

**THE ROYAL ACADEMY OF ARTS**  
(A Company Limited by Guarantee)

Registered Charity No. 1125383  
Registered Company No. 06298947

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 AUGUST 2021**

**The Royal Academy of Arts**  
**Trustees' Report**  
**For the year ended 31 August 2021**

**Registered Charity No. 1125383**

**Registered Company No. 06298947**

**PRESIDENT AND COUNCIL:**

In the financial year and at the date of signing:

**President**

Rebecca Salter PRA

**Council**

Sir David Adjaye OBE RA (appointed 5 October 2021)

His Honour Judge Tony Baumgartner

Helen Boaden

Prof Sonia Boyce OBE RA (appointed 5 October 2021)

Stephen Chambers RA (appointed 6 October 2020)

Ann Christopher RA (appointed 6 October 2020; resigned 5 October 2021)

Richard Deacon CBE RA (appointed 5 October 2021)

Simon Friend

Piers Gough CBE RA (appointed 6 October 2020; resigned 5 October 2021)

Prof Lubaina Himid CBE RA (appointed 6 October 2020)

Gary Hume RA

Louisa Hutton OBE RA (resigned 6 October 2020; appointed 5 October 2021)

Vanessa Jackson RA (resigned 5 October 2021)

Isaac Julien CBE RA (appointed 5 October 2021)

Jock McFadyen RA (appointed 6 October 2020)

Níall McLaughlin RA (appointed 2 March 2021; resigned 5 October 2021)

Humphrey Ocean RA (resigned 5 October 2021)

Grayson Perry CBE RA

Professor Cathie Pilkington RA (resigned 6 October 2020)

Fiona Rae RA (appointed 6 October 2020; resigned 5 October 2021)

Eva Rothschild RA

Emma Stibbon RA (appointed 5 October 2021)

Peter St John (Adam Caruso and Peter St John RA) (appointed 6 October 2020; resigned 5 October 2021)

Prof Alison Wilding OBE RA (appointed 5 October 2021)

Ron Arad RA (resigned 6 October 2020)

Michael Landy RA (resigned 6 October 2020)

Prof David Mach RA (resigned 14 September 2020)

Prof Farshid Moussavi RA (resigned 6 October 2020)

Hughie O'Donoghue RA (resigned 18 September 2020)

Peter Randall-Page RA (resigned 6 October 2020)

Chris Wilkinson OBE RA (resigned 6 October 2020)

**Officers**

Rebecca Salter PRA

Professor Cathie Pilkington RA

Chris Wilkinson OBE RA (retired 31 October 2020)

Peter St John (Adam Caruso and Peter St John RA) (appointed 1 November 2020)

Axel Rüger

President

Keeper

Treasurer

Treasurer

Secretary and Chief Executive

**Company Secretary**

Benedict Anstey

**Senior Leadership Team**

Charlotte Appleyard

Eliza Bonham Carter

Carl Hitchcock

Rebecca Lyons

Natasha Mitchell

Jo Prosser

Andrea Tarsia

Director of Development & Business Innovation

Curator and Director, RA Schools

Director of Finance

Director of Collections & Learning

Director of Corporate Services

Director of Audience & Experience

Director of Exhibitions

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**Royal Academy Committees**

at the date of signing<sup>1</sup>:

**Finance Committee**

Treasurer *ex officio* (Chair)  
Simon Friend  
Pesh Framjee  
Andrea O'Keeffe  
Conrad Shawcross RA  
Peter Williams  
Bill Woodrow RA

**Exhibitions Committee**

Stephen Chambers RA (Chair)  
Professor Josephine Dawn Ades CBE FBA  
John Akomfrah CBE RA  
Professor Brian Catling RA  
Anne Desmet RA  
Louisa Hutton OBE RA  
Professor Chantal Joffe RA  
Dorothy Price  
Ben Thomas  
President *ex officio*  
Treasurer *ex officio*  
Keeper *ex officio*

**Audit Committee**

Simon Friend (Chair)  
John Collier  
Spencer De Grey RA  
Anne Desmet RA  
Clive Humby

**Remuneration Committee**

Helen Boaden (Chair)  
John Collier  
Kerstin Mogull  
Eric Parry RA  
Bill Woodrow RA

**Professional Advisors:**

**Auditors**

Moore Kingston Smith LLP  
Devonshire House  
60 Goswell Road  
London EC1M 7AD

**Bankers**

Lloyds Bank Plc  
4<sup>th</sup> Floor  
25 Gresham Street  
London EC2R 8LA

**Investment Managers**

Sarasin & Partners LLP  
Juxon House  
100 St Paul's Churchyard  
London EC4M 8BU

**Solicitors**

Macfarlanes LLP  
20 Cursitor Street  
London EC4A 1LT

Withers LLP  
16 Old Bailey  
London EC4M 7EG

Birketts LLP  
141-145 Princes Street  
Ipswich IP1 1QJ

**Registered Office**

Burlington House  
Piccadilly  
London W1J 0BD

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<sup>1</sup> Other committees of Council not detailed here are: Annual Dinner Committee; Architecture Committee; Buildings Committee; Collections and Library Committee; Learning Committee; RA Schools Committee; and Summer Exhibition Committee.

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**CONSTITUTION AND CHARITABLE OBJECTIVES**

**Constitution**

The Royal Academy of Arts ("Royal Academy" or "RA" or "Academy") was incorporated as a company limited by guarantee on 2 July 2007, company registration number 06298947, and registered as a charity on 6 August 2008, charity registration number 1125383.

The incorporated Royal Academy commenced trading on 1 September 2009 following the transfer of the net assets and undertakings from the unincorporated Royal Academy, charity registration number 212798.

The Royal Academy today continues to aspire, in the words of its 18th century founders, to "promote the arts of design". It believes in learning through first-hand experience of the arts and is unique in its combination of practical work, exhibitions, and learning programmes.

Royal Academicians are painters, sculptors, architects, engravers, printmakers, and draughters elected by their peers for their distinction as artists. There are up to 100 active Academicians (under the age of 75) who form the General Assembly and a number of Senior Academicians (over the age of 75). Royal Academicians and Senior Academicians constitute the membership of the RA as a company and charity.

The Royal Academy receives no direct revenue support from the government or any other public body.

The Royal Academy's charitable objects are:

- 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.

**Governance and management**

**Council**

The Royal Academy is governed by its Board of Directors or trustees, who are referred to as the Council of the Royal Academy. Council consists of thirteen Academicians, up to three individuals who are not Academicians, and the President.

- Six seats in Council go by rotation/succession to all the Academicians. These individuals serve on Council for two years and may be re-elected for two further terms of two years.
- Three seats in Council go to newly elected Academicians. These individuals serve on Council for one year and may be re-elected for two further terms of two years.
- Four seats in Council are elected by the General Assembly from all serving Academicians. These individuals serve on Council for two years and may be re-elected for two further terms of two years.
- Up to three "external" (non-Academician) members of Council are chosen and recommended by Council and approved by the General Assembly. These individuals serve on Council for two years and may be re-elected for two further terms of two years.

The President serves on Council, *ex officio*. The President has no vote at Council unless the votes are equal, in which case the President has the casting vote. The Keeper, the Treasurer and the Secretary and Chief Executive attend Council but are not members of Council.

Council normally meets monthly between October and the following July (but not in January); however, to direct the Royal Academy through the Covid-19 pandemic, Council met fortnightly from September until December 2020, every three weeks from January to July 2021, and then in September, October, and December 2021. Going forward, it is intended for Council to meet at least six times a year.

**General Assembly**

Royal Academicians meet collectively in General Assembly. There are at least two General Assemblies annually. Additional General Assemblies may be held in accordance with the Laws.

The responsibilities of General Assembly include:

- election of the three Academician Officers: the President, the Keeper, and the Treasurer and approval of the appointment of the Secretary and Chief Executive;
- approval of changes in the Laws;
- election of two Academicians to Council each year;
- approval of certain appointments made by Council, including external members of Council;
- election of Academician members of the Audit Committee;

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- approval of the appointment of auditors and receiving a report on the Annual Report and Consolidated Financial Statements each year;
- election of Professorships and other honorary positions;
- consideration of matters relating to members' affairs.

#### **Officers**

The Officers of the Royal Academy are the President, the Keeper, the Treasurer, and the Secretary and Chief Executive.

The President:

- acts as the formal representative of the RA to the outside world;
- chairs General Assembly, Council and Committees of Council where appropriate;
- works closely with the Secretary and Chief Executive to ensure that all aspects of the stewardship of the RA as determined by Council are executed through the Secretary and Chief Executive by the Senior Leadership Team and staff.

The Keeper:

- acts as the formal representative of the RA Schools to the outside world, General Assembly and Council;
- works to ensure that the stewardship and academic performance of the RA Schools are maintained to the appropriate standards;
- represents the Academicians in their dealings with the RA Schools.

The Treasurer:

- acts as the formal representative of the Academicians on all matters concerning finance;
- chairs the Finance Committee and reports to Council on the Finance Committee's work;
- ensures that Council (through the Finance Committee) are provided with budgets and reports for all exhibitions.

The Secretary and Chief Executive:

- acts in the accepted and generally understood role of Secretary and Chief Executive, both within the RA and externally;
- is responsible for the strategic, cultural, and business aspects of the organisation and the administration;
- advises the President and Council on proposed strategies or changes in strategy to realise Council's objectives.

#### **Senior Leadership Team**

The Senior Leadership Team ("SLT") comprises a number of senior members of staff (directors) and is led by the Secretary and Chief Executive. The SLT is responsible for implementing policies and strategies approved by Council.

#### **Committees**

The Exhibitions Committee is responsible to Council for the exhibitions programme of the Royal Academy, with the object of crossing cultures and periods and aiming to engage, inspire, and resonate with both the Royal Academy's broad audiences and its members. The Committee usually meets at least four times a year.

The Finance Committee is responsible to Council for overseeing the financial management of the Royal Academy. The Committee has delegated authority from Council to review and approve the day-to-day running of the Royal Academy from a financial perspective, escalating any material issues by exception to Council. The Finance Committee usually meets at least four times a year.

The Audit Committee is responsible to both General Assembly and Council for overseeing the preparation of the RA's Annual Report and Accounts, the management and mitigation of organisational risk, and for the appointment and assessment of external and internal auditors. The Committee usually meets at least three times a year.

The Remuneration Committee has delegated authority from Council to set the broad remuneration policy of the Royal Academy and specifically the remuneration of the Secretary and Chief Executive, SLT and the stipends of the Officers. The Remuneration Committee is responsible to Council for pension arrangements for RA employees and for any enhanced, organisation-wide redundancy packages. The Remuneration Committee meets at least once but normally three times a year.

#### **Trading subsidiaries**

The Royal Academy has three wholly owned trading subsidiaries: R.A. Enterprises Limited (company no. 1666333), Burlington House Limited (company no. 2216104), and RA (Arts) Limited (company no. 2836364). Although these are separate legal entities, they are regarded as part of the Royal Academy "group" for management purposes and are included in the consolidated financial statements.

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**Connected charities**

The Royal Academy Trust, set up in 1981 to provide funds for the support of the Royal Academy, is separately registered as a charity with its own trustees (charity no. 1067270). As it is not controlled by the Royal Academy, its resources have not been consolidated with those of the Royal Academy.

The Friends of the Royal Academy, a separate charity with its own trustees, was incorporated as a company limited by guarantee in December 1976 to support the work of the Royal Academy (charity no. 272926, company no. 1291535). As with the Royal Academy Trust, it is not controlled by the Royal Academy and its resources have not been consolidated with those of the Royal Academy.

Another separate, independent organisation – Royal Academy America – based in New York, existed to raise money for the Royal Academy. As with the Royal Academy Trust and Friends of the Royal Academy, this entity was not controlled by the Royal Academy and its resources have not been consolidated with those of the Royal Academy. On 30 September 2020, a certificate of dissolution was signed, as part of the process for winding up this entity. Royal Academy fundraising in the U.S. is now conducted through a partner organisation – the King Baudouin Foundation.

**Trustees' duties in relation to Section 172 of the Companies Act 2006**

Members of Council, as directors of the Royal Academy, must act in accordance with a set of general duties as detailed in Section 172 of the Companies Act 2006, which includes a duty to promote the success of the organisation, and in doing so have regard (amongst other matters) to:

- The likely consequences of any long term decision;
- The interests of the organisation's employees;
- The need to foster the organisation's business relationships with suppliers, customers, and others;
- The impact of the organisation's operations on the community and the environment; and
- The desirability of the organisation to maintain a reputation for high standards of business conduct.

This report summarises above the Royal Academy's governance framework. The Royal Academy's values and behaviours and how it has engaged with stakeholders throughout the year are considered further in this report. Council has considered the views and needs of key stakeholders in Council discussions and decision making. The following are not intended to be an exhaustive list but are illustrative of how Council has fulfilled its duties throughout the year.

**Decision making**

New Council members receive a comprehensive induction and ongoing training, including a detailed "induction pack" of documents, which includes:

- Guidance on trustees' roles and duties;
- A specific Code of Conduct for Council members;
- A copy of the Royal Academy's constitutional documents (Memorandum and Articles of Association and RA Laws), together with the Administrative Instructions, which describe the administrative structure of the Royal Academy and provide guidance as to its processes of management and administration;
- Annual reports and financial management reports;
- Minutes of previous meetings;
- Relevant RA policies and procedures;

They also have an induction session before the first (October) Council meeting of the financial year, conducted by the RA's President, General Counsel, Secretary and Chief Executive, Director of Finance and Director of Corporate Services, which includes key information on organisation finances and strategy, live issues requiring Council consideration, and an explanation of Council roles and responsibilities.

Both new and continuing Council members are provided with charity trustee training run externally by a specialist law firm.

The Secretary and Chief Executive, together with the SLT, have delegated authority for the day-to-day running of the Royal Academy, and are accountable to Council for this. At each meeting, Council receives reports from the President and Secretary and Chief Executive, assessing organisation impact, financial performance and updating on key operational issues.

Council, Committees, and the SLT keep principal organisational risks under review. For further details on our risk management framework and principal risks and uncertainties please refer to page 24.

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**Stakeholder engagement**

*Staff and volunteers*

The Royal Academy's staff, together with its casuals and volunteers, are central to its ability to deliver its charitable mission. The Royal Academy has a clear set of values linked to its mission and is committed to being both an inclusive, diverse, and flexible employer. The Royal Academy works to ensure that no disadvantage or prejudice is shown on account of race, age, gender, disability, or any other protected characteristics. Further information on gender pay and reporting, diversity and inclusion and disability and wellbeing is provided in other sections of this report. The Royal Academy will continue its work on inclusion and racial equity across all aspects of the RA and is mindful of the ways that it can rebuild its programmes and the organisation to make every visitor feel welcome, and to create a more equitable workplace and place of study.

*Business relationships with suppliers, customers, and others*

The delivery of the Royal Academy's charitable aims and objectives is dependent on a range of relationships with suppliers and other business partners. Council has encouraged the Senior Leadership Team and wider management to develop and maintain trusted partnerships with both and expects the Royal Academy's partners to be aligned with its values. The Royal Academy seeks to act with honesty and integrity in all it does to deliver the best value for money in our mission to "work together to promote the arts of design; and educate the public in creation, enjoyment and understanding of the arts through exhibition, education and debate." Partner organisations are expected to comply with the requirements of any professional standards, or trade bodies, depending on their activities, and all applicable laws, statutes, regulations, and codes of practice relating to anti-bribery and anti-corruption.

The Royal Academy has a zero-tolerance approach to modern slavery and strives to act ethically and with integrity in all its business dealings and relationships to ensure that modern slavery does not take place in its own organisation or in any of its supply chains. The Royal Academy will continue to ensure that this approach is clear to partner organisations.

Further details of the Royal Academy's policies in relation to its business relationships with companies, suppliers, customers, and others, including supplier Terms and Conditions are available on the Royal Academy's website and a statement on Modern Slavery can be found at: [royalacademy.org.uk/modern-slavery-and-human-trafficking-statement](https://royalacademy.org.uk/modern-slavery-and-human-trafficking-statement).

*Sustainability and environmental impact*

Council recognises the threats posed by climate change, pollution and resource depletion and the need to address these through effective and ethical decision making. The Royal Academy launched a Sustainability Taskforce in 2019 with a series of commitments to ensure that its environmental and economic impact are considered. Further information on sustainability initiatives can be found on page 17, along with our Streamlined Energy and Carbon Reporting (SECR).

**Approaches to governance**

The Royal Academy and its trustees take good governance seriously and are aware of the Charity Governance Code, including its seven main principles.

**Governance reviews**

The Royal Academy regularly reviews its governance structure and processes, including commissioning external reviews in 2016 and 2020. This has included assessment against the seven Principles of the Charity Governance Code. Some improvements made as a result of these reviews include:

- Reviewed memberships of committees and governance bodies and introducing clear and precise terms of reference;
- Improved Council induction and training;
- Changed approaches to minute-taking, recording, and managing conflicts of interest.

The Royal Academy is currently undertaking a review of its committees' structure. This review aims to improve the effectiveness of the RA's governance structure and reduce the resource demand on the organisation, particularly considering the strategy of achieving sustainability and the recent organisational restructure. Implementation of any changes is anticipated before September 2022. The review, and subsequent work, will closely consider matters raised in the previous governance reviews, which align with the Principles of the Charity Governance Code (as updated in 2020) including: skills assessments; terms of reference; Council and Committee effectiveness and self-assessment; and paper distribution.

**Updated constitutional documents**

On 27 July 2021, General Assembly approved amendments to the RA's Laws and Memorandum and Articles of Association. The amendments included allowing remote meetings for Academician election meetings and for General Assemblies. Council also approved adopting permanently a "Remote Ballot" process for the first round of voting, for election of new Royal Academicians. These changes will enable wider participation by Academicians, help to elect more Academicians (the current number being significantly below the maximum of 100), and provide more resilience against any future restrictions on meeting in person. At

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the same time as making these changes, the RA's constitutional documents were updated to remove use of binary gender pronouns, without affecting the substantive meaning of the documents.

**Disabled employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Royal Academy continues and that appropriate adaptations are made. It is the policy of the Royal Academy that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

**Employee consultation**

The Royal Academy places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Royal Academy. This is achieved through formal and informal meetings including regular All Staff Meetings and on the Royal Academy's intranet. This has been particularly important and challenging during the Covid-19 pandemic, during which regular All Staff Meetings have been held using Zoom and these have been supplemented with regular all staff e-mails sent by both the Secretary and Chief Executive and the President.

In response to financial challenges presented by protracted closure of the Academy due to Covid-19, the organisation also underwent a significant restructure which reduced its headcount by c. 27%. To deliver this, the RA engaged in a collective consultation with its staff. A staff consultation forum was created with nominated staff representatives and the RA also invited union representatives from the Prospect Union to attend in an informal capacity to support their members. Following the conclusion of the consultation period, staff representatives requested that the Senior Leadership Team consider putting in place a more permanent staff communications body. In July 2021, the RA announced its intention to create the first ever Staff Council. Staff Representatives were nominated in August 2021 and the first meeting held in September 2021.

**Strategic review**

In autumn 2019, the Royal Academy began a strategic review of its operations and objectives. A first assessment of the state of the RA was presented to Council in February 2020. This review followed the previous five-year Strategic Plan 2013-2018, which covered the five years leading up to the RA's 250th anniversary – a period of substantial expansion. The review asserted that significant changes to the organisation were needed to place the RA on a more sustainable financial footing. It reflected the assessment of the Secretary and Chief Executive and identified the need to create a robust model for the future.

**Covid-19 pandemic**

As these changes were being considered the situation was exacerbated by the onset of the Covid-19 pandemic which forced the RA to close its doors to the public in March 2020. The RA remained closed for almost four months and revenue from all income streams ceased, save for continued contributions from Friends, Patrons, corporate sponsors, and e-commerce. The RA was able to reopen its doors in July 2020 under government restrictions but with a much-reduced visitor capacity allowing for 20-25% of normal attendance.

The impact of the pandemic continued into the financial year 2020/21. The RA was forced to close again on 5 November 2020, reopening for two weeks in December only to close once more – this time for five months until 18 May 2021. All this meant that the RA was closed to the public for exactly half of the financial year. There have been gradual increases in visitor capacity since the final government restrictions were lifted on 19 July 2021, though only to about 50% by the end of the financial year. Many income-generating activities, including an expanded public programme of events and lectures, have not resumed.

Given the impact of the pandemic, at the beginning of the financial year the RA forecast an annual deficit of £10m for the next two financial years. Moreover, the projected timeline for managing the impact of the virus, coupled with the wider economic outlook over the next two years, suggested it could take as long as five years for the RA to return to pre-pandemic income levels.

**Core RA and restructuring**

The strategic plan developed before the onset of the Covid-19 pandemic was reviewed in the summer of 2020 and in September 2020 the RA developed a vision for its programme of activity, audience strategy, and cost base to ensure its survival over the five years to 2025. To ensure the long term financial sustainability of the RA, a "core RA" organisational structure was



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established, aimed at delivering £8.0m annual cost savings. This formed the basis of an organisation-wide restructure at the start of the financial year 2020/21.

Following on from the restructuring of the Senior Leadership Team in September 2020 (see further below), the organisation announced a significant cost reduction programme and consequent restructuring process. The collective consultation with staff ran between 22 October and 7 December 2020 and a substantial redundancy programme was completed in early 2021, which resulted in over 100 roles being made redundant. The cost of restructure was £2.2m and achieved total cost savings of c. £7.7m, of which c.£3.8m was driven by a c. 27% reduction in headcount, falling just short of the £8.0m annual savings target. Approximately £7.0m of these savings have been retained in the operating budget for the 2021/22 financial year, with additional costs primarily supporting improved revenue projections for the forthcoming year.

