

THE ROYAL FEMALE SCHOOL OF ART FOUNDATION
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2019

THE ROYAL FEMALE SCHOOL OF ART FOUNDATION
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITABLE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 JULY 2019

Trustees

Lora DeFelice, co-opted Trustee, Chair
Mark Miller, co-opted Trustee
Barbara Burman, co-opted Trustee
Michael Brown, co-opted Trustee (resigned 2 December 2019)
Yvonne Sonsino, Vice Chair from 4 March 2019
Caro Milington, nominee of the Mary Ward Settlement, Vice Chair until 4 September 2018 (resigned 2 December 2019)
Ahsan Akbar, nominee of the Working Men's College
John Parmiter, nominee of the University of the Arts London
Alison Lowton, nominee of the Mary Ward Settlement (appointed 3 December 2019)

Company registered number

10388335

Charity registered number

1169925

Registered office

Lower Ground Floor
40 Bloomsbury Way
London
WC1A 2SE

Company secretary

Catherine Armstrong

Independent auditors

MHA MacIntyre Hudson
Chartered Accountants and Statutory Auditors
New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

Solicitors

Stone King LLP
Boundary House
91 Charterhouse Street
London
EC1M 6HR

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITABLE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 JULY 2019

Advisers (continued)

Bankers

CAF Bank Ltd
PO Box 289
West Malling
Kent
ME19 4TA

Investment Managers

CCLA Investment Management Ltd
Senator House
85 Queen Victoria Street
London
EC4V 4ET

THE ROYAL FEMALE SCHOOL OF ART FOUNDATION
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 JULY 2019

The Trustees present their annual report together with the audited financial statements of the charitable company, The Royal Female School of Art Foundation, for the year 1 August 2018 to 31 July 2019. The Trustees confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) as amended by Update Bulletin 1 (effective 1 January 2015) and Update Bulletin 2 (effective 5 October 2018).

Since the charitable company qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

Structure, governance and management

The charity is a company limited by guarantee, incorporated on 21 September 2016 and registered as a charity on 27 October 2016 with the Charity Commission. The incorporated charity is governed by its Memorandum and Articles of Association. The charity was considered dormant until 31 January 2018, upon which date the assets and liabilities (excluding an investment property asset) were transferred from the original unincorporated charity (registered charity number 1006880), also called the Royal Female School of Art Foundation, to this new incorporated charity (registered charity number 1169925).

Trustees of the charity

The directors of the charitable company are its trustees for the purposes of charity law. The trustees who have served during the year and since the year end are listed on Page 1.

The Board of Trustees is constituted as follows, up to a maximum number of eight Trustees:

- (1) one Foundation Trustee appointed by the Working Men's College (or its successor(s));
- (2) one Foundation Trustee appointed by the University of the Arts London (or its successor(s));
- (3) one Foundation Trustee appointed by the Mary Ward Centre (or its successor(s)); and
- (4) a minimum of four Co-opted Trustees, appointed unanimously by the Trustees.

Historically, the three named organisations have nominated Trustees. Since their nominating bodies are also eligible to be recipients of the Foundation's grants, a greater number of co-opted Trustees are also recruited in order to guarantee the objectivity of the Board's decisions and to manage potential conflicts of interest.

Trustees may hold office for a period of four years and may be re-appointed by their appointing organisation, in the case of a Foundation Trustee, or the Trustees, in the case of a Co-opted Trustee, upon expiry of their initial term for one further period of four years. No Foundation Trustee or Co-opted Trustee may be an officer, director or employee of any appointing organisation.

Nominated Trustees

The Mary Ward Centre nominated Caro Millington to serve as a Trustee from 21 September 2016 until 2 December 2019.

The Mary Ward Centre nominated Alison Lowton to serve as a Trustee from 3 December 2019 until 2 December 2023.

The University of the Arts, London nominated John Parmiter to serve as a Trustee from 2 July 2018 until 1 July 2022.

