

City&Guilds
of London
Art School

**City and Guilds of London
Art School Limited**

**Annual Report and Financial
Statements**

31 August 2021

Company Limited by Guarantee
Registration Number
07817519 (England and Wales)

Charity Registration Number
1144708

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Reference and administrative information

Trustees

Jamie Bill (Chair)
Andrew Allen QC
Marjorie Allthorpe-Guyton (resigned 20/03/21)
Anne Beckwith-Smith LVO (resigned 20/03/21)
Laurence Benson (Vice-Chair)
Jyoti Bharwani (resigned 30/09/20)
Nina Bilbey
Dr Virginia Brooke
Dr Caroline Campbell
Ema Epps (appointed 01/10/20; resigned
30/09/21)
Brendan Finucane QC (resigned 19/10/20)
Gabriel Gbadamosi
Martin Hatfull
James Kelly
Tamiko O'Brien
Michael Osbaldeston
Prof Jane Rapley OBE
Tina Roe (appointed 01/10/21)
James Roundell (resigned 30/10/21)
Prof Elizabeth Rouse OBE
Alexander Stitt
Benjamin Tucker

Company Secretary

Wesley Schol

Reference and administrative information

Senior Management Team

<i>Principal</i>	Tamiko O'Brien
<i>Director of Resources and Operations</i>	Nick Rampley (appointed 06/09/21)
<i>Head of Finance</i>	Shahzad Asghar
<i>Head of Historic Carving</i>	Heather Newton
<i>Head of Art Histories</i>	Tom Groves
<i>Head of Fine Art</i>	Robin Mason
<i>Head of Foundation</i>	Keith Price
<i>Head of Academic Affairs & Quality</i>	Wesley Schol
<i>Head of Conservation</i>	Dr Marina Sokhan
<i>Head of Access to Learning</i>	Teresita Dennis
<i>Head of Development & External Relations</i>	Hannah Travers

Registered and principal office

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Company registration number

07817519 (England and Wales)

Charity registration number

1144708

UKPRN

10039082

Bankers

Barclays Bank plc
Southwark Branch
29 Borough High Street
London
SE1 1LY

Reference and administrative information

Investment Managers

Cazenove Capital Management Limited
1 London Wall Place
London
EC2Y 5AU

Auditor

Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Introduction

The Board of Trustees ("the Board") of City and Guilds of London Art School Limited ("the Art School" or "the Charity" or "the charitable company") presents its annual report and the audited financial statements for the year ended 31 August 2021.

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

The financial statements have been prepared under the accounting policies set out therein and comply with applicable law and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Companies Act 2006 and comply with the Office for Students' Accounts Direction 2020/21.

Constitution

The Art School is a charitable company, limited by guarantee, not having a share capital. The Art School's governance is determined by its Articles of Association, dated 22 May 2019. As set out in the Articles the Directors of the Art School form the Art School Board of Trustees. To assist in exercising their duties, the Board has a number of Committees, which are detailed and governed by the Art School's "How We Work: Governance & Management" Handbook.

The Charity was incorporated on 20 October 2011 to continue the educational activities that were transferred from City & Guilds Art School Property Trust (the Property Trust) on 31 March 2012 as part of a business transfer agreement.

The Art School is a Higher Education Provider registered with the Office for Students in its Approved Category.

Principal aims and activities

Founded in 1879, and with a history dating back to 1854, the Art School is one of the UK's oldest art educational institutions specialising in art, craft and conservation. Its original mission was to provide quality instruction in applied art and design for local people. This broadened over time and since World War II has encompassed restoration and conservation to assist, initially, with the effort to repair London's monuments and heritage. Through this, it developed a strong reputation for excellence in both art and craft.

Principal aims and activities (continued)

The Art School's mission today is to nurture individual talent by providing an immersive learning environment with an emphasis on the dialogue between the eye, the hand and the material, informed by the study and analysis of historical and contemporary art and craft. This is delivered through a number of specialist courses including undergraduate and postgraduate courses in Fine Art, Carving (architectural stone and ornamental wood carving & gilding), Conservation of cultural artefacts (with a focus on three-dimensional objects, gilded and other decorative surfaces, and on books and paper), as well as a Foundation Diploma in Art & Design. This activity is consistent with the objects contained within the Art School's Articles of Association.

The Art School sets out to educate artists, craftspeople and conservators who will go on to make a significant contribution in their fields, through the pursuit of excellence in traditional skills as well as through creative innovation and enterprise and a commitment to offering students a high level of contact time working with some of the country's leading specialist practitioners.

Convinced of the social value and necessity of its subjects, not only for the creative and heritage sectors, but for society at large, the Art School champions the roles that art and craft play by engaging in national and international collaborations and through public facing events.

The Art School is committed to supporting the development of individuals from all backgrounds who have the potential to succeed in its subjects and motivating students to be inquisitive and resourceful, equipping them to go on learning through practice for the rest of their lives.

Public benefit

The Trustees confirm that they have complied with their duties under section 4 of the Charities Act 2011. They have considered the public benefit guidance published by the Charity Commission and believe that they have followed its guidance in this area. The Trustees' report gives a description of the activities undertaken by the Art School during the period to further its charitable purposes, and the Trustees are satisfied that such activities provide public benefit.

Governance, structure and management

Review

Following substantial changes in the membership of the Board (including the appointment of a new Chair) in 2019/2020, the current year saw a consolidation of its membership; three long-standing Trustees, whose retirements had been anticipated by appointments made in the previous year, resigned on completion of their final term of office. Otherwise the only change in membership during the year was that of the Board's student representative whose appointment as co-Chair of Students expires on an annual basis.

Governance, structure and management (continued)

Organisation

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

The Board is the policy-making body of the Art School. It is assisted by the Secretary, who is appointed by the Board. The Board also operates through a number of committees, including: Audit & Risk Committee; Remuneration Committee; Investment Committee; and Nominations Committee.

Though the Board retains responsibility for the assurance of institutional quality and standards, the control of academic matters, including the structures, processes and regulatory frameworks through which academic matters are decided and overseen, resides with academic staff. Academic authority is exercised through the Academic Board, advised and supported by professional /administrative colleagues and with the involvement of students. The Academic Board is chaired by the Principal and operates under delegated authority from the Board. It is supported by the various Boards of Studies for each of the Academic Departments and the Site & Environment Sub-Committee, established in October 2019 reporting also to the Trustees through the Audit & Risk Committee.

Additionally, there is a Finance Working Group which advises the Board on financial strategy, the Principal's Business Planning Advisory Group providing the benefit of Trustee-level expertise and experience in exploring the feasibility of new business opportunities, initiatives or broader issues, and a Joint Development Advisory Working Group that supports the fundraising activity of both the Art School and the Property Trust, a separate charity and landlord to the Art School.

Key management personnel

The Principal of the Art School, who is *Ex Officio Trustee*, is charged with carrying out the policies agreed with the Trustees and with managing the Art School's academic activities and directing and running the organisation on a day-to-day basis. She is assisted in this by the Director of Resources and Operations and by the Heads of Department for each of: Academic Affairs & Quality; Access to Learning; Art Histories; Conservation; Fine Art; Foundation; and Historic Carving; who, along with the Head of Finance and Head of Development & External Relations, form the Senior Management Team.

In addition, there are functional heads responsible for supervising certain key shared facilities such as the Site Manager, Librarian, Drawing Studio Manager and Print Room Manager.

The remuneration of key management personnel as well as the overall scheme for all staff is set and approved by the Trustees through the Remuneration Committee. Remuneration is reviewed annually, paying due regard to market rates and sector benchmarks.

Governance, structure and management (continued)

Personnel

In line with the Art School's policy whereby students are largely taught by practising professionals, specialist tutors are engaged on an annual or term-by-term basis for a specified number of days. In this way, students are exposed to a wide variety of specialist skills, creative models and critical opinions, whilst continuity of academic progress is ensured by the Heads of Department. The Art School's non-academic activities (including administration, finance and development), are run by a small administrative team reporting to the Head of Resources and Operations.

Risk management

The Trustees have assessed the major risks to which the Art School is exposed. In particular, these relate to: academic standards and reputation; student recruitment and financial sustainability; and compliance with statutory and regulatory requirements, in particular those relating to: *Office for Students Registration; Course validation and designation; Home Office Student Sponsorship Duties; General Data Protection Regulations; and Health & Safety.*

All areas of risk are monitored through the Art School's governance structure which identifies the lines of responsibility and decision making for each aspect of the Art School's operation, with the *Audit & Risk Committee* responsible for reviewing Risk Registers and reporting to the Board.

The Trustees and Senior Management Team ensure that the Art School's operations are protected against significant risk through annual monitoring, action planning and risk assessment procedures. The Art School has comprehensive insurance cover against key areas of risk; in addition to Public Liability Insurance cover of up to £10m and Directors' Liability cover of up to £2m, the Art School also has a business interruption insurance covering up to 24 months of fee income. The Art School's accommodation is insured by the City & Guilds Art School Property Trust, at its full re-instatement value.

In addition, as part of the Office for Students application process, the Art School devised and put in place a *Student Protection Plan*, which details how the Art School will support students to complete their studies, should the Art School face an extreme challenge leading to total or practical closure.

The Board is satisfied that systems are in place to mitigate, or control where possible, the Art School's exposure to the risks mentioned above.

Fundraising statement

The Art School adheres to good standards of ethical fundraising. A Gift Acceptance Policy adopted in July 2019 formalises the Art School's practices and ethical fundraising position and will be reviewed in 2021/22. The Art School greatly values the support it receives from donors. The majority of its donations are received from institutions, which the Art School approaches from time to time. A small number of donations are received from individuals, including student alumni, who are approached from time to time via written correspondence, email or at events.

