



City&Guilds  
of London  
Art School

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ANNUAL REPORT  
AND FINANCIAL  
STATEMENTS

31 AUGUST 2022

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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 KC  
Laurence Benson (Vice-Chair)  
Nina Bilbey (resigned 30/09/22)  
Dr Virginia Brooke  
Dr Caroline Campbell  
Edward Campbell-Johnston (appointed 26/10/22)  
Gabriel Gbadamosi (resigned 31/12 21)  
Martin Hatfull  
James Kelly  
Tabish Khan (appointed 26/10/22)  
Tamiko O'Brien (resigned 31/08/2022)  
Michael Osbaldeston  
Dr Michael Paraskos (appointed 01/10/2022)  
Prof Jane Rapley OBE  
Theo Ritzinger (appointed 01/10/22)  
Tina Roe (appointed 01/10/21; resigned 30/09/22)  
Prof Elizabeth Rouse OBE  
Dr Lois Rowe (appointed 01/09/2022)  
Alexander Stitt  
Helen Sunderland-Cohen (appointed 26/10/22)  
Benjamin Tucker

## Company Secretary

Harriet Lam

## Senior Management Team

Principal  
Director of Resources and Operations  
Head of Finance  
Head of Historic Carving  
Head of Art Histories  
Head of Fine Art  
Head of Foundation  
Head of Conservation  
Head of Access to Learning  
Head of Development and External Relations

Dr Lois Rowe (appointed 01/09/2022)  
Nick Rampley  
Shahzad Asghar  
Heather Newton  
Tom Groves  
Robin Mason  
Keith Price  
Dr Marina Sokhan  
Teresita Dennis  
Hannah Travers

# Reference and administrative information

Registered and principal office	124 Kennington Park Road London SE11 4DJ
Telephone	020 7735 2306
Website	<a href="http://www.cityandguildsartschool.ac.uk">www.cityandguildsartschool.ac.uk</a>
Email	<a href="mailto:office@cityandguildsartschool.ac.uk">office@cityandguildsartschool.ac.uk</a>
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
Investment Managers	Cazenove Capital Management Limited 1 London Wall Place London EC2Y 5AU
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL

# Trustees' Report | Year to 31 August 2022

## 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 2022.

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

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

## 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 and 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.

# Trustees' Report | Year to 31 August 2022

## 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 and 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

The current year saw further consolidation of the membership of the Board of Trustees: one Trustee decided to stand down before the end of the year; following an analysis of skills needs a recruitment exercise was undertaken and three new Trustees were appointed from the beginning of the 2022-23 academic session. The resignation of the out-going Principal, who was an ex officio Trustee, at the end of the year and the appointment of her successor from the beginning of 2022-23, occasioned a further change to the Board. The only other changes in membership during the year were the retirement of the staff trustee on reaching the end of her term of office and the appointment of her successor from the beginning of the 2022-23 session, and the retirement of the Board's student representative whose

# Trustees' Report | Year to 31 August 2022

## Governance, structure and management (continued)

### REVIEW (CONTINUED)

appointment as co-Chair of Students expires on an annual basis. Towards the end of the year the Board considered the desirability of undertaking a Governance Review to inform its proceedings and meet the recommendations of the Office for Students and agreed that a Review by an independent third party should be commissioned and carried out in the course of 2022-23.

### 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 and 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. The Site and Environment Sub-Committee, established in October 2019 also reports to the Trustees through the Audit and 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: Access to Learning; Art Histories; Conservation; Fine Art; Foundation; and Carving; who, along with the Head of Finance and Head of Development and 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.

# Trustees' Report | Year to 31 August 2022

## Governance, structure and management (continued)

### KEY MANAGEMENT PERSONNEL (CONTINUED)

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.

### 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 Visa 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 and 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 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.



# Trustees' Report | Year to 31 August 2022

## Governance, structure and management (continued)

### FUNDRAISING STATEMENT

The Art School adheres to good standards of ethical fundraising. Its Gift Acceptance Policy was reviewed and revised during 2021-22 and formalises the Art School's practices and ethical fundraising position. 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.

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 2021.

No Trustee has received any remuneration for services as a member of the Board (2021 - none).

The Statement of Corporate Governance and Internal control sets out the Trustees who were in office for the year ended 31 August 2022 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 recent introduction of a new subject area of book and paper conservation and consider further opportunities for expansion of its academic portfolio;

## Governance, structure and management (continued)

### OBJECTIVES AND RELEVANT POLICIES (CONTINUED)

- 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;
- 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.

### ACCESS AND EQUALITY AND 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 2022 of £1,582,720 (2021: £1,609,826).

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 are more than cover the impact of inflation. The performance of the portfolio is reviewed regularly by the Investment Committee.

# Trustees' Report | Year to 31 August 2022

## Activities and achievements

### STUDENT NUMBERS AND ACADEMIC ACHIEVEMENTS

The number of students enrolled at the beginning of the 2021/22 academic year totalled 271 (258 in 2020/21).

#### Foundation Studies

85 students (79 in 2020/21) successfully completed their year of study and were awarded a Foundation Diploma in Art & Design from UAL Awarding Body (26 with Distinction), with many able to secure a place on the university course of their choice.

#### Fine Art

20 students (20 in 2020/21) were awarded BA (Hons) degrees in Fine Art; 10 Firsts and 10 Upper Seconds. 1 Student was awarded a Graduate Diploma (with Distinction).

21 students were awarded MA Fine Arts degree; 14 with Distinction; 7 with Merit.

#### Conservation

4 students (4 in 2020/21) were awarded BA (Hons) Conservation Studies; 1 First, 2 Upper Seconds and 1 Lower Second. 4 students were awarded a Graduate Diploma (3 with Distinction).

1 student was awarded MA Conservation Studies (with Distinction).