**Vision 2021-25**

The Royal Academy of Arts is one of the oldest arts organisations in the United Kingdom. Founded in 1768 by a group of artists, it has remained an artists' association led by its members, the Royal Academicians, to the present day. As a "home for art, artists, and architects" the RA has a founding mission to "work together to promote the arts of design; and educate the public in creation, enjoyment and understanding of the arts through exhibition, education and debate". In order to face the financial challenges presented by the Covid-19 pandemic, the RA intends to focus on the core activity that supports these founding principles: the membership of Royal Academicians, the RA Schools, the exhibition programme, the Collections, and the commitment to learning.

To protect and sustain the core RA activities, in the immediate future the RA will:

*Focus on an essential programme that serves its audiences*

Critical to this is an ambitious, international, inspiring, and diverse exhibitions programme, as well as continued engagement with audiences on site, online and in print.

*Continue to welcome and serve its audiences*

The RA is known for its warm and convivial atmosphere and the sense of community it creates. It will need to continue to provide the characteristic hospitality and safe environment that RA audiences have come to expect and to uphold an excellence of experience, onsite and online.

*Prioritise cost reduction for a five-year horizon*

The recent history of the RA has been defined by growth; the opening of the RA's new extended campus in 2018 sparked growing ambitions, increasing levels of activity and an expanding staff base. In the next five years, the RA will need to focus on sustainability and reinforce the foundations of its operating model.

In response to the shortfall in income due to Covid-19, during the current year and for the following year at least the RA continues to reduce activity. This period will act as a "circuit breaker", saving a significant amount of money and setting the RA up for a phase of recovery. The next three years will be defined by a disciplined and sustainable approach as the RA rebuilds following Covid-19.

*Proactively support equity and inclusion*

At the Royal Academy we work to ensure that no disadvantage or prejudice is shown on account of race, age, gender, disability, or any other protected characteristics.

We continue our work on inclusion and race equity across the RA, having established three working groups and a regular schedule of meetings and reporting. The RA has set institutional goals for better data collection to enable target setting and further work by individual pillars is detailed below. As we rebuild our programmes and our institution to make every visitor feel welcome, we aim to create a more equitable workplace and place of study.

In June 2021, the Royal Academy issued a public apology to the artist Jess de Wahls following an announcement on its social media to the effect that her products would no longer be sold in the RA Shop. The RA post, a response to criticism received regarding the artist's views on gender rights and as expressed in her online blog, led to substantial debate in the media and

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amongst RA stakeholders. The RA apology was largely well received, and a review of social media protocol and communications processes has since taken place.

*Continue to improve the sustainability of its infrastructure*

The RA recognises the importance of environmental sustainability and is determined to implement sustainable practices. The RA is committed to acting responsibly and sustainably, and to this end has established the Sustainability Taskforce group to provide a forum for discussion and collaboration, to strengthen the organisation's vision and ambitions for becoming more environmentally sustainable, and to encourage staff to commit to their individual responsibilities to act more sustainably.

*Continue to invest in a responsible way*

The RA recognises the importance of being guided by strong ethical principles and ensuring that our values are embedded in our plans and actions. As part of these guiding principles, the RA is committed to investing its funds in a socially responsible basis. In June 2021, Council approved the RA's Ethical Investment Policy ("the Policy"). The Policy has been developed with the intention of active promotion of investment in companies and investment funds which demonstrate policies and practices that are in line with the RA values of strong ethical principles. The Policy applies to the full scope of the investments held by the RA. The RA believes that to accord with its values when investing its funds, regard must be made to Environmental, Social and Governance ("ESG") issues. The Finance Committee will monitor the operation and the effectiveness of the Policy and provide Council with an annual update.

**Royal Academicians**

Peter St John (Adam Caruso and Peter St John RA) was elected as the Treasurer in November 2020, following the retirement of Chris Wilkinson OBE RA.

The RA was saddened to learn of the deaths over the past year of Professor Trevor Dannatt OBE RA who died aged 101, our former President, Professor Phillip King CBE PRA, and Dame Elizabeth Blackadder DBE RA.

**Senior Leadership Team**

In September 2020 the Royal Academy restructured its former Executive Board and announced a new Senior Leadership Team to support decision making and execution across the organisation. This resulted in two new appointments on to the Senior Leadership Team, with Rebecca Lyons joining as Director of Collections and Learning and Andrea Tarsia joining in a new role as Director of Exhibitions. Jo Prosser and Natasha Mitchell took on expanded roles as Director of Audience and Experience and Director of Corporate Services respectively.

Led by the Secretary and Chief Executive, seven directors have responsibility for the following areas: Exhibitions, Audience and Experience, Collections and Learning, the RA Schools, Development, Corporate Services, and Finance.

**ACTIVITIES, ACHIEVEMENTS, AND IMPACT**

**Review of activities**

Looking back on 2020/21, we chart our progress within the seven pillars described above.

**1. Exhibitions**

**Main Galleries**

Sibling duo Jane and Louise Wilson RA were coordinators of the *Summer Exhibition 2020* (6 October 2020 – 3 January 2021). Once again, the Summer Exhibition was generously supported by Insight Investment. Due to the closures enforced by the Covid-19 pandemic, the exhibition fell in autumn / winter for the first time in its 252-year history. The exhibition was visited by a total of 41,005 people and reflected on identity, immigration, contested borders, ecological threat, climate change and pro-democracy protest. RA President Rebecca Salter chaired a selection committee comprising Royal Academicians Sonia Boyce, Eileen Cooper, Richard Deacon, Stephen Farthing, Isaac Julien, and David Remfry. The exhibition accommodated all disciplines, from painting and sculpture to installation, film, photography and digital.

A body of 116 new iPad works made up *David Hockney: The Arrival of Spring, Normandy, 2020* (18 May – 26 September 2021), supported by Petr Aven, The Mead Family Foundation, Charles Stanley Wealth Managers, Bottega Veneta, and Offer

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Waterman. The exhibition charted the unfolding of spring in rural Normandy when much of the world was in a state of lockdown. In contrast to some of the more sober responses those events elicited, Hockney's focus on the emergence of spring was a celebration of the joy in the natural world. Thanks to the generosity of the artist and exhibition partner Centre for Fine Arts, Brussels (BOZAR) the exhibition run was extended over five months, first in part of our Main Galleries and for the final two months in the Gabrielle Jungels-Winkler Galleries in Burlington Gardens. A total of 121,755 people were able to visit the exhibition under reduced capacity. The exhibition received widespread press coverage, with Hockney being interviewed for the *Andrew Marr Show*, *Channel 4 News* and *The Guardian*.

**Gabrielle Jungels-Winkler Galleries**

*Gauguin and the Impressionists: Masterpieces from the Ordrupgaard Collection* (7 August – 18 October 2020) was an exhibition of 60 paintings, including works by Manet, Monet, Morisot, Degas, and Gauguin, from the collection of twentieth century art collectors Wilhelm and Henny Hansen. The exhibition focused on French paintings from the collection once displayed at their house, Ordrupgaard, just outside Copenhagen. The Hansens collected Impressionist works, pre-Impressionist artists such as Corot and Courbet, and artists associated with the Barbizon School such as Dupré and Daubigny. The exhibition was due to open in March 2020 but was delayed due to the national lockdown. Thanks to the generosity of our exhibition partner Ordrupgaard, Copenhagen it opened in August 2020 and was seen by 24,672 visitors under a very limited capacity.

*Tracey Emin / Edvard Munch: The Loneliness of the Soul* (18 May – 1 August 2021) was supported by Art Fund, Galleria Lorcan O'Neill Roma, White Cube, Xavier Hufkens, Viking, and Petr Aven. A highly personal exhibition for Emin, the display highlighted the emotional parallels in the artistic approaches of both artists despite the century that separates them. It featured more than 25 of Emin's works including paintings, neons and sculptures, some of which were on display for the first time. These works, exploring themes of loneliness, grief, and heartache, were chosen by Emin to sit alongside a carefully considered selection of 18 oils and watercolours drawn from Munch's rich collection and archives in Oslo, Norway.

The exhibition, installed and ready to open in November 2020, was impacted by the second and third national lockdowns and the closure of the RA. Thanks to the generosity of lenders and the exhibition's partner, MUNCH in Oslo, the RA was able to coordinate new opening dates and a proper three-month run of the exhibition, which adapted to the uncertain reopening forecast. A total of 51,217 people were able to visit under capacity restrictions. The exhibition was well-reviewed, receiving five stars from the Times, and was accompanied by the BBC2 documentary *Tracey Emin / Edvard Munch: Between the Clock and the Bed*.

**Sackler Wing of Galleries**

"A magical master" was the headline to the Guardian's five-star review of *Michael Armitage: Paradise Edict* (22 May – 19 September 2021), supported by White Cube, BNP Paribas, Matthew Barzun and Brooke Brown Barzun, Lars Bane and The Magic Trust. Exploring East African society, politics and culture, the exhibition elicited an enthusiastic response from the press and public alike. Fifteen large-scale paintings by the Kenyan-British artist sat alongside a gallery dedicated to six contemporary East African painters: Asaph Ng'ethe Macua, Elimo Njau, Theresa Musoke, Jak Katarikawe, Sane Wadu, and Meek Gichugu. All are artists that have personal significance to Armitage and the works, exploring themes of East African society, history, politics, and religion, were chosen to chart the story of figurative painting in the region.

Armitage also curated an intervention in *Richard Deacon RA Selects*, juxtaposing the existing display in The Dame Jillian Sackler Sculpture Gallery with works by Magdalene Odundo, Wangechi Mutu and Chelenge van Rampelberg. The exhibition, due to open in February 2021, was delayed by the third national lockdown. Thanks to the generosity of lenders and the exhibition's partner, the RA was able to coordinate new opening dates, and a total of 30,131 people were able to visit the exhibition under capacity restrictions. The exhibition was organised with Haus der Kunst, Munich, along with generous assistance from the Nairobi Contemporary Arts Institute.

As a result of the Covid-19 pandemic two exhibitions were unfortunately cancelled, *Rita Angus: New Zealand Modernist* and *John Heartfield: Photography Plus Dynamite*. Three exhibitions were postponed to 2022: *Francis Bacon: Man and Beast*, *Whistler's Woman in White: Joanna Hiffernan*, organised in collaboration with the National Gallery of Art, Washington, and *Milton Avery: American Colourist*, organised in collaboration with the Modern Art Museum of Fort Worth and the Wadsworth Atheneum Museum of Art. *Marina Abramović* was postponed to autumn 2023.

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## **Architecture**

### **Programme**

The RA continued its partnership with the London Festival of Architecture by hosting the festival's signature event, an open-call online symposium with over 325 registrations titled *Architecture and Inequity: New Practices of Care* (10 June 2021). The symposium brought together established and emerging voices from across the globe to have critical conversations about the responsibility of architects in creating equitable and caring environments. The symposium was recorded and is available to the public through the LFA's website.

The Annual Architecture Lecture (2 July 2021) celebrated its thirtieth anniversary having been postponed the previous year. The lecture was delivered to an online audience of 130 by Momoyo Kaijima and Yoshiharu Tsukamoto of celebrated Japanese architectural practice Atelier Bow-Wow. Media partners Dezeen published a recording of the lecture which has since been viewed more than 4,800 times. Furthermore, a pamphlet featuring the transcript of the lecture designed by Studio Julia will soon be sold in the RA shop.

"Counter Figures: The Future is a Common History" was a film and online event produced by the RA in collaboration with Central Saint Martins, UAL. As part of the project Jayden Ali (JA Projects), in collaboration with Black Females in Architecture and Adesola Akinleye, presented an alternative history that championed the making of a diverse public realm through an investigation of the RA and its setting.

The Architecture department continued to focus on creating and disseminating content through social media channels while the RA was closed, highlighting the range of architectural works in the RA Collections, and promoting new talent. A series of Instagram Lives and takeovers featured conversations with emerging practitioners and showcases of their work.

"Feminist Fictions" brought together women from a range of creative practices to talk about their work. "Landscapes of Care" was used to showcase emerging practitioners from the Future Architecture Platform. Other original series on Instagram focused variously on Islamic architecture, LGBTQI+ history month, architects' studios, and the team's picks from the Summer Exhibition.

The department also invited submissions to the RA's Lego Architecture Challenge @Home, which called on younger audiences to send in their visions of a caring city. Prizes were awarded to a jury-selected shortlist of commended projects, and the final winner was chosen by the public on Instagram.

### **Awards**

The RA completed the third cycle of its Architecture Awards, delayed due to the Covid-19 pandemic, with Derwent London as headline sponsor and the British Council as international partner alongside founding partner the Dorfman Foundation.

In November 2020 the jury met remotely to select a winner from the four finalists of the Royal Academy Dorfman Award: AAU Anastas (Palestine), AOR Architects (Finland), BCKJ Architects (China), and WHBC Architects (Malaysia). The awards concluded with an online ceremony on 3 December 2020 featuring a special film announcing BCKJ Architects as the winner of the Royal Academy Dorfman Award. In addition, the ceremony featured a conversation between Cristina Iglesias, the winner of the 2020 Royal Academy Architecture Prize, and the chair of the jury, Norman Foster RA.

The Architecture team welcomed Vicky Richardson as Head of Architecture and Drue Heinz Curator following Kate Goodwin's departure in spring 2021.

## **2. Audience and Experience**

Eight departments were brought together to form the Audience and Experience pillar in September 2020, uniting those responsible for attracting and retaining audiences for the RA. Following the consultation and reorganisation process, the focus has been on united objectives and targets, maximising the impact and ROI ("Return on Investment") of those activities that generate most connections.

Throughout the challenging period of closures, and the uncertainty that characterised those times, the Sales, Marketing, and Loyalty teams have managed the conversation with Friends, supporters, and the wider public. Tailored regular communications

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connected different demographics with RA news and access to future programming and tickets. Managing expectations became key to maintaining loyalty and support among Friends; demand for *David Hockney: The Arrival of Spring, Normandy, 2020*, for example, was far higher than initial capacity forecasts would allow.

The Digital Content, Infrastructure, and E-commerce teams have also responded to shifts in audience behaviour and appetite accelerated by the pandemic. With pre-booking and ticketing essential for all visitors including Friends throughout 2020/21, the RA has been able to improve pre- and post-visit communications and capture visitor satisfaction feedback from all visitors for the first time. E-commerce and digital transactions prompted by email or social media have grown significantly, with e-commerce sales reaching £1.3m (c. 50% of retail sales).

In retail, both the team and the approach to range-planning were carefully redesigned to optimise sales through shops and online. Total sales of £2.7m were achieved, under 15% behind plan, despite closure to the public for half of the trading year. Onsite shop sales reached £1.3m, achieving an average conversion rate of over 30% and an average transaction value of nearly £16.50. Shops were laid out to remind customers of the pleasure of shopping in person, welcoming back an audience who had been engaging with the RA digitally and from afar.

The shift to e-commerce was significant and exciting. Historically, it has accounted for approximately 20% of sales, which increased to 50% with a record number of orders fulfilled from the RA's warehouse. Without an exhibition programme for half of the year, thematic product edits that celebrated the RA were developed and have proven a successful revenue stream.

Looking at RA Publications, *David Hockney: The Arrival of Spring, Normandy, 2020* has proved to be a bestseller, reprinting several times, and occupying the coveted No. 1 bestseller spot for weeks on Amazon's art book chart. Almost 50,000 copies have been printed to date, in several languages, driving significant revenue through retail and trade sales in the UK and internationally.

The Digital Content team continued to adapt to the building closures. Exhibitions were made accessible online with virtual tours of *Emin / Munch* and *David Hockney's Arrival of Spring in Normandy, 2020*. The online Summer Explorer for the Summer Exhibition was further developed to improve the browsing and buying of artworks.

These new digital initiatives, as well as press coverage, the RA Magazine, and social media engagement, all helped to maintain a sense of connection with the RA. This was reflected in the high retention and successful acquisition of Friends even when access to the buildings was not possible.

The heart of the Audience and Experience mandate is the drive to attract and welcome visitors to the RA itself. Great care was taken to ensure after each closure that returning to the RA was not only safe, secure, and distanced, but also beautiful, considered and creatively delivered – reinforcing the qualities that visitors had supported during closure. Wayfinding and circulation schemes are now designed to integrate with exhibition visual assets, in seasonal schemes that promote the RA's programme.

Positive visitor feedback and revenue signal the first steps of recovery.

### **3. Collections and Learning**

#### **RA Collections**

This year the RA Collection acquired Diploma Works by Lubaina Himid RA and Níall McLaughlin RA. Himid's *Naming the Money: Paperworks* was marked by the inaugural RA online "In-Conversation" between the artist and the Director of Collections and Learning. McLaughlin's work featured in a display of architectural Diploma Works in the Drawings Cabinet, entitled "Memory and Modern Life".

When the RA has been open, audiences have been able to view works from the RA Collections in the Collection Gallery and The Julia and Hans Rausing Hall. The John Madejski Fine Rooms remained open to members as the Friends' Lounge café as part of the RA's safe reopening. Six Victorian and Pre-Raphaelite paintings from the Collection were displayed in the Tennant Gallery,

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including the popular *A Mermaid*, 1900, by John William Waterhouse RA. Sculpture from the Collection was also installed temporarily in the Ronald and Rita McAulay Gallery: Michael Kenny RA's *Arcangel* followed Phyllida Barlow RA's *untitled: female*; 2018.

The Collections team also responded to multiple press requests including filming for BBC's *Fake or Fortune*, *Royal History's Biggest Fibs*, and *Makeup: A Glamorous History*. The RA joined with the National Gallery and the National Portrait Gallery at the launch of the Heart of London Business Alliance's (HOLBA) Augmented Gallery foregrounding the work of six female Royal Academicians, past and present, with voiceovers written by RA Schools student Ayo Akingbade and the Director of Collections and Learning.

From mid-July until the end of August 2021, hanging flags by Farshid Moussavi RA, Yinka Shonibare RA, and Michael Armitage lined Piccadilly as part of the Art Takeover, curated by the Collections team. Vanessa Jackson RA's bright and brilliant pedestrian crossings livened up the street, while video shorts from Isaac Julien RA's celebrated film *Lessons of the Hour* about Frederick Douglass were specially edited for the central Piccadilly Lights screen. The project developed in collaboration with HOLBA was designed to welcome visitors back to central London.

Since early 2021 the Collections team have been reviewing terminology found on the website and internal database to contextualise terms considered outdated, incorrect, or offensive. Research into Royal Academicians and their immediate families between 1768 – 1850 has sought to identify any links to the transatlantic slave trade. The results are currently available by request as we consider the best way to display these online and in context.

The RA Collections team welcomed Dr Jennifer Powell as the new Curator of Paintings and Sculpture. She subsequently took maternity leave and Dr Lois Oliver joined as her cover.

#### **Library and Archive**

The Library and Archive team provided a strong service for staff and RA Schools students throughout the closures and since reopening have been able to provide increased access to books and historic files. In late 2020 the library received two large donations comprising around 400 volumes from Lady Alison Myners and MaryAnne Stevens and, in May 2021, a further donation of books was made by Sir Norman Rosenthal. The Archivist also completed a full RA-wide retention schedule for modern records.

There was high demand when the Picture Library resumed service in December 2020, generating a higher turnover from licensing fees and image sales than in pre-pandemic times. A giga-pixel image of Giampietrino's copy of *The Last Supper*, on display in the Collections Gallery, was used for the Amazon Prime series *Leonardo*.

#### **Learning and Academic Programmes**

The Learning and Academic Programmes teams continued to evolve and engage diverse audiences. A hyperlocal strategy was devised for Families, Access, and Schools (FAS), mapping schools and teachers in Westminster, evaluating the RA's local impact and meeting with local organisations and Westminster Council representatives. In summer 2021 small groups of local teachers were invited for exhibition private views and, together with the Courses and Classes team, programmed free creative workshops for the Clore Learning Centre.

The RA hosted online workshops for local children with SEND (students with special education needs and disabilities) and their families, as well as a project for local young people with caring responsibilities. For the autumn series, materials were delivered to families by bicycle and the Family Programmer charted her own practice and learning experience, subsequently published in the Museums Association Journal. The team produced monthly newsletters for the Families and Access and Community Partner mailing lists as well as filming "how-to" videos from home. Across Learning and Collections there were multiple publications from book chapters and exhibition catalogues to writing for national press and online.

The third year of the Young Artist's Summer Show (YASS) was an unprecedented success with over 33,000 entries and a much higher percentage of UK-wide and state schools. Phyllida Barlow RA and the FAS team curated this year's exhibition, and the judges selected 572 artworks to be exhibited online and 240 onsite in the Clore Learning Centre.

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The popular attRAct programme continued as a virtual offer. During the national lockdown up to eighty 16- to 18-year-olds studying art and design engaged in weekly online workshops and challenges set by the Learning team and RA Schools students. The online programme allowed for engagement with students from much further afield and was nominated for a national Kids in Museums award. The AccessArt25 project, a series of evening events for young people aged 17 to 25 years, funded by BNP Paribas, and programmed by the Learning team, won the Arts and Cultural Sponsorship Award.

Adult Learning collaborated with the Architecture, Digital, Marketing and AV teams to create an online "In Conversation" series. Between May and July 2021, livestreamed conversations with Lubaina Himid RA, Marina Abramović Hon RA and Michael Armitage foregrounded the Collections, Exhibitions, and the RA Schools.

The Academic Programmes team delivered online classes and lectures for corporate clients and RA Patrons. From May-June 2021, they also programmed, hosted, and delivered a series of online practical workshops filmed from the Clore Learning Centre: Saturday Sketch Club. It was free to join, reached a dedicated national and international audience of thousands, with extremely positive feedback. Subtitled recordings were later made available on the RA website and on YouTube.

The second cohort of the Executive Master in Cultural Leadership (EMCL) students completed two courses in person before switching to online tutorials and panel discussions. The team hosted online open evenings, reaching a more international audience than previously, and a newly recruited small cohort will begin their studies in 2021. In July 2021 a Collecting and Collections Management course was provided for select second and third-year students. The EMCL will proceed with the taught element of the programme in-person with mostly mixed year-group cohorts and has successfully streamlined future courses to minimise international travel.