Governance, structure and management (continued)

Fundraising statement (continued)

The Art School does not approach individuals for donations who are not known by the Art School, and does not canvas on the street for donations. The Art School does not employ any third parties to fundraise on its behalf, and no complaints have been received about its fundraising activity. Donors' personal data is not shared with any third party, and is stored safely and securely in line with the General Data Protection Regulations.

Statement of Trustees' responsibilities

A Statement of Trustees' responsibilities is included in the Statement of Corporate Governance and Internal Control.

Board of Trustees

The members who are in office at the date of this report are listed on page 1 with their dates of new appointment and resignation since 1 September 2020.

No Trustee has received any remuneration for services as a member of the Board (2020 - none).

The Statement of Corporate Governance and Internal control sets out the Trustees who were in office for the year ended 31 August 2021 and up until the date of approval of the financial statements (unless otherwise indicated).

Objectives and relevant policies

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

The Art School's key objectives for the year included:

- ◆ to ensure continuity of learning for its students notwithstanding the challenges presented by the COVID-19 pandemic;
- ◆ to ensure ongoing full compliance with Office for Students expectations, the UK Quality Code and other relevant legislation;
- ◆ to consolidate its Conservation offer following the introduction of a new subject area of book and paper conservation in the previous year and consider further opportunities for expansion of its academic portfolio;
- ◆ to continue engaging further in public facing initiatives, in collaboration with other organisations, to raise the Art School's profile and engage actively in the broader dialogue about art, craft and education;

- ◆ to continue to nurture and extend the number of high-quality partnerships and initiatives for student participation and engagement, and to support the development of professional practice and progression into employment upon graduation;

Governance, structure and management (continued)

Objectives and relevant policies (continued)

- ◆ to enhance further the availability of bursary support and financial assistance for students with financial needs; and
- ◆ to work closely with the Property Trust on progressing with the development of the Art School's Kennington site and student facilities, with a particular emphasis on creating a new suite of conservation studios along with additional Fine Art studios to allow for additional recruitment from planned academic portfolio expansions.

Access and Equality & Diversity

The Art School is committed to supporting the development of individuals from all backgrounds who have the potential to succeed in its subjects. It believes in the importance of a diverse student community. The Art School charges fees at a level commensurate with the majority of other institutions that offer higher education in art and design. Not all of the Art School's students are eligible for student loan support, so it seeks to provide financial support through bursaries from its own investment income, from funds raised specifically for this purpose from a wide range of charitable sources and by supporting students in their own search for financial support. The Board's policy is to provide fee bursaries on the basis of need and educational ability, subject to such restrictions as may have been imposed by the donors of the funds at its disposal, and within the capacity of the funds available.

The Art School is committed to promoting and upholding equality and diversity and is committed to a working environment which is free from discrimination on the grounds of colour, race, ethnicity, religion, sex, sexual orientation, disability or age. It anticipates the needs for a diverse range of learning styles and makes reasonable adjustments to meet the specific needs of students and staff who are, or become disabled, functionally disabled or possess some other protected status.

Investment

The Art School's investments are managed by Cazenove Capital Management Limited. The Art School has a portfolio of investments with a market value including cash as at 31 August 2021 of £1,609,826 (2020: £1,398,489).

There are no extra-statutory restrictions on the Art School's power to invest. The investment strategy is set by an Investment Committee reporting to the Board of Trustees and considers capital growth and income requirements, the risk profile and the investment managers' view of the market prospects in the medium term. The overall investment policy is to provide the level of income sought by the Trustees whilst endeavouring to ensure that longer term capital values more than cover the impact of inflation. The performance of the portfolio is reviewed regularly by the Investment Committee.

Activities and achievements

Student numbers and academic achievements

The number of students enrolled at the beginning of the 2020/21 academic year totalled 258 (237 in 2019/20).

Foundation Studies

79 students (74 in 2019/20) successfully completed their year of study and were awarded a Foundation Diploma in Art & Design from UAL Awarding Body, with many able to secure a place on the university course of their choice.

Fine Art

20 students (23 in 2019/20) were awarded BA (Hons) degrees in Fine Art; 12 Firsts and 7 Upper Seconds, 1 Lower Second.

16 students completed their MA Fine Arts degree in the Spring term 2021 following an extension to their 2019/20 academic year due to the Covid-19 pandemic. 14 completed their MA in the early autumn 2021 following a similar though shorter extension to 2020/21.

Conservation

4 students (4 in 2019/20) were awarded BA (Hons) Conservation Studies; 2 First and 2 Upper Seconds.

3 students completed their MA Conservation in the Spring term 2021 following an extension to their academic year due to the Covid-19 pandemic. 1 MA student completed in the early autumn following a similar though shorter extension to 2020/21.

Historic Carving

5 students (5 in 2019/20) were awarded BA (Hons) Historic Carving; 4 First, 1 Upper Seconds.

4 students completed their MA in the early autumn 2021 following a short extension to their academic year due to the Covid-19 pandemic.

Art and Materials Histories

1 student completed their Art and Material Histories degree in the Spring term 2021 following an extension to their 2019/20 academic year due to the Covid-19 pandemic. 2 completed their MA in the early autumn 2021 following a similar though shorter extension to 2020/21.

Activities and achievements (continued)

Bursaries and scholarships

The continued generosity of the Art School's many benefactors enabled fee bursary awards of £224,825 (£264,809 for the previous 12 months). Contributions made by way of direct applications for support by students amounted to an additional £20,583 for the academic year (£26,833 in the previous year). In the course of the 12 months to 31 August 2021, fee bursaries were given to a total of 57 students (63 in the previous year), representing more than one in three students on the Art School's undergraduate and postgraduate courses towards which bursary and scholarship support is primarily directed. New pledges for coming years have also been secured. Trustees continue to regard increasing the amount of bursary and scholarship funding available for students as a priority.

Academic Portfolio Developments

This was the first year for the new subject area in the Conservation of Books & Paper following the successful validation of the new awards and fundraising for new specialist facilities. The first year of the course successfully recruited and engaged a new team of experts in delivering this important specialist area, securing important skills and knowledge for the UK's heritage sector.

A significant part of this development for Conservation was the move of MA Fine Art from the Georgian studios to the first floor of the BT Building which had been set up for MA studios thanks to external funding. The new studios supported the Art School not only by hosting the new intake but also mitigating the impact of the Covid pandemic by providing studio space for the 2019/20 MA cohort whose course was extended by several months due to the first nationwide Lockdown in March 2020.

Outreach and collaborative projects

The Covid pandemic severely restricted our ability to undertake collaborative and outreach projects to the level we had achieved in the past. Participation in London Craft Week, The Big Draw, and our plans to work with ARTiculation on an event with young people and to run a Saturday Print workshop for young people in collaboration with Creative Dimension Trust were all cancelled as a result. And our artist in residence programme postponed for a year. Nevertheless, Art School students and personnel succeeded in taking part in a wide range of external initiatives.

Despite the pandemic we were able to run a successful short courses programme targeted at championing our subjects in the summer 2021, with a number of participants receiving bursaries from the Andrew Lloyd Webber Foundation aimed at engaging young people with historic crafts, specifically facilitating the participation of those who would otherwise be unable to fund their place. Professor Roger Kneebone, the Art School's first Honorary Fellow, gave an online lecture to students from across the Art School about his new book *Expert: Understanding the Path to Mastery*.

The Sir Denis Mahon Foundation Sculptural Grant provided a £5,000 annual grant which was awarded to three students across BA Conservation, Historic Carving and Fine Art courses whose work focuses on sculpture in the final year.

Activities and achievements (continued)

Outreach and collaborative projects (continued)

The Art School's Royal Literary Fund Fellow for the year was poet and non-fiction writer Kathryn Maris who provided support to students with any type of written work, whether an essay, dissertation, artist statement or even creative writing. The Art School also took part in the Reading Agency's World Book Night by creating a resource online recommending some of the most inspiring and indispensable books from our library's distinctive collection covering our specialist subjects.

Fine Art

A collaboration with Woolwich Contemporary Print Fair resulted in a printmaking demonstration event and discussion between our Print Room Manager and Vincent Eames, Director of Eames Fine Art. (see <https://www.cityandguildsartschool.ac.uk/printmaking-demo-and-discussion-with-jason-hicklin/>)

Four Art School Fine Art graduates and an Art School Print Fellow were shortlisted for the Ingram Collection's Young Contemporary Talent Purchase Prize 2020. Kristina Chan, Print Fellow went on to be awarded one of three prizes. Fine Art graduate Augusta Lardy was one of the ten winners to take part in an exhibition, which was accompanied by a publication, of the Freelands Painting Prize celebrating outstanding painting practice at undergraduate level. 2020 BA Fine Art graduate Freya Moffat was chosen for Grayson's Art Club exhibition & in 2021 was shortlisted for the Signature Art Prize and had a solo show at Fondazione Pini, Milan. MA student Caroline Wong was included in the five-person show 'Drawn Out' at the Drawing Room. 2020 MA graduate Patrick Stratton was shortlisted and exhibited at the 2021 Cordis Prize for Tapestry, a celebration of contemporary practice established by Author Ian Rankin and Miranda Harvey. Two Fine Art alumni had work shortlisted for the Ashurst Emerging Artist Prize 2021

The outstanding work of our 40+ 2020 Fine Art BA and MA graduates, who had been unable to present their work in a physical show in Summer 2020 due to the pandemic, was celebrated in an exhibition held at Bargehouse, Oxo Tower, Southbank.

