

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

DIRECTORS' AND TRUSTEES' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2022

Company No: 00977615
Charity No: 312872

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

REPORT AND ACCOUNTS

CONTENTS

	Page
Directors' and Trustees' Report	3 - 14
Independent Auditor's Report	15 - 17
Statement of Financial Activities	18
Balance Sheet	19
Statement of cash flows	20
Notes to the Accounts	21-33

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

DIRECTORS' AND TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2022

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

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

OUR PURPOSE AND ACTIVITIES

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

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

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

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

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

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

Achievement and activities

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

Accessible Learning

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

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

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

DIRECTORS' AND TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2022

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

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

Students

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

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

On leaving

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

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

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

Accredited Education

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

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

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

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

DIRECTORS' AND TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2022

Financial Support

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

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

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

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

Student welfare

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

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

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

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

Outreach and support

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

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

DIRECTORS' AND TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2022

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

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

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

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

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

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

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

DIRECTORS' AND TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2022

Future Activities

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

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

Selected Student and Alumni Achievements in 2021/22

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

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

DIRECTORS' AND TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2022

Overview

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

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

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

GDPR

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

Public benefit statement

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

FINANCIAL REVIEW

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

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

Principal Funding Sources

Principal funding sources are donations and income from student fees.

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

DIRECTORS' AND TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2022

Investment powers and policy

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

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

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

Reserves policy

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

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

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

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

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

Bursary Fund

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

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

DIRECTORS' AND TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2022

Building Maintenance Fund

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

New Building Fund

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

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

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

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document / Constitution

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

Recruitment and appointment of Trustees

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

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

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

Trustee induction and training

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

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

DIRECTORS' AND TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2022

Structure and Management

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

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

Organisation

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

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

The role and contribution of volunteers

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

Staff

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

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

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

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

DIRECTORS' AND TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2022

Related Parties

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

Pay policy for senior staff

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

Risk Policy

The trustees have a risk management strategy which comprises:

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

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

REFERENCE AND ADMINISTRATIVE DETAILS

Company Number: 0977615

Charity Number: 312872

Directors / Trustees:

C Penn (appointed 23 February 2022)

P E Driscoll

R Sharp

J Eagle

D Todd (Resigned 28 July 2022)

N Gage

J Murray

W Packer

R Wilson (Resigned 23 March 2022)

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

DIRECTORS' AND TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2022

Secretary: Vistra Trust Company Limited

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

Registered Office: 75 Lots Road, London SW10 0RN

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

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

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

Trustees' responsibilities in relation to the financial statements

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

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

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

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

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

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

STATEMENT OF DISCLOSURE TO AUDITOR

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

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

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

DIRECTORS' AND TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2022

AUDITORS

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

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

APPROVAL

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

A handwritten signature in black ink that reads "Christopher Penn". The signature is written in a cursive style with a small flourish at the end.

Christopher Penn
(Chairman of Trustees)

1st March 2023

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

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st August 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

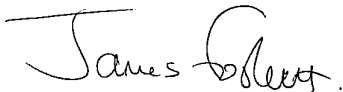
THE THOMAS HEATHERLEY EDUCATIONAL TRUST LIMITED (A company limited by guarantee)

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

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

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

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



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

3 SHEEN ROAD
RICHMOND TW91AD

8 March 2023

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

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31ST AUGUST 2022

SUMMARY INCOME AND EXPENDITURE ACCOUNT

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

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

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

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

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

BALANCE SHEET AS AT 31ST AUGUST 2022

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

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

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

Company Number 00977615

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

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST AUGUST 2022

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

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

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

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

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2022

1. ACCOUNTING POLICIES

1.1 Basis of preparation of accounts

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

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

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

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

1.2 Preparation of accounts on a going concern basis

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

1.3 Income

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

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

1.4 Volunteers and donated services and facilities

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

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

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

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2022

1.5 Expenditure recognition and irrecoverable VAT

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

Expenditure is classified under the following activity headings:

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

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

1.6 Allocation of support costs

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

1.7 Funds structure

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

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

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

1.8 Tangible fixed assets and depreciation

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

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

1.9 Investments

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

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

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

The Council has agreed an Investment Policy.

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

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2022

1.10 Realised / unrealised gains and losses

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

1.11 Stock

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

1.12 Cash at bank and in hand

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

1.13 Creditors and provisions

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

1.14 Financial instruments

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

1.15 Taxation

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

1.16 Pension

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

1.17 Operating leases

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

1.18 Judgement and key sources of estimation uncertainty

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

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

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

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2022

2. DONATIONS AND LEGACIES

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

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

3. INCOME FROM CHARITABLE ACTIVITIES

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

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

4. INCOME FROM OTHER TRADING ACTIVITIES

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

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

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

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

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2022

5. INVESTMENT INCOME

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

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

6. ANALYSIS OF EXPENDITURE

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

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

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

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2022

7. ANALYSIS OF SUPPORT AND GOVERNANCE COSTS

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

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

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

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2022

8. NET INCOME/(EXPENDITURE) FOR THE YEAR

This is stated after charging:

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

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

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

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

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

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

10. STAFF NUMBERS

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

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

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

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

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2022

11. TANGIBLE FIXED ASSETS

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

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

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

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2022

12. INVESTMENTS

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

Market value analysed by type of investments:

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

13. STOCK

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

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

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2022

14. DEBTORS

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

15. CREDITORS: amounts falling due within one year

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

16. MOVEMENT IN FUNDS

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

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

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2022

Movement in funds – previous year

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

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

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2022

16. MOVEMENT IN FUNDS (Continued)

Description, nature and purpose of restricted funds:

Prize Fund: Funds received to provide prizes.

Bursary Fund: Funds received to provide prizes.

Description, nature and purpose of unrestricted funds:

General funds:

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

Purposes of Designated Funds:

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

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

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

17. ANALYSIS OF FUND BALANCES BETWEEN NET ASSETS

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

Analysis of fund balances between net assets – previous year

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

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

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2022

18. DEFERRED INCOME

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

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

19. OPERATING LEASE COMMITMENTS

The charity has operating lease commitments as shown below.

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

20. PENSION

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

21. SHARE CAPITAL

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

22. MEMBERS' LIABILITY

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

23. RELATED PARTY TRANSACTIONS

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