#### **4. RA Schools**

##### **Academic Year**

2020/21 was an extraordinary year for the RA Schools, with only intermittent access to the RA site. To manage time in the studio, and in reaction to the cancellation of the RA Schools Show 2020 due to Covid-19, a "catch up year" held the current students in place for an additional academic year and postponed the arrival of the new first-years until October 2021.

Covid-19 regulations ruled out group activity and mask wearing presented barriers to in-person communications, such as tutorials and technical support. Senior Lecturers were available for in-person and online tutorials, however, and workshop tutors supported students through individual appointments. An online programme ran throughout the academic year, with an artist's lecture programme, a reading group and writing workshops forming the foundation. In addition, regular welfare tutorials were held with students to support their wellbeing.

The catch-up year aimed for a lightweight programme. In addition to working with permanent staff, students also engaged with RA Professors who hosted online studio visits giving insight into their varied approaches to making. The series was later extended to include Wolfgang Tillmans RA, Richard Deacon RA, Phyllida Barlow RA, William Kentridge Hon RA, and Rana Begum RA Elect.

Seminars led by the resident in critical practice Paul Clinton focused on race politics and the Black Lives Matter movement, discussing representations of race violence on TV, debating Optical Activism, and considering what it means to make tokenistic statements on equality rather than engage in structural change. Lectures delivered by Richard Dyer, Victor Wang and Amelia Groom focused on the work of black artists and the history of postcolonialism and year one students established a race equity reading group.

Hosting a graduation show at the RA remained a priority and the class of 2020, which became the class of 2020x1, installed their RA Schools Show in June 2021. Sixteen students graduated, two of whom had moved into the year-group from year two to complete their studies in three years. The show was a resounding success despite restrictions, including ambitious interventions into the fabric of the building and a remarkable range of work.

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RA Schools students are encouraged to contribute to the cultural life across the RA. In collaboration with the Learning department, students delivered all workshops for the attRAct programme supervised by Mary Ealden. Students and staff from the RA Schools also participated in the selection of works for this year's Young Artists Summer Show. Several students competed for a public sculpture commission proposing art interventions to transform three redundant red phone boxes outside the 6 Burlington Gardens entrance. Max Boyla was awarded the commission.

RA Schools graduates continue to contribute to the cultural life of the UK and internationally. Two exhibitions of note during this period were 2003 graduate Lynette Yiadom-Boakye's solo show at Tate Britain and *Michael Armitage, Paradise Edict* at the Royal Academy. Armitage graduated from the RA Schools in 2009.

#### **Sustainability and development**

In working towards a sustainable RA, the RA Schools have endeavoured to find savings by ceasing activity that only indirectly supported the programme. The Weston Studio Programme has been reimagined, with the year two Premiums show now taking place as a series of smaller groups shows across the year. There are fewer events in the programme overall, and workshop hours have been reduced by one day to a four-day week. The RA Schools canteen was closed pending a review of its business model.

The RA Schools have received strong support this year from donors funding scholarships for individual students. Dunard generously pledged a further £1m to the RA Schools over three years. £283k of this annual funding will contribute to the RA Schools' operating costs and the remaining £50k per annum supports students experiencing financial difficulty. It was agreed, given the loss of casual work undertaken by students to support themselves due to Covid, that half of the proceeds of RA Schools annual dinner and auction should provide support for student hardship.

Fundraising for the redevelopment of the RA Schools, was halted by the advent of Covid-19. The RA Schools worked with David Chipperfield Architects to ensure the project could be achieved using funds already raised, without any loss to the essential elements of the plan. The project has been divided into two phases, with designs now completed for the first phase of works in 6 Burlington Gardens. This scheme will create a suite of workshops supporting sculpture, printmaking, and ceramics as well as a new digital fabrication lab incorporating mixed media including laser cutting, 3D printing, Arduino technology, digital fabric printing, sewing and embroidery.

#### **5. Development**

The RA benefitted from the continued support of many long term sponsors and donors this year, despite the fundraising challenges presented by the Covid-19 pandemic. We are enormously grateful to all our corporate sponsors, private donors and Friends who have been immensely loyal and generous in supporting the Royal Academy throughout the pandemic. Insight Investment were just one example, sponsoring the Summer Exhibition for the 15<sup>th</sup> year.

Viking Cruises (*Emin / Munch*), White Cube (*Emin / Munch* and *Michael Armitage*), Offer Waterman (*David Hockney*) and BNP Paribas (*Michael Armitage*), continued to support the RA following sponsorships in 2019/20 financial year. Furthermore, the RA and BNP Paribas won the Arts and Cultural Sponsorship Award at the 2020/21 UK Sponsorship Awards for sponsorship of *Antony Gormley* (autumn 2019).

While the year was expected to be difficult for new partnership opportunities, the RA welcomed WeTransfer (Summer Exhibition 2020), Bottega Veneta and Charles Stanley Associates (both *David Hockney: The Arrival of Spring, Normandy, 2020*) as new exhibition supporters to the RA. Charles Stanley Associates have also been Corporate Members of the RA since 2018.

The RA partnered with file-sharing service WeTransfer on an online project that presented the Summer Exhibition, displaying works and content on WeTransfer's wallpaper and WePresent page. The project reached 55.5m people globally and was shortlisted for prizes including the Clio Awards and Campaign Awards.



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The RA was successful in a first-stage application for Bloomberg Philanthropies, a \$30m international digital accelerator programme, after an invitation from the organisation to apply for funds. Funding of £0.5m was received in late 2021, with up to a further c.£0.5m to follow in the next two financial years dependent on a successful discovery phase.

Without government support, the RA continues to rely heavily on the generosity of individuals. The Young Artists Summer Show was made possible once again by Robin Hambro continuing her support of the project in its third year.

The RA's Coronavirus Emergency Support Fund, started in the spring of 2020 to mitigate financial losses from the Covid-19 pandemic, has raised £5.3m (of which over £3.5m has been received) as of 31 August 2021. This included a RA Friends appeal launched in August 2020, spearheaded by Grayson Perry RA, which has now raised nearly £0.5m in donations. The first 500 donations of £1k towards the appeal were acknowledged through a specially commissioned plate designed by the artist- Legacy income of £0.8m was received during the year, contributing towards the £5.3m raised.

In-person Patron events returned in May 2020 and continued through the summer, providing an opportunity to thank Patrons for their ongoing support and generosity during a challenging time for the Academy.

## **6. Corporate Services**

The Corporate Services pillar combines the management of Estates, IT, HR, Legal and Governance.

### **Staff**

The RA issued its annual report on the Gender Pay Gap in June 2021. This report highlighted that as of 5 April 2020 (the government's "snapshot date" for capturing the gender pay data of businesses and charities), the RA employed 385 people, of whom 64% of were female. This distribution is largely maintained across pay quartiles and skews slightly in favour of women in top quartiles. In April 2020, the Executive team was 57% women, consistent with 2019. Of the top 20 earners at the RA, 50% were women and 58% of Senior Managers were women. The continued strong results reflect the RA's recognition of gender diversity as a key strength, encouraging flexible working and providing new parents with a generous leave package.

As part of the RA's commitment to Equity, Diversity, and Inclusion, 2020/21 saw the launch of working groups reviewing the Academy's career life cycle, the exhibition programme and visitor experience. While progress has been impacted by Covid-19, further reviews 2021/22 will focus on the employment journey, from recruitment practices to the onboarding process and workplace culture.

The RA has maintained its status as a Living Wage Employer since 2019. The RA has committed to implementing the annual London Living Wage increase for eligible staff and to ensuring that third-party organisations operating at the RA pay staff on site the London Living Wage as a minimum.

The first ever RA Staff Council launched in August 2021. The aims of this consultative body are to provide a forum for open communication with management, encouraging debate and new suggestions for working practices. Staff representatives were appointed through an election process in August, with the first meeting held in September 2021.

Towards the latter part of the 2020/21 financial year, two senior management appointments were made in Corporate Services. Katy Grêlé joined as Head of Human Resources, replacing Sarah Myers who left the RA in spring 2021, and Fiona Perrin joined as Health and Safety Manager.

### **Estates and Facilities**

The Covid-19 pandemic continued to present challenges to onsite operations during 2020/21. Having twice been forced to close, the RA reopened its doors in May 2021 with a reviewed and updated risk assessment to ensure operations were Covid-secure and compliant. All onsite staff were required to complete reinduction training and were supplied with the necessary protective equipment to perform their duties. The RA staff offices were also fully reopened in July 2021, though attendance is not yet compulsory for all.

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The RA retendered its outsourced security contract in early 2021. This process resulted in the reappointment of Mitie Security. Furthermore, in early 2021 the RA reviewed its position on estates maintenance and took a decision to extend the current partnership agreement with CBRE for another two years, maintaining stability in this area through the challenging Covid-19 pandemic period.

In the financial year 2020/21, following generous donations, the RA took the decision to move forward with its capital development plans to refurbish the RA Schools. The project is now fully funded, and a budget has been set at £17.8m. Knight Harwood was appointed as the main contractor for the initial works (Phase 1) on the future workshops in Burlington Gardens. Construction started in late August 2021 and is due to complete in early 2022 at which point the newly refurbished workshops will be handed over to the RA Schools. Works in Burlington House are due to commence in Summer of 2022 and the programme is expected to run for one year to summer 2023.

The RA has taken several steps to minimise energy consumption and carbon emissions. The organisation is powered by 100% renewable energy sources. In addition, the RA has also sought to reduce the use of single-use plastic, for example by using compostable take-away cups and cutlery in its cafés and restaurants and reviewing its use throughout the organisation. A Sustainability Taskforce group was put in place in 2019 to identify and deliver improvements across the campus and RA operations more broadly; however, the progress of this group has been impacted by the pandemic and subsequent periods of closure at the RA. The RA is committed to reducing the environmental impact of its activities and the organisation intends to renew its efforts in this area in 2022. In line with Streamlined Energy and Carbon Reporting (SECR) requirements, the RA reported its total emissions for the year as 1,720.48 tCO<sub>2</sub>e (2020: 1,593.79 tCO<sub>2</sub>e), with an intensity ratio of 0.00701 tCO<sub>2</sub>e /sq. foot (2020: 0.0065 tCO<sub>2</sub>e /sq. foot). The largest proportion of the RA's GHG emissions was accounted for by the electricity consumed in internal areas within its commercial and academic buildings, which represents 51.81% (2020: 58.05%) of total emissions, equating to 891.45 tCO<sub>2</sub>e (2020: 925.12 tCO<sub>2</sub>e).

## **7. Finance**

As reported last year, in the period to February 2020 the RA undertook a financial sustainability review. This was informed by actual financial performance in 2018/19, the first full financial year in which the RA had operated its newly expanded campus. The review highlighted that the organisation needed significant changes even before the onset of the Covid-19 pandemic, including year-on-year cost savings, to ensure a robust and financially sustainable operating model.

Owing to the Covid-19 lockdowns and subsequent closures to the public, the financial situation of the RA deteriorated further. This was despite government support in the form of the Coronavirus Job Retention Scheme and generous donations to the RA's Coronavirus Emergency Support Fund. This support together with stringent cost-cutting measures, including an organisational restructure and the deferral of all non-critical capital expenditure projects has helped mitigate the impact over the past 18 months, as described in more detail in the Financial Review section below.

However, considerable financial challenges remain. Based on current projections, the RA is faced with a material reduction in income from exhibition admission and other on-site sources of income for at least the next two to three years. This is in addition to a smaller annual donation from the Friends of the Royal Academy, such that there is an expectation that it may take even longer to return to pre-Covid-19 levels of income and achieve the sustainable annual net income from ongoing activities target of £5m (before interest, depreciation, and amortisation).

## **IMPACT AND PUBLIC BENEFIT**

As a "Home for art, artists and architects" the Royal Academy has as its founding mission to "work together to promote the arts of design; and educate the public in creation, enjoyment and understanding of the arts through exhibition, education and debate." This mission holds true until today and going forward the RA is committed to continuing to deliver on this mission.

As an independent institution, the RA has a two-pronged goal: to deliver on its mission, whilst at the same time securing the financial sustainability required to ensure its future. In 2020 and 2021, the RA faced unprecedented challenges in terms of the operational and financial impact of the Covid-19 pandemic and the organisation was forced to reassess its priorities and reinforce its focus on the core principles and activities which have guided the RA since its inception.

### **The Core RA**

The core constituent parts of the RA are the Membership of the Royal Academicians, the RA Schools, the exhibitions programme (including the *Summer Exhibition*), the Collection, and learning. The respective strength and unique quality of each of these aspects, and their combination under one roof give the RA a unique character that is not shared by any other institution in the world.

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*The Membership*

The RA was founded by a group of well-known artists. To this day the Academy is led by its Membership, a group of nationally and internationally renowned artists and architects, elected by their peers and appointed for life. They are involved in leading the RA through its topmost governing body, the Council, as well as the General Assembly and numerous committees. They are the lifeblood of the Academy.

*The RA Schools*

The original impetus for setting up the Royal Academy of Arts was to professionalise the training of young artists in an art school much like had been happening elsewhere in Europe. Today it is a three-year post-graduate programme for 15 students per year. The RA Schools, led by the Keeper and the Curator and Director of the RA Schools, is considered as one of the best among the leading art schools in the UK and attract a wide range of European students.

One area of particular interest is the future collaboration between the RA Schools and the wider RA. Until recently the RA Schools led a somewhat separate existence with relatively little contact or collaboration with other RA departments. This was partly due to the previously remote location of the RA Schools in the back of the building. With the recent Masterplan project and the connection between Burlington House and 6 Burlington Gardens, the RA Schools have been relocated to the centre of the building and now share space with the public. It is desirable and timely to think about a greater integration of the RA Schools within the RA.

During the Summer of 2021, the RA Schools embarked upon the first phase of works for a significant redevelopment of the RA Schools. A total project budget of £17.8m has been approved by Council, which is fully funded. The work has been split into two phases – the first will create new workshop spaces in 6 Burlington Gardens later in 2021 and the second, more significant phase will refurbish the Burlington House side of the RA Schools in Summer 2022 to Summer 2023. A Project Board has been established and has delegated authority for the project from the Buildings Committee.

*The exhibitions programme*

When the RA was founded its members established annual exhibitions with a two-fold aim: for the Royal Academicians to display and sell their works and to generate income to finance the RA Schools. This tradition continues with the annual *Summer Exhibition* that has been held without interruption since the RA's inception.

Besides the annual *Summer Exhibition*, the RA now runs a wide-ranging, ambitious, and much respected programme of international loan exhibitions on art and architecture. Of these, three are held in the Main Galleries, one of the grandest temporary exhibition spaces in the UK, if not in the world. The other gallery spaces are The Jillian and Arthur M. Sackler Wing of Galleries and the Gabrielle Jungels-Winkler Galleries.

The exhibitions programme is the RA's lifeline. As a result of the Covid-19 pandemic and need for budget savings most museums worldwide are reducing their exhibition programmes for the coming years. Given that the RA relies heavily on its exhibitions programme to drive its income streams, it will continue to invest in an ambitious, diverse, interesting, popular and, at times, challenging exhibitions programme that will appeal to its Friends, as well as its loyal public audiences and over time build new audiences. Some efficiencies may possibly be found in drawing from the RA Collection but on the whole, exhibitions will require continued commitment and investment.

In relation to the RA Schools, the combination of a high-quality art school and an internationally renowned exhibition-organising arts institution under one roof is unique in the world. It is critical to develop understanding of what makes the training of young artists in a prominent arts institution different and special (in contrast to the other art schools in London and in the country) and, conversely, how the RA might benefit as an exhibition-organising institution from having practising artists in its building.

*The Collection*

The RA's relatively little-known Collection was started as a teaching collection for the RA Schools. From the beginning the Academy also required every Academician to donate a so-called "diploma work" to the Collection. Over time the Collection has grown into a visual record of the RA's membership and history. Valuable works in the Collection range from Michelangelo's *Taddei Tondo*, John Constable's *Leaping Horse* and George Stubbs's anatomical drawings and studies of the horse, to diploma works by living artists such as David Hockney RA and Tracey Emin RA. The Collection also contains copies after Leonardo's *Last Supper* and Raphael's cartoons for the Sistine Chapel; there is a considerable collection of plaster casts after famous works of art and a sizeable collection of works on paper. Our Collection also includes a historic Archive of artists' papers and other important records, and a Library collection of rare books. The Collection has been awarded "Designated Collection" status by Arts Council England as a "pre-eminent collection of national or international importance" held by a non-national institution.

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*Learning*

In the Academy's founding mission, the Royal Academicians stated that the RA was to "educate the public in creation, enjoyment and understanding of the arts" and learning, by definition, is at the core of any academy. In the present-day learning and education are part of the core mission of every arts organisation and the RA takes this task very seriously.

**IMPACT MEASURES**

Like many charities, the RA has a two-pronged goal: to deliver on its mission, whilst at the same time securing financial sustainability to ensure its continued relevance. The RA's Medium Term Plan explicitly articulates the goal to achieve an average net income of at least £5.0m p.a. from ongoing activities (before interest, depreciation and amortisation) to fund the ongoing maintenance of our 2.5 acre campus and the required investment in technology; periodic plant upgrades and gallery refurbishment programmes; to repay its borrowings and to service its financing costs; and to fund contributions towards its financial obligations in respect of our legacy defined benefit pension scheme, albeit the scheme is now in surplus as at the last triennial actuarial valuation as at 31 August 2019 and the annual funding update as at 31 August 2021. This financial sustainability target has been severely challenged by the impact of Covid-19, which is considered further in the Strategic Report below.

Alongside the financial goal to achieve sustainability the RA has identified a set of mission related goals.

The RA tracks and monitors a variety of impact measures (as distinguished from Key Performance Indicators, which are considered separately in the Strategic Report below). These measures include those pertaining to the RA's activities across exhibitions, RA Schools, Library and Collections, and education; where possible, we aim to measure the delivery of our mission and impact goals numerically, as well as qualitatively and anecdotally.

The current measures will evolve as the organisation better understands which measures are most reliable and informative, and as it introduces new means of tracking and assessing the impact it has but will now also have to be further considered in light of what is possible for the organisation given the financial constraints due to the effect of Covid-19.

The exhibition programme provides a mix of subject matter and content for a range of public tastes and is complemented by a programme of activities such as lectures and workshops aimed at providing opportunities for the public to engage with the subject matter and the institution. The RA's exhibition and public programme continue to measure success and impact both in terms of the overall attendance or reach activities achieve as well as the degree to which the RA is able to welcome new audiences who might otherwise face barriers to attending. The Royal Academy's pricing policy includes opportunities for those on lower incomes to visit the Royal Academy and participate in its programmes by taking advantage of reduced ticket prices and free activities.

Various closures to the public between March 2020 and May 2021 due to the pandemic have presented significant challenges to the RA in delivering its public benefit. However, throughout this period the RA increased its focus on digital programming to keep audiences engaged and support its mission despite closure.

In implementing the stated objectives through the strategies described, the trustees confirm that they comply with their duty to have regard to the Charity Commission guidance on public benefit.

**STRATEGIC REPORT**

**Business review**

The "Strategic review" section above sets out the RA's activities in this area over the past year or so, as well as its vision for 2021-25. A review of the Royal Academy's activities, achievements, and impact has been included in the "Activities, achievements and impact" section, also above. The "Future plans" section of this report, which follows, sets out in further detail our strategy for the next five years.

**Sustainability review**

As noted in the review of activities above, in parallel with the wider strategic review in the period to February 2020, a financial sustainability review was undertaken informed by the actual financial performance in 2018/19, the first full financial year in which the RA operated its expanded campus. This review highlighted that significant changes to the organisation were needed, including the delivery of year-on-year cost savings, in order to ensure a robust and financially sustainable operating model. This review also identified a series of key financial metrics providing a benchmark towards achieving financial sustainability. With the outbreak of the Covid-19 global pandemic, these metrics cannot reasonably be measured or delivered against in the short term but will provide a useful framework as the RA establishes its post Covid-19 "new normal". These metrics were however used as the basis to determine the level of savings required to address the financial impact of Covid-19 over both the short and

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medium term and helped inform the decision to target annual cost savings of £8.0m. Several of these key financial metrics are included in the key performance indicators below.

**Key performance indicators**

The following key performance indicators ("KPIs") have been identified as key measures of our progress against our strategic objectives. Targets for overall audience figures and KPIs with direct financial impact (e.g., Friends membership numbers) are embedded into our Medium Term Plan, which is updated annually and reflect the financial sustainability metrics referenced above and in 6. "Finances / sustainability" below. Targets for more qualitative measures (e.g., visitor experience, audience diversity) continue to be refined on an ongoing basis.

**1. Exhibitions**

- Exhibition and campus visitors: pre-Covid-19 target of c.1.0m visitors to the paid exhibition programme; post-Covid-19 target of c. 0.8m visitors to the paid exhibition programme based on six exhibitions annually (including three in the Main Galleries)
- Critical reception of exhibitions

**2. Learning and Collections, RA Schools**

- Impact and reach of access and learning programme (online and onsite)
- Audience for Collections (physical displays, website visits, appointments)
- RA Schools applications (per place and from outside London/UK/Europe)

**3. Audience and Experience**

- Secondary spend per visitor (retail and catering spend)
- Visitor experience (rating of exhibition and of overall visit)
- Digital visitors (website sessions, Facebook friends, Twitter followers)

**4. Academicians and staff**

- Academician engagement
- Staff engagement (engagement survey, appraisal completion, turnover)

**5. Estates**

- Completion of Burlington Project fundraising (for each phase)
- Completion of Burlington Project building works (including the RA Schools redevelopment) on budget to schedule; (for each phase)

**6. Finances / sustainability**

- Target to achieve sustainable net income from ongoing activities (before interest, depreciation, and amortisation) of at least £5.0m per annum
- In supporting this £5.0m target, overall net contribution metrics for exhibitions (including sponsorship); membership schemes (Patrons, corporate, Academicians' Room) (including lets and events); annual donation from the Friends of the Royal Academy; and the net contribution from retail and publishing.
- Staff costs as a percentage of income and as percentage of total staff and operating costs.