#### Historic Carving

3 students (5 in 2020/21) were awarded BA (Hons) Historic Carving; 2 Firsts, 1 Upper Second. 2 students were awarded a Graduate Diploma (with Distinction). 1 student was awarded a Diploma of Higher Education

#### Art and Material Histories

5 students were awarded MA Art and Material Histories; 4 with Distinction, 1 with Merit.

### BURSARIES AND SCHOLARSHIPS

The continued generosity of the Art School's many benefactors enabled fee bursary awards of £274,311 (£224,825 for the previous 12 months). Contributions made by way of direct applications for support by students amounted to an additional £31,155 for the academic year (£20,583 in the previous year). In the course of the 12 months to 31 August 2022, fee bursaries were given to a total of 61 students (57 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.

## Activities and achievements

### ACADEMIC PORTFOLIO DEVELOPMENTS

This was the second year for the new subject area in the Conservation of Books and Paper following the successful validation of the new awards and fundraising for new specialist facilities. The second year of the course successfully recruited and additional experts were recruited to deliver this important specialist area, securing important skills and knowledge for the UK's heritage sector.

The move of MA Fine Art from the Georgian studios to the first floor of the BT Building which had taken place in the preceding year was consolidated and the new studios continued to provide excellent accommodation for the Art School's students. Following the extension of both undergraduate and postgraduate courses in the previous year to mitigate the impact of the Covid pandemic, the 2021/22 academic year reverted to a pre-pandemic pattern.

As part of the Royal Literary Fund Fellowship Scheme, the Art School continued to host a professional writer for two days each week during term time. The Writing Fellow offered individual appointments where students could discuss all aspects of their writing, such as structuring an argument, making the essay clearer and improving style.

In October 2021, the Art School welcomed more than 100 UK and international delegates to the "Material Matters: Clay" online symposium, as part of the delayed 2021 London Craft Week and received outstanding feedback about our speakers. Recordings of the presentations are now available to view on the Art School's YouTube channel. The Art School was delighted to take part in London Craft Week 2022, with a two-day event on site exploring the properties, uses and conservation of paper, marking the launch of our 2022-23 research programme, Material Matters: Paper. The events included paper demonstrations from students and tutors and print-making workshops in our historic etching room. Our now traditional two-day carving competition celebrated the life and work of Grinling Gibbons in the tercentenary year of his death.

Extending our Outreach activities is a theme of the new Strategic Plan and in January the Art School was represented at the UK Universities Fair in Madrid, organised by the British Council. This opportunity to meet students from schools in Madrid was our first face-to-face recruitment activity since Covid restrictions began. In Summer 2022, we were delighted to offer events for the first time as part of London Careers Festival organised by the City of London.

While 2021/22 saw a consolidation of the Art School's validated course offer, its summer school of short taster courses was increased and demonstrated potential for future expansion. In line with its strategic objective of increasing its outreach activity and community profile a Saturday School for local young people (to be run in conjunction with the National Saturday Club) was planned, and a fundraising campaign to support it was successful. The first Saturday School students were expected to commence in October 2022.

# Trustees' Report | Year to 31 August 2022

## Activities and achievements

### STUDENT SUCCESSES, COLLABORATIONS AND OTHER ACTIVITIES

The 2021 MA Show in October featured artworks from over 30 exhibitors in a celebration of the outstanding work of our postgraduate Fine Art, Art and Material Histories and Carving students as well as current work from our Co-Chairs of Students and Fellows.

In May 2022 the Art School held its annual Foundation Show, a celebration of the outstanding work of our 2022 graduates studying the Foundation Diploma in Art & Design.

During their year of exploration students had interrogated and extended their art practice creating an impressive body of work displayed in the Show.

A day of celebration of achievement took place at the end of June as our final year undergraduate students graduated from the Art School in our annual Degree Show Ceremony and Prize Giving. Exhibiting students demonstrated exceptional commitment, resilience and creativity during the pandemic, and we were very proud to be showcasing their work. 23 prizes were awarded to graduates and 15 prizes were awarded to continuing students from across the courses. Five of those prizes were towards international study and research trips, others included recognition of drawing and printmaking skills.

### Conservation

- MA Conservation student, Louise Davison, was appointed to the Board of Trustees of The Institute of Conservation (Icon) as an emerging professional.
- The research findings of students in the final year of BA Conservation and students studying MA Conservation were presented at the online Conservation Symposium, a public-facing annual event in April to which professionals and interested parties from the world of Conservation were also invited.
- BA (Hons) Conservation: Books and Paper students worked onsite at Strawberry Hill House on a preventive clean of Walpole's Library.
- At the end of November second-year BA (Hons) Conservation: Books and Paper students visited the new studio at Lambeth Palace Library to see inside the facility and were able to study some incredible and diverse objects selected by the Palace Conservation team.
- In December Conservation students supported the curatorial team at Watts Gallery to safely clean their picture frames and large scale sculpture collection.
- For the stone module of the second year of BA Conservation: Stone, Wood and Decorative Surfaces, students were assigned a commemorative marble tablet that had been stored in the crypt at Kensal Green Cemetery, one of the "Magnificent Seven" cemeteries that opened within London in the 1830's and 1840's. Students assessed, proposed a treatment and carried out conservation work.
- The Department was pleased to contribute our knowledge and expertise to the ICON Environmental Sustainability Network Spring Twitter Conference.

## Activities and achievements (continued)

### STUDENT SUCCESSES, COLLABORATIONS AND OTHER ACTIVITIES (CONTINUED)

- In March, second year Conservation students on our Stone, Wood and Decorative Surfaces BA course presented the findings of a conservation project undertaken at Southwark Cathedral. The students carried out investigations of three areas of the Cathedral, looking at the history of each area, the use of replacement stone and the condition of the building fabric. Each group presented their findings plus recommendations for the care, maintenance and conservation of their area.
- Books and Paper Conservation student and QEST Scholar Jonathan Wright was included in the exhibition 'The Art of the Exceptional, A Jubilee Celebration of Makers' at Fortnum & Mason.
- Over the Easter Break, students of our BA Conservation: Stone, Wood and Decorative Surfaces course worked on an additional special project to make nearly 100 feet of cast 'composition' ornament for fabricating a 'Watts' style frame for the Conservation and Technical Research Department at the National Gallery of Canada.
- In May second year BA Books and Paper Conservation students enjoyed much-anticipated site visits to a leather tannery, leather conservation centre and The National Archives to support their studies.
- In June MA Conservation student Nicola Shreeve was announced as a QEST Scholar, with funding support towards her studies and project to conserve the monument to Sir Richard Pecksall (d.1571) in the Chapel of St Edmund, Westminster Abbey.

