

**ROYAL ACADEMY DEVELOPMENT TRUST**  
**(Formerly Royal Academy Trust)**

**Registered Charity No. 1067270**

**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 AUGUST 2016**

## **Royal Academy Development Trust Reference and Administrative Details**

### **Honorary President**

HRH The Prince of Wales

### **Emeritus and Honorary Trustees**

Lord Aldington

Susan Burns

Sir James Butler CBE DL

The Rt. Hon. The Lord Carrington, KG GCMC CH MC

Sir Trevor Chinn CVO

John Coombe

Ambassador Edward E Elson

John Entwistle OBE

Michael Gee

The Rt. Hon. The Earl of Gowrie

C. Hugh Hildesley

Susan Ho

Lady Judge CBE

Gabrielle Jungels-Winkler

Lady Lever

Sir Sydney Lipworth

The Rt. Hon. The Lord Luce, GCVO DL

Sir Keith Mills GBE DL

Ludovic de Montille

Lady Myners

Eddy Pirard

John Raisman CBE

John Roberts FRIBA

Sir Simon Robertson

Sir Evelyn de Rothschild

Maryam Sachs

Richard Sharp

David Stileman

### **Trustees in the financial year and at the date of signing:**

Lord Davies of Abersoch (Chairman)

Phillip Marsden (Deputy Chairman)

President of The Royal Academy of Arts (Ex officio) - Christopher Le Brun PRA

Treasurer of The Royal Academy of Arts (Ex officio) - Prof. Chris Orr RA

Secretary & Chief Executive of The Royal Academy of Arts - Charles Saumarez Smith CBE

Petr Aven

Marc Bolland (appointed 16 March 2016)

Brooke Brown Barzun

Sir David Cannadine FBA

Richard Chang

Adrian Cheng

Lady Alison Deighton (appointed 11 October 2016)

Lloyd Dorfman

Stephen Fry

HRH Princess Marie-Chantal of Greece

Mrs Henry J Heinz Hon DBE

Lady Heywood

Anya Hindmarch CBE

Clive Humby (appointed 11 October 2016)

Alistair Johnston CMG

Declan Kelly

Dame Carolyn Julia McCall DBE (appointed 11 October 2016)

Sir Keith Mills GBE DL (resigned 7 January 2016)

Minoru Mori

Christina Ong

Frances Osborne

Sir Richard Carew Pole Bt OBE DL

## **Royal Academy Development Trust Reference and Administrative Details**

### **Trustees in the financial year and at the date of signing (continued):**

Lord Ricketts GCMG GCVO (appointed 9 June 2016)

Sir Stuart Rose

Dame Jillian Sackler DBE

Robert Suss

Sir David Tang KBE

Sian Westerman

Peter Williams

Iwan Wirth

Andrea Wong (appointed 11 October 2016)

### **Executive Committee**

Lord Davies of Abersoch (Chairman)

Lady Heywood

Phillip Marsden

Prof. Chris Orr RA

Charles Saumarez Smith

Peter Williams

### **Investment Sub-Committee in the financial year and at the date of signing:**

Peter Williams (Chairman)

Jonathon Cornaby

Adam Bennett

Richard Milliken

Charles Saumarez Smith

Derek Stevens (resigned 25 February 2016)

Andrew Threadgold (appointed 25 February 2016)

William de Winton

### **Registered Office**

Burlington House

Piccadilly

London W1J 0BD

### **Advisers:**

#### **Auditors**

Kingston Smith LLP

60 Goswell Road

London EC1M 7AD

#### **Bankers**

Lloyds Bank Plc

4th Floor

25 Gresham Street

London EC2V 7HN

#### **Solicitors**

Jones Day

21 Tudor Street

London EC4Y 0DJ

Withers LLP

16 Old Bailey

London EC4M 7EG

#### **Investment Managers**

Partners Capital LLP

5th Floor

5 Young Street

London W8 5EH

## **Royal Academy Development Trust Trustees' Report**

The trustees present their report and financial statements for the year ended 31 August 2016.

### **CONSTITUTION AND CHARITABLE OBJECTIVES**

#### **Constitution**

Royal Academy Development Trust (formerly Royal Academy Trust) ("the Charity") was established under a Trust Deed dated 11 February 1981, to serve public benefit by providing funds for the support of The Royal Academy of Arts ("the Royal Academy"). The Deed of Declaration of the Trust was amended in June 2009. It is an unincorporated association, and became separately registered as a charity on 8 January 1998.

#### **Governance and management**

The Charity is governed by a board of trustees, who are men and women of distinction from business and the wider community.

The maximum number of trustees is 35 at any one point in time, as agreed by the board in July 2016. There are currently 35 trustees. The trustees constitute the President, Treasurer and the Secretary and Chief Executive of the Royal Academy, for so long as they hold office, and other trustees whom shall serve a five year initial term, after which they are eligible for a three year renewal term.

The trustees and officers who served during the year ended 31 August 2016 and at the date of signing are shown on pages 1 and 2 of the financial statements.

The management of the funds and distributions to the Royal Academy up to £1 million per annum has been delegated to the Charity's Executive Committee, chaired by the Chairman of the Trust.

The trustees are responsible for approving adequate arrangements for induction and training for new trustees and to this end a programme has been arranged to include a formal induction by the Royal Academy Legal Counsel, together with an informative welcome pack and an introductory tour.

The trustees have a risk management process. Risks are recorded in a Risk Register and mitigating actions implemented and monitored. The major risk for the Charity is exposure to a volatile financial market. This is mitigated by the frequent monitoring and broad spread of the funds to managed investments. This risk, along with any other is considered by the trustees and is part of the Risk Register reviewed by the Charity's Investment Sub-committee and Executive Committee on an annual basis.

