fully accessible for those with physical disabilities. Unsupported, these issues may interfere with the demands of an education in art and could lead to the abandonment of a course.

As a smaller scale academic community, we are able to help those who might otherwise struggle to learn in a larger, more impersonal university setting. They have been able to achieve their potential at Heatherleys, enhance the quality of their lives and develop careers in a broad range of arts related activities. Heatherleys has developed and advertises our firm policy of inclusion for disadvantaged students and under-represented minority groups. We welcome a diverse range of students who, although faced with physical or mental health difficulties or challenged by issues concerning identity, can fully enjoy and benefit from our teaching.

In 2023/24 we continued our support for students whose learning was disadvantaged due to physical disability or issues of mental health or identity.

- Our Student Support Officer, Diana Horton, worked with class tutors in order to identify and include students who required individual support. She was able to guide tutors to an understanding of the particular challenges an individual student might face so that they would be better equipped to help them with their learning.
- Diana is a personal connection for students, offering direct practical assistance and emotional support on a range of levels. With this help they are able to achieve their potential by completing courses which they might not otherwise have been able to sustain. For instance, she enabled a student with impaired colour vision to use digital support that could help with observational painting.
- We organised a stimulating programme of open discussion and awareness for Diploma students studying Portraiture which was themed around questions of diversity and identity.
- School policies communicate our commitment to support those who need it (for instance, Equal Opportunities, Safeguarding and Learning Support). Policies are regularly reviewed, published on our website and available in hard copy at accessible information points within the school.

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FOR THE YEAR ENDED 31ST AUGUST 2024

Outreach and support

We actively seek opportunities to benefit the public and have developed a series of rewarding partnerships between Heatherley and our local community, including nearby schools and hospitals. These partnerships are a powerful way to promote community spirit and social cohesiveness. Our links with local schools enable us to encourage the creativity and confidence of young people in a variety of initiatives.

We created opportunities to invite and involve members of the public in a range of events at Heatherleys, for example

- We invited our local community to view exhibitions organised by the school in our Conservatory Gallery. These included the work of part time and Diploma and Post Diploma students, staff exhibitions and the work of visiting professional artists. Our annual Diploma Students' Exhibition has become a popular annual event and we were delighted to be able to share and celebrate the achievements of our graduating students with the general public.
- We invited the general public to attend art history lectures alongside our own students. Talks given by experts in our school library are free of charge and attract interest from all over London..
- We maintain close connections with the young people of local Chelsea Academy School who are invited to participate in Printmaking sessions held for them in our specialised studios. A group of sixth Form Academy students and their teacher were invited to view and discuss the works in our annual Staff exhibition.

Heatherleys sponsored a range of public prizes and awards in order to acknowledge achievement and to encourage aspiring and emerging artists attempting to develop a career in the Fine Arts.

Societies supported by the school during 2023/24 included the Royal Watercolour Society, the Society of Portrait Sculptors and the Chelsea Art Society. Our support for societies associated with the National Federation of British Artists also included the Royal Institute of Painters in Watercolour, the Pastel Society and the New English Art Club.

We encouraged the creativity of young people by sponsoring local photography competition 'A Day in the Life', donating the educational opportunity of 'hands on' sessions in our Printmaking studio. We actively support some of Britain's major arts societies who share our charitable aims by offering the use of our specialised studio facilities.

- The Pastels Society organised vacation workshop sessions at Heatherleys
- We offered studio use to the Chelsea Arts Club to hold weekly life drawing classes for their local artist members.
- We hosted a Masterclass long weekend for the Society of Portrait Sculptors.

Future Activities

We are determined to respond to the requirements of those seeking an education in the Fine Arts based on fundamental skills and technical disciplines. We continuously enhance the quality of our courses in order to do this. In 2024/25 we will continue to monitor developments in educational, social and financial spheres in order to supply a programme of opportunities relevant and responsive to the needs of the public.

- **Forward Planning:** we will review and update strategic planning targets in the light of the changing economic climate which affects the circumstances of our students and may limit their opportunity to access our courses.
- **Quality control:** we will consolidate and expand our programme of staff appraisals, class observations and student feedback so that we maintain our reputation for academic excellence.
- **Supporting our staff:** we will continue to support our teaching staff in their professional development, offering them opportunities to exhibit their work to the public and to their students in our Conservatory Gallery and promoting their achievements by means of Social Media.
- **Supporting our students:** we will promote the help our Student Support Officer is able to offer so that students may access the support available.
- **Outreach:** we will look for new opportunities to share our skills and facilities with local community groups who may not be able to access regular courses.

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- **Communication:** our marketing team will seek to create a strong Social Media profile in order to share the lively creativity and ethos of our school community with the public. We will also focus on the design and development of an engaging new website which will present the opportunities for full or part time education offered by our courses to intending students.

Selected Student and Alumni Achievements

We are always delighted to hear from alumni who are successfully developing their creative careers, many of whom were selected to show their work in prestigious exhibitions nationally and in London during 2023/24.

- Exhibitors at the Ruth Borchard Self Portrait Prize Exhibition included Heatherley's alumni Martin Burroughs, David Weekes, Eve Pettit, Steven Colover. The Exhibition was held at The Atkinson Museum in Southport, September/December
- Sculpture Diploma Graduate Annie Trevorah exhibited in New Wave. The exhibition is part of Whitechapel Gallery first Thursdays. July/September
- Alumna Sarah Jane Moon took part in Artwave, a celebration of the arts over three weekends at Lewes in East Sussex. September.
- 18 Sculpture Diploma alumni and current students presented a two day exhibition of their work in the Chapel at Brompton Cemetery in Fulham. The show was held as part of the annual Open Weekend celebrations. October.
- Alumna Sarah Jane Moon showed her paintings as part of an ASC Open Studio event at her studio in Brixton. November.
- Alumna Christina Niederberger showed her painting in 'Small is Beautiful' an exhibition at the Flowers Gallery London. November.
- Sculpture Diploma alumna Jeanie Gibbs exhibited in the group show, 'If You're Lost, This Is Where You Can Be Found'. This exhibition presented painting and sculpture by invited emerging artists alongside students from the Royal College of Art. November.
- The Helen Wilson Prize for a painting by an Open Studio student was awarded to Patrick Waldron in December.
- Sarah Jane Moon showed her paintings in the Interrupt Art Exhibition at the Undercroft Gallery in Norwich. February.
- Portrait Diploma student Jose Moura exhibited paintings at the Bulmar Gallery, London. February 2024. Anthony Connolly, President of the Royal Society of Portrait Painters, also invited Jose to show his work at the Society's annual exhibition. March.
- First year Portrait Diploma students, Tiffany Mak and Isabella Murphy, were invited to show their work as part of the Young Peoples' Initiative at the Society of Women Artists.
- Portrait Diploma alumna, Rachel Parker, has been appointed Vice president of the Society of Women Artists.
- Kayoon Anderson, Portrait Diploma alumna, has been made a member of The Contemporary British Portrait Painters' Collective.
- A number of Heatherley's students and alumni, including David Newens, Hero Johnson and Bernadette Timko were chosen to exhibit their paintings in this years' Royal Society of British Artists Annual Exhibition at the Mall Galleries. Portrait Diploma alumnae Natalia Glinoe and Evelyn Hong were both award winners. February/ March.
- Portrait Diploma student Jose Moura was awarded a place on the Masters of Art course in painting at City and Guilds School of Art, London. May.
- Annis Booker and Gina Kutyla were each selected by the Worshipful Company of Painter Stainers, to receive bursaries awards enabling them to complete a year of Post Diploma Study at Heatherley's in 2024/25 July.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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DIRECTORS' AND TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2024

Overview

As a small school we are able to communicate easily with our students and respond quickly to their changing needs. Aware that the economic climate has continued to challenge our students we introduced a choice of some shorter, affordable part time and taster courses so that students who were unable to commit to our regular pattern of twelve-week terms could continue their studies. We were able to support some financially disadvantaged Post Diploma students with Bursary assistance. Flexible study options for post graduate sculpture students meant that we were better able to support these students in making the transition from full time study to independent careers.

Despite economic concerns, assessment advisors report that our graduating Diploma and Post Diploma students continue to achieve consistently high academic standards in the work exhibited for final assessment. We were delighted to hear that, after a full and rigorous inspection by the British Accreditation Council, Heatherley's has once again been awarded full Accreditation, recognised nationally and internationally as an acknowledgement of academic excellence.

GDPR

We implement the requirements of the Data Protection Act (May 2018) ensuring that the confidential data we collect is safeguarded and secure. We communicate the ways we use, protect and store data, publicising our legally approved Data Protection Policy by means of Heatherley's website.

Public benefit statement

In shaping our objectives for the year and planning our activities, the trustees have considered the Charity Commission's guidance on public benefit, including the guidance 'public benefit: running a charity (PD2)'. The achievements and activities above demonstrate the public benefit arising through the Charity's activities.

FINANCIAL REVIEW

The Accounts show a deficit for the year ended 31st August 2024 of £131,586 (2023 - £208,641 deficit), this is after including a depreciation charge on the school building at 75 Lots Road of £99,141. The financial position at the year-end revealed by the Balance Sheet on page 18 shows net current assets or working capital of £811,120 (2023-£875,581). The net book value of tangible fixed assets held all of which are used directly for charitable purposes, amounted to £3,357,761 (2023 - £3,456,476). The market value of investments were £810,377 (2023 - £787,487).

We are an independent college, solely reliant upon student fees to finance our operations and any surplus income is invested to provide a return that will replenish our bursary fund which enables students to benefit from receiving a Fine Art education they otherwise may not have had an opportunity to study.

Principal Funding Sources

Principal funding sources are donations and income from student fees.

Fundraising standards

The charity is not registered with the Fundraising Regulator and has not carried out any significant fundraising activities.

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FOR THE YEAR ENDED 31ST AUGUST 2024

Investment powers and policy

Under the Memorandum and Articles of Association, the charity has the power to make any investment which the trustees see fit. The trustees have considered the most appropriate policy for investing funds and have determined that a mix of investments to generate income combined with cash deposits to ensure that we can meet our requirements.

The trustees have determined to maintain the most appropriate policy for investing funds is to:

- a) invest with Ruffer LLP and maintain some funds on deposit with Charities Aid Foundation (CAF) in conjunction with Scottish Widows Plc.
- b) ensure sufficient funds are held in deposit and current accounts to provide for working capital requirements.

Reserves policy

The Trustees have established a policy whereby the reserves of the charity are maintained at a level to enable the continued operation of its activities. It is the policy of the Trustees to maintain free reserves at a level equivalent to at least six months running costs to enable the Charity to meet its obligations in the short term together with funds to cover any unforeseen deficits or revenue shortfalls. In setting this policy the Council of Trustees takes account of the following factors:

- 1 Staff contracts: maximum period of notice for staff contracts is three months. The school has long-serving staff and this affects the maximum amount of statutory redundancy payable.
- 2 Commitments: The school has contracts with maintenance companies to ensure the safe use and maintenance of lifts, equipment and the upkeep of the school.

Six months running costs are calculated on the basis of projected expenditure, with no allowance made for projected income. The target reserves amount fixed by The Thomas Heatherley Educational Trust Ltd is £623,382.

The unrestricted funds not designated or invested in tangible fixed assets held by the charity are £767,847 (2023 - £790,364).

As at the year-end accounts showed reserves of £4,987,58 (2023 - £5,119,544) of which £55,305 (2023 - £52,855) was restricted. In addition, the Trustees have set aside designated funds totalling £798,345 (2023 - £819,849) for four specific purposes: a designated Bursary Fund, a designated Building Fund and a designated School Development Fund and a Building Development Fund.

Bursary Fund

This fund was initially set up to assist with the provision of at least two bursaries per year to gifted students who would otherwise be unable to afford to attend the Diploma Course; due to an increase in demand for bursary assistance and to enable us to fulfil our charitable role as a provider of art education the Trustees have significantly increased the level of Designated Bursary Funds with a view to offering at least six bursaries a year for the next five years. Eight bursaries were awarded in the academic year 2023/24 and the balance of the unrestricted Bursary Fund is £77,045 (2023 - £89,849) and the restricted Bursary Fund is £43,057 (2023 - £43,057). If there is any surplus funds, the Trustees decided in 2016 to replenish the Bursary Fund annually by transferring 6% of surplus income over expenditure before deducting building depreciation to the Bursary Fund with a view to sustaining a healthy and vital fund.

Building Fund

This fund is used to provide for major upkeep and repairs to the school, there was no movement in this fund for the year to 31 August 2024.

School Development Fund

This fund has been created to enable the development of new courses, fund a new website and database. A sum of £8,700 was expended from this fund to create a new website.

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FOR THE YEAR ENDED 31ST AUGUST 2024

Building Improvement Fund

This fund has been created to provide improvements of energy efficiencies within the school, there has been no movement on this fund for the year to 31 August 2024.

Restricted Prize Fund

There is also a restricted fund, The Prize Fund, from which prizes are awarded annually to talented students, the current value of the Prize Fund is £12,248 (2023 - £9,798)

The Charity has adequate cash reserves and the trustees believe that the school can fulfil its day-to-day obligations.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document / Constitution

The Thomas Heatherley Educational Trust Limited is a company limited by guarantee and a registered charity governed by its memorandum and articles of association. The Charity number is 312872 and the Company number is 977615.

Recruitment and appointment of Trustees

As set out in the Articles of Association the chair of the Council of Trustees is nominated by the other trustees. The Directors of the organisation are also the charity trustees for the purposes of charity law.

The Council of Trustees have power to appoint additional Trustees as it considers fit to do so.

The Trustees have no beneficial interest in the company other than as members. The Trustees are also the directors of the company. All of the Trustees are members of the company and guarantee to contribute £1 in event of winding up. The Council has the power to appoint additional Directors.

Trustee induction and training

The Trustees maintain a good working knowledge of charity and company law and best practise by regular reading of charity press articles and scrutiny of Companies House, Charity Commission, other Government and voluntary organisation advisory websites. New Trustees are given copies of the Memorandum and Articles of Association and copies of previous year's minutes and attend an induction session given by an experienced Trustee.

Structure and Management

The object of the Charity is to advance visual art education primarily in the figurative tradition through The Heatherley School of Fine Art. The Company is organised as follows:

- a) The Company is governed by the Council of Trustees, who are elected annually from the membership of the Company. Trustees are elected, re-elected or retire at the Annual General Meeting of the Company. The Council elects a Chair-person from its number. The Council currently has ten members. All new Trustees are provided with relevant documentation on their responsibilities as Trustees.
- b) All members of the Council give their services free of charge.
- c) Persons interested in the promotion of education in the visual arts, with appropriate backgrounds and qualifications, are invited by the Trustees to join the Charity as Company Members.
- d) The Council meets at least three times a year. Financial and management reports are provided at each meeting.
- e) The Charity appoints two executive officers, the Principal of the School and the Bursar who manages the financial affairs of the Charity.
- f) The School is directed by the Principal and an Academic Board.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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DIRECTORS' AND TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2024

Organisation

The trustees of the company meet termly as a Board, but have also set up a range of sub-groups i.e. the Development subcommittee, the Site subcommittee and the Articles of Association subcommittee, where the Trustees meet between Board meetings. The Chair and Financial & Investments subcommittee also meet with the Trustees on a regular basis.

It is governed by the Council of Trustees, which sets the overall framework. The principal is the Chief Executive Officer and the members of the staff team are then delegated full responsibility for implementation within this framework.

The role and contribution of volunteers

During the year no volunteers were used to support the work of the paid staff.

Staff

Heatherley's prides itself on its dedicated and experienced lecturers and tutors, all of whom are actively practising artists, and many of whom have been with the school since the 1970s. In any academic year the number of those teaching will be in the high twenties. The school thus offers them the opportunity to pass on their particular expertise while continuing their own professional practice on a part-time basis.

The Academic Board, responsible for the direction of the school:

Principal: Veronica Ricks MA (RCA)
Director of Studies & Course Director, Diploma in Figurative Sculpture: Tony Mott HDFA(Lond)
Course Director, Diploma in Portraiture: Minna Stevens MA (RCA)
Co-ordinator, Printmaking: Hilary Daltry MA (Rome Scholar)
Co-ordinator, Post Diploma in Figurative Painting: Fred Crayk

Related Parties

None of our Trustees receives any remuneration or other benefit from work on behalf of the charity. Any contractual arrangement with a related party needs to be disclosed. In this financial year there was none to disclose.

Pay policy for senior staff

Senior management staff pay is set with reference to market rates for similar roles within similar sized charities in the sector. The pay of the senior staff members are reviewed and approved by the Board.

Risk Policy

The trustees have a risk management strategy which comprises:

- An annual review of the risks the charity may face;
- The establishment of systems and procedures to mitigate those risks identified in the plan; and
- The implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

This work has identified that financial sustainability is the major financial risk for the charity, it is imperative that we sustain our Bursary Fund through fundraising to enable the school to offer bursary assistance to students. Attention has also been focussed on non-financial risks arising from fire, health and safety of students and staff. A key element in the management of financial risk is via a reviewed reserves policy and the retention of sufficient working capital.

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DIRECTORS' AND TRUSTEES' REPORT
FOR THE YEAR ENDED 31ST AUGUST 2024

REFERENCE AND ADMINISTRATIVE DETAILS

Company Number: 0977615

Charity Number: 312872

Directors / Trustees:

C Penn (Chairman)
P E Driscoll (Resigned 8 May 2024)
J Eagle
N Gage
R Leighton
J Murray
R Parker (Appointed 9 October 2024)
F Christie
M Shanks
R Sharp

Secretary: Vistra Trust Company Limited

Senior Staff: Principal: Veronica Ricks MA(RCA)
Director of Studies: Tony Mott HDFA
Course Director, Diploma in Portraiture: Minna Stevens
Co-ordinator, Printmaking: Hilary Daltry MA
Co-ordinator, Post Diploma in Figurative Painting: Fred Crayk
A Bursar is appointed and reports to the Trustees.

Registered Office: 75 Lots Road, London SW10 0RN

Website : <https://www.heatherleys.org/>

Independent Auditor: SCB (Accountants) Ltd, 31 Sackville Street, Manchester, M1 3LZ

Bankers: Lloyds TSB Plc., 417 North End Road, Fulham, London SW6 1NS

Investment managers: Ruffer LLP, 80 Victoria Street, London SW1E 5JL
Flagstone Group Ltd, Clareville House, 26-27 Oxendon St, London SW1Y 4EL

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FOR THE YEAR ENDED 31ST AUGUST 2024

Trustees' responsibilities in relation to the financial statements

The Trustees (who are also directors of The Thomas Heatherley Educational Trust Limited for the purposes of company law) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of its income and expenditure for that period.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

STATEMENT OF DISCLOSURE TO AUDITOR

In accordance with company law, the company's Directors certify that:

- so far as they are aware, there is no relevant audit information of which the company's auditors are unaware; and
- as the Directors of the company they have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

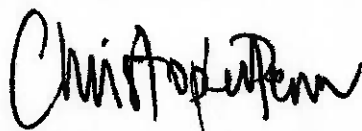
AUDITORS

A resolution will be proposed and agreed at the Annual General Meeting that SCB (Accountants) Ltd be re-appointed as auditors of the Charity for the ensuing year.

The report of the directors has been prepared taking advantage of the small companies' exemption of section 415A of the Companies Act 2006.

APPROVAL

This report was approved by the Board and signed on its behalf by:



Christopher Penn
(Chairman of Trustees)

26th March 2025

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

Opinion

We have audited the financial statements of The Thomas Heatherley Educational Trust Limited for the year ended 31st August 2024, which comprise the Statement of Financial Activities (Summary Income and Expenditure Account), balance sheet, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st August 2024 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 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 directors' 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 [entity]'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 directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF (Cont/d)

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED **(A company limited by guarantee)**

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The directors' report has been prepared in accordance with applicable legal requirement

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' 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;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of trustees' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit;

Responsibilities of directors

As explained more fully in the directors' responsibilities statements set out on page 11, the directors 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 directors 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 directors are responsible for assessing the 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 directors either intend to liquidate the 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:

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We discussed with the Directors the policies and procedures in place regarding compliance with laws and regulations. We discussed amongst the audit team the identified laws and regulations, and remained alert to any indications of non-compliance.

During the audit we focussed on laws and regulations which could reasonably be expected to give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006, UK tax legislation Charity Act 2011 and SORP 2019. Our tests included agreeing the financial statement disclosures to underlying supporting documentation and enquiries with management.

Our procedures in relation to fraud included but were not limited to: inquires of management whether they have any knowledge of any actual, suspected or alleged fraud, and discussions amongst the audit team regarding risk of fraud such as opportunities for fraudulent manipulation of financial statements. We determined that the principal risks related to posting manual journal entries to manipulate financial performance and management bias through judgements in

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF (Cont/d)

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED **(A company limited by guarantee)**

accounting estimates. We also addressed the risk of management override of internal controls, including testing journals and appropriateness of other entries in the nominal ledger; reviewing transactions around the end of the reporting period; and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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

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

Use of our report

This report is made solely to the 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Jeffrey Bor FCA (Senior Statutory Auditor)
For and on behalf of SCB (Accountants) Ltd
CHARTERED ACCOUNTANTS
STATUTORY AUDITOR

31 Sackville Street
Manchester M1 3LZ

Date: 02/04/2025

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31ST AUGUST 2024

SUMMARY INCOME AND EXPENDITURE ACCOUNT

	Notes	Unrestricted Funds £	Restricted Funds £	2024 £	2023 £
Income					
Donations and legacies	2	11,354	14,600	25,954	22,400
Income from charitable activities	3	1,032,495	-	1,032,495	1,036,531
Income from other trading activities	4	41,252	-	41,252	41,943
Investment income	5	60,965	-	60,965	58,581
Total income		<u>1,146,066</u>	<u>14,600</u>	<u>1,160,666</u>	<u>1,159,455</u>
Expenditure					
Cost of raising funds	6	25,863	-	25,863	26,888
Expenditure on charitable activities	6	1,261,287	12,150	1,273,437	1,258,157
Total expenditure		<u>1,287,150</u>	<u>12,150</u>	<u>1,299,300</u>	<u>1,285,045</u>
Net income / (expenditure) & net movements in funds before gains & losses on investments		(141,084)	2,450	(138,634)	(125,590)
Net gains/ (losses) on investments	12	7,048	-	7,048	(83,051)
Net movement in funds		<u>(134,036)</u>	<u>2,450</u>	<u>(131,586)</u>	<u>(208,641)</u>
<i>Reconciliation of funds</i>					
Total funds, brought forward		5,066,689	52,855	5,119,544	5,328,185
Total funds, carried forward		<u>4,932,653</u>	<u>55,305</u>	<u>4,987,958</u>	<u>5,119,544</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the above two financial years.

TOTAL RECOGNISED GAINS AND LOSSES

No other gains and losses were recognised in the year other than those shown above.

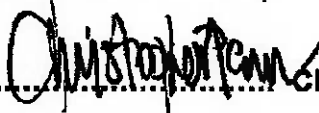
The notes on pages 20 to 32 form part of these accounts.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

BALANCE SHEET AS AT 31ST AUGUST 2024

	Notes	2024	2023
		£	£
Fixed assets			
Intangible assets	11	8,700	-
Tangible fixed assets	12	3,357,761	3,456,476
Investments	13	810,377	787,487
		<u>4,176,838</u>	<u>4,243,963</u>
Current assets			
Stocks	14	13,491	12,042
Debtors	15	26,075	31,479
Cash at bank and in hand		1,092,547	1,201,633
		<u>1,132,113</u>	<u>1,245,154</u>
Liabilities			
Creditors falling due within one year	16	(320,993)	(369,573)
Net current assets		811,120	875,581
Net assets		<u>4,987,958</u>	<u>5,119,544</u>
The funds of the charity			
Unrestricted funds:			
General	17	4,134,308	4,246,840
Designated	17	798,345	819,849
Restricted funds	17	55,305	52,855
Total charity funds		<u>4,987,958</u>	<u>5,119,544</u>

These accounts were approved and authorised for issue by the Board of Directors and Trustees on 26th March 2025 and were signed on its behalf by:

..... Christopher Penn (Chairman)

Company Number 00977615

The notes on pages 20 to 32 form part of these accounts.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST AUGUST 2024

	2024 £	2023 £
Net cash outflow in operating activities	<u>(141,240)</u>	<u>(61,353)</u>
Cash flows from investing activities		
Dividend and interest income	60,964	58,581
Purchase of tangible fixed assets	(4,269)	(964)
Addition of intangible assets	(8,700)	
Purchase of investments	(15,841)	(23,630)
Additions to / withdrawals from cash held within investments	-	2,191
Sale Proceed of Investment	-	554,136
Cash provided by investing activities	<u>32,154</u>	<u>590,315</u>
 (Decrease)/Increase in cash & cash equivalents in the year	<u>(109,086)</u>	<u>528,962</u>
 Cash & cash equivalents at the beginning of the year	1,201,633	672,671
Total cash & cash equivalents at the end of the year	<u>1,092,547</u>	<u>1,201,633</u>

Reconciliation of net movement in funds to net cashflow from operating activities:

	2024 £	2023 £
Net movement in funds	(131,586)	(208,641)
Add back depreciation	102,983	102,803
Deduct dividend and interest income from investments	(60,965)	(58,581)
Deduct (gains) / add back losses on investment	(7,048)	83,051
(Increase)/decrease in stock	(1,449)	1,299
Decrease/(Increase) in debtors	5,405	(8,425)
(Decrease)/Increase in creditors	(48,580)	27,141
Net cash outflow in operating activities	<u>(141,240)</u>	<u>(61,353)</u>

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2024

1. ACCOUNTING POLICIES

1.1 Basis of preparation of accounts

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) (effective 1 January 2019), The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Thomas Heatherley Educational Trust Limited meets the definition of a public benefit entity under FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the Charity. Monetary amounts in these financial statements are rounded to the nearest £.

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

1.2 Preparation of accounts on a going concern basis

The charity's Financial Statements show a net deficit of £131,586 (2023 – deficit £208,641) for the year, total reserves of £4,987,958 (2023 - £5,119,544) and free reserves of £767,847 (2023 - £790,364).

The Trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the charity to continue as a going concern. Trustees will continue to monitor and ensure spending to be done in line with income in order to maintain target level of reserves. The review of cashflow for 12 months from the date of approval of the financial statements, the associated assumptions that underpin it, secured new income and the steps that could be taken to reduce expenditure should this be necessary.

Based on the information above, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operation for the foreseeable future and will remain surplus in future periods. Therefore, the trustees have adopted the going concern basis in preparing these accounts.

1.3 Income

Income is recognised when the Charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and amount can be measured reliably.

- (a) Income received by way of donations and legacies are included in full in the Statement of Financial Activities when received, unless they relate to a specified future period, in which case they are deferred.
- (b) Legacies entitlement is taken as the earlier of the date on which either: the charity is aware that the probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Charity that the distribution is made, or when a distribution is received from the estate. No legacies were received during the year.
- (c) Income from charitable activities in the form of school fees are recognised as earned (as the related goods and services are provided) under contract. Fees received in advance of the subsequent education year are recognised as deferred income until the following year.
- (d) Shop income and car parking income is recognised as earned (that is, as the related goods or services are provided).
- (e) Investment income is included when receivable.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2024

1.4 Volunteers and donated services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time is not recognised and refers to the trustees' annual report for more information about their contribution. No such contributions were received during the year.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt. No such donations were received during the year.

1.5 Expenditure recognition and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is classified under the following activity headings:

- (a) Cost of raising funds comprises of the costs of running the shop and other fundraising activities and their associated support costs.
- (b) Expenditure on charitable activities includes the costs directly associated with running an arts school, to further the purposes of the Charity and their associated support costs.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

1.6 Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back-office costs, finance and administration personnel, payroll and governance costs which support the charity's programmes and activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The basis on which support costs have been allocated are set out in note 7.

1.7 Funds structure

Unrestricted funds are available to spend on activities that further any of the purposes of charity.

Designated funds are unrestricted funds of the Charity which the trustees have decided at their discretion to set aside to use for a specific purpose.

Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Charity's work or for specific projects being undertaken by the Charity.

1.8 Tangible fixed assets and depreciation

Tangible fixed assets (excluding investments) are stated at cost less depreciation. The cost of minor additions or those costing less than £500 are not capitalised. In accordance with SORP, the charity does not adopt a policy of revaluation of freehold land and buildings.

Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	-	Straight line over fifty years
Fixtures, fittings and equipment	-	25% reducing balance

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2024

1.9 Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The Charity does acquire put options, derivatives or other complex financial instruments through investment manager.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

The Council has agreed an Investment Policy.

1.10 Realised / unrealised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

1.11 Stock

Stock is included at the lower of cost or net realisable value.

1.12 Cash at bank and in hand

Cash at bank and in hand includes cash and short term cash deposits.

1.13 Creditors and provisions

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

1.14 Financial instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.15 Taxation

The Charity is a registered charity and, therefore, is not liable for Income Tax or Corporation Tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

1.16 Pension

The charity operates a defined contribution pension scheme on behalf of its employees. Contributions are charged to the Statement of Financial Activities in the period in which they are payable. The assets of the scheme are held separately from those of the charity in an independently administered fund.

1.17 Operating leases

The Charity classifies the lease of copier as an operating lease. The rentals are charged to the Statement of Financial Activities on a straight-line basis over the lease duration. No assets are held under hire purchase agreements.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2024

1.18 Critical accounting estimates and Judgements

In the application of the company's accounting policies, the charity is required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The charity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

(iii) Allocation of shared cost between multiple activities

Support costs relate to those functions that assist the work of the charity but do not directly relate to charitable activities. Support costs include finance, payroll, premise and governance costs which support the charity's programmes and activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. All the general support and governance costs are allocated to activities at different percentages, on the basis of staff time relating to each activity.

2. DONATIONS AND LEGACIES

	Unrestricted Funds £	Restricted Funds £	2024 £	2023 £
The Oswald Savage Memorial Fund	11,354	-	11,354	-
Ralph Cobham	-	2,000	2,000	-
The Linbury Trust	-	1,500	1,500	-
Painters Sainers	-	10,000	10,000	10,000
Golden Bottle Trust	-	-	-	10,000
Other donations < £1,000	-	1,100	1,100	2,400
	<u>11,354</u>	<u>14,600</u>	<u>25,954</u>	<u>22,400</u>

The donations and legacies income in 2023 totalling £22,400 was attributed to restricted funds.