The Working Men's College nominated Ahsan Akbar to serve as a Trustee from 21 March 2018 to 20 March 2022.

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 JULY 2019

Co-opted Trustees

The RFSA Trustees co-opted Mark Miller to a co-opted Trustee position on 21 September 2016 for a term of office of four years expiring on 26 October 2020. The RFSA Trustees co-opted Barbara Burman to a co-opted Trustee position on 21 September 2016 for a term of office of four years expiring on 26 October 2020. The Trustees utilised the services of a trustee recruitment specialist to recruit and co-opt three further Trustees, to serve initial terms from 21 September 2016 to 26 October 2020, being Michael Brown, Lora de Felice and Yvonne Sonsino, who each bring specialist expertise to the Board of Trustees. Co-opted trustees are recruited via online advertisement. When necessary the Charity has sought the assistance of trustee recruitment specialists to recruit new trustees with the relevant skills. New Trustees are provided with a paper-based induction and induction meeting(s), in the latter case the number dependent on their expertise and personal requirements.

In order to maintain Board numbers and continuation of knowledge, the Trustees shall retire through a staggered arrangement. Commencing from the first meeting of the Trustees in the *third* calendar year following incorporation of the charity, and each year thereafter, one Foundation Trustee and one Co-opted Trustee must retire from office.

The Trustees usually meet four times per year but meet more frequently should the business of the Foundation require it. General practice is that the Chair is appointed during the first meeting of the calendar year for a period of three years, and a Vice Chair for a period of two years, rotating between the Trustees.

Management

Trustees appointed a Foundation Secretary & Grants Manager from December 2017 to provide administrative services. MHA MacIntyre Hudson has been appointed as accountant and auditor and this is reviewed annually. The Trustees have appointed CCLA Investment Management Limited (COIF Trustees) to manage investments. The Trustees obtain legal, insurance and valuers' advice as necessary.

Key Management Personnel

The Trustees consider the Board of Trustees and the Foundation Secretary & Grants Manager as comprising the key management personnel of the charity in charge of directing and controlling the charity and running and operating the charity on a day to day basis. All trustees give of their time freely and no trustee remuneration was paid in the year. Details of trustee expenses and related party transactions are disclosed in the accounts.

Trustees are required to disclose all relevant interests and register them with the Foundation Secretary & Grants Manager and in accordance with the Charity's policy withdraw from decisions where a conflict of interest arises.

The salary of the Charity's Foundation Secretary & Grants Manager is reviewed annually. The remuneration is bench-marked with grant-making charities of a similar size and activity to ensure that the remuneration set is fair and not out of line with that generally paid for similar roles.

Objectives and activities

The charity's objects are specifically restricted to advancing the education (including social and physical training) of students:

1. who reside in the Greater London area or study in the Greater London area but reside elsewhere; and
2. primarily but not exclusively who may suffer disadvantage by reason of pregnancy, childbirth, caring or parenthood, with a preference for education in the subjects of art and design.

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 JULY 2019

The Trustees have powers to:

1. award scholarships, bursaries, maintenance allowances or grants tenable for the benefit of students at any educational establishment approved by the Trustees;
2. provide financial assistance, tools, instruments or books to assist students to pursue their education, to undertake travel, or to prepare for or enter a profession or occupation on graduation;
3. make grants to educational institutions which provide facilities for promoting the education of students;
4. make grants to educational institutions to support students (including prospective students) who by reason of pregnancy, childbirth, caring or parenthood suffer disadvantage.

To direct the majority of its income to its purpose, the Trustees invite applications once each year from selected educational organisations for projects which seek to enhance and facilitate education in the arts provided to those residing or studying within the Greater London area. Monitoring reports on all bids are required to be submitted one year following the award. This allows Trustees to assess the impact and benefit of the grants allocated.

