

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

DIRECTORS' AND TRUSTEES' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2021

Company No: 00977615
Charity No: 312872

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED
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REPORT AND ACCOUNTS

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

FOR THE YEAR ENDED 31ST AUGUST 2021

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

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statements of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OUR PURPOSE AND ACTIVITIES

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

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

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

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

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

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

Achievement and activities

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

Students

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

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

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

Education

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

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

Accessibility

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

Financial Support

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

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

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

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

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Student welfare

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

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

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

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

Outreach

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

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

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

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

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

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

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

Future Activities

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

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

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

Selected student and alumni achievements in 2020/21

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

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

Overview

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

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

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

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

GDPR

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

Public benefit statement

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

FINANCIAL REVIEW

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

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

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Principal Funding Sources

Principal funding sources are donations and income from student fees.

Investment powers and policy

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

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

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

Reserves policy

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

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

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

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

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

Bursary Fund

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

Building Maintenance Fund

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

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FOR THE YEAR ENDED 31ST AUGUST 2021

New Building Fund

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

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

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

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document / Constitution

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

Recruitment and appointment of Trustees

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

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

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

Trustee induction and training

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

Structure and Management

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

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

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DIRECTORS' AND TRUSTEES' REPORT (Cont/d)

FOR THE YEAR ENDED 31ST AUGUST 2021

Organisatlon

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

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

The role and contribution of volunteers

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

Staff

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

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

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

Related Parties

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

Pay policy for senior staff

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

Risk Policy

The trustees have a risk management strategy which comprises:

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

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

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REFERENCE AND ADMINISTRATIVE DETAILS

Company Number: 0977615

Charity Number: 312872

Directors / Trustees:

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

Secretary: Vistra Trust Company Limited

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

Registered Office: 75 Lots Road, London SW10 0RN

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

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

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

Trustees' responsibilities in relation to the financial statements

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

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

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

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

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The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

STATEMENT OF DISCLOSURE TO AUDITOR

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

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

AUDITORS

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

APPROVAL

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

P E Driscoll (Chairman)



04 March 2022

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st August 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of trustees' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit;

Responsibilities of directors

As explained more fully in the directors' responsibilities statements set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

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

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

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

J Foskett

23 March 2022

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

**3 SHEEN ROAD
RICHMOND TW9 1AD**

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

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31ST AUGUST 2021

SUMMARY INCOME AND EXPENDITURE ACCOUNT

	Notes	Unrestricted Funds £	Restricted Funds £	2021 £	2020 £
Income					
Donations and legacies	2	75,321	29,970	105,291	148,258
Income from charitable activities	3	682,697	-	682,697	840,843
Income from other trading activities	4	118,735	-	118,735	24,473
Investment income	5	25,699	-	25,699	29,505
Total income		<u>902,452</u>	<u>29,970</u>	<u>932,422</u>	<u>1,043,079</u>
Expenditure					
Cost of raising funds	6	9,754	-	9,754	25,174
Expenditure on charitable activities	6	1,070,034	28,300	1,098,334	1,154,250
Total expenditure		<u>1,079,788</u>	<u>28,300</u>	<u>1,108,088</u>	<u>1,179,424</u>
Net income / (expenditure) & net movements in funds before gains & losses on investments		(177,336)	1,670	(175,666)	(136,345)
Net gains / (losses) on investments	12	111,976	-	111,976	27,422
Net movement in funds		<u>(65,360)</u>	<u>1,670</u>	<u>(63,690)</u>	<u>(108,923)</u>
<i>Reconciliation of funds</i>					
Total funds, brought forward		5,476,733	33,935	5,510,668	5,619,591
Total funds, carried forward		<u><u>5,411,373</u></u>	<u><u>35,605</u></u>	<u><u>5,446,978</u></u>	<u><u>5,510,668</u></u>

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

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

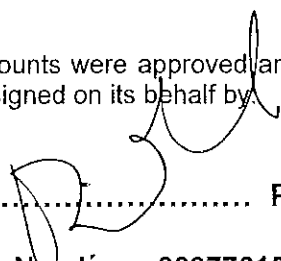
The notes on pages 19 to 29 form part of these accounts.

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

BALANCE SHEET AS AT 31ST AUGUST 2021

	Notes	2021	2020
		£	£
Fixed assets			
Tangible fixed assets	11	3,661,407	3,763,943
Investments	12	1,053,380	928,509
		4,714,787	4,692,452
Current assets			
Stocks	13	10,352	8,481
Debtors	14	131,087	29,121
Cash at bank and in hand		951,682	911,372
		1,093,121	948,974
Liabilities			
Creditors falling due within one year	15	(360,930)	(130,758)
		732,191	818,216
Net current assets		732,191	818,216
Net assets		5,446,978	5,510,668
The funds of the charity			
Unrestricted funds:			
General	16	4,325,971	4,384,356
Designated	16	1,085,402	1,092,377
Restricted funds	16	35,605	33,935
Total charity funds		5,446,978	5,510,668

These accounts were approved and authorised for issue by the Board of Directors and Trustees on 4th March 2022 and were signed on its behalf by



..... P E Driscoll (Chairman)

Company Number 00977615

The notes on pages 19 to 29 form part of these accounts.