The main investment portfolio is managed by the trustees, through the Investment Sub-committee, based on advice from Partners Capital LLP.

The Investment Sub-committee advises the board of trustees on investment policy and risk. The Investment Sub-committee comprises trustees with investment experience and outsiders chosen for their experience of investment management.

### **OBJECTIVES, ACTIVITIES AND PUBLIC BENEFIT**

The object of the Charity is the maintenance, development, advancement and preservation of the Royal Academy, a legally separate charity based in London, through which the arts of design are promoted by its charitable objects, which are stated as:

- The promotion of the arts of design
- The education of the public in the creation, enjoyment, appreciation and understanding of the arts, through exhibitions, educational programmes and debate by all charitable means as the members of Council may think fit.

#### **Current year objectives:**

- To provide revenue support for the activities of the Royal Academy through an annual donation funded by the Charity's investment funds and to support the objectives of the Royal Academy
- To support the Royal Academy's fundraising targets with particular emphasis on ensuring the progression of the capital campaign - the Burlington Project
- To manage the growth of the trust and minimise the risk of loss.

In setting these objectives, the trustees confirm that they comply with their duty in section 17 of the Charities Act 2011 to have regard to the guidance on public benefit published by the Charity Commission in exercising their powers and duties.

# Royal Academy Development Trust

## Trustees' Report

### FINANCIAL REVIEW, ACHIEVEMENTS AND PERFORMANCE

#### Financial review

Incoming resources for the year ended 31 August 2016 totalled £4.6m (2015: £2.1m). There were no donations towards capital projects in the year (2015: £1.4m), but £0.4m in support of Royal Academy cultural activities (2015: £0.5m). In addition, \$5.75m (£4.0m) was received as a permanent endowment, as part of a \$23.0m (£15.0m) pledge from a donor who wishes to remain publicly anonymous. The \$23.0m (£15.0m) pledge comprises \$15.3m (£10.0m at date of pledge) to be held as a permanent endowment and \$7.7m (£5.0m at date of pledge) towards capital projects. There was also £0.2m of investment income (2015: £0.2m). Net gains on investments were £1.8m (2015: £2.2m) and there were unrealised losses on foreign exchange derivatives of £0.5m (2015: £nil).

Donations to the Royal Academy of £13.5m (2015: £0.7m) were made up of £12.8m (2015: £nil) in support of capital projects and £0.7m (2015: £0.7m) in support of revenue projects. The latter comprise £0.2m (2015: £0.2m) as an annual donation and £0.5m (2015: £0.5m) for specific projects. In addition, a donation of £0.3m was made to Royal Academy America, a legally separate US charity which supports the Royal Academy, in support of revenue projects.

During the year the value of the investment portfolio decreased by a net total of £11.4m (2015: increase of £2.9m) and total funds decreased to £28.3m (2015: £36.3m) after income, distributions and governance expenditure.

Included in this amount are funds donated by the Royal Academy to be held in investments by the Charity. These funds are held by the Charity until they are required for specific projects of the Royal Academy and are invested by the Charity to provide future funding for the charitable objects of the Royal Academy. These are treated as assets of the Charity and are held for the maintenance, development, advancement and preservation of the Royal Academy.

#### Investments

Since November 2008, management of the Charity's investment portfolios has operated under agreements with Partners Capital LLP. Since June 2014, this has operated under a Discretionary Management Agreement.

The primary purpose of the investment portfolio is to support the long-term operating and capital needs of the Royal Academy. To this end, the overall portfolio is managed to maximise the long-term total return of the portfolio, subject to maintaining a reasonable level of risk of loss. The main investment portfolio supports the operating and capital needs of the Royal Academy through an annual spending rate, which is reviewed periodically to ensure the spending rate is sustainable over the long-term.

The objective is to preserve and, if possible, to enhance the purchasing power of its assets, after annual spending and all costs and expenses, over rolling three year periods. This objective implies a minimum time-weighted net return target in excess of the Royal Academy's estimated cost inflation (estimated at 3.5% based on forecast long run UK inflation of 2.5% plus a margin of 1%) plus the spending rate (currently 3.3% per annum). This equates to a minimum annual return of 6.8% per annum. Actual returns will need to be in excess of this minimum target in order to cover the costs of portfolio management and to provide a cushion over the longer-term.

#### Future plans

The trustees continue to work closely with the President, Chief Executive and the directors of the Royal Academy to assist with the on-going fundraising effort, with particular focus on the strategy supporting the Burlington Project to ensure the next phase proceeds.

The long term objective is growing the Charity reserves to help sustain the future expansion of the Royal Academy.

The aims for the coming year ending 31 August 2017 are:

- To actively support the Royal Academy on a digital and international strategy and advise on implementation to ensure future revenue growth
- To provide, or assist in securing, funding for the capital campaign, including the next phase of the Burlington Project, in order to achieve targets
- To continue to make available revenue support for the Royal Academy's activities.

#### Related party transactions

Related party transactions are disclosed in note 21 to the financial statements.

## Royal Academy Development Trust Trustees' Report

### Reserves policy

The Charity holds its free reserves as an investment fund from which it can generate income and capital gains for the future support of the Royal Academy. The current statement of investment principles and the distribution policy recognise the objective of delivering financial support for the Royal Academy that will be sustainable for the foreseeable future. The trustees have not established a minimum or maximum level of free reserves as they wish to be able to balance the need to respond to immediate special needs of the Royal Academy and to ensure sustained support.

### Statement of trustees' responsibilities

The trustees are responsible for preparing the trustees' report and the financial statements in accordance with the applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments 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 charity will continue in business;
- Observe the methods and principles in the Charities SORP.