Towards the end of the year, the Art School awarded a significant grant from the Leverhulme Trust for Arts Scholarships supporting MA Fine Art & MA Art & Material Histories students. Over the next four years up to 16 students will receive full scholarships between 2021-2025.

Conservation & Historic Carving

Orbis Conservation, founded and run by alumni from the Art School's Conservation Department were presented with the Restoration/Conservation Project of the Year 2020 Award at the Museums + Heritage Awards together with Plymouth City Council, for an ambitious two-year project involving the conservation, consolidation and restoration of five, large 19th century ships' figureheads installed at The Box, Plymouth, a new arts and heritage complex.

Activities and achievements (continued)

Outreach and collaborative projects (continued)

Conservation & Historic Carving (continued)

An MA Conservation student took on a project on The Alcibiades Dog, a cast concrete sculpture loaned from Chatsworth House and a recent MA Conservation graduate received an Anna Plowden Trust/Clothworkers' Foundation Grant for recent graduates to gain practical work experience previously made impossible by the pandemic, enabling her to work with Jackson Sculpture Conservation. BA graduate Louise Davison was elected as a young professional trustee for ICON.

Head of Conservation, Dr Marina Sokhan, and Art Histories Tutor, Dr Michael Paraskos, spoke at a webinar organised by Imperial College London entitled 'Laser Cleaning in Conservation / Historic Artefacts: when do you want it?' as part of its 'Science & Engineering Research for Cultural Heritage' series.

The Conservation Symposium at which final year BA and MA Conservation students present their research at a public-facing event usually takes place at the V&A Museum. Due to the pandemic, this year it took place online. Recordings of their presentations are available on the Art School's YouTube Channel. Four Books and Paper Conservation students took part in a project to deep clean the library of Strawberry Hill House and had the opportunity to discuss their work and studies with visiting members of the public..

The Conservation Department has continued to build on existing and develop new partnerships for student projects, placements and internships, and has been building a new network to support the BA Conservation: Books & Paper course. The Britain-Australia Society Education Trust and City & Guilds of London Art School: Endeavour Award to Fund an Australian citizen to Study Conservation in London and raise the profile of the Art School's courses in Australia continues to be rolled out.

The Carving department's collaboration with workwear manufacturer Carhartt continued with a selection of six new student ambassadors being chosen to represent their historic craft skills and the brand. The NEW BEGINNINGS exhibition at the Lettering Arts Trust in Snape Maltings, Suffolk included a number of recent graduates. The Art School exhibited at the online Historic Buildings, Parks & Gardens Event with BA Historic Carving students demonstrating their skills to visitors and those in the craft & heritage industries.

Nine Historic Carving students and recent graduates were shortlisted for the Grinling Gibbons 300 Award, a national competition for emerging carvers established to mark the 300th anniversary of the death of the 'Michelangelo of woodcarving' Grinling Gibbons. Art School students and alumni won five of the six prizes including the first prize. The Art School also worked with the Drapers' Company on a special commission for a recent graduate of a carving to celebrate Gibbons for the Drapers' Hall.

Freya Douglas Ferguson, a recent graduate of the Carving Postgraduate Diploma, was selected for the prestigious New Contemporaries 2021 exhibition that travelled from First Site Colchester to the South London Gallery.

Activities and achievements (continued)

Investment performance

During the year to 31 August 2021 the Charity's investments produced an overall income of £81,832 (2019/20: £20,035) and a net capital gain of £177,900 (2019/20: gain of £10,229). The investment managers continued to invest in accordance with the Trustees' investment policy, which is reviewed by the Investment Committee and the Board annually, and which is based on an ethical investment approach. The Trustees are satisfied that their investment objectives are being met by the performance of the investments in the context of existing economic and investment conditions.

Financial review

Results for the year

The Art School recorded a deficit before net gains on investments of £144,329 (2020: surplus of £252,405) for the year. Unrestricted funds recorded a deficit, reflecting additional costs arising from the Covid-19 pandemic and a reduction in unrestricted donations during the year. Restricted funds drawn on in year similarly exceeded income into those funds.

Realised gains of £29,559 (2020: losses of £14,416) and unrealised gains of £148,340 (2020: gains of £24,645) on the Art School's investments were recorded in its restricted and endowment funds.

Reserves

The Board has examined the requirement for free reserves i.e. those funds not invested in tangible fixed assets, not designated for specific purposes, not restricted and not otherwise committed. The Board intends to achieve, as circumstances permit, an increase in the free reserves from present levels in order to provide liquidity to meet any future temporary shortfalls in income and to provide adequate working capital as the activities of the Art School grow. In the meantime the Trustees have taken the view that the expendable endowments and free reserves should be considered together and are satisfied that this is in line with the reserves policy. A target of three months' operating expenditure would be deemed appropriate.

Financial position

The balance sheet shows total funds of £1,595,932 (2020: £1,562,361). These funds include endowment funds of £1,146,665 (2020: £1,069,491). Whilst the income from these funds may be used for the general purposes of the Art School, most of the endowment fund balances themselves are regarded as long term capital.

Also included in total funds is an amount of £428,765 which is restricted (2020: £460,705). These monies have either been raised for, and their use is restricted to, specific purposes or they comprise donations subject to donor-imposed conditions. Details and an analysis of movements in the year of these endowment and restricted funds can be found in notes 15 and 16 to the financial statements.

Financial review (continued)

Financial position (continued)

Unrestricted funds of the Art School at 31 August 2021 total £20,502 (2020 £32,165). These funds are represented by general fund tangible fixed assets of £189,986 (2020: £216,492) and by a deficit of free reserves of £169,484 (2020: deficit of £184,327). The Trustees have considered the position in the context of known future sources of income, and also expendable endowments of £966,851 (2020: £907,859) which are available to provide liquidity to the School if needed, and thus consider the reserve position to be acceptable in the context of the reserves policy.

Going Concern

The Trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Trustees have made this assessment in respect of a period of one year from the date of approval of these financial statements, taking into consideration the impact of the Covid-19 pandemic on its operations and financial position going forward. In doing so, the Trustees have considered the following:

- ◆ Latest operational plan for the remainder of the current 2021/22 academic year in response to ongoing government guidance;
- ◆ Evidence from the impact of lockdowns experienced in 2020/21 and measures in place to mitigate these, along with the performance record of re-opening the Art School facilities and operating a blended teaching offer during the September to December 2021 period;
- ◆ Revised budget and financial forecast for the financial year 2021/22 along with the development of a new Strategic Plan for the period 2022-2027

Since the onset of the Covid-19 pandemic, the Art School management's foremost priority has been to adapt its learning offer to meet government guidelines while safeguarding the quality of the student experience and ensuring student progression. This was achieved successfully during the 2020/21 academic session through an extension of the academic year to make up for the lockdown periods in terms of practical work and studio time and resulted in all students completing their year successfully. Interruption of studies remained at very low levels, not increasing from prior years. The measures put in place to re-open the Art School facilities for the academic year 2021/22 with full workshop and studio access and a blended learning offer resulted in a successful first term and no cases of pandemic-related interruption of studies. At the point of writing, the recruitment outlook for the 2022/23 academic year is stable based on the level of interest and number of applications received, therefore suggesting that the target of securing a full intake should be achieved, supporting an increase in fee income in 2022/23.

As an independent organisation in the HE sector, the Art School was not eligible for any cultural sector government funds and was only able to draw on the Furlough Scheme in a limited way during the periods of lockdown. In order to mitigate the financial challenges created by the Covid-19 pandemic and following a successful appeal addressed at its existing donor base of supporters, continued operational support remains the primary focus of fundraising activity for the current year.

Going Concern (continued)

In order to provide additional working capital support if needed, the Art School took advantage of the Coronavirus Business Interruption Loan Scheme to secure a CBIL loan of £250,000, repayable over a period of 6 years from financial year 2021/22. At the year-end £222,222 of the Art School's £924,255 cash holdings derived from the CBIL loan.

The Art School held negative free reserves of £169,484 as at 31 August 2021 (2020 – negative free reserves of £184,327). The Board intends to achieve, as circumstances permit, a suitable level of free reserves in order to provide liquidity to meet any future temporary shortfalls in income and to provide adequate working capital. The Art School now holds expendable endowments totalling £966,851 (2020: £907,859). These expendable endowments are available to provide additional financial support and liquidity to the Art School.

In light of the above, the Trustees have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the Art School to continue as a going concern.

Future plans

At the same time as approving this Report and Financial Statements the Board has also approved a new Strategic Plan 2022-2027. The Plan sets out the targets by which the Art School intends to meet its Strategic Goals of:

- i) Promoting academic excellence and increased learning opportunities in its areas of expertise;
- ii) Enhancing its student and staff experience by ensuring its infrastructure supports its ambitions as a Centre of Excellence; and
- iii) Safeguarding and championing the Art School's ethos and values by ensuring sustainability and supporting future ambitions.

Under the last of these Goals, the Art School's objectives are:

1. to support sustainability through improved Financial Performance by: achieving a sustainable operational surplus to provide for capital development, special projects and contingencies; containing staff and other costs to levels of income in proportion with areas of growth; and ensuring departmental budgeting is strategically driven to support our vision; and
2. to enhance financial sustainability through increased Fundraising and Development activity by: expanding the number of external funders and partnerships to support the Art School's bursary and capital development needs and enhance its reputation and profile; raising the Art School's public profile through increased partnerships, external projects and media coverage and increasing our presence and activity within the local community; and broadening the basis for fundraising appeals through a focus on defined special projects.

Trustees' report Year to 31 August 2021

The Charity's assets

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

Approved by the Board on 26 January 2022 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Jamie Bill', is written over a faint, light-colored signature line.