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST AUGUST 2021

	2021	2020
	£	£
Net cash generated from / used in operating activities	<u>29,984</u>	<u>(295,774)</u>
Cash flows from Investing activities		
Dividend and interest income	25,699	29,505
Purchase of tangible fixed assets	(2,478)	(1,680)
Purchase of investments	(13,573)	(26,155)
Additions to / withdrawals from cash held within investments	678	9,144
Cash provided by investing activities	<u>10,326</u>	<u>10,814</u>
Increase in cash & cash equivalents in the year	<u>40,310</u>	<u>(284,960)</u>
Cash & cash equivalents at the beginning of the year	911,372	1,196,332
Total cash & cash equivalents at the end of the year	<u><u>951,682</u></u>	<u><u>911,372</u></u>

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

	2021	2020
	£	£
Net movement in funds	(63,690)	(108,923)
Add back depreciation	105,014	106,147
Deduct dividend and interest income from investments	(25,699)	(29,505)
Deduct gains / add back losses on investment	(111,976)	(27,422)
Deduct gains / add back losses on disposal of fixed assets	-	250
Decrease / (increase) in stock	(1,871)	(439)
Decrease / (increase) in debtors	(101,966)	(5,658)
Increase / (decrease) in creditors	230,172	(230,224)
Net cash generated from / used in operating activities	<u><u>29,984</u></u>	<u><u>(295,774)</u></u>

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

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2021

1. ACCOUNTING POLICIES

1.1 Basis of preparation of accounts

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

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

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

1.2 Preparation of accounts on a going concern basis

The Charity's Financial Statements show net expenditure of £63,690 for the year and free reserves of £664,564. The trustees are of the view that these results have secured the immediate future of the Charity for the next 12 to 18 months and on this basis the Charity is a going concern.

1.3 Income

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

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

1.4 Volunteers and donated services and facilities

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

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

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

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2021

1.5 Expenditure recognition and irrecoverable VAT

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

Expenditure is classified under the following activity headings:

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

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

1.6 Allocation of support costs

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

1.7 Funds structure

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

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

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

1.8 Tangible fixed assets and depreciation

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

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

1.9 Investments

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

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

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

The Council has agreed an Investment Policy.

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

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2021

1.10 Realised / unrealised gains and losses

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

1.11 Stock

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

1.12 Cash at bank and in hand

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

1.13 Creditors and provisions

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

1.14 Financial instruments

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

1.15 Taxation

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

1.16 Pension

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

1.17 Operating leases

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

1.18 Judgement and key sources of estimation uncertainty

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

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

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

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2021

2. DONATIONS AND LEGACIES

	Unrestricted Funds £	Restricted Funds £	2021 £	2020 £
The De Lazlo Foundation	-	13,750	13,750	-
Golden Bottle Trust	-	10,000	10,000	10,000
The Michael Marks Charitable Trust	-	-	-	8,950
Napthens - M I Hopwood	-	5,000	5,000	-
Other donations < £1,000	-	1,220	1,220	2,107
HMRC Job Retention Scheme	75,321		75,321	127,201
	<u>75,321</u>	<u>29,970</u>	<u>105,291</u>	<u>148,258</u>

The donations and legacies income in 2020 totalling £127,201 was attributed to unrestricted funds and £21,057 was attributed to restricted funds..

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £	2021 £	2020 £
School fees	682,697	682,697	840,843
	<u>682,697</u>	<u>682,697</u>	<u>840,843</u>

Income from charitable activities in 2020 totalling £840,843 was attributed to unrestricted funds.

4. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted Funds £	2021 £	2020 £
Shop income	12,472	12,472	18,172
Car parking fees	3,427	3,427	3,770
Other income	484	484	2,531
Insurance Claim receipt	102,352	102,352	-
	<u>118,735</u>	<u>118,735</u>	<u>24,473</u>

The other trading income in 2020 totalling £24,473 was attributed to unrestricted funds.

Above insurance claim receipt includes a business interruption claim of £97,125 (2020 - £ Nil) received from Hiscox.

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

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2021

5. INVESTMENT INCOME

	Unrestricted Funds £	2021 £	2020 £
Interest on cash deposits	12,126	12,126	11,211
Dividends	13,573	13,573	18,294
	25,699	25,699	29,505

The investment income in 2020 totalling £29,505 was attributed to unrestricted funds.