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £	2024 £	2023 £
School fees	1,032,495	1,032,495	1,036,531
	<u>1,032,495</u>	<u>1,032,495</u>	<u>1,036,531</u>

Income from charitable activities in 2023 totalling £1,036,531 was attributed to unrestricted funds.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2024

4. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted Funds £	2024 £	2023 £
Shop income	32,094	32,094	34,112
Car parking fees	5,942	5,942	7,040
Other income	2,346	2,346	206
Kiln Firing Income	870	870	585
	<u>41,252</u>	<u>41,252</u>	<u>41,943</u>

The other trading income in 2023 totalling £41,943 was attributed to unrestricted funds.

5. INVESTMENT INCOME

	Unrestricted Funds £	2024 £	2023 £
Interest on cash deposits	45,124	45,124	17,639
Dividends	15,841	15,841	40,942
	<u>60,965</u>	<u>60,965</u>	<u>58,581</u>

The investment income in 2023 totalling £58,581 was attributed to unrestricted funds.

6. ANALYSIS OF EXPENDITURE

	Raising Funds £	School £	Outreach £	2024 £	2023 £
Staff costs	-	476,130	-	476,130	477,938
Subcontract Models cost	-	86,553	-	86,553	89,715
Bursaries and prizes	-	36,308	-	36,308	40,993
Other direct cost	-	59,380	-	59,380	64,810
Premises and equipment costs	-	178,723	-	178,723	169,770
Depreciation	-	92,685	-	92,685	92,888
Advertising, promotion and prospectus	-	34,344	-	34,344	19,739
Shop purchases	25,863	-	-	25,863	25,597
Investment management costs	-	-	-	-	1,291
Support costs (Note 7)	-	291,114	-	291,114	281,335
Governance costs (Note 7)	-	18,200	-	18,200	20,969
	<u>25,863</u>	<u>1,273,437</u>	<u>-</u>	<u>1,299,300</u>	<u>1,285,045</u>

Of the £1,299,300 expenditure in 2024 (2023 - £1,285,045), £1,287,150 was charged to unrestricted funds (2023 - £1,274,595) and £12,150 to restricted funds (2023 - £10,450).

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2024

7. ANALYSIS OF SUPPORT AND GOVERNANCE COSTS

The Charity initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Governance costs and other support costs are apportioned separately between charity's key activities undertaken (see note 6) in the year. All the general support and governance costs have been apportioned to the various charitable activities on the basis of staff time allocated to each activity.

	General support £	Governance function £	2024 £	2023 £
Finance and administration staff costs	189,390	-	189,390	170,573
Management staff	-	8,766	8,766	8,692
Premises costs	19,858	-	19,858	18,863
Depreciation	10,298	-	10,298	9,914
Communication costs	10,062	-	10,062	11,903
Information technology	19,947	-	19,947	14,998
Insurance	15,493	-	15,493	14,148
Bank charges	17,654	-	17,654	15,784
Legal and professional costs	3,221	2,234	5,455	25,877
Bad debts	913	-	913	-
Sundry costs	4,278	-	4,278	4,652
Audit fees	-	7,200	7,200	6,900
	<u>291,114</u>	<u>18,200</u>	<u>309,314</u>	<u>302,304</u>

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2024

8. NET INCOME/(EXPENDITURE) FOR THE YEAR

This is stated after charging:

	2024	2023
	£	£
Depreciation of tangible fixed assets	102,983	102,803
Operating lease – copier	3,584	3,934
Auditors' remuneration – audit of financial statements	<u>7,200</u>	<u>6,900</u>

9. ANALYSIS OF STAFF COSTS, TRUSTEES REMUNERATION AND EXPENSES, AND COST OF KEY MANAGEMENT PERSONNEL

STAFF COSTS

	2024	2023
	£	£
Salaries	671,287	666,895
National Insurance	45,066	40,066
Pension	11,383	11,076
	<u>727,736</u>	<u>718,037</u>

No employee received remuneration in excess of £60,000 during the year.

No Trustee received any remuneration during the year (2023 - £nil). No Trustees received reimbursed expenses during the year (2023 - £nil).

The key management personnel of the charity comprise the principal, director of studies, course director (diploma in portraiture) and co-ordinator (printmaking). The total employee benefits of the key management personnel of the charity were £89,458 (2023 - £87,316).

10. STAFF NUMBERS

The average monthly number of staff employed, calculated as full time equivalent, during the year was as follows:

	2024	2023
Management	1.5	1.5
Direct staff	12	12
Administrative and support	5.5	5.5
	<u>19</u>	<u>19</u>

The average number monthly employees during the year was 42 (2023 - 45).

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2024

11. INTANGIBLE ASSETS

	Intangible Assets	Total
	£	£
Cost:		
As at 1 September 2023	-	-
Additions	8,700	8,700
Disposals	-	-
As at 31 August 2024	<u>8,700</u>	<u>8,700</u>
Amortisation:		
As at 1 September 2023	-	-
Disposals	-	-
Charge for the year	-	-
As at 31 August 2024	<u>-</u>	<u>-</u>
Net book value:		
As at 1 September 2023	<u>-</u>	<u>-</u>
As at 31 August 2024	<u>8,700</u>	<u>8,700</u>

Note : No amortisation is charged at year end as website is under development

12. TANGIBLE FIXED ASSETS

	Freehold interest in land and buildings	Fixtures, fittings and equipment	Total
	£	£	£
Cost:			
As at 1 September 2023	4,956,822	103,430	5,060,252
Additions	-	4,269	4,269
Disposals	-	-	-
As at 31 August 2024	<u>4,956,822</u>	<u>107,699</u>	<u>5,064,521</u>
Depreciation:			
As at 1 September 2023	1,511,331	92,445	1,603,776
Disposals	-	-	-
Charge for the year	99,141	3,842	102,983
As at 31 August 2024	<u>1,610,472</u>	<u>96,287</u>	<u>1,706,759</u>
Net book value:			
As at 1 September 2023	<u>3,445,491</u>	<u>10,985</u>	<u>3,456,476</u>
As at 31 August 2024	<u>3,346,350</u>	<u>11,412</u>	<u>3,357,761</u>

In addition to the freehold interest in building included above, the Charity also owns land at Christiania Wharf was gifted from The Royal Borough of Kensington and Chelsea and has been valued at £nil in the Financial Statements, due to a permanent restrictive covenant against anything other than art educational use, which was imposed upon the transfer of the land.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2024

13. INVESTMENTS

Fixed asset investments are managed on a discretionary basis as segregated portfolios by the charity's investment managers.

The investment assets (including cash held for investment purposes) are held with the overall intention of retaining them for the long-term (namely, as fixed assets) for the continuing benefit of the charity in the form of income and capital appreciation.

Consequently, this note does not show the movement of individual investment transactions executed by the investment manager within their portfolio. Instead, the movement in the value of the portfolio is analysed to show new funds introduced to or funds withdrawn from the portfolio, together with revaluations reflecting changes in market values.

	2024 £	2023 £
Quoted investments		
Market value, brought forward	787,488	1,401,046
Additions	15,841	23,629
Disposals	-	(554,136)
Unrealised gain / (loss)	7,048	(83,051)
Market value, carried forward	<u>810,377</u>	<u>787,488</u>
Total investments	<u>810,377</u>	<u>787,488</u>
Historic cost	<u>697,773</u>	<u>681,932</u>

Market value analysed by type of investments:

	2024 £	2023 £
UK Equities	78,606	62,212
UK bonds	40,519	165,373
Foreign equities	173,421	58,274
Foreign bonds	79,417	165,373
Multi-assets fund	250,406	151,985
Commodities	16,208	22,050
Gold and gold equities	66,451	44,099
Credit and derivative strategies	103,728	103,161
Cash held within the investment portfolio	1,621	14,962
Market value as at 31 August	<u>810,377</u>	<u>787,488</u>

14. STOCK

	2024 £	2023 £
Shop stock	13,491	12,042
	<u>13,491</u>	<u>12,042</u>

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2024

15. DEBTORS

	2024	2023
	£	£
Trade Debtors	305	10,066
Other Debtors	20,630	14,457
Prepayment	5,140	6,956
	<u>26,075</u>	<u>31,479</u>

16. CREDITORS: amounts falling due within one year

	2024	2023
Trade Creditors	24,485	15,714
Taxation and social security	5,992	7,153
Deferred Income (note 19)	266,017	323,768
Other creditors	2,736	2,417
Accruals	21,763	20,521
	<u>320,993</u>	<u>369,573</u>

17. MOVEMENT IN FUNDS

	Balance at 01.09.23 £	Income £	Expenditure £	Gains/ (losses) £	Transfers £	Balance at 31.08.24 £
Restricted funds:						
Prizes Fund	9,798	4,600	2,150	-	-	12,248
Bursary Fund	43,057	10,000	10,000	-	-	43,057
	<u>52,855</u>	<u>14,600</u>	<u>12,150</u>	<u>-</u>	<u>-</u>	<u>55,305</u>
Unrestricted funds:						
Designated funds						
Bursary Fund	89,849	11,354	24,158	-	-	77,045
Building Maintenance Fund	600,000	-	-	-	-	600,000
School Development Fund	50,000	-	8,700	-	-	41,300
Building Improvement Fund	80,000	-	-	-	-	80,000
	<u>819,849</u>	<u>11,354</u>	<u>32,858</u>	<u>-</u>	<u>-</u>	<u>798,345</u>
General funds	4,246,840	1,134,712	1,254,292	7,048	-	4,134,308
Total Unrestricted Funds	<u>5,066,689</u>	<u>1,146,066</u>	<u>1,287,150</u>	<u>7,048</u>	<u>-</u>	<u>4,932,653</u>
Total funds	<u>5,119,544</u>	<u>1,160,666</u>	<u>1,299,300</u>	<u>7,048</u>	<u>-</u>	<u>4,987,958</u>

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2024

17. Movement in funds – previous year (continued)

	Balance at 01.09.22 £	Income £	Expenditure £	Gains/ (losses) £	Transfers £	Balance at 31.08.23 £
Restricted funds:						
Prizes Fund	8,148	2,100	450	-	-	9,798
Bursary Fund	32,757	20,300	10,000	-	-	43,057
	<u>40,905</u>	<u>22,400</u>	<u>10,450</u>	<u>-</u>	<u>-</u>	<u>52,855</u>
Unrestricted funds:						
Designated funds						
Bursary Fund	70,392	-	30,543	-	50,000	89,849
Building Maintenance Fund	255,000	-	-	-	345,000	600,000
School Development Fund	-	-	-	-	50,000	50,000
Building Improvement Fund	-	-	-	-	80,000	80,000
New Building Fund	743,116	-	-	-	(743,116)	-
	<u>1,068,508</u>	<u>-</u>	<u>30,543</u>	<u>-</u>	<u>(218,116)</u>	<u>819,849</u>
General funds	4,218,772	1,137,055	1,244,052	(83,051)	218,116	4,246,840
Total Unrestricted Funds	<u>5,287,280</u>	<u>1,137,055</u>	<u>1,274,595</u>	<u>(83,051)</u>	<u>-</u>	<u>5,066,689</u>
Total funds	<u>5,328,185</u>	<u>1,159,455</u>	<u>1,285,045</u>	<u>(83,051)</u>	<u>-</u>	<u>5,119,544</u>

Description, nature and purpose of restricted funds:

Prize Fund: Funds received to provide prizes.

Bursary Fund: Funds received to provide prizes.

Description, nature and purpose of unrestricted funds:

General funds:

General fund represents funds available to spend at the discretion of the Trustees after allowing for all the designated funds.

Purposes of Designated Funds:

Bursary Fund This fund was initially set up to assist with the provision of at least two bursaries per year to talented students who would otherwise be unable to afford to attend the Diploma Courses; due to an increase in demand for bursary assistance and to enable us to fulfil our charitable role as a provider of art education it is appropriate to significantly increase the level of Designated Bursary Funds with a view to offering at least six bursaries a year for the next five years. Trustees and staff are currently seeking major funding from potential sponsors to enable such increases to be maintained.

Building Maintenance Fund: The School moved into a new purpose built building at 75 Lots Road in 2008 and the Trustees have decided to create a designated School Maintenance Fund to provide for major upkeep and repairs to the building. The School Building Manager has prepared an estimate of costs for essential major future building costs to plant and equipment and upkeep such as replacing plant and equipment as it becomes obsolete.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2024

Description, nature and purpose of restricted funds (continued):

School Development Fund : In previous year trustees proposed the creation of the 'School Development Fund' from the New Building Fund, aimed at developing new courses, funding a new website, and database, with a sum of £50,000 transferred in previous year. In current year £8,700 was expensed.

Building Improvement Fund : In previous year trustees proposed the creation of the 'Building Improvement Fund' from the New Building Fund. This fund is designed to provide improvements in energy efficiency within the school, such as solar panel installations.

New Building Fund: In order to fulfil the School's charitable aims and better to meet increasing demands on art education, the Trustees have considered the scope to extend the capacity of its facilities. Extant plans prepared in 2008 for the building of a third floor studio would provide for additional classes. The cost of such extension is considerable and the Trustees would seek sponsors to match funding contributed by the School on an as yet to be defined basis. The estimated total costs of proposed new studios are £3,000,000.

In previous year trustees proposed the reallocation of the 'New Building Fund' as this fund is redundant, given that the school no longer wishes to extend its studio space.

18. ANALYSIS OF FUND BALANCES BETWEEN NET ASSETS

	General £	Designated £	Restricted £	Total £
Intangible assets	8,700	-	-	8,700
Tangible fixed assets	3,357,761	-	-	3,357,761
Investments	12,032	798,345	-	810,377
Net current assets	755,815	-	55,305	811,120
	<u>4,134,308</u>	<u>798,345</u>	<u>55,305</u>	<u>4,987,958</u>

Analysis of fund balances between net assets – previous year

	General £	Designated £	Restricted £	Total £
Tangible fixed assets	3,456,476	-	-	3,456,476
Investments	(32,362)	819,849	-	787,487
Net current assets	822,726	-	52,855	875,581
	<u>4,246,840</u>	<u>819,849</u>	<u>52,855</u>	<u>5,119,544</u>

19. DEFERRED INCOME

	2024 £	2023 £
Balance as at 1st September	323,768	323,768
Amount released to income in the year	(323,768)	(323,768)
Amount deferred in the year	266,017	323,768
Balance as at 31st August	<u>266,017</u>	<u>323,768</u>

Deferred income represents fee income for 2024/25 received in advance.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2024

20. OPERATING LEASE COMMITMENTS

The charity has operating lease commitments as shown below.

	Equipment	
	2024	2023
	£	£
Under one year	8,317	3,934
Two to five years	29,801	-
	<u>38,118</u>	<u>3,934</u>

21. PENSION

The pension cost charge represents contributions payable by the charity to the fund and amounted to £11,383 (2023 - £11,076). Contributions totalling £1,352 (2023 - £1,551) were payable to the fund at the year end and are included in creditors.

22. CAPITAL COMMITMENT

	2024	2023
	£	£
Contracted but not provided for in the financial statements	<u>17,400</u>	<u>-</u>

Capital commitment is for Website development

23. SHARE CAPITAL

The company is limited by guarantee and does not have a share capital divided by shares.

24. MEMBERS' LIABILITY

The company is limited by guarantee and the members each undertake to contribute an amount not exceeding £1.

25. RELATED PARTY TRANSACTIONS

Details of transactions with trustees and senior management are in note 9.

26. ULTIMATE CONTROLLING PARTY

The charity was under the control of the Board of Trustees throughout the year.

Accounts

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

DIRECTORS' AND TRUSTEES' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2023

Company No: 00977615
Charity No: 312872

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

REPORT AND ACCOUNTS

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THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

DIRECTORS' AND TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2023

The trustees are pleased to present their annual directors' report together with the financial statements of the charity for the year ended 31st August 2023, which are also prepared to meet the requirements for a directors' report and Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statements 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) (effective 1 January 2019).

OUR PURPOSE AND ACTIVITIES

The enduring objective of the Charity is to offer a public benefit through the provision of education in the visual arts at the Heatherley School of Fine Art.

The Charity was founded in 1969 and incorporated in 1970. It has had control of The Heatherley School of Fine Art since 1974, which is one of the oldest, and now one of the few remaining fully independent Art Schools in England.

Its primary objective, to paraphrase its Memorandum of Association (22.2.77), is to advance education in the visual arts, by the teaching of drawing, painting, sculpture, design, print-making and associated visual arts and crafts.

From the earliest days of the founding of the school in 1845, our teaching has been centred on a strong belief in the value to the artist of learning how to see. We provide a thorough grounding in methods of working from direct observation basing early study on the primary source of the human figure, portrait and natural objects. Students of Painting, Drawing, Sculpture, Ceramics and Printmaking explore the context of ideas within which they will build a personal language and develop the technical skills they require.

The pattern of study offered by Heatherley has all but disappeared from mainstream colleges in the State Sector. We offer a portfolio of full and part time courses in direct response to the clear public demand for constructive and supportive teaching in the skills and disciplines of Fine Art. Full time Diploma Courses are offered for those who wish to develop a career or to enrich their practice. Part time courses are structured to introduce and develop the skills and interests of students who may construct their own menu from over 30 courses. Experienced tutors are all artist practitioners and many are graduates of the Royal College of Art or The Slade. We offer a creative learning environment to our student community whatever their age, background or range of ability.

The school has expanded considerably in recent years, but its operating surplus is not substantial. It looks, therefore, to interest on its capital reserves to subsidise bursaries and free places as particular needs arise. Funds have been set aside for this purpose. The Charity is looking actively towards raising further funds specifically to extend this programme.

Achievement and activities

The mission of the school is to promote academic excellence and an education in the Fine Arts for all. We are committed to making our Diploma and Part time courses accessible to a diverse student population.

Accessible Learning

We are committed to making our Diploma and Part time courses accessible to a diverse student demographic.

Heatherley offers full and part time courses in Fine Art to students with a variety of needs. Our student demographic represents a wide range of ages, social and cultural background and ethnic diversity. We are noted for the strong sense of friendly community which is fostered within the school, promotes a constructive approach to learning and is an important support to students when they leave.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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DIRECTORS' AND TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2023

We encourage and respect the participation in our courses of all adult age groups from any background, whether they are preparing for professional practice as artists or exploring and developing their creativity on a part time basis. We do this by providing a range of part time day and evening courses, offering beginners flexible and accessible choices for entry level tuition.

Day, evening and weekend courses provide an accessible introduction to the Fine Arts for adult students of all ages and levels of ability. They may choose to use this programme as a pathway to further learning or simply enjoy and benefit from the range of possibilities available to the amateur enthusiast.

Structured Diploma courses in Portraiture and Sculpture, directed by Tony Mott and Minna Stevens respectively, offer two years of intensive study to those who wish to develop a career in art. Sculpture Diploma Graduates may choose to continue their studies in an elective Post Diploma year. The Post Diploma in Figurative Painting, coordinated by Fred Crayk, is a one year programme offered to students who have completed Heatherley's Diploma in Portraiture or an equivalent degree course in painting. Students are provided with opportunities for further personal development as they make the transition to independent studio practice.

Students

Every year students are supported so that they may be qualified for a career in the arts or to apply for courses in further and higher education for which they might not otherwise have been eligible.

In an era of fluctuating and unsettled employment prospects, Heatherleys attracts a number of mature students who are drawn to our vocational courses as a means of developing or changing career pathways. The charity has helped a number of students to rediscover an earlier unfulfilled vocation in art and design, or to take initial steps into a new field after another career.

On leaving

Younger students may seek further qualifications on completion of a Diploma course at Heatherleys, for instance by continuing their studies elsewhere on BA degree courses in Fine Art. Their high calibre has been marked by the regular acceptance of our graduates on Master of Arts degree courses at universities such as at the Royal College of Art and University of the Arts London.

Diploma Courses are structured so that they equip students with the practical skills and understanding necessary for professional practice. This to an extent that is not normally found in mainstream art schools these days. Graduates of the school are enabled to establish themselves as exhibiting artists in painting, sculpture and printmaking. Many graduates of the Diploma in Portraiture choose to become professional portrait painters working to public or private commissions.

On leaving the school, Diploma graduates may gain professional employment in a variety of arts related areas including exhibition preparation and curation, educational programmes, arts promotion and technical production such as making scenery and props for film production and theatrical companies such as at the Royal Opera House, London.

Accredited Education

Heatherleys has accredited status awarded by the British Accreditation Council. Accreditation underlines academic excellence to internationally accepted standards and promotes student confidence in our independent institution.

The Council demands that our building and facilities meet the highest standards of Health and Safety, and that we subject our courses to continuous review. By means of a system of staff appraisals and class observations we ensure our teaching staff and course programmes are of the highest quality so that we are able to fulfill student expectations. First awarded in 2017, the school undergoes regular interim inspections and a full inspection every four years before our accredited status is formally renewed.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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DIRECTORS' AND TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2023

Financial Support

Each year we offer financial support to a number of students who are talented but financially disadvantaged (often younger ones) so that they may benefit from the figurative art education which is provided by Heatherleys. We have set aside school funds to provide bursary assistance which is awarded each year for this purpose.

The John Walton Student Support Fund is available to help Diploma students already in receipt of a Bursary but who find themselves in unforeseen difficulties. They may apply for help with travel, with living expenses or buying course materials so that they are able to continue with their studies.

We have the enthusiastic support of Patrons and our Board of Trustees who are working to increase the level of support we can offer financially disadvantaged students so that they may benefit from a place on one of our Diploma courses. With their help in approaching donors, charitable trusts and foundations, we have been able to attract sponsorship for students who could not otherwise afford our fees.

We are grateful to sponsors, including the Worshipful Company of Painter Stainers, the De Lazlo Foundation and Golden Bottle Trust, who have donated funds to be used to support our deserving students in their studies.

Student welfare

The school has an important therapeutic function for some of our students. Although highly creative, they may be challenged by difficulties which are temporary or permanent and range from depression or bereavement to autism or include physical problems such as mobility or hearing loss. Our building is purpose designed and equipped so that studios and facilities are fully accessible for those with physical disabilities. Unsupported, these issues may interfere with the demands of an education in art and could lead to the abandonment of a course.

As a smaller scale academic community, we are able to help those who might otherwise struggle to learn in a larger, more impersonal university setting. They have been able to achieve their potential at Heatherleys, enhance the quality of their lives and develop careers in a broad range of arts related activities. Heatherleys has developed and advertises our firm policy of inclusion for disadvantaged students and underrepresented minority groups. We welcome a diverse range of students who, although faced with physical or mental health difficulties or challenged by issues concerning identity, can fully enjoy and benefit from our teaching.

In 2022/23 we continued our support for students whose learning was disadvantaged due to physical disability or issues of mental health or identity.

- Our Student Support Officer, Diana Horton, worked with class tutors in order to identify and include students who required individual support. She was able to guide tutors to an understanding of the particular challenges an individual student might face so that they would be better equipped to help them with their learning. She was a personal connection for students, offering direct practical assistance and emotional support on a range of levels so that they could achieve their potential by completing courses which they might not otherwise have been able to sustain.
- We organised a stimulating programme of open discussion and awareness for Diploma students themed around questions of diversity and identity.
- School policies communicate our commitment to support those who need it (for instance, Equal Opportunities, Safeguarding and Learning Support). Policies are regularly reviewed, published on our website and available in hard copy at accessible information points within the school.

Outreach and support

We actively seek opportunities to benefit the public and have developed a series of rewarding partnerships between Heatherley and our local community, including nearby schools and hospitals. These partnerships are a powerful way to promote community spirit and social cohesiveness. Our links with local schools enable us to encourage the creativity and confidence of young people in a variety of initiatives.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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DIRECTORS' AND TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2023

We created opportunities to invite and involve members of the public in a range of events at Heatherleys, for example

- We invited our local community to view exhibitions organised by the school in our Conservatory Gallery. These included the work of part time and Diploma and Post Diploma students, staff exhibitions and the work of visiting professional artists.
- In the context of International Women's Day, we drew on material from our archive to examine and exhibit images and information concerning the key role Heatherley's played in educating women artists and promoting their careers in the Victorian era and early 20th century.
- We maintain close connections with the young people of local Chelsea Academy School. Pupils attended print workshops held for them at Heatherley's and were invited to take part in our summer Printmaking exhibition, contributing a lively wall of their own prints.
- Our annual Diploma Students' Exhibition attracts much outside interest and we were delighted to be able to share and celebrate the achievements of our graduating students with the general public.

We actively support some of Britain's major arts societies who share our charitable aims, including the Royal Watercolour Society, the Society of Portrait Sculptors and Societies, the Chelsea Arts Society and Societies associated with the National Federation of British Artists, the Royal Institute of Painters in Watercolour, the Pastels Society and the New English Art Club. Heatherley sponsors prizes in order to acknowledge achievement and to encourage aspiring and emerging artists attempting to develop a career in the Fine Arts.

- We offered the New English Art Club use of studio space at weekends to hold their specialist programmes of instruction for the public in painting and drawing.
- The Pastels Society organised Easter vacation workshop sessions at Heatherley
- We offered studio use to the Chelsea Arts Club to hold weekly life drawing classes for their local artist members.
- We hosted a Masterclass long weekend for the Society of Portrait Sculptors. We offered a prize for Portrait Sculpture, awarded for work exhibited by the Society of Portrait Sculptors during their annual exhibition.
- We supported the Society of Painter Printmakers by awarding a prize at their annual exhibition.
- We offered prizes for Sculpture and Drawing to be awarded at the Annual exhibition of the Chelsea Arts Society.
- We supported the Society of Painter Printmakers by awarding a prize at their annual exhibition.
- We encouraged the creativity of young people by sponsoring local photography competition 'A day in the Life', donating the educational opportunity of sessions in our Printmaking studio.

Future Activities

We are determined to respond to the requirements of the public seeking an education in the Fine Arts based on fundamental skills and technical disciplines. We continuously enhance the quality of our courses in order to do this. In 2023/24 we will continue to monitor developments in educational, social and financial spheres in order to supply a programme responsive to the needs of the public.

- **Forward Planning:** we will formally review and update strategic planning targets in the light of the current downturn in the economic climate which affects the circumstances of our students and may limit their opportunity to access our courses.
- **Quality control:** we will consolidate and expand our programme of staff appraisals, class observations and student feedback so that we maintain our reputation for academic excellence.
- **Supporting our staff:** we will continue to support our teaching staff in their professional development, offering them opportunities to exhibit their work to the public and to their students in our Conservatory Gallery and promoting their achievements by means of Social Media
- **Supporting our students:** we will promote the help our Student Support Officer is able to offer so that students may access the support available.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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DIRECTORS' AND TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2023

- **Outreach:** we will look for new opportunities to share our skills and facilities with local community groups who may not be able to access regular courses.
- **Communication:** we will further develop our use of Social Media to promote courses and educational opportunities and to communicate our ethos to the public.
- **Financial Security:** responding to the financial demands brought about by the world energy crisis, we will further research and implement appropriate sustainable options, such as green energy, which will protect the future financial security of the school.

Selected Student and Alumni Achievements in 2022/23

- Post Diploma graduates, Sally Minns and Stephen Jones were made Honorary Members of the Worshipful Company of Painter Stainers at a formal ceremony held in Painters Hall in November 2022. Sally was invited to speak at a formal dinner held for Members of the Company in February.
- Portrait Diploma graduate, Miguel Sopena presented his solo exhibition of monochrome works 'Starry Night' at The Stone Space, Leytonstone, East London in January.
- Alumna Sarah Jane Moon was selected to show her self portrait as a finalist in The Molly Morpeth Canaday Art Award Exhibition, The Bay of Plenty, New Zealand in March.
- Portrait Diploma Graduate Kayoon Anderson was chosen to become a member of the Contemporary British Portrait Painters (CBPP) in March.
- Alumna Natalia Glincoer won the Michael Harding Award at The Royal Society of British Artists at their centenary exhibition at the Mall Galleries in March.
- Sculpture Diploma alumna Daria Coleridge showed her Ceramics at 'Floradise' an Exhibition held at the Marie Jose Gallery in April
- Portrait Diploma Alumnus, Nicholas Baldion was awarded a scholarship by the New English Art Club
- Post Diploma in Figurative Painting Alumna Eileen Chamberlain held an exhibition of her paintings 'Memory and Heritage' at Gallery 54 Sheperds Market, London in April.
- Alumna of the Post Diploma in Figurative Painting, Sally Minns held a solo exhibition of her paintings 'Now my Eyes can see' at RuptureXIBIT Gallery at Hampton Wick, Kingston in April.
- Alumni Bernadet Timko, Jane Clatworthy, Mike Wattles and Portrait Diploma student Rhian Llewelyn were selected to show their paintings at the Annual Exhibition of the Royal Society of Portrait Painters held at the Mall Galleries, London in May.
- Alumna Sarah Jane Moon's painting of Georgina Breyer, politician and campaigner for reform on behalf of LGBTQ people, was displayed at the New Zealand Portrait Gallery until June. Sarah Jane was also selected to show a portrait in the Society of Women Artists Exhibition at the Mall Galleries in June and shortlisted for the Queer Britain Art Awards 2023.
- Sculpture Diploma alumna Ania Sabett exhibited sculpture with graduate students of the Royal College of Art at RuptureXIBIT, Hampton Wick Kingston in May
- Post Diploma Graduate Sara Melly was awarded a place on the two year Masters course in Fine Art at the City & Guilds of London Art School.
- Portrait Diploma students Natasha Lumley, Vanessa Wilkey, Lily Montcrief and Jeannie Gibbs were chosen to show their paintings at the Young People's Art Initiative Evening given by the Society of Women Artists at the Mall Galleries in June.
- Sculpture Diploma alumna, Marguerite Van Boetz, showed her work at the Royal College of Art in Kensington in June.
- Heatherley's Portrait Diploma alumnus, Adebajji Alade was appointed President of the Royal Institute of Oil Painters at the Mall Galleries in May.

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DIRECTORS' AND TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2023

Overview

Continued economic downturn in the country and internationally had an effect on some course enrolments which were lower than predicted during the past year. In response we examined ways to cut unnecessary costs, looking at the efficiency of our use of energy, investigating green energy alternatives such as solar and implementing the transfer to LED lighting. We focused on creating effective marketing strategies which would raise our profile to potential students by means of traditional advertising but also developing our use of digital and social media. As a small school we are able to communicate easily with our students and respond quickly to their changing needs. We increased our provision for Ceramics as these classes have grown in popularity with the public and devised short Taster and Weekend courses which would introduce exciting but perhaps unfamiliar processes in Printmaking.