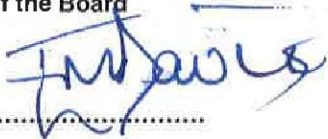
The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Audit information

So far as each of the trustees at the time the trustees' report is approved is aware:

- there is no relevant information of which the auditors are unaware; and
- they have taken all relevant steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

On behalf of the Board



Trustee

Date: 25<sup>th</sup> January 2017



**Royal Academy Development Trust**  
**Independent Auditors' Report to the Trustees of**  
**Royal Academy Development Trust**

We have audited the financial statements of the Royal Academy Development Trust for the year ended 31 August 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard Applicable in the UK and Ireland".

This report is made solely to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charity and charity's trustees as a body, for our audit work, for this report, or for the opinion we have formed.

**Respective responsibilities of trustees and auditors**

As explained more fully in the statement of trustees' responsibilities set out on page 5 the trustees are responsible for the preparation of financial statements which give a true and fair view. We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on the financial statements**

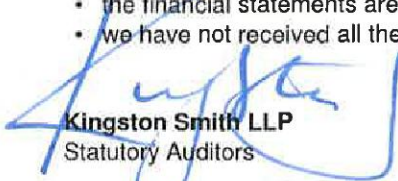
In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 August 2016, and of its incoming resources and application of resources, 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 Charities Act 2011.

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

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the trustees' report is inconsistent in any material respects with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

  
**Kingston Smith LLP**  
Statutory Auditors

**Date:**

 8/2/17

Devonshire House  
60 Goswell Road  
London EC1M 7AD

Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

**Royal Academy Development Trust**  
**Statement of Financial Activities**  
**For the year ended 31 August 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Endowment funds 2016 £	Total funds 2016 £	Total funds 2015* £
* see note 4 for comparatives						
<b>Income and endowments from:</b>						
Donations	5	334,216	98,604	3,966,198	<b>4,399,018</b>	1,885,940
Investments	6	159,375	79,229	9,328	<b>247,932</b>	206,031
<b>Total incoming resources</b>		<b>493,591</b>	<b>177,833</b>	<b>3,975,526</b>	<b>4,646,950</b>	<b>2,091,971</b>
<b>Expenditure on:</b>						
Raising funds	8	(140,281)	(8,311)	-	<b>(148,592)</b>	(235,285)
Charitable activities						
Annual donation to the Royal Academy	7	(111,510)	(92,500)	(10,500)	<b>(214,510)</b>	(205,100)
Other donations to the Royal Academy	7	(477,275)	(12,855,670)	-	<b>(13,332,945)</b>	(464,046)
Donation to Royal Academy America	12	(309,247)	-	-	<b>(309,247)</b>	-
Total charitable activities		(898,032)	(12,948,170)	(10,500)	<b>(13,856,702)</b>	(669,146)
<b>Total expenditure</b>		<b>(1,038,313)</b>	<b>(12,956,481)</b>	<b>(10,500)</b>	<b>(14,005,294)</b>	<b>(904,431)</b>
Net gains on investments	11	1,216,338	265,796	307,540	<b>1,789,674</b>	2,194,243
Unrealised losses on derivatives	16	-	-	(472,388)	<b>(472,388)</b>	-
<b>Net income / (expenditure)</b>		<b>671,616</b>	<b>(12,512,852)</b>	<b>3,800,178</b>	<b>(8,041,058)</b>	<b>3,381,783</b>
Total funds brought forward		16,330,478	16,001,215	3,996,950	<b>36,328,643</b>	32,946,860
<b>Total funds carried forward</b>		<b>17,002,094</b>	<b>3,488,363</b>	<b>7,797,128</b>	<b>28,287,585</b>	<b>36,328,643</b>

All gains and losses arising in the year are included in the Statement of Financial Activities and arise from continuing operations.

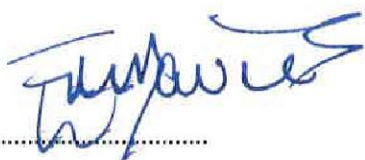
The notes on pages 10 to 22 form part of these financial statements.



**Royal Academy Development Trust**  
**Balance Sheet as at 31 August 2016**

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Investments	11	<u>24,073,711</u>	<u>35,510,523</u>
<b>Current assets</b>			
Debtors	12	276,679	374,272
Cash at bank and in hand		<u>4,470,923</u>	<u>549,483</u>
<b>Total current assets</b>		<b>4,747,602</b>	<b>923,755</b>
<b>Liabilities</b>			
Creditors - amounts falling due within one year	13	<u>(533,728)</u>	<u>(105,635)</u>
<b>Net current assets</b>		<u><b>4,213,874</b></u>	<u><b>818,120</b></u>
<b>Net assets</b>		<u><b>28,287,585</b></u>	<u><b>36,328,643</b></u>
 <b>The funds of the charity:</b>			
Endowment funds	16	<b>7,797,128</b>	3,996,950
Restricted funds	17	<b>3,488,363</b>	16,001,215
Unrestricted funds:			
Designated	18	4,054,407	3,715,816
Other		<u>12,947,687</u>	<u>12,614,662</u>
Total unrestricted funds		<u><b>17,002,094</b></u>	<u><b>16,330,478</b></u>
<b>Total charity funds</b>		<u><b>28,287,585</b></u>	<u><b>36,328,643</b></u>

Approved by the Trustees and authorised for issue on 25<sup>th</sup> January 2017