### Carving

- In November carpenter and framer and Society for the Protection of Ancient Buildings Fellow, Toby Slater, took up a two-week placement in the Carving Department, learning ornamental woodcarving alongside our Woodcarving and Gilding students. Our Carving students visited the SPAB's Old House Project in Boxley, Kent to learn more about the Society's work saving at risk buildings and to further contextualise their own learning through this live project. The Art School is delighted that our two organisations are able to share and exchange knowledge and to promote the teaching of critical craft skills in the UK that are vital to maintaining our built heritage for the future.
- A new collaborative project with Knole, a National Trust Property in Kent, began for a student to carve reproductions of two 17th century English elbow chairs for the collection.
- The Historic Buildings, Parks and Gardens 2021 event took place in November returning to the QEII Centre in Westminster alongside the AGM of the Historic Houses Association. Students and staff demonstrated the stone carving and lettering skills to visitors.
- 'The Last Shift', a provoking bas-relief sculpture by 2021 BA Carving: Architectural Stone graduate Dan Russell, was donated for public display by the Freedom From Torture charity to the Guy's and St Thomas' Hospital Trust, in acknowledgement of the tremendous work of NHS staff during the Coronavirus pandemic.
- BA Carving: student Clive Bates won the Art School-wide annual Fishmongers' Company Menu Design Prize. His design will be used by the Company throughout the rest of the year at their events.
- Second year BA (Hons) Historic Carving: Woodcarving and Gilding student Jo Grogan appeared on BBC Country File at Compton Verney discussing the work of Grinling Gibbons and the importance of training and the passing on of specialist craft skills from generation to generation.

# Trustees' Report | Year to 31 August 2022

## Activities and achievements (continued)

### STUDENT SUCCESSES, COLLABORATIONS AND OTHER ACTIVITIES (CONTINUED)



BA Conservation: Stone Wood & Decorative Surfaces student Elsa Ray-Iliffe working on the project towards fabricating a 'Watts' style frame for the National Gallery of Canada



MA Carving graduate Boris Burroughs' completed statue of St Dominic for the Cours Notre Dame des Victoires



BA Fine Art student Finn Johnson, one of the winners of the 2022 Freeland's Painting Prize

- In March Jo was awarded the bronze award in the 3D modelling category at The Goldsmiths' Craft and Design Council Awards and in summer 2022 took part in the television series the Prince's Master Crafters creating a piece for the collection at Highgrove House.
- Woodcarving and Gilding graduates Jim Patrick and Anastasya Martynova were included in Homo Faber 2022 in Venice. This celebration of the best of European, and on this occasion Japanese, craftsmanship comprised 15 exhibitions, 22 curators and designers, 12 Japanese National Living Treasures and over 850 unique works crafted by more than 400 designers and artisans from 43 countries at Fondazione Giorgio Cini, organised by the Michelangelo Foundation.
- In April a number of carving students and graduates were shown in the 'Art and Ornament Exhibition' at Dalkeith Palace, a celebration of present-day art and craft in collaboration with the Master Carvers' Association and friends, to commemorate and celebrate the legendary Baroque Master, Grinling Gibbons.
- Third year BA: Carving: Woodcarving and Gilding student Daniel Ponde won first place in the National Joiners and Ceilers Annual Competition 2022 in the woodcarving category.
- Several 2022 graduates of our BA (Hons) Historic Carving: Architectural Stone Carving were exhibited by Joanna Bird Gallery following the degree show exhibition.
- Two Temple Place invited us to contribute the skills and knowledge of one of our tutors to their inaugural Artists Research Residency programme and tutor Sarah Davies spent the day with the artists exploring the importance of historic hand skills such as woodcarving.
- 2021 MA Carving graduate Borys Burrough was awarded a commission following the Art School's open call for recent woodcarving alumni, to create a carved, polychromed statue of St Dominic, for the Cours Notre Dame des Victoires, a Dominican Convent in Northern France to mark the 800-year anniversary of the Saint's death.

# Trustees' Report | Year to 31 August 2022

## Activities and achievements (continued)

### STUDENT SUCCESSES, COLLABORATIONS AND OTHER ACTIVITIES (CONTINUED)

#### Fine Art

- In November, alumni, students, tutors and fellows exhibited work at the 2021 Woolwich Contemporary Print Fair. The Art School's annual Prize awarded to an external printmaker exhibiting at the fair was given to Sue Wyllie providing 3 days in the Art School Print Room working alongside tutors, fellows and students.
- 2019 MA Fine Art Alumna Maddie Yuille was a finalist in the 2021 Ingram Collection Prize and exhibition.
- A CGLAS Painter-Stainers Decorative Surfaces Fellow for 2021/22 was named as MA Fine Art graduate Yuki Aruga. The fellowship focuses on historic techniques such as gilding, fresco painting, trompe l'oeil and scagliola and provides specialist training in traditional processes with professional mentoring from the Painter-Stainers.
- MA Fine Art students Emerson Pullman and Thomas Cameron and recent BA Fine Art graduate Sina-Sophia Schmidt were selected for London Paint Club's inaugural exhibition in January and February 2022.
- We were pleased to advise on a new events programme called In Practice launched by the Painter-Stainers' Company to supplement professional practice learning for Fine Art students, graduates and creative practitioners.
- In May 2022 third year BA Fine Art student Finn Johnson was announced as one of the winners of the 2022 Freelands Painting Prize, chosen from nominations from Art Schools across the UK. The Art School is very proud to have had a winner each year since the Prize began.
- MA Fine Art student Harriet Gillet had a two person show at Soho Revue gallery in June 2022.
- MA Fine Art Part-Time Year 1 students presented an offsite 4-day exhibition at The Pavilion Mile End entitled 'Meet Me Halfway' and held an in-conversation event with Art Critic (and now Art School Trustee), Tabish Khan.
- BA Fine Art Year 1 and 2 students self-organised an offsite interim show of their work at Ugly Duck near London Bridge as part of their professional practice training.
- MA Fine Art student Sarah Lang was selected for the prestigious Bloomberg New Contemporaries touring show 2022 with her video work exploring the history of women's football.
- MA Fine Art student Jen Roper was shortlisted for the Paint Britain Contemporary British Painting Prize 2022 and was shortlisted for the Wells Art Contemporary Prize 2022.