**FINANCIAL REVIEW**

**Financial result for the year**

The results for the current year show net expenditure of £1.8m (2020: net income of £1.9m) for core activities, being those ongoing activities directly associated with delivering the charitable objectives, and net income of £7.9m (2020: £5.6m) for the Burlington Project, being the refurbishment and redevelopment of the Royal Academy's buildings and estate. Net expenditure of £1.8m (2020: net income of £1.9m) for core activities includes £0.5m (2020: £0.5m) of interest payable; £0.0m (2020: £0.0m) of interest receivable; and £0.1m (2020: £0.0m) of investment gains. There was net expenditure of £1.5m (2020: net income £2.4m) excluding net interest payable and investment gains.

Total net movement in funds, includes the recognition of the actuarial gain on the pension scheme totalling £1.9m (2020: £0.6m), and a tax credit of £0.1m (2020: £0.4m) in respect of Museum and Galleries Tax Relief, resulting in a surplus of £8.1m (2020: £8.5m).

The ongoing activities deficit, excluding net interest payable and investment gains was £1.5m (2020: surplus £2.4m). These results are significantly down on those of the previous year, with an increase in deficit of £3.9m. However, both years have benefited from income from donations to the Coronavirus Emergency Support Fund ("CESF") of £0.8m (2020: £1.5m), as well

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as legacy income designated to the CESF of £0.8m (2020: £0.4m); and grant income of £2.5m (2020: £2.3m) from the Government's Coronavirus Job Retention Scheme ("CJRS"). In addition, in 2020, we also received a donation of £2.2m for the purchase of a property. Excluding the impact of these items, the deficit would have been £5.7m (2020: £4.0m); an increase in deficit of £1.7m. However, furthermore the current year expenditure includes the cost of the restructuring, in response to the pandemic, of £2.2m (£2.0m net of a recharge made to the Friends of the Royal Academy) – more than the £1.7m increase in deficit year on year.

During the first six months of the previous year, prior to closing to the public in March 2020, the RA enjoyed a period of considerable commercial success with the *Antony Gormley*; *Lucian Freud: The Self-portraits*; and *Picasso and Paper* exhibitions. The RA reopened to the public in July 2020 with the continuation of the *Picasso and Paper* exhibition but to a much-reduced audience, with around 25% capacity of "normal attendance" due to the social distancing safety measures required to be in place due to Covid-19. The impact of the pandemic has been far greater in the current financial year. The RA was forced to close again on 5 November 2020, reopening for two weeks in December only to close once more – this time for five months until 18 May 2021. All this meant that the RA was closed to the public for exactly half of the financial year. There have been gradual increases in visitor capacity since the final government restrictions were lifted on 19 July 2021, though only to about 50% by the end of the financial year. This has inevitably had a significant impact on the financial results for the year.

Total income from ongoing activities for the current year was 27.4% down on the previous year at £28.8m (2020: £39.7m), with expenditure decreased by 18.7% over the same period to £30.3m (2020: £37.3m). Excluding income from the CESF, CJRS and the donation for the property purchase, total income was 26.0% down on the previous year at £24.6m (2020: £33.3m). Current year expenditure includes £2.0m restructuring costs, as well as an exceptional provision for diminution in value of an investment property of £0.7m; excluding these, expenditure decreased by 26.0% to £27.6m (2020: £37.3m).

The Friends of the Royal Academy, a separate registered charity, donated £10.4m (2020: £11.5m) to the Royal Academy, 9.4% lower than the previous year; but also donated a further £0.7m (2020: £nil) of legacy income towards the CESF. The total donation of £11.1m (2020: £11.5m) represented nearly 39% (2020:29%) of the RA's total income from ongoing activities. Exhibition income decreased by 30.8% to £3.1m (2020: £4.5m). There was a 46.3% decrease in income from our trading subsidiaries to £5.0m (2020: £9.2m). Income from commercial activities of £4.1m was 41.5% down (2020: £7.0m), with income from entertaining services to the corporate sector 58.6% down at £0.8m (2020: £2.0m) and income from ticketed fundraising events at less than £0.1m over 96% down (2020: £0.2m). Other income including sponsorship at £2.1m was 29.2% down (2020: £3.0m); with other donations at £3.6m were 51.9% down (2020: £7.5m), principally due to £0.8m emergency fundraising (2020: £1.9m) and £nil (2020: £2.2m) received for the purchase of a property. Grant income at £2.8m was 12.7% up (2020: £2.4m), with £2.5m from the CJRS (2020: £2.3m).

The decrease in expenditure included a 9.7% decrease in staff costs to £14.5m (2020: £16.1m), with average full-time equivalent permanent employees decreasing to 284 (2020: 345), with the restructuring completed in January 2021 only impacting the current year in part. Staff costs also include £1.9m of the £2.0m restructuring costs. Excluding restructuring costs, staff costs decreased by 21.3% to £12.7m (2020: £16.1m). Other expenditure (excluding depreciation and amortisation) has decreased by 30.3% to £11.9m (2020: £17.1m), reflecting cost saving measures, including the restructuring partially offset by the diminution in value of an investment property; with depreciation and amortisation charges down 5.3% at £3.9m (2020: £4.1m) – the comparatively high charge reflecting the Academy's recent investment in both the plant upgrade and gallery refurbishment programme and systems technology, as well as the assets brought into service primarily in 2018 with completion of Phase I of the Burlington Project.

The Royal Academy put in place a five year £5.0m committed Masterplan Revolving Credit Facility ("Masterplan RCF") in May 2017 to provide the required working capital for the completion of the Burlington Project, as redevelopment costs were incurred in advance of the receipt of pledged donations and to fund the final cost overruns on the project. The facility has since been extended with the £5.0m commitment running to June 2023 and thereafter reducing to a £3.5m commitment to 31 August 2024, which can be drawn down in advances with a minimum value of £0.5m. Each advance is repayable after one month; at the end of the one-month period the advance can either be rolled over for another one-month period or repaid, with the amount then being available again for draw down. £3.7m of this £5.0m facility was drawn down at the year end. An extension of the £3.5m facility to 31 August 2025 has been approved, with the facility agreement due to be signed in early 2022.

The Royal Academy put in place a five year £2.5m committed Operating Revolving Credit Facility ("Operating RCF") in March 2018 to manage operating working capital requirements. The facility has since been extended with the £2.5m commitment running to February 2023 and thereafter reducing to a £1.5m commitment to 31 August 2024, which can be drawn down in advances with a minimum value of £0.15m. Each advance is repayable after one month; at the end of the one-month period the advance can either be rolled over for another one-month period or repaid, with the amount then being available again for draw down. This facility was not drawn down at the year end. An extension of the £1.5m facility to 31 August 2025 has been approved, with the facility agreement due to be signed in early 2022.

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The Royal Academy has benefited significantly from the introduction of the Museums and Galleries Tax relief from 1 April 2017, providing much needed financial support to the exhibitions and free display programme amounting to about £0.4m each year to date, although this has reduced to less than £0.2m this year with the impact of cancelling exhibitions due to the pandemic. The announcement, as part of the recent government budget, of the extension of this relief until at least 31 March 2024 and increase in the rate of relief with effect from 27 October 2021 was much welcomed.

#### **Reserves**

The policy of the Royal Academy is to maintain a sufficient level of free reserves to enable operating activities to be maintained, taking account of potential risks and contingencies that may arise from time to time. A formal policy on reserves was originally agreed at the meeting of Council on 4 October 2011 and approved annually thereafter which states:

The trustees have set a reserves policy which requires:

- Reserves to be maintained at a level which ensures that the Royal Academy's core activities could continue during a period of unforeseen difficulty and that current and future commitments can be honoured.
- A proportion of reserves to be maintained in a readily realisable form.
- The policy is reviewed annually by Council.

Free reserves comprise that part of the total unrestricted funds that are freely available. Arising from the most recent review, the trustees have adopted a risk-based approach to determine an appropriate level of free reserves. The trustees consider it appropriate to have free reserves sufficient to cover a period of unforeseen difficulties and consider this to be the greater of a period of three months, being the normal duration of a main gallery exhibition, such that this would allow the Royal Academy to continue running in the circumstances that an exhibition is cancelled without an alternative being viable, and a period of six months, during which the Royal Academy has less than budgeted visitor numbers, due to the impact of external factors, such as the threat of terrorism or a pandemic, reducing the number of visitors to London generally and the RA's campus more specifically.

The trustees have specifically considered the prospective financial impact of the key risks identified in the Royal Academy's Risk Register, including those pertaining to meeting the budget approved for the year ended 31 August 2022 and have further considered the medium term cash flow forecasts of the Royal Academy underpinning the Vision 2021-2025 strategy and the long term loan funding in place. The trustees have also considered expenditures that could be deferred or avoided to mitigate the detrimental impact of unforeseen difficulties.

Based on this detailed review and analysis, the trustees consider that an appropriate level of free reserves would be in the order of £4.5m to be held by way of operating contingency at all times to enable the Royal Academy to continue operating for a period of three months to cover both a fall in exhibition, trading and voluntary income and fixed operating costs (including salaries) and the prospective financial impact of other uninsured risks or six months, in the event of reduced visitor numbers due to external factors, such as the threat of terrorism or a pandemic.

#### **Actual free reserves as at 31 August 2021**

As at 31 August 2021, total unrestricted and non-designated funds stood at £88.7m, including £91.7m of fixed assets. Free reserves, which exclude fixed assets, are therefore in deficit by £3.0m, after taking account of the pension scheme asset of £8.7m and are £7.5m less than the desired level of £4.5m.

The free reserves deficit of £3.0m is represented by net current liabilities of £1.1m plus long term liabilities of £10.6m, of which £10.0m is repayable in ten equal instalments from 2035-2044; and the pension scheme asset of £8.7m.

The net current liabilities of £1.1m as at 31 August 2021 include £3.7m drawn on the £5.0m Masterplan RCF (the facility commitment reduces to £3.5m from June 2023 to 31 August 2024), which can, if required, be rolled forward after each one month interest period to the end of the term committed. Additionally, the Royal Academy has access to a committed £2.5m Operating RCF to February 2023 (reducing to £1.5m from March 2023 to 31 August 2024) and a £0.5m overdraft facility, neither of which had been drawn upon at the year end. A 12 month extension to 31 August 2025 has been approved for both the Masterplan and Operating RCFs.

In November 2020, the Royal Academy Trust pledged a £2.0m donation to the Royal Academy, which may be drawn down over the period to 31 August 2023 as emergency support funding to mitigate the financial impact of Covid-19. This pledge had not been called upon at the year end.

In view of the level of current liquid resources, future pledged donations and the long term loan funding and short term facilities in place, which are all available for operational purposes, the trustees consider that the Royal Academy has both sufficient funding and liquidity for the foreseeable future.

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As outlined above, in parallel with the wider strategic review in the period to February 2020, a financial sustainability review was undertaken informed by the actual financial performance in 2018/19, the first full financial year in which the RA operated its expanded campus. Part of the scope of this review was to identify a series of key financial metrics providing a benchmark towards achieving financial sustainability, which included delivering the required level of surplus funds to achieve the target level of free reserves over the long term (being a period of five to seven years). Due to the impact of the pandemic, these metrics are unlikely to be delivered against for an extended period, and while the net shortfall will be partly mitigated by annual savings from the restructuring programme, the period to achieving the target level of free reserves will inevitably be extended.

The trustees also take comfort from the fact that the Royal Academy Trust, an independent charity established under a Trust Deed dated 11 February 1981 specifically to provide support to the Royal Academy, held funds of £52.3m at 31 August 2021 in trust for the Royal Academy, of which £17.9m represents unrestricted funds, including £11.8m that is both unrestricted and not designated. A further £22.3m represents permanent endowment funds, which are accounted for on a total return basis (such that both income and capital appreciation may be distributed), with the remaining £12.1m being restricted funds (including £0.6m which may be used for the general purposes of the Royal Academy). These amounts are held by the Royal Academy Trust until these are required by the Royal Academy for specific purposes and are invested by the Royal Academy Trust to provide future funding for the Royal Academy. As noted above, in November 2020 the Royal Academy Trust made a pledge of £2.0m, which may be drawn down over the period to 31 August 2023 as emergency support funding to mitigate the financial impact of Covid-19.

#### **FUTURE PLANS**

##### **Our priorities for the year to come**

In the current pandemic and with the resulting impact on the RA's public operations, visibility for a five year strategic plan remains limited at least in the short term. As we look ahead the Senior Leadership Team has set a goal to put the RA back on a solid financial footing after executing a significant restructuring in response to the pandemic during the financial year, delivering significant savings from its annual cost base across operating and staffing expenditure as described above. Delivering these savings, but more importantly retaining these and not allowing cost creep as more activities become possible, will require robust cost discipline and a relentless focus on the "core" activities.

The following guiding principles informed our savings plan and will be applied to our decision-making over the coming years.

1. **Focus where it counts:** Given our significantly reduced visitor and income projections, we need to focus on those "core" activities that support the founding principles of the RA – namely, the Membership of Royal Academicians; the RA Schools; the exhibitions programme; the Collection; and our learning programme.
2. **Protect and reinforce:** We need to focus on an essential programme that brings back and optimally serves our existing audiences. An important pillar of that is an ambitious, international, varied, inspiring and diverse exhibitions programme. We also need to ensure the continued engagement with our audiences on site, online and in print.
3. **Welcome and serve our audiences:** The RA is known for its warm and convivial atmosphere and the sense of community it creates. We need to continue providing our characteristic hospitable and safe environment and focus on the RA visitor experience that our audiences have come to expect.
4. **Prioritise cost-reduction for a five year horizon:** The recent history of the RA has been defined by growth: the extension of the building; ever growing ambitions and increasing levels of activity; and an expanding staff base. In the next five years, we will need to pull back and focus on the core. In order to achieve the critical budget savings, we need to reverse this trend and reduce the amount of activity considerably. The focus needs to be on activities that directly fulfil our mission, serve our audiences and are affordable. It is about sustainability rather than growth.

We are following a two phase approach:

##### **Phase 1: Circuit breaker**

In order to deal with the harsh shortfall in income due to the Covid-19 pandemic, over the past year and for at least the next year or two we have and will continue to reduce our level of activity more significantly. Much of this activity has not been possible and will continue to be challenging due to Covid-19 induced restrictions. This period needs to act as a "circuit breaker" that will save a significant amount of money and enable us to balance our income and costs and sets us up for the next phase.

During this phase we have and will continue to:

- Reduce public opening hours and days – with a six day per week opening (closed on Mondays) with very limited late openings



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- Reduce the exhibitions programme from nine to six exhibitions per annum (except for the next financial year to 31 August 2022, in which we have scheduled eight exhibitions due to the impact of postponements from this financial year arising from the pandemic)
- Deliver a significantly reduced public programme and as part of this, close the Benjamin West Lecture Theatre until at least the end of the coming financial year
- Suspend the programme of changing free displays and focus more on semi-permanent displays and less on frequent turnarounds in the Tennant Gallery, Fine Rooms, Rausing Hall, McAulay Gallery, and Weston Studio
- Stop or scale down catered events including opening receptions, lenders' dinners, and private dining experiences at least until the end of 2021; and to re-consider the Annual Dinner in 2022
- Transition to a single sales and marketing team, which allows for a more efficient and strategic way of engaging our audiences.

***Phase 2: Disciplined build-back***

Following this initial at least two year period, for the subsequent three years, finances and visitor numbers allowing, we aim to enter a period of recovery in which we can slowly grow activity in a disciplined way to a sustainable level.

***Improve the coordination of content generation and distribution:*** We need to improve the coordination across our programmes and develop a more efficient and scalable use of our content across our different channels and stakeholder groups. To service this, we have introduced a Content Board with senior representatives from all relevant areas to ensure a focused and joined up approach to content is taken across all channels from exhibitions to collections, from social media to the RA Magazine.

**Race and gender equity and inclusion**

We reviewed the impact of the redundancies to ensure there was no disadvantage or prejudice shown to any workers on account of race, age, gender, disability or any other protected characteristics.

We will need to continue our work on inclusion and racial equity across all aspects of the RA and be mindful of the ways that we can rebuild our programmes and our institution with more thought given to an equitable workplace and place of study. We have agreed plans and proposals for the continuation of this work during 2021 and will ensure that we have the right training for all staff in place.

**Principal risks and uncertainties and risk management**

Council, advised by the SLT and other specialist committees, evaluate and monitor risks and ensure systems and controls are subject to regular review. Where appropriate, mitigating actions and improvements are put in place by the SLT.

All risks identified are recorded in the Risk Register, which is maintained on an ongoing basis and not only includes details of all risks considered but also provides a mechanism for assessing and monitoring those risks, detailing the SLT member responsible and the actions taken to mitigate the risk.

The Risk Register is formulated by the SLT; is reviewed quarterly; and is formally reviewed by the Audit Committee on an annual basis. Each risk is given a ranking score, based on impact and likelihood. The highest scoring risks are reviewed by Council and are given the highest priority in terms of management focus and mitigating actions are put into place. The Risk Register also provides the basis for an ongoing programme of Internal Audit reviews, the findings of which are reported to the quarterly Audit Committee meetings.

The outbreak of the Covid-19 pandemic and subsequent lockdowns and closure of the Royal Academy has had a significant impact on the RA's operations, financial sustainability and the wider risk landscape and this will continue for some time yet. The Royal Academy's financial sustainability, more specifically the risk of not maintaining an adequate level of cash reserves, was already a highly ranked risk and the likelihood of this has been exacerbated by Covid-19. In response to this, we undertook a significant restructuring which was completed in late 2020. The scale of the restructuring also represents a risk, in part mitigated by the process and intensive review undertaken in formulating the basis for this re-organisation. However, the SLT will need to assess and monitor the impact of this going forward, particularly as operations begin to ramp up in 2022 and beyond.

A "Brexit deal" in the form of the EU-UK Trade and Cooperation Agreement was concluded in late December 2020. The impact of Brexit on the RA, and more particularly how the new regulations and restrictions would affect broad areas including people (staff and students); goods and services and the broader supply chain (including VAT, import duties, transportation and storage, reporting and compliance); data protection; and travel was reviewed by a Brexit Working Group, which was established in early 2021 and met monthly until September 2021, when the group disbanded with remaining issues becoming "business as usual" matters.

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The knock-on impact of both the pandemic and Brexit has exacerbated other risks. These include the economic uncertainty with rising inflation (including energy and transportation costs); supply chain logistics, both operationally and financially; and workforce shortages and rising labour costs.

The other highest scoring risks include the risk of the possibility of plant failure in the galleries; loss or damage to artworks; reduced visitor numbers to our exhibition programme; a reduction in the Friends' donation to the Royal Academy arising from diminished Friends' membership income; and the threat of a data security breach or cyber-attack. External risks include the impact of the terrorism threat on the number of visitors to the Royal Academy's exhibition programme.

These risks are all subject to immediate management consideration to provide mitigation. Mitigation steps include completion of the plant upgrade programme, together with planned preventative maintenance; continuous review of our exhibitions programme and forward planning for future exhibitions; security and working practices in place, together with disaster recovery and business continuity planning and procedures; continued review and improvement to the Friends visitor experience and periodic Friends membership pricing reviews; continued improvement to data protection policies, procedures and controls, including emergency response planning; and robust financial planning and analysis supporting the medium term cash flow forecasts of the Royal Academy underpinning the Vision 2021-2025 strategy.

#### **FUNDRAISING**

The RA's approach to fundraising is largely relationship led, through individual donor giving, memberships of the RA, capital appeals, legacies, and corporate sponsorship. The RA does not generally engage with commercial participators and professional fundraisers. The RA does not carry out house-to-house fundraising or street collections.

The RA is registered with the Fundraising Regulator and has submitted its annual complaints return to the Fundraising Regulator. The RA complies with applicable regulation with regard to fundraising and in addition puts the privacy of our supporter data at the heart of everything we do. We manage personal data respectfully and responsibly in accordance with our published privacy policy.

The RA received 77 complaints associated with fundraising and membership in this financial year, compared to 97 in the previous financial year. This is a comparatively low figure for the sector and our activities. The majority of these were membership cancellations due to price, rather than complaints in the strict sense. This represents the degree with which we have developed our processes to ensure we put our supporters and the safeguarding of their data at the centre of everything we do. Nevertheless, we are committed to studying any expression of dissatisfaction and identifying ways to improve. Our supporter relations team investigate each complaint and we do all we can to resolve complaints and ensure supporters are happy with our work.

**The Royal Academy of Arts  
Trustees' Report  
For the year ended 31 August 2021**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The trustees or members of Council (who are also directors of the Royal Academy for the purpose of company law) are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources, including the income and expenditure of the charitable group 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; and
- 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 charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**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.

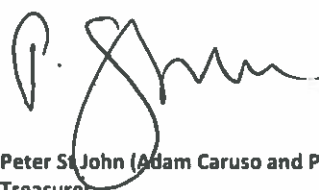
**AUDITORS**

A resolution to re-appoint Moore Kingston Smith LLP as the Royal Academy's auditors will be put to the forthcoming General Assembly.

On behalf of the Council



Rebecca Salter PRA  
President



Peter St John (Adam Caruso and Peter St John RA)  
Treasurer

The Royal Academy of Arts  
Burlington House  
Piccadilly  
London W1J 0BD

Date: 7 Dec 2021

# Independent Auditors' Report to the Trustees of The Royal Academy of Arts

## Opinion

We have audited the financial statements of The Royal Academy of Arts for the year ended 31 August 2021 which comprise the Consolidated Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Consolidated 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 group's and the parent charitable company's affairs as at 31 August 2021 and of the group's incoming resources and application of resources including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

## Conclusions relating to going concern

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

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

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

## Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information contained in the annual report. 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.

# **Independent Auditors' Report to the Trustees of The Royal Academy of Arts**

## **Other information (continued)**

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 course of 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 themselves. 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.