Since September 2016, the Charity has been undergoing the process of incorporation as a charitable company: the newly incorporated charity was registered with the Charity Commission on 27 October 2016 with the charity number 1169925. The Trustees agreed to transfer the beneficial interest in all assets, excluding property, from the unincorporated (1006880) to the incorporated (1169925) Charity, effective 31 January 2018. The final property asset was transferred to the incorporated Charity on 31 January 2019, at which time the RFSA lawyers submitted applications to register the incorporation on the register of mergers, and to remove the unincorporated charity from the register of charities. Both applications were confirmed by the Charity Commission on the 9 July 2019. The value of the property that was transferred was estimated to be about £8.67m which is being recognised at fair value.

Strategic Planning

The Foundation's strategy and policies are reviewed at Board meetings and through setting key objectives for governance, administration, investment and grant making. Strategy Away Days are held at least every five years and provide a forum to reflect on the impact and future direction for the charity.

The first Strategy Away Day of the newly incorporated charity was held in October 2018, culminating in the creation and adoption of a Strategic Plan covering strategic priorities over the 5 years to 2024. The Strategic Plan is based around 6 key priorities and ambitions, alongside relevant strategic actions:

Partnership Working
Raising Awareness

Broadening Reach
Improving Knowledge Base

Defining Hardship & Barriers
Improving Sustainability

The Strategic Plan and its actions are reviewed at each Board meeting, with subgroups, actions and timescales assigned to each priority.

The Trustees have paid regard to the Charity Commission's guidance on public benefit when deciding on the Charity's activities for the year, details of which are set out below. Consideration was also given to meeting the public benefit during review of the charity's own objectives through the Strategic Plan.

Achievements and Performance - Meeting the Public Benefit Requirement

For the forthcoming 2019-20 academic year, the Charity invited applications from nine educational institutions providing arts education to students studying or residing in Greater London. Seven proposals of a total value of £205,731 were received. From these applications, seven grants totalling £101,000 were agreed in June 2019. All these grants either in whole or in part were to support students in financial hardship through the provision of bursaries, for example to cover tuition fees, equipment, books, and course materials. These bursaries seek to ensure continued access to education by students who otherwise might not be able to take up or continue their education, hence meeting the public benefit requirement.

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The Queen's and William Atkinson Scholarships are usually awarded annually on merit to students at Central Saint Martins. These scholarships arise from the historic link between the Foundation (originally connected to an art school) and the College. In June 2019, the Trustees awarded prizes of £500 for the William Atkinson Scholarship and £1,000 for the Queen's Scholarship.

The charity does not carry out any fundraising activities internally or use any third parties to fundraise on its behalf.

Going concern

After making appropriate enquiries, the trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

Reserves and Investments Policy

The Trustees' reserves policy, adopted from the unincorporated charity, has been to use up to 50% of the invested fund (the unrestricted investment fund being c£2.37m), most of which is derived from the lease premium received in 2001, by the date at which the current lease to the investment property expires in 2022. In this context, grants paid have in the past exceeded the charity's income each year. Trustees have made the decision not to follow this reserves policy whilst they review their future strategy. As part of this review, for the 2019-20 academic year, Trustees have awarded grants only up to the value of anticipated annual income, including any unclaimed grant awards from the previous academic year.

The Trustees' investments policy was also adopted from the unincorporated charity following incorporation. Trustees have made the decision to move away from the previous investments policy as it is no longer in line with the future direction of the charity and its newly adopted Strategic Plan.

The unrestricted investment fund of £2.37m is currently managed by CCLA, fund managers selected for their experience of managing charitable funds and understanding of ethical and responsible investment. The funds are invested in the COIF Charities Ethical Investment Fund, which aims to provide a long-term total return comprising growth in capital and distributions. The fund has a risk rating of 3 out of 7, which is a medium-low risk class. The COIF Ethical Investment Fund returned 12.74% (net of fees) for the year from 1 August 2019 to 31 July 2019. This is in line with Trustees' expectations.