## Financial Review

### RESULTS FOR THE YEAR

The Art School recorded a deficit before net losses on investments of £151,351 (2021: deficit of £144,329) for the year. Unrestricted funds recorded a deficit, reflecting continuing additional costs arising from the Covid-19 pandemic, extraordinary restructuring costs and a reduction in unrestricted donations during the year.



# Trustees' Report | Year to 31 August 2022

## Financial Review (continued)

### RESULTS FOR THE YEAR (CONTINUED)

Realised gains of £0 (2021: gains of £29,559) and unrealised losses of £74,055 (2021: gains of £148,340) 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 (as calculated below) 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 £1,370,525 (2021: £1,595,932). These funds include endowment funds of £872,842 (2021: £1,146,665). 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 currently regarded as long term capital.

Also included in total funds is an amount of £466,593 which is restricted (2021: £428,765). 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.

Unrestricted funds, other than those held within expendable endowments, at 31 August 2022 are in a positive position of £31,090 (2021: positive £20,502). These funds are represented by general fund tangible fixed assets other than investments of £180,961 (2021: £189,986) and by free reserves, inclusive of expendable endowments, of £552,965 (2021: £797,397). The Trustees have considered the position in the context of known future sources of income, and also expendable endowments of £702,836 (2021: £966,851) which are available to provide liquidity to the School if needed, and thus consider the reserves position to be acceptable in the context of the reserves policy.

### INVESTMENT PERFORMANCE

During the year to 31 August 2022 the Charity's investments produced an overall income of £49,427 with timing adjustments of £46,523 resulting in a net income of £2,904 (2020/21: £35,309 after adjustment) and a net capital loss of £74,056 (2020/21: gain of £177,900).

## Financial Review (continued)

### INVESTMENT PERFORMANCE (CONTINUED)

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.

### 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 and have considered the following:

- Latest operational plan for the remainder of the current 2022/23 academic year in response to ongoing external challenges;
- Revised budget and financial forecasting for the financial year 2022/23 and its impact on the financial plan associated with the Strategic Plan for the period 2022-2027
- Steps taken in pursuit of the objectives of the 2022-27 Strategic Plan, including in ensuring its student recruitment targets are met.

The Art School management's foremost priority continues to be to safeguard the quality of the student experience and ensure student progression. Withdrawals and Interruptions of Studies have remained at very low levels and the reputation of the Art School continues to rise such that the 2022/23 intake has proved to be its largest yet. At the point of writing, the recruitment outlook for the 2023/24 academic year is stable based on the level of interest and number of applications received, suggesting that recruitment and therefore fee income targets for 2023/24 should be achieved.

In order to mitigate current financial challenges operational support remains a focus of the Art School's successful fundraising activity for the current year, but the Strategic Plan aims to decrease its dependence on such activity for core funding.

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 £176,673 of the Art School's £1,188,823 cash holdings were derived from the CBIL loan.

The Art School held free reserves of £552,965 as at 31 August 2022 (2021: £797,367) inclusive of expendable endowments 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.

# Trustees' Report | Year to 31 August 2022

## Future Plans

The Art School has adopted a Strategic Plan 2022-2027 which 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:

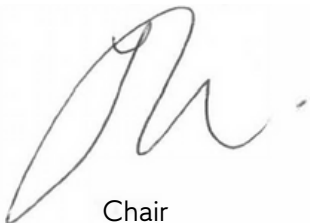
1. to support sustainability through improved Financial Performance by: achieving a sustainable operational surplus to provide for capital development, special projects and contingencies; containing staff and other costs to levels of income in proportion with areas of growth; and ensuring departmental 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.

2022/23 will constitute the first year of the Strategic Plan and the Art School's planning processes have aimed to ensure it will provide a suitable basis from which the Plan's objectives can be pursued.

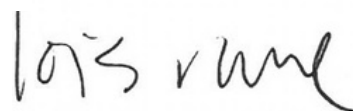
## The Charity's assets

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

Approved by the Board on 25th August 2022, and signed on its behalf by:



Chair



Principal and Accountable Officer

## **Statement of corporate governance and internal control** Year to 31 August 2022

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

The statement covers the period from 1 September 2021 to 31 August 2022 and up to the date of the approval of the annual report and financial statements.