Jamie Bill
Chair

Statement of corporate governance and internal control Year to 31 August 2021

The following statement is provided to enable readers of the annual report and financial statements of City and Guilds of London Art School to obtain an understanding of its governance and legal structure. These are detailed and governed by the How We Work: Governance & Management Handbook.

The statement covers the period from 1 September 2020 to 31 August 2021 and up to the date of the approval of the annual report and financial statements.

The Art School endeavours to conduct its business:

1. Having due regard to the UK Corporate Governance Code 2018 in so far as it is applicable to the Higher Education Sector, and the Charities Act 2011.
2. Complying with Office for Students on-going conditions or regulations and terms of conditions of funding as well as other regulatory responsibilities, in accordance with the Higher Education Code of Governance.

We have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code, the Higher Education Code of Governance and Charities Act 2011.

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

Legal Status

City and Guilds of London Art School is a charitable company, limited by guarantee, not having a share capital.

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

The Board of Trustees

The members who served on the Board of Trustees during the year and up to the date of signature of this report are listed below.

Statement of corporate governance and internal control Year to 31 August 2021

Trustee	Appointed / Resigned
Andrew Allen QC	
Marjorie Allthorpe-Guyton	Resigned 20 March 2021
Anne Beckwith-Smith LVO	Resigned 20 March 2021
Laurence Benson (Vice-Chair)	
Jyoti Bharwani (Student Trustee)	Resigned 30 September 2020
Nina Bilbey (Staff Trustee)	
Jamie Bill (Chair)	
Dr Virginia Brooke	
Dr Caroline Campbell	
Ema Epps (Student Trustee)	Resigned 30 September 2021
Brendan Finucane QC	Resigned 19 October 2020
Gabriel Gbadamosi	
Martin Hatfull	
James Kelly	
Tamiko O'Brien (Principal and Accountable Officer)	
Michael Osbaldeston	
Prof Jane Rapley OBE	
Tina Roe (Student Trustee)	Appointed 01 October 2021
James Roundell	Resigned 30 October 2021
Prof Elizabeth Rouse OBE	
Alexander Stitt	
Benjamin Tucker	

Board of Trustees' interests

The Board of Trustees are shown above and except for any instance mentioned above have served throughout the year. Three members of the Board of Trustees have interests within the organisation, including two salaried members of staff, the Principal (ex-officio Trustee), the staff representative Trustee (elected), and the Student representative Trustee (also known as Chair of Students); none of them receive remuneration for their services as members of the Board.

The Secretary to the Board of Trustees maintains a register of financial and personal interest of the members of the Board of Trustees, updated annually.

Statement of trustees' responsibilities

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

Statement of corporate governance and internal control Year to 31 August 2021

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

Statement of trustees' responsibilities (continued)

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

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Trustees are also responsible for ensuring that the School continues to meet the conditions for Office for Students registration, and also safeguarding freedom of speech and academic freedom.

Each of the Trustees confirms that:

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

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

Meeting Procedures

Formal agendas, papers and reports are supplied to the Board of Trustees in a timely manner, prior to Board meetings. Reports include financial performance of the organisation together with other information such as recruitment, academic and quality matters, personnel related matters, and health and safety matters. The Board of Trustees met five times in 2020/21. Full minutes are kept of all meetings.

Meeting Procedures (continued)

The Art School has a strong and independent non-executive membership on the Board of Trustees and no individual or group dominates its decision-making process. The organisation is satisfied that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with exercise of their independent judgement.

There is a clear division of responsibility between the roles of the Chair and Accountable Officer.

Appointment to the Board of Trustees

Appointment to the Board of Trustees are matters for consideration of the Board of Trustees as a whole, as advised by the Nominations Committee.

Board of Trustees Performance Oversight

The Board of Trustees exercise robust scrutiny of performance and challenge where necessary. Board meetings provide the opportunity for thorough discussion of issues arising. Trustees are pro-active in their oversight of the organisation and are involved in the planning and discharging of Board business.

A review of individual Board members' roles and contributions is conducted annually by the Chair.

Committees

The Board of Trustees receives advice on the conduct of its business from four committees and the Academic Board. Each committee has its own terms of reference which have been approved by the Board of Trustees. This committees are: Audit & Risk Committee; Remuneration Committee; Investment Committee; and Nominations Committee. In addition, a Finance Working Group was formed in March 2021 to inform strategic planning, the Principal's Business Planning Advisory Group provides the benefit of Trustee-level expertise and experience in exploring the feasibility of new business opportunities, initiatives or broader issues, and a Joint Development Advisory Working Group that supports the fundraising activity of both the Art School and the Property Trust, a separate charity and landlord to the Art School.

Statement of corporate governance and internal control Year to 31 August 2021

Committees (continued)

	AUDIT & RISK COMMITTEE	INVESTMENT COMMITTEE	NOMINATIONS COMMITTEE	REMUNERATION COMMITTEE
Frequency of meetings	Minimum 4 p.a.	2 p.a.	Minimum 2 p.a.	Minimum 2 p.a.
Chair	Laurence Benson	James Roundell/James Kelly from 2022	Marjorie Allthorpe Guyton/ Caroline Campbell	Laurence Benson
Clerk	Secretary to the Board	Director of Resources and Operations	Secretary to the Board	Secretary to the Board
Trustees	Virginia Brooke Martin Hatfull James Kelly Jane Rapley Michael Osbaldeston	Laurence Benson	Andrew Allen Jamie Bill Nina Bilbey (Staff Trustee) Tina Roe (Student Trustee) Gabriel Gbadamosi Alex Stitt Ben Tucker	Andrew Allen Jamie Bill Nina Bilbey (Staff Trustee) Martin Hatfull Tina Roe (Student Trustee) Ben Tucker
Non-Trustee Members	Humphrey Carey (Property Trust) Tim Statham	Humphrey Carey (Property Trust) Rupert Asquith		
In attendance	Principal (ex-officio Trustee) Brendan Finucane (former Trustee) Director of Resources and Operations Head of Finance	Head of Finance Nick Orr, Cazenove Capital	Principal (ex-officio Trustee)	Principal (ex-officio Trustee) Director of Resources and Operations Head of Finance

Audit and Risk Committee

The Audit and Risk Sub-Committee is responsible to the Board of Trustees in discharging its responsibilities for reporting its independent opinions on the risk management, controls, governance, and value for money arrangements of the Art School.

The Committee is responsible for the following:

- ◆ To appoint external auditors and agree the audit fee, meet with the external auditors to discuss the scope and nature of the audit and to discuss the findings of the audit along with the included management letter and management responses.
- ◆ To review on a regular basis the Art School's Risk Register, advise the Board of Trustees of any significant changes/additions and to escalate any serious concerns to the Board

Committees (continued)

Audit and Risk Committee (continued)

- ◆ To commission audit reviews of anything that could potentially threaten or adversely affect the accomplishment of the aims and objectives of the Art School, or which potentially could put the Art School at financial or reputational risk.
- ◆ To ensure, on behalf of the Board of Trustees, that sound financial and governance controls are in place, and effectively implemented; including the endorsement of the Art School's Financial Regulations, Reserves Policies and arrangements for risk and business continuity management.

A **Site & Environment sub-committee** reporting to the Audit & Risk Committee is tasked with overseeing all matters relating to risk management and compliance with legal obligations relating to the physical, working and educational environments, including student and staff welfare provision and the Health & Safety of all the Art School's members and visitors.

Remuneration Committee

The Remuneration Committee provides oversight of strategic staffing matters and determine policy on staff remuneration; and has delegated authority of the Board to determine the schema for staff pay increases and to decide the remuneration of the Principal and Senior Members of Staff.

Investment Committee

The Investment Committee oversees the management of the Art School's investment portfolio. Under delegated authority of the *Board of Trustees*, the *Investment Committee* is responsible for advising the Board on the appointment of the investment managers; for monitoring the performance of the portfolio and the effectiveness of the investment strategy; and for ensuring that the Art School's investments are handled responsibly and ethically.

Nominations Committee

The Nominations Committee oversees the process for the recruitment and appointment of members of the Boards of Trustees and advises the board overseas the process for review of governance effectiveness. It keeps under review policies and processes relating to membership of the Board of Trustees including induction, training and development of the Trustees.

Committees (continued)

Academic Board

The Academic Board is established by the Board of Trustees with delegated powers to oversee the Art School's academic activities on its behalf and to be the institution's supreme academic authority. Chaired by the Principal, the responsibilities delegated to Academic Board are to:

- ◆ Uphold the academic standards of Art School's courses and the quality of its teaching and student welfare provision.
- ◆ Devise, maintain, amend and, in individual cases suspend, the Student Regulations.
- ◆ Recommend the appointment of External Examiners for validated provision.
- ◆ Appoint External Examiners for non-validated provision.
- ◆ Confirm the students' results for those courses delivered independently of a validating partner.
- ◆ Elicit, receive and act upon student feedback.
- ◆ Oversee all internal review and evaluation processes including periodic reviews by the Office for Students (via the QAA).
- ◆ Work to foster excellent relationships with the Art School's validating partners.

Internal Control

Scope of responsibility

The Board of Trustees is ultimately responsible for the organisation's system of internal control and for reviewing its effectiveness. Such a system incorporates risk management and is designed to manage the risk of failure to achieve academic, operational and financial objectives and is designed to provide reasonable assurance against material misstatement or loss, covering such areas as educational standards, safeguarding, IT and data protection, Health & Safety and Estates, HR matters and finance.