Despite economic concerns, assessment advisors report that our graduating Diploma and Post Diploma students continue to achieve consistently high academic standards in the work exhibited for final assessment. We are delighted to hear from alumni who are successfully developing their creative careers, many of whom were selected to show their work in prestigious exhibitions nationally and in London during 2022/23.

GDPR

We implement the requirements of the Data Protection Act (May 2018) ensuring that the confidential data we collect is safeguarded and secure. We communicate the ways we use, protect and store data, publicising our legally approved Data Protection Policy by means of Heatherleys' website.

Public benefit statement

In shaping our objectives for the year and planning our activities, the trustees have considered the Charity Commission's guidance on public benefit, including the guidance 'public benefit: running a charity (PD2). The achievements and activities above demonstrate the public benefit arising through the Charity's activities.

FINANCIAL REVIEW

The Accounts show a deficit for the year ended 31st August 2023 of £208,641 (2022 - £118,793), this is after including a depreciation charge on the school building at 75 Lots Road of £99,141. The financial position at the year end revealed by the Balance Sheet on page 19 shows net current assets or working capital of £875,581 (£366,634). This increase in working capital is as a result of liquidating part of our investments portfolio. The net book value of tangible fixed assets held all of which are used directly for charitable purposes, amounted to £3,456,476 (2022 - £3,558,314). The market value of investments were £787,487 (2022 - £1403,237).

We are an independent college, solely reliant upon student fees to finance our operations and any surplus income is invested to provide a return that will replenish our bursary fund which enables students to benefit from receiving a Fine Art education they otherwise may not have had an opportunity to study

Principal Funding Sources

Principal funding sources are donations and income from student fees.

Fundraising standards

The charity is not registered with the Fundraising Regulator and has not carried out any significant fundraising activities.

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DIRECTORS' AND TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2023

Investment powers and policy

Under the Memorandum and Articles of Association, the charity has the power to make any investment which the trustees see fit. The trustees have considered the most appropriate policy for investing funds and have determined that a mix of investments to generate income combined with cash deposits to ensure that we can meet our requirements.

The trustees have determined to maintain the most appropriate policy for investing funds is to:

- a) invest with Ruffer LLP and maintain some funds on deposit with Charities Aid Foundation (CAF) in conjunction with Scottish Widows Plc.
- b) ensure sufficient funds are held in deposit and current accounts to provide for working capital requirements.

Reserves policy

The Trustees have established a policy whereby the reserves of the charity are maintained at a level to enable the continued operation of its activities. It is the policy of the Trustees to maintain free reserves at a level equivalent to at least six months running costs to enable the Charity to meet its obligations in the short term together with funds to cover any unforeseen deficits or revenue shortfalls. In setting this policy the Council of Trustees takes account of the following factors:

- 1 Staff contracts: maximum period of notice for staff contracts is three months. The school has long-serving staff and this affects the maximum amount of statutory redundancy payable.
- 2 Commitments: The school has contracts with maintenance companies to ensure the safe use and maintenance of lifts, equipment and the upkeep of the school.

Six months running costs are calculated on the basis of projected expenditure, with no allowance made for projected income. The current reserves amount fixed by The Thomas Heatherley Educational Trust Ltd is £611,159.

The unrestricted funds not designated or invested in tangible fixed assets held by the charity are £790,364 (2022 - £660,458).

As at the year end accounts showed reserves of £5,119,544 (2022 - £5,328,185) of which £52,855 (2022 - £40,905) was restricted. In addition, the Trustees have set aside designated funds totalling £819,849 (2022 - £1,068,508) for four specific purposes: a designated Bursary Fund, a designated Building Fund and a designated School Development Fund and a Building Development Fund.

Bursary Fund

This fund was initially set up to assist with the provision of at least two bursaries per year to gifted students who would otherwise be unable to afford to attend the Diploma Course; due to an increase in demand for bursary assistance and to enable us to fulfil our charitable role as a provider of art education the Trustees have significantly increased the level of Designated Bursary Funds with a view to offering at least six bursaries a year for the next five years. Eleven bursaries were awarded in the academic year 2022/23 and the balance of the unrestricted Bursary Fund is £89,849 (2022 - £70,392) and the restricted Bursary Fund is £43,057 (2022 - £32,757). If there is any surplus funds, The Trustees decided in 2016 to replenish the Bursary Fund annually by transferring 6% of surplus income over expenditure before deducting building depreciation to the Bursary Fund with a view to sustaining a healthy and vital fund. It was agreed that £50,000 was to be transferred to the Bursary Fund at the year ended 31 August 2023.

Building Fund

This fund is used to provide for major upkeep and repairs to the school, and a sum of £345,000 has been transferred to this fund at 31 August 2023.

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DIRECTORS' AND TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2023

School Development Fund

This fund has been created to enable the development of new courses, fund a new website and database and an initial sum of £50,000 has been transferred to this fund.

Building Improvement Fund

This fund has been created to provide improvements of energy efficiencies within the school and an initial sum of £80,000 has been transferred to this fund.

Restricted Prize Fund

There is also a restricted fund, The Prize Fund, from which prizes are awarded annually to talented students, the current value of the Prize Fund is £9,798 (2022 - £8,148)

The Charity has adequate cash reserves and the trustees believe that the school can fulfil its day-to-day obligations.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document / Constitution

The Thomas Heatherley Educational Trust Limited is a company limited by guarantee and a registered charity governed by its memorandum and articles of association. The Charity number is 312872 and the Company number is 977615.

Recruitment and appointment of Trustees

As set out in the Articles of Association the chair of the Council of Trustees is nominated by the other trustees. The Directors of the organisation are also the charity trustees for the purposes of charity law.

The Council of Trustees have power to appoint additional Trustees as it considers fit to do so.

The Trustees have no beneficial interest in the company other than as members. The Trustees are also the directors of the company. All of the Trustees are members of the company and guarantee to contribute £1 in event of winding up. The Council has the power to appoint additional Directors.

Trustee induction and training

The Trustees maintain a good working knowledge of charity and company law and best practise by regular reading of charity press articles and scrutiny of Companies House, Charity Commission, other Government and voluntary organisation advisory websites. New Trustees are given copies of the Memorandum and Articles of Association and copies of previous year's minutes and attend an induction session given by an experienced Trustee.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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DIRECTORS' AND TRUSTEES' REPORT
FOR THE YEAR ENDED 31ST AUGUST 2023

Structure and Management

The object of the Charity is to advance visual art education primarily in the figurative tradition through The Heatherley School of Fine Art. The Company is organised as follows:

- a) The Company is governed by the Council of Trustees, who are elected annually from the membership of the Company. Trustees are elected, re-elected or retire at the Annual General Meeting of the Company. The Council elects a Chair-person from its number. The Council currently has ten members. All new Trustees are provided with relevant documentation on their responsibilities as Trustees.
- b) All members of the Council give their services free of charge.
- c) Persons interested in the promotion of education in the visual arts, with appropriate backgrounds and qualifications, are invited by the Trustees to join the Charity as Company Members.
- d) The Council meets at least three times a year. Financial and management reports are provided at each meeting.
- e) The Charity appoints two executive officers, the Principal of the School and the Bursar who manages the financial affairs of the Charity.
- f) The School is directed by the Principal and an Academic Board.

Organisation

The trustees of the company meet termly as a Board, but have also set up a range of sub-groups i.e. the Development subcommittee, the Site subcommittee and the Articles of Association subcommittee, where the Trustees meet between Board meetings. The Chair and Financial & Investments subcommittee also meet with the Trustees on a regular basis.

It is governed by the Council of Trustees, which sets the overall framework. The Principal is the Chief Executive Officer and the members of the staff team are then delegated full responsibility for implementation within this framework.

The role and contribution of volunteers

During the year no volunteers were used to support the work of the paid staff.

Staff

Heatherley's prides itself on its dedicated and experienced lecturers and tutors, all of whom are actively practising artists, and many of whom have been with the School since the 1970s. In any academic year the number of those teaching will be in the high twenties. The School thus offers them the opportunity to pass on their particular expertise while continuing their own professional practice on a part-time basis.

The Academic Board, responsible for the direction of the School:

Principal: Veronica Ricks MA (RCA)
Director of Studies & Course Director, Diploma in Figurative Sculpture: Tony Mott HDFA(Lond)
Course Director, Diploma in Portraiture: Minna Stevens MA (RCA)
Co-ordinator, Printmaking: Hilary Daltry MA (Rome Scholar)
Co-ordinator, Post Diploma in Figurative Painting: Fred Crayk

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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DIRECTORS' AND TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2022

Related Parties

None of our Trustees receives any remuneration or other benefit from work on behalf of the charity. Any contractual arrangement with a related party needs to be disclosed. In this financial year there was none to disclose.

Pay policy for senior staff

Senior management staff pay is set with reference to market rates for similar roles within similar sized charities in the sector. The pay of the senior staff members are reviewed and approved by the Board.

Risk Policy

The trustees have a risk management strategy which comprises:

- An annual review of the risks the charity may face;
- The establishment of systems and procedures to mitigate those risks identified in the plan; and
- The implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

This work has identified that financial sustainability is the major financial risk for the charity, it is imperative that we sustain our Bursary Fund through fundraising to enable the school to offer bursary assistance to students. Attention has also been focussed on non-financial risks arising from fire, health and safety of students and staff. A key element in the management of financial risk is via a reviewed reserves policy and the retention of sufficient working capital.

REFERENCE AND ADMINISTRATIVE DETAILS

Company Number: 0977615

Charity Number: 312872

Directors / Trustees:

C Penn (Chairman)
P E Driscoll
J Eagle
N Gage
R Leighton (Appointed 22 March 2023)
J Murray
W Packer (Resigned 22 March 2023)
F Christie (Appointed 11 October 2023)
M Shanks (Appointed 22 March 2023)
R Sharp

Secretary: Vistra Trust Company Limited

Senior Staff: Principal: Veronica Ricks MA(RCA)
Director of Studies: Tony Mott HDFA
Course Director, Diploma in Portraiture: Minna Stevens
Co-ordinator, Printmaking: Hilary Daltry MA
Co-ordinator, Post Diploma in Figurative Painting: Fred Crayk
A Bursar is appointed and reports to the Trustees.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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DIRECTORS' AND TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2023

Registered Office: 75 Lots Road, London SW10 0RN

Website : <https://www.heatherleys.org/>

Independent Auditor: SCB (Accountants) Ltd, 31 Sackville Street, Manchester, M1 3LZ

Bankers: Lloyds TSB Plc., 417 North End Road, Fulham, London SW6 1NS

Investment managers: Ruffer LLP, 80 Victoria Street, London SW1E 5JL
Flagstone Group Ltd, Clareville House, 26-27 Oxendon St, London SW1Y 4EL

Trustees' responsibilities in relation to the financial statements

The Trustees (who are also directors of The Thomas Heatherley Educational Trust Limited for the purposes of company law) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of its income and expenditure for that period.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

STATEMENT OF DISCLOSURE TO AUDITOR

In accordance with company law, the company's Directors certify that:

- so far as they are aware, there is no relevant audit information of which the company's auditors are unaware; and
- as the Directors of the company they have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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DIRECTORS' AND TRUSTEES' REPORT
FOR THE YEAR ENDED 31ST AUGUST 2023

AUDITORS

A resolution will be proposed and agreed at the Annual General Meeting that SCB (Accountants) Ltd be re-appointed as auditors of the Charity for the ensuing year.

APPROVAL

This report was approved by the Board and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Christopher Penn', with a stylized, flowing script.

Christopher Penn
(Chairman of Trustees)

20th March 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

Opinion

We have audited the financial statements of The Thomas Heatherley Educational Trust Limited for the year ended 31st August 2023, which comprise the Statement of Financial Activities (Summary Income and Expenditure Account), balance sheet, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st August 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 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 directors' 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 [entity]'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 directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF (Cont/d)

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED

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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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements: and
- The directors' report has been prepared in accordance with applicable legal requirement

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' 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;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of trustees' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit;

Responsibilities of directors

As explained more fully in the directors' responsibilities statements set out on page 11, the directors 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 directors 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 directors are responsible for assessing the 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 directors either intend to liquidate the 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:

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We discussed with the Directors the policies and procedures in place regarding compliance with laws and regulations. We discussed amongst the audit team the identified laws and regulations, and remained alert to any indications of non-compliance.

During the audit we focussed on laws and regulations which could reasonably be expected to give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006, UK tax legislation Charity Act 2011 and SORP 2019. Our tests included agreeing the financial statement disclosures to underlying supporting documentation and enquiries with management.

Our procedures in relation to fraud included but were not limited to: inquires of management whether they have any knowledge of any actual, suspected or alleged fraud, and discussions amongst the audit team regarding risk of fraud such as opportunities for fraudulent manipulation of financial statements. We determined that the principal risks related to posting manual journal entries to manipulate financial performance and management bias through judgements in

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF (Cont/d)

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED

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accounting estimates. We also addressed the risk of management override of internal controls, including testing journals and appropriateness of other entries in the nominal ledger; reviewing transactions around the end of the reporting period; and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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

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

Use of our report

This report is made solely to the 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Jeffrey Bor FCA (Senior Statutory Auditor)
For and on behalf of SCB (Accountants) Ltd
CHARTERED ACCOUNTANTS
STATUTORY AUDITOR**

**31 Sackville Street
Manchester M1 3LZ**

20 March 2024

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31ST AUGUST 2023

SUMMARY INCOME AND EXPENDITURE ACCOUNT

	Notes	Unrestricted Funds £	Restricted Funds £	2023 £	2022 £
Income					
Donations and legacies	2	-	22,400	22,400	21,600
Income from charitable activities	3	1,036,531	-	1,036,531	1,031,464
Income from other trading activities	4	41,943	-	41,943	44,843
Investment income	5	58,581	-	58,581	34,376
Total income		<u>1,137,055</u>	<u>22,400</u>	<u>1,159,455</u>	<u>1,132,283</u>
Expenditure					
Cost of raising funds	6	26,888	-	26,888	21,186
Expenditure on charitable activities	6	1,247,707	10,450	1,258,157	1,203,755
Total expenditure		<u>1,274,595</u>	<u>10,450</u>	<u>1,285,045</u>	<u>1,224,941</u>
Net income / (expenditure) & net movements in funds before gains & losses on investments		(137,540)	11,950	(125,590)	(92,658)
Net losses on investments	12	(83,051)	-	(83,051)	(26,135)
Net movement in funds		<u>(220,591)</u>	<u>11,950</u>	<u>(208,641)</u>	<u>(118,793)</u>
<i>Reconciliation of funds</i>					
Total funds, brought forward		5,287,280	40,905	5,328,185	5,446,978
Total funds, carried forward		<u>5,066,689</u>	<u>52,855</u>	<u>5,119,544</u>	<u>5,328,185</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the above two financial years.

TOTAL RECOGNISED GAINS AND LOSSES

No other gains and losses were recognised in the year other than those shown above.

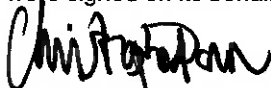
The notes on pages 21 to 33 form part of these accounts.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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BALANCE SHEET AS AT 31ST AUGUST 2023

	Notes	2023	2022
		£	£
Fixed assets			
Tangible fixed assets	11	3,456,476	3,558,314
Investments	12	787,487	1,403,237
		<u>4,243,963</u>	<u>4,961,551</u>
Current assets			
Stocks	13	12,042	13,341
Debtors	14	31,479	23,054
Cash at bank and in hand		1,201,633	672,671
		<u>1,245,154</u>	<u>709,066</u>
Liabilities			
Creditors falling due within one year	15	(369,573)	(342,432)
Net current assets		<u>875,581</u>	<u>366,634</u>
Net assets		<u><u>5,119,544</u></u>	<u><u>5,328,185</u></u>
The funds of the charity			
Unrestricted funds:			
General	16	4,246,840	4,218,772
Designated	16	819,849	1,068,508
Restricted funds	16	52,855	40,905
Total charity funds		<u><u>5,119,544</u></u>	<u><u>5,328,185</u></u>

These accounts were approved and authorised for issue by the Board of Directors and Trustees on 20th March 2023 and were signed on its behalf by:

.....  **Christopher Penn (Chairman)**

Company Number 00977615

The notes on pages 21 to 33 form part of these accounts.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST AUGUST 2023

	2023 £	2022 £
Net cash generated from / used in operating activities	<u>(61,353)</u>	<u>63,213</u>
Cash flows from investing activities		
Dividend and interest income	58,581	34,376
Purchase of tangible fixed assets	(964)	(608)
Purchase of investments	(23,630)	(376,607)
Additions to / withdrawals from cash held within investments	2,191	615
Sale Proceed of Investment	554,136	-
Cash provided by investing activities	<u>590,315</u>	<u>(342,224)</u>
 Increase in cash & cash equivalents in the year	 <u>528,962</u>	 <u>(279,011)</u>
 Cash & cash equivalents at the beginning of the year	 672,671	 951,682
Total cash & cash equivalents at the end of the year	<u><u>1,201,633</u></u>	<u><u>672,671</u></u>

Reconciliation of net movement in funds to net cashflow from operating activities:

	2023 £	2022 £
Net movement in funds	(208,641)	(118,793)
Add back depreciation	102,803	103,701
Deduct dividend and interest income from investments	(58,581)	(34,376)
Deduct gains / add back losses on investment	83,051	26,135
Decrease / (increase) in stock	1,299	(2,989)
(Increase) / decrease in debtors	(8,425)	108,033
Increase / (decrease) in creditors	27,141	(18,498)
Net cash generated from / used in operating activities	<u>(61,353)</u>	<u>63,213</u>

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2023

1. ACCOUNTING POLICIES

1.1 Basis of preparation of accounts

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) (effective 1 January 2019), The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Thomas Heatherley Educational Trust Limited meets the definition of a public benefit entity under FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the Charity. Monetary amounts in these financial statements are rounded to the nearest £.

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

1.2 Preparation of accounts on a going concern basis

The charity's Financial Statements show a net deficit of £206,641 (2022 - £118,793) for the year, total reserves of £5,119,544 (2022 - £5,328,185) and free reserves of £5,066,689 (2022 - £5,287,280).

The Trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the charity to continue as a going concern. Trustees will continue to monitor and ensure spending to be done in line with income in order to maintain target level of reserves. The review of cashflow for 12 months from the date of approval of the financial statements, the associated assumptions that underpin it, secured new income and the steps that could be taken to reduce expenditure should this be necessary.

Based on the information above, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operation for the foreseeable future and will remain surplus in future periods. Therefore, the trustees have adopted the going concern basis in preparing these accounts.

1.3 Income

Income is recognised when the Charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and amount can be measured reliably.

- (a) Income received by way of donations and legacies are included in full in the Statement of Financial Activities when received, unless they relate to a specified future period, in which case they are deferred.
- (b) Legacies entitlement is taken as the earlier of the date on which either: the charity is aware that the probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Charity that the distribution is made, or when a distribution is received from the estate. No legacies were received during the year.
- (c) Income from charitable activities in the form of school fees are recognised as earned (as the related goods and services are provided) under contract. Fees received in advance of the subsequent education year are recognised as deferred income until the following year.
- (d) Shop income and car parking income is recognised as earned (that is, as the related goods or services are provided).
- (e) Investment income is included when receivable.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2023

1.4 Volunteers and donated services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time is not recognised and refers to the trustees' annual report for more information about their contribution. No such contributions were received during the year.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt. No such donations were received during the year.

1.5 Expenditure recognition and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is classified under the following activity headings:

- (a) Cost of raising funds comprises of the costs of running the shop and other fundraising activities and their associated support costs.
- (b) Expenditure on charitable activities includes the costs directly associated with running an arts school, to further the purposes of the Charity and their associated support costs.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

1.6 Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back-office costs, finance and administration personnel, payroll and governance costs which support the charity's programmes and activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The basis on which support costs have been allocated are set out in note 7.

1.7 Funds structure

Unrestricted funds are available to spend on activities that further any of the purposes of charity.

Designated funds are unrestricted funds of the Charity which the trustees have decided at their discretion to set aside to use for a specific purpose.

Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Charity's work or for specific projects being undertaken by the Charity.

1.8 Tangible fixed assets and depreciation

Tangible fixed assets (excluding investments) are stated at cost less depreciation. The cost of minor additions or those costing less than £500 are not capitalised. In accordance with SORP, the charity does not adopt a policy of revaluation of freehold land and buildings.

Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	-	Straight line over fifty years
Fixtures, fittings and equipment	-	25% reducing balance

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2023

1.9 Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The Charity does not acquire put options, derivatives or other complex financial instruments.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

The Council has agreed an Investment Policy.

1.10 Realised / unrealised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

1.11 Stock

Stock is included at the lower of cost or net realisable value.

1.12 Cash at bank and in hand

Cash at bank and in hand includes cash and short term cash deposits.

1.13 Creditors and provisions

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

1.14 Financial instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.15 Taxation

The Charity is a registered charity and, therefore, is not liable for Income Tax or Corporation Tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

1.16 Pension

The charity operates a defined contribution pension scheme on behalf of its employees. Contributions are charged to the Statement of Financial Activities in the period in which they are payable. The assets of the scheme are held separately from those of the charity in an independently administered fund.

1.17 Operating leases

The Charity classifies the lease of copier as an operating lease. The rentals are charged to the Statement of Financial Activities on a straight-line basis over the lease duration. No assets are held under hire purchase agreements.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2023

1.18 Judgement and key sources of estimation uncertainty

In the application of the company's accounting policies, the charity is required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

2. DONATIONS AND LEGACIES

	Unrestricted Funds £	Restricted Funds £	2023 £	2022 £
Golden Bottle Trust	-	10,000	10,000	10,000
Other donations < £1,000	-	2,400	2,400	1,600
Painters Sainers	-	10,000	10,000	10,000
	<u>-</u>	<u>22,400</u>	<u>22,400</u>	<u>21,600</u>

The donations and legacies income in 2022 totalling £21,600 was attributed to restricted funds.

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £	2023 £	2022 £
School fees	1,036,531	1,036,531	1,031,464
	<u>1,036,531</u>	<u>1,036,531</u>	<u>1,031,464</u>

Income from charitable activities in 2022 totalling £1,031,464 was attributed to unrestricted funds.

4. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted Funds £	2023 £	2022 £
Shop income	34,112	34,112	25,329
Car parking fees	7,040	7,040	6,825
Other income	206	206	781
Insurance Claim receipt	-	-	11,373
Kiln Firing Income	585	585	535
	<u>41,943</u>	<u>41,943</u>	<u>44,843</u>

The other trading income in 2022 totalling £44,843 was attributed to unrestricted funds.

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2023

5. INVESTMENT INCOME

	Unrestricted Funds £	2023 £	2022 £
Interest on cash deposits	17,639	17,639	7,092
Dividends	40,942	40,942	27,284
	<u>58,581</u>	<u>58,581</u>	<u>34,376</u>

The investment income in 2022 totalling £34,376 was attributed to unrestricted funds.

6. ANALYSIS OF EXPENDITURE

	Raising Funds £	School £	Outreach £	2023 £	2022 £
Staff costs	-	477,938	-	477,938	564,504
Subcontract Models cost	-	89,715	-	89,715	-
Bursaries and prizes	-	40,993	-	40,993	33,194
Other direct costs	-	64,810	-	64,810	66,720
Premises and equipment costs	-	169,770	-	169,770	156,486
Depreciation	-	92,888	-	92,888	93,782
Advertising, promotion and prospectus	-	19,739	-	19,739	26,666
Shop purchases	25,597	-	-	25,597	19,891
Fundraising costs	-	-	-	-	-
Investment management costs	1,291	-	-	1,291	1,295
Support costs (Note 7)	-	281,335	-	281,335	248,253
Governance costs (Note 7)	-	20,969	-	20,969	14,150
	<u>26,888</u>	<u>1,258,157</u>	<u>-</u>	<u>1,285,045</u>	<u>1,224,941</u>

Of the £1,285,045 expenditure in 2023 (2022 - £1,224,941), £1,274,595 was charged to unrestricted funds (2022 - £1,208,641) and £10,450 to restricted funds (2022 - £16,300).

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2023

7. ANALYSIS OF SUPPORT AND GOVERNANCE COSTS

The Charity initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Governance costs and other support costs are apportioned separately between charity's key activities undertaken (see note 6) in the year. All the general support and governance costs have been apportioned to the various charitable activities on the basis of staff time allocated to each activity.

	General support £	Governance function £	2023 £	2022 £
Finance and administration staff costs	170,573	-	170,573	138,950
Management staff	-	8,692	8,692	5,198
Premises costs	18,863	-	18,863	17,387
Depreciation	9,914	-	9,914	9,914
Communication costs	11,903	-	11,903	11,074
Information technology	14,998	-	14,998	16,975
Insurance	14,148	-	14,148	11,221
Bank charges	15,784	-	15,784	12,931
Legal and professional costs	20,500	5,377	25,877	21,648
Bad debts	-	-	-	5,370
Sundry costs	4,652	-	4,652	5,135
Audit fees	-	6,900	6,900	6,600
	<u>281,335</u>	<u>20,969</u>	<u>302,304</u>	<u>262,403</u>

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2023

8. NET INCOME/(EXPENDITURE) FOR THE YEAR

This is stated after charging:

	2023	2022
	£	£
Depreciation of tangible fixed assets	102,803	103,701
Operating lease – copier	3,934	7,214
Auditors' remuneration – audit of financial statements	<u>6,900</u>	<u>6,600</u>

9. ANALYSIS OF STAFF COSTS, TRUSTEES REMUNERATION AND EXPENSES, AND COST OF KEY MANAGEMENT PERSONNEL

STAFF COSTS	2023	2022
	£	£
Salaries	666,895	706,328
National Insurance	40,066	37,997
Pension	11,076	9,240
	<u>718,037</u>	<u>753,565</u>

No employee received remuneration in excess of £60,000 during the year.

No Trustee received any remuneration during the year (2022 - £nil). No Trustees received reimbursed expenses during the year (2022 - £nil).

The key management personnel of the charity comprise the Principal, Director of Studies, Course Director (Diploma in Portraiture) and Co-ordinator (Printmaking). The total employee benefits of the key management personnel of the charity were £87,316 (2022 - £82,640).

10. STAFF NUMBERS

The average monthly number of staff employed, calculated as full time equivalent, during the year was as follows:

	2023	2022
Management	1.5	1.5
Direct staff	12	19
Administrative and support	5.5	5.5
	<u>19</u>	<u>26</u>

The average number monthly employees during the year was 45 (2022 - 75).

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2023

11. TANGIBLE FIXED ASSETS

	Freehold interest in land and buildings £	Fixtures, fittings and equipment £	Total £
Cost:			
As at 1 September 2022	4,956,822	102,466	5,059,288
Additions	-	964	964
Disposals	-	-	-
As at 31 August 2023	<u>4,956,822</u>	<u>103,430</u>	<u>5,060,252</u>
Depreciation:			
As at 1 September 2022	1,412,190	88,784	1,500,974
Disposals	-	-	-
Charge for the year	99,141	3,661	102,803
As at 31 August 2023	<u>1,511,331</u>	<u>92,445</u>	<u>1,603,777</u>
Net book value:			
As at 1 September 2022	<u>3,544,632</u>	<u>13,682</u>	<u>3,558,314</u>
As at 31 August 2023	<u>3,445,491</u>	<u>10,984</u>	<u>3,456,475</u>

In addition to the freehold interest in building included above, the Charity also owns land at Christiania Wharf was gifted from The Royal Borough of Kensington and Chelsea and has been valued at £nil in the Financial Statements, due to a permanent restrictive covenant against anything other than art educational use, which was imposed upon the transfer of the land.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2023

12. INVESTMENTS

	2023	2022
	£	£
Quoted investments		
Market value, brought forward	1,401,046	1,050,574
Additions	23,629	376,607
Disposals	(554,136)	-
Unrealised gain / (loss)	(83,051)	(26,135)
Market value, carried forward	<u>787,488</u>	<u>1,401,046</u>
Cash held as part of portfolio	-	2,191
Total investments	<u><u>787,488</u></u>	<u><u>1,403,237</u></u>
Historic cost	<u><u>681,932</u></u>	<u><u>1,243,298</u></u>

Market value analysed by type of investments:

	2023	2022
	£	£
UK Equities	62,212	134,812
UK bonds	165,373	187,275
Foreign equities	58,274	508,147
Foreign bonds	165,373	232,884
Multi-assets fund	151,985	10,070
Commodities	22,050	36,221
Gold and gold equities	44,099	73,602
Illiquid strategies and options	103,161	80,144
Hedge funds	-	9,286
Property	-	46,567
Others	-	21,603
Cash held within the investment portfolio	14,962	62,626
Market value as at 31 August	<u><u>787,488</u></u>	<u><u>1,403,237</u></u>

13. STOCK

	2023	2022
	£	£
Shop stock	12,042	13,341
	<u><u>12,042</u></u>	<u><u>13,341</u></u>

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2023

14. DEBTORS

	2023	2022
	£	£
Trade Debtors	10,066	1,491
Other Debtors	793	14,076
Prepayment and accrued income	20,620	7,487
	<u>31,479</u>	<u>23,054</u>

15. CREDITORS: amounts falling due within one year

	2023	2022
	£	£
Trade Creditors	15,714	22,841
Taxation and social security	7,153	9,395
Deferred Income (note 18)	323,768	288,486
Other creditors	2,417	2,650
Accruals	20,521	19,060
	<u>369,573</u>	<u>342,432</u>

16. MOVEMENT IN FUNDS

	Balance at 01.09.22	Income	Expenditure	Gains/ (losses)	Transfers	Balance at 31.08.23
	£	£	£	£	£	£
Restricted funds:						
Prizes Fund	8,148	2,100	450	-	-	9,798
Bursary Fund	32,757	20,300	10,000	-	-	43,057
	<u>40,905</u>	<u>22,400</u>	<u>10,450</u>	<u>-</u>	<u>-</u>	<u>52,855</u>
Unrestricted funds:						
Designated funds						
Bursary Fund	70,392	-	30,543	-	50,000	89,849
Building Maintenance Fund	255,000	-	-	-	345,000	600,000
School Development Fund	-	-	-	-	50,000	50,000
Building Improvement Fund	-	-	-	-	80,000	80,000
New Building Fund	743,116	-	-	-	(743,116)	-
	<u>1,068,508</u>	<u>-</u>	<u>30,543</u>	<u>-</u>	<u>(218,116)</u>	<u>819,849</u>
General funds	4,218,772	1,137,055	1,244,052	(83,051)	218,116	4,246,840
Total Unrestricted Funds	<u>5,287,280</u>	<u>1,137,055</u>	<u>1,274,595</u>	<u>(83,051)</u>	<u>-</u>	<u>5,066,689</u>
Total funds	<u>5,328,185</u>	<u>1,159,455</u>	<u>1,285,045</u>	<u>(83,051)</u>	<u>-</u>	<u>5,119,544</u>

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2023

Movement in funds – previous year

	Balance at 01.09.21 £	Income £	Expenditure £	Gains/ (losses) £	Transfers £	Balance at 31.08.22 £
Restricted funds:						
Prizes Fund	8,048	1,600	1,500	-	-	8,148
Bursary Fund	27,557	20,000	14,800	-	-	32,757
	<u>35,605</u>	<u>21,600</u>	<u>16,300</u>	<u>-</u>	<u>-</u>	<u>40,905</u>
Unrestricted funds:						
Designated funds						
Bursary Fund	87,286	-	16,894	-	-	70,392
Building Maintenance Fund	255,000	-	-	-	-	255,000
New Building Fund	743,116	-	-	-	-	743,116
	<u>1,085,402</u>	<u>-</u>	<u>16,894</u>	<u>-</u>	<u>-</u>	<u>1,068,508</u>
General funds	4,325,971	1,110,683	1,191,747	(26,135)	-	4,218,772
Total Unrestricted Funds	<u>5,411,373</u>	<u>1,110,683</u>	<u>1,208,641</u>	<u>(26,135)</u>	<u>-</u>	<u>5,287,280</u>
Total funds	<u>5,446,978</u>	<u>1,132,283</u>	<u>1,224,941</u>	<u>(26,135)</u>	<u>-</u>	<u>5,328,185</u>

16. MOVEMENT IN FUNDS (Continued)

Description, nature and purpose of restricted funds:

Prize Fund: Funds received to provide prizes.