Trustee

**Royal Academy Development Trust**  
**Cash Flow Statement**  
**For the year ended 31 August 2016**

	Note	2016 £	2015 £
<b>Net cash from operating activities</b>	15	<u>(9,466,706)</u>	<u>1,143,845</u>
<b>Cash flow from investing activities</b>			
Dividends and interest from investments	6	247,932	206,031
Fund managers fees	8	(86,272)	(185,023)
Payments to acquire fixed asset investments	11	(4,978,483)	(6,857,564)
Proceeds from investment disposals	11	14,069,208	7,986,387
Net movement in cash held in the investment portfolio	11	<u>4,135,761</u>	<u>(1,879,766)</u>
<b>Net cash used in investing activities</b>		<u>13,388,146</u>	<u>(729,935)</u>
Net increase in cash and cash equivalents		3,921,440	413,910
Cash and cash equivalents at the beginning of the year		<u>549,483</u>	<u>135,573</u>
<b>Cash and cash equivalents at the end of the year</b>		<u>4,470,923</u>	<u>549,483</u>

**Royal Academy Development Trust  
Notes to the Financial Statements  
For the year ended 31 August 2016**

**1 General information**

Royal Academy Development Trust ("the Charity") (formerly Royal Academy Trust) is a registered charity established to serve public benefit by providing funds for the support of The Royal Academy of Arts ("the Royal Academy"). The registered office is Burlington House, Piccadilly, London.

**2 Summary of significant accounting policies**

The financial statements have been prepared under the historical cost convention and in compliance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Charities Act 2011. Details of the transition to FRS 102 are disclosed in note 22.

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 pound.

The Charity is a Public Benefit Entity as defined by FRS 102.

**a. Basis of preparation**

The financial statements have been prepared on a going concern basis, under the historical cost convention.

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

**b. Going concern**

The trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern. There are no material uncertainties affecting the current year's financial statements.

**c. Funds structure**

Where there is a legal restriction on the purpose to which a fund may be put, the fund is classified either as a restricted fund or an endowment fund.

Restricted funds are those where the donor has provided for the donation to be spent in furtherance of a specified charitable purpose.

Endowment funds arise when the donor has expressly provided that the donation is to be invested and only the income of the fund may be spent. These funds are sub analysed between those where the trustees have the discretion to spend the capital, an expendable endowment, and those where there is no discretion to expend the capital, a permanent endowment.

Those funds which are neither endowment nor restricted income funds, are unrestricted income funds which are sub analysed between designated funds where the trustees have set aside amounts to be used for specific purposes or which reflect the non-binding wishes of donors and unrestricted funds which are used at the trustees' discretion in furtherance of the general objectives of the Charity, including the general fund which represents the Charity's reserves. The major funds held in each of these categories are disclosed in notes 16 to 18.

**d. Incoming resources**

All incoming resources are recognised once the Charity has entitlement to the resources, it is probable (more likely than not) that the resources will be received and the monetary value of incoming resources can be measured with sufficient reliability.

**Royal Academy Development Trust**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2016 (continued)**

**2 Summary of significant accounting policies (continued)**

**d. Incoming resources (continued)**

Investment income, including the related tax credit, and interest on bank and short-term deposits are accounted for on a receivable basis.

Donations are accounted for when received.

**e. Legacies**

Legacies are accounted for as incoming resources either upon receipt or where the receipt of the legacy is probable.

Receipt is probable when:

- Confirmation has been received from the representatives of the estate(s) that probate has been granted; and
- The executors have established there are sufficient assets in the estate to pay the legacy; and
- All conditions attached to the legacy have been fulfilled or are within the Charity's control.

Measurement is based on the value listed in the will for pecuniary gifts, provided the estate has sufficient funds, and on the estate accounts for residuary gifts.

**f. Resources expended**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to each category of expense shown in the Statement of Financial Activities ("SOFA").

**g. Fundraising costs**

The costs of generating funds are those costs attributable to generating income for the Charity. These represent the legacy manager's salary costs, investment management fees and governance costs. Governance costs are primarily concerned with constitutional and statutory requirements.

**h. Charitable activities**

Costs of charitable activities comprise the donations made to the Royal Academy. Generally, donations are accounted for when paid. However, where the Royal Academy has incurred expenditure on a major capital project on the basis of a commitment from the Charity to reimburse costs, any costs not covered by donations paid in the year are provided for.

**i. Investments**

Listed investments are stated at market value at the year end. The market value of securities is based on the middle market quotation on the relevant stock exchange and investments that are held in units are stated at the average of the unit bid and offer prices. Unlisted investments are stated at cost as no market value is available. The SOFA includes any realised or unrealised gain / loss during the year.

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.

**Royal Academy Development Trust**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2016 (continued)**

**2 Summary of significant accounting policies (continued)**

**j. Realised gains and losses**

All gains and losses are taken to the SOFA as these arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening carrying value. Unrealised gains and losses are calculated as the difference between the market value at the year end and opening carrying value.

**k. Foreign currencies**

Investment transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are retranslated at the rate ruling at the balance sheet date.

**l. Financial instruments**

Financial instruments are recognised in the Charity's balance sheet when it becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Charity after deducting all of its liabilities.

**Basic financial assets**

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost less any impairment.

**Other financial assets**

Other financial assets, including investments in equity instruments, are initially measured at fair value which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the SOFA.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "debtors". Debtors are measured at amortised cost less any impairment.

**Impairment of financial assets**

Financial assets, other than those held at fair value through the SOFA, are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in the SOFA.

**Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

**Basic financial liabilities**

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.



**Royal Academy Development Trust**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2016 (continued)**

**2 Summary of significant accounting policies (continued)**

**I. Financial instruments (continued)**

**Other financial liabilities**

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the SOFA in finance costs or finance income as appropriate. Hedge accounting is not currently applied.

**3 Critical accounting judgments and estimation uncertainty**

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

**a. Fair value on derivatives**

Derivatives are re-measured at fair value at the year end. Fair value at year end is determined by an independent external third party.