As part of the ongoing strategic development, the charity's reserves and investments policies are currently under review, to ensure they are supportive of and appropriate to the future direction of the charity.

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 JULY 2019

Financial review

Following the unincorporated charity asset and liability transfer on 31 January 2018 to the incorporated charity, the final asset, being the investment property at Queen Square, along with the associated rental income was transferred from the unincorporated to the incorporated charity on the 31 January 2019.

Dividends from the holdings in the COIF ethical investment units and interest on the income in the COIF deposit fund continue to be received quarterly (approximately £74,000 per annum). The Foundation's investment assets in property and common investment funds are held for the purpose of generating income which can be distributed as grants towards the Foundation's charitable purposes. The grants are made at the discretion of the Trustees and are not intended to bind the Trustees to awards in any subsequent years. Other expenditure relates to administrative and professional fees as required. Such costs are kept to a minimum; although in 2018-19 there have been higher than usual legal and accounting fees, due to the ongoing incorporation process. These increased costs have been borne by the Charity to ensure future grant-making reaches its maximum potential for beneficiaries. There have also been legal and other costs related to the preparation of the property asset for marketing, in anticipation of the lease surrender by the current tenant. The overall income for the 2018-19 year was £8,758,194 (2018: £2,115,208) (of which £8,672,816 (2018: £2,076,445) relates to the donation from the unincorporated RFSA charity) and the overall expenditure was £156,740 (2018: £149,283).

Risk Management

The Trustees have in place a risk policy: they manage risk actively throughout the year and undertake a full risk review on an annual basis, to discuss systems of risk mitigation and best practice in respect of these risks. The principal risks faced by the Charity lie in the performance of investments and operational risks from ineffective grant making and the capacity of the Charity to make effective grants. The Trustees consider variability of investment returns to constitute the charity's major financial risk. This is mitigated by retaining expert investment managers and having a diversified investment portfolio.

Future Activities

Following completion of the incorporation process and asset transfers, the Charity will continue its grant giving in 2019/20 at the level of estimated income, ceasing the historical strategy of spending down the funds, whilst the Trustees adopt the new strategy and undertake a full review of the reserves and investments policy.

The Trustees will continue to work towards achievement of the six strategic priorities, as set out in the newly adopted Strategic Plan. Review of the charity's reserves and investments policies will in part be dictated by the future use outcome of the charity's primary investment asset, the property at Queen Square. As the trustees prepare for the end of the current property lease and vacation by the tenants, professional advice has been employed to determine the most beneficial outcome for the asset. This will determine the type and level of future investment assets and income, which can be utilised by the charity to best achieve its strategic aims and public benefit requirements.

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 JULY 2019

Trustees' responsibilities statement

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

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including 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 the Charities SORP 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate 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.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

MHA MacIntyre Hudson have indicated their willingness to continue in office and offer themselves for reappointment as such.

This report has been prepared under the special provisions of the Companies Act 2006 available to small companies.

This report was approved and authorised for issue by the Board of Trustees on and signed on its behalf by:

Lora Maria De Felice
(Chair of the Board of Trustees)

Date:

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ROYAL FEMALE SCHOOL OF ART FOUNDATION

OPINION

We have audited the financial statements of The Royal Female School of Art Foundation (the 'charitable company') for the year ended 31 July 2019 set out on pages 12 to 25. 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 July 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 Auditors' 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

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ROYAL FEMALE SCHOOL OF ART FOUNDATION

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.