The 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 the 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 Ltd. 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 2022

### The Board of Trustees (continued)

<b>Trustee</b>	<b>Appointed / Resigned</b>
Andrew Allen KC	
Laurence Benson (Vice-Chair)	
Nina Bilbey (Staff Trustee)	Resigned 30/09/2022
Jamie Bill (Chair)	
Dr Virginia Brooke	
Dr Caroline Campbell	
Edward Campbell-Johnston	Appointed 26/10/2022
Gabriel Gbadamosi	Resigned 31/12/2021
Martin Hatfull	
James Kelly	
Tabish Khan	Appointed 26/10/2022
Tamiko O'Brien (Principal and Accountable Officer)	Resigned 31/08/2022
Michael Osbaldeston	
Dr Michael Paraskos (Staff Trustee)	Appointed 01/10/2022
Prof Jane Rapley OBE	
Theo Ritzinger (Student Trustee)	Appointed 01/10/2022
Tina Roe (Student Trustee)	Resigned 30/09/2022
Prof Elizabeth Rouse OBE	
Dr Lois Rowe (Principal and Accountable Officer)	Appointed 01/09/2022
Alexander Stitt	
Helen Sunderland-Cohen	Appointed 26/10/2022
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 Company 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 2022

### Statement of trustees' responsibilities (continued)

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

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

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ 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 5 times in 2021/22. 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. These committees are: Audit and Risk Committee; Remuneration Committee; Investment Committee; and Nominations Committee. In addition, a Finance Working Group informs 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 2022

**Committees** (continued)

	<b>AUDIT and RISK COMMITTEE</b>	<b>INVESTMENT COMMITTEE</b>	<b>NOMINATIONS COMMITTEE</b>	<b>REMUNERATION COMMITTEE</b>
<b>Frequency of meetings</b>	Minimum 4 p.a.	2 p.a.	Minimum 2 p.a.	Minimum 2 p.a.
<b>Chair</b>	Laurence Benson	James Kelly	Caroline Campbell	Laurence Benson
<b>Clerk</b>	Secretary to the Board	Director of Resources and Operations	Secretary to the Board	Secretary to the Board
<b>Trustees</b>	Virginia Brooke Martin Hatfull James Kelly Jane Rapley Michael Osbaldeston	Laurence Benson	Andrew Allen Jamie Bill Gabriel Gbadamosi Alex Stitt Ben Tucker Staff Trustee Student Trustee	Andrew Allen Jamie Bill Martin Hatfull Ben Tucker Staff Trustee Student Trustee
<b>Non-Trustee Members</b>	Humphrey Carey (Property Trust) Tim Statham	Humphrey Carey (Property Trust) Rupert Asquith		
<b>In attendance</b>	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.



**Committees** (continued)

***Audit and Risk Committee*** (continued)

- ◆ 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
- ◆ 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 and Environment sub-committee** reporting to the Audit and 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 and 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 and Safety and Estates, HR matters and finance.

The Board of Trustees has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives, whilst safeguarding the funds received and assets. The Principal is responsible for reporting to the Board of Trustees, through the Audit and 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.

**Internal Control** (continued)

***The system of internal control*** (continued)

The system of internal control has been in place at the organisation for the year ended 31 August 2022 and up to the date of approval of the annual report and financial statements.

***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 2022 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.

**Internal Control** (continued)

**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 2022 and it has fulfilled its statutory responsibility for "the effective and efficient use of resources, the solvency of the institution and the safeguarding of their assets".

**Regularity, propriety, and compliance**

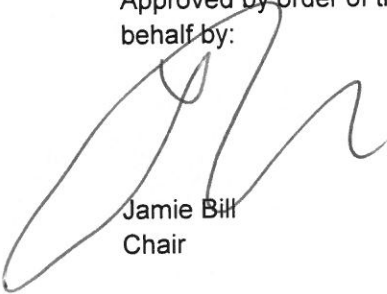
The organisation has considered its responsibility to notify the Office for Students of material irregularity, impropriety and non-compliance with Office for Students terms and conditions of funding.

We confirm, on behalf of the organisation, that after due enquiry and to the best of its knowledge, the 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.

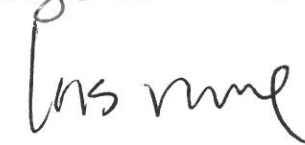
**Going Concern**

Details on Board's going concern assessment are set out on page 16.

Approved by order of the Board of Trustees on 25th Aug 2022 and signed on its behalf by:



Jamie Bill  
Chair



Dr Lois Rowe  
Principal and Accountable Officer

**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 2022 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 2022 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); and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

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

## **Independent auditor's report** Year to 31 August 2022

### **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.

### **Opinions on other matters prescribed by the Office for Students**

In our opinion, in all material aspects:

- ◆ 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 Office for Students and by Research England have been applied in accordance with the relevant terms and conditions; and
- ◆ meet the requirements of the latest Office for Student's Accounts Direction.

### **Matters on which we are required to report by exception**

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

- ◆ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

## Independent auditor's report Year to 31 August 2022

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

- ◆ 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.

We have nothing to report in respect of the following matters where the Office for Students requires us to report to you where:

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

### **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.



## Independent auditor's report Year to 31 August 2022

### **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](http://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.

*Buzzacott LLP*

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

31 January 2023

**Statement of financial activities (including income and expenditure statement, which includes statement of changes in reserves) Year to 31 August 2022**