Bursary Fund: Funds received to provide prizes.

Description, nature and purpose of unrestricted funds:

General funds:

General fund represents funds available to spend at the discretion of the Trustees after allowing for all the designated funds.

Purposes of Designated Funds:

Bursary Fund This fund was initially set up to assist with the provision of at least two bursaries per year to talented students who would otherwise be unable to afford to attend the Diploma Courses; due to an increase in demand for bursary assistance and to enable us to fulfil our charitable role as a provider of art education it is appropriate to significantly increase the level of Designated Bursary Funds with a view to offering at least six bursaries a year for the next five years. Trustees and staff are currently seeking major funding from potential sponsors to enable such increases to be maintained.

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2023

Building Maintenance Fund: The School moved into a new purpose built building at 75 Lots Road in 2008 and the Trustees have decided to create a designated School Maintenance Fund to provide for major upkeep and repairs to the building. The School Building Manager has prepared an estimate of costs for essential major future building costs to plant and equipment and upkeep such as replacing plant and equipment as it becomes obsolete.

New Building Fund: In order to fulfil the School's charitable aims and better to meet increasing demands on art education, the Trustees have considered the scope to extend the capacity of its facilities. Extant plans prepared in 2008 for the building of a third floor studio would provide for additional classes. The cost of such extension is considerable and the Trustees would seek sponsors to match funding contributed by the School on an as yet to be defined basis. The estimated total costs of proposed new studios are £3,000,000.

The trustees have proposed the reallocation of the 'New Building Fund' as this fund is redundant, given that the school no longer wishes to extend its studio space. The current balance in this fund is £743,116, and it is proposed that £50,000 be transferred to the Bursary Fund, £345,000 to the Building Fund. Additionally, the Finance Committee suggests the creation of two new funds: a School Development Fund of £50,000 and a Building Improvement Fund of £80,000. The remaining balance of £218,116 is proposed to be transferred to the General Funds.

School Development Fund : The trustees have proposed the creation of the 'School Development Fund' from the New Building Fund, aimed at developing new courses, funding a new website, and database, with a sum of £50,000 transferred from the latter.

Building Improvement Fund : The trustees have proposed the creation of the 'Building Improvement Fund' from the New Building Fund. This fund is designed to provide improvements in energy efficiency within the school, such as solar panel installations.

17. ANALYSIS OF FUND BALANCES BETWEEN NET ASSETS

	General £	Designated £	Restricted £	Total £
Tangible fixed assets	3,456,476	-	-	3,456,476
Investments	(32,362)	819,849	-	787,487
Net current assets	822,726	-	52,855	875,581
	<u>4,246,840</u>	<u>819,849</u>	<u>52,855</u>	<u>5,119,544</u>

Analysis of fund balances between net assets – previous year

	General £	Designated £	Restricted £	Total £
Tangible fixed assets	3,558,314	-	-	3,558,314
Investments	334,729	1,068,508	-	1,403,237
Net current assets	325,729	-	40,905	366,634
	<u>4,218,772</u>	<u>1,068,508</u>	<u>40,905</u>	<u>5,328,185</u>

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2023

18. DEFERRED INCOME

	2023	2022
	£	£
Balance as at 1st September	268,486	268,686
Amount released to income in the year	(268,486)	(268,686)
Amount deferred in the year	323,768	268,486
Balance as at 31st August	<u>323,768</u>	<u>268,486</u>

Deferred income represents fee income for 2023/24 received in advance.

19. OPERATING LEASE COMMITMENTS

The charity has operating lease commitments as shown below.

	Equipment	
	2023	2022
	£	£
Under one year	3,934	3,934
Two to five years	-	3,934
	<u>3,934</u>	<u>7,869</u>

20. PENSION

The pension cost charge represents contributions payable by the charity to the fund and amounted to £11,076 (2022 - £9,240). Contributions totalling £1,551 (2022 - £1,955) were payable to the fund at the year end and are included in creditors.

21. SHARE CAPITAL

The company is limited by guarantee and does not have a share capital divided by shares.

22. MEMBERS' LIABILITY

The company is limited by guarantee and the members each undertake to contribute an amount not exceeding £1.

23. RELATED PARTY TRANSACTIONS

Details of transactions with trustees and senior management are in note 9.

24. ULTIMATE CONTROLLING PARTY

The charity was under the control of the Board of Trustees throughout the year.

Accounts

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

DIRECTORS' AND TRUSTEES' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2022

Company No: 00977615
Charity No: 312872

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

REPORT AND ACCOUNTS

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THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

DIRECTORS' AND TRUSTEES' REPORT
FOR THE YEAR ENDED 31ST AUGUST 2022

The trustees are pleased to present their annual directors' report together with the financial statements of the charity for the year ended 31st August 2022, which are also prepared to meet the requirements for a directors' report and Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statements 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) (effective 1 January 2019).

OUR PURPOSE AND ACTIVITIES

The enduring objective of the Charity is to offer a public benefit through the provision of education in the visual arts at the Heatherley School of Fine Art.

The Charity was founded in 1969 and incorporated in 1970. It has had control of The Heatherley School of Fine Art since 1974, which is one of the oldest, and now one of the few remaining fully independent Art Schools in England.

Its primary objective, to paraphrase its Memorandum of Association (22.02.77), is to advance education in the visual arts, by the teaching of drawing, painting, sculpture, design, print-making and associated visual arts and crafts.

From the earliest days of the founding of the school in 1845, our teaching has been centred on a strong belief in the value to the artist of learning how to see. We provide a thorough grounding in methods of working from direct observation basing early study on the primary source of the human figure, portrait and natural objects. Students of Painting, Drawing, Sculpture, Ceramics and Printmaking explore the context of ideas within which they will build a personal language and develop the technical skills they require.

The pattern of study offered by Heatherleys has all but disappeared from mainstream colleges in the State Sector. We offer a portfolio of full and part time courses in direct response to the clear public demand for constructive and supportive teaching in the skills and disciplines of Fine Art. Full time Diploma Courses are offered for those who wish to develop a career or to enrich their practice. Part time courses are structured to introduce and develop the skills and interests of students who may construct their own menu from over 30 courses. Experienced tutors are all artist practitioners, and many are graduates of the Royal College of Art or The Slade. We offer a creative learning environment to our student community whatever their age, background or range of ability.

The School has expanded considerably in recent years, but its operating surplus is not substantial. It looks, therefore, to interest on its capital reserves to subsidise bursaries and free places as particular needs arise. Funds have been set aside for this purpose. The Charity is looking actively towards raising further funds specifically to extend this programme.

Achievement and activities

The mission of the school is to promote academic excellence and an education in the Fine Arts for all.

Accessible Learning

We are committed to making our Diploma and Part time courses accessible to a diverse student demographic.

Heatherleys offers full and part time courses in Fine Art to students with a variety of needs. Our student body represents a wide age range, social and cultural background and ethnic diversity. We are noted for the strong sense of friendly community which is fostered within the school, promotes a constructive approach to learning and is an important support to students when they leave.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

DIRECTORS' AND TRUSTEES' REPORT
FOR THE YEAR ENDED 31ST AUGUST 2022

We encourage and respect the participation in our courses of all adult age groups from any background, whether they are preparing for professional practice as artists or exploring and developing their creativity on a part time basis. We do this by providing a range of part time day and evening courses, offering beginners flexible and accessible choices for entry level tuition. Part time day, evening and weekend courses provide an accessible introduction to the Fine Arts for adult students of all ages and levels of ability. They may choose to use this programme as a pathway to further learning or simply enjoy and benefit from the range of possibilities available to the amateur enthusiast.

Structured Diploma courses in Portraiture and Sculpture, directed by Tony Mott and Minna Stevens, offer two years of intensive study to those who wish to develop a career in art. In September 2021 we launched the Post Graduate Diploma in Figurative Painting, Coordinator Fred Crayk. This one year programme provides the opportunity for further support and personal development to students who are making the transition from directed to independent practice.

Students

Every year students are supported so that they may be qualified for a career in the arts or to apply for courses in further and higher education for which they might not otherwise have been eligible.

In an era of fluctuating and unsettled employment prospects, Heatherleys attracts a number of mature students who are drawn to our vocational courses as a means of developing or changing career pathways. The charity has helped a number of students to rediscover an earlier unfulfilled vocation in art and design, or to take initial steps into a new field after another career.

On leaving

Diploma Courses are structured so that they equip students with the skills and understanding necessary for professional practice. This to a degree that is not normally found in mainstream art schools these days. Graduates of the school are enabled to establish themselves as exhibiting artists in painting, sculpture and printmaking. For instance many graduates of the Diploma in Portraiture choose to become professional portrait painters working to public or private commissions.

Younger students may seek further qualifications on completion of a Diploma course at Heatherleys, for instance by continuing their studies elsewhere on BA degree courses in Fine Art. Their high calibre has been marked by the regular acceptance of our graduates on Master of Arts degree courses such as at the Royal College of Art, London.

On leaving the school, graduates may gain professional employment in a variety of arts related areas including exhibition preparation and curation, educational programmes, arts promotion and technical production such as making scenery and props for film and theatrical companies such as at the Royal Opera House, London.

Accredited Education

Heatherleys has Accredited status awarded by the British Accreditation Council. By means of a series of interim checks and full inspections, Accreditation underlines academic excellence to internationally accepted standards and promotes student confidence in our independent institution.

The Council demands that our building and facilities meet the highest standards of Health and Safety, that we subject our courses to continuous review and, by means of a system of staff appraisals and class observations, that we ensure our teaching staff and course programmes are of the highest quality so that we are able to fulfill student expectations.

First awarded in 2017, Accreditation was due for renewal in December 2021 when we underwent the full inspection which takes place every four years. We were given extremely positive comments in all categories and our accredited status has been renewed for the third time.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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DIRECTORS' AND TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2022

Financial Support

Each year we offer financial support to a number of students who are talented but financially disadvantaged (often younger ones) so that they may benefit from the figurative art education which is provided by Heatherleys. We have set aside school funds to provide bursary assistance which is awarded each year for this purpose.

The John Walton Student Support Fund is available to help Diploma students already in receipt of a Bursary but who find themselves in unforeseen difficulties. They may apply for help with travel, with living expenses or buying course materials so that they are able to continue with their studies.

We have the enthusiastic support of Patrons and our Board of Trustees who are working to increase the level of support we can offer financially disadvantaged students so that they may benefit from a place on one of our Diploma courses. With their help in approaching donors, charitable trusts and foundations, we have been able to attract sponsorship for students who could not otherwise afford our fees.

We are grateful to sponsors, including the Worshipful Company of Painter Stainers, the De Lazlo Foundation and Golden Bottle Trust, who have donated funds to be used to support our students in their studies.

Student welfare

The school has an important therapeutic function for some of our students. Although highly creative, they may be challenged by difficulties which are temporary or permanent and range from depression or bereavement to autism or include physical problems such as mobility or hearing loss. Our building is purpose designed and equipped so that studios and facilities are fully accessible for those with physical disabilities. Unsupported, these issues may interfere with the demands of an academic education and could lead to the abandonment of a course.

As a smaller scale academic community, we are able to help those who might otherwise struggle to learn in a larger, more impersonal university setting. They have been able to achieve their potential at Heatherleys, enhance the quality of their lives and develop careers in a broad range of arts related activities. Heatherleys has developed and advertises our firm policy of inclusion for disadvantaged students and underrepresented minority groups. We welcome a diverse range of students who, although faced with physical or mental health difficulties or challenged by issues concerning identity, can fully enjoy and benefit from our teaching.

In 2021/22 we continued our support for students whose learning was disadvantaged due to physical disability or issues of mental health or identity.

- Our Student Support Officer, Diana Horton, worked with class tutors in order to identify and include students who required individual support. She was able to guide tutors to an understanding of the particular challenges an individual student might face so that they would be better equipped to help them with their learning. She was a personal connection for students, offering direct practical assistance and emotional support on a range of levels so that they could achieve their potential by completing courses which they might not otherwise have been able to sustain.
- School policies communicate our commitment to support those who need it (for instance, Equal Opportunities, Safeguarding and Learning Support). Policies are regularly reviewed, published on our website and available in hard copy at accessible information points within the school.

Outreach and support

We actively seek opportunities to benefit the public and have developed a series of rewarding partnerships between Heatherleys and our local community, including nearby schools and hospitals. These partnerships are a powerful way to promote community spirit and social cohesiveness. Our links with local schools enable us to encourage the creativity and confidence of young people in a variety of initiatives.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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DIRECTORS' AND TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2022

Although school exhibitions and public lectures were curtailed due to continuing pandemic restrictions, we created opportunities to invite and involve members of the public in a range of events at Heatherleys wherever possible.

- A programme of live talks and recorded lectures was made available online both to our students and to the public.
- As Lockdown restrictions on public gatherings continued, Heatherleys website 'Lockdown Gallery' provided an opportunity for students to share images of their artwork with the public.
- With the lifting of restrictions, exhibitions could again be mounted by the school including student work, staff exhibitions and painting and sculpture shown by visiting professional artists. We invited our local community to view exhibitions in our school gallery. Our annual Diploma Students' Graduation Exhibition attracts much outside interest and we were delighted to be able to share and celebrate the achievements of our graduating students with the general public.

We actively support some of Britain's major Arts Societies who share our charitable aims, including the Royal Watercolour Society, the Society of Portrait Sculptors and Societies associated with the National Federation of British Artists, the Royal Watercolour Society, the Royal Institute of Painters in Watercolour, the Pastels Society and the New English Art Club.

- We offered the New English Art Club use of studio space at weekends to hold their specialist programmes of instruction for the public in painting and drawing.
- The Pastels Society organised Easter vacation workshop sessions at Heatherleys
- We offered studio use to the Chelsea Arts Club to hold weekly life drawing classes for their local artist members.
- We hosted a Masterclass long weekend for the Society of Portrait Sculptors.

Heatherleys sponsors prizes in order to acknowledge achievement and to encourage aspiring and emerging artists attempting to develop a career in the Fine Arts. Although opportunities for exhibitions were still limited in early 2021-22 due to the pandemic:

- We offered our prize for Portrait Sculpture, awarded for work exhibited by the Society of Portrait Sculptors during their annual exhibition.
- We supported the Society of Painter Printmakers by awarding a prize at their annual exhibition.
- We sponsored the 'Lots Road group' of painters in their annual exhibition.
- We encouraged the creativity of young people by sponsoring local photography competition 'A day in the Life', donating the educational opportunity of sessions in our Printmaking studio.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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DIRECTORS' AND TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2022

Future Activities

We are determined to respond to the requirements of the public seeking an education in the Fine Arts based on fundamental skills and technical disciplines by continuously enhancing the quality of our courses. In 2022/23 we will closely monitor developments in educational, social and financial spheres in order to adapt and respond to changes in the economic climate brought about by the pandemic.

- **Forward Planning:** we will formally review and update strategic planning targets in the light of the current downturn in the economic climate which affects the circumstances of our students and may limit their opportunity to access our courses.
- **Quality control:** we will consolidate and expand our programme of staff appraisals, class observations and student feedback so that we maintain our reputation for academic excellence.
- **Supporting our staff:** we will continue to support our teaching staff in their professional development, offering them opportunities to exhibit their work to the public and to their students in our Conservatory gallery and promoting their achievements by means of social media
- **Supporting our students:** we will promote the help our Student Support Officer is able to offer so that students may access the support available. We will implement a programme of open discussion and awareness for Diploma student and tutor groups themed around questions of diversity and identity.
- **Outreach:** we will rebuild Outreach partnerships and our programme of public lectures which were curtailed due to pandemic restrictions. We will look for new opportunities to share our skills and facilities with local community groups who may not be able to access regular courses.
- **Communication:** we will further develop our use of social media to promote courses and communicate our ethos to the public, so that they are aware of the educational opportunities available at Heatherleys.
- **Financial Security:** responding to the demands of the world energy crisis, we will research appropriate sustainable options, such as solar energy, which will protect the future financial security of the school.

Selected Student and Alumni Achievements in 2021/22

- Portrait Diploma graduates, Stephen Jones and Sally Minns were awarded Bursary scholarships by the Worshipful Company of Painter Stainers, enabling them to take up their places on the Post Diploma in Figurative Painting.
- Sculpture Diploma Student Annie Trevorah was awarded a place on the Masters of Arts Degree course at the Royal College of Art, London.
- Sculpture Diploma graduate Yuri Popov received a Bursary award from the De Lazlo Foundation, allowing him to take a third Post Graduate year studying sculpture at Heatherleys.
- Portrait Diploma graduate Kayoon Anderson received a prize from the Royal Society of Portrait Painters for her painting in the Mr Heatherley's Painting Competition October 2021
- Alumna Christina Neiderberger exhibited her painting as a shortlisted candidate for the Contemporary British Painting Prize 2021. Unit One Gallery, London. Feb 2022
- Simon Turvey was awarded The Helen Wilson Prize for his exceptional painting at the Open Studio Christmas Exhibition. Dec 2021
- Sculpture Diploma graduate Juliet Williams was awarded a place to study on the Masters degree course at St Martins School of Art. Jan 2022

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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DIRECTORS' AND TRUSTEES' REPORT
FOR THE YEAR ENDED 31ST AUGUST 2022

Overview

Our return to the school life after the pandemic was much appreciated by both staff and students and a focus for the year 21/22 has been that of rebuilding course enrolments and our relationship with the public by means of outreach programmes, public events and exhibitions, all of which had been curtailed the previous year due to Covid restrictions. We reviewed and reduced our offering of Online courses, developed as a creative alternative to studio-based learning when students and teachers were unable to attend school. As expected, there was less demand for distance learning when students were able to return to studio facilities, working with school models and learning as part of a group. Continuing online courses have offered beginners development of their drawing skills and virtually explored the art of museums for those who still find it difficult to attend regular courses.

Members of the public, students and alumni were invited to a two -day Symposium, held in the school library. A panel of invited artists discussed aspects of painting 'Still Life' subject matter with an enthusiastic audience spilling out into the corridor.

We returned to a full calendar of school exhibitions which enhance the learning environment for our students and offer many of them the exciting chance to exhibit their work, perhaps for the first time, sharing their achievements with the rest of the school. The Diploma Graduates Final Exhibition was particularly well attended by the public despite record temperatures of 40 degrees.

GDPR

We implement the requirements of the Data Protection Act (May 2018) ensuring that the confidential data we collect is safeguarded and secure. We communicate the ways we use, protect and store data, publicising our legally approved Data Protection Policy by means of Heatherleys' website.

Public benefit statement

In shaping our objectives for the year and planning our activities, the trustees have considered the Charity Commission's guidance on public benefit, including the guidance 'public benefit: running a charity (PD2). The achievements and activities above demonstrate the public benefit arising through the Charity's activities.

FINANCIAL REVIEW

The Accounts show a deficit for the year ended 31st August 2022 of £118,793 (2021 - £63,690), this is after including a depreciation charge on the school building at 75 Lots Road of £99,141. The financial position at the year-end revealed by the Balance Sheet on page 19 shows net current assets or working capital of £366,634 (£732,191). The net book value of tangible fixed assets held all of which are used directly for charitable purposes, amounted to £3,558,314(2021 - £3,661,407). The market value of investments were £1,403,237 (2021 - £1,053,380).

We are an independent college, solely reliant upon student fees to finance our operations and any surplus income is invested to provide a return that will replenish our bursary fund which enables students to benefit from receiving a Fine Art education they otherwise may not have had an opportunity to study.

Principal Funding Sources

Principal funding sources are donations and income from student fees.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

DIRECTORS' AND TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2022

Investment powers and policy

Under the Memorandum and Articles of Association, the charity has the power to make any investment which the trustees see fit. The trustees have considered the most appropriate policy for investing funds and have determined that a mix of investments to generate income combined with cash deposits to ensure that we can meet our requirements.

The trustees have determined to maintain the most appropriate policy for investing funds is to:

- a) invest with Ruffer LLP, Cazenove and maintain some funds on deposit with Charities Aid Foundation (CAF) in conjunction with Scottish Widows Plc.
- b) ensure sufficient funds are held in deposit and current accounts to provide for working capital requirements.

Reserves policy

The Trustees have established a policy whereby the reserves of the charity are maintained at a level to enable the continued operation of its activities. It is the policy of the Trustees to maintain free reserves at a level equivalent to at least six months running costs to enable the Charity to meet its obligations in the short term together with funds to cover any unforeseen deficits or revenue shortfalls. In setting this policy the Council of Trustees takes account of the following factors:

- 1 Staff contracts: maximum period of notice for staff contracts is three months. The school has long-serving staff and this affects the maximum amount of statutory redundancy payable.
- 2 Commitments: The school has contracts with maintenance companies to ensure the safe use and maintenance of lifts, equipment and the upkeep of the school.

Six months running costs are calculated on the basis of projected expenditure, with no allowance made for projected income. The current reserves amount fixed by The Thomas Heatherley Educational Trust Ltd is £610,395.

The unrestricted funds not designated or invested in tangible fixed assets held by the charity are £660,458 (2021 - £664,564).

As at the year-end accounts showed reserves of £5,328,185 (2021 - £5,446,978) of which £40,905 (2021 - £35,605) was restricted. In addition, the Trustees have set aside designated funds totalling £1,068,508 (2021 - £1,085,402) for three specific purposes: a designated bursary fund, a designated building maintenance fund and a designated new building fund.

Bursary Fund

This fund was initially set up to assist with the provision of at least two bursaries per year to gifted students who would otherwise be unable to afford to attend the Diploma Course; due to an increase in demand for bursary assistance and to enable us to fulfil our charitable role as a provider of art education the Trustees have significantly increased the level of Designated Bursary Funds with a view to offering at least six bursaries a year for the next five years. Eight bursaries were awarded in the academic year 2021/22 and the balance of the unrestricted Bursary Fund is £70,392 (2021 - £87,286) and the restricted Bursary Fund is £32,757 (2021 - £27,557) The Trustees decided in 2016 to replenish the Bursary Fund annually by transferring 6% of surplus income over expenditure before deducting building depreciation to the Bursary Fund with a view to sustaining a healthy and vital fund.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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DIRECTORS' AND TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2022

Building Maintenance Fund

The School moved into a new purpose built building at 75 Lots Road in 2008 and a designated School Maintenance Fund has since been created to provide for major upkeep and repairs to the building. The School Building Manager has prepared an estimate of costs for essential major future building costs to plant and equipment and upkeep such as replacing plant and equipment as it becomes obsolete, the current Fund has a value of £255,000, there was no movement on this fund during the year as the school did not require any major expenditure on upkeep or plant and equipment.

New Building Fund

In order to fulfil the School's charitable aims and better to meet increasing demands on art education, the Trustees have considered the scope to extend the capacity of its facilities. Extant plans prepared in 2008 for the building of third floor studios would provide for additional classes. The cost of such extension is considerable and the Trustees would seek sponsors to match funding contributed by the School on an as yet to be defined basis, estimated total costs of a new studio is £3,000,000.

The New Building Fund has a balance of £743,116 (2021 - £743,116)

There is also a restricted fund, The Prize Fund, from which prizes are awarded annually to talented students, the current value of the Prize Fund is £8,148 (2021 - £8,048)

The Charity has adequate cash reserves and the trustees believe that the school can fulfil its day-to-day obligations.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document / Constitution

The Thomas Heatherley Educational Trust Limited is a company limited by guarantee and a registered charity governed by its memorandum and articles of association. The Charity number is 312872 and the Company number is 977615.

Recruitment and appointment of Trustees

As set out in the Articles of Association the chair of the Council of Trustees is nominated by the other trustees. The Directors of the organisation are also the charity trustees for the purposes of charity law.

The Council of Trustees have power to appoint additional Trustees as it considers fit to do so.

The Trustees have no beneficial interest in the company other than as members. The Trustees are also the directors of the company. All of the Trustees are members of the company and guarantee to contribute £1 in event of winding up. The Council has the power to appoint additional Directors.

Trustee induction and training

The Trustees maintain a good working knowledge of charity and company law and best practise by regular reading of charity press articles and scrutiny of Companies House, Charity Commission, other Government and voluntary organisation advisory websites. New Trustees are given copies of the Memorandum and Articles of Association and copies of previous year's minutes and attend an induction session given by an experienced Trustee.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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DIRECTORS' AND TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2022

Structure and Management

The object of the Charity is to advance visual art education primarily in the figurative tradition through The Heatherley School of Fine Art. The Company is organised as follows:

- a) The Company is governed by the Council of Trustees, who are elected annually from the membership of the Company. Trustees are elected, re-elected or retire at the Annual General Meeting of the Company. The Council elects a Chair-person from its number. The Council currently has seven members. All new Trustees are provided with relevant documentation on their responsibilities as Trustees.
- b) All members of the Council give their services free of charge.
- c) Persons interested in the promotion of education in the visual arts, with appropriate backgrounds and qualifications, are invited by the Trustees to join the Charity as Company Members.
- d) The Council meets at least three times a year. Financial and management reports are provided at each meeting.
- e) The Charity appoints two executive officers, the Principal of the School and the Bursar who manages the financial affairs of the Charity.
- f) The School is directed by the Principal and an Academic Board.

Organisation

The trustees of the company meet termly as a Board, but have also set up a range of sub-groups i.e. the Development subcommittee, the Site subcommittee and the Articles of Association subcommittee, where the Trustees meet between Board meetings. The Chair and Financial & Investments subcommittee also meet with the Trustees on a regular basis.

It is governed by the Council of Trustees, which sets the overall framework. The Principal is the Chief Executive Officer and the members of the staff team are then delegated full responsibility for implementation within this framework.

The role and contribution of volunteers

During the year no volunteers were used to support the work of the paid staff.

Staff

Heatherley's prides itself on its dedicated and experienced lecturers and tutors, all of whom are actively practising artists, and many of whom have been with the School since the 1970s. In any academic year the number of those teaching will be in the high twenties. The School thus offers them the opportunity to pass on their particular expertise while continuing their own professional practice on a part-time basis.

The Academic Board, responsible for the direction of the School:

Principal: Veronica Ricks MA (RCA)
Director of Studies & Course Director, Diploma in Figurative Sculpture: Tony Mott HDFA(Lond)
Course Director, Diploma in Portraiture: Minna Stevens MA (RCA)
Co-ordinator, Printmaking: Hilary Daltry MA (Rome Scholar)
Co-ordinator, Post Diploma in Figurative Painting: Fred Crayk

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DIRECTORS' AND TRUSTEES' REPORT
FOR THE YEAR ENDED 31ST AUGUST 2022

Related Parties

None of our Trustees receives any remuneration or other benefit from work on behalf of the charity. Any contractual arrangement with a related party needs to be disclosed. In this financial year there was none to disclose.

Pay policy for senior staff

Senior management staff pay is set with reference to market rates for similar roles within similar sized charities in the sector. The pay of the senior staff members are reviewed and approved by the Board.

Risk Policy

The trustees have a risk management strategy which comprises:

- An annual review of the risks the charity may face;
- The establishment of systems and procedures to mitigate those risks identified in the plan; and
- The implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

This work has identified that financial sustainability is the major financial risk for the charity, it is imperative that we sustain our Bursary Fund through fundraising to enable the school to offer bursary assistance to students. Attention has also been focussed on non-financial risks arising from fire, health and safety of students and staff. A key element in the management of financial risk is via a reviewed reserves policy and the retention of sufficient working capital.

REFERENCE AND ADMINISTRATIVE DETAILS

Company Number: 0977615

Charity Number: 312872

Directors / Trustees:

C Penn (appointed 23 February 2022)

P E Driscoll

R Sharp

J Eagle

D Todd (Resigned 28 July 2022)

N Gage

J Murray

W Packer

R Wilson (Resigned 23 March 2022)

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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DIRECTORS' AND TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2022

Secretary: Vistra Trust Company Limited

Senior Staff: Principal: Veronica Ricks MA(RCA)
Director of Studies: Tony Mott HDFA
Course Director, Diploma in Portraiture: Minna Stevens
Co-ordinator, Printmaking: Hilary Daltry MA
Co-ordinator, Post Diploma in Figurative Painting: Fred Crayk
A Bursar is appointed and reports to the Trustees.