## **Opinion on other matters prescribed by the Companies Act 2006**

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

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

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

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

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

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

## **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities set out on page 26, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

# **Independent Auditors' Report to the Trustees of The Royal Academy of Arts**

## **Auditors' responsibilities for the audit of the financial statements**

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

As part of an audit in accordance with ISAs (UK) we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group and parent charitable company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

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.

## **Independent Auditors' Report to the Trustees of The Royal Academy of Arts**

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

The objectives of our audit in respect of fraud are to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the group and parent charitable company.

### **Our approach was as follows:**

- we obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are the Companies Act 2006, the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council.
- we obtained an understanding of how the group and charitable company complies with these requirements by discussions with management and those charged with governance.
- we assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- we inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

### **Use of this report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters which 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 charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Moore Kingston Smith LLP*

**Andrew Stickland (Senior Statutory Auditor)**  
for and on behalf of Moore Kingston Smith LLP

Devonshire House  
60 Goswell Road  
London EC1M 7AD

Date: 7 December 2021

**The Royal Academy of Arts**  
**Consolidated Statement of Financial Activities**  
**(including an income and expenditure account)**  
**For the year ended 31 August 2021**

	Note	Ongoing activities				Burlington Project	Total 2021	Total 2020
		Unrestricted funds 2021	Designated funds 2021	Restricted funds 2021	Endowment funds 2021	Restricted funds 2021		
		£	£	£	£	£	£	
<b>Income from:</b>								
Donations and legacies								
General donations from RAT*		-	-	351,196	-	-	316,946	
Other donations from RAT*:								
Burlington Project		-	-	-	-	2,000,000	1,505,000	
Cataloguing project		-	-	16,828	-	-	19,526	
Other projects		-	-	601,474	-	-	541,990	
Donations from Friends of the RA		10,448,495	696,014	-	-	-	11,527,070	
Other donations	5	1,048,918	1,626,023	953,719	-	5,905,734	11,601,803	
Grant income	6	2,574,682	-	182,083	-	-	2,446,201	
Charitable activities								
Exhibitions		3,135,618	-	-	-	-	4,533,432	
Schools		21,092	-	-	-	-	73,353	
Collections		11,100	-	-	-	-	11,877	
Education		82,097	-	-	-	-	426,228	
Other trading activities								
Income from trading subsidiaries	7	4,959,471	-	-	-	-	9,242,964	
Sponsorship, rent and other receipts		2,113,737	-	-	-	-	2,986,511	
Investments								
Bank interest		8	-	-	-	-	18,006	
Dividends		462	-	-	-	-	601	
<b>Total income</b>		<b>24,395,680</b>	<b>2,322,037</b>	<b>2,105,300</b>	<b>-</b>	<b>7,905,734</b>	<b>45,251,508</b>	
<b>Expenditure on:</b>								
Raising funds								
Fundraising	9	(3,041,237)	-	-	-	-	(3,965,482)	
Expenditure from trading subsidiaries	7	(5,229,640)	-	-	-	-	(6,636,286)	
Charitable activities	10	(17,431,087)	(2,350,845)	(2,021,455)	-	-	(27,170,875)	
Other								
Donation to RAT*		-	-	(15,328)	-	-	(16,828)	
Diminution in value of investment property	18.d	-	-	(720,521)	-	-	-	
<b>Total expenditure</b>		<b>(25,701,964)</b>	<b>(2,350,845)</b>	<b>(2,757,304)</b>	<b>-</b>	<b>-</b>	<b>(37,789,471)</b>	
Net gains on investments	19	-	-	19,591	119,193	-	31,305	
<b>Net income / (expenditure)</b>	11	<b>(1,306,284)</b>	<b>(28,808)</b>	<b>(632,413)</b>	<b>119,193</b>	<b>7,905,734</b>	<b>7,493,342</b>	
Transfers between funds	24-26	2,828,028	-	229,013	(37,020)	(3,020,021)	-	
<b>Other gains</b>								
Tax credit	15	137,385	-	-	-	-	363,493	
Remeasurement of defined benefit pension scheme asset	29	1,921,000	-	-	-	-	631,000	
<b>Net movement in funds</b>		<b>3,580,129</b>	<b>(28,808)</b>	<b>(403,400)</b>	<b>82,173</b>	<b>4,885,713</b>	<b>8,487,835</b>	
Total funds brought forward		85,110,135	701,170	3,875,341	806,305	6,880,106	88,885,222	
<b>Total funds carried forward</b>		<b>88,690,264</b>	<b>672,362</b>	<b>3,471,941</b>	<b>888,478</b>	<b>11,765,819</b>	<b>97,373,057</b>	

as restated  
\* see note 4 for comparatives

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

\* RAT denotes Royal Academy Trust

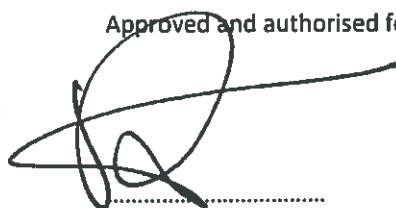


**The Royal Academy of Arts**  
**Balance Sheets as at 31 August 2021**

	Note	Group		Royal Academy	
		2021	2020	2021	2020
		£	£	£	£
			as restated		as restated
<b>Fixed assets</b>					
Intangible assets	17	312,437	630,765	284,006	480,219
6 Burlington Gardens	18.c	65,201,863	65,156,834	65,201,863	65,156,834
Other tangible fixed assets	18.a,b	29,753,888	31,298,188	29,732,164	31,272,995
Heritage assets	16	1,392,110	1,392,110	1,392,110	1,392,110
Investment property	18.d	1,155,000	-	1,155,000	-
Other investments	19	1,870,089	806,305	1,870,197	806,413
<b>Total fixed assets</b>		<b>99,685,387</b>	<b>99,284,202</b>	<b>99,635,340</b>	<b>99,108,571</b>
<b>Current assets</b>					
Stock		916,916	1,078,815	-	-
Debtors	20	2,865,734	3,729,530	4,190,577	4,650,380
Cash and cash equivalents		13,040,769	7,978,608	12,962,709	7,859,180
<b>Total current assets</b>		<b>16,823,419</b>	<b>12,786,953</b>	<b>17,153,286</b>	<b>12,509,560</b>
Creditors - amounts falling due within one year	21	(9,151,619)	(10,588,175)	(8,592,863)	(10,135,151)
<b>Net current assets</b>		<b>7,671,800</b>	<b>2,198,778</b>	<b>8,560,423</b>	<b>2,374,409</b>
<b>Total assets less current assets</b>		<b>107,357,187</b>	<b>101,482,980</b>	<b>108,195,763</b>	<b>101,482,980</b>
Creditors - amounts falling due after more than one year	22	(10,602,323)	(10,821,923)	(10,602,323)	(10,821,923)
<b>Net assets excluding pension scheme asset</b>		<b>96,754,864</b>	<b>90,661,057</b>	<b>97,593,440</b>	<b>90,661,057</b>
Defined benefit pension scheme asset	29	8,734,000	6,712,000	8,734,000	6,712,000
<b>Total net assets</b>		<b>105,488,864</b>	<b>97,373,057</b>	<b>106,327,440</b>	<b>97,373,057</b>
<b>The funds of the charity:</b>					
Endowment funds	24	888,478	806,305	888,478	806,305
Restricted funds	25	15,237,760	10,755,447	15,237,760	10,755,447
<b>Unrestricted funds:</b>					
Designated funds	26	672,362	701,170	672,362	701,170
General funds		79,956,264	78,398,135	80,794,840	78,398,135
Pension reserve	29	8,734,000	6,712,000	8,734,000	6,712,000
<b>Total unrestricted funds</b>		<b>89,362,626</b>	<b>85,811,305</b>	<b>90,201,202</b>	<b>85,811,305</b>
<b>Total charity funds</b>		<b>105,488,864</b>	<b>97,373,057</b>	<b>106,327,440</b>	<b>97,373,057</b>

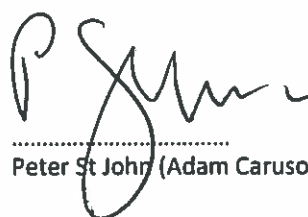
Approved and authorised for issue by the President and Council of The Royal Academy of Arts on .....

7 Decese 2021



Rebecca Salter PRA

President



Peter St John (Adam Caruso and Peter St John RA)

Treasurer

Registered Company No. 06298947

**The Royal Academy of Arts**  
**Consolidated Statement of Cash Flows**  
**For the year ended 31 August 2021**

	Note	2021 £	2020 £ <small>as restated</small>	
<b>Net cash provided by operating activities</b>	28	<b>10,648,851</b>	7,812,378	
<b>Tax credit received</b>		-	534,941	
<b>Cash flows from investing activities</b>				
Interest paid	11	<b>(483,703)</b>	(500,734)	
Interest received		<b>8</b>	18,006	
Payments to acquire intangible fixed assets	17.a	<b>(99,652)</b>	(251,188)	
Payments to acquire tangible fixed assets	18.a,c,d	<b>(3,858,743)</b>	(1,509,685)	
Payments to acquire fixed asset investments	19	<b>(925,000)</b>	(775,000)	
<b>Net cash used in investing activities</b>		<b>(5,367,090)</b>	(3,018,601)	
<b>Cash flows from financing activities</b>				
Net repayment on revolving credit facilities	21	-	(300,000)	
Bank loan repayments	22	<b>(219,600)</b>	(219,600)	
<b>Net cash used in financing activities</b>		<b>(219,600)</b>	(519,600)	
Net change in cash and cash equivalents		<b>5,062,161</b>	4,809,118	
Cash and cash equivalents at the beginning of the year		<b>7,978,608</b>	3,169,490	
<b>Cash and cash equivalents at the end of the year</b>		<b>13,040,769</b>	7,978,608	
<b>Analysis of cash and cash equivalents:</b>				
Cash at bank and in hand		<b>13,040,769</b>	7,978,608	
Total cash and cash equivalents		<b>13,040,769</b>	7,978,608	
<b>Analysis of changes in net debt:</b>		<b>Opening</b>	<b>Cash flows</b>	<b>Closing</b>
		<b>£</b>	<b>£</b>	<b>£</b>
Cash		7,978,608	5,062,161	<b>13,040,769</b>
Loans falling due within one year	21	(3,919,600)	-	<b>(3,919,600)</b>
Loans falling due after more than one year	22	(10,821,923)	219,600	<b>(10,602,323)</b>
Total net debt		<b>(6,762,915)</b>	<b>5,281,761</b>	<b>(1,481,154)</b>

**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2021**

**1 General information**

The Royal Academy of Arts ("Royal Academy") and its subsidiaries (together "the Group") continues to aspire to promote the arts of design and educate the public in the creation, appreciation and enjoyment of arts. The registered office is Burlington House, Piccadilly, London.

The Royal Academy is a company limited by guarantee and a registered charity and incorporated in England and Wales.

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

**2 Summary of significant accounting policies**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investments to market value 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"), the Charities Act 2011 and Companies Act 2006.

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

**a. Basis of preparation**

The financial statements have been prepared on a going concern basis.

The consolidated financial statements comprise the financial statements of the Royal Academy and its three trading subsidiaries: RA (Arts) Limited, Burlington House Limited and R.A. Enterprises Limited made up to 31 August 2021. The total income and expenditure of these entities is shown in the Statement of Financial Activities ("SOFA") and the detailed results are disclosed in note 7 of the financial statements. The statements are consolidated on a line by line basis.

The Royal Academy has taken advantage of the exemption in section 408 of the Companies Act 2006 from disclosing its individual SOFA. The Royal Academy only surplus (net movement in funds) was £8,954,383 (2020: £8,487,835).

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.

**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2021**

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

**b. Going concern**

The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the Royal Academy to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements and have considered the continued impact of the Covid-19 pandemic. In particular, the trustees have considered the sensitivity of forecasts, including that of a slower recovery from the pandemic. They have taken account of the related pressures on its key sources of income from donations, in particular the annual donation from the Friends of the Royal Academy; sponsorship and admission income from its exhibitions programme; and from its trading activities, including onsite and online retail and corporate membership and lets. The trustees have further reviewed its underlying cost base and its expenditure on both its charitable and fundraising activities, as well as from commercial trading, supporting these key sources of income.

In order to mitigate the impact of Covid-19 over both the next 12 months and to ensure the longer term financial sustainability of the Royal Academy, a significant restructuring programme to establish a “core RA” organisational structure and to deliver £8.0m annual cost savings, representing over 25% of the addressable cost base, was embarked upon. Following a due Collective Consultation process during late 2020, the redundancy programme was completed in early 2021, which resulted in over 100 roles being made redundant. The cost of restructuring was £2.2m, with annual staff cost savings of c.£3.8m achieved, representing c.27% of staff costs. Annual cost savings were also achieved from other operational expenditure through rationalising activity as part of the 2021-25 Vision, with total cost savings falling just short of the £8.0m annual cost savings target at circa £7.7m. Approximately £7.0m of these savings have been retained in the operating budget for the 2021/22 financial year, with additional costs primarily supporting improved revenue projections for the forthcoming year.

Notwithstanding the continued impact of the Covid-19 pandemic, the trustees consider that there are no material uncertainties about the Group's ability to continue as a going concern. The Group has net current assets of £7.7m at the year end, including £3.7m drawn on a £5.0m committed Masterplan Revolving Credit Facility (“Masterplan RCF”), which can, if required, be rolled forward after each one month interest period to June 2023. The Masterplan RCF limit thereafter reduces to a £3.5m commitment to 31 August 2024. The Group also has access to a committed £2.5m Operating Revolving Credit Facility (“Operating RCF”) to March 2023 (thereafter reducing to £1.5m to 31 August 2024) and a £0.5m overdraft facility, neither of which had been drawn upon as at the year end or in the post year end period to date. A one year extension of the £3.5m Masterplan RCF and £1.5m Operating RCF to 31 August 2025 has been approved, with the facility agreement due to be signed in early 2022.

In addition, the Royal Academy Trust, an independent charity established to specifically provide support to the Royal Academy, held funds of £52.3m at 31 August 2021 in trust for the Royal Academy, of which £17.9m are unrestricted, including £11.8m that is both unrestricted and not designated, and £0.6m of restricted funds held in the Paul Mellon Endowment fund, which may be used for the general purposes of the Royal Academy. In November 2020, the Royal Academy Trust pledged a further £2.0m donation to the Royal Academy, which may be drawn down over the period to 31 August 2023 as emergency support funding to mitigate the financial impact of Covid-19. This pledge has not yet been called upon by the Royal Academy.

In view of the steps being taken to reduce the cost base; the level of current liquid resources; the long term loan funding and short term facilities in place; and the pledged donations and ongoing support of the Royal Academy Trust, the trustees consider that the Group has both sufficient funding and liquidity for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2021**

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

**c. Total return investment accounting**

The trustees have elected to adopt the total return approach for the investment of its permanent endowments. Under this approach, the permanently endowed funds are invested to produce an investment return without regard to whether that return is in the form of income or capital appreciation; the investment return forms a component of the endowment fund called the unapplied total return. The trustees periodically determine how much of the unapplied total return is released to income for spending and how much is retained for investment. This allocation is made equitably to balance the need for income to meet current requirements and to hold funds as part of the endowment to produce investment returns for the future.

**d. 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 Council 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 Royal Academy, including the general fund which represents the Group's reserves. The major funds held in each of these categories are disclosed in notes 24 to 26.

Transfers between funds represents the funds transferred between restricted funds to the general unrestricted fund on completion of projects and restrictions being satisfied.

**e. Burlington House**

The Royal Academy holds a 999 year lease on Burlington House, of which almost 850 years remain, title to which is vested in the Secretary of State for the Department of Communities and Local Government. The rent of the property is nominal but it is the responsibility of the Royal Academy to maintain the property in a sound condition. The property is inalienable in that its ownership reverts to the Government if it is no longer used by the Royal Academy. The property works carried out on the galleries, Schools and Library are principally to maintain the fabric in its original condition and ensure an adequate environment for the exhibits. As the value of these works is part of the fabric of the building and cannot be realised, these are not recognised in the balance sheet except in the case of building improvements as detailed in the fixed assets and depreciation policy described below.

**f. Heritage assets**

The Royal Academy holds a collection of works of art, which consists of paintings, sculptures and prints, together with a library of books acquired by the Royal Academy by donation, bequest and from members on election to the Royal Academy ("Diploma Works").

**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2021**

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

**f. Heritage assets (continued)**

The trustees do not consider that reliable cost or valuation information can be obtained for the vast majority of heritage assets held by the Royal Academy. In particular, the Diploma Works have an intrinsic value to the Royal Academy collection as an embodiment of the development of the Royal Academy as an institution. The manner in which they are given to the Royal Academy makes the valuation of these items very subjective, such that a reliable value cannot be arrived at. Furthermore, the cost of valuing the entire collection would be onerous compared with the benefit derived by users of the financial statements in assessing the Royal Academy's stewardship of these assets.

As such, the Royal Academy does not recognise these assets on its balance sheet other than acquisitions made since 1 April 2010 with a value of £10,000 or more. These are reported at cost where the asset is purchased or at the curator's best estimate of current value where the asset is donated. Such assets are not depreciated but are reviewed for impairment in the event of physical deterioration. Any impairment in the value of an asset is treated as charitable expenditure in the year in which it arises.

Expenditure which is required to preserve or prevent further deterioration of the collection is recognised in the SOFA when it is incurred.

**g. Foreign currency**

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.

**h. Intangible assets**

Computer software and website costs are stated at cost less accumulated amortisation and impairment losses. These are amortised over their estimated useful life, of three years, on a straight line basis.

**i. Tangible assets**

Expenditure on building improvements, new machinery and equipment is capitalised as fixed assets and stated at cost less accumulated depreciation. The Royal Academy applies a £1,000 threshold to the capitalisation of fixed assets. Depreciation is charged at the following rates on a straight line basis:

Building improvements	5 to 25 years
Computers	over 3 years
Office fixtures and fittings	3 to 10 years
Plant and equipment	5 to 15 years
Motor vehicles	over 3 years

Short leasehold property improvements are depreciated over the period of the lease.

Freehold property has been capitalised and included in fixed assets at cost. Depreciation has not been provided after taking into account the value of the land, the residual value of the property and the estimated useful life of the asset. The property is reviewed annually for any potential impairment.

Investment property has been capitalised and included in fixed assets initially at cost and subsequently at fair value at the reporting date. Changes in fair value are recognised in the SOFA.

**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2021**

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

**i. Tangible assets (continued)**

No depreciation is charged on assets in course of construction. Where assets are constructed as part of a project for which specific identifiable assets are brought into service before the overall project is completed, such assets will be transferred from assets in course of construction to building improvements or fixtures, fittings and equipment as appropriate and depreciated from the date these are placed in service.

**j. Operating leases**

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the SOFA on a straight line basis over the period of the lease.

Incentives received to enter into operating leases are credited to the SOFA to reduce the lease expense, on a straight line basis over the period of the lease.

**k. Stock**

Stock principally consists of shop and e-commerce products and is valued at the lower of cost and net realisable value. In the case of artworks provided by an artist these items are recognised in the financial statements at their anticipated sales price, less anticipated cost of sales and any subsequent impairment.

**l. Income**

Income, which is stated net of VAT where applicable, and intra-group transactions, consists of box office takings, sponsorship, donations and grants.

Income received for an activity taking place in a subsequent period is deferred to that period in accordance with FRS 102, except where that income relates to an exhibition where the accounting policy outlined below is followed.

**i. Exhibitions**

The results of exhibitions are recognised in the financial statements of the year in which the majority of the exhibition takes place. Costs incurred and income received, including sponsorship income, in connection with forthcoming exhibitions, where the majority of the exhibition falls after the year end, are deferred at the balance sheet date. If a decision is made not to proceed with an exhibition, the costs are written off. Commission on art sales at the Royal Academy's Summer Exhibition is recognised at the point of sale by the artist.

**ii. Donated services**

Where an artist has donated their services, for example, in the creation of artworks or artworks themselves, to be sold alongside an exhibition, the donated services or artworks are recognised in the financial statements in accordance with the policy for exhibitions income disclosed above.

Other donated services are recognised when these have been delivered and are valued at the amount the Royal Academy would be prepared to pay for a similar service.

**iii. Patrons**

Patrons income is recognised in the financial statements on a cash received basis.

**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2021**

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

**i. Income (continued)**

**iv. Grants**

For performance related grants, income entitlement is considered to be conditional upon the meeting of conditions imposed by the grant. Income is therefore recognised in the financial statements to the extent that the Royal Academy has demonstrably met any grant conditions imposed.

Non-performance related grants are recognised when there is evidence of entitlement, receipt is probable (more likely than not) and its amount can be measured reliably.

**v. Donations**

Donations and related Gift Aid are accounted for when the donation is received. If donations are specifically in connection with a future event, these are restricted; if specifically in connection with a future exhibition, these follow the policy set out in 2.i.i..

**vi. Trading subsidiary income**

Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of discounts and VAT.

Turnover is recognised at the point of sale for goods and when services have been delivered. Subscriptions are accounted for in the period in which membership commences.

**m. Legacies**

Legacies are accounted for as income where there is clear entitlement; the amounts can be measured reliably; and receipt 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.

**n. Expenditure**

Expenditure is accounted for on an accruals basis inclusive of any VAT which cannot be recovered. Expenditure is recognised when there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable a transfer of economic benefit will be required in settlement and the amount can be measured reliably.

Expenditure on raising funds consist of costs of trading subsidiaries and fundraising expenditure. These include the direct costs of the department, including the running costs of sponsorship, fundraising and events, together with a share of the support costs of the Royal Academy.



**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2021**

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

**n. Expenditure (continued)**

Charitable activities include all costs related to the main purpose of the Royal Academy and include: direct costs of exhibitions and the associated education programme; running the Royal Academy Schools; and the conservation of the permanent collection and the Library. Publicity costs are allocated to Exhibitions, Schools, Collections and Education based on the income from each area.