	Notes	General fund £	Restricted funds £	Endowment funds £	Year to 31 August 2022 Total funds £	Year to 31 August 2021 Total funds £
<b>Income and expenditure</b>						
<b>Income and endowments from:</b>						
Charitable activities						
Art School fees	1	2,418,389	—	—	<b>2,418,389</b>	2,119,330
Donations and legacies		150,535	409,021	—	<b>559,556</b>	501,795
Investment income & interest received	2	(7,521)	10,425	—	<b>2,904</b>	81,832
Other		46,058	—	—	<b>46,058</b>	89,774
<b>Total income</b>		<b>2,607,461</b>	<b>419,446</b>	<b>—</b>	<b>3,026,907</b>	<b>2,792,731</b>
<b>Expenditure on:</b>						
Charitable activities						
.. Costs of operating the Art School						
.. Teaching staff and personnel	6	1,077,003	—	200,000	<b>1,277,003</b>	1,126,557
.. Support costs	4	1,009,746	515	1,907	<b>1,012,168</b>	949,150
.. Premises		441,045	—	—	<b>441,045</b>	408,934
.. Promotions and publicity	3	69,079	—	—	<b>69,079</b>	87,067
.. Bursaries, scholarships and prizes	5	—	366,413	12,550	<b>378,963</b>	365,352
<b>Total expenditure</b>		<b>2,596,873</b>	<b>366,928</b>	<b>214,457</b>	<b>3,178,258</b>	<b>2,937,060</b>
<b>Net (expenditure) income before gains on investments and transfers</b>	5	<b>10,588</b>	<b>52,518</b>	<b>(214,457)</b>	<b>(151,351)</b>	<b>(144,329)</b>
Net gains/(loss) on investments	10	—	(14,690)	(59,366)	<b>(74,056)</b>	177,900
<b>Net (expenditure) / income and net movement in funds</b>		<b>10,588</b>	<b>37,828</b>	<b>(273,823)</b>	<b>(225,407)</b>	<b>33,571</b>
<b>STATEMENT OF CHANGES IN RESERVES</b>						
<b>Net (expenditure) / income and net movement in funds</b>		<b>10,588</b>	<b>37,828</b>	<b>(273,823)</b>	<b>(225,407)</b>	<b>33,571</b>
<b>Reconciliation of Funds</b>						
<b>Fund balances brought forward on 1 September 2021</b>		<b>20,502</b>	<b>428,765</b>	<b>1,146,665</b>	<b>1,595,932</b>	<b>1,562,361</b>
<b>Fund balances carried forward at 31 August 2022</b>		<b>31,090</b>	<b>466,593</b>	<b>872,842</b>	<b>1,370,525</b>	<b>1,595,932</b>

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 2022

	Notes	2022 £	2022 £	2021 £	2021 £
<b>Fixed assets</b>					
Tangible assets	9		180,961		189,986
Investments	10		1,582,721		1,609,826
			<u>1,763,682</u>		<u>1,799,812</u>
<b>Current assets</b>					
Stocks	11	23,826		24,472	
Debtors	12	157,516		254,407	
Cash at bank and in hand		1,188,823		924,255	
		<u>1,370,165</u>		<u>1,203,134</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(1,628,316)</u>		<u>(1,226,458)</u>	
<b>Net current liabilities</b>			(258,151)		(23,324)
<b>Creditors: amounts falling due after one year</b>	14		(135,006)		(180,556)
<b>Total net assets</b>			<u>1,370,525</u>		<u>1,595,932</u>
<b>Represented by:</b>					
<b>The Funds of the Charity</b>					
Endowment funds	15		872,842		1,146,665
Income funds:					
Restricted funds	16		466,593		428,765
Unrestricted funds:					
General fund			31,090		20,502
			<u>1,370,525</u>		<u>1,595,932</u>

Approved by the Board on *25th August 2022* and signed on its behalf by:

  
JAMIE BILL.

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 2022

	Notes	Year to 31 August 2022 £	Year to 31 August 2021 £
Net cash flows from operating activities	A	342,476	217,795
Net cash flows from investing activities	B	(152,996)	76,881
Change in cash and cash equivalents in the year		189,480	294,676
Cash and cash equivalents at the beginning of the year		1,033,762	739,086
Cash and cash equivalents at the end of the year	C	1,223,242	1,033,762

### Notes to the statement of cash flows for the year to 31 August 2022

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

	2022 £	2021 £
Net expenditure	(151,351)	(144,329)
Depreciation charge	45,310	48,891
Dividends, interest and rents from investments	(2,904)	(81,832)
Effect of capitalisation of investment manager's fees	(2,422)	(1,794)
Decrease (increase) in stocks	645	(2,080)
Decrease (increase) in debtors	96,892	(4,731)
Increase in creditors	356,306	403,671
<b>Net cash provided by operating activities</b>	<b>342,476</b>	<b>217,795</b>

#### B Cash flows from investing activities:

	2022 £	2021 £
Dividends and interest from investments	2,904	81,832
Purchase of tangible fixed assets	(36,285)	(22,285)
Payments to acquire investments	(119,615)	(508,635)
Receipts from the disposal of investments	—	525,969
<b>Net cash (used in) provided by investing activities</b>	<b>(152,996)</b>	<b>76,881</b>

#### C Analysis of cash and cash equivalents

	31 August 2022 £	31 August 2021 £
Cash at bank and in hand	1,188,823	924,255
Cash held by investment managers	34,419	109,506
	<b>1,223,242</b>	<b>1,033,761</b>

**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 latest Office for Students' Accounts Direction.

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 free reserves of £552,965 as at 31 August 2022 (2021: £797,367) inclusive of expendable endowments available to provide additional financial support and liquidity to the Art School. 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 £702,836 (2021: £966,851). 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.

## Principal accounting policies 31 August 2022

### 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 2022

### 1 Grant and fee income

	Year to 31 August 2022 £	Year to 31 August 2021 £
Fee income for taught awards	2,418,389	2,119,330
<b>Total grant and fee income</b>	<b>2,418,389</b>	<b>2,119,330</b>

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 2022 total £
Income from UK investments			
. Unit trusts and common investment funds	(7,575)	10,425	2,850
Bank interest	54	—	54
	<u>(7,521)</u>	<u>10,425</u>	<u>2,904</u>

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

### 3 Promotion and publicity

	General fund £	Restricted and endowment funds £	Year to 31 August 2022 total £
Marketing	69,079	—	69,079
	<u>69,079</u>	<u>—</u>	<u>69,079</u>

	General fund £	Restricted and endowment funds £	Year to 31 August 2021 total £
<i>Marketing</i>	87,067	—	87,067
	<u>87,067</u>	<u>—</u>	<u>87,067</u>

## Notes to the financial statements 31 August 2022

### 4 Support costs

	General fund £	Restricted and endowment funds £	Year to 31 August 2022 total £
Staff costs	581,712	—	581,712
Equipment, IT and depreciation	151,015	—	151,015
Student materials and project expenses	103,298	—	103,298
Other support costs	146,378	2,422	148,800
Governance costs:			
. Legal and professional fees	10,233	—	10,233
. Statutory audit services	15,120	—	15,120
. Non statutory audit services	1,990	—	1,990
	<u>1,009,746</u>	<u>2,422</u>	<u>1,012,168</u>