Registered Office: 75 Lots Road, London SW10 0RN

Independent Auditor: SKS Audit LLP, 3 Sheen Road, Richmond, TW9 1AD

Bankers: Lloyds TSB Plc., 417 North End Road, Fulham, London SW6 1NS

Investment managers: Ruffer, 80 Victoria Street, London SW1E 5JL
Cazenove Capital, 1 London Wall Place, London EC2Y 5AU

Trustees' responsibilities in relation to the financial statements

The Trustees (who are also directors of The Thomas Heatherley Educational Trust Limited for the purposes of company law) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of its income and expenditure for that period.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

STATEMENT OF DISCLOSURE TO AUDITOR

In accordance with company law, the company's Directors certify that:

- so far as they are aware, there is no relevant audit information of which the company's auditors are unaware; and
- as the Directors of the company they have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

DIRECTORS' AND TRUSTEES' REPORT
FOR THE YEAR ENDED 31ST AUGUST 2022

AUDITORS

A resolution will be proposed and agreed at the Annual General Meeting that SKSs Audit LLP be re-appointed as auditors of the Charity for the ensuing year.

The report of the directors has been prepared taking advantage of the small companies' exemption of section 415A of the Companies Act 2006.

APPROVAL

This report was approved by the Board and signed on its behalf by:

A handwritten signature in black ink that reads "Christopher Penn". The signature is written in a cursive, flowing style.

Christopher Penn
(Chairman of Trustees)

1st March 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

Opinion

We have audited the financial statements of The Thomas Heatherley Educational Trust Limited for the year ended 31st August 2022, which comprise the Statement of Financial Activities (Summary Income and Expenditure Account), balance sheet, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st August 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 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 directors' 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 [entity]'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 directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF (Cont/d)

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The directors' report has been prepared in accordance with applicable legal requirement

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' 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;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of trustees' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit;

Responsibilities of directors

As explained more fully in the directors' responsibilities statements set out on page 11, the directors 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 directors 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 directors are responsible for assessing the 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 directors either intend to liquidate the 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:

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We discussed with the Directors the policies and procedures in place regarding compliance with laws and regulations. We discussed amongst the audit team the identified laws and regulations, and remained alert to any indications of non-compliance.

During the audit we focussed on laws and regulations which could reasonably be expected to give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006, UK tax legislation Charity Act 2011 and SORP 2019. Our tests included agreeing the financial statement disclosures to underlying supporting documentation and enquiries with management.

Our procedures in relation to fraud included but were not limited to: inquires of management whether they have any knowledge of any actual, suspected or alleged fraud, and discussions amongst the audit team regarding risk of fraud such as opportunities for fraudulent manipulation of financial statements. We determined that the principal risks related to posting manual journal entries to manipulate financial performance and management bias through judgements in

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF (Cont/d)

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED

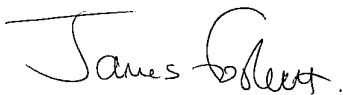
(A company limited by guarantee)

accounting estimates. We also addressed the risk of management override of internal controls, including testing journals and appropriateness of other entries in the nominal ledger; reviewing transactions around the end of the reporting period; and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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

A further description of our responsibilities 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.

This report is made solely to the 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



James Fokett (Senior Statutory Auditor)
for and on behalf of SKS AUDIT LLP
CHARTERED ACCOUNTANTS
STATUTORY AUDITOR

3 SHEEN ROAD
RICHMOND TW91AD

8 March 2023

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31ST AUGUST 2022

SUMMARY INCOME AND EXPENDITURE ACCOUNT

	Notes	Unrestricted Funds £	Restricted Funds £	2022 £	2021 £
Income					
Donations and legacies	2	-	21,600	21,600	105,291
Income from charitable activities	3	1,031,464	-	1,031,464	682,697
Income from other trading activities	4	44,843	-	44,843	118,735
Investment income	5	34,376	-	34,376	25,699
Total income		<u>1,110,683</u>	<u>21,600</u>	<u>1,132,283</u>	<u>932,422</u>
Expenditure					
Cost of raising funds	6	21,186	-	21,186	9,754
Expenditure on charitable activities	6	1,187,455	16,300	1,203,755	1,098,334
Total expenditure		<u>1,208,641</u>	<u>16,300</u>	<u>1,224,941</u>	<u>1,108,088</u>
Net income / (expenditure) & net movements in funds before gains & losses on investments		(97,958)	5,300	(92,658)	(175,666)
Net gains / (losses) on investments	12	(26,135)	-	(26,135)	111,976
Net movement in funds		<u>(124,093)</u>	<u>5,300</u>	<u>(118,793)</u>	<u>(63,690)</u>
<i>Reconciliation of funds</i>					
Total funds, brought forward		5,411,373	35,605	5,446,978	5,510,668
Total funds, carried forward		<u>5,287,280</u>	<u>40,905</u>	<u>5,328,185</u>	<u>5,446,978</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the above two financial years.

TOTAL RECOGNISED GAINS AND LOSSES

No other gains and losses were recognised in the year other than those shown above.

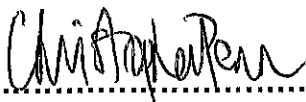
The notes on pages 21 to 33 form part of these accounts.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

BALANCE SHEET AS AT 31ST AUGUST 2022

	Notes	2022	2021
		£	£
Fixed assets			
Tangible fixed assets	11	3,558,314	3,661,407
Investments	12	1,403,237	1,053,380
		<u>4,961,551</u>	<u>4,714,787</u>
Current assets			
Stocks	13	13,341	10,352
Debtors	14	23,054	131,087
Cash at bank and in hand		672,671	951,682
		<u>709,066</u>	<u>1,093,121</u>
Liabilities			
Creditors falling due within one year	15	(342,432)	(360,930)
Net current assets		<u>366,634</u>	<u>732,191</u>
Net assets		<u><u>5,328,185</u></u>	<u><u>5,446,978</u></u>
The funds of the charity			
Unrestricted funds:			
General	16	4,218,772	4,325,971
Designated	16	1,068,508	1,085,402
Restricted funds	16	40,905	35,605
Total charity funds		<u><u>5,328,185</u></u>	<u><u>5,446,978</u></u>

These accounts were approved and authorised for issue by the Board of Directors and Trustees on 1st March 2023 and were signed on its behalf by:

.....  **Christopher Penn (Chairman)**

Company Number 00977615

The notes on pages 21 to 33 form part of these accounts.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST AUGUST 2022

	2022 £	2021 £
Net cash generated from / used in operating activities	<u>63,213</u>	<u>29,984</u>
Cash flows from investing activities		
Dividend and interest income	34,376	25,699
Purchase of tangible fixed assets	(608)	(2,478)
Purchase of investments	(376,607)	(13,573)
Additions to / withdrawals from cash held within investments	615	678
Cash provided by investing activities	<u>(342,224)</u>	<u>10,326</u>
 Increase in cash & cash equivalents in the year	 <u>(279,010)</u>	 <u>40,310</u>
 Cash & cash equivalents at the beginning of the year	 951,682	 911,372
Total cash & cash equivalents at the end of the year	<u><u>672,672</u></u>	<u><u>951,682</u></u>

Reconciliation of net movement in funds to net cashflow from operating activities:

	2022 £	2021 £
Net movement in funds	(118,793)	(63,690)
Add back depreciation	103,701	105,014
Deduct dividend and interest income from investments	(34,376)	(25,699)
Deduct gains / add back losses on investment	26,135	(111,976)
Deduct gains / add back losses on disposal of fixed assets	-	-
Decrease / (increase) in stock	(2,989)	(1,871)
Decrease / (increase) in debtors	108,033	(101,966)
Increase / (decrease) in creditors	(18,498)	230,172
Net cash generated from / used in operating activities	<u><u>63,213</u></u>	<u><u>29,984</u></u>

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2022

1. ACCOUNTING POLICIES

1.1 Basis of preparation of accounts

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) (effective 1 January 2019), The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Thomas Heatherley Educational Trust Limited meets the definition of a public benefit entity under FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the Charity. Monetary amounts in these financial statements are rounded to the nearest £.

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

1.2 Preparation of accounts on a going concern basis

The Charity's Financial Statements show net expenditure of £118,793 for the year and free reserves of £660,458. Based on this level of reserves and the trustees' projections, for the next twelve months the Trustees' believe that the Charity is a going concern.

1.3 Income

Income is recognised when the Charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and amount can be measured reliably.

- (a) Income received by way of donations and legacies are included in full in the Statement of Financial Activities when received, unless they relate to a specified future period, in which case they are deferred.
- (b) Legacies entitlement is taken as the earlier of the date on which either: the charity is aware that the probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Charity that the distribution is made, or when a distribution is received from the estate. No legacies were received during the year.
- (c) Income from charitable activities in the form of school fees are recognised as earned (as the related goods and services are provided) under contract. Fees received in advance of the subsequent education year are recognised as deferred income until the following year.
- (d) Shop income and car parking income is recognised as earned (that is, as the related goods or services are provided).
- (e) Investment income is included when receivable.

1.4 Volunteers and donated services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time is not recognised and refers to the trustees' annual report for more information about their contribution. No such contributions were received during the year.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt. No such donations were received during the year.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2022

1.5 Expenditure recognition and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is classified under the following activity headings:

- (a) Cost of raising funds comprises of the costs of running the shop and other fundraising activities and their associated support costs.
- (b) Expenditure on charitable activities includes the costs directly associated with running an arts school, to further the purposes of the Charity and their associated support costs.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

1.6 Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back-office costs, finance and administration personnel, payroll and governance costs which support the charity's programmes and activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The basis on which support costs have been allocated are set out in note 7.

1.7 Funds structure

Unrestricted funds are available to spend on activities that further any of the purposes of charity.

Designated funds are unrestricted funds of the Charity which the trustees have decided at their discretion to set aside to use for a specific purpose.

Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Charity's work or for specific projects being undertaken by the Charity.

1.8 Tangible fixed assets and depreciation

Tangible fixed assets (excluding investments) are stated at cost less depreciation. The cost of minor additions or those costing less than £500 are not capitalised. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	-	Straight line over fifty years
Fixtures, fittings and equipment	-	25% reducing balance

1.9 Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The Charity does not acquire put options, derivatives or other complex financial instruments.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

The Council has agreed an Investment Policy.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2022

1.10 Realised / unrealised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

1.11 Stock

Stock is included at the lower of cost or net realisable value.

1.12 Cash at bank and in hand

Cash at bank and in hand includes cash and short term cash deposits.

1.13 Creditors and provisions

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

1.14 Financial instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.15 Taxation

The Charity is a registered charity and, therefore, is not liable for Income Tax or Corporation Tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

1.16 Pension

The charity operates a defined contribution pension scheme on behalf of its employees. Contributions are charged to the Statement of Financial Activities in the period in which they are payable. The assets of the scheme are held separately from those of the charity in an independently administered fund.

1.17 Operating leases

The Charity classifies the lease of copier as an operating lease. The rentals are charged to the Statement of Financial Activities on a straight-line basis over the lease duration. No assets are held under hire purchase agreements.

1.18 Judgement and key sources of estimation uncertainty

In the application of the company's accounting policies, the charity is required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2022

2. DONATIONS AND LEGACIES

	Unrestricted Funds £	Restricted Funds £	2022 £	2021 £
The De Lazlo Foundation	-	-	-	13,750
Golden Bottle Trust	-	10,000	10,000	10,000
Napthens - M I Hopwood	-	-	-	5,000
Other donations < £1,000	-	1,600	1,600	1,220
HMRC Job Retention Scheme	-	-	-	75,321
Painters Sainers	-	10,000	10,000	-
	<u>-</u>	<u>21,600</u>	<u>21,600</u>	<u>105,291</u>

The donations and legacies income in 2021 totalling £75,321 was attributed to unrestricted funds and £29,970 was attributed to restricted funds.

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £	2022 £	2021 £
School fees	1,031,464	1,031,464	682,697
	<u>1,031,464</u>	<u>1,031,464</u>	<u>682,697</u>

Income from charitable activities in 2021 totalling £682,697 was attributed to unrestricted funds.

4. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted Funds £	2022 £	2021 £
Shop income	25,329	25,329	12,472
Car parking fees	6,825	6,825	3,427
Other income	781	781	484
Insurance Claim receipt	11,373	11,373	102,352
Kiln Firing Income	535	535	-
	<u>44,843</u>	<u>44,843</u>	<u>118,735</u>

The other trading income in 2021 totalling £16,383 was attributed to unrestricted funds.

Above insurance claim receipt includes a business interruption claim of £11,373 (2021 - £97,125) received from Hiscox.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2022

5. INVESTMENT INCOME

	Unrestricted Funds £	2022 £	2021 £
Interest on cash deposits	7,092	7,092	12,126
Dividends	27,284	27,284	13,573
	<u>34,376</u>	<u>34,376</u>	<u>25,699</u>

The investment income in 2021 totalling £25,699 was attributed to unrestricted funds.

6. ANALYSIS OF EXPENDITURE

	Raising Funds £	School £	Outreach £	2022 £	2021 £
Staff costs	-	564,504	-	564,504	498,945
Bursaries and prizes	-	33,194	-	33,194	35,275
Other direct costs	-	66,720	-	66,720	41,600
Premises and equipment costs	-	156,486	-	156,486	187,688
Depreciation	-	93,782	-	93,782	94,513
Advertising, promotion and prospectus	-	26,666	-	26,666	19,395
Shop purchases	19,891	-	-	19,891	8,950
Fundraising costs	-	-	-	-	126
Investment management costs	1,295	-	-	1,295	678
Support costs (Note 7)	-	248,253	-	248,253	209,587
Governance costs (Note 7)	-	14,150	-	14,150	11,331
	<u>21,186</u>	<u>1,203,755</u>	<u>-</u>	<u>1,224,941</u>	<u>1,108,088</u>

Of the £1,224,941 expenditure in 2022 (2021 - £1,108,088), £1,208,641 was charged to unrestricted funds (2021 - £1,079,788) and £16,300 to restricted funds (2021 - £28,300).

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2022

7. ANALYSIS OF SUPPORT AND GOVERNANCE COSTS

The Charity initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Governance costs and other support costs are apportioned separately between charity's key activities undertaken (see note 6) in the year. All the general support and governance costs have been apportioned to the various charitable activities on the basis of staff time allocated to each activity.

	General support £	Governance function £	2022 £	2021 £
Finance and administration staff costs	138,950	-	138,950	115,220
Management staff	-	5,198	5,198	3,818
Premises costs	17,387	-	17,387	20,854
Depreciation	9,914	-	9,914	10,501
Communication costs	11,074	-	11,074	9,127
Information technology	16,975	-	16,975	13,844
Insurance	11,221	-	11,221	10,474
Bank charges	12,931	-	12,931	10,493
Legal and professional costs	19,296	2,352	21,648	17,485
Bad debts	5,370	-	5,370	-
Sundry costs	5,135	-	5,135	2,502
Audit fees	-	6,600	6,600	6,600
	<u>248,253</u>	<u>14,150</u>	<u>262,403</u>	<u>220,918</u>

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2022

8. NET INCOME/(EXPENDITURE) FOR THE YEAR

This is stated after charging:

	2022	2021
	£	£
Depreciation of tangible fixed assets	103,701	105,014
Operating lease – copier	7,214	3,982
Auditors' remuneration – audit of financial statements	<u>6,600</u>	<u>6,600</u>

9. ANALYSIS OF STAFF COSTS, TRUSTEES REMUNERATION AND EXPENSES, AND COST OF KEY MANAGEMENT PERSONNEL

STAFF COSTS	2022	2021
	£	£
Salaries	706,328	626,165
National Insurance	37,997	32,347
Pension	9,240	7,699
	<u>753,565</u>	<u>666,211</u>

No employee received remuneration in excess of £60,000 during the year.

No Trustee received any remuneration during the year (2021 - £nil). No Trustees received reimbursed expenses during the year (2021 - £nil).

The key management personnel of the charity comprise the Principal, Director of Studies, Course Director (Diploma in Portraiture) and Co-ordinator (Printmaking). The total employee benefits of the key management personnel of the charity were £82,640 (2021 - £78,133).

10. STAFF NUMBERS

The average monthly number of staff employed, calculated as full time equivalent, during the year was as follows:

	2022	2021
Management	1.5	1.5
Direct staff	19	16.5
Administrative and support	5.5	5.5
	<u>26</u>	<u>23.5</u>

The average number monthly employees during the year was 75 (2021 - 64).

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2022

11. TANGIBLE FIXED ASSETS

	Freehold interest in land and buildings £	Fixtures, fittings and equipment £	Total £
Cost:			
As at 1 September 2021	4,956,822	101,858	5,058,680
Additions	-	608	608
Disposals	-	-	-
As at 31 August 2022	<u>4,956,822</u>	<u>102,466</u>	<u>5,059,288</u>
Depreciation:			
As at 1 September 2021	1,313,049	84,224	1,397,273
Disposals	-	-	-
Charge for the year	99,141	4,560	103,701
As at 31 August 2022	<u>1,412,190</u>	<u>88,784</u>	<u>1,500,974</u>
Net book value:			
As at 1 September 2021	<u>3,643,773</u>	<u>17,634</u>	<u>3,661,407</u>
As at 31 August 2022	<u>3,544,632</u>	<u>13,681</u>	<u>3,558,313</u>

In addition to the freehold interest in building included above, the Charity also owns land at Christiania Wharf was gifted from The Royal Borough of Kensington and Chelsea and has been valued at £nil in the Financial Statements, due to a permanent restrictive covenant against anything other than art educational use, which was imposed upon the transfer of the land.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2022

12. INVESTMENTS

	2022	2021
	£	£
Quoted investments		
Market value, brought forward	1,050,574	925,025
Additions	376,607	13,573
Unrealised gain / (loss)	(26,135)	111,976
Market value, carried forward	<u>1,401,046</u>	<u>1,050,574</u>
Cash held as part of portfolio	2,191	2,806
Total investments	<u>1,403,237</u>	<u>1,053,380</u>
Historic cost	<u>1,243,298</u>	<u>866,691</u>

Market value analysed by type of investments:

	2022	2021
	£	£
UK Equities	134,812	102,830
UK bonds	187,275	188,038
Foreign equities	508,147	312,129
Foreign bonds	232,884	202,521
Gold and gold equities	73,601	72,551
Illiquid strategies and options	80,144	79,000
Multi-asset funds	10,070	4,069
Hedge funds	9,286	3,598
Property	46,567	15,597
Commodities	36,221	10,238
Other	21,603	8,750
Cash held within the investment portfolio	62,626	54,059
Market value as at 31 August 2022	<u>1,403,237</u>	<u>1,053,380</u>

13. STOCK

	2022	2021
	£	£
Shop stock	13,341	10,352
	<u>13,341</u>	<u>10,352</u>

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2022

14. DEBTORS

	2022	2021
	£	£
Trade Debtors	1,491	11,551
Other Debtors	14,076	112,494
Prepayment and accrued income	7,487	7,042
	<u>23,054</u>	<u>131,087</u>

15. CREDITORS: amounts falling due within one year

	2022	2021
Trade Creditors	22,841	15,793
Taxation and social security	9,395	5,663
Deferred Income (note 18)	288,486	268,686
Other creditors	2,650	2,154
Accruals	19,060	68,634
	<u>342,432</u>	<u>360,930</u>

16. MOVEMENT IN FUNDS

	Balance at 01.09.21 £	Income £	Expenditure £	Gains/ (losses) £	Transfers £	Balance at 31.08.22 £
Restricted funds:						
Prizes Fund	8,048	1,600	1,500	-	-	8,148
Bursary Fund	27,557	20,000	14,800	-	-	32,757
	<u>35,605</u>	<u>21,600</u>	<u>16,300</u>	<u>-</u>	<u>-</u>	<u>40,905</u>
Unrestricted funds:						
Designated funds						
Bursary Fund	87,286	-	16,894	-	-	70,392
Building Maintenance Fund	255,000	-	-	-	-	255,000
New Building Fund	743,116	-	-	-	-	743,116
	<u>1,085,402</u>	<u>-</u>	<u>16,894</u>	<u>-</u>	<u>-</u>	<u>1,068,508</u>
General funds	4,325,971	1,110,683	1,191,747	(26,135)	-	4,218,772
Total Unrestricted Funds	<u>5,411,373</u>	<u>1,110,683</u>	<u>1,208,641</u>	<u>(26,135)</u>	<u>-</u>	<u>5,287,280</u>
Total funds	<u>5,446,978</u>	<u>1,132,283</u>	<u>1,224,941</u>	<u>(26,135)</u>	<u>-</u>	<u>5,328,185</u>

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2022

Movement in funds – previous year

	Balance at 01.09.20 £	Income £	Expenditure £	Gains/ (losses) £	Transfers £	Balance at 31.08.21 £
Restricted funds:						
Prizes Fund	8,898	600	1,450	-	-	8,048
Bursary Fund	25,037	29,370	26,850	-	-	27,557
	<u>33,935</u>	<u>29,970</u>	<u>28,300</u>	<u>-</u>	<u>-</u>	<u>35,605</u>
Unrestricted funds:						
Designated funds						
Bursary Fund	94,261	-	6,975	-	-	87,286
Building Maintenance Fund	255,000	-	-	-	-	255,000
New Building Fund	<u>743,116</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>743,116</u>
	1,092,377	-	6,975	-	-	1,085,402
General funds	<u>4,384,356</u>	<u>902,452</u>	<u>1,072,813</u>	<u>111,976</u>	<u>-</u>	<u>4,325,971</u>
Total Unrestricted Funds	<u>5,476,733</u>	<u>902,452</u>	<u>1,079,788</u>	<u>111,976</u>	<u>-</u>	<u>5,411,373</u>
Total funds	<u>5,510,668</u>	<u>932,422</u>	<u>1,108,088</u>	<u>111,976</u>	<u>-</u>	<u>5,446,978</u>

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2022

16. MOVEMENT IN FUNDS (Continued)

Description, nature and purpose of restricted funds:

Prize Fund: Funds received to provide prizes.

Bursary Fund: Funds received to provide prizes.

Description, nature and purpose of unrestricted funds:

General funds:

General fund represents funds available to spend at the discretion of the Trustees after allowing for all the designated funds.

Purposes of Designated Funds:

Bursary Fund This fund was initially set up to assist with the provision of at least two bursaries per year to talented students who would otherwise be unable to afford to attend the Diploma Courses; due to an increase in demand for bursary assistance and to enable us to fulfil our charitable role as a provider of art education it is appropriate to significantly increase the level of Designated Bursary Funds with a view to offering at least six bursaries a year for the next five years. Trustees and staff are currently seeking major funding from potential sponsors to enable such increases to be maintained.

Building Maintenance Fund: The School moved into a new purpose built building at 75 Lots Road in 2008 and the Trustees have decided to create a designated School Maintenance Fund to provide for major upkeep and repairs to the building. The School Building Manager has prepared an estimate of costs for essential major future building costs to plant and equipment and upkeep such as replacing plant and equipment as it becomes obsolete.

New Building Fund: In order to fulfil the School's charitable aims and better to meet increasing demands on art education, the Trustees have considered the scope to extend the capacity of its facilities. Extant plans prepared in 2008 for the building of a third floor studio would provide for additional classes. The cost of such extension is considerable and the Trustees would seek sponsors to match funding contributed by the School on an as yet to be defined basis. The estimated total costs of proposed new studios are £3,000,000.

17. ANALYSIS OF FUND BALANCES BETWEEN NET ASSETS

	General £	Designated £	Restricted £	Total £
Tangible fixed assets	3,558,314	-	-	3,558,314
Investments	-	1,403,237	-	1,403,237
Net current assets	660,458	- 334,729	40,905	366,634
	<u>4,218,772</u>	<u>1,068,508</u>	<u>40,905</u>	<u>5,328,185</u>

Analysis of fund balances between net assets – previous year

	General £	Designated £	Restricted £	Total £
Tangible fixed assets	3,661,407	-	-	3,661,407
Investments	-	1,053,380	-	1,053,380
Net current assets	664,564	32,022	35,605	732,191
	<u>4,325,971</u>	<u>1,085,402</u>	<u>35,605</u>	<u>5,446,978</u>

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED

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NOTES TO THE ACCOUNTS**FOR THE YEAR ENDED 31ST AUGUST 2022****18. DEFERRED INCOME**

	2022 £	2021 £
Balance as at 1st September	268,686	88,757
Amount released to income in the year	(268,686)	(88,757)
Amount deferred in the year	288,486	268,686
Balance as at 31st August	<u>288,486</u>	<u>268,686</u>

Deferred income represents fee income for 2022/23 received in advance.

19. OPERATING LEASE COMMITMENTS

The charity has operating lease commitments as shown below.

	Equipment	
	2022 £	2021 £
Under one year	3,934	3,934
Two to five years	3,934	7,869
	<u>7,869</u>	<u>11,803</u>

20. PENSION

The pension cost charge represents contributions payable by the charity to the fund and amounted to £9,240 (2021 - £7,699). Contributions totalling £1,955 (2021 - £1,321) were payable to the fund at the year end and are included in creditors.

21. SHARE CAPITAL

The company is limited by guarantee and does not have a share capital divided by shares.

22. MEMBERS' LIABILITY

The company is limited by guarantee and the members each undertake to contribute an amount not exceeding £1.

23. RELATED PARTY TRANSACTIONS

Details of transactions with trustees and senior management are in note 9.

THOMAS HEATHERLEY EDUCATIONAL TRUST

England & Wales - Charity number 312872

Accounts

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

DIRECTORS' AND TRUSTEES' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2021

Company No: 00977615
Charity No: 312872

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

REPORT AND ACCOUNTS

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THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

DIRECTORS' AND TRUSTEES' REPORT
FOR THE YEAR ENDED 31ST AUGUST 2021

The trustees are pleased to present their annual directors' report together with the financial statements of the charity for the year ended 31st August 2021, which are also prepared to meet the requirements for a directors' report and Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statements 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) (effective 1 January 2019).

OUR PURPOSE AND ACTIVITIES

The enduring objective of the Charity is to offer a public benefit through the provision of education in the visual arts at the Heatherley School of Fine Art.

The Charity was founded in 1969 and incorporated in 1970. It has had control of The Heatherley School of Fine Art since 1974, which is one of the oldest, and now one of the few remaining fully independent Art Schools in England.

Its primary objective, to paraphrase its Memorandum of Association (22.2.77), is to advance education in the visual arts, by the teaching of drawing, painting, sculpture, design, print-making and associated visual arts and crafts.

From the earliest days of the founding of the school in 1845, our teaching has been centred on a strong belief in the value to the artist of learning how to see. We provide a thorough grounding in methods of working from direct observation basing early study on the primary source of the human figure, portrait and natural objects. Students of Painting, Drawing, Sculpture, Ceramics and Printmaking explore the context of ideas within which they will build a personal language and develop the technical skills they require.

The pattern of study offered by Heatherleys has all but disappeared from mainstream colleges in the State Sector. We offer a portfolio of full and part time courses in direct response to the clear public demand for constructive and supportive teaching in the skills and disciplines of Fine Art. Full time Diploma Courses are offered for those who wish to develop a career or to enrich their practice. Part time courses are structured to introduce and develop the skills and interests of students who may construct their own menu from over 30 courses. Experienced tutors are all artist practitioners and many are graduates of the Royal College of Art or The Slade. We offer a creative learning environment to our student community whatever their age, background or range of ability.

The School has expanded considerably in recent years, but its operating surplus is not substantial. It looks, therefore, to interest on its capital reserves to subsidise bursaries and free places as particular needs arise. Funds have been set aside for this purpose. The Charity is looking actively towards raising further funds specifically to extend this programme.

Achievement and activities

The mission of the school is to promote academic excellence and an education in the Fine Arts for all.

Students

Heatherleys offers full and part time courses in Fine Art to students with a variety of needs. Every year students are supported so that they may be qualified for a career in the arts or to apply for courses in further and higher education for which they might not otherwise have been eligible. The charity has helped a number of students to rediscover an earlier unfulfilled vocation in art and design, or to take initial steps into a new field after another career. Our student demographic represents a wide age range, social and cultural background and ethnic diversity.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

DIRECTORS' AND TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2021

In an era of fluctuating and unsettled employment prospects, Heatherleys attracts a number of mature students who are drawn to our vocational courses as a means of developing or changing career pathways. Diploma Courses are structured so that they equip students with the skills necessary for professional practice. This to a degree that is not normally found in mainstream art schools these days. Graduates of the school are enabled to establish themselves as exhibiting artists in painting, sculpture and printmaking. Many graduates of the Diploma in Portraiture choose to become professional portrait painters working to public or private commission.

Younger students may seek further qualifications on completion of a Diploma course at Heatherleys, for instance by continuing their studies elsewhere on BA degree courses in Fine Art. Their high calibre has been regularly marked by the regular acceptance of our graduates on Master of Arts degree courses such as at the Royal College of Art, London. They may gain employment in a variety of arts related areas including exhibition preparation and curation, educational programmes, technical production, arts promotion and making scenery and props for film and theatrical companies such as at the Royal Opera House, London.

Education

The Heatherley School of Fine Art is an independent school which has Accredited status awarded by the British Accreditation Council. This was renewed for the third time in December 2021 and is valid for four years.

Accreditation underlines academic excellence to internationally accepted standards and promotes student confidence in our independent institution. The Council demands that our building and facilities meet the highest standards of Health and Safety, that we subject our courses to continuous review and, by means of a system of staff appraisals and class observations, that we ensure our teaching staff and course programmes are of the highest quality so that we are able to fulfil student expectations.

Accessibility

We are committed to making our Diploma and Part time courses accessible to a diverse student demographic. We are noted for the strong sense of friendly community which is fostered within the school, promotes a constructive approach to learning and is an important support to students when they leave. We encourage and respect the participation in our courses of all adult age groups from any background, whether they are preparing for professional practice as artists or exploring and developing their creativity on a part time basis.

Financial Support

Each year we offer financial support to a number of students who are talented but financially disadvantaged (often younger ones) so that they may benefit from the figurative art education which is provided by Heatherleys. We have set aside school funds to provide bursary assistance which is awarded each year for this purpose.

The John Walton Student Support Fund is available to help Diploma students already in receipt of a Bursary but who find themselves in unforeseen difficulties. They may apply for help with travel or with living expenses so that they are able to continue with their studies.