The Board of Trustees has delegated the day-to-day responsibility to the Principal, as Accountable Officer, for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives, whilst safeguarding the funds received and assets. The Principal is responsible for reporting to the Board of Trustees, through the Audit & Risk Committee, any material weaknesses or failures in internal control.

The system of internal control

The system of internal control is designed to manage risk to a reasonable level and is based on an on-going process of identifying and prioritising the risks to the achievement of organisation policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control (continued)

The system of internal control has been in place at the organisation for the year ended 31 August 2021 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the organisation is exposed, together with the operating, financial and governance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that an effective formal on-going process for identifying, evaluating and managing the Art School's significant risks has been in place for the year ended 31 August 2021 and up to the date of approval of the annual report and financial statements.

The risk and control framework

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. It includes:

- ◆ A comprehensive register of risks, updated and reviewed on a semi-annual basis
- ◆ annual budgeting with an annual budget reviewed and agreed by the Board of Trustees
- ◆ periodic reviews by the Board of Trustees of management accounts and financial reports which present and assess financial performance against budget and performance indicators

Review of effectiveness

As the Accountable Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. The Principal's review of the effectiveness of the system of internal control is informed by:

- ◆ the work of the external auditors;
- ◆ the work of the Head of Finance and other staff who have responsibility for the maintenance and development of the internal control framework;
- ◆ comments made by the organisation's financial statements and regularity auditors in their management letters and other reports; and
- ◆ advice provided by Trustees working through the Committees.

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

Statement of corporate governance and internal control Year to 31 August 2021

Review of effectiveness (continued)

The senior management team regularly reviews key performance and risk indicators and considers possible control issues brought to their attention. The Audit and Risk Committee receives regular reports, which include recommendations for improvement, and conducts an annual review of the arrangements for internal control. The Board of Trustees agenda includes a regular item for consideration of risk and control and receives reports thereon from the Audit and Risk Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

Based on above and reports by the Principal, the Board of Trustees is of the opinion that the organisation has an adequate and effective framework for governance, risk management and control to manage the achievements of the organisation's objectives for the year ended 31 August 2021 and it has fulfilled its statutory responsibility for "the effective and efficient use of resources, the solvency of the institution and the safeguarding of their assets".

Regularity, propriety, and compliance

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

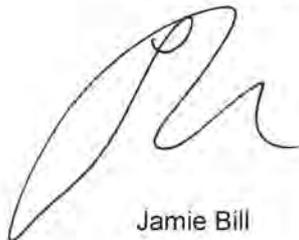
We confirm, on behalf of the organisation, that after due enquiry and to the best of its knowledge, the Board of Trustees believes it is able to identify any material irregularity or improper use of funds by the organisation, or material non-compliance with terms and conditions of funding under the organisation's financial regulations. As part of our consideration we have had due regard to our financial regulations. If any instances are identified after the date of this statement these will be notified to the Office for Students.

Going Concern

Details on Board's going concern assessment are set out on pages 15-16.

Approved by order of the Board of Trustees on 26 January 2022

and signed on its behalf by:



Jamie Bill
Chair



Tamiko O'Brien
Principal

Independent auditor's report Year to 31 August 2021

Independent auditor's report to the members of City and Guilds of London Art School Limited

Opinion

We have audited the financial statements of City and Guilds of London Art School Limited ('the charitable company') for the year ended 31 August 2021 which comprise the statement of financial activities (including the statement of changes in reserves), the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 August 2021 and of its income and expenditure, changes in reserves and cash flows for the year then ended;
- ◆ have been properly prepared in accordance with the financial reporting standards (FRS102);
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006;
- ◆ where applicable, funds from whatever source administered by the provider for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- ◆ Where applicable, funds provided by the OfS, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- ◆ the requirements of the OfS's accounts direction have been met.

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

- ◆ the charitable company's grant and fee income, as disclosed in note 1 to these Financial Statements has been materially misstated.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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

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

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011), Companies Act 2006, those that relate to data protection (General Data Protection Regulation), certain conditions of OfS registration including compliance with the OfS' latest Accounts Direction; and
- ◆ identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

- ◆ making enquiries of management as to their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

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

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

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

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

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

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

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

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

31 March 2022

Statement of financial activities (including income and expenditure statement, which includes statement of changes in reserves) Year to 31 August 2021

	Notes	General fund £	Restricted funds £	Endowment funds £	Year to 31 August 2021 Total funds £	Year to 31 August 2020 Total funds £
Income and expenditure						
Income and endowments from:						
Charitable activities						
Art School fees		2,119,330	—	—	2,119,330	1,934,140
Donations and legacies		224,213	277,582	—	501,795	828,166
Investment income & interest received	2	62,154	19,678	—	81,832	20,035
Other trading activities		—	—	—	—	1,791
Other		89,774	—	—	89,774	85,695
Total income		2,495,471	297,260	—	2,792,731	2,869,827
Expenditure on:						
Charitable activities						
Costs of operating the Art School						
Teaching staff and personnel	6	1,101,557	—	25,000	1,126,557	958,493
Support costs	4	947,356	345	1,449	949,150	897,800
Premises		408,934	—	—	408,934	421,993
Promotions and publicity	3	87,067	—	—	87,067	53,975
Bursaries, scholarships and prizes	5	—	355,462	9,890	365,352	285,161
Total expenditure		2,544,914	355,807	36,339	2,937,060	2,617,422
Net (expenditure) income before gains on investments and transfers	5	(49,442)	(58,548)	(36,339)	(144,329)	252,405
Transfer Between Funds		37,779	—	(37,779)	—	—
Net gains on investments	10	—	26,608	151,292	177,900	10,229
Net (expenditure) / income and net movement in funds		(11,663)	(31,940)	77,174	33,571	262,634
Statement of changes in reserves						
Net (expenditure) / income and net movement in funds		(11,663)	(31,940)	77,174	33,571	262,634
Reconciliation of Funds						
Fund balances brought forward on 1 September 2020		32,165	460,705	1,069,491	1,562,361	1,299,727
Fund balances carried forward at 31 August 2021		20,502	428,765	1,146,665	1,595,932	1,562,361

All of the charitable company's activities are derived from continuing operations during the above two financial periods.

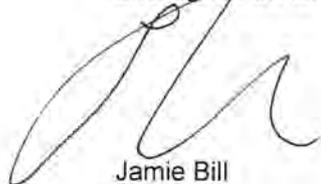
All recognised gains and losses are included in the above statement of financial activities.

Balance sheet 31 August 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	9		189,986		216,492
Investments	10		1,609,826		1,398,489
			<u>1,799,812</u>		<u>1,614,981</u>
Current assets					
Stocks	11	24,472		22,391	
Debtors	12	254,407		249,676	
Cash at bank and in hand		924,255		678,655	
		<u>1,203,134</u>		<u>950,722</u>	
Creditors: amounts falling due within one year	13	(1,226,458)		(1,003,342)	
Net current liabilities			(23,324)		(52,620)
Creditors: amounts falling due after one year	14		(180,556)		—
Total net assets			<u>1,595,932</u>		<u>1,562,361</u>
Represented by:					
The Funds of the Charity					
Endowment funds	15		1,146,665		1,069,491
Income funds:					
Restricted funds	16		428,765		460,705
Unrestricted funds:					
General fund			20,502		32,165
			<u>1,595,932</u>		<u>1,562,361</u>

Approved by the Board on 26 January 2022

and signed on its behalf by:



Jamie Bill
Chair



Tamiko O'Brien
Principal

City and Guilds of London Art School Limited: A company limited by guarantee, Company Registration No. 07817519 (England and Wales)

Statement of cash flows 31 August 2021

	Notes	Year to 31 August 2021 £	Year to 31 August 2020 £
Net cash flows from operating activities	A	217,795	525,376
Net cash flows from investing activities	B	76,880	(134,440)
Change in cash and cash equivalents in the year		294,675	390,936
Cash and cash equivalents at the beginning of the year		739,086	348,150
Cash and cash equivalents at the end of the year	C	1,033,761	739,086

Notes to the statement of cash flows for the year to 31 August 2021

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

	2021 £	2020 £
Net (expenditure) income	(144,329)	252,405
Depreciation charge	48,891	53,700
Dividends, interest and rents from investments	(81,832)	(20,035)
Effect of capitalisation of investment manager's fees	(1,794)	(2,588)
(Increase) in stocks	(2,080)	(3,717)
(Increase) in debtors	(4,731)	(56,503)
Increase in creditors	403,671	302,114
Net cash provided by operating activities	217,795	525,376

B Cash flows from investing activities:

	2021 £	2020 £
Dividends and interest from investments	81,832	20,035
Purchase of tangible fixed assets	(22,285)	(8,022)
Payments to acquire investments	(508,635)	(234,195)
Receipts from the disposal of investments	525,968	87,742
Net cash used in investing activities	76,880	(134,440)

C Analysis of cash and cash equivalents

	31 August 2021 £	31 August 2020 £
Cash at bank and in hand	924,255	678,655
Cash held by investment managers	109,506	60,431
	1,033,761	739,086

Basis of accounting

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

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) ('Charities FRS 102 SORP'), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Office for Students' Accounts Direction 2020/21.

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

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

Critical accounting estimates and areas of judgement

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

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

- ◆ the useful economic lives attributed to tangible fixed assets used to determine the annual depreciation charge;
- ◆ the provision against doubtful and bad debts in respect to Art School fees; and
- ◆ estimates in respect of accrued expenditure.

Going concern

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

The Art School held negative free reserves of £169,484 as at 31 August 2021 (2020 – negative free reserves of £184,327). The Board intends to achieve, as circumstances permit, an increase in the free reserves from present levels in order to provide liquidity to meet any future temporary shortfalls in income and to provide adequate working capital. The Art School now holds expendable endowments totalling £966,851 (2020: £907,859). These expendable endowments are available to provide liquidity to the Art School if needed.