**4 Prior year comparatives by type of fund**

The SOFA provides prior year comparative in total; this note provides prior period comparatives for each of the three types of funds.

	Unrestricted funds 2015 £	Restricted funds 2015 £	Endowment funds 2015 £	Total funds 2015 £
<b>Income and endowments from:</b>				
Donations	446,648	1,439,292	-	1,885,940
Investments	108,324	97,707	-	206,031
<b>Total incoming resources</b>	<b>554,972</b>	<b>1,536,999</b>	<b>-</b>	<b>2,091,971</b>
<b>Expenditure on:</b>				
Raising funds	(229,861)	(5,424)	-	(235,285)
Charitable activities				-
Annual donation to the Royal Academy	(102,100)	(92,500)	(10,500)	(205,100)
Other donations to the Royal Academy	(457,636)	(6,410)	-	(464,046)
<b>Total charitable activities</b>	<b>(559,736)</b>	<b>(98,910)</b>	<b>(10,500)</b>	<b>(669,146)</b>
<b>Total expenditure</b>	<b>(789,597)</b>	<b>(104,334)</b>	<b>(10,500)</b>	<b>(904,431)</b>
Net gains on investments	1,315,995	558,532	319,716	2,194,243
Unrealised losses on derivatives	-	-	-	-
<b>Net income</b>	<b>1,081,370</b>	<b>1,991,197</b>	<b>309,216</b>	<b>3,381,783</b>
Total funds brought forward	15,249,108	14,010,018	3,687,734	32,946,860
<b>Total funds carried forward</b>	<b>16,330,478</b>	<b>16,001,215</b>	<b>3,996,950</b>	<b>36,328,643</b>

**Royal Academy Development Trust**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2016 (continued)**

**5 Income from donations**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Endowment funds 2016 £	Total 2016 £	Total 2015 £
General	224,990	-	-	224,990	308,166
Revenue projects:					
Schools	109,226	71,550	-	180,776	118,330
Casson Fund	-	-	-	-	20,152
Library and collections	-	27,054	-	27,054	39,292
Anonymous donor fund	-	-	3,966,198	3,966,198	-
Total revenue projects	109,226	98,604	3,966,198	4,174,028	177,774
Capital projects:					
Burlington Project	-	-	-	-	1,400,000
Total capital projects	-	-	-	-	1,400,000
Total	334,216	98,604	3,966,198	4,399,018	1,885,940

**6 Income from investments**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Endowment funds 2016 £	Total 2016 £	Total 2015 £
Listed investments	158,538	78,850	-	237,388	205,825
Bank interest	837	379	9,328	10,544	206
Total	159,375	79,229	9,328	247,932	206,031

**7 Analysis of expenditure on charitable activities**

In the current year, the Charity made a donation of £13,547,455 (2015: £669,146) to the Royal Academy, representing £12,820,172 (2015: £nil) to the Burlington Project, £35,498 (2015: £6,410) for the cataloguing project, £92,500 (2015: £92,500) for the Heinz Architecture Programme, £94,600 (2015: £94,600) for the Schools, £6,410 (2015: £6,410) for the Library, £5,000 (2015: £5,000) for the Casson Drawing Prize in the Summer Exhibition, with the balance donated in support of the general activities of the Royal Academy.

**Royal Academy Development Trust**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2016 (continued)**

**7 Analysis of expenditure on charitable activities (continued)**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Endowment funds 2016 £	Total 2016 £	Total 2015 £
Annual donation to the Royal Academy	111,510	92,500	10,500	214,510	205,100
Royal Academy revenue projects:					
Cataloguing project	-	35,498	-	35,498	6,410
General	477,275	-	-	477,275	457,636
Total revenue projects	477,275	35,498	-	512,773	464,046
Royal Academy capital projects:					
Burlington Project	-	12,820,172	-	12,820,172	-
Total capital projects	-	12,820,172	-	12,820,172	-
Total other donations to Royal Academy	477,275	12,855,670	-	13,332,945	464,046
Total	588,785	12,948,170	10,500	13,547,455	669,146

**8 Analysis of expenditure on raising funds**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Endowment funds 2016 £	Total 2016 £	Total 2015 £
Fund manager fees	77,961	8,311	-	86,272	185,023
Staff costs	37,036	-	-	37,036	33,094
Auditors' remuneration	14,715	-	-	14,715	13,991
Bank charges	84	-	-	84	103
Miscellaneous	10,485	-	-	10,485	3,074
Total	140,281	8,311	-	148,592	235,285

**9 Trustees' remuneration, benefits and expenses**

The Charity's trustees give their time freely and receive no remuneration for the work that they undertake as trustees. However, they can claim expenses to reimburse them for costs that they incur in fulfilling their duties.

No trustee, or person related or connected by business to them, has received any remuneration from the Charity during the current or prior year. No expenses were reimbursed to trustees for travel to attend committee meetings of the Charity.

**10 Analysis of staff costs**

The trustees have concluded that the Executive Committee comprise the key management personnel of the Charity. No remuneration was paid to key management personnel (2015: £nil).

**Royal Academy Development Trust**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2016 (continued)**

<b>10 Analysis of staff costs (continued)</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Salaries and wages	<b>30,997</b>	29,160
Social security costs	<b>3,211</b>	2,917
Employers pension contribution	<b>2,828</b>	1,017
<b>Total</b>	<b>37,036</b>	33,094

Salary costs represents the cost of staff employed by the Royal Academy and recharged to the Charity. The average number of permanent staff engaged by the Charity in 2016 was 1 (2015: 1).