We have the enthusiastic support of Patrons and our Board of Trustees who are working to increase the level of support we can offer financially disadvantaged students so that they may benefit from a place on one of our Diploma courses. With their help in approaching donors, charitable trusts and foundations, we have been able to attract sponsorship for students who could not otherwise afford our fees.

We are grateful to sponsors, including the Worshipful Company of Painter Stainers, the de Laszlo Foundation and the Golden Bottle Trust, who have donated funds to be used to support students in their studies.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

DIRECTORS' AND TRUSTEES' REPORT
FOR THE YEAR ENDED 31ST AUGUST 2021

Student welfare

The school has an important therapeutic function for some of our students. Although highly creative, they may be challenged by difficulties which are temporary or permanent and range from depression or bereavement to autism or include physical problems such as mobility or hearing loss. Our building is purpose designed and equipped so that studios and facilities are fully accessible for those with physical disabilities. Unsupported, these issues may interfere with the demands of an academic education and could lead to the abandonment of a course.

As a smaller scale academic community, we are able to help those who might otherwise struggle to learn in a larger, more impersonal university setting. They have been able to achieve their potential at Heatherleys, enhance the quality of their lives and develop careers in a broad range of arts related activities. Heatherleys has developed and advertises our firm policy of inclusion for disadvantaged students and under-represented minority groups. We welcome a diverse range of students who, although faced with physical or mental health difficulties or challenged by issues concerning identity, can fully enjoy and benefit from our teaching.

In 2020/21 we continued our support for students whose learning was disadvantaged due to physical disability or issues of mental health or identity.

- Our Student Support Officer worked with class tutors in order to identify and include students who required individual support. She was able to guide tutors to an understanding of the particular challenges an individual student might face so that they would be better equipped to help them with their learning. She was a personal connection for students, offering direct practical assistance and emotional support on a range of levels so that they could achieve their potential by completing courses which they might not otherwise have been able to sustain.
- We communicate our commitment to support those who need it by means of school policies (for instance, Equal Opportunities, Safeguarding and Learning Support) which are regularly reviewed, published on our website and available at information points within the school.
- Our students are invited to attend weekly mindfulness sessions for no extra fee.

Outreach

We actively seek opportunities to benefit the public and have developed a series of rewarding partnerships between Heatherleys and our local community, including nearby schools and hospitals. These partnerships are a powerful way to promote community spirit and social cohesiveness. Our links with local schools enable us to encourage the creativity and confidence of young people in a variety of initiatives.

Although school exhibitions and public lectures were inevitably curtailed due to pandemic restrictions, we created opportunities to invite and involve members of the public in a range of events at Heatherleys wherever possible.

- A programme of live talks and recorded lectures was made available online both to our students and to the public.
- Exhibitions mounted by the school include student work, staff exhibitions and painting and sculpture shown by visiting professional artists. We invited our local community to view exhibitions in our school gallery. Our annual Diploma Students' Graduation Exhibition attracts much outside interest and we were delighted to be able to share and celebrate the achievements of our graduating students with the general public.
- When Lockdown restrictions were announced we created Heatherleys' Lockdown Gallery as an opportunity for our students to continue to share images of their artwork with the public.

We actively support some of Britain's major Arts Societies including the Royal Watercolour Society, the Royal Institute of Painters in Watercolour, the Pastels Society and the New English Art Club.

- During weekends we offered the New English Art Club, free of charge, the use of spare studio space to hold their own specialist programmes of instruction for the public in painting and drawing.
- We offered a studio to the Chelsea Arts Club to hold weekly life drawing classes for local artists.

Heatherleys sponsors prizes in order to acknowledge achievement and to encourage aspiring and emerging artists attempting to develop a career in the Fine Arts. Although opportunities for exhibitions were limited in 2020/21 during the pandemic:

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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DIRECTORS' AND TRUSTEES' REPORT
FOR THE YEAR ENDED 31ST AUGUST 2021

- We offered our prize for Portrait Sculpture, awarded for work exhibited by the Society of Portrait Sculptors during their annual exhibition shown online.
- We sponsored the 'Lots Road group' of painters in their annual exhibition.

Future Activities

We are determined to enhance the quality of our courses and to respond to the growing demand from the public for an education in the Fine Arts based on fundamental skills and technical disciplines.

In 2021/22 we will continue to monitor and maintain the high academic quality of our educational provision whilst taking into account important changes in the educational, social and financial sphere due to the current global pandemic.

- **Quality Control:** we will expand our programme of staff appraisals, class observations and student feedback opportunities so that we maintain our reputation for high standards of educational excellence.
- **Supporting our staff.** We will support our school staff in their professional development by offering them the opportunity to exhibit their work to our students in school and also to the public in a local gallery.
- **Forward Planning:** in the light of unprecedented circumstances currently experienced in education due to the pandemic, we will formally review and update strategic planning targets for education, communication, accessibility and financial security, so that we can plan for the future.
- **Online Courses:** we will develop a stimulating and academically challenging programme of online courses and tutorials to maintain learning opportunities and a sense of community for students who are unable to attend our studios because of health or Covid restrictions or because they live at a distance.
- **Access:** we will improve the financial accessibility of our courses for full and part time students. We will continue making formal applications for sponsorship and bursary funding to Trusts, Foundations and other potential donors so that talented but financially disadvantaged students can benefit from a figurative based art education.
- **Security:** we will develop and implement our policy, strategy and staff training programme for anti-radicalisation (Prevent), as required of providers of education by government.

Selected student and alumni achievements in 2020/21

- Heatherleys Portrait Diploma students took part in the heats for the Sky Portrait of the Year painting competition and first year Diploma student, Kayoon Anderson, was a semi-finalist. Broadcast in October 2020.
- Part time student, Hoppy Goodson-Wicks was selected to show her watercolour painting for the Sunday Times / Royal Society of Watercolourists national touring exhibition. Autumn 2020
- Alumna Flora Yukhnovich exhibited her paintings at the Victoria Miro Gallery, Venice.
- Sculpture Diploma alumna Gigi Salomon was selected to receive a Fellowship Award by the Royal Astronomical Society. November 2020
- Hilary Daltry, Open Studio Coordinator, curated the annual Christmas exhibition of paintings and drawings by Open Studio students in December 2020.
- Portrait Diploma alumnus Jayson Singh was interviewed in January 2021 by Artists and Illustrators Magazine about his entry for the exhibition of the Royal Society of Portrait Painters held at the Mall Galleries in September 2020.
- Part time students shared their artworks online via Heatherleys' website Lockdown Gallery.
- Final year Portrait Diploma student Sarah Hill was awarded a place at City and Guilds School of Art, London, to study for her Masters degree in painting.
- Christina Niederberger, alumna and painting tutor had paintings selected for 'The Top 100', an auction event organised by Auction Collective and also took part in Studio Confetti, Terrace Gallery'. June July 2021
- Heatherleys Staff and students who exhibited with the Royal Society of Portrait Painters included Tim Benson, Jane Bond, alumna Hero Johnson and Final year student Marcus Bessin.
- Sculpture Diploma alumna, Sarah Thorneycroft-Smith collaborated in an outdoor performance for the public of electronic sound and sculpture in the multi-storey car park event in Peckham June 2021

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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DIRECTORS' AND TRUSTEES' REPORT (Cont'd)

FOR THE YEAR ENDED 31ST AUGUST 2021

- Sculpture Post Diploma student Marguerite Van Boetz showed her three dimensional drawings in an exhibition at Green and Stone Gallery, Fulham Road. June 2021
- Alumna Kamillia Haarchi obtained a position creating theatrical effects at the Chichester Festival Theatre. Summer 2021.

Overview

Although the Coronavirus pandemic continued to have a major impact on schools and universities throughout Britain during 2020/21, Heatherleys was fortunate in that we were able to open the school to students in September 2020 for the start of the Autumn term. We benefit from modern airy studios with high ceilings and every effort was made to maintain a safe working environment for our students in order to inspire their confidence and to secure a safe future for the school. We were grateful that school staff, supported by government furlough arrangements throughout the closure, were able to return to school for the Autumn term as planned. Outreach partnerships, school exhibitions, public lectures and talks which would normally engage our local community, were curtailed.

Enrolments for the autumn term were inevitably affected as some students were shielding and others cautious about using public transport. In order to maintain social distancing, student numbers for Diploma and part time classes were restricted to eight students instead of our usual twelve. It was encouraging to see the majority of courses fully enrolled and an extremely positive atmosphere in the school.

National restrictions due to the Pandemic closed the school again in Spring 2021. Part time students were offered a choice of refund or deferral for courses of twelve weeks previously booked. Online courses in painting, drawing, printmaking and art appreciation were popular and we supported students working at home with online tutorials. We launched Heatherleys' Lockdown Gallery on our website, giving students working from home the opportunity to exhibit and share their artwork with others.

Diploma students worked at home during Lockdown to an online project programme devised by their Course Directors. Portrait and Sculpture Diploma students were particularly impacted as their course specifies that a large part of their study will focus on direct observation from the human figure in the studio. Every effort was made to present the syllabus of the course, replacing studio work with equivalent project work online. We provided one-to-one online tutorials, art history lectures and online teaching contact hours which would support students studying at home, often in difficult circumstances.

GDPR

We implement the requirements of the Data Protection Act (May 2018) ensuring that the confidential data we collect is safeguarded and secure. We communicate the ways we use, protect and store data, publicising our legally approved Data Protection Policy by means of Heatherleys' website.

Public benefit statement

In shaping our objectives for the year and planning our activities, the trustees have considered the Charity Commission's guidance on public benefit, including the guidance 'public benefit: running a charity (PD2)'. The achievements and activities above demonstrate the public benefit arising through the Charity's activities.

FINANCIAL REVIEW

The Accounts show a deficit for the year ended 31st August 2021 of £63,690 (2020 - £108,923), this is after including a depreciation charge on the school building at 75 Lots Road of £99,136. The financial position at the year end revealed by the Balance Sheet on page 16 shows net current assets or working capital of £732,191 (£818,216). The net book value of tangible fixed assets held all of which are used directly for charitable purposes, amounted to £3,661,407 (2020 - £3,763,943). The market value of investments were £1,053,380 (2020 - £928,509).

We are an independent college, solely reliant upon student fees to finance our operations and any surplus income is invested to provide a return that will replenish our bursary fund which enables students to benefit from receiving a Fine Art education they otherwise may not have had an opportunity to study.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

DIRECTORS' AND TRUSTEES' REPORT
FOR THE YEAR ENDED 31ST AUGUST 2021

Principal Funding Sources

Principal funding sources are donations and income from student fees.

Investment powers and policy

Under the Memorandum and Articles of Association, the charity has the power to make any investment which the trustees see fit. The trustees have considered the most appropriate policy for investing funds and have determined that a mix of investments to generate income combined with cash deposits to ensure that we can meet our requirements.

The trustees have determined to maintain the most appropriate policy for investing funds is to:

- a) invest with Ruffer LLP, Cazenove and maintain some funds on deposit with Charities Aid Foundation (CAF) in conjunction with Scottish Widows Plc.
- b) ensure sufficient funds are held in deposit and current accounts to provide for working capital requirements.

Reserves policy

The Trustees have established a policy whereby the reserves of the charity are maintained at a level to enable the continued operation of its activities. It is the policy of the Trustees to maintain free reserves at a level equivalent to at least six months running costs to enable the Charity to meet its obligations in the short term together with funds to cover any unforeseen deficits or revenue shortfalls. In setting this policy the Council of Trustees takes account of the following factors:

- 1 Staff contracts: maximum period of notice for staff contracts is three months. The school has long-serving staff and this affects the maximum amount of statutory redundancy payable.
- 2 Commitments: The school has contracts with maintenance companies to ensure the safe use and maintenance of lifts, equipment and the upkeep of the school.

Six months running costs are calculated on the basis of projected expenditure, with no allowance made for projected income. The current reserves amount fixed by The Thomas Heatherley Educational Trust Ltd is £503,589.

The unrestricted funds not designated or invested in tangible fixed assets held by the charity are £664,564 (2020 - £620,413).

As at the year end accounts showed reserves of £5,446,978 (2020 - £5,510,668) of which £35,605 (2020 - £33,935) was restricted. In addition, the Trustees have set aside designated funds totalling £1,085,402 (2020 - £1,092,377) for three specific purposes: a designated bursary fund, a designated building maintenance fund and a designated new building fund.

Bursary Fund

This fund was initially set up to assist with the provision of at least two bursaries per year to gifted students who would otherwise be unable to afford to attend the Diploma Course; due to an increase in demand for bursary assistance and to enable us to fulfil our charitable role as a provider of art education the Trustees have significantly increased the level of Designated Bursary Funds with a view to offering at least six bursaries a year for the next five years. Four bursaries were awarded in the academic year 2020/21 and the balance of the unrestricted Bursary Fund is £87,286 (2020 - £94,261) and the restricted Bursary Fund is £27,557 (2020 - £25,037) The Trustees decided in 2016 to replenish the Bursary Fund annually by transferring 6% of surplus income over expenditure before deducting building depreciation to the Bursary Fund with a view to sustaining a healthy and vital fund.

Building Maintenance Fund

The School moved into a new purpose built building at 75 Lots Road in 2008 and a designated School Maintenance Fund has since been created to provide for major upkeep and repairs to the building. The School Building Manager has prepared an estimate of costs for essential major future building costs to plant and equipment and upkeep such as replacing plant and equipment as it becomes obsolete, the current Fund has a value of £255,000, there was no movement on this fund during the year as the school did not require any major expenditure on upkeep or plant and equipment.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

DIRECTORS' AND TRUSTEES' REPORT (Cont'd)

FOR THE YEAR ENDED 31ST AUGUST 2021

New Building Fund

In order to fulfil the School's charitable aims and better to meet increasing demands on art education, the Trustees have considered the scope to extend the capacity of its facilities. Extant plans prepared in 2008 for the building of third floor studios would provide for additional classes. The cost of such extension is considerable and the Trustees would seek sponsors to match funding contributed by the School on an as yet to be defined basis, estimated total costs of a new studio is £3,000,000.

The New Building Fund has a balance of £743,116 (2020 - £743,116)

There is also a restricted fund, The Prize Fund, from which prizes are awarded annually to talented students, the current value of the Prize Fund is £8,048 (2020 - £8,898)

The Charity has adequate cash reserves and the trustees believe that the school can fulfil its day-to-day obligations.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document / Constitution

The Thomas Heatherley Educational Trust Limited is a company limited by guarantee and a registered charity governed by its memorandum and articles of association. The Charity number is 312872 and the Company number is 977615.

Recruitment and appointment of Trustees

As set out in the Articles of Association the chair of the Council of Trustees is nominated by the other trustees. The Directors of the organisation are also the charity trustees for the purposes of charity law.

The Council of Trustees have power to appoint additional Trustees as it considers fit to do so.

The Trustees have no beneficial interest in the company other than as members. The Trustees are also the directors of the company. All of the Trustees are members of the company and guarantee to contribute £1 in event of winding up. The Council has the power to appoint additional Directors.

Trustee induction and training

The Trustees maintain a good working knowledge of charity and company law and best practise by regular reading of charity press articles and scrutiny of Companies House, Charity Commission, other Government and voluntary organisation advisory websites. New Trustees are given copies of the Memorandum and Articles of Association and copies of previous year's minutes and attend an induction session given by an experienced Trustee.

Structure and Management

The object of the Charity is to advance visual art education primarily in the figurative tradition through The Heatherley School of Fine Art. The Company is organised as follows:

- a) The Company is governed by the Council of Trustees, who are elected annually from the membership of the Company. Trustees are elected, re-elected or retire at the Annual General Meeting of the Company. The Council elects a Chair-person from its number. The Council currently has ten members. All new Trustees are provided with relevant documentation on their responsibilities as Trustees.
- b) All members of the Council give their services free of charge.
- c) Persons interested in the promotion of education in the visual arts, with appropriate backgrounds and qualifications, are invited by the Trustees to join the Charity as Company Members.
- d) The Council meets at least three times a year. Financial and management reports are provided at each meeting.
- e) The Charity appoints two executive officers, the Principal of the School and the Bursar who manages the financial affairs of the Charity.
- f) The School is directed by the Principal and an Academic Board.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

DIRECTORS' AND TRUSTEES' REPORT (Cont'd)

FOR THE YEAR ENDED 31ST AUGUST 2021

Organisation

The trustees of the company meet termly as a Board, but have also set up a range of sub-groups i.e. the Development subcommittee, the Site subcommittee and the Articles of Association subcommittee, where the Trustees meet between Board meetings. The Chair and Financial & Investments subcommittee also meet with the Trustees on a regular basis.

It is governed by the Council of Trustees, which sets the overall framework. The Principal is the Chief Executive Officer and the members of the staff team are then delegated full responsibility for implementation within this framework.

The role and contribution of volunteers

During the year no volunteers were used to support the work of the paid staff.

Staff

Heatherley's prides itself on its dedicated and experienced lecturers and tutors, all of whom are actively practising artists, and many of whom have been with the School since the 1970s. In any academic year the number of those teaching will be in the high twenties. The School thus offers them the opportunity to pass on their particular expertise while continuing their own professional practice on a part-time basis.

The Academic Board, responsible for the direction of the School:

Principal: Veronica Ricks MA (RCA)
Director of Studies & Course Director, Diploma in Figurative Sculpture: Tony Mott HDFA(Lond)
Course Director, Diploma in Portraiture: Minna Stevens MA (RCA)
Co-ordinator, Printmaking: Hilary Daltry MA (Rome Scholar)

Related Parties

None of our Trustees receives any remuneration or other benefit from work on behalf of the charity. Any contractual arrangement with a related party needs to be disclosed. In this financial year there was none to disclose.

Pay policy for senior staff

Senior management staff pay is set with reference to market rates for similar roles within similar sized charities in the sector. The pay of the senior staff members are reviewed and approved by the Board.

Risk Policy

The trustees have a risk management strategy which comprises:

- An annual review of the risks the charity may face;
- The establishment of systems and procedures to mitigate those risks identified in the plan; and
- The implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

This work has identified that financial sustainability is the major financial risk for the charity, it is imperative that we sustain our Bursary Fund through fundraising to enable the school to offer bursary assistance to students. Attention has also been focussed on non-financial risks arising from fire, health and safety of students and staff. A key element in the management of financial risk is via a reviewed reserves policy and the retention of sufficient working capital.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

DIRECTORS' AND TRUSTEES' REPORT (Cont/d)

FOR THE YEAR ENDED 31ST AUGUST 2021

REFERENCE AND ADMINISTRATIVE DETAILS

Company Number: 0977615

Charity Number: 312872

Directors / Trustees:

P E Driscoll (Chairman)
R Sharp
J Eagle
D Todd
N Gage
J Murray
W Packer
R Wilson

Secretary: Vistra Trust Company Limited

Senior Staff: Principal: Veronica Ricks MA(RCA)
Director of Studies: Tony Mott HDFA
Course Director, Diploma in Portraiture: Minna Stevens
Co-ordinator, Printmaking: Hilary Daltry MA
A Bursar is appointed and reports to the Trustees.

Registered Office: 75 Lots Road, London SW10 0RN

Independent Auditor: SKS Audit LLP, 3 Sheen Road, Richmond, TW9 1AD

Bankers: Lloyds TSB Plc., 417 North End Road, Fulham, London SW6 1NS

Investment managers: Ruffer, 80 Victoria Street, London SW1E 5JL
Cazenove Capital, 1 London Wall Place, London EC2Y 5AU

Trustees' responsibilities in relation to the financial statements

The Trustees (who are also directors of The Thomas Heatherley Educational Trust Limited for the purposes of company law) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of its income and expenditure for that period.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

DIRECTORS' AND TRUSTEES' REPORT (Cont/d)
FOR THE YEAR ENDED 31ST AUGUST 2021

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

STATEMENT OF DISCLOSURE TO AUDITOR

In accordance with company law, the company's Directors certify that:

- so far as they are aware, there is no relevant audit information of which the company's auditors are unaware; and
- as the Directors of the company, they have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

AUDITORS

A resolution will be proposed at the Annual General Meeting that SKS Audit LLP be appointed as auditors of the Charity for the ensuing year.

APPROVAL

This report was approved by the Board and signed on its behalf by:

P E Driscoll (Chairman)



04 March 2022

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

Opinion

We have audited the financial statements of The Thomas Heatherley Educational Trust Limited for the year ended 31st August 2021, which comprise the Statement of Financial Activities (Summary Income and Expenditure Account), balance sheet, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st August 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 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 directors' 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 [entity]'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 directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The directors' report has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF (Cont/d)

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' 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;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of trustees' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit;

Responsibilities of directors

As explained more fully in the directors' responsibilities statements set out on page 11, the directors 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 directors 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 directors are responsible for assessing the 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 directors either intend to liquidate the 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.

Discussions were held with, and enquiries made of, management and those charged with governance with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the entity.

The following laws and regulations were identified as being of significance to the entity:

- Those laws and regulations considered to have a direct effect on the financial statements include UK financial reporting standards, Company Law, Tax and Pensions legislation, and distributable profits legislation.
- It is considered that there are specific laws and regulations concerning food and health for which non-compliance may be fundamental to the operating aspects of the business.

Informed management has taken appropriate steps to ensure that all parties involved in the operations from point of supply to delivery to the end users are conducted in such a manner that there are no breach of regulations as applicable in this industry. The quality of the products, product integrity, food safety and the involvement of product and service providers are continually being assessed to ensure that they have the protocols in place to deliver a consistently high-quality product every time.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: inquiries of management and those charged with governance as to whether the entity complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims; inspection of relevant legal correspondence; review of board minutes; testing the appropriateness of entries in the nominal ledger, including journal entries; reviewing transactions around the end of the reporting period; and the performance of analytical procedures to identify unexpected movements in account balances which may be indicative of fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF (Cont/d)

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

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.

This report is made solely to the 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

J Foscett

23 March 2022

James Foscett (Senior Statutory Auditor)
for and on behalf of SKS AUDIT LLP
CHARTERED ACCOUNTANTS
STATUTORY AUDITOR

3 SHEEN ROAD
RICHMOND TW9 1AD

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31ST AUGUST 2021

SUMMARY INCOME AND EXPENDITURE ACCOUNT

	Notes	Unrestricted Funds £	Restricted Funds £	2021 £	2020 £
Income					
Donations and legacies	2	75,321	29,970	105,291	148,258
Income from charitable activities	3	682,697	-	682,697	840,843
Income from other trading activities	4	118,735	-	118,735	24,473
Investment income	5	25,699	-	25,699	29,505
Total income		<u>902,452</u>	<u>29,970</u>	<u>932,422</u>	<u>1,043,079</u>
Expenditure					
Cost of raising funds	6	9,754	-	9,754	25,174
Expenditure on charitable activities	6	1,070,034	28,300	1,098,334	1,154,250
Total expenditure		<u>1,079,788</u>	<u>28,300</u>	<u>1,108,088</u>	<u>1,179,424</u>
Net income / (expenditure) & net movements in funds before gains & losses on investments		(177,336)	1,670	(175,666)	(136,345)
Net gains / (losses) on investments	12	111,976	-	111,976	27,422
Net movement in funds		<u>(65,360)</u>	<u>1,670</u>	<u>(63,690)</u>	<u>(108,923)</u>
<i>Reconciliation of funds</i>					
Total funds, brought forward		5,476,733	33,935	5,510,668	5,619,591
Total funds, carried forward		<u>5,411,373</u>	<u>35,605</u>	<u>5,446,978</u>	<u>5,510,668</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the above two financial years.

TOTAL RECOGNISED GAINS AND LOSSES

No other gains and losses were recognised in the year other than those shown above.

The notes on pages 19 to 29 form part of these accounts.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

BALANCE SHEET AS AT 31ST AUGUST 2021

	Notes	2021	2020
		£	£
Fixed assets			
Tangible fixed assets	11	3,661,407	3,763,943
Investments	12	1,053,380	928,509
		<u>4,714,787</u>	<u>4,692,452</u>
Current assets			
Stocks	13	10,352	8,481
Debtors	14	131,087	29,121
Cash at bank and in hand		951,682	911,372
		<u>1,093,121</u>	<u>948,974</u>
Liabilities			
Creditors falling due within one year	15	(360,930)	(130,758)
Net current assets		<u>732,191</u>	<u>818,216</u>
Net assets		<u><u>5,446,978</u></u>	<u><u>5,510,668</u></u>
The funds of the charity			
Unrestricted funds:			
General	16	4,325,971	4,384,356
Designated	16	1,085,402	1,092,377
Restricted funds	16	35,605	33,935
Total charity funds		<u><u>5,446,978</u></u>	<u><u>5,510,668</u></u>

These accounts were approved and authorised for issue by the Board of Directors and Trustees on 4th March 2022 and were signed on its behalf by

..... P E Driscoll (Chairman)

Company Number 00977615

The notes on pages 19 to 29 form part of these accounts.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST AUGUST 2021

	2021 £	2020 £
Net cash generated from / used in operating activities	<u>29,984</u>	<u>(295,774)</u>
Cash flows from Investing activities		
Dividend and interest income	25,699	29,505
Purchase of tangible fixed assets	(2,478)	(1,680)
Purchase of investments	(13,573)	(26,155)
Additions to / withdrawals from cash held within investments	678	9,144
Cash provided by investing activities	<u>10,326</u>	<u>10,814</u>
 Increase in cash & cash equivalents in the year	<u>40,310</u>	<u>(284,960)</u>
 Cash & cash equivalents at the beginning of the year	911,372	1,196,332
Total cash & cash equivalents at the end of the year	<u><u>951,682</u></u>	<u><u>911,372</u></u>

Reconciliation of net movement in funds to net cashflow from operating activities:

	2021 £	2020 £
Net movement in funds	(63,690)	(108,923)
Add back depreciation	105,014	106,147
Deduct dividend and interest income from investments	(25,699)	(29,505)
Deduct gains / add back losses on investment	(111,976)	(27,422)
Deduct gains / add back losses on disposal of fixed assets	-	250
Decrease / (increase) in stock	(1,871)	(439)
Decrease / (increase) in debtors	(101,966)	(5,658)
Increase / (decrease) in creditors	230,172	(230,224)
Net cash generated from / used in operating activities	<u><u>29,984</u></u>	<u><u>(295,774)</u></u>

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2021

1. ACCOUNTING POLICIES

1.1 Basis of preparation of accounts

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) (effective 1 January 2019), The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Thomas Heatherley Educational Trust Limited meets the definition of a public benefit entity under FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the Charity. Monetary amounts in these financial statements are rounded to the nearest £.

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

1.2 Preparation of accounts on a going concern basis

The Charity's Financial Statements show net expenditure of £63,690 for the year and free reserves of £664,564. The trustees are of the view that these results have secured the immediate future of the Charity for the next 12 to 18 months and on this basis the Charity is a going concern.

1.3 Income

Income is recognised when the Charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and amount can be measured reliably.

- (a) Income received by way of donations and legacies are included in full in the Statement of Financial Activities when received, unless they relate to a specified future period, in which case they are deferred.
- (b) Legacies entitlement is taken as the earlier of the date on which either: the charity is aware that the probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Charity that the distribution is made, or when a distribution is received from the estate. No legacies were received during the year.
- (c) Income from charitable activities in the form of school fees are recognised as earned (as the related goods and services are provided) under contract. Fees received in advance of the subsequent education year are recognised as deferred income until the following year.
- (d) Shop income and car parking income is recognised as earned (that is, as the related goods or services are provided).
- (e) Investment income is included when receivable.

1.4 Volunteers and donated services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time is not recognised and refers to the trustees' annual report for more information about their contribution. No such contributions were received during the year.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt. No such donations were received during the year.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2021

1.5 Expenditure recognition and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is classified under the following activity headings:

- (a) Cost of raising funds comprises of the costs of running the shop and other fundraising activities and their associated support costs.
- (b) Expenditure on charitable activities includes the costs directly associated with running an arts school, to further the purposes of the Charity and their associated support costs.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

1.6 Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back-office costs, finance and administration personnel, payroll and governance costs which support the charity's programmes and activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The basis on which support costs have been allocated are set out in note 7.

1.7 Funds structure

Unrestricted funds are available to spend on activities that further any of the purposes of charity.

Designated funds are unrestricted funds of the Charity which the trustees have decided at their discretion to set aside to use for a specific purpose.

Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Charity's work or for specific projects being undertaken by the Charity.

1.8 Tangible fixed assets and depreciation

Tangible fixed assets (excluding investments) are stated at cost less depreciation. The cost of minor additions or those costing less than £500 are not capitalised. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	-	Straight line over fifty years
Fixtures, fittings and equipment	-	25% reducing balance

1.9 Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The Charity does not acquire put options, derivatives or other complex financial instruments.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

The Council has agreed an Investment Policy.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2021

1.10 Realised / unrealised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

1.11 Stock

Stock is included at the lower of cost or net realisable value.

1.12 Cash at bank and in hand

Cash at bank and in hand includes cash and short term cash deposits.

1.13 Creditors and provisions

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

1.14 Financial instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.15 Taxation

The Charity is a registered charity and, therefore, is not liable for Income Tax or Corporation Tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

1.16 Pension

The charity operates a defined contribution pension scheme on behalf of its employees. Contributions are charged to the Statement of Financial Activities in the period in which they are payable. The assets of the scheme are held separately from those of the charity in an independently administered fund.

1.17 Operating leases

The Charity classifies the lease of copier as an operating lease. The rentals are charged to the Statement of Financial Activities on a straight-line basis over the lease duration. No assets are held under hire purchase agreements.

1.18 Judgement and key sources of estimation uncertainty

In the application of the company's accounting policies, the charity is required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2021

2. DONATIONS AND LEGACIES

	Unrestricted Funds £	Restricted Funds £	2021 £	2020 £
The De Lazlo Foundation	-	13,750	13,750	-
Golden Bottle Trust	-	10,000	10,000	10,000
The Michael Marks Charitable Trust	-	-	-	8,950
Napthens - M I Hopwood	-	5,000	5,000	-
Other donations < £1,000	-	1,220	1,220	2,107
HMRC Job Retention Scheme	75,321		75,321	127,201
	<u>75,321</u>	<u>29,970</u>	<u>105,291</u>	<u>148,258</u>

The donations and legacies income in 2020 totalling £127,201 was attributed to unrestricted funds and £21,057 was attributed to restricted funds..