In light of the above, the Trustees have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the Art School to continue as a going concern.

Income

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

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided. Fees receivable include contributions received from restricted funds for scholarships, bursaries and other grants.

Donations are recognised when received and are only accrued where the Art School can demonstrate entitlement to receipt and the amount is measurable and receipt is probable.

Investment income comprises dividends and interest receivable. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. Interest payable on investment assets is recognised on an accruals basis.

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

Expenditure

Expenditure is included in the statement of financial activities when incurred and includes attributable VAT which cannot be recovered. Expenditure comprises the following:

- 1 The costs of charitable activities involving expenditure on the Art School's primary charitable purpose, i.e. the operation of the Art School. In addition bursaries, scholarships and prizes are given to students.
 - 1.1 The costs of operating the Art School include the costs of premises, teaching staff and personnel, support costs including governance costs, and costs of promoting and publicising the Art School and its activities.

Included within support costs are 50% of the fees incurred in managing the School's investment portfolio. The remaining 50% of investment manager's fees are debited to the value of cash held by investment manager on the balance sheet (note 10) and also deducted from unrealised investment gains.
 - 1.2 Bursaries, scholarships and prizes payable by the restricted funds are included in the statement of financial activities when approved, and when set off against the fees to which they relate.

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure includes any attributable VAT which cannot be recovered. All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs.

Tangible fixed assets

All assets costing more than £250 and with an expected useful life exceeding one year are capitalised.

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

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

◆ Fixtures and fittings	10% on cost
◆ Tools and equipment	20% on cost
◆ Computer and hi-tech equipment	33% on cost
◆ Website	20% on cost

Debtors

Debtors are recognised at the settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid.

Cash at bank and in hand

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

Creditors

Creditors are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors are recognised at the amount the Charity anticipates it will pay to settle the debt.

Investments

Investments are included on the balance sheet at their market value at the end of the financial period. Realised and unrealised gains and losses are credited, or debited, to the statement of financial activities in the year in which they arise.

Financial instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 12. Prepayments are not financial instruments.

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

Financial instruments (continued)

Financial liabilities – trade creditors, accruals, the loan and other creditors are financial instruments, and are measured at amortised cost as detailed in note 13. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Stocks

Stocks, comprising artists' materials for resale, are stated at cost.

Fund accounting

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

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

The endowment funds comprise both permanent and expendable endowments. Permanent endowments are monies which must be held as capital indefinitely. The income therefrom can be used for general purposes and is credited directly to unrestricted funds.

Expendable endowments are monies which were given to the Art School as capital but there is no restriction on them being converted into expendable income.

Leased assets

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged on a straight-line basis over the lease term.

Pension costs

Contributions to employees' personal pension plans are debited to the statement of financial activities in the year in which they are payable to the relevant plans.

Notes to the financial statements 31 August 2021

1 Grant and fee income

	Year to 31 August 2021 £	Year to 31 August 2020 £
Fee income for taught awards	2,119,330	1,934,140
Total grant and fee income	2,119,330	1,934,140

The School had no other types of grant and fee income as detailed in clause 23 of the Office for Students Accounts Direction.

2 Investment income and interest receivable

	General fund £	Restricted and endowment funds £	Year to 31 August 2021 total £
Income from UK investments			
· Unit trusts and common investment funds	62,075	19,678	81,753
Bank interest	79	—	79
	62,154	19,678	81,832

	General fund £	Restricted and endowment funds £	Year to 31 August 2020 total £
<i>Income from UK investments</i>			
<i>· Unit trusts and common investment funds</i>	13,402	5,687	19,089
<i>Bank interest</i>	929	17	946
	14,331	5,704	20,035

3 Promotion and publicity

	General fund £	Restricted and endowment funds £	Year to 31 August 2021 total £
Marketing	87,067	—	87,067
	87,067	—	87,067

	General fund £	Restricted and endowment funds £	Year to 31 August 2020 total £
<i>Marketing</i>	53,975	—	53,975
	53,975	—	53,975

Notes to the financial statements 31 August 2021

4 Support costs

	General fund £	Restricted and endowment funds £	Year to 31 August 2021 total £
Staff costs	515,766	25,000	540,766
Equipment, IT and depreciation	157,010	—	157,010
Student materials and project expenses	82,204	—	82,204
Other support costs	135,522	1,794	137,316
Governance costs:			
· Legal and professional fees	16,492	—	16,492
· Statutory audit services	14,066	—	14,066
· Non statutory audit services	1,296	—	1,296
	922,356	26,794	949,150

	General fund £	Restricted and endowment funds £	Year to 31 August 2020 total £
Staff costs	514,064	—	514,064
Equipment, IT and depreciation	149,035	—	149,035
Student materials and project expenses	73,571	—	73,571
Other support costs	130,314	2,588	132,902
Governance costs:			
· Legal and professional fees	13,221	—	13,221
· Statutory audit services	13,800	—	13,800
· Non statutory audit services	1,206	—	1,206
	895,211	2,588	897,799

5 Net expenditure

This is stated after charging:

	General fund £	Restricted and endowment funds £	Year to 31 August 2021 total £
Staff costs (note 6)	1,642,323	25,000	1,667,323
Auditor's remuneration:			
· Statutory audit services	14,066	—	14,066
· Non-statutory audit services	1,296	—	1,296
Depreciation and loss on disposals	48,891	—	48,891
Operating lease rentals			
· Land and buildings	293,429	—	293,429
· Equipment	28,659	—	28,659
Bursaries, scholarships and prizes	—	365,352	365,352

Notes to the financial statements 31 August 2021

5 Net expenditure (continued)

This is stated after charging:

	General fund £	Restricted and endowment funds £	Year to 31 August 2020 total £
Staff costs (note 6)	1,418,698	50,000	1,468,698
Auditor's remuneration:			
· Statutory audit services	13,800	—	13,800
· Non-statutory audit services	1,206	—	1,206
Depreciation and loss on disposals			
Operating lease rentals	53,700	—	53,700
· Land and buildings	233,054	—	233,054
· Equipment	26,563	—	26,563
Bursaries, scholarships and prizes	—	285,161	285,161

Bursaries were paid to 57 individuals (2020 – 63) during the year.

6 Staff costs and Trustees' remuneration

	Year to 31 August 2021 £	Year to 31 August 2020 £
Staff costs during the year were as follows:		
Salaries	1,276,908	1,154,929
Social security costs	99,228	83,100
Pension	59,630	53,209
	1,435,766	1,291,238
Self-employed tutors	215,944	151,528
Other staff costs	15,613	25,933
	1,667,323	1,468,699

Staff costs analysed by function were as follows:

	Year to 31 August 2021 £	Year to 31 August 2020 £
Teaching	1,126,557	954,634
Support, administration and management	540,766	514,064
	1,667,323	1,468,698

The average number of employees, all of whom are engaged in the operation of the Art School, analysed by function and on a full time equivalent basis was:

	Year to 31 August 2021	Year to 31 August 2020
Teaching	27	23
Support, administration and management	12	11
	39	34

The average number of employees, all of whom are engaged in the operation of the Art School, was 83 (2020 – 71) for the year ended 31 August 2021. Many of these are employed on a part-time basis.

Notes to the financial statements 31 August 2021

6 Staff costs and Trustees' remuneration (continued)

The Principal's total remuneration in the year ended 31 August 2021 was as follows:

	2021 £	2020 £
Basic salary	71,400	70,933
Pension contribution	3,570	3,547
	<u>74,970</u>	<u>74,480</u>

The Board of Trustees Remuneration Committee chaired by the Chair of the Board of Trustees considers the case for annual pay increases. The Principal is line managed by the Chair of the Board and their salary, together with all other salaries, is considered by the Remuneration Committee with proposals made to the full Board. The Chair of Students (Student Trustee) is a member of the Remuneration Committee while the Principal and Head of Finance now attend to provide information. The Company Secretary is the clerk to the committee. The Principal, Head of Finance and Company Secretary are not members of the Remuneration Committee, and do not attend when their own salaries are under consideration. The School has given regard to the Higher Education Senior Staff Remuneration Code published by the Committee of University Chairs.

As at 31 August 2021, the Accountable Officer's basic salary is 2.37 times (2020 – 2.37 times) the median pay of staff, where the median pay is calculated on a full time equivalent basis for all staff contracted on an annual salary basis. There were no performance related payments made to the accountable officer in 2020/21.

No Trustees received any remuneration or other emoluments in respect of their services as a member of the Board during the year (2020 – none). In addition to the Accountable Officer, there was one further Trustee who was employed by the School part-time in the year ended 31 August 2021 and received gross pay of £21,346 (2020 - £18,343) and employer's pension contributions of £1,067 (2020 - £917) in respect of that employment. No expenses were reimbursed to Trustees during the year (2020 – none). The numbers of employees earning greater than £60,000 during the year were as follows:

	2021 No.	2020 No.
£65,001 - £70,000	—	—
£70,001 - £75,000	1	1
	<u>1</u>	<u>1</u>

Pension contributions in respect of these employees amounted to £3,570 (2020 – £3,547).

The aggregate remuneration, including employer's pension contributions paid to key management personnel and employer's national insurance, was £479,394 (2020 – £444,475).

Key management personnel during the year consisted of the Principal, seven Heads of Department, Head of Finance and the Head of Academic Affairs and Quality.