Support costs are the costs of departments which are shared by the various activities of the Royal Academy: Finance, Human Resources, Information Technology, Facilities and governance costs. These costs are allocated to activities on a basis that is appropriate to the nature of the expenditure and have therefore been allocated over headcount.

**o. Employee benefits**

The Royal Academy provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

**i. Short term benefits**

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

**ii. Defined benefit pension plan**

The Royal Academy of Arts Pension Scheme ("the Scheme") is a defined benefit pension scheme closed to future accrual on 30 September 2016. Pension assets and liabilities are recorded in line with Section 28 of FRS 102. With scheme valuations undertaken by independent actuaries, FRS 102 measures the value of pension assets and liabilities at the balance sheet date and determines the benefits accrued in the year and the interest on assets and liabilities. Current service costs, together with the net interest for the year, are allocated to relevant expenditure headings within the SOFA. Scheme assets are measured at fair value at the balance sheet date. Scheme liabilities are measured on an actuarial basis at the balance sheet date using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent term to the Scheme liabilities. The change in value of assets and liabilities arising from asset valuation, changes in benefits, actuarial assumptions, or change in the level of deficit attributable to members is recognised in unrestricted funds in the SOFA within remeasurement of defined benefit pension scheme asset. The resulting defined benefit pension scheme asset or liability is presented separately on the face of the balance sheet in unrestricted funds. The Royal Academy recognises an asset for its Scheme to the extent this is considered recoverable through reduced contributions in the future, or through refunds from the Scheme. The trustees of the Scheme believe that the Scheme currently meets the minimum funding requirements. The assets of the Scheme are held completely independently from the Royal Academy.

The income and expense related to the Scheme is allocated entirely to the unrestricted ongoing activities of the Group.

**iii. Defined contribution pension plans**

The Royal Academy operates two defined contribution plans for its employees. The contributions are recognised as an expense when these are due. Amounts not paid are shown in accruals in the balance sheet.

**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2021**

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

**o. Employee benefits (continued)**

**iv. Termination payments**

Termination benefits are payable when employment is terminated by the Royal Academy before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Royal Academy recognises termination benefits when it is demonstrably committed to either (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or (ii) providing termination benefits as a result of an offer made to encourage voluntary redundancy.

**p. Administered funds**

Investments held by the administered funds are stated at market value at the balance sheet date. Dividend income from investments is recognised on an accruals basis.

**q. Investments**

**i. Investment properties**

Investment properties comprise those held solely for either their rental income and/or capital appreciation. They are carried at fair value.

**ii. Other investments**

Listed investments are stated at market value at the year end. The market value of securities is based on the bid 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 or loss during the year. Investment income, including the related tax credit, and interest on bank and short-term deposits are accounted for on a receivable basis.

**r. Financial instruments**

Financial instruments are recognised in the Royal Academy'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 Royal Academy after deducting all of its liabilities.

**i. 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.

**ii. Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, 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 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.

**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2021**

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

**r. Financial instruments (continued)**

**iii. 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.

**iv. 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.

**v. Basic financial liabilities**

Basic financial liabilities, including trade and other payables and bank loans 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.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. These are classified as current liabilities if payment is due within one year or less. If not, these are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost.

**vi. 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. Useful economic lives of tangible and intangible assets**

The annual depreciation and amortisation charge for fixed assets is sensitive to changes in the estimated useful economic lives of the assets. The useful economic lives are re-assessed annually. These are amended where necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See notes 17 and 18 for the carrying value of assets and note 2.h and 2.i for the useful economic lives.

**b. Impairment of debtors**

The Royal Academy makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

**c. Defined benefit pension scheme asset**

The determination of the assumptions used in calculating the defined benefit pension scheme asset is the responsibility of the trustees of the Royal Academy, with delegated authority to the Director of Finance. The assumptions are set with regard to advice given by the scheme actuary.

**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2021**

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

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

		Ongoing activities				Burlington Project Restricted	
	Unrestricted	Designated	Restricted	Endowment	Endowment	Restricted	Total
	funds	funds	funds	funds	funds	funds	2020
	2020	2020	2020	2020	2020	2020	2020
	£	£	£	£	£	£	£
<b>Income from:</b>							as restated
Donations and legacies							
General donations from RAT*	-	-	316,946	-	-	-	<b>316,946</b>
Other donations from RAT*:							
Burlington Project	-	-	-	-	1,505,000	-	<b>1,505,000</b>
Cataloguing project	-	-	19,526	-	-	-	<b>19,526</b>
Other projects	-	-	541,990	-	-	-	<b>541,990</b>
Donations from Friends of the RA	11,527,070	-	-	-	-	-	<b>11,527,070</b>
Other donations	5 1,259,803	2,169,567	3,502,838	625,000	4,044,595	-	<b>11,601,803</b>
Grant income	6 2,357,154	-	89,047	-	-	-	<b>2,446,201</b>
Charitable activities							
Exhibitions	4,533,432	-	-	-	-	-	<b>4,533,432</b>
Schools	73,353	-	-	-	-	-	<b>73,353</b>
Library	11,877	-	-	-	-	-	<b>11,877</b>
Education	426,228	-	-	-	-	-	<b>426,228</b>
Other trading activities							
Income from trading subsidiaries	7 9,242,964	-	-	-	-	-	<b>9,242,964</b>
Sponsorship, rent and other receipts	2,986,511	-	-	-	-	-	<b>2,986,511</b>
Investments							
Bank interest	10,783	-	-	-	7,223	-	<b>18,006</b>
Dividends	601	-	-	-	-	-	<b>601</b>
<b>Total income</b>	<b>32,429,776</b>	<b>2,169,567</b>	<b>4,470,347</b>	<b>625,000</b>	<b>5,556,818</b>	<b>45,251,508</b>	
<b>Expenditure on:</b>							
Raising funds							
Fundraising	9 (3,965,482)	-	-	-	-	-	<b>(3,965,482)</b>
Expenditure from trading subsidiaries	7 (6,636,286)	-	-	-	-	-	<b>(6,636,286)</b>
Charitable activities	10 (23,203,089)	(1,908,726)	(2,059,060)	-	-	-	<b>(27,170,875)</b>
Other							
Donation to RAT*	-	-	(16,828)	-	-	-	<b>(16,828)</b>
<b>Total expenditure</b>	<b>(33,804,857)</b>	<b>(1,908,726)</b>	<b>(2,075,888)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(37,789,471)</b>
Net gains on investments	-	-	-	31,305	-	-	<b>31,305</b>
<b>Net income / (expenditure)</b>	<b>11 (1,375,081)</b>	<b>260,841</b>	<b>2,394,459</b>	<b>656,305</b>	<b>5,556,818</b>	<b>7,493,342</b>	
Transfers between funds	24-26 2,743,447	52,459	27,160	150,000	(2,973,066)	-	-
<b>Other gains</b>							
Tax credit	15 363,493	-	-	-	-	-	<b>363,493</b>
Remeasurement of defined benefit pension scheme asset	29 631,000	-	-	-	-	-	<b>631,000</b>
<b>Net movement in funds</b>	<b>2,362,859</b>	<b>313,300</b>	<b>2,421,619</b>	<b>806,305</b>	<b>2,583,752</b>	<b>8,487,835</b>	
Total funds brought forward	<b>82,747,276</b>	<b>387,870</b>	<b>1,453,722</b>	<b>-</b>	<b>4,296,354</b>	<b>88,885,222</b>	
<b>Total funds carried forward</b>	<b>85,110,135</b>	<b>701,170</b>	<b>3,875,341</b>	<b>806,305</b>	<b>6,880,106</b>	<b>97,373,057</b>	

\* RAT denotes Royal Academy Trust

**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2021**

**5 Income from other donations**

	Unrestricted funds £	Designated funds £	Restricted funds £	Endowment funds £	Total £
<b>2021</b>					
Exhibitions	255,555	-	270,121	-	525,676
Schools	10,634	-	576,491	-	587,125
Collections	350	-	-	-	350
Education	61,021	-	72,357	-	133,378
General - Other	721,358	-	34,750	-	756,108
Burlington Project - Sackler lift	-	-	250,000	-	250,000
Burlington Project - Phase I/II	-	-	5,655,734	-	5,655,734
Coronavirus Emergency Support Fund ("CESF")	-	783,904	-	-	783,904
Legacies - CESF**	-	842,119	-	-	842,119
<b>Total</b>	<b>1,048,918</b>	<b>1,626,023</b>	<b>6,859,453</b>	<b>-</b>	<b>9,534,394</b>
<b>2020</b>					
Exhibitions	426,554	-	342,480	-	769,034
Schools	14,633	55,635	488,025	-	558,293
Collections	250	-	12,500	-	12,750
Education	47,337	500	206,048	-	253,885
General - Other*	771,029	-	2,441,151	-	3,212,180
Burlington Project - Sackler lift	-	-	250,000	-	250,000
Burlington Project - Phase I/II	-	-	3,794,595	-	3,794,595
Presidents' Fund	-	8,393	-	-	8,393
Schools - Permanent Endowment	-	-	-	625,000	625,000
Coronavirus Emergency Support Fund ("CESF")	-	1,533,708	-	-	1,533,708
Legacies - Schools	-	-	12,634	-	12,634
Legacies - Presidents' Fund**	-	185,333	-	-	185,333
Legacies - CESF**	-	385,998	-	-	385,998
<b>Total</b>	<b>1,259,803</b>	<b>2,169,567</b>	<b>7,547,433</b>	<b>625,000</b>	<b>11,601,803</b>

\* General other includes a donation of £2,159,884 in 2020 for the purchase and maintenance of 7 Pembroke Studios (see note 18.d).

\*\* With effect from 1 September 2018, Council has determined that unrestricted legacies will be set aside as part of the "Presidents' Fund" which is a designated fund held for the general purposes of the Royal Academy. In March 2020, the Royal Academy established a Coronavirus Emergency Support Fund ("CESF"). At its 31 March 2020 meeting, Council approved that unrestricted legacy income received until further notice should be designated to the CESF and held for the general purposes of the Royal Academy.

**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2021**

**6 Income from grant income**

	Unrestricted funds £	Restricted funds £	Total £
<b>2021</b>			
Coronavirus Job Retention Scheme	2,546,202	-	<b>2,546,202</b>
Schools	28,480	14,583	<b>43,063</b>
Education	-	167,500	<b>167,500</b>
Total	<b>2,574,682</b>	<b>182,083</b>	<b>2,756,765</b>
<b>2020</b>			
Coronavirus Job Retention Scheme	2,300,268	-	<b>2,300,268</b>
Exhibitions	-	27,770	<b>27,770</b>
Schools	56,886	-	<b>56,886</b>
Education	-	61,277	<b>61,277</b>
Total	<b>2,357,154</b>	<b>89,047</b>	<b>2,446,201</b>

The Royal Academy has taken advantage of the Government's Coronavirus Job Retention Scheme ("CJRS") since it was introduced in March 2020, placing over 60% of permanent staff on furlough at points during the period to 31 August 2020, as well as temporary staff. This continued throughout the year ended 31 August 2021, with up to 98% of permanent staff on full or flexible furlough at any one time, as well as temporary staff for the period until 31 December 2020.

**The Royal Academy of Arts**  
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**For the year ended 31 August 2021**

**7 Results from subsidiaries**

The Royal Academy has three wholly owned trading subsidiaries: R.A. Enterprises Limited, which operates a shop and e-commerce business, a restaurant and cafés, a publications and art sales business and commercial learning; RA (Arts) Limited, which provides entertainment services to the corporate sector; and Burlington House Limited, which raises funds from the corporate sector and individuals through ticketed events. These companies have entered into deeds of covenant to donate their distributable profits to the Royal Academy. The registered offices of all subsidiaries is Burlington House, Piccadilly, London. A summary of their trading results is shown below. Audited financial statements for these subsidiaries are filed annually with the Registrar of Companies.

<b>Profit and Loss:</b>	<b>Total</b>	<b>R.A. Enterprises Ltd</b>		<b>RA (Arts) Ltd</b>		<b>Burlington House Ltd</b>	
	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
					as restated		as restated
Turnover	<b>4,959,471</b>	<b>4,120,885</b>	7,042,424	<b>822,736</b>	1,986,757	<b>15,850</b>	213,783
Cost of sales	<b>(2,331,871)</b>	<b>(2,301,990)</b>	(2,934,628)	<b>(29,881)</b>	(65,029)	-	(134,430)
Administrative expenses	<b>(2,897,769)</b>	<b>(2,644,446)</b>	(3,167,538)	<b>(224,448)</b>	(264,527)	<b>(28,875)</b>	(70,134)
Total expenses	<b>(5,229,640)</b>	<b>(4,946,436)</b>	(6,102,166)	<b>(254,329)</b>	(329,556)	<b>(28,875)</b>	(204,564)
Net result	<b>(270,169)</b>	<b>(825,551)</b>	940,258	<b>568,407</b>	1,657,201	<b>(13,025)</b>	9,219
Distribution to the Royal Academy	<b>(568,407)</b>	-	(940,258)	<b>(568,407)</b>	(1,657,201)	-	(9,219)

No charge to taxation will arise as the companies have entered into deeds of covenant to donate their distributable profits to the Royal Academy.

**Balance Sheet:**

**Fixed assets**

Intangible fixed assets	<b>28,431</b>	<b>28,431</b>	150,546	-	-	-	-
Tangible fixed assets	<b>21,727</b>	<b>21,727</b>	25,197	-	-	-	-
Total fixed assets	<b>50,158</b>	<b>50,158</b>	175,743	-	-	-	-

**Current assets**

Stock	<b>916,916</b>	<b>916,916</b>	1,078,815	-	-	-	-
Debtors	<b>827,764</b>	<b>376,501</b>	463,859	<b>209,159</b>	346,589	<b>242,104</b>	344,590
Cash and cash equivalents	<b>71,921</b>	<b>18,721</b>	55,516	-	-	<b>53,200</b>	53,200
Total current assets	<b>1,816,601</b>	<b>1,312,138</b>	1,598,190	<b>209,159</b>	346,589	<b>295,304</b>	397,790

**Current liabilities**

Creditors - amounts falling due within one year	<b>(2,687,142)</b>	<b>(2,169,758)</b>	(1,773,929)	<b>(209,155)</b>	(346,585)	<b>(308,229)</b>	(397,690)
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**Net current assets / (liabilities)**

	<b>(870,541)</b>	<b>(857,620)</b>	(175,739)	<b>4</b>	4	<b>(12,925)</b>	100
<b>Total assets less total liabilities</b>	<b>(820,383)</b>	<b>(807,462)</b>	4	<b>4</b>	4	<b>(12,925)</b>	100

**Capital and reserves**

Called up share capital	<b>108</b>	<b>4</b>	4	<b>4</b>	4	<b>100</b>	100
Equity shareholders' funds	<b>108</b>	<b>4</b>	4	<b>4</b>	4	<b>100</b>	100

**The Royal Academy of Arts**  
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**8 Support costs**

<b>2021</b>	<b>Finance</b> £	<b>IT</b> £	<b>Personnel</b> £	<b>Facilities</b> £	<b>Governance</b> £	<b>Total</b> £
Exhibitions	1,033,603	578,248	277,797	1,613,185	227,899	<b>3,730,732</b>
Schools	209,514	117,212	56,310	326,997	46,196	<b>756,229</b>
Collections	195,546	109,398	52,556	305,197	43,116	<b>705,813</b>
Education	237,449	132,841	63,818	370,596	52,355	<b>857,059</b>
Publicity (note 10)	432,996	242,239	116,374	675,794	95,471	<b>1,562,874</b>
Fundraising (note 9)	377,125	210,982	101,358	588,594	83,152	<b>1,361,211</b>
<b>2021 total</b>	<b>2,486,233</b>	<b>1,390,920</b>	<b>668,213</b>	<b>3,880,363</b>	<b>548,189</b>	<b>8,973,918</b>

Personnel costs include legal, professional and consultancy costs of £145,284 (2020: £nil) pertaining to the restructuring.

<b>2020</b>	<b>Finance</b> £	<b>IT</b> £	<b>Personnel</b> £	<b>Facilities</b> £	<b>Governance</b> £	<b>Total</b> £
Exhibitions	893,634	515,109	209,629	1,484,179	194,462	3,297,013
Schools	229,792	132,456	53,904	381,646	50,005	847,803
Collections	217,026	125,098	50,910	360,444	47,227	800,705
Education	293,623	169,250	68,878	487,659	63,895	1,083,305
Publicity (note 10)	548,947	316,424	128,772	911,710	119,455	2,025,308
Fundraising (note 9)	510,648	294,348	119,788	848,103	111,121	1,884,008
<b>2020 total</b>	<b>2,693,670</b>	<b>1,552,685</b>	<b>631,881</b>	<b>4,473,741</b>	<b>586,165</b>	<b>9,938,142</b>

**9 Fundraising**

	<b>2021</b> £	<b>2020</b> £
Direct fundraising costs	<b>1,680,026</b>	2,081,474
Support costs (note 8)	<b>1,361,211</b>	1,884,008
<b>Total</b>	<b>3,041,237</b>	3,965,482

**10 Charitable activities**

<b>2021</b>	<b>Direct costs</b> £	<b>Support costs</b> £	<b>Publicity costs (i)</b> £	<b>Total</b> £
Exhibitions	8,475,416	3,730,732	3,719,587	<b>15,925,735</b>
Schools	1,202,129	756,229	25,020	<b>1,983,378</b>
Collections	1,123,376	705,813	13,167	<b>1,842,356</b>
Education	1,097,472	857,059	97,387	<b>2,051,918</b>
<b>Total</b>	<b>11,898,393</b>	<b>6,049,833</b>	<b>3,855,161</b>	<b>21,803,387</b>

(note 8)



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**10 Charitable activities (continued)**

2020	Direct costs £	Support costs £	Publicity costs (i) £	Total £
Exhibitions	12,097,532	3,297,013	4,750,497	20,145,042
Schools	1,216,587	847,803	76,865	2,141,255
Collections	1,212,002	800,705	12,446	2,025,153
Education	1,329,484	1,083,305	446,636	2,859,425
<b>Total</b>	<b>15,855,605</b>	<b>6,028,826</b>	<b>5,286,444</b>	<b>27,170,875</b>

Exhibitions expenditure includes the direct costs of mounting all loan exhibitions and the Summer Exhibition and all associated costs, such as curatorial staff, art handling, security, press and box office.

i. Publicity costs comprise direct publicity costs and an allocation of support costs analysed as follows:

	2021 £	2020 £
Direct publicity costs	<b>2,292,287</b>	3,261,136
Support costs (note 8)	<b>1,562,874</b>	2,025,308
<b>Total</b>	<b>3,855,161</b>	<b>5,286,444</b>

**11 Net income / (expenditure)**

	2021 £	2020 £
This is stated after charging:		
Amortisation	<b>417,980</b>	578,326
Depreciation	<b>3,482,493</b>	3,547,060
Auditors' remuneration:		
External auditors		
Audit services - group undertakings	<b>51,305</b>	50,340
Audit services - defined benefit pension scheme	<b>8,650</b>	8,775
Other services	<b>11,729</b>	22,534
Interest payable and similar charges	<b>483,703</b>	500,734

External auditors other services relate to tax compliance and other advice.

The total lease expenditure incurred in the year was £138,931 (2020: £88,142).

**12 Role of volunteers**

Like all charities, the Royal Academy, uses a team of volunteers. In 2021 the Royal Academy engaged 148 (2020: 162) volunteers across both its Learning and Collections departments.

In accordance with the SORP, due to the absence of any reliable measurement basis, the contribution of these volunteers is not recognised in the financial statements.

**The Royal Academy of Arts**  
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**13 Officers' and Council members' remuneration**

	2021 £	2020 £
Officers' remuneration, excluding pension contributions, is as follows:		
President	65,340	66,308
Keeper	50,000	27,226
Secretary and Chief Executive	183,689	186,951
Treasurer	40,000	38,000
	<hr/>	<hr/>
Total	<b>339,029</b>	<b>318,485</b>

Remuneration for officers is set by the Remuneration Committee.

One officer (2020: one) received pension contributions totalling £18,369 (2020: £18,695).

Council members are only reimbursed for expenses incurred in the performance of their duties, except for those individuals who are remunerated for their duties as officers. One (2020: two) trustees received reimbursed expenditure of:

	2021 £	2020 £
Travel	249	1,188
Other	1,721	82
	<hr/>	<hr/>
Total	<b>1,970</b>	<b>1,270</b>

Trustee indemnity insurance costs for the year totalled £25,063 (2020: £21,213).

**14 Staff costs**

	2021 £	2020 £
Salaries and wages	11,165,470	13,839,584
Social security costs	1,116,478	1,291,619
Redundancy and termination payments	1,515,921	108,656
Pension contributions - defined contribution schemes	823,399	949,037
Pension service income - defined benefit scheme	(101,000)	(106,000)
	<hr/>	<hr/>
Total	<b>14,520,268</b>	<b>16,082,896</b>

Staff costs include payroll for temporary as well as permanent staff.

As disclosed in note 6, grant income of £2,546,202 (2020: £2,300,268) was claimed in respect of the Coronavirus Job Retention Scheme.

The organisation undertook a significant restructuring in the year. The total cost of the restructuring was £2.2m. In addition to the £1.5m redundancy and termination payments above, a further £0.2m of redundancy costs were incurred and recharged to the Friends of the Royal Academy. There were further holiday pay, social security costs and pension contributions of £0.4m and legal, professional and consultancy costs of £0.1m (see note 8). Due to the impact of this, salaries and wages and the number of full-time equivalent employees have reduced significantly compared to last year.

The key management personnel of the Royal Academy, and Group, comprise the Senior Leadership Team (previously Executive Committee), trustees and officers. Total remuneration of key management personnel during the year was £1,186,063 (2020: £1,420,517).