	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
	<u>922,356</u>	<u>26,794</u>	<u>949,150</u>

### 5 Net expenditure

This is stated after charging:

	General fund £	Restricted and endowment funds £	Year to 31 August 2022 total £
Staff costs (note 6)	1,658,715	200,000	1,828,715
Auditor's remuneration:			
. Statutory audit services	15,120	—	15,120
. Non-statutory audit services	1,990	—	1,990
Depreciation and loss on disposals	45,310	—	45,310
Operating lease rentals			
. Land and buildings	295,224	—	295,224
. Equipment	29,241	—	29,241
Bursaries, scholarships and prizes	—	378,963	378,963

## Notes to the financial statements 31 August 2022

### 5 Net expenditure (continued)

This is stated after charging:

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

Bursaries were paid to 61 individuals (2021 – 57) during the year.

### 6 Staff costs and Trustees' remuneration

	Year to 31 August 2022 £	Year to 31 August 2021 £
Staff costs during the year were as follows:		
Salaries	1,354,962	1,276,908
Social security costs	108,214	99,228
Pension	63,118	59,630
	<b>1,526,294</b>	1,435,766
Self-employed tutors	283,308	215,944
Other staff costs	19,113	15,613
	<b>1,828,715</b>	1,667,323

Staff costs analysed by function were as follows:

	Year to 31 August 2022 £	Year to 31 August 2021 £
Teaching	1,247,003	1,126,557
Support, administration and management	581,712	540,766
	<b>1,858,715</b>	1,667,323

The above costs include a termination payment paid to one employee comprising £7,569 post-employment notice pay, £5,996 statutory redundancy pay and £1,555 settlement payment.

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 2022	Year to 31 August 2021
Teaching	30	27
Support, administration and management	13	12
	<b>43</b>	39

**6 Staff costs and Trustees' remuneration (continued)**

The average number of employees, all of whom are engaged in the operation of the Art School, was 88 (2021 – 83) for the year ended 31 August 2022. Many of these are employed on a part-time basis.

The Principal's total remuneration in the year ended 31 August 2022 was as follows:

	2022 £	2021 £
Basic salary	72,709	71,400
Pension contribution	3,635	3,570
	<b>76,344</b>	<b>74,970</b>

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, Director of Resources and Operations, 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 2022, the Accountable Officer's basic salary was 2.45 times (2021 – 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 2021/22.

No Trustees received any remuneration or other emoluments in respect of their services as a member of the Board during the year (2021 – 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 2022 and received gross pay of £24,133 (2021 - £21,346) and employer's pension contributions of £1,207 (2021 - £1,067) in respect of that employment. No expenses were reimbursed to Trustees during the year (2021 – none). The numbers of employees earning greater than £60,000 during the year were as follows:

	2022 No.	2021 No.
£70,001 - £75,000	1	1
	<b>1</b>	<b>1</b>

Pension contributions in respect of these employees amounted to £3,635 (2021 – £3,570).

The aggregate remuneration, including employer's pension contributions paid to key management personnel and employer's national insurance, was £492,237 (2021 – £479,394).

Key management personnel during the year consisted of the Principal, Director of Resources and Operations, four academic Heads of Department, Head of Finance and the Head of Development and External Relations.

## Notes to the financial statements 31 August 2022

### 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 2021 between restricted, endowment and unrestricted funds:

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

## 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.

## 9 Tangible fixed assets

	Fixtures and fittings £	Website £	Tools and equipment £	New computer equipment £	Total £
<b>Cost</b>					
At 1 September 2021	426,453	24,186	221,560	114,536	786,735
Additions	21,921	—	10,226	4,138	36,285
At 31 August 2022	448,374	24,186	231,786	118,674	823,020
<b>Depreciation</b>					
At 1 September 2021	267,119	24,186	197,585	107,859	596,749
Charge for year	31,232	—	10,415	3,663	45,310
At 31 August 2022	298,351	24,186	208,000	111,522	642,059
<b>Net book values</b>					
At 31 August 2022	150,023	—	23,786	7,152	180,961
At 1 September 2021	159,334	—	23,975	6,677	189,986

## 10 Investments

	2022 £	2021 £
<b>Listed investments and cash</b>		
Opening market value at 1 September	1,500,319	1,338,059
Additions	119,616	508,637
Disposals	—	(496,510)
Capitalised investment manager's fees	2,422	1,794
Unrealised investment (losses) gains	(74,056)	148,340
	1,548,301	1,500,320
Cash held by investment manager	34,420	109,506
Total market value of investments at 31 August	1,582,721	1,609,826
Cost of listed investments - 31 August	1,450,141	830,155

Listed investments and cash held at 31 August 2022 comprised the following:

	2022 £	2021 £
Multi Asset Fund	1,548,301	1,500,320
	1,548,301	1,500,320
Cash held by investment managers	34,419	109,506
	1,582,720	1,609,826

All investments were dealt in on a recognised stock exchange.

## Notes to the financial statements 31 August 2022

### 10 Investments (continued)

At 31 August 2022, 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	16.5	256,072
Cazenove Charity Multi Asset Fund S Units GBP Distribution	54.5	843,823
SUTL Cazenove Charity Responsible	29.0	448,405

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

### 11 Stocks

	2022 £	2021 £
Materials for resale	23,825	24,472

### 12 Debtors

	2022 £	2021 £
Student fees outstanding	70,784	94,081
Other debtors	—	310
Prepayments and accrued income	86,732	160,016
	<b>157,516</b>	<b>254,407</b>

### 13 Creditors: amounts falling due within one year

	2022 £	2021 £
Student fees in advance	1,308,408	925,640
Trade creditors	31,634	59,298
Taxation and social security	26,827	26,556
Other creditors	25,969	13,742
CBIL Loan	41,667	41,667
Accruals and other deferred income	126,934	81,656
City and Guilds Art School Property Trust	66,877	77,899
	<b>1,628,316</b>	<b>1,226,458</b>