**11 Investments**

<b>Movement in market value of investments</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Market value brought forward	<b>31,295,989</b>	30,230,569
Additions to investments at cost	<b>4,978,483</b>	6,857,564
Disposals at carrying value	<b>(14,069,208)</b>	(7,986,387)
Net gain on investments	<b>1,789,674</b>	2,194,243
<b>Market value of investments at 31 August</b>	<b>23,994,938</b>	31,295,989

<b>Market value of investments by type</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Listed investments:		
Property	<b>346,581</b>	294,382
Bonds	<b>4,459,590</b>	4,238,712
Unlisted investments:		
Private equity funds	<b>2,723,804</b>	2,836,511
Hedge funds	<b>9,816,858</b>	9,283,441
Property	<b>1,926,269</b>	1,632,492
Global equity funds	<b>4,721,836</b>	5,229,020
Deposit funds	-	3,174,367
Multi-asset class funds	-	4,607,064
<b>Total market value of investments</b> <i>(historic cost of investments £19,425,625 (2015: £28,342,914))</i>	<b>23,994,938</b>	31,295,989
<b>Cash holdings</b>	<b>78,773</b>	4,214,534
<b>Total</b>	<b>24,073,711</b>	35,510,523

All investments are carried at their fair value.

**Significant investment holdings based on market value at 31 August 2016 were:**

	<b>% of fund's investment portfolio by market value</b>
Charities Property Fund (Cordea Savills)	8.03%
Partners Capital Falcon Fund	13.20%
Partners Capital Eagle Fund Ltd	8.92%
Schroder Private Equity Funds IV	10.77%
Lone Monterey Ltd	10.65%
Partners Capital Greyhawk Fund	7.88%

**Royal Academy Development Trust**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2016 (continued)**

<b>12 Debtors</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Amounts due from the Royal Academy	27,049	44,399
Amounts due from Burlington House Limited	72,183	-
Amounts due from R.A. Enterprises Limited	22,115	20,626
Amounts due from Royal Academy America	-	309,247
Accrued income	<u>155,332</u>	<u>-</u>
Total	<u>276,679</u>	<u>374,272</u>

Amounts owed by related undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Amounts due from Royal Academy America in the prior year pertain to an interest free loan to support the restructuring of Royal Academy America's operations in 2015. In October 2016, the trustees agreed that the loan would be converted to a donation. This is shown under "expenditure on charitable activities" in the SOFA.

<b>13 Creditors - amounts falling due within one year</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Accruals	61,340	105,635
Derivative liability (see note 14)	<u>472,388</u>	<u>-</u>
Total	<u>533,728</u>	<u>105,635</u>

**14 Financial instruments**

The Charity entered into forward foreign currency contracts to mitigate the exchange rate risk for certain future foreign currency instalments in respect of the anonymous donor fund (see note 16). At 31 August 2016, the outstanding contracts mature within 8 months of the year end. The Charity is committed to sell US\$5,750,000 and receive a fixed sterling amount.

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the forward exchange rates for GBP:USD.

<b>15 Notes to the statement of cash flows</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Net (expenditure) / income	(8,041,058)	3,381,783
Adjustments for:		
- Gains on investments	(1,789,674)	(2,194,243)
- Unrealised losses on derivatives	472,388	-
- Dividends and interest from investments	(247,932)	(206,031)
- Fund managers fees	86,272	185,023
- Decrease / (increase) in debtors	97,593	(59,700)
- (Decrease) / increase in creditors	<u>(44,295)</u>	<u>37,013</u>
Cash flow from operating activities	<u>(9,466,706)</u>	<u>1,143,845</u>



**Royal Academy Development Trust**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2016 (continued)**

**16 Analysis of endowment funds**

		Balance at 2015 £	Utilised in year £	Income and fund growth in year £	Unrealised losses on derivatives £	Balance at 2016 £
The Ivor Rey scholarship fund	a	440,354	(10,500)	33,162	-	463,016
Paul Mellon endowment fund	b	3,556,596	-	274,378	-	3,830,974
Anonymous donor fund	c	-	-	3,975,526	(472,388)	3,503,138
<b>Total</b>		<b>3,996,950</b>	<b>(10,500)</b>	<b>4,283,066</b>	<b>(472,388)</b>	<b>7,797,128</b>

**a. The Ivor Rey scholarship fund**

In March 2013, £361,303 was received from the estate of Ivor Rey to establish the Ivor Rey scholarship fund. The purpose of the fund is to provide an annual award from income to enable students of the Royal Academy of Arts Schools ("Royal Academy Schools") to visit Paris, France for the purpose of studying art.

**b. Paul Mellon endowment fund**

The Paul Mellon endowment fund was established in 2000 by a £3,039,283 (\$5,000,000) legacy from Paul Mellon. The terms of the bequest restrict the income arising from it to the general purpose of the Royal Academy.

In the case of both of these endowment funds, investment income arising in the year was transferred to restricted funds for future distribution in line with the respective terms of each fund.

**c. Anonymous donor fund**

A donor, whose identity is known to the Royal Academy, but who wishes to remain publicly anonymous pledged \$23,000,000 in October 2015, to be paid in eight equal annual instalments from December 2015, but with the donor having the right to accelerate any one or more of such instalments. \$15,333,333 (£10,000,000 based on the exchange rate at date of pledge) is to be held as a permanent endowment and is being accounted for on a total return basis, with income generated being available to the Royal Academy for unrestricted revenue projects from 2022, with the remaining \$7,666,667 (£5,000,000 based on the exchange rate at date of pledge) being available to the Royal Academy for a restricted capital project. As at 31 August 2016, two instalments have been received (\$5,750,000/£3,966,198) and are included in the endowment funds above. As disclosed in note 14, the Charity has entered into forward foreign currency contracts with reference to the USD:GBP rate of 1.53 implicit in the anonymous donor agreement to hedge the exchange rate risk on the next two instalments. These have been measured at fair value giving rise to an unrealised loss of £472,388.