OPINION 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.
- the Trustees' report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) 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.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ROYAL FEMALE SCHOOL OF ART FOUNDATION

AUDITORS' 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 Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' 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 Auditors' 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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Sudhir Singh FCA (Senior statutory auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants and Statutory Auditors

New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ
Date:

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STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 JULY 2019

	Note	Total funds 2019 £	Total funds 2018 £
INCOME FROM:			
Donation: Queen's Prize	2	500	500
Donation from the unincorporated RFSA charity	2	8,672,816	2,076,445
Investments	3	84,878	38,263
TOTAL INCOME		8,758,194	2,115,208
EXPENDITURE ON:			
Charitable activities	4	156,740	149,283
TOTAL EXPENDITURE		156,740	149,283
NET INCOME BEFORE INVESTMENT GAINS/(LOSSES)		8,601,454	1,965,925
Net gains on investments	11	195,479	91,553
NET INCOME BEFORE OTHER RECOGNISED GAINS AND LOSSES		8,796,933	2,057,478
NET MOVEMENT IN FUNDS		8,796,933	2,057,478
RECONCILIATION OF FUNDS:			
Total funds brought forward		2,057,478	-
TOTAL FUNDS CARRIED FORWARD		10,854,411	2,057,478

The statement of financial activities includes all gains and losses recognised in the year.

On 31 January 2019 all of the remaining assets and liabilities from the unincorporated RFSA Charity were transferred to this Charity. The donation from the unincorporated RFSA charity noted above relates to the transfer which is detailed in note 2.

All funds are unrestricted in the current and prior year.

The notes on pages 15 to 25 form part of these financial statements.

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REGISTERED NUMBER: 10388335

BALANCE SHEET
AS AT 31 JULY 2019

	Note	£	2019 £	£	2018 £
FIXED ASSETS					
Investment property	10		8,666,279		-
Investments	11		2,371,246		2,190,767
			<u>11,037,525</u>		<u>2,190,767</u>
CURRENT ASSETS					
Debtors	12	18,736		18,863	
Cash at bank and in hand		41,248		114,972	
		<u>59,984</u>		<u>133,835</u>	
CREDITORS: amounts falling due within one year	13	(243,098)		(267,124)	
NET CURRENT LIABILITIES			<u>(183,114)</u>		<u>(133,289)</u>
NET ASSETS			<u>10,854,411</u>		<u>2,057,478</u>
CHARITY FUNDS					
Total funds			<u>10,854,411</u>		<u>2,057,478</u>
TOTAL FUNDS			<u>10,854,411</u>		<u>2,057,478</u>

The charitable company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees on 2 December 2019 and signed on their behalf, by:

Lora DeFelice, co-opted Trustee, Chair

The notes on pages 15 to 25 form part of these financial statements.

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	14	(173,602)	21,709
Cash flows from investing activities:			
Dividends from investments and interest		84,878	38,263
Proceeds from the sale of fixed asset investments		15,000	55,000
Net cash provided by investing activities		99,878	93,263
Change in cash and cash equivalents in the year		(73,724)	114,972
Cash and cash equivalents brought forward		114,972	-
Cash and cash equivalents carried forward	15	41,248	114,972

The notes on pages 15 to 25 form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019

1. ACCOUNTING POLICIES

1.1 General information and basis of preparation of financial statements

The Royal Female School of Art Foundation is an incorporated charity and is registered with the Charity Commission (Charity Registered Number 1169925) and Registrar of Companies (Company Registration Number 10388335) in England and Wales. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charity. The address of the registered office is given in the Charity information on page 1 of these financial statements. The nature of the Charity's operations and principal activities are providing financial assistance in the form of grants, bursaries, and maintenance allowances to assist students with their education in the fields of art and design.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are presented in sterling which is the functional currency of the Charity and rounded to the nearest pound.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

1.2 Going concern

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the Charity to be able to continue as a going concern.