Notes to the financial statements 31 August 2021

6 Staff costs and Trustees' remuneration (continued)

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

7 Comparative information

Analysis of income and expenditure in the year ended 31 August 2020 between restricted, endowment and unrestricted funds:

	Notes	General fund £	Restricted funds £	Endowment funds £	Year to 31 August 2020 Total funds £
Income and expenditure					
Income and endowments from:					
Charitable activities					
.. Art School fees		1,934,140	—	—	1,934,140
Donations and legacies		90,334	484,347	253,485	828,166
Investment income	2	14,331	5,704	—	20,035
Other trading activities		1,791	—	—	1,791
Other		85,695	—	—	85,695
Total income		2,126,291	490,051	253,485	2,869,827
Expenditure on:					
Charitable activities					
.. Costs of operating the Art School					
... Teaching staff and personnel	6	904,634	3,859	50,000	958,493
... Support costs	4	895,212	580	2,008	897,800
.. Premises		351,018	70,975	—	421,993
.. Promotions and publicity	3	53,975	—	—	53,975
.. Bursaries, scholarships and prizes	5	—	280,663	4,498	285,161
Total expenditure		2,204,839	356,077	56,506	2,617,422
Net (expenditure) income before gains on investments and transfers	5	(78,548)	133,974	196,979	252,405
Net gains on investments	10	—	1,063	9,166	10,229
Net (expenditure) / income and net movement in funds		(78,548)	135,037	206,145	262,634
Statement of changes in reserves					
Net (expenditure) / income and net movement in funds		(78,548)	135,037	206,145	262,634
Reconciliation of Fund balances brought forward on 1 September 2019					
		110,713	325,668	863,346	1,299,727
Fund balances carried forward at 31 August 2020		32,165	460,705	1,069,491	1,562,361

8 Taxation

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

Notes to the financial statements 31 August 2021

9 Tangible fixed assets

	Fixtures, fittings, tools, computer equipment website £
Cost	
At 1 September 2020	764,350
Additions	22,385
At 31 August 2021	786,735
Depreciation	
At 1 September 2020	547,858
Charge for year	48,891
At 31 August 2021	596,749
Net book values	
At 31 August 2021	189,986
At 1 September 2020	216,492

10 Investments

	2021 £	2020 £
Listed investments and cash		
Opening market value at 1 September	1,338,059	1,178,788
Additions	508,637	234,195
Disposals (including realised losses of £29,559)	(496,510)	(102,158)
Capitalised investment manager's fees	1,794	2,588
Unrealised investment gains	148,340	24,645
	1,500,320	1,338,058
Cash held by investment manager	109,506	60,431
Total market value of investments at 31 August	1,609,826	1,398,489
Cost of listed investments - 31 August	830,155	1,298,579

Listed investments and cash held at 31 August 2021 comprised the following:

	2021 £	2020 £
Fixed interest	—	496,509
Multi Asset Fund	1,500,320	841,549
	1,500,320	1,338,058
Cash held by investment managers	109,506	60,431
	1,609,826	1,398,489

All investments were dealt in on a recognised stock exchange.

Notes to the financial statements 31 August 2021

10 Investments (continued)

At 31 August 2021, the following individual holdings were deemed material in the light of the market value of the portfolios:

	% of portfolio	Market value £
Cazenove Charity Multi Asset Fund S Units GBP Accumulation	16.0	258,100
Cazenove Charity Multi Asset Fund S Units GBP Distribution	40.7	654,482
SUTL Cazenove Charity Responsible	29.9	481,111

At 31 August 2020, the following individual holdings were deemed material in the light of the market value of the portfolios:

	% of portfolio	Market value £
Cazenove Charity Multi Asset Fund S Units GBP Accumulation	16.7	223,306
Cazenove Charity Multi Asset Fund S Units GBP Distribution	27.6	369,414
SUTL Cazenove Charity Responsible	18.7	250,828
St James' Place Global Equity Fund – Acc	8.4	112,781
St James' Place Strategic Managed Fund – Acc	6.8	90,860
St James' Place Managed Growth Fund – Acc	5.9	79,017
St James' Place Balanced Managed Fund – Acc	6.4	85,161
St James' Place Corporate Bond – Acc	6.3	84,196

11 Stocks

	2021 £	2020 £
Materials for resale	24,472	22,391

12 Debtors

	2021 £	2020 £
Student fees outstanding	94,081	70,837
Other debtors	310	300
City and Guilds Art School Property Trust	—	2,469
Prepayments and accrued income	160,016	176,070
	254,407	249,676

13 Creditors: amounts falling due within one year

	2021 £	2020 £
Student fees in advance	925,640	875,400
Trade creditors	59,298	15,738
Taxation and social security	26,556	20,664
Other creditors	13,742	28,811
CBIL Loan	41,667	—
Accruals and other deferred income	81,656	62,729
City & Guilds Art School Property Trust	77,899	—
	1,226,458	1,003,342

Notes to the financial statements 31 August 2021

14 Creditors: amounts falling due after one year

	2021 £	2020 £
CBIL Loan – payable between two and five years	180,556	—
	180,556	—

The interest rate attached to the loan is based on a floating rate, and will be less than 2.9905% per annum.

15 Endowment funds

The capital funds of the Art School include permanent endowments and expendable endowments. The permanent endowments are comprised of monies which must be retained as capital indefinitely. The expendable endowments are comprised of monies which were given to the Art School as capital but there is no restriction on them being converted into expendable income.

	At 1 September 2020 £	Income £	Expenditure £	Gains, losses and transfers £	At 31 August 2021 £
Permanent endowments					
Edward Chadwyck-Healey Bequest and Memorial Appeal Fund	161,632	—	(219)	18,401	179,814
	161,632	—	(219)	18,401	179,814
Expendable endowments					
Margaret Ballardie bequest	461,509	—	(17,500)	82,087	526,096
Idun Ravndal Memorial Legacy	252,706	—	(20,279)	28,761	261,188
Other endowments	193,644	—	(36,120)	22,043	179,567
	907,859	—	(72,899)	132,891	966,851
Total endowments	1,069,491	—	(74,118)	151,292	1,146,665

The income from the endowment funds is included in unrestricted general funds. Reflected in the above is a transfer of operating costs to endowment funds, which was approved by the Board.

The Idun Ravndal Memorial Legacy was received in 2019/20 and the School plans to expend this over 25 years in line with the donor's wishes. Since no proportionate transfer of expenditure to the Fund or to the Margaret Ballardie bequest was made in 2019/20 balancing provision have been made in 2020/21.

Notes to the financial statements 31 August 2021

15 Endowment funds (continued)

	At 1 September 2019 £	Income £	Expenditure £	Gains, losses and transfers £	At 31 August 2020 £
<i>Permanent endowments</i>					
<i>Edward Chadwyck-Healey Bequest and Memorial Appeal Fund</i>	157,915	—	(485)	4,202	161,632
	157,915	—	(485)	4,202	161,632
<i>Expendable endowments</i>					
<i>Margaret Ballardie bequest</i>	462,995	—	—	(1,486)	461,509
<i>Idun Ravndal Memorial Legacy</i>	—	253,485	(779)	—	252,706
<i>Other endowments</i>	242,436	—	(55,242)	6,450	193,644
<i>Total endowments</i>	863,346	253,485	(56,506)	9,166	1,069,491

16 Restricted funds

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

	Balance at 1 September 2020 £	Income from invest- ments £	Donations £	Expenditure £	Realised/ unrealised gains on invest- ments £	Balance at 31 August 2021 £
Annual Bursaries Fund	106,321	—	267,982	(349,196)	—	25,107
Saul Bursary Fund	36,611	3,246	—	(50)	4,389	44,196
Charles Noble/Peter Chance Scholarship F	23,104	2,048	—	(31)	2,769	27,890
Rodney Burn RA Scholarship Fund	37,965	3,366	—	(51)	4,551	45,831
Simon Birch Memorial Bursary Fund	66,909	5,931	—	(153)	8,020	80,707
Edith and Stephen Burnett Memorial Fund	3,548	315	—	(5)	425	4,283
David Ballardie Memorial Award Fund	34,572	3,065	—	(47)	4,144	41,734
Idun Ravndal Travel Award	1,826	162	—	(152)	219	2,055
Other prize and special funds	17,441	1,546	9,600	(6,122)	2,091	24,556
Books & Paper Conservation Project	112,408	—	—	—	—	112,408
Recovery Appeal	20,000	—	—	—	—	20,000
	460,705	19,678	277,582	(355,807)	26,608	428,765

Notes to the financial statements 31 August 2021

16 Restricted funds (continued)

The specific purposes for which the funds are to be applied are given by their descriptions in the table above. The main purposes are the awarding of scholarships, bursaries and prizes.