Notes to the financial statements 31 August 2022

**14 Creditors: amounts falling due after one year**

	2022 £	2021 £
CBIL Loan – payable between two and five years	135,006	180,556
	<b>135,006</b>	<b>180,556</b>

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 2021 £	Income £	Expenditure £	Gains, losses and transfers £	At 31 August 2022 £
<b>Permanent endowments</b>					
Edward Chadwyck-Healey Bequest and Memorial Appeal Fund	179,814	—	(499)	(9,309)	170,006
	179,814	—	(499)	(9,309)	170,006
<b>Expendable endowments</b>					
Margaret Ballardie bequest	526,096	—	(200,500)	(27,239)	298,357
Idun Ravndal Memorial Legacy	261,188	—	(10,000)	(13,523)	237,665
Other endowments	179,567	—	(3,458)	(9,295)	166,814
	966,851	—	(213,958)	(50,057)	702,836
<b>Total endowments</b>	<b>1,146,665</b>	<b>—</b>	<b>(214,457)</b>	<b>(59,366)</b>	<b>872,842</b>

The income from the endowment funds is included in unrestricted general funds.

	At 1 September 2020 £	Income £	Expenditure £	Gains, losses and transfers £	At 31 August 2021 £
<i>Permanent endowments</i>					
<i>Edward Chadwyck-Healey Bequest and Memorial Appeal Fund</i>	161,632	—	(219)	18,401	179,814
	161,632	—	(219)	18,401	179,814
<i>Expendable endowments</i>					
<i>Margaret Ballardie bequest</i>	461,509	—	(17,500)	82,087	526,096
<i>Idun Ravndal Memorial Legacy</i>	252,706	—	(20,279)	28,761	261,188
<i>Other endowments</i>	193,644	—	(36,120)	22,043	179,567
	907,859	—	(73,899)	132,891	966,851
<b>Total endowments</b>	<b>1,069,491</b>	<b>—</b>	<b>(74,118)</b>	<b>151,292</b>	<b>1,146,665</b>



## Notes to the financial statements 31 August 2022

### 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 2021 £	Income from invest- ments £	Donations £	Expenditure £	Realised/ unrealised gains on invest- ments £	Balance at 31 August 2022 £
Annual Bursaries Fund	25,107	—	395,259	(292,012)	—	213,385
Saul Bursary Fund	44,196	1,699	—	(1,074)	(2393)	42,427
Charles Noble/Peter Chance Scholarship F	27,890	1,072	—	(46)	(1,510)	27,406
Rodney Burn RA Scholarship Fund	45,831	1,761	—	(76)	(2,482)	45,033
Simon Birch Memorial Bursary Fund	80,707	3,102	—	(214)	(4,371)	79,225
Edith and Stephen Burnett Memorial Fund	4,283	165	—	(7)	(232)	4,208
David Ballardie Memorial Award Fund	41,734	1,604	—	(2,562)	(2,260)	38,515
Idun Ravndal Travel Award	2,055	79	—	(1,089)	(111)	932
Other prize and special funds	24,556	944	13,760	(22,468)	(1,330)	15,462
Books & Paper Conservation Project	112,408	—	—	(27,380)	—	85,028
Recovery Appeal	20,000	—	—	(20,000)	—	—
	428,765	10,425	409,021	(366,928)	(14,690)	466,593

Funds related to bursaries are now included in the top line "Annual Bursaries Fund"

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 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 2022

### 17 Analysis of net assets between funds

	General fund £	Restricted funds £	Endowment funds £	Total 2022 £
<b>Fund balances at 31 August 2022</b>				
<b>are represented by:</b>				
Tangible fixed assets	180,961	—	—	180,961
Investments	243,286	466,593	872,842	1,582,721
Current assets	1,370,165	—	—	1,370,165
Creditors: amounts falling due within one year	(1,628,316)	—	—	(1,628,316)
Creditors: amounts falling due after one year	(135,006)	—	—	(135,006)
<b>Total net assets</b>	<b>31,090</b>	<b>466,593</b>	<b>872,842</b>	<b>1,370,525</b>
	General fund £	Restricted funds £	Endowment funds £	Total 2021 £
<b>Fund balances at 31 August 2021</b>				
<b>are represented by:</b>				
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)
<b>Total net assets</b>	<b>20,502</b>	<b>428,765</b>	<b>1,146,665</b>	<b>1,595,932</b>

The total unrealised gains as at 31 August 2022 constitute movement on revaluation and are as follows:

	2022 £	2021 £
<b>Unrealised (losses) gains included above</b>		
On listed investments as at 31 August 2022	(74,056)	148,340
<b>Reconciliation of movements in unrealised gains</b>		
Unrealised gains at 1 September 2021	339,766	191,426
Unrealised (losses) gains on listed investments arising in the year	(74,056)	148,340
<b>Total unrealised gains at 31 August 2022</b>	<b>265,710</b>	<b>339,766</b>

### 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 2022 the Art School had the following commitments under non-cancellable operating leases:

	Land and buildings		Equipment	
	2022 £	2021 £	2022 £	2021 £
Operating leases which expire:				
Within one year	190,063	293,429	31,714	28,659
Between two and five years	799,032	661,120	31,101	56,704
Over five years	864,898	1,025,351	—	—
	<b>1,853,993</b>	<b>1,979,900</b>	<b>62,815</b>	<b>85,363</b>

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**

The City and Guilds Art School Property Trust has senior management in common with the Art School. The Art School charged a management fee of £51,921 (2021 – £43,796) to the Property Trust during the year. The Property Trust charged the Art School rent, including VAT, of £300,369 (2021 – £293,307) and also charged a management fee of £14,376 (2021 – £14,376). No grants were received from the Property Trust in respect of the year (2021 – £nil).

**21 Post balance sheet events**

There were no post balance sheet events to consider.