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**14 Staff costs (continued)**

The number of employees, including officers, whose remuneration exceeded £60,000, is shown below:

Band:	<b>2021</b>	2020
	<b>No.</b>	No.
£60,000 to £69,999	<b>6</b>	5
£70,000 to £79,999	<b>6</b>	5
£80,000 to £89,999	<b>4</b>	2
£90,000 to £99,999	<b>1</b>	-
£110,000 to £119,999	<b>2</b>	1
£120,000 to £129,999	<b>1</b>	1
£130,000 to £139,999	-	1
£140,000 to £149,999	-	-
£180,000 to £189,999	<b>1</b>	1
£210,000 to £219,999	-	1

Pension contributions for the above employees were £161,932 (2020: £159,430).

The average number of permanent employees and full-time equivalent ("FTE") permanent employees, including officers, during the year was:

	<b>Headcount</b>		<b>FTE</b>	
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>No.</b>	No.	<b>No.</b>	No.
Charitable activities	<b>120</b>	129	<b>101</b>	115
Fundraising and publicity	<b>58</b>	84	<b>56</b>	80
Trading activities	<b>44</b>	51	<b>38</b>	45
Governance	<b>4</b>	4	<b>4</b>	4
Support	<b>86</b>	103	<b>85</b>	101
<b>Total</b>	<b>312</b>	371	<b>284</b>	345

The number of part-time staff employed by the Royal Academy varies throughout the year, depending on the exhibition programme.

**15 Taxation**

The Royal Academy is entitled to a tax credit under the Museums and Galleries Tax Relief scheme from 1 April 2017.

	<b>2021</b>	2020
	<b>£</b>	£
Taxation credit		
- For the current year	<b>124,332</b>	255,223
- Adjustment in respect of prior year	<b>13,053</b>	108,270
<b>Total</b>	<b>137,385</b>	363,493

**The Royal Academy of Arts**  
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## **16 Heritage assets**

The Royal Academy holds assets that fall under the definition of "Heritage Assets". These fall into three broad collections: The Works of Art Collection, The Royal Academy Library and The Royal Academy Archive. Each of these is considered in turn.

All items in these collections are available to view by appointment. Items are also from time to time included in exhibitions at the Royal Academy, as well as being loaned out to other exhibitors.

### **The Works of Art Collection**

The Works of Art Collection consists of works of art and other objects of historic, artistic or associational significance owned by the Royal Academy, namely: paintings, sculpture (including medals, dies, cameos, and intaglio gems); drawings; artists' sketchbooks; individually issued prints; photographs; plaster casts (including pastes of gems); historic skeletons relating to teaching in the Schools; objects of memorabilia, including artists' tools and materials; historic silver and silver-plate; historic items of furniture; picture frames; and certain fittings and fixtures within Burlington House. The Royal Academy holds around 990 paintings in its permanent collection and over 25,000 prints and drawings.

The majority of works and objects in the collections date from the foundation of the Royal Academy in 1768 to the present day. Exceptions include the *Taddei Tondo*, the only marble by Michelangelo in the UK; early copies after the Old Masters, such as those by Giampietrino, Rosso Fiorentino and Sir James Thornhill; as well as some prints and drawings.

The core of The Works of Art Collection is the Diploma Works. These are given by Academicians on election to the institution and are predominantly by British artists and architects. Other works of art were purchased, bequeathed or given to the Royal Academy and range from drawings to plaster casts and from photographs to paintings. There is also a collection of silver given to the Royal Academy by Academicians, which is of historical importance to the Royal Academy.

### **The Royal Academy Library (Special Books Collection)**

The Library comprises the Historic Books Collection dating from the 16th century to approximately 1920, and the Special Illustrated Books Collection.

### **The Royal Academy Archive**

The Archive holds papers and documents and copies of electronic correspondence relating to the institution's history as well as artists' letters and archives. The Archive also includes photographic prints, transparencies, glass slides and negatives, films and videotapes which relate to the history and activities of the institution. More information about the Royal Academy's collection is available at [www.racollection.org.uk](http://www.racollection.org.uk).

### **Capitalisation of the collections**

In the opinion of the trustees, reliable information on cost or value is not available for the Royal Academy permanent collection. This is owing to the lack of reliable information on purchase cost; the lack of comparable market values; the diverse nature of the objects; and the volume of items held.

The collections have a significant intrinsic value relating to the way they provide a unique insight into the history of art and the study of art over the past 250 years. The manner in which items are given by Academicians makes valuation of these items difficult as there is no original cost to the item. In addition there is an intrinsic value to the collections as an embodiment of the history of the Royal Academy as an institution, which would also be far too subjective and unique to place any reliable value upon. For this reason, the permanent collection, large proportions of which were gifted to the Royal Academy at nil cost, are incomparable in nature and are not recognised as assets in the Royal Academy's balance sheet.

**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
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**16 Heritage assets (continued)**

**Acquisitions and disposals**

Diploma Works are proposed by newly elected members and accessioned into the collection following approval by Council. The approval of non-diploma works (by purchase, bequest or donation) is by the Director of Collections and Learning, in consultation with the relevant curator. If the acquisition is more than £5,000 in value, a case for accessioning must be made by the Director of Collections and Learning to the Collections and Library Committee. All acquisitions are reported annually to the Collections and Library Committee by the Director of Collections and Learning. The list is subsequently submitted to Council as part of an annual report and the Director of Collections and Learning attends Council to discuss any matters arising from the report.

Disposals will only take place in accordance with the Acquisitions and Disposals Policy. No disposals were made in the year. Objects will only be deaccessioned by way of exchange (in the case of Diploma Works) or if there is irreparable damage to or total loss of an object. Due to the accreditation by the Arts Council, and the Royal Academy's internal procedures and policies (described under "Collections management", below), disposals can only be for "financially motivated" reasons in exceptional circumstances. Any such disposal must be as part of a wider review of the Collection, and then proceeds must be used only for the benefit of the Collection.

In the financial year, Diploma Works were presented by Royal Academicians Lubaina Himid RA and Níall McLaughlin RA.

Gifts made to the Royal Academy in the current financial year include 11 sets of etchings by Norman Ackroyd RA with individual works valued between £500-£1,200, five early sketches by John Everett Millais PRA valued at approximately £1,200 each and the "Varnishing Day Portfolio" consisting of 101 original drawings by Royal Academicians with most valued between £500-£1,000. No gifts in this financial year included any works over the value of £10,000. Valuations are made at fair value, either provided by the artist or their gallery or based on an assessment made by the curator taking into consideration current market values.

The Collections Development Policy covering acquisitions and disposals is available for review on the Royal Academy's website [www.royalacademy.org.uk](http://www.royalacademy.org.uk).

**Preservation**

The Royal Academy is committed to the preservation of its collections. It aims to ensure the longest possible life of the collections. This includes security, financial, environmental, storage and staffing that all help to preserve the collections for posterity.

Works of art are ordinarily stored and displayed in conditioned spaces. Some sculpture is stored in spaces without environmental controls; however, these have proven to be naturally stable environments. The Royal Academy complies as closely as it is able with BS 5454:2000 "Recommendations for the Storage and Exhibition of Archival Documents 7.3" for the storage of its archives. Some items are held off-site in specialist warehouses.

For the works of art, most conservators employed by the Royal Academy are on the ICON Conservation Register. For other areas of the collections, a variety of conservation experts are consulted.

**Collections management**

The Works of Art Collection, Special Books Collection and Archive are catalogued in a series of discrete but interconnected databases, each fully conforming to their relevant professional standards, i.e. Spectrum for museum objects; AACR2 and MARC21 for books; and ISAD(G) for archives. The three databases are linked to a series of shared authority files and thesauri against which terms such as personal names, corporate names, materials and techniques, and production roles must be validated. This ensures consistency in data entry and in data searches.

The Collection, Library and Archive are designated as collections of national importance as awarded by the Arts Council in 2011. In order to meet the stringent requirements for this award, an extensive list of procedures and policies for the management of the collection, informed by nationally and internationally recognised standards, were approved by Council. These documents can be consulted in the Collections' Office.

**The Royal Academy of Arts**  
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**16 Heritage assets (continued)**

**Analysis of heritage assets (Group and Royal Academy)**

	Works of art				
	2021 £	2020 £	2019 £	2018 £	2017 £
Carrying amount at 1 September	<b>1,392,110</b>	1,142,110	679,000	391,000	46,000
Purchases	-	-	14,360	-	10,000
Gifts	-	250,000	448,750	288,000	335,000
Carrying amount at 31 August	<b>1,392,110</b>	1,392,110	1,142,110	679,000	391,000

**17 Intangible fixed assets**

Intangible assets include the Royal Academy's website and intranet costs, core system software and R.A. Enterprises Limited's Epos, e-commerce and stock management software. Additions during the year of £99,652 primarily relate to the ongoing costs of the Royal Academy's system for selling and servicing tickets, membership and donations.

<b>a. Group</b>	<b>Software £</b>
<b>Cost</b>	
At 31 August 2020	2,472,571
Additions	99,652
At 31 August 2021	<u>2,572,223</u>
<b>Amortisation</b>	
At 31 August 2020	1,841,806
Charge for the year	417,980
At 31 August 2021	<u>2,259,786</u>
<b>Net book value</b>	
At 31 August 2021	<u><b>312,437</b></u>
At 31 August 2020	<u>630,765</u>
<b>b. Royal Academy</b>	<b>Software £</b>
<b>Cost</b>	
At 31 August 2020	1,848,843
Additions	99,652
At 31 August 2021	<u>1,948,495</u>
<b>Amortisation</b>	
At 31 August 2020	1,368,624
Charge for the year	295,865
At 31 August 2021	<u>1,664,489</u>
<b>Net book value</b>	
At 31 August 2021	<u><b>284,006</b></u>
At 31 August 2020	<u>480,219</u>

**The Royal Academy of Arts**  
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**18 Tangible fixed assets**

<b>a. Group</b>	<b>Building improvements</b>	<b>Assets in course of construction</b>	<b>Motor vehicles</b>	<b>Fixtures, fittings and equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>					
At 31 August 2020	23,379,552	2,260,569	58,629	24,386,544	<b>50,085,294</b>
Additions	290,086	1,578,493	-	102,136	<b>1,970,715</b>
Transfers to 6 Burlington Gardens	-	(32,522)	-	-	<b>(32,522)</b>
Disposals	-	-	-	(407,485)	<b>(407,485)</b>
At 31 August 2021	<b>23,669,638</b>	<b>3,806,540</b>	<b>58,629</b>	<b>24,081,195</b>	<b>51,616,002</b>
<b>Depreciation</b>					
At 31 August 2020	6,997,678	-	53,810	11,735,618	<b>18,787,106</b>
Disposals	-	-	-	(407,485)	<b>(407,485)</b>
Charge for the year	1,261,978	-	4,819	2,215,696	<b>3,482,493</b>
At 31 August 2021	<b>8,259,656</b>	<b>-</b>	<b>58,629</b>	<b>13,543,829</b>	<b>21,862,114</b>
<b>Net book value</b>					
At 31 August 2021	<b>15,409,982</b>	<b>3,806,540</b>	<b>-</b>	<b>10,537,366</b>	<b>29,753,888</b>
At 31 August 2020	16,381,874	2,260,569	4,819	12,650,926	31,298,188
<b>b. Royal Academy</b>					
	<b>Building improvements</b>	<b>Assets in course of construction</b>	<b>Motor vehicles</b>	<b>Fixtures, fittings and equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>					
At 31 August 2020	23,117,150	2,248,439	36,944	23,955,955	<b>49,358,488</b>
Additions	290,086	1,578,494	-	97,317	<b>1,965,897</b>
Transfers to 6 Burlington Gardens	-	(32,522)	-	-	<b>(32,522)</b>
Disposals	-	-	-	(401,709)	<b>(401,709)</b>
At 31 August 2021	<b>23,407,236</b>	<b>3,794,411</b>	<b>36,944</b>	<b>23,651,563</b>	<b>50,890,154</b>
<b>Depreciation</b>					
At 31 August 2020	6,735,276	-	36,944	11,313,273	<b>18,085,493</b>
Disposals	-	-	-	(401,709)	<b>(401,709)</b>
Charge for the year	1,261,978	-	-	2,212,228	<b>3,474,206</b>
At 31 August 2021	<b>7,997,254</b>	<b>-</b>	<b>36,944</b>	<b>13,123,792</b>	<b>21,157,990</b>
<b>Net book value</b>					
At 31 August 2021	<b>15,409,982</b>	<b>3,794,411</b>	<b>-</b>	<b>10,527,771</b>	<b>29,732,164</b>
At 31 August 2020	16,381,874	2,248,439	-	12,642,682	31,272,995

**The Royal Academy of Arts**  
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**c. 6 Burlington Gardens (Freehold property)**

<b>Group and Royal Academy</b>	<b>6 Burlington Gardens £</b>
<b>Cost</b>	
At 31 August 2020	65,156,834
Additions	12,507
Transfers from assets in course of construction	32,522
	<u>65,201,863</u>
At 31 August 2021	<u><b>65,201,863</b></u>

In the opinion of the trustees, based on a valuation as at 31 August 2021 by an independent third party, the current open market value of the Royal Academy's interest in 6 Burlington Gardens exceeds the book value by approximately £10.3m. The Royal Academy would have no liability to taxation if the asset was sold at open market value on the basis that the proceeds were used to further the company's charitable activities.

**d. 7 Pembroke Studios (Investment property)**

In 2020, the RA received a donation of £2.2m for the purchase of 7 Pembroke Studios for £1.65m, with the balance to be used for other costs of purchase and the ongoing repairs and maintenance of the property. As part of the gift there is a requirement that the artist who has been using the studio since 2012 is able to have exclusive, rent free use of the studio for as long as she is able to continue to actively use it as an artist up to a maximum of 25 years. At the end of this period the Royal Academy has the right to use or dispose of the studios and use the proceeds for its general charitable purposes. The completion of the purchase of the studio took place in September 2020 for £1.65m plus legal and professional costs. A significant refurbishment was completed in the year, such that the total cost as at 31 August 2021 was £1.9m.

<b>Group and Royal Academy</b>	<b>7 Pembroke Studios £</b>
<b>Fair value</b>	
Additions (at cost)	1,875,521
Diminution in value due to restriction in use	(720,521)
	<u>1,155,000</u>
At 31 August 2021	<u><b>1,155,000</b></u>

As the use of the property by this artist is not for the Royal Academy's charitable purposes and the property is primarily held for its capital appreciation, it is being accounted for as an investment property. The Charities SORP requires that investment properties are measured initially at cost and subsequently at fair value at the reporting date.

Based on a valuation as at 31 August 2021 by an independent third party, the current open market value (with vacant possession) of the property is £1.65m. However, due to the requirement for the artist to be able to use the property rent free for up to 25 years from September 2020, the valuation on this basis is much lower at £1.155m. In accordance with the Charities SORP, this lower valuation is deemed to be the fair value for accounting purposes and the diminution in value due to this restriction in use has been recognised as "other expenditure" in the SOFA.



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19 Other investments	Group		Royal Academy	
	2021	2020	2021	2020
	£	£	£	£
Investments at market value	1,870,089	806,305	1,870,089	806,305
Investments in subsidiaries at cost	-	-	108	108
<b>Total</b>	<b>1,870,089</b>	<b>806,305</b>	<b>1,870,197</b>	<b>806,413</b>

The Royal Academy beneficially owns all of the called up share capital of RA (Arts) Limited (02836364), R.A. Enterprises Limited (01666333) and Burlington House Limited (02216104), each of which is registered in England and Wales. See note 7 for the financial results of these entities during the year.

<b>Movement in market value of investments:</b>	2021	2020
	£	£
Market value of investments at 1 September	806,305	-
Additions	925,000	775,000
Unrealised gains	138,784	31,305
<b>Market value of investments at 31 August</b>	<b>1,870,089</b>	<b>806,305</b>

<b>Market value of investments by type:</b>	2021	2020
	£	£
Fixed income	112,932	118,407
Equities	892,992	556,574
Property	45,240	14,113
Alternative investments	110,151	78,420
Liquid assets	708,774	38,791
<b>Total market value of investments</b>	<b>1,870,089</b>	<b>806,305</b>
	(Historic cost of investments £1,700,000 (2020: £775,000))	

Investments are held under management with Sarasin & Partners LLP and are invested in the Sarasin Climate Active Endowments Fund. The fund seeks to provide growth (through increases in investment value and income) of 4% per year more than the Consumer Price Index over a rolling five year period. It has a global multi-asset portfolio with an integrated socially responsible investment policy that also favours investments that may benefit from a move to a lower carbon economy.

The fund will not invest in tobacco and will also avoid investment in companies that have more than 10% of their turnover in armaments, gambling and pornography. The fund has additional restrictions including no investment in companies with 5% or more of their turnover involved in the mining of thermal coal or tar sands; following engagement, no investment in companies that needlessly emit significant quantities of carbon into the atmosphere, or which do not take seriously the transition to a low carbon economy; and qualitative judgments to be considered on a regular basis by the fund's Climate Active Advisory Panel.

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**20 Debtors**

	Group		Royal Academy	
	2021	2020	2021	2020
	£	£	£	£
		as restated		as restated
Trade debtors	<b>434,597</b>	713,874	<b>259,712</b>	338,739
Royal Academy related entities	-	-	<b>1,812,132</b>	1,606,294
The Friends of the Royal Academy	-	41,343	-	41,343
Royal Academy Trust	<b>407,388</b>	265,987	<b>435,941</b>	391,915
Taxation	<b>582,734</b>	504,207	<b>582,734</b>	490,097
Staff loans	<b>6,718</b>	25,400	<b>6,718</b>	25,400
Sundry debtors	<b>532,924</b>	1,101,831	<b>328,927</b>	785,059
Prepayments and accrued income	<b>901,373</b>	1,076,888	<b>764,413</b>	971,533
<b>Total</b>	<b>2,865,734</b>	3,729,530	<b>4,190,577</b>	4,650,380

**21 Creditors - amounts falling due within one year**

	Group		Royal Academy	
	2021	2020	2021	2020
	£	£	£	£
				as restated
Bank loan	<b>219,600</b>	219,600	<b>219,600</b>	219,600
Revolving credit facilities	<b>3,700,000</b>	3,700,000	<b>3,700,000</b>	3,700,000
Trade creditors	<b>1,040,343</b>	691,437	<b>863,549</b>	547,279
Royal Academy related entities	-	-	<b>308,984</b>	301,514
The Friends of the Royal Academy	<b>81,635</b>	-	<b>81,635</b>	-
Taxation and social security	<b>403,667</b>	360,781	<b>275,215</b>	336,413
Sundry creditors	<b>120,309</b>	1,672,613	<b>118,721</b>	1,705,140
Accruals	<b>1,477,519</b>	1,872,390	<b>1,351,383</b>	1,766,712
Deferred income (i)	<b>2,108,546</b>	2,071,354	<b>1,673,776</b>	1,558,493
<b>Total</b>	<b>9,151,619</b>	10,588,175	<b>8,592,863</b>	10,135,151

A Masterplan Revolving Credit Facility of £5.0m was taken out in May 2017 to manage working capital requirements in relation to the Burlington Project. The £5.0m facility runs to June 2023, thereafter reducing to a £3.5m commitment to 31 August 2024. The facility can be drawn down in advances with a minimum value of £0.5m. Each advance is repayable after one month; at the end of the one month period the advance can either be rolled over for another one month period or repaid. As at 31 August 2021 this facility was drawn down by £3.7m (2020: £3.7m). An extension of the £3.5m facility to 31 August 2025 has been approved, with the facility agreement due to be signed in early 2022.

An Operating Revolving Credit Facility of £2.5m was taken out in March 2018 to manage operating working capital requirements. The £2.5m facility runs to March 2023, thereafter reducing to a £1.5m commitment to 31 August 2024. This facility can be drawn down in advances with a minimum value of £0.15m. Similarly, each advance is repayable after one month; at the end of the one month period the advance can either be rolled over for another one month period or repaid. As at 31 August 2021, this facility had not been drawn down (2020: £nil). An extension of the £1.5m facility to 31 August 2025 has been approved, with the facility agreement due to be signed in early 2022.

**The Royal Academy of Arts**  
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**21 Creditors - amounts falling due within one year (continued)**

i. Deferred income in 2021 includes ticket sales and sponsorship income for exhibitions in the next financial year, including *Summer Exhibition 2021*, *Late Constable* and *Francis Bacon: Man and Beast* and is analysed as follows:

	Brought forward £	Amount added £	Amount released £	Carried forward £
Deferred income 2021	2,071,354	2,108,546	(2,071,354)	<b>2,108,546</b>
Deferred income 2020	1,659,698	2,055,555	(1,643,899)	2,071,354

**22 Creditors - amounts falling due after more than one year**

	Group		Royal Academy	
	2021 £	2020 £	2021 £	2020 £
Bank loan	<b>602,323</b>	821,923	<b>602,323</b>	821,923
Unsecured loan	<b>10,000,000</b>	10,000,000	<b>10,000,000</b>	10,000,000
Total	<b>10,602,323</b>	10,821,923	<b>10,602,323</b>	10,821,923

Creditors include amounts not wholly repayable within 5 years as follows:

Unsecured loan	<b>10,000,000</b>	10,000,000	<b>10,000,000</b>	10,000,000
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The bank loan was taken out in 2009 and is repayable in instalments by 2025. Interest of £12,749 (2020: £20,657) was charged in the year.

In December 2014, the Royal Academy entered into an unsecured £10.0m loan facility agreement. This amount was advanced in December 2014 and is repayable in ten instalments of £1.0m each from 2035 until 2044, and has a fixed rate of interest of 4.21% p.a.. This facility was used to fund exceptional operating costs during the Burlington Project construction phase and the plant upgrade/renewal programme for conditioning the Burlington House galleries. Interest of £421,000 (2020: £421,000) was charged in the year. The Royal Academy remains compliant with its various loan covenants.