	Balance at 1 September 2019 £	Income from invest- ments £	Donations £	Expenditure £	Realised/ unrealised gains on invest- ments £	Balance at 31 August 2020 £
Annual Bursaries Fund	110,746	—	262,229	(266,654)	—	106,321
Saul Bursary Fund	35,599	945	—	(109)	176	36,611
Charles Noble/Peter Chance Scholarship F	22,466	596	—	(69)	111	23,104
Rodney Burn RA Scholarship Fund	36,915	980	—	(113)	183	37,965
Simon Birch Memorial Bursary Fund	65,014	1,725	—	(152)	322	66,909
Edith and Stephen Burnett Memorial Fund	3,450	92	—	(11)	17	3,548
David Ballardie Memorial Award Fund	35,569	944	—	(2,117)	176	34,572
Idun Ravndal Travel Award	1,959	52	—	(195)	10	1,826
Other prize and special funds	13,950	370	14,875	(11,823)	69	17,441
Books & Paper Conservation Project	—	—	187,243	(74,835)	—	112,408
Recovery Appeal	—	—	20,000	—	—	20,000
	325,668	5,703	484,347	(356,078)	1,064	460,705

17 Analysis of net assets between funds

	General fund £	Restricted funds £	Endowment funds £	Total 2021 £
Fund balances at 31 August 2021 are represented by:				
Tangible fixed assets	189,986	—	—	189,986
Investments	34,396	428,765	1,146,665	1,609,826
Current assets	1,203,134	—	—	1,203,134
Creditors: amounts falling due within one year	(1,226,458)	—	—	(1,226,458)
Creditors: amounts falling due after one year	(180,556)	—	—	(180,556)
Total net assets	20,502	428,765	1,146,665	1,595,932
	General fund £	Restricted funds £	Endowment funds £	Total 2020 £
Fund balances at 31 August 2020 are represented by:				
Tangible fixed assets	216,492	—	—	216,492
Investments	—	381,671	1,016,818	1,398,489
Current assets	819,015	79,033	52,674	950,722
Creditors: amounts falling due within one year	(1,003,342)	—	—	(1,003,342)
Total net assets	32,165	460,704	1,069,492	1,562,361

Notes to the financial statements 31 August 2021

17 Analysis of net assets between funds (continued)

The total unrealised gains as at 31 August 2020 constitute movement on revaluation and are as follows:

	2021 £	2020 £
Unrealised gains included above		
On listed investments as at 31 August	148,340	191,426
Reconciliation of movements in unrealised gains		
Unrealised gains at 1 September 2020	191,426	166,781
Unrealised gains on listed investments arising in the year	148,340	24,645
Total unrealised gains at 31 August 2021	339,766	191,426

18 Liability of members

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

19 Leasing commitments

Operating leases

At 31 August 2021 the Art School had the following commitments under non-cancellable operating leases:

	Land and buildings		Equipment	
	2021 £	2020 £	2021 £	2020 £
Operating leases which expire:				
Within one year	293,429	289,929	28,659	28,659
Between two and five years	661,120	850,498	56,704	85,363
Over five years	1,025,351	1,005,247	—	—
	1,979,900	2,145,674	85,363	114,022

The land and buildings operating leases relate to the site at Kennington Park Road and the sub-lease of premises in the Old Vauxhall Telephone Exchange in nearby Kennings Way from the Property Trust for the period up to the first break clause.

20 Related party transactions

Until his resignation from the Art School Board in October 2020, the Property Trust had one Trustee (B. Finucane) in common with the Art School. The Art School charged a management fee of £43,796 (2020 – £41,077) to the Property Trust during the year. The Property Trust charged the Art School rent, including VAT, of £293,307 (2020 – £233,054) and also charged a management fee of £14,376 (2020 – £6,975). No grants were received from the Property Trust in respect of the year (2020 – £nil).

An amount of £0 was received from Trustees (2020: £180 from one Trustee as a Summer School payment).

Notes to the financial statements 31 August 2021

21 Post balance sheet events

There were no post balance sheet events to consider.

List of donations Year to 31 August 2021

This page does not form part of the statutory financial statements

The Trustees are highly appreciative of the generosity, encouragement and loyal support given by the Art School's benefactors. Without this continuing support, vital bursaries would not be available for students to take advantage of the Art School's exceptional education and training offer. Donations have also been critical to upgrade the Art School's facilities and equipment, and to sustain the Art School's tradition of awarding prizes to its most talented and otherwise deserving students. Where possible, the School claims Gift Aid on donations.

Donations to bursaries fund	2020-2021 £
Drapers' Company / City and Guilds of London Institute	25,950
Skinner's Company - Lawrence Atwell Trust / City and Guilds of London Institute	20,000
University of the Arts London	16,667
Joiners & Ceilers' Company / City and Guilds of London Institute	15,000
Asquith Family Trust	15,000
Grocers' Company	12,500
Masons' Company – Craft Fund	12,000
Jack Lander Foundation	10,005
Historic Houses Foundation	10,000
de Laszlo Foundation	9,000
Dyers' Company/City and Guilds of London Institute	8,000
Royal Female School of Art Foundation	6,000
Carpenters' Company - Norton Folgate Charitable Trust	6,000
Leche Trust	5,000
Derek Hill Foundation	5,000
Stanley Picker Trust	5,000
Sir Denis Mahon Foundation	5,000
Radcliffe Trust	3,865
South Square Trust	3,350
Arts Society - Patricia Fay Memorial Fund	3,000
Charlotte Bonham-Carter Charitable Trust	2,000
Drake Trust	1,650
	199,807

Donations to other unrestricted funds	2020-2021 £
Fishmongers' Company	30,000
de Laszlo Foundation	16,000
ColArt	2,500
Drapers' Company	750
Other	300
	49,950

Awards paid directly to students and not entered through the Art School's financial statements	2020-2021 £
Brinsley Ford Travel Award	2,500
	2,500

List of donations Year to 31 August 2021

This page does not form part of the statutory financial statements
Prize Award donations paid to the Art School

	2020-2021 £
Honourable Society of the Knights of the Round Table Charity	8,000
Anonymous Donation	5,000
Harriet Anstruther	1,000
Board of Trustees	409
	14,409

Bursaries and Scholarships paid directly to the Art School on behalf of pre-specified students

	2020-2021 £
Painter-Stainers' Company - Scholarships	5,000
Fishmongers' Company Beckwith Scholarship for Sculpture	4,800
Barbara Whatmore Charitable Trust	4,000
Anna Plowden Trust	3,400
Queen Elizabeth Scholarship Trust	3,083
Yorkshire Ladies Council of Education	300
	20,583

Donations for Books & Paper Project

	2020-2021 £
Pilgrim Trust	30,000
Leche Trust	10,000
	40,000

List of donations Year to 31 August 2021

This page does not form part of the statutory financial statements

	2020-2021
<u>Donations to Recovery Appeal</u>	<u>£</u>
Drapers' Company	25,000
Garfield Weston Foundation	20,000
Spyros Niarchos (Boeren International)	20,000
Michael Davies Charitable Settlement	16,000
Sheepdrove Trust	10,000
P L Cooke Endowment	10,000
Ashley Family Foundation	10,000
Timothy Schroder Charity	5,000
Asquith Family Trust	5,000
Masons' Company - Craft Fund	4,500
Robin Holland-Martin	4,000
Vandervell Foundation	3,000
Nina Lobanov Rostovski	3,000
Susan Hussey	2,892
Alan Higgs Architects	1,500
Builders' Merchants' Company	1,000
Joan Edlis	1,000
Vintners' Company	1,000
Others	11,687
	<u>154,479</u>

Detailed income and expenditure (General fund) Year to 31 August 2021

This page does not form part of the statutory financial statements

	Total 2021 £	Total 2020 £
Income		
Turnover		
Students' fees	2,119,330	1,934,140
Other operating income		
Sales of artists' materials	19,807	16,526
Miscellaneous receipts	69,967	69,169
	<u>89,774</u>	<u>85,695</u>
Project income	—	1,791
Donations	224,213	90,334
	<u>224,213</u>	<u>92,125</u>
Income from investments	81,753	19,089
-Less: amounts allocated to specific funds	(19,678)	(5,687)
	<u>62,075</u>	<u>13,402</u>
Bank interest receivable	79	929
	<u>2,495,471</u>	<u>2,126,291</u>
Expenditure		
Cost of sales of artists' materials		
Opening stock	22,390	18,674
Closing stock	(24,471)	(22,391)
Purchases in the year	19,727	16,229
	<u>17,647</u>	<u>12,512</u>
Staff costs		
Salaries, lecturers' and models' fees	1,251,908	1,104,929
Social security costs	99,228	83,100
Pension costs	59,630	53,209
	<u>1,410,766</u>	<u>1,241,238</u>
Other staff costs	15,613	25,933
Self-employed tutors and models	215,944	151,528
	<u>1,642,323</u>	<u>1,418,699</u>
Balances carried forward	<u>1,659,970</u>	<u>1,431,211</u>

Detailed income and expenditure (General fund) Year to 31 August 2021

This page does not form part of the statutory financial statements

	Total 2021 £	Total 2020 £
Balances brought forward	1,659,970	1,431,211
IHE & Creative Industries Federation fees	4,126	3,603
UALAB fees	11,200	11,200
Quality Assurance Agency	2,218	2,828
Validation of Courses – Training	—	2,574
HESA	3,650	3,324
Office for Students	30,021	30,100
Ravensbourne University	30,000	29,800
Materials purchased for school use	51,370	42,554
Library purchases	13,188	12,230
Membership and subscription fees	644	615
Marketing	36,213	42,177
Advertising	14,162	7,358
Exhibitions	34,429	4,390
Property rent payable	293,307	233,054
Repairs to premises	13,521	14,858
Repairs to furniture and equipment	20,146	11,858
Light and heat	43,471	43,125
Rates including water	33,540	33,185
Cleaning	22,910	12,788
Health and safety	37,484	29,840
Capital items under £250 each	5,421	3,159
School trips	—	6,275
Lease of equipment	21,050	26,563
Computer expenses	18,171	18,226
Printing and stationery	954	2,029
Postage and telephone	21,492	19,485
General expenses	4,056	3,755
Insurance	25,094	26,796
Audit and accountancy	15,362	15,006
Other professional fees	16,492	13,221
Bank charges	3,631	5,231
Depreciation	48,891	53,700
Hire of equipment	5,848	5,739
Catering costs	64	2,300
Other costs	556	682
Website costs	2,262	51
	884,944	773,628
Total expenditure	2,544,914	2,204,839
Deficit		
for the year transferred to unrestricted funds	(49,443)	(78,548)