1.3 Income

All income is included in the Statement of Financial Activities (SoFA) when the charitable company is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

Investment income is earned through holding assets for investment purposes such as shares and property. It includes dividends, interest and rent. Where it is not practicable to identify investment management costs incurred within a scheme with reasonable accuracy, the investment income is reported net of these costs. Costs are recognised on a gross basis when the amount can be measured reliably. Interest income is recognised using the effective interest method and dividend income is recognised as the charitable company's right to receive payment is established.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019

1. ACCOUNTING POLICIES (continued)

1.4 Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Governance costs are those incurred in connection with administration of the charitable company and compliance with constitutional and statutory requirements. These are allocated to charitable expenditure support costs.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

All expenditure is inclusive of irrecoverable VAT.

1.5 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses arising on revaluations and disposals throughout the year are shown in the heading 'Gains/(losses) on investments' in the Statement of Financial Activities incorporating income and expenditure account. As investments are revalued continuously to market value, no realised gains or losses arise.

1.6 Investment property

The investment property is measured at fair value at each reporting date. Fair value is attributed on the basis of a yield on the rental income which is based on a surveyors' estimate. No value is attributed to the underlying land. The Trustees review this valuation annually with any changes in the fair value being recognised under the heading 'Gains/(losses) on investments' in the Statement of Financial Activities incorporating income and expenditure account.

1.7 Interest receivable

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

1.8 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities incorporating income and expenditure account on a straight line basis over the lease term.

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FOR THE YEAR ENDED 31 JULY 2019

1. ACCOUNTING POLICIES (continued)

1.9 Debtors and creditors receivable

Debtors are recognised when the charitable company is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably, and it is probable that the income will be received.

Creditors are recognised when the charitable company has a present legal or constructive obligation resulting from a past event and the settlement is expected to result in an outflow of economic benefits.

1.10 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.11 Financial instruments

The Charity holds basic financial instruments. The financial assets and financial liabilities of the Charity are as follows:

Financial assets - accrued income is a basic financial instrument and debt instrument measured at amortised cost.

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

Investments - All investments are classified as basic financial instruments and held at their fair value.

Financial liabilities - accruals and grants payable are classified as basic financial instruments, and are measured at amortised cost.

1.12 Pensions

When employees have rendered service to the charitable company, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The charitable company offers a stakeholder pension scheme which is open to all employees. Employer contributions are charged to the Statement of Financial Activities in the period in which they are incurred.

1.13 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charitable company and which have not been designated for other purposes.

Investment income, gains and losses are allocated to the general fund.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019

1. ACCOUNTING POLICIES (continued)

1.14 Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

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

Recognition of donated assets from unincorporated RFSA - The assets are recognised at fair value to the incorporated charity and not considered an extraordinary item.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019

2. INCOME FROM DONATIONS

	Total funds 2019 £	Total funds 2018 £
Donation: Queen's Prize	500	500
Donation from the unincorporated RFSA charity	8,672,816	2,076,445
	<hr/>	<hr/>
Total donations	8,673,316	2,076,945
	<hr/> <hr/>	<hr/> <hr/>
Total 2018	2,076,945	
	<hr/> <hr/>	

	2019 £
The donation of net assets from the unincorporated RFSA transferred on 1 February 2019 comprised:	
Fixed Assets - Investment Property	8,666,279
Debtors	14,709
Creditors	(8,172)
	<hr/>
Total	8,672,816
	<hr/> <hr/>

The net assets were included in the unincorporated RFSA financial statements as at 31 January 2019 and the donation has been recognised at their fair value.

3. INVESTMENT INCOME

	Total funds 2019 £	Total funds 2018 £
Property rental income	10,705	-
Listed investments - dividend income	73,963	38,134
Bank interest	210	129
	<hr/>	<hr/>
Total	84,878	38,263
	<hr/> <hr/>	<hr/> <hr/>
Total 2018	38,263	
	<hr/> <hr/>	

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019

4. CHARITABLE ACTIVITIES EXPENDITURE - CURRENT YEAR

	Grants payable £	Support costs £	Total 2019 £
Charitable activities	96,000	60,740	156,740