6. ANALYSIS OF EXPENDITURE

	Raising Funds £	School £	Outreach £	2021 £	2020 £
Staff costs	-	498,945	-	498,945	544,629
Bursaries and prizes	-	35,275	-	35,275	77,022
Other direct costs	-	41,600	-	41,600	27,142
Premises and equipment costs	-	187,688	-	187,688	128,554
Depreciation	-	94,513	-	94,513	95,533
Advertising, promotion and prospectus	-	19,395	-	19,395	21,801
Shop purchases	8,950	-	-	8,950	14,191
Fundraising costs	126	-	-	126	9,700
Investment management costs	678	-	-	678	1,283
Support costs (Note 7)	-	209,587	-	209,587	247,696
Governance costs (Note 7)	-	11,331	-	11,331	11,874
	9,754	1,098,334	-	1,108,088	1,179,424

Of the £1,108,088 expenditure in 2021 (2020 - £1,179,424), £1,004,467 was charged to unrestricted funds (2020 - £1,014,869) and £103,621 to restricted funds (2020 - £164,555).

7. ANALYSIS OF SUPPORT AND GOVERNANCE COSTS

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

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

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2021

	General support £	Governance function £	2021 £	2020 £
Finance and administration staff costs	115,220	-	115,220	164,844
Management staff	-	3,818	3,818	3,833
Premises costs	20,854	-	20,854	14,284
Depreciation	10,501	-	10,501	10,615
Communication costs	9,127	-	9,127	10,147
Information technology	13,844	-	13,844	9,557
Insurance	10,474	-	10,474	10,670
Bank charges	10,493	-	10,493	10,189
Legal and professional costs	16,572	913	17,485	14,972
Bad debts	-	-	-	-
Sundry costs	2,502	-	2,502	3,860
Audit fees	-	6,600	6,600	6,600
	<u>209,587</u>	<u>11,331</u>	<u>220,918</u>	<u>259,570</u>

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

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2021

8. NET INCOME/(EXPENDITURE) FOR THE YEAR

This is stated after charging:

	2021	2020
	£	£
Depreciation of tangible fixed assets	105,014	106,147
Operating lease – copier	3,982	3,934
Auditors' remuneration – audit of financial statements	6,600	6,600
	<u>6,600</u>	<u>6,600</u>

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

STAFF COSTS

	2021	2020
	£	£
Salaries	626,165	676,052
National Insurance	32,347	40,751
Pension	7,699	9,677
	<u>666,212</u>	<u>726,480</u>

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

No Trustee received any remuneration during the year (2020 - £nil). No Trustees received reimbursed expenses during the year (2020 - £nil).

The key management personnel of the charity comprise the Principal, Director of Studies, Course Director (Diploma in Portraiture) and Co-ordinator (Printmaking). The total employee benefits of the key management personnel of the charity were £78,133 (2020 - £78,424).

10. STAFF NUMBERS

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

	2021	2020
Management	1.5	1.5
Direct staff	16.5	17.5
Administrative and support	5.5	5.5
	<u>23.5</u>	<u>24.5</u>

The average number monthly employees during the year was 64 (2020 - 60).

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

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2021

11. TANGIBLE FIXED ASSETS

	Freehold interest in land and buildings £	Fixtures, fittings and equipment £	Total £
Cost:			
As at 1 September 2020	4,956,822	99,380	5,056,202
Additions	-	2,478	2,478
Disposals	-	-	-
As at 31 August 2021	<u>4,956,822</u>	<u>101,858</u>	<u>5,058,680</u>
Depreciation:			
As at 1 September 2020	1,213,913	78,346	1,292,259
Disposals	-	-	-
Charge for the year	99,136	5,878	105,014
As at 31 August 2021	<u>1,313,049</u>	<u>84,224</u>	<u>1,397,273</u>
Net book value:			
As at 1 September 2020	<u>3,742,909</u>	<u>21,034</u>	<u>3,763,943</u>
As at 31 August 2021	<u>3,643,773</u>	<u>17,634</u>	<u>3,661,407</u>

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

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

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2021

12. INVESTMENTS

	2021 £	2020 £
Quoted investments		
Market value, brought forward	925,025	871,448
Additions	13,573	26,155
Unrealised gain / (loss)	111,976	27,422
Market value, carried forward	1,050,574	925,025
Cash held as part of portfolio	2,806	3,484
Total investments	1,053,380	928,509
Historic cost	866,691	853,118

Market value analysed by type of investments:

	2021 £	2020 £
UK Equities	102,830	92,569
UK bonds	188,038	174,767
Foreign equities	312,129	263,743
Foreign bonds	202,521	171,099
Gold and gold equities	72,551	64,217
Illiquid strategies and options	79,000	69,925
Multi-asset funds	4,069	7,120
Hedge funds	3,598	-
Property	15,597	14,584
Commodities	10,238	12,346
Other	8,750	9,289
Cash held within the investment portfolio	54,059	48,850
Market value as at 31 August 2021	1,053,380	928,509

13. STOCK

	2021 £	2020 £
Shop stock	10,352	8,481
	10,352	8,481

14. DEBTORS

	2021 £	2020 £
Trade debtors	11,551	14,637
Other debtors	112,494	-
Prepayments and accrued income	7,042	14,484
	131,087	29,121

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FOR THE YEAR ENDED 31ST AUGUST 2021

15. CREDITORS: amounts falling due within one year

	2020 £	2019 £
Trade creditors	15,793	25,608
Taxation and social security	5,663	7,017
Deferred income (note 18)	268,686	88,757
Other creditors	2,154	2,495
Accruals	68,634	6,881
	360,930	130,758

16. MOVEMENT IN FUNDS

	Balance at 01.09.20 £	Income £	Expenditure £	Gains/ (losses) £	Transfers £	Balanc at 31.08.2 £
Restricted funds:						
Prizes Fund	8,898	600	1,450	-	-	8,048
Bursary Fund	25,037	29,370	26,850	-	-	27,557
	33,935	29,970	28,300	-	-	35,605
Unrestricted funds:						
Designated funds						
Bursary Fund	94,261	-	6,975	-	-	87,286
Building Maintenance Fund	255,000	-	-	-	-	255,000
New Building Fund	743,116	-	-	-	-	743,116
	1,092,377	-	6,975	-	-	1,085,400
General funds	4,384,356	902,452	1,072,813	111,976	-	4,325,977
Total Unrestricted Funds	5,476,733	902,452	1,079,788	111,976	-	5,411,377
Total funds	5,510,668	932,422	1,108,088	111,976	-	5,446,975
Movement in funds – previous year						
	at 01.09.19 £	Income £	Expenditure £	(losses) £	Transfers £	at 31.08.2 £
Restricted funds:						
Prizes Fund	8,298	600	-	-	-	8,898
Bursary Fund	41,934	20,457	37,354	-	-	25,037
	50,232	21,057	37,354	-	-	33,935
Unrestricted funds:						
Designated funds						
Bursary Fund	133,929	-	39,668	-	-	94,261
Building Maintenance Fund	255,000	-	-	-	-	255,000
New Building Fund	743,116	-	-	-	-	743,116
	1,132,045	-	39,668	-	-	1,092,377
General funds	4,437,314	1,022,022	1,102,402	27,422	-	4,384,356
Total Unrestricted Funds	5,569,359	1,022,022	1,142,070	27,422	-	5,476,733
Total funds	5,619,591	1,043,079	1,179,424	27,422	-	5,510,668

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FOR THE YEAR ENDED 31ST AUGUST 2021

16. MOVEMENT IN FUNDS (Continued)

Description, nature and purpose of restricted funds:

Prize Fund: Funds received to provide prizes.

Bursary Fund: Funds received to provide prizes.

Description, nature and purpose of unrestricted funds:

General funds:

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

Purposes of Designated Funds:

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

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

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

17. ANALYSIS OF FUND BALANCES BETWEEN NET ASSETS

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

Analysis of fund balances between net assets – previous year

	General £	Designated £	Restricted £	Total £
Tangible fixed assets	3,763,943	-	-	3,763,943
Investments	-	928,509	-	928,509
Net current assets	620,413	163,868	33,935	818,216
	<u>4,384,356</u>	<u>1,092,377</u>	<u>33,935</u>	<u>5,510,668</u>

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18. DEFERRED INCOME

	2021	2020
	£	£
Balance as at 1st September	88,757	314,928
Amount released to income in the year	(88,757)	(314,928)
Amount deferred in the year	268,686	88,757
Balance as at 31st August	268,686	88,757

Deferred income represents fee income for 2021/22 received in advance.

19. OPERATING LEASE COMMITMENTS

The charity has operating lease commitments as shown below.

	Equipment	
	2021	2020
	£	£
Under one year	3,934	3,934
Two to five years	7,869	11,803
	11,803	15,737

20. PENSION

The pension cost charge represents contributions payable by the charity to the fund and amounted to £7,699 (2020 - £9,677). Contributions totalling £1,321 (2020 - £1,209) were payable to the fund at the year end and are included in creditors.

21. SHARE CAPITAL

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

22. MEMBERS' LIABILITY

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

23. RELATED PARTY TRANSACTIONS

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