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £	2021 £	2020 £
School fees	682,697	682,697	840,843
	<u>682,697</u>	<u>682,697</u>	<u>840,843</u>

Income from charitable activities in 2020 totalling £840,843 was attributed to unrestricted funds.

4. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted Funds £	2021 £	2020 £
Shop income	12,472	12,472	18,172
Car parking fees	3,427	3,427	3,770
Other income	484	484	2,531
Insurance Claim receipt	102,352	102,352	-
	<u>118,735</u>	<u>118,735</u>	<u>24,473</u>

The other trading income in 2020 totalling £24,473 was attributed to unrestricted funds.

Above insurance claim receipt includes a business interruption claim of £97,125 (2020 - £ Nil) received from Hiscox.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2021

5. INVESTMENT INCOME

	Unrestricted Funds £	2021 £	2020 £
Interest on cash deposits	12,126	12,126	11,211
Dividends	13,573	13,573	18,294
	<u>25,699</u>	<u>25,699</u>	<u>29,505</u>

The investment income in 2020 totalling £29,505 was attributed to unrestricted funds.

6. ANALYSIS OF EXPENDITURE

	Raising Funds £	School £	Outreach £	2021 £	2020 £
Staff costs	-	498,945	-	498,945	544,629
Bursaries and prizes	-	35,275	-	35,275	77,022
Other direct costs	-	41,600	-	41,600	27,142
Premises and equipment costs	-	187,688	-	187,688	128,554
Depreciation	-	94,513	-	94,513	95,533
Advertising, promotion and prospectus	-	19,395	-	19,395	21,801
Shop purchases	8,950	-	-	8,950	14,191
Fundraising costs	126	-	-	126	9,700
Investment management costs	678	-	-	678	1,283
Support costs (Note 7)	-	209,587	-	209,587	247,696
Governance costs (Note 7)	-	11,331	-	11,331	11,874
	<u>9,754</u>	<u>1,098,334</u>	<u>-</u>	<u>1,108,088</u>	<u>1,179,424</u>

Of the £1,108,088 expenditure in 2021 (2020 - £1,179,424), £1,004,467 was charged to unrestricted funds (2020 - £1,014,869) and £103,621 to restricted funds (2020 - £164,555).

7. ANALYSIS OF SUPPORT AND GOVERNANCE COSTS

The Charity initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Governance costs and other support costs are apportioned separately between charity's key activities undertaken (see note 6) in the year. All the general support and governance costs have been apportioned to the various charitable activities on the basis of staff time allocated to each activity.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2021

	General support	Governance function	2021	2020
	£	£	£	£
Finance and administration staff costs	115,220	-	115,220	164,844
Management staff	-	3,818	3,818	3,833
Premises costs	20,854	-	20,854	14,284
Depreciation	10,501	-	10,501	10,615
Communication costs	9,127	-	9,127	10,147
Information technology	13,844	-	13,844	9,557
Insurance	10,474	-	10,474	10,670
Bank charges	10,493	-	10,493	10,189
Legal and professional costs	16,572	913	17,485	14,972
Bad debts	-	-	-	-
Sundry costs	2,502	-	2,502	3,860
Audit fees	-	6,600	6,600	6,600
	<u>209,587</u>	<u>11,331</u>	<u>220,918</u>	<u>259,570</u>

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2021

8. NET INCOME/(EXPENDITURE) FOR THE YEAR

This is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets	105,014	106,147
Operating lease – copier	3,982	3,934
Auditors' remuneration – audit of financial statements	<u>6,600</u>	<u>6,600</u>

9. ANALYSIS OF STAFF COSTS, TRUSTEES REMUNERATION AND EXPENSES, AND COST OF KEY MANAGEMENT PERSONNEL

STAFF COSTS

	2021 £	2020 £
Salaries	626,165	676,052
National Insurance	32,347	40,751
Pension	7,699	9,677
	<u>666,212</u>	<u>726,480</u>

No employee received remuneration in excess of £60,000 during the year.

No Trustee received any remuneration during the year (2020 - £nil). No Trustees received reimbursed expenses during the year (2020 - £nil).

The key management personnel of the charity comprise the Principal, Director of Studies, Course Director (Diploma in Portraiture) and Co-ordinator (Printmaking). The total employee benefits of the key management personnel of the charity were £78,133 (2020 - £78,424).

10. STAFF NUMBERS

The average monthly number of staff employed, calculated as full time equivalent, during the year was as follows:

	2021	2020
Management	1.5	1.5
Direct staff	16.5	17.5
Administrative and support	5.5	5.5
	<u>23.5</u>	<u>24.5</u>

The average number monthly employees during the year was 64 (2020 - 60).

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2021

11. TANGIBLE FIXED ASSETS

	Freehold interest in land and buildings £	Fixtures, fittings and equipment £	Total £
Cost:			
As at 1 September 2020	4,956,822	99,380	5,056,202
Additions	-	2,478	2,478
Disposals	-	-	-
As at 31 August 2021	<u>4,956,822</u>	<u>101,858</u>	<u>5,058,680</u>
Depreciation:			
As at 1 September 2020	1,213,913	78,346	1,292,259
Disposals	-	-	-
Charge for the year	99,136	5,878	105,014
As at 31 August 2021	<u>1,313,049</u>	<u>84,224</u>	<u>1,397,273</u>
Net book value:			
As at 1 September 2020	<u>3,742,909</u>	<u>21,034</u>	<u>3,763,943</u>
As at 31 August 2021	<u>3,643,773</u>	<u>17,634</u>	<u>3,661,407</u>

The land at Christiania Wharf was gifted from The Royal Borough of Kensington and Chelsea and has been valued at £nil in the Financial Statements, due to a permanent restrictive covenant against anything other than art educational use, which was imposed upon the transfer of the land.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2021

12. INVESTMENTS

	2021 £	2020 £
Quoted investments		
Market value, brought forward	925,025	871,448
Additions	13,573	26,155
Unrealised gain / (loss)	111,976	27,422
Market value, carried forward	<u>1,050,574</u>	<u>925,025</u>
Cash held as part of portfolio	2,806	3,484
Total investments	<u>1,053,380</u>	<u>928,509</u>
Historic cost	<u>866,691</u>	<u>853,118</u>

Market value analysed by type of investments:

	2021 £	2020 £
UK Equities	102,830	92,569
UK bonds	188,038	174,767
Foreign equities	312,129	263,743
Foreign bonds	202,521	171,099
Gold and gold equities	72,551	64,217
Illiquid strategies and options	79,000	69,925
Multi-asset funds	4,069	7,120
Hedge funds	3,598	-
Property	15,597	14,584
Commodities	10,238	12,346
Other	8,750	9,289
Cash held within the investment portfolio	54,059	48,850
Market value as at 31 August 2021	<u>1,053,380</u>	<u>928,509</u>

13. STOCK

	2021 £	2020 £
Shop stock	10,352	8,481
	<u>10,352</u>	<u>8,481</u>

14. DEBTORS

	2021 £	2020 £
Trade debtors	11,551	14,637
Other debtors	112,494	-
Prepayments and accrued income	7,042	14,484
	<u>131,087</u>	<u>29,121</u>

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2021

15. CREDITORS: amounts falling due within one year

	2020 £	2019 £
Trade creditors	15,793	25,608
Taxation and social security	5,663	7,017
Deferred income (note 18)	268,686	88,757
Other creditors	2,154	2,495
Accruals	68,634	6,881
	<u>360,930</u>	<u>130,758</u>

16. MOVEMENT IN FUNDS

	Balance at 01.09.20 £	Income £	Expenditure £	Gains/ (losses) £	Transfers £	Balance at 31.08.21 £
Restricted funds:						
Prizes Fund	8,898	600	1,450	-	-	8,048
Bursary Fund	25,037	29,370	26,850	-	-	27,557
	<u>33,935</u>	<u>29,970</u>	<u>28,300</u>	<u>-</u>	<u>-</u>	<u>35,605</u>
Unrestricted funds:						
Designated funds						
Bursary Fund	94,261	-	6,975	-	-	87,286
Building Maintenance Fund	255,000	-	-	-	-	255,000
New Building Fund	743,116	-	-	-	-	743,116
	<u>1,092,377</u>	<u>-</u>	<u>6,975</u>	<u>-</u>	<u>-</u>	<u>1,085,402</u>
General funds	4,384,356	902,452	1,072,813	111,976	-	4,325,970
Total Unrestricted Funds	<u>5,476,733</u>	<u>902,452</u>	<u>1,079,788</u>	<u>111,976</u>	<u>-</u>	<u>5,411,372</u>
Total funds	<u>5,510,668</u>	<u>932,422</u>	<u>1,108,088</u>	<u>111,976</u>	<u>-</u>	<u>5,446,970</u>
Movement in funds – previous year						
	at 01.09.19 £	Income £	Expenditure £	(losses) £	Transfers £	at 31.08.20 £
Restricted funds:						
Prizes Fund	8,298	600	-	-	-	8,898
Bursary Fund	41,934	20,457	37,354	-	-	25,037
	<u>50,232</u>	<u>21,057</u>	<u>37,354</u>	<u>-</u>	<u>-</u>	<u>33,935</u>
Unrestricted funds:						
Designated funds						
Bursary Fund	133,929	-	39,668	-	-	94,261
Building Maintenance Fund	255,000	-	-	-	-	255,000
New Building Fund	743,116	-	-	-	-	743,116
	<u>1,132,045</u>	<u>-</u>	<u>39,668</u>	<u>-</u>	<u>-</u>	<u>1,092,377</u>
General funds	4,437,314	1,022,022	1,102,402	27,422	-	4,384,356
Total Unrestricted Funds	<u>5,569,359</u>	<u>1,022,022</u>	<u>1,142,070</u>	<u>27,422</u>	<u>-</u>	<u>5,476,733</u>
Total funds	<u>5,619,591</u>	<u>1,043,079</u>	<u>1,179,424</u>	<u>27,422</u>	<u>-</u>	<u>5,510,668</u>

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2021

16. MOVEMENT IN FUNDS (Continued)

Description, nature and purpose of restricted funds:

Prize Fund: Funds received to provide prizes.

Bursary Fund: Funds received to provide prizes.

Description, nature and purpose of unrestricted funds:

General funds:

General fund represents funds available to spend at the discretion of the Trustees after allowing for all the designated funds.

Purposes of Designated Funds:

Bursary Fund This fund was initially set up to assist with the provision of at least two bursaries per year to talented students who would otherwise be unable to afford to attend the Diploma Courses; due to an increase in demand for bursary assistance and to enable us to fulfil our charitable role as a provider of art education it is appropriate to significantly increase the level of Designated Bursary Funds with a view to offering at least six bursaries a year for the next five years. Trustees and staff are currently seeking major funding from potential sponsors to enable such increases to be maintained.

Building Maintenance Fund: The School moved into a new purpose built building at 75 Lots Road in 2008 and the Trustees have decided to create a designated School Maintenance Fund to provide for major upkeep and repairs to the building. The School Building Manager has prepared an estimate of costs for essential major future building costs to plant and equipment and upkeep such as replacing plant and equipment as it becomes obsolete.

New Building Fund: In order to fulfil the School's charitable aims and better to meet increasing demands on art education, the Trustees have considered the scope to extend the capacity of its facilities. Extant plans prepared in 2008 for the building of a third floor studio would provide for additional classes. The cost of such extension is considerable and the Trustees would seek sponsors to match funding contributed by the School on an as yet to be defined basis. The estimated total costs of proposed new studios are £3,000,000.

17. ANALYSIS OF FUND BALANCES BETWEEN NET ASSETS

	General £	Designated £	Restricted £	Total £
Tangible fixed assets	3,661,407	-	-	3,661,407
Investments	-	1,053,380	-	1,053,380
Net current assets	664,564	32,022	35,605	732,191
	<u>4,325,971</u>	<u>1,085,402</u>	<u>35,605</u>	<u>5,446,978</u>
Analysis of fund balances between net assets – previous year				
	General £	Designated £	Restricted £	Total £
Tangible fixed assets	3,763,943	-	-	3,763,943
Investments	-	928,509	-	928,509
Net current assets	620,413	163,868	33,935	818,216
	<u>4,384,356</u>	<u>1,092,377</u>	<u>33,935</u>	<u>5,510,668</u>

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2021

18. DEFERRED INCOME

	2021 £	2020 £
Balance as at 1st September	88,757	314,928
Amount released to income in the year	(88,757)	(314,928)
Amount deferred in the year	268,686	88,757
Balance as at 31st August	<u>268,686</u>	<u>88,757</u>

Deferred income represents fee income for 2021/22 received in advance.

19. OPERATING LEASE COMMITMENTS

The charity has operating lease commitments as shown below.

	Equipment 2021 £	2020 £
Under one year	3,934	3,934
Two to five years	7,869	11,803
	<u>11,803</u>	<u>15,737</u>

20. PENSION

The pension cost charge represents contributions payable by the charity to the fund and amounted to £7,699 (2020 - £9,677). Contributions totalling £1,321 (2020 - £1,209) were payable to the fund at the year end and are included in creditors.

21. SHARE CAPITAL

The company is limited by guarantee and does not have a share capital divided by shares.

22. MEMBERS' LIABILITY

The company is limited by guarantee and the members each undertake to contribute an amount not exceeding £1.

23. RELATED PARTY TRANSACTIONS

Details of transactions with trustees and senior management are in note 9.

Accounts

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

DIRECTORS' AND TRUSTEES' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2020

Company No: 00977615
Charity No: 312872

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

REPORT AND ACCOUNTS

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THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

DIRECTORS' AND TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2020

The trustees are pleased to present their annual directors' report together with the financial statements of the charity for the year ended 31st August 2020, which are also prepared to meet the requirements for a directors' report and Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statements 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) (effective 1 January 2019).

OUR PURPOSE AND ACTIVITIES

The enduring objective of the Charity is to offer a public benefit through the provision of education in the visual arts at the Heatherley School of Fine Art.

The Charity was founded in 1969 and incorporated in 1970. It has had control of The Heatherley School of Fine Art since 1974, which is one of the oldest, and now one of the few remaining fully independent Art Schools in England.

Its primary objective, to paraphrase its Memorandum of Association (22.2.77), is to advance education in the visual arts, by the teaching of drawing, painting, sculpture, design, print-making and associated visual arts and crafts.

From the earliest days of the founding of the school in 1845, our teaching has been centred on a strong belief in the value to the artist of learning how to see. We provide a thorough grounding in methods of working from direct observation basing early study on the primary source of the human figure, portrait and natural objects. Students of Painting, Drawing, Sculpture, Ceramics and Printmaking explore the context of ideas within which they will build a personal language and develop the technical skills they require.

The pattern of study offered by Heatherleys has all but disappeared from mainstream colleges in the State Sector. We offer a portfolio of full and part time courses in direct response to the clear public demand for constructive and supportive teaching in the skills and disciplines of Fine Art. Full time Diploma Courses are offered for those who wish to develop a career or to enrich their practice. Part time courses are structured to introduce and develop the skills and interests of students who may construct their own menu from over 30 courses. Experienced tutors are all artist practitioners and many are graduates of the Royal College of Art or The Slade. We offer a creative learning environment to our student community whatever their age, background or range of ability.

The School has expanded considerably in recent years, but its operating surplus is not substantial. It looks, therefore, to interest on its capital reserves to subsidise bursaries and free places as particular needs arise. Funds have been set aside for this purpose. The Charity is looking actively towards raising further funds specifically to extend this programme.

Achievement and activities

The mission of the school is to promote academic excellence and an education in the Fine Arts for all.

-Students

Heatherleys offers full and part time courses in Fine Art to students with a variety of needs. Every year students are supported so that they may be qualified to apply for courses in further and higher education for which they would not otherwise have been eligible. The charity has helped a number of students to rediscover an earlier unfulfilled career in art and design, or to take initial steps into a new field after another career. These students are of a wide age range, background and ethnic diversity.

In an era of fluctuating and unsettled employment prospects, Heatherleys attracts a number of mature students who are drawn to our vocational courses as a means of developing or changing career pathways. Our Diploma Courses are structured so that they equip students with the skills necessary for professional practice. This to a degree that is not normally found in mainstream art schools these days. Graduates of the school are enabled to establish themselves as exhibiting artists in painting, sculpture and printmaking, a direction many choose to take each year.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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DIRECTORS' AND TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2020

Younger students may seek further qualifications on completion of a Diploma course at Heatherleys, for instance by continuing their studies on BA degree courses in Fine Art. Their high calibre has been regularly marked by the regular acceptance of our graduates on Master of Arts degree courses. They gain employment in a variety of arts related areas including exhibitions preparation and curation, educational programmes, technical production, arts promotion and making scenery and props for theatrical companies such as at the Royal Opera House, London.

Education

The Heatherley School of Fine Art has Accredited status. This was renewed for the second time in 2017 by the British Accreditation Council and is valid for four years. The school received an interim inspection in September 2019 in which we were successful and BAC reported that we continue to fulfill their criteria fully and in all categories. Accreditation underlines academic excellence to internationally accepted standards and promotes student confidence in our independent institution. The Council demands that our building and facilities meet the highest standards of Health and Safety, that we subject our courses to continuous review and, by means of a system of staff appraisals and class observations, that we ensure our teaching staff are of the highest quality so that we are able to fulfill student expectations.

Accessibility

We are committed to making our Diploma and Part time courses accessible to a diverse student demographic.

We are noted for the strong sense of friendly community which is fostered within the school, promotes a constructive approach to learning and is an important support to students when they leave.

We encourage and respect the participation in our courses of all adult age groups from any background, whether they are preparing for professional practice as artists or exploring and developing their creativity on a part time basis.

Financial Support

Each year we offer financial support to a number of students who are talented but financially disadvantaged (often younger ones) so that they may benefit from the figurative art education which is provided by Heatherleys. We have set aside funds to provide Bursary assistance which is awarded each year for this purpose.

The John Walton Student Support Fund is available to help Diploma students already in receipt of a Bursary but who find themselves in unforeseen difficulties. For instance they may apply for help with travel or with living expenses so that they are able to continue with their studies.

We have the enthusiastic support of Patrons and our Board of Trustees who are working to increase the level of support we can offer financially disadvantaged students so that they may benefit from a place on one of our Diploma courses. With their help in approaching donors, charitable trusts and foundations, we have been able to attract sponsorship for students who could not otherwise afford our fees.

Heatherleys offers an 'Over 60's' concession for part time students so that they may attend our flexible Open Studio sessions.

Student welfare

We are aware that the school has an important therapeutic function for some of our students. Although highly creative, they may be challenged by difficulties which are temporary or permanent and range from depression or bereavement to autism or include physical problems such as mobility or hearing loss. Our building is purpose designed and equipped so that studios are fully accessible for those with physical disabilities. Unsupported, these issues may interfere with the demands of an academic education and could lead to the abandonment of a course.

As a smaller scale academic community, we are able to help those who might otherwise have struggled to learn in a larger, more impersonal university setting. They have been able to achieve their potential at Heatherleys, enhance the quality of their lives and develop careers in a broad range of arts related activities. Heatherley's has developed and advertises our firm policy of inclusion for disadvantaged students and underrepresented minority groups. We welcome a diverse range of students who, although faced with physical or mental health difficulties or challenged by issues concerning identity can fully enjoy and benefit from our teaching.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

DIRECTORS' AND TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2020

In 2019/20 we continued our support for students whose learning was disadvantaged due to physical disability or issues of mental health or identity.

- Our Student Support Officer worked with class tutors in order to identify and include students who required individual support. She was able to guide tutors to an understanding of the particular challenges an individual student might face so that they would be better equipped to help them with their learning. She was a personal connection for students, offering direct practical assistance and emotional support on a range of levels so that they could achieve their potential by completing courses which they might not otherwise have been able to sustain.
- We communicate our commitment to support those who need it by means of school policies (for instance, Equal Opportunities, Safeguarding and Learning Support) which are regularly reviewed, published on our website and available at information points within the school.
- We organised an evening of film and discussion centred on the theme of identity and of special relevance to the LGBTQI+ community. We were nominated for a Rainbow Honours Award for the best marketing campaign/organisation of the year.

Outreach

We actively seek opportunities to benefit the public and have developed a series of rewarding partnerships between Heatherley's and our local community, including nearby schools and hospitals. These partnerships are a powerful way to promote community spirit and social cohesiveness.

Our partnerships with local schools enabled us to encourage the creativity and confidence of young people in a variety of initiatives.

- Pupils of Chelsea Academy School attended regular sculpture and printmaking sessions in our specialist studios. We are informed by the school that the inclusion of this work in a student's portfolio makes a real difference to the success of applications for arts university places.
- We hosted a young person who was learning to be in the workplace during national Work Experience Week.

Members of the public were invited to a range of events at Heatherleys.

- Our programme of regular talks and lectures, which are open and free to the public are an established link between the school and local residents. They offer an opportunity to hear about the professional practice of contemporary artists of national and international reputation and present an exciting forum for the exchange of ideas. Members of the public are invited to participate in lively discussion alongside our own students.
- When Lockdown restrictions were announced in March, a programme of live talks and recorded lectures was made available online to our students and to the public.
- We invited our local community to view exhibitions in our school gallery. Exhibitions mounted by the school are varied and include student coursework, staff exhibitions and painting and sculpture shown by visiting professional artists. Our annual Diploma Student's Graduation Exhibition attracts much outside interest and a footfall of over 900 visitors. We were delighted to be able to share and celebrate the achievements of our students with the general public.
- When Lockdown restrictions were announced we created the Heatherley's Lockdown Gallery as an opportunity for our students to continue to share images of their artwork with the public and each other.

We offered practical support to national and local charitable arts societies who share our aims.

- We actively support some of Britain's major Arts Societies including the Royal Watercolour Society, the Royal Institute of Painters in Watercolour, the Pastels Society and the New English Art Club. During weekends and school holidays we offered, free of charge, the use of spare studio space, technical facilities and assistance enabling fellow arts charities who share our aims, to hold their own specialist programmes of instruction for the public in painting, drawing and sculpture. We hosted Masterclass sessions for the Society of Portrait Sculptors providing them with studio facilities for no charge. We offered a studio to the Chelsea Arts Club to hold weekly life drawing classes for local artists.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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DIRECTORS' AND TRUSTEES' REPORT (Cont'd)

FOR THE YEAR ENDED 31ST AUGUST 2020

We offered prizes in order to acknowledge achievement and to encourage aspiring and emerging artists attempting to develop a career in the Fine Arts.

- The Royal Society of Watercolour artists offered a prize of studio tuition for a young watercolourist on our behalf, the Society of Portrait Sculptors offered our cash prize for Portrait Sculpture, the Society of Painter Printmakers and our local Chelsea Arts Society awarded our prizes of cash or studio tuition at their annual exhibitions.

Selected Student and Alumni achievements in 2019/20

- Painting students, Christina Dibbs and Suzanne Celements, were accepted for Masters degree courses at City and Guilds School of Art, London.
- Ania Assad was accepted for a Master's of Arts degree in Sculpture at the Royal College of Art, London
- Eugenia Slyusarenka was accepted for a Master of Arts course in Printmaking at the Royal College of Art, London.
- Portrait Diploma alumna, Paulina Pluta exhibited her paintings and drawings in the Gallery at Heatherley's Oct. 2019
- Printmaking students, Sophie Balhetchet and Helen Adie, showed their 'Works on Paper' in the Gallery at Heatherley's. Nov. 2019
- Sculpture Diploma alumna, Sarah Burton, curated an exhibition at The Bankside Gallery, London, showing her sculpture alongside paintings by Heatherley's alumna Bernadette Timko. Dec. 2019
- Portrait Diploma alumnus, Jonathan Farningham, was selected to show his self portrait in the Scottish Arts Awards touring exhibition. Dec 2019
- Portrait Diploma Graduate, Andrew Eadington, was selected for the prestigious FBA Futures 2020 graduates exhibition at the Mall Galleries. Jan 2020
- Portrait Diploma Graduate, Natalia Glinier was selected to show paintings at the exhibition of the Royal Society of British Artists. Feb 2020.
- Rebecca Ashgar was selected to take part in the Sky Portrait Artist of the Year programme.
- Heatherley's Printmaking students were invited by Escola Trac, Barcelona to exhibit their woodcuts, lithography and engravings alongside prints produced by Trac students in a joint Exhibition, 'Shared Spaces', at Centre D'expressió Plàstica in Barcelona, Spain. Feb 2020
- A number of students exhibited images of their artwork completed at home during Lockdown, at Heatherley's 'Lockdown Gallery' on our website. From March 2020.

The Pandemic

Due to the global Coronavirus pandemic and consequent government restrictions in Spring 2020, and in common with schools and universities throughout Britain, Heatherley's experienced important changes to our educational programme. National Lockdown in March resulted in school closure which extended to the end of the Summer Term. This had serious financial implications as enrolments for part time and vacation courses were deferred or cancelled. Full time Diploma Courses migrated Online and Course Directors devised a programme of projects, online tutorials support and contextual study enabling students to work at home. Additional studio time provided with strict safety precautions during the summer vacation meant that most full time students were able to complete their Diploma courses and graduate.

Outreach partnerships, school exhibitions and public lectures and talks which would normally engage our local community were inevitably curtailed.

GDPR

We implement the requirements of the Data Protection Act (May 2018) ensuring that the confidential data we collect is safeguarded and secure. We communicate the ways we use, protect and store data, publicising our legally approved Data Protection Policy by means of Heatherley's website

Public benefit statement

In shaping our objectives for the year and planning our activities, the trustees have considered the Charity Commission's guidance on public benefit, including the guidance 'public benefit: running a charity (PD2). The achievements and activities above demonstrate the public benefit arising through the Charity's activities.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

DIRECTORS' AND TRUSTEES' REPORT (Cont/d)

FOR THE YEAR ENDED 31ST AUGUST 2020

FINANCIAL REVIEW

The Accounts show a deficit for the year ended 31st August 2020 of £108,923 (2019 – surplus £46,043), this is after including a depreciation charge on the school building at 75 Lots Road of £99,136. The financial position at the year end revealed by the Balance Sheet on page 16 shows net current assets or working capital of £818,216 (2019 – £866,855). The net book value of tangible fixed assets held, all of which are used directly for charitable purposes, amounted to £3,763,943 (2019 – £3,868,660). The market value of investments were £928,509 (2019 - £884,076).

We are an independent college, solely reliant upon student fees to finance our operations and any surplus income is invested to provide a return that will replenish our bursary fund which enables students to benefit from receiving a Fine Art education they otherwise may not have had an opportunity to study.

Principal Funding Sources

Principal funding sources are donations and income from student fees.

Investment powers and policy

Under the Memorandum and Articles of Association, the charity has the power to make any investment which the trustees see fit. The trustees have considered the most appropriate policy for investing funds and have determined that a mix of investments to generate income combined with cash deposits to ensure that we can meet our requirements.

The trustees have determined to maintain the most appropriate policy for investing funds is to:

- a) invest with Ruffer LLP, Cazenove and maintain some funds on deposit with Charities Aid Foundation (CAF) in conjunction with Scottish Widows Plc.
- b) ensure sufficient funds are held in deposit and current accounts to provide for working capital requirements.

Reserves policy

The Trustees have established a policy whereby the reserves of the charity are maintained at a level to enable the continued operation of its activities. It is the policy of the Trustees to maintain free reserves at a level equivalent to at least six months running costs to enable the Charity to meet its obligations in the short term together with funds to cover any unforeseen deficits or revenue shortfalls.

In setting this policy the Council of Trustees takes account of the following factors:

- 1 Staff contracts: maximum period of notice for staff contracts is three months. The school has long-serving staff and this affects the maximum amount of statutory redundancy payable.
- 2 Commitments: The school has contracts with maintenance companies to ensure the safe use and maintenance of lifts, equipment and the upkeep of the school.

Six months running costs are calculated on the basis of projected expenditure, with no allowance made for projected income. The current reserves amount fixed by The Thomas Heatherley Education Trust Ltd is £458,041. The unrestricted funds not designated or invested in tangible fixed assets held by the charity are £620,413 (2019 - £568,654). The charity is holding more than the fixed amount of reserves because of current uncertainty.

As at the year end accounts showed reserves of £5,510,668 (2019 - £5,619,591), of which £33,935 (2019 - £50,232) was restricted. In addition, the Trustees have set aside designated funds totalling £1,092,377 (2019 - £1,132,045) for three specific purposes: a designated bursary fund, a designated building maintenance fund and a designated new building fund.

Bursary Fund

This fund was initially set up to assist with the provision of at least two bursaries per year to gifted students who would otherwise be unable to afford to attend the Diploma Course; due to an increase in demand for bursary assistance and to enable us to fulfil our charitable role as a provider of art education the Trustees have significantly increased the level of Designated Bursary Funds with a view to offering at least six bursaries a year for the next five years. Eight bursaries were awarded in the academic year 2019/2020 and the balance of the Bursary Fund is £94,261 (2019 - £133,929).

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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DIRECTORS' AND TRUSTEES' REPORT (Cont/d)

FOR THE YEAR ENDED 31ST AUGUST 2020

The Trustees decided in 2016 to replenish the Bursary Fund annually by transferring 6% of surplus income over expenditure before deducting building depreciation to the Bursary Fund with a view to sustaining a healthy and vital fund.

Building Maintenance Fund

The School moved into a new purpose build building at 75 Lots Road in 2008 and a designated School Maintenance Fund has since been created to provide for major upkeep and repairs to the building. The School Building Manager has prepared an estimate of costs for essential major future building costs to plant and equipment and upkeep such as replacing plant and equipment as it becomes obsolete, the current Fund has a value of £255,000, there was no movement on this fund during the year as the school did not require any major expenditure on upkeep or plant and equipment.

New Building Fund

In order to fulfil the School's charitable aims and better to meet increasing demands on art education, the Trustees have considered the scope to extend the capacity of its facilities. Plans were costed in 2008 for the building of an extra studio which would provide for additional classes. The cost of such an extension is considerable and the Trustees would seek sponsors to match funding contributed by the School on an as yet to be defined basis, estimated total cost of a new studio is £3,000,000.

The New Building Fund has a balance of £743,116 (2019 - £743,116).

There is also a restricted fund, The Prize Fund, from which prizes are awarded annually to talented students, the current value of the Prize Fund is £8,898 (2019 - £8,298).

The Charity has adequate cash reserves and the trustees believe that the school can fulfil its day-to-day obligations.