CHARITABLE ACTIVITIES EXPENDITURE - PRIOR YEAR

	Grants payable £	Support costs £	Total 2018 £
Charitable activities	125,305	23,978	149,283

5. GRANTS PAYABLE

	2019 £	2018 £
Grants to institutions		
Working Men's College	6,000	4,000
Hillcroft College	-	5,000
Mary Ward Centre	22,000	32,450
Morley College	15,000	21,000
Birkbeck College	12,000	12,000
City Literary Institute	10,000	5,000
City & Guilds of London Art School	10,000	10,000
John Cass School of Art (LMU)	-	7,500
University of the Arts London	26,000	33,000
Grants authorised in previous years but not taken up	(6,500)	(6,145)
	<u>94,500</u>	<u>123,805</u>
Grants to individuals		
Queen's Scholarship	1,000	1,000
William Atkinson Scholarship	500	500
	<u>1,500</u>	<u>1,500</u>
Total	<u>96,000</u>	<u>125,305</u>

During the year two grants (2018: two grants) were made from the Queen's Scholarship fund and one grant (2018: one grant) from the William Atkinson Fund.

Grant awards are made by the Charity for in-house projects and also for allocation to individual students. The awards are summarised above by reference to each institution/college.

The University of the Arts London includes: Central Saint Martins, London College of Fashion, London College of Communication, Camberwell College of Arts, Chelsea College of Arts and Wimbledon College of Arts.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019

6. SUPPORT COSTS

	Charitable Activities	Total 2019	Total 2018
	£	£	£
Governance costs	11,760	11,760	10,500
Professional fees	25,955	25,955	2,093
Sundry expenditure	820	820	540
Wages and salaries	20,117	20,117	9,873
National insurance	1,588	1,588	805
Pension cost	500	500	167
	<u>60,740</u>	<u>60,740</u>	<u>23,978</u>
Total	<u>60,740</u>	<u>60,740</u>	<u>23,978</u>
	<u>23,978</u>	<u>23,978</u>	
Total 2018	<u>23,978</u>	<u>23,978</u>	

7. GOVERNANCE COSTS

	2019	2018
	£	£
Auditors' remuneration - audit	8,640	8,400
Auditors' remuneration - other services	2,760	2,100
Under accrual of prior year accounts preparation fees	360	-
	<u>11,760</u>	<u>10,500</u>
	<u>11,760</u>	<u>10,500</u>

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2019	2018
	£	£
Auditors' remuneration - audit	8,640	8,400
Auditors' remuneration - other services	3,120	2,100
	<u>11,760</u>	<u>10,500</u>
	<u>11,760</u>	<u>10,500</u>

During the year, no Trustees received any remuneration (2018 - £NIL).

During the year, no Trustees received any benefits in kind (2018 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2018 - £NIL).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019

9. STAFF COSTS

Staff costs were as follows:

	2019	2018
	£	£
Wages and salaries	20,117	9,873
Social security costs	1,588	805
Pension costs	500	167
	22,205	10,845

The charitable company contributes to its staff members' pension scheme. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. The pension costs charge represents contributions payable by the charitable company to the fund and amounted to £500 (2018: £167).

The average number of persons employed by the charitable company during the year was as follows:

	2019	2018
	No.	No.
	1	1

No employee received remuneration amounting to more than £60,000 in either year.

The Trustees consider the Board of Trustees and the Foundation Secretary & Grants Manager as Key Management Personnel of the charitable company. Total remuneration received by Key Management Personnel was £22,205 (2018: £10,845).

10. INVESTMENT PROPERTY

	Freehold investment property
	£
Valuation	
At 1 August 2018	-
Donation from unincorporated RFSA charity	8,666,279
At 31 July 2019	8,666,279

A formal valuation was carried out by GVA, 10 Stratton Street, W1J 8JR on an open market value basis as at 31 July 2014. The Trustees review this valuation annually with any changes in fair value being recognised in the year.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019

11. FIXED ASSET INVESTMENTS

	Listed securities £
Market value	
At 1 August 2018	2,190,767
Disposals	(15,000)
Revaluations	195,479
	<u>2,371,246</u>
At 31 July 2019	<u><u>2,371,246</u></u>

Investments at market value comprise:

	2019 £	2018 £
Listed investments	<u>2,371,246</u>	<u>2,190,767</u>

All the fixed asset investments are held in the UK.