**17 Analysis of restricted funds**

		Balance at 2015 £	Utilised in year £	Income and fund growth in year £	Balance at 2016 £
Heinz Architecture fund	17.a	2,978,177	(92,500)	270,472	3,156,149
Salaman-Seelig art fund	17.b	-	-	77,793	77,793
Construction Fund	17.c	6,526,263	(6,535,474)	9,211	-
Burlington Project	17.d	6,274,206	(6,284,698)	10,492	-
The Ivor Rey scholarship fund	16.a	16,188	-	4,345	20,533
Paul Mellon endowment fund	16.b	137,940	-	35,951	173,891
Cataloguing project	17.e	68,441	(35,498)	27,054	59,997
<b>Total</b>		<b>16,001,215</b>	<b>(12,948,170)</b>	<b>435,318</b>	<b>3,488,363</b>

**a. Heinz Architecture fund**

The Heinz Architecture fund comprises a major donation received in 1993 to support the development of the architecture programme of the Royal Academy. The trustees make a donation each year to support the costs of the programme.

**Royal Academy Development Trust**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2016 (continued)**

**17 Analysis of restricted funds (continued)**

**b. Salaman-Seelig art fund**

The Salaman-Seelig art fund was established in 2016 by a £71,550 legacy from Auriol Seelig. The purpose of the fund is to make an annual award to a 2nd year student of the Royal Academy Schools. It is anticipated that the award will be made for 12 consecutive years.

**c. Construction Fund**

The Construction Fund was established in 2009 by a donation of £2,799,350 (\$4,000,000) and supplemented by a further £1,008,871 (\$1,500,000), £449,893 (\$700,000), £707,451 (\$1,125,000), and £1,020,564 (\$1,665,460) received in 2010, 2012, 2013 and 2014 respectively, being the five payments of a total pledge amounting to just under £6,000,000. The terms of the donation restrict the use of the capital and the income arising from it to the construction of a lecture theatre in 6 Burlington Gardens. The fund was fully drawdown in the year, with a total balance (including investment income and net gains) of £6,535,474 being donated to the Royal Academy.

**d. Burlington Project**

The fund was fully drawdown in the year, with a total balance (including investment income and net gains) of £6,284,698 donated to the Royal Academy for funding of the Burlington Project.

**e. Cataloguing project**

The cataloguing project was established through donations from trusts, foundations and private individuals. The purpose of the project is to catalogue the Royal Academy's collection, including conservation and the creation of a collections website. The final stage of the project is the publication of a volume on the history of the Royal Academy and its collection. It is anticipated this will be published in 2017.

**18 Analysis of designated funds**

The trustees have designated the funds detailed below out of unrestricted funds:

		Balance at	Utilised in	Income and	Balance at
		2015	year	fund growth	2016
		£	£	in year	£
				£	
General	a	1,308,471	(47,510)	110,024	1,370,985
Sir Roger de Grey Memorial Fund	b	106,943	(2,000)	9,157	114,100
Macaulay Scholarship	c	162,850	(4,000)	13,860	172,710
Casson Award	d	242,289	(5,000)	20,705	257,994
Eranda Professor	e	118,234	(3,000)	10,055	125,289
Chenevière Travel Award	f	129,264	(2,000)	11,105	138,369
Schools Portfolio Fund	g	119,659	(4,000)	10,092	125,751
Patricia Turner Award	h	271,283	(7,000)	23,059	287,342
The Pauline Sitwell Bursary Fund	i	321,054	(7,500)	27,359	340,913
Maintenance Fund	j	935,769	(14,000)	199,185	1,120,954
Total		3,715,816	(96,010)	434,601	4,054,407

**a. General**

In 1998, the Charity received £1,359,212 from the Royal Academy in respect of several small trusts. These trusts represent funds donated in support of scholarships and prizes in the Royal Academy Schools; maintenance of the Royal Academy Collections; and the general purposes of the Royal Academy. The Charity Commission gave permission for these funds to be transferred to the Charity on the basis of the improvements to investment performance and administration likely to ensue. These funds have been treated as designated funds that have been set aside out of the unrestricted funds by the trustees for specific purposes.

**Royal Academy Development Trust**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2016 (continued)**

**18 Analysis of designated funds (continued)**

**b. Sir Roger de Grey Memorial Fund**

The fund was launched in 1996 to establish a source of funds to provide student maintenance grants for students at two independent institutions with which Sir Roger was associated: the Royal Academy Schools and the City & Guilds of London Art School. Sir Roger was president of the Royal Academy from 1984 to 1993 and Principal of the City & Guilds from 1973 until his death in 1995. Funds totalling £80,000 were invested on the understanding that annual maintenance grants would be made to each fine art school (split evenly between them).

**c. Macaulay Scholarship**

The fund was created in 1998 to establish a scholarship providing fees and maintenance for a student at the Royal Academy Schools.

**d. Casson Award**

The fund was created in 2001 to establish a prize for drawing to be awarded during the Summer Exhibition with initial funds totalling £107,000. The fund was increased in 2013 and 2015 through bequests of £88,482 and £20,152 respectively received from the estate of Mrs Anne Marjorie Crosthwait.

**e. Eranda Professor**

The fund was created in 2001 to establish a professorship in the Royal Academy Schools. An initial donation of £120,000 from the Eranda Foundation was earmarked for investment by the Charity on the understanding that this would fund a professor in the Royal Academy Schools. Further funds of £20,000 were donated in 2012 by the Trustees of the Eranda Foundation.