FUTURE ACTIVITIES

We are determined to enhance the quality of our courses and to respond to the growing demand from the public for an education in the Fine Arts based on fundamental skills and technical disciplines.

In 2020/21 We will monitor and maintain the high academic quality of our educational provision whilst taking into account important changes in the educational, social and financial sphere due to the current global pandemic. For instance we will:

- Implement a targeted market research and feedback programme so that we are able to assess and respond to changes in student requirements, for instance, to the increased demand for distance learning.
- expand our programme of staff appraisals, class observations and student feedback opportunities so that we maintain our reputation for high standards of educational excellence.
- formally review and update Strategic Planning targets for education, communication, accessibility and financial security, so that we can plan for the future in the light of unprecedented circumstances currently experienced in education due to the Pandemic.
- develop a stimulating and academically challenging programme of online courses and tutorials to maintain learning opportunities and a sense of community for students who are unable to attend our studios because of health or Covid restrictions or because they live at a distance.
- improve the financial accessibility of our courses for full and part time students by progressing the plans of the Thomas Heatherley Educational Trust to increase bursary funding available to the school. We will continue make formal applications for sponsorship to Trusts, Foundations and other potential donors so that talented but financially disadvantaged students can benefit from a figurative based art education.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

DIRECTORS' AND TRUSTEES' REPORT (Cont'd)

FOR THE YEAR ENDED 31ST AUGUST 2020

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document / Constitution

The Thomas Heatherley Educational Trust Limited is a company limited by guarantee and a registered charity governed by its memorandum and articles of association. The Charity number is 312872 and the Company number is 977615.

Recruitment and appointment of Trustees

As set out in the Articles of Association the chair of the Council of Trustees is nominated by the other trustees. The Directors of the organisation are also the charity trustees for the purposes of charity law.

The Council of Trustees have power to appoint additional Trustees as it considers fit to do so.

The Trustees have no beneficial interest in the company other than as members. The Trustees are also the directors of the company. All of the Trustees are members of the company and guarantee to contribute £1 in event of winding up. The Council has the power to appoint additional Directors.

Trustee induction and training

The Trustees maintain a good working knowledge of charity and company law and best practise by regular reading of charity press articles and scrutiny of Companies House, Charity Commission, other Government and voluntary organisation advisory websites. New Trustees are given copies of the Memorandum and Articles of Association and copies of previous year's minutes and attend an induction session given by an experienced Trustee.

Structure and Management

The object of the Charity is to advance visual art education primarily in the figurative tradition through The Heatherley School of Fine Art. The Company is organised as follows:

- a) The Company is governed by the Council of Trustees, who are elected annually from the membership of the Company. Trustees are elected, re-elected or retire at the Annual General Meeting of the Company. The Council elects a Chair-person from its number. The Council currently has nine members. All new Trustees are provided with relevant documentation on their responsibilities as Trustees.
- b) All members of the Council give their services free of charge.
- c) Persons interested in the promotion of education in the visual arts, with appropriate backgrounds and qualifications, are invited by the Trustees to join the Charity as Company Members.
- d) The Council meets at least three times a year. Financial and management reports are provided at each meeting.
- e) The Charity appoints two executive officers, the Principal of the School and the Bursar who manages the financial affairs of the Charity.
- f) The School is directed by the Principal and an Academic Board.

Organisation

The trustees of the company meet termly as a Board, but have also set up a range of sub-groups i.e. the Development subcommittee, the Site subcommittee and the Articles of Association subcommittee, where the Trustees meet between Board meetings. The Chair and Financial & Investments subcommittee also meet with the Trustees on a regular basis.

It is governed by the Council of Trustees, which sets the overall framework. The Principal is the Chief Executive Officer and the members of the staff team are then delegated full responsibility for implementation within this framework.

The role and contribution of volunteers

During the year no volunteers were used to support the work of the paid staff.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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DIRECTORS' AND TRUSTEES' REPORT (Cont/d)

FOR THE YEAR ENDED 31ST AUGUST 2020

Staff

Heatherley's prides itself on its dedicated and experienced lecturers and tutors, all of whom are actively practising artists, and many of whom have been with the School since the 1970s. In any academic year the number of those teaching will be in the high twenties. The School thus offers them the opportunity to pass on their particular expertise while continuing their own professional practice on a part-time basis.

The Academic Board, responsible for the direction of the School:

Principal: Veronica Ricks MA (RCA)
Director of Studies & Course Director, Diploma in Figurative Sculpture: Tony Mott HDFA (Lond)
Course Director, Diploma in Portraiture: Minna Stevens MA (RCA)
Co-ordinator, Printmaking: Hilary Daltry MA (Rome Scholar)

Related Parties

None of our Trustees receives any remuneration or other benefit from work on behalf of the charity. Any contractual arrangement with a related party needs to be disclosed. In this financial year there was none to disclose.

Pay policy for senior staff

Senior management staff pay is set with reference to market rates for similar roles within similar sized charities in the sector. The pay of the senior staff members are reviewed and approved by the Board.

Risk Policy

The trustees have a risk management strategy which comprises:

- An annual review of the risks the charity may face;
- The establishment of systems and procedures to mitigate those risks identified in the plan; and
- The implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

This work has identified that financial sustainability is the major financial risk for the charity, it is imperative that we sustain our Bursary Fund through fundraising to enable the school to offer bursary assistance to students. Attention has also been focussed on non-financial risks arising from fire, health and safety of students and staff. A key element in the management of financial risk is via a reviewed reserves policy and the retention of sufficient working capital.

REFERENCE AND ADMINISTRATIVE DETAILS

Company Number: 0977615

Charity Number: 312872

Directors / Trustees: Col. D B Waddell – Chair – Resigned 27/08/2020
R Sharp
S G B Bartley – Resigned 27/08/2020
R Hazlewood – Resigned 27/08/2020
A Thompson – Resigned 27/08/2020
J Gordon Clark – Resigned 27/08/2020
S Balhetchet – Resigned 27/08/2020
R Wilson
D Todd OBE – Acting Chair
N Gage - Appointed 27/08/2020
W J Packer - Appointed 27/08/2020
S Engledow - Appointed 27/08/2020
J W Eagle – Appointed 27/08/2020
J Murray - Appointed 27/08/2020
P E Driscoll – Appointed 27/08/2020

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

DIRECTORS' AND TRUSTEES' REPORT (Cont'd)

FOR THE YEAR ENDED 31ST AUGUST 2020

Secretary: Jordan Company Secretaries Limited

Senior Staff: Principal: Veronica Ricks MA (RCA)
Director of Studies: Tony Mott HDFA
Course Director, Diploma in Portraiture: Minna Stevens
Co-ordinator, Printmaking: Hilary Daltry MA
A Bursar is appointed and reports to the Trustees.

Registered Office: 75 Lots Road, London SW10 0RN

Independent Auditor: Ramon Lee Audit LLP, 93 Tabernacle Street, London EC2A 4BA

Bankers: Lloyds TSB Plc., 417 North End Road, Fulham, London SW6 1NS

Investment managers: Ruffer, 80 Victoria Street, London SW1E 5JL
Cazenove Capital, 1 London Wall Place, London EC2Y 5AU

Trustees' responsibilities in relation to the financial statements

The Trustees (who are also directors of The Thomas Heatherley Educational Trust Limited for the purposes of company law) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of its income and expenditure for that period.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

STATEMENT OF DISCLOSURE TO AUDITOR

In accordance with company law, the company's Directors certify that:

- so far as they are aware, there is no relevant audit information of which the company's auditors are unaware; and
- as the Directors of the company they have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

DIRECTORS' AND TRUSTEES' REPORT (Cont/d)

FOR THE YEAR ENDED 31ST AUGUST 2020

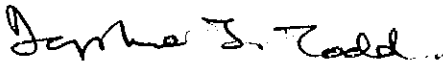
AUDITORS

A resolution was proposed and agreed at the Annual General Meeting that Ramon Lee Audit LLP be re-appointed as auditors of the Charity for the ensuing year.

The report of the directors has been prepared taking advantage of the small companies' exemption of section 415A of the Companies Act 2006.

APPROVAL

This report was approved by the Board and signed on its behalf by:



D Todd OBE (Acting Chair)

23rd February 2021

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF
THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

Opinion

We have audited the financial statements of The Thomas Heatherley Educational Trust Limited for the year ended 31st August 2020, which comprise the Statement of Financial Activities (Summary Income and Expenditure Account), balance sheet, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st August 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The directors' report has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF (Cont/d)

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' 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;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of trustees' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit;
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Directors' and Trustees' Report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statements set out on page 11, the directors 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 directors 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 directors are responsible for assessing the 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

This report is made solely to the 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



DAVID TERRY (Senior Statutory Auditor)
for and on behalf of **RAMON LEE AUDIT LLP**
CHARTERED ACCOUNTANTS
STATUTORY AUDITOR

93 TABERNACLE STREET
LONDON EC2A 4BA

23RD FEBRUARY 2021

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31ST AUGUST 2020

SUMMARY INCOME AND EXPENDITURE ACCOUNT

	Notes	Unrestricted Funds £	Restricted Funds £	2020 £	2019 £
Income					
Donations and legacies	2	-	148,258	148,258	42,934
Income from charitable activities	3	840,843	-	840,843	1,151,756
Income from other trading activities	4	24,473	-	24,473	39,464
Investment income	5	29,505	-	29,505	24,396
Total income		<u>894,821</u>	<u>148,258</u>	<u>1,043,079</u>	<u>1,258,550</u>
Expenditure					
Cost of raising funds	6	25,174	-	25,174	39,000
Expenditure on charitable activities	6	989,695	164,555	1,154,250	1,183,007
Total expenditure		<u>1,014,869</u>	<u>164,555</u>	<u>1,179,424</u>	<u>1,222,007</u>
Net Income / (expenditure) & net movements in funds before gains & losses on investments		(120,048)	(16,297)	(136,345)	36,543
Net gains / (losses) on investments	12	27,422	-	27,422	9,500
Net movement in funds		<u>(92,626)</u>	<u>(16,297)</u>	<u>(108,923)</u>	<u>46,043</u>
<i>Reconciliation of funds</i>					
Total funds, brought forward		5,569,359	50,232	5,619,591	5,573,548
Total funds, carried forward		<u>5,476,733</u>	<u>33,935</u>	<u>5,510,668</u>	<u>5,619,591</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the above two financial years.

TOTAL RECOGNISED GAINS AND LOSSES

No other gains and losses were recognised in the year other than those shown above.

The notes on pages 18 to 28 form part of these accounts.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

BALANCE SHEET AS AT 31ST AUGUST 2020

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Tangible fixed assets	11	3,763,943		3,868,660	
Investments	12	928,509		884,076	
			4,692,452	4,752,736	
Current assets					
Stocks	13	8,481		8,042	
Debtors	14	29,121		23,463	
Cash at bank and in hand		911,372		1,196,332	
		948,974		1,227,837	
Liabilities					
Creditors falling due within one year	15	(130,758)		(360,982)	
Net current assets			818,216	866,855	
Net assets			<u>5,510,668</u>	<u>5,619,591</u>	
The funds of the charity					
Unrestricted funds:					
General	16	4,384,356		4,437,314	
Designated	16	1,092,377		1,132,045	
Restricted funds	16	33,935		50,232	
Total charity funds			<u>5,510,668</u>	<u>5,619,591</u>	

The Trustees have prepared accounts in accordance with Section 398 of the Companies Act 2006 and Section 138 of the Charities Act 2011. These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

These accounts were approved and authorised for issue by the Board of Directors and Trustees on 23rd February 2021 and were signed on its behalf by:

..... *Daphne S. Todd* **D Todd OBE (Acting Chair)**

Company Number 00977615

The notes on pages 18 to 28 form part of these accounts.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST AUGUST 2020

	2020 £	2019 £
Net cash generated from / used in operating activities	<u>(295,774)</u>	<u>139,957</u>
Cash flows from investing activities		
Dividend and interest income	29,505	24,396
Purchase of tangible fixed assets	(1,680)	(9,711)
Purchase of investments	(26,155)	(4,152)
Additions to / withdrawals from cash held within investments	9,144	(6,816)
Cash provided by investing activities	<u>10,814</u>	<u>3,717</u>
 Increase in cash & cash equivalents in the year	 <u>(284,960)</u>	 <u>143,674</u>
 Cash & cash equivalents at the beginning of the year	 1,196,332	 1,052,658
Total cash & cash equivalents at the end of the year	<u><u>911,372</u></u>	<u><u>1,196,332</u></u>

Reconciliation of net movement in funds to net cashflow from operating activities:

	2020 £	2019 £
Net movement in funds	(108,923)	46,043
Add back depreciation	106,147	105,800
Deduct dividend and interest income from investments	(29,505)	(24,396)
Deduct gains / add back losses on investment	(27,422)	(9,500)
Deduct gains / add back losses on disposal of fixed assets	250	-
Decrease / (increase) in stock	(439)	4,273
Decrease / (increase) in debtors	(5,658)	(8,680)
Increase / (decrease) in creditors	(230,224)	26,417
Net cash generated from / used in operating activities	<u><u>(295,774)</u></u>	<u><u>139,957</u></u>

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2020

1. ACCOUNTING POLICIES

1.1 Basis of preparation of accounts

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) (effective 1 January 2019), The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Thomas Heatherley Educational Trust Limited meets the definition of a public benefit entity under FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the Charity. Monetary amounts in these financial statements are rounded to the nearest £.

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

1.2 Preparation of accounts on a going concern basis

The Charity's Financial Statements show net expenditure of £108,923 for the year and free reserves of £620,413. The trustees are of the view that these results have secured the immediate future of the Charity for the next 12 to 18 months and on this basis the Charity is a going concern.

1.3 Income

Income is recognised when the Charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and amount can be measured reliably.

- (a) Income received by way of donations and legacies are included in full in the Statement of Financial Activities when received, unless they relate to a specified future period, in which case they are deferred.
- (b) Legacies entitlement is taken as the earlier of the date on which either: the charity is aware that the probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Charity that the distribution is made, or when a distribution is received from the estate. No legacies were received during the year.
- (c) Income from charitable activities in the form of school fees are recognised as earned (as the related goods and services are provided) under contract. Fees received in advance of the subsequent education year are recognised as deferred income until the following year.
- (d) Shop income and car parking income is recognised as earned (that is, as the related goods or services are provided).
- (e) Investment income is included when receivable.

1.4 Volunteers and donated services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time is not recognised and refers to the trustees' annual report for more information about their contribution. No such contributions were received during the year.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt. No such donations were received during the year.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2020

1.5 Expenditure recognition and Irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is classified under the following activity headings:

- (a) Cost of raising funds comprises of the costs of running the shop and other fundraising activities and their associated support costs.
- (b) Expenditure on charitable activities includes the costs directly associated with running an arts school, to further the purposes of the Charity and their associated support costs.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

1.6 Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance and administration personnel, payroll and governance costs which support the charity's programmes and activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The basis on which support costs have been allocated are set out in note 7.

1.7 Funds structure

Unrestricted funds are available to spend on activities that further any of the purposes of charity.

Designated funds are unrestricted funds of the Charity which the trustees have decided at their discretion to set aside to use for a specific purpose.

Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Charity's work or for specific projects being undertaken by the Charity.

1.8 Tangible fixed assets and depreciation

Tangible fixed assets (excluding investments) are stated at cost less depreciation. The cost of minor additions or those costing less than £500 are not capitalised. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	-	Straight line over fifty years
Fixtures, fittings and equipment	-	25% reducing balance

1.9 Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The Charity does not acquire put options, derivatives or other complex financial instruments.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

The Council has agreed an Investment Policy.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2020

1.10 Realised / unrealised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

1.11 Stock

Stock is included at the lower of cost or net realisable value.

1.12 Cash at bank and in hand

Cash at bank and in hand includes cash and short term cash deposits.

1.13 Creditors and provisions

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

1.14 Financial Instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.15 Taxation

The Charity is a registered charity and, therefore, is not liable for Income Tax or Corporation Tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

1.16 Pension

The charity operates a defined contribution pension scheme on behalf of its employees. Contributions are charged to the Statement of Financial Activities in the period in which they are payable. The assets of the scheme are held separately from those of the charity in an independently administered fund.

1.17 Operating leases

The Charity classifies the lease of copier as an operating lease. The rentals are charged to the Statement of Financial Activities on a straight-line basis over the lease duration. No assets are held under hire purchase agreements.

1.18 Judgement and key sources of estimation uncertainty

In the application of the company's accounting policies, the charity is required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2020

2. DONATIONS AND LEGACIES

	Restricted Funds £	2020 £	2019 £
The Arts Society	-	-	3,000
The De Laszlo Foundation	-	-	8,950
Golden Bottle Trust	10,000	10,000	10,000
The Michael Marks Charitable Trust	8,950	8,950	8,950
The Mohamed S. Farsi Foundation	-	-	10,000
Worlds End Studios	-	-	1,000
Other donations < £1,000	2,107	2,107	1,034
HMRC Job Retention Scheme	127,201	127,201	-
	<u>148,258</u>	<u>148,258</u>	<u>42,934</u>

The donations and legacies income in 2019 totalling £42,934 was attributed all to restricted funds.

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £	2020 £	2019 £
School fees	840,843	840,843	1,151,756
	<u>840,843</u>	<u>840,843</u>	<u>1,151,756</u>

Income from charitable activities in 2019 totalling £1,151,756 was attributed to unrestricted funds.

4. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted Funds £	2020 £	2019 £
Shop income	18,172	18,172	29,032
Car parking fees	3,770	3,770	5,408
Other income	2,531	2,531	5,024
	<u>24,473</u>	<u>24,473</u>	<u>39,464</u>

The other trading income in 2019 totalling £39,464 was attributed to unrestricted funds.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2020

5. INVESTMENT INCOME

	Unrestricted Funds £	2020 £	2019 £
Interest on cash deposits	11,211	11,211	11,980
Dividends	18,294	18,294	12,416
	<u>29,505</u>	<u>29,505</u>	<u>24,396</u>

The investment income in 2019 totalling £24,396 was attributed to unrestricted funds.

6. ANALYSIS OF EXPENDITURE

	Raising Funds £	School £	Outreach £	2020 £	2019 £
Staff costs	-	540,917	3,712	544,629	549,668
Bursaries and prizes	-	77,022	-	77,022	73,011
Other direct costs	-	27,142	-	27,142	42,701
Premises and equipment costs	-	128,554	-	128,554	127,294
Depreciation	-	95,533	-	95,533	95,220
Advertising, promotion and prospectus	-	21,801	-	21,801	30,514
Shop purchases	14,191	-	-	14,191	21,972
Fundraising costs	9,700	-	-	9,700	15,580
Investment management costs	1,283	-	-	1,283	1,448
Support costs (Note 7)	-	247,696	-	247,696	250,696
Governance costs (Note 7)	-	11,874	-	11,874	13,903
	<u>25,174</u>	<u>1,150,538</u>	<u>3,712</u>	<u>1,179,424</u>	<u>1,222,007</u>

Of the £1,179,424 expenditure in 2020 (2019 - £1,222,007), £1,014,869 was charged to unrestricted funds (2019 - £1,220,307) and £164,555 to restricted funds (2019 - £1,700).

7. ANALYSIS OF SUPPORT AND GOVERNANCE COSTS

The Charity initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Governance costs and other support costs are apportioned separately between charity's key activities undertaken (see note 6) in the year. All the general support and governance costs have been apportioned to the various charitable activities on the basis of staff time allocated to each activity.

	General support £	Governance function £	2020 £	2019 £
Finance and administration staff costs	164,844	-	164,844	163,044
Management staff	-	3,833	3,833	3,743
Premises costs	14,284	-	14,284	14,144
Depreciation	10,615	-	10,615	10,580
Communication costs	10,147	-	10,147	10,738
Information technology	9,557	-	9,557	10,440
Insurance	10,670	-	10,670	9,694
Bank charges	10,189	-	10,189	13,949
Legal and professional costs	13,531	1,441	14,972	12,675
Bad debts	-	-	-	4,558
Sundry costs	3,860	-	3,860	4,434
Audit fees	-	6,600	6,600	6,600
	<u>247,696</u>	<u>11,874</u>	<u>259,570</u>	<u>264,599</u>

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2020

8. NET INCOME/(EXPENDITURE) FOR THE YEAR

This is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets	106,147	105,800
Operating lease - copier	3,934	4,042
Auditors' remuneration – audit of financial statements	<u>6,600</u>	<u>6,600</u>

9. ANALYSIS OF STAFF COSTS, TRUSTEES REMUNERATION AND EXPENSES, AND COST OF KEY MANAGEMENT PERSONNEL

STAFF COSTS

	2020 £	2019 £
Salaries	676,052	678,819
National Insurance	40,751	39,133
Pension	9,677	7,698
	<u>726,480</u>	<u>725,650</u>

No employee received remuneration in excess of £60,000 during the year.

No Trustee received any remuneration during the year (2019 - £nil). No Trustees received reimbursed expenses during the year (2019 - £nil).

The key management personnel of the charity comprise the Principal, Director of Studies, Course Director (Diploma in Portraiture) and Co-ordinator (Printmaking). The total employee benefits of the key management personnel of the charity were £78,424 (2019 - £76,857).

10. STAFF NUMBERS

The average monthly number of staff employed, calculated as full time equivalent, during the year was as follows:

	2020	2019
Management	1.5	1.5
Direct staff	17.5	18.0
Administrative and support	5.5	5.5
	<u>24.5</u>	<u>25.0</u>

The average number monthly employees during the year was 60 (2019 - 64).

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2020

11. TANGIBLE FIXED ASSETS

	Freehold interest in land and buildings £	Fixtures, fittings and equipment £	Total £
Cost:			
As at 1 September 2019	4,956,822	102,131	5,058,953
Additions	-	1,680	1,680
Disposals	-	(4,431)	(4,431)
As at 31 August 2020	<u>4,956,822</u>	<u>99,380</u>	<u>5,056,202</u>
Depreciation:			
As at 1 September 2019	1,114,777	75,516	1,190,293
Disposals	-	(4,181)	(4,181)
Charge for the year	99,136	7,011	106,147
As at 31 August 2020	<u>1,213,913</u>	<u>78,346</u>	<u>1,292,259</u>
Net book value:			
As at 1 September 2019	<u>3,842,045</u>	<u>26,615</u>	<u>3,868,660</u>
As at 31 August 2020	<u>3,742,909</u>	<u>21,034</u>	<u>3,763,943</u>

The land at Christiania Wharf was gifted from The Royal Borough of Kensington and Chelsea and has been valued at £nil in the Financial Statements, due to a permanent restrictive covenant against anything other than art educational use, which was imposed upon the transfer of the land.

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2020

12. INVESTMENTS

	2020 £	2019 £
Quoted Investments		
Market value, brought forward	871,448	857,796
Additions	26,155	4,152
Unrealised gain / (loss)	27,422	9,500
Market value, carried forward	<u>925,025</u>	<u>871,448</u>
Cash held as part of portfolio	3,484	12,628
Total Investments	<u>928,509</u>	<u>884,076</u>
Historic cost	<u>853,118</u>	<u>826,963</u>

Market value analysed by type of Investments:

	2020 £	2019 £
UK Equities	92,569	93,139
UK bonds	174,767	174,016
Foreign equities	263,743	278,061
Foreign bonds	171,099	101,375
Gold and gold equities	64,217	56,043
Illiquid strategies and options	69,925	47,941
Multi-asset funds	7,120	11,395
Hedge funds	-	9,135
Property	14,584	13,631
Commodities	12,346	6,489
Other	9,289	8,180
Cash held within the investment portfolio	48,850	84,671
Market value as at 31 August 2020	<u>928,509</u>	<u>884,076</u>

13. STOCK

	2020 £	2019 £
Shop stock	8,481	8,042
	<u>8,481</u>	<u>8,042</u>

14. DEBTORS

	2020 £	2019 £
Trade debtors	14,637	8,949
Other debtors	-	687
Prepayments and accrued income	14,484	13,827
	<u>29,121</u>	<u>23,463</u>

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2020

15. CREDITORS: amounts falling due within one year

	2020 £	2019 £
Trade creditors	25,608	18,074
Taxation and social security	7,017	9,237
Deferred income (note 18)	88,757	314,928
Other creditors	2,495	2,714
Accruals	6,881	16,029
	<u>130,758</u>	<u>360,982</u>

16. MOVEMENT IN FUNDS

	Balance at 01.09.19 £	Income £	Expenditure £	Gains/ (losses) £	Transfers £	Balance at 31.08.20 £
Restricted funds:						
Prizes Fund	8,298	600	-	-	-	8,898
Bursary Fund	41,934	20,457	37,354	-	-	25,037
HMRC Job Retention Scheme	-	127,201	127,201	-	-	-
	<u>50,232</u>	<u>148,258</u>	<u>164,555</u>	<u>-</u>	<u>-</u>	<u>33,935</u>
Unrestricted funds:						
Designated funds						
Bursary Fund	133,929	-	39,668	-	-	94,261
Building Maintenance Fund	255,000	-	-	-	-	255,000
New Building Fund	743,116	-	-	-	-	743,116
	<u>1,132,045</u>	<u>-</u>	<u>39,668</u>	<u>-</u>	<u>-</u>	<u>1,092,377</u>
General funds	4,437,314	894,821	975,202	27,422	-	4,384,356
Total Unrestricted Funds	<u>5,569,359</u>	<u>894,821</u>	<u>1,014,869</u>	<u>27,422</u>	<u>-</u>	<u>5,476,733</u>
Total funds	<u>5,619,591</u>	<u>1,043,079</u>	<u>1,179,424</u>	<u>27,422</u>	<u>-</u>	<u>5,510,668</u>

Movement in funds – previous year

	Balance at 01.09.18 £	Income £	Expenditure £	Gains/ (losses) £	Transfers £	Balance at 31.08.19 £
Restricted funds:						
Prizes Fund	8,998	1,000	1,700	-	-	8,298
Bursary Fund	-	41,934	-	-	-	41,934
	<u>8,998</u>	<u>42,934</u>	<u>1,700</u>	<u>-</u>	<u>-</u>	<u>50,232</u>
Unrestricted funds:						
Designated funds						
Bursary Fund	197,099	-	71,311	-	8,141	133,929
Building Maintenance Fund	255,000	-	-	-	-	255,000
New Building Fund	750,000	-	6,884	-	-	743,116
	<u>1,202,099</u>	<u>-</u>	<u>78,195</u>	<u>-</u>	<u>8,141</u>	<u>1,132,045</u>
General funds	4,362,451	1,215,616	1,142,112	9,500	(8,141)	4,437,314
Total Unrestricted Funds	<u>5,564,550</u>	<u>1,215,616</u>	<u>1,220,307</u>	<u>9,500</u>	<u>-</u>	<u>5,569,359</u>
Total funds	<u>5,573,548</u>	<u>1,258,550</u>	<u>1,222,007</u>	<u>9,500</u>	<u>-</u>	<u>5,619,591</u>

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2020

16. MOVEMENT IN FUNDS (Continued)

Description, nature and purpose of restricted funds:

Prize Fund: Funds received to provide prizes.

Bursary Fund: Funds received to provide prizes.

Description, nature and purpose of unrestricted funds:

General funds:

General fund represents funds available to spend at the discretion of the Trustees after allowing for all the designated funds.

Purposes of Designated Funds:

Bursary Fund This fund was initially set up to assist with the provision of at least two bursaries per year to talented students who would otherwise be unable to afford to attend the Diploma Courses; due to an increase in demand for bursary assistance and to enable us to fulfil our charitable role as a provider of art education it is appropriate to significantly increase the level of Designated Bursary Funds with a view to offering at least six bursaries a year for the next five years. Trustees and staff are currently seeking major funding from potential sponsors to enable such increases to be maintained.

Building Maintenance Fund: The School moved into a new purpose built building at 75 Lots Road in 2008 and the Trustees have decided to create a designated School Maintenance Fund to provide for major upkeep and repairs to the building. The School Building Manager has prepared an estimate of costs for essential major future building costs to plant and equipment and upkeep such as replacing plant and equipment as it becomes obsolete.

New Building Fund: In order to fulfil the School's charitable aims and better to meet increasing demands on art education, the Trustees have considered the scope to extend the capacity of its facilities. Extant plans prepared in 2008 for the building of a third floor studio would provide for additional classes. The cost of such extension is considerable and the Trustees would seek sponsors to match funding contributed by the School on an as yet to be defined basis. The estimated total costs of proposed new studios are £3,000,000.

17. ANALYSIS OF FUND BALANCES BETWEEN NET ASSETS

	General £	Designated £	Restricted £	Total £
Tangible fixed assets	3,763,943	-	-	3,763,943
Investments	-	928,509	-	928,509
Net current assets	620,413	163,868	33,935	818,216
	<u>4,384,356</u>	<u>1,092,377</u>	<u>33,935</u>	<u>5,510,668</u>

Analysis of fund balances between net assets – previous year

	General £	Designated £	Restricted £	Total £
Tangible fixed assets	3,868,660	-	-	3,868,660
Investments	-	884,076	-	884,076
Net current assets	568,654	247,969	50,232	866,855
	<u>4,437,314</u>	<u>1,132,045</u>	<u>50,232</u>	<u>5,619,591</u>

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2020

18. DEFERRED INCOME

	2020 £	2019 £
Balance as at 1st September 2019	314,928	300,923
Amount released to income in the year	(314,928)	(300,923)
Amount deferred in the year	88,757	314,928
Balance as at 31st August 2020	<u>88,757</u>	<u>314,928</u>

Deferred income represents fee income for 2020/21 received in advance.

19. OPERATING LEASE COMMITMENTS

The charity has operating lease commitments as shown below.

	Equipment 2020 £	2019 £
Under one year	3,934	3,934
Two to five years	11,803	15,738
	<u>15,738</u>	<u>19,672</u>

20. PENSION

The pension cost charge represents contributions payable by the charity to the fund and amounted to £9,677 (2019 - £7,698). Contributions totalling £1,209 (2019 - £1,848) were payable to the fund at the year end and are included in creditors.

21. SHARE CAPITAL

The company is limited by guarantee and does not have a share capital divided by shares.

22. MEMBERS' LIABILITY

The company is limited by guarantee and the members each undertake to contribute an amount not exceeding £1.

23. RELATED PARTY TRANSACTIONS

Details of transactions with trustees and senior management are in note 9.