The CCLA investment management costs cannot easily be identified as investments are held in a "pooled fund", and hence are not disclosed as costs of raising funds, however the 'ongoing charges figure' for the Ethical Fund for the year ended 31 July 2019 was 0.6% of capital value.

12. DEBTORS

	2019 £	2018 £
Accrued income	<u>18,736</u>	<u>18,863</u>

13. CREDITORS: Amounts falling due within one year

	2019 £	2018 £
Accruals	12,148	12,984
Grant commitments	230,950	249,105
Other creditors	-	5,035
	<u>243,098</u>	<u>267,124</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019

14. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2019 £	2018 £
Net income for the year (as per Statement of Financial Activities)	8,796,933	2,057,478
Adjustment for:		
(Gains)/ Losses on investments	(173,942)	(114,322)
Dividends from investments and interest	(84,878)	(38,263)
Proceeds from the sale of investments	(15,000)	(55,000)
Decrease/(Increase) in debtors	127	(18,863)
(Decrease)/increase in creditors	(24,026)	267,124
Donation of assets from unincorporated RFSA charity	(8,672,816)	(2,076,445)
Net cash (used in)/provided by operating activities	(173,602)	21,709

15. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2019 £	2018 £
Cash in hand	41,248	114,972
Total	41,248	114,972

16. INCOME FROM OPERATING LEASE

The Charity leases their investment property to Mary Ward Settlement. The property is leased on a full repairing lease for a term of 20 years from 1 August 2002. A rent review was undertaken in August 2012 and the rent receivable set at £18,995 p.a. A rent review was undertaken in August 2017 and the rent receivable from that date was £21,411 p.a.

The investment property was transferred from the unincorporated entity on 31 January 2019, the incorporated Charity began recognising income in relation to the property from this date.

At 31 July 2019 the total of the Charity's future minimum lease receipts under non-cancellable operating leases was:

	2019 £	2018 £
Amounts receivable:		
Within 1 year	21,411	-
Between 1 and 5 years	42,822	-
Total	64,233	-

Income for the year from the operating lease for the investment property is disclosed in note 3.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019

17. RELATED PARTY TRANSACTIONS

During the year the RFSA gave grants to a number of organisations that have nominated Trustees to the charitable company.

	2019	2018
	£	£
Caro Millington - nominated by the Mary Ward Settlement	27,050	31,200
Ahsan Akbar - nominated by the Working Men's College	4,000	4,000
John Parmiter - nominated by the University of Arts London	30,000	33,000
	<u>30,000</u>	<u>33,000</u>

In addition, the Mary Ward Settlement leases the Charity's property on terms set out in note 16.

Caro Millington is a Trustee nominated by the Mary Ward Settlement (MWS), the Mary Ward Settlement leases the Charity's property. The MWS Nominated Trustee is not privy to any information or discussion related to the property asset. Trustees are required to complete a Declaration of Interest form prior to appointment. Should any potential conflict of interest arise, Board members follow the Board policy and will seek professional advice if necessary, and vote on whether and to what degree to exclude that Trustee from information, discussion and voting on that issue or item.

The Trustees have taken proper action for transactions relating to the payment of grants to be carried out on an at 'arms length basis' through the use of a conflict of interest policy.

Trustees are required to complete a Declaration of Interest form prior to appointment. Should any potential conflict of interest arise, Board members follow the Board policy and will seek professional advice if necessary, and vote on whether and to what degree to exclude that Trustee from information, discussion and voting on that issue or item.