**f. Chenevière Travel Award**

The fund was launched in 2001 to establish a source of funds to provide a travel bursary for a student in the Royal Academy Schools. Funds totalling £144,000, raised by the Chenevière family, were earmarked by the trustees and invested on the understanding that a travel award would be made each year to a student in the Royal Academy Schools.

**g. Schools Portfolio Fund**

The fund was created in 2001 to establish a source of funds providing maintenance for students at the Royal Academy Schools.

**h. Patricia Turner Award**

In November 2001 the Charity earmarked £200,000 of donations to establish a fund to provide a grant to a graduating student in 3D media.

**i. The Pauline Sitwell Bursary Fund**

In May 2012, £250,000 from Pauline Sitwell's bequest to the Royal Academy, as a whole group, was paid directly to the Charity to establish the Pauline Sitwell Bursary Fund. The purpose of the fund is to provide an annual bursary award to assist students of the Royal Academy Schools with living costs. The annual award has been set at £7,500 per annum and is subject to annual review by trustees of the Charity.

**j. Maintenance Fund**

The fund was created in 2004 to provide maintenance for students at the Royal Academy. In addition to investment income received, a total of £109,226 has been added to this fund from during 2016 (2015: £118,330), arising from fundraising activities.

An annual donation is made from each designated fund to the Royal Academy in line with the wishes of each fund. This will continue until each fund has been fully drawdown.

**Royal Academy Development Trust**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2016 (continued)**

**18 Analysis of designated funds (continued)**

<b>Analysis of net assets between designated funds</b>	<b>Investments</b>	<b>Net current assets</b>	<b>Total net assets</b>
	<b>£</b>	<b>£</b>	<b>£</b>
General	1,166,756	204,229	<b>1,370,985</b>
Sir Roger de Grey Memorial Fund	97,103	16,997	<b>114,100</b>
Macaulay Scholarship	146,982	25,728	<b>172,710</b>
Casson Award	219,562	38,432	<b>257,994</b>
Eranda Professor	106,625	18,664	<b>125,289</b>
Chenevière Travel Award	117,757	20,612	<b>138,369</b>
Schools Portfolio Fund	107,018	18,733	<b>125,751</b>
Patricia Turner Award	244,538	42,804	<b>287,342</b>
The Pauline Sitwell Bursary Fund	290,129	50,784	<b>340,913</b>
Maintenance Fund	953,970	166,984	<b>1,120,954</b>
<b>Total</b>	<b>3,450,440</b>	<b>603,967</b>	<b>4,054,407</b>

**19 Analysis of net assets between funds**

	<b>Investments</b>	<b>Net current assets / (liabilities)</b>	<b>Total net assets</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Endowment funds	4,293,990	3,503,138	<b>7,797,128</b>
Restricted funds	2,968,717	519,646	<b>3,488,363</b>
Unrestricted funds:			
Designated	3,450,440	603,967	<b>4,054,407</b>
Other	13,360,564	(412,877)	<b>12,947,687</b>
<b>Total</b>	<b>24,073,711</b>	<b>4,213,874</b>	<b>28,287,585</b>

**20 Financial instruments**

The financial statements include the following in respect of items held at fair value at 31 August:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Financial assets measured at amortised cost	<b>276,679</b>	374,272
Financial liabilities measured at amortised cost	<b>61,340</b>	105,635
Financial assets measured at fair value through the SOFA	<b>24,073,711</b>	35,510,523
Financial liabilities measured at fair value through the SOFA	<b>472,388</b>	-

**21 Related party transactions**

The Royal Academy made a donation of £27,054 to the Charity related to unspent funds from the cataloguing project (2015: £1,400,000 related to funds from Monument Trust for the Burlington Project and £39,292 related to unspent funds on the cataloguing project). The Charity donated £13,547,455 (2015: £669,146) to the Royal Academy to support various campaigns and capital projects. At the year end £27,049 (2015: £44,399) was outstanding and included within debtors.

R.A. Enterprises Limited made a donation of £22,115 (2015: £20,626) to the Charity for future funding of the Royal Academy Schools. At the year end £22,115 (2015: £20,626) was outstanding and included within debtors.

**Royal Academy Development Trust**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2016 (continued)**

**21 Related party transactions (continued)**

Burlington House Limited made a donation of £72,183 (2015: £nil) to the Charity for future funding of the Royal Academy Schools. At the year end £72,183 (2015: £nil) was outstanding and included within debtors.

**22 Transition to FRS 102**

This is the first year that the Charity has presented its results under FRS 102 SORP. The last financial statements prepared under the previous SORP 2005 were for the year ended 31 August 2015. The date of transition to FRS 102 SORP was 1 September 2014. Set out below are changes in accounting policies which reconcile net income / (expenditure) for the financial year ended 31 August 2015 and the total unrestricted funds as at 1 September 2014 and 31 August 2015 between SORP 2005 as previously reported and FRS 102 SORP.

a. Profit for the financial year	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2015 £
Net income / (expenditure) as previously stated	(234,625)	1,432,665	(10,500)	1,187,540
Investment gains	i. 1,315,995	558,532	319,716	2,194,243
Net income as restated	<u>1,081,370</u>	<u>1,991,197</u>	<u>309,216</u>	<u>3,381,783</u>
				1 Sept 2014    31 Aug 2015 £                    £
b. Total equity				
Total equity as previously stated				32,946,860    36,328,643
Total adjustments				-                    -
Total equity as restated				<u>32,946,860    36,328,643</u>

**i. Investment gains**

The adjustment reflects a change in the presentation of Investment gains / losses where these were previously shown below net income / (expenditure).

**ii. Governance costs**

Governance costs had previously been analysed on the face of the SOFA. Governance costs have been analysed to expenditure on raising funds. There is no effect on total expenditure for the current or previous financial years.