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**23 Analysis of net assets by fund**

	Endowment funds £	Restricted		Designated funds £	Unrestricted		Total £
		Burlington Project £	Other funds £		General funds £	Pension reserve £	
<b>a. Group</b>							
Investments	888,478	-	356,611	625,000	-	-	1,870,089
Heritage assets	-	-	1,392,110	-	-	-	1,392,110
Intangible assets	-	-	-	-	312,437	-	312,437
Tangible assets	-	3,530,360	1,155,000	-	91,425,391	-	96,110,751
Current assets	-	8,736,419	568,220	47,362	7,471,418	-	16,823,419
Current liabilities	-	(500,960)	-	-	(8,650,659)	-	(9,151,619)
Long term liabilities	-	-	-	-	(10,602,323)	-	(10,602,323)
Pension asset	-	-	-	-	-	8,734,000	8,734,000
<b>Total</b>	<b>888,478</b>	<b>11,765,819</b>	<b>3,471,941</b>	<b>672,362</b>	<b>79,956,264</b>	<b>8,734,000</b>	<b>105,488,864</b>
<b>b. Royal Academy</b>							
Investments	888,478	-	356,611	625,000	108	-	1,870,197
Heritage assets	-	-	1,392,110	-	-	-	1,392,110
Intangible assets	-	-	-	-	284,006	-	284,006
Tangible assets	-	3,530,360	1,155,000	-	91,403,667	-	96,089,027
Current assets	-	8,736,419	568,220	47,362	7,801,285	-	17,153,286
Current liabilities	-	(500,960)	-	-	(8,091,903)	-	(8,592,863)
Long term liabilities	-	-	-	-	(10,602,323)	-	(10,602,323)
Pension asset	-	-	-	-	-	8,734,000	8,734,000
<b>Total</b>	<b>888,478</b>	<b>11,765,819</b>	<b>3,471,941</b>	<b>672,362</b>	<b>80,794,840</b>	<b>8,734,000</b>	<b>106,327,440</b>

**24 Analysis of endowment funds**

Group and Royal Academy	Opening funds £	Investment returns less fund managers fees £	Unapplied total return allocated to income £	Closing funds £
Dunard Scholarship:				
- Trust for investment	625,000	-	-	625,000
- Unapplied total return	25,246	96,124	(29,855)	91,515
Exhibitions fund:				
- Trust for investment	150,000	-	-	150,000
- Unapplied total return	6,059	23,070	(7,165)	21,964
<b>Total</b>	<b>806,305</b>	<b>119,193</b>	<b>(37,020)</b>	<b>888,478</b>

**a. Dunard Scholarship:** the fund was established in 2020 by a donation of £625,000 from the Dunard Fund. It is held as a permanent endowment and is being accounted for on a total return basis. The purpose of the fund is to endow a student scholarship at the Royal Academy Schools in perpetuity.

**b. Exhibitions fund:** the fund was established in 2019 by a donation of £150,000 from the Thompson Family Charitable Trust, and reclassified as permanent endowment in 2020, and is being accounted for on a total return basis. The purpose of the fund is to support ongoing exhibition costs from investment returns.

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**25 Analysis of restricted funds**

Group and Royal Academy		Income and			Unapplied total return from endowment	Fair value losses	Transfers	Closing funds
		Opening funds	fund growth in year	Expenditure				
		£	£	£	£		£	
Other funds	a.	515,340	2,105,300	(2,035,333)	-	-	-	<b>585,307</b>
7 Pembroke Studios	b.	1,967,891	19,591	(1,450)	-	(720,521)	191,993	<b>1,457,504</b>
Heritage assets	16	1,392,110	-	-	-	-	-	<b>1,392,110</b>
Dunard Scholarship	24.a	-	-	-	29,855	-	-	<b>29,855</b>
Exhibitions fund	24.b	-	-	-	7,165	-	-	<b>7,165</b>
Burlington Project	c.	6,880,106	7,905,734	-	-	-	(3,020,021)	<b>11,765,819</b>
<b>Total</b>		<b>10,755,447</b>	<b>10,030,625</b>	<b>(2,036,783)</b>	<b>37,020</b>	<b>(720,521)</b>	<b>(2,828,028)</b>	<b>15,237,760</b>

- a. Other funds include donations of £969,498 (2020: £878,462) received from the Royal Academy Trust, other donations of £1,203,779 (2020: £1,092,954) and grants of £182,083 (2020: £89,047) received for specific and general activities as disclosed in notes 5 and 6 respectively. The closing balance relates to the following restricted funds:

**The Royal Academy architecture awards** £229,142 (2020: £229,142): established in 2018 from a donation of £60,000; a further donation of £255,000 was received in 2019. The awards take place annually for five years and the monies are being used towards the management and running costs of the Royal Academy architecture awards, including architecture awards week where the winner of the Royal Academy Architecture Prize and the finalists for the Royal Academy Dorfman Award come to London from around the world to partake in a week of events and activities and receive their prizes. £10,000 of the money is given to the winner of the Royal Academy Dorfman Award each year.

**Young Artists' Summer Show** £36,020 (2020: £74,821): established in 2018 from a donation of \$67,620 (£51,516), with further donations of £90,187 in 2019 and £97,390 in 2020. Inspired by the Summer Exhibition, the Young Artists' Summer Show brings together work by primary and secondary-level students from across the UK and beyond in an annual exhibition.

**Artist in residence exchange programme** £18,352 (2020: £18,352): established in 2018 with a donation of £80,000; a further £27,494 was received in 2019. The funds are being used towards the costs of an artist exchange programme between students of the Royal Academy Schools and the K11 Art Foundation ("KAF") in China.

**Swanston bequest** £24,564 (2020: £24,564): established in 2014 from a legacy of £60,000. The bequest is being used for curating and publishing costs associated with the *Taddei Tondo*.

**Cataloguing project** £5,084 (2020: £5,084): 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, and the creation and publication of a volume on the history of the Royal Academy and its collection, which was published in 2018.

**Architecture professorship** £69,200 (2020: £110,659): established in 2019 from two donations totalling £150,000. The donations will be spent on funding the position of the Professor of Architectural History for four years from 1 September 2019 to 31 August 2023.

**Collections conservation project** £27,051 (2020: £40,083): established in 2019 from donations totalling £31,551, with a further donation of £12,500 in 2020. The funds are being used for the conservation, digitisation and publication of elements of the Royal Academy archives.

**Rothschild Digital Learning Fund** £20,323 (2020: £nil): established in 2021 from a grant of £67,500, with a further £7,500 to be received in 2022 upon completion of a final grant report. The grant is being used to support and develop the Royal Academy's digital learning activities and resources.

**Clore Cultural Learning Fund** £84,737 (2020: £nil): established in 2021 as a result of the Covid-19 pandemic with a grant of £100,000, the fund supports the delivery of learning and community activities, especially those delivered onsite at the Royal Academy.

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

**Dunard Schools Fund** £70,834 (2020: £nil): established in 2020 from a donation of £333,333, with a total of £1,000,000 pledged over three years. The fund provides £50,000 per annum towards Royal Academy Schools bursaries and £283,333 towards Royal Academy Schools tutors salaries.

**b. 7 Pembroke Studios:** the fund was established in 2020 from a donation of £2,159,884 (\$2,790,720), of which £1,650,000 was used to purchase Pembroke Studios in September 2020, an artist's studio in London, with the balance of the fund to be used for the legal and professional fees associated with the purchase and repairs and maintenance of the property for a period of up to 25 years. It was the donor's wish that an artist, who has been using the studios since 2012, should be able to continue to have exclusive, rent free use of the studios for as long as she is actively and regularly using the studios for up to a maximum of 25 years. At the end of the said period, the Royal Academy will have full and free use of the studios and have the right to sell the studios and apply the proceeds of the sale towards its general charitable purposes. £191,993 was transferred from unrestricted funds in relation to expenditure on Pembroke Studios in the prior year.

**c. Burlington Project** - Phase I was completed in 2018, with all Burlington Project - Phase I restricted and designated funds being transferred to unrestricted funds as specific identifiable assets were brought into service and as such, the restrictions on these funds have been satisfied. The remaining restricted funds are in respect of Phases II and III and other projects, which form part of the overall Burlington Project (see note 30).

**26 Analysis of designated funds**

Group and Royal Academy	Opening funds £	Income £	Expenditure £	Transfers £	Closing funds £
Total designated	701,170	2,322,037	(2,350,845)	-	<b>672,362</b>

Council have designated the funds detailed below out of unrestricted funds:

**Schools architect fund** £82,725 (2020: £82,725): the fund was established in 2018 from a legacy of £88,039. The funds are held on investment with Sarasin & Partners LLP, with the investment returns being used to fund an annual event as part of the RA Architecture Programme in Sir Richard MacCormac's name.

**Schools annual travel prize** £16,000 (2020: £16,000): a legacy of £20,000 was received in 2018 and designated as an annual travel prize of £2,000 for students of the Royal Academy Schools. The first prize was awarded in 2018, with a further award in 2019. It is anticipated this will be spent over a period of 10 years.

**Student support fund** £26,828 (2020: £55,636): due to the impact of Covid-19, donations totalling £55,636 received in 2020 were designated towards a support fund for students of the Royal Academy Schools. The remainder of the funds will be utilised in the 2021/2022 financial year.

**Future Academy** £546,809 (2020: £546,809): unrestricted donations and legacies received in 2019 and 2020 have been designated by Council for expenditure on the Royal Academy Schools (£36,293), the Collection (£14,974), education (£500) and the Presidents' Fund (£495,042), which is held for the general purposes of the Royal Academy.

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**27 Administered funds**

The Royal Academy has six funds which have not been consolidated within the financial statements of the Royal Academy, on the basis that while the Royal Academy is administering the funds, it is not the ultimate beneficiary. However, as the funds are administered by the Royal Academy, these have been disclosed separately below for information.

These funds consist of the following:

Frampton Fund  
 Agnes Ethel MacKay Fund  
 Jack Goldhill Sculpture Fund  
 Charles Wollaston Award Fund  
 Pitchforth Scholarship Fund  
 Sir John Reeves Ellerman Fund

	2021 £	2020 £
Income from investments	88,407	46,081
Expenditure	(130,109)	(155,232)
Net gains on investments	<u>831,397</u>	<u>249,703</u>
<b>Net income</b>	<b>789,695</b>	<b>140,552</b>
Total funds brought forward	<u>4,182,548</u>	<u>4,041,996</u>
<b>Total funds carried forward</b>	<b><u>4,972,243</u></b>	<b><u>4,182,548</u></b>
<b>Represented by:</b>		
Investments	4,554,914	3,740,510
Cash at bank	132,874	105,181
Debtors	307,649	351,232
Creditors	<u>(23,194)</u>	<u>(14,375)</u>
Total funds	<u>4,972,243</u>	<u>4,182,548</u>

**28 Reconciliation of net income to net cash inflow from operating activities**

	2021 £	2020 £ as restated
Net income	6,057,422	7,493,342
Heritage assets gifts	-	(250,000)
Amortisation of intangible assets	417,980	578,326
Depreciation of tangible assets	3,482,493	3,547,060
Diminution in value of investment property	720,521	-
Current pension service income	(101,000)	(106,000)
Pension contributions paid	-	(177,000)
Decrease/ (increase) in stock	161,899	(66,316)
Decrease in debtors	1,001,181	652,290
Decrease in creditors	(1,436,556)	(4,310,747)
Interest paid	483,703	500,734
Interest received	(8)	(18,006)
Net gains on fixed asset investments	<u>(138,784)</u>	<u>(31,305)</u>
Net cash provided by operating activities	<u>10,648,851</u>	<u>7,812,378</u>

**The Royal Academy of Arts**  
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**29 Pension costs**

The Royal Academy, together with its subsidiary undertakings, participates in a funded defined benefit pension scheme, operated by the Royal Academy of Arts Pension Scheme (the "Scheme"), providing benefit based on final pensionable salary. The assets of the Scheme are held independently from those of the Royal Academy.

The Scheme provides pensions in retirement and death benefits to members. Pension benefits are linked to the members' final salary at retirement and their length of service up to the date on which the Scheme closed to future accrual, being 30 September 2016.

The Scheme is a registered scheme under UK legislation and was not contracted out of the State Sector Pension prior to the cessation of contracting out from 6 April 2016.

The Scheme is subject to the scheme funding requirements outlined in UK legislation.

The Scheme was established from 3 January 1985 under trust and is governed by the Scheme's definitive trust deed and rules dated 31 March 1998. The trustees are responsible for the operation and the governance of the Scheme, including making decisions regarding the Scheme's funding and investment strategy.

A full actuarial valuation of the Scheme was carried out as at 31 August 2019 and has been updated to 31 August 2021 by a qualified independent actuary. The next full actuarial valuation of the Scheme will be as at 31 August 2022.

The value of the liabilities at the reporting date have been estimated by updating the results of the actuarial valuation as at 31 August 2019 to allow for the passage of time, actual inflation experience, benefits paid out of the Scheme and changes in actuarial assumptions over the period from 31 August 2019 to 31 August 2021.

Since June 2006 the Scheme has been closed to new members and closed to future accrual on 30 September 2016.

<b>The major assumptions used by the actuary were (in nominal terms) as follows:</b>	<b>2021</b>	<b>2020</b>
Discount rate	<b>1.6%</b>	1.5%
Inflation assumption (RPI)	<b>3.3%</b>	2.9%
Inflation assumption (CPI)	<b>2.4%</b>	2.0%
Rate of increase in salaries	<b>3.3%</b>	2.9%
Pension increases for service accrued:		
Pre 6 April 1997	<b>2.4%</b>	2.3%
6 April 1997 to 30 September 2006	<b>3.2%</b>	2.8%
Post 30 September 2006	<b>2.1%</b>	2.0%
Assumed life expectancies on retirement at age 60 are:		
Retiring in 2021 - Males	<b>26.7</b>	26.8
Retiring in 2021 - Females	<b>29.3</b>	29.3
Retiring in 2041 - Males	<b>28.2</b>	28.3
Retiring in 2041 - Females	<b>30.8</b>	30.8

The assumptions used in determining the overall expected return of the Scheme's assets have been set with reference to yields available on government bonds and appropriate risk margins.



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**29 Pension costs (continued)**

<b>The assets in the Scheme were:</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Equities or equivalent	<b>14,373,000</b>	12,528,000
Corporate bonds	<b>25,183,000</b>	27,864,000
Cash	<b>844,000</b>	1,995,000
LDI funds	<b>13,356,000</b>	9,393,000
	<hr/>	<hr/>
Fair value of Scheme assets	<b>53,756,000</b>	51,780,000
Present value of funded obligations	<b>(45,022,000)</b>	(45,068,000)
	<hr/>	<hr/>
Surplus in funded Scheme	<b>8,734,000</b>	6,712,000
	<hr/>	<hr/>
Net asset in balance sheet	<b>8,734,000</b>	6,712,000
	<hr/>	<hr/>
<b>Reconciliation of opening and closing balances of the present value of the defined benefit obligation:</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Benefit obligation at beginning of year	<b>45,068,000</b>	45,004,000
Interest cost	<b>665,000</b>	804,000
Actuarial losses / (gains)	<b>827,000</b>	(84,000)
Benefits paid	<b>(1,538,000)</b>	(656,000)
	<hr/>	<hr/>
Benefit obligation at end of year	<b>45,022,000</b>	45,068,000
	<hr/>	<hr/>
<b>Reconciliation of opening and closing balances of the fair value of Scheme assets:</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Fair value of Scheme assets at beginning of year	<b>51,780,000</b>	50,802,000
Interest income on Scheme assets	<b>766,000</b>	910,000
Return on assets, excluding interest income	<b>2,748,000</b>	547,000
Contributions by employer	<b>-</b>	177,000
Benefits paid	<b>(1,538,000)</b>	(656,000)
	<hr/>	<hr/>
Fair value of Scheme assets at end of year	<b>53,756,000</b>	51,780,000
	<hr/>	<hr/>
<b>The amounts recognised in the SOFA:</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Net interest on the defined benefit pension scheme asset	<b>(101,000)</b>	(106,000)
	<hr/>	<hr/>
Total income	<b>(101,000)</b>	(106,000)
	<hr/>	<hr/>
<b>Remeasurement of the defined benefit pension scheme asset:</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Actuarial losses / (gains) on the liabilities	<b>827,000</b>	(84,000)
Return on assets, excluding interest income	<b>(2,748,000)</b>	(547,000)
	<hr/>	<hr/>
Total remeasurement of the defined benefit pension scheme asset	<b>(1,921,000)</b>	(631,000)
	<hr/>	<hr/>

**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
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**30 Authorised and contracted capital expenditure**

**a. Group**

	Total project cost £	Assets in course of construction £	Authorised but not contracted for £	Contracted for £	Unauthorised £
Other projects	276,180	276,180	-	-	-
Burlington Project - Phase II	17,800,000	2,539,028	14,089,663	1,171,309	-
Burlington Project - Phase III	5,000,000	486,202	-	-	4,513,798
Other Burlington Projects:					
Façade	750,000	30,876	719,124	-	-
Sackler lift	562,980	474,254	-	88,726	-
<b>Total</b>	<b>24,389,160</b>	<b>3,806,540</b>	<b>14,808,787</b>	<b>1,260,035</b>	<b>4,513,798</b>

**b. Royal Academy**

	Total project cost £	Assets in course of construction £	Authorised but not contracted for £	Contracted for £	Unauthorised £
Other projects	264,051	264,051	-	-	-
Burlington Project - Phase II	17,800,000	2,539,028	14,089,663	1,171,309	-
Burlington Project - Phase III	5,000,000	486,202	-	-	4,513,798
Other Burlington Projects:					
Façade	750,000	30,876	719,124	-	-
Sackler lift	562,980	474,254	-	88,726	-
<b>Total</b>	<b>24,377,031</b>	<b>3,794,411</b>	<b>14,808,787</b>	<b>1,260,035</b>	<b>4,513,798</b>

Burlington Project - Phase II, which is the redevelopment of the Royal Academy Schools, is in the final stages of design, with Stage 4 design to be signed off in late 2021. A £17.8m budget was approved by Council in April 2021. The work has been split into two phases. A smaller first phase will create new workshop spaces in 6 Burlington Gardens and a more significant second phase will refurbish the Royal Academy Schools main footprint in Burlington House starting in late 2022 and due to complete in late 2023. The strip out works for the 6 Burlington Gardens works were completed this year. Knight Harwood have been appointed as the main contractor for the 6 Burlington Gardens works and started in late August 2021 and are due to complete in early 2022.

Burlington Project - Phase III, which is the redevelopment of the Collection Gallery, is currently at an early design stage. Total costs are estimated at £5.0m and this has been fully fundraised for and is held in the Royal Academy Trust until required by the Royal Academy. £0.5m was donated by the Royal Academy Trust in 2018, with a further £0.5m in 2019 in respect of costs incurred to date with the balance being held in cash at bank. The remaining £4.0m is being held and invested by the Royal Academy Trust until required by the Royal Academy.

The façade project is in respect of the restoration and the cleaning of the Burlington House façade. This project is at a preliminary design stage but a £0.7m budget was approved by Council in April 2021. This has been fully fundraised for and is included in cash at bank less project costs incurred to date.

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**30 Authorised and contracted capital expenditure (continued)**

The Sackler lift project is for a major modernisation of the lift, including the replacement of all electrical components, the hydraulic cylinder and door gear, and the refurbishment of the lift cart. The project has been funded by a donor, who wishes to remain anonymous, who donated £0.5m which is included in cash at bank less project costs incurred to date. The project is due to complete in late 2021.

**31 Contingent liabilities**

The Royal Academy and its subsidiaries had no contingent liabilities as at 31 August 2021 (2020: none).

**32 Financial commitments**

**a. Group**

At 31 August total commitments under operating leases were as follows:

	<b>Land and buildings £</b>	<b>Other £</b>	<b>2021 Total £</b>	Land and buildings £	Other £	2020 Total £
Under one year	<b>38,012</b>	<b>432,618</b>	<b>470,630</b>	19,649	432,618	452,267
Two to five years	<b>114,036</b>	<b>835,952</b>	<b>949,988</b>	-	1,175,822	1,175,822
<b>Total</b>	<b>152,048</b>	<b>1,268,571</b>	<b>1,420,619</b>	19,649	1,608,440	1,628,089

**b. Royal Academy**

At 31 August total commitments under operating leases were as follows:

	<b>Land and buildings £</b>	<b>Other £</b>	<b>2021 Total £</b>	Land and buildings £	Other £	2020 Total £
Under one year	<b>38,012</b>	<b>398,568</b>	<b>436,580</b>	19,649	398,568	418,217
Two to five years	<b>114,036</b>	<b>814,687</b>	<b>928,723</b>	-	1,134,907	1,134,907
<b>Total</b>	<b>152,048</b>	<b>1,213,255</b>	<b>1,365,303</b>	19,649	1,533,475	1,553,124

**33 Financial instruments**

The financial statements include the following financial instruments at 31 August:

	<b>Group 2021 £</b>	2020 £	<b>Royal Academy 2021 £</b>	2020 £
Financial assets measured at amortised cost	<b>1,261,541</b>	2,007,704	<b>2,723,344</b>	3,048,019
Financial liabilities measured at amortised cost	<b>17,241,729</b>	18,977,963	<b>17,246,195</b>	19,062,168
Financial assets measured at fair value	<b>1,870,089</b>	806,305	<b>1,870,089</b>	806,305

**The Royal Academy of Arts**  
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**34 Related party transactions**

Those in positions of authority within the Group, including trustees, Council members and directors, use facilities of the Group on the same terms as other Royal Academicians, Friends, Patrons or external customers. This includes access to exhibitions, purchases from shops, Summer Exhibition, and auctions, and also the use of catering facilities. For the year ended 31 August 2021, all transactions with related parties are considered within the scope of normal transactions.

Income of £nil (2020: £940,258) was received from R.A. Enterprises Limited, being a distribution of 100% of their net income for the year. In addition, R.A. Enterprises Limited was recharged salaries of £1,928,041 (2020: £2,282,250) and other expenses of £85,610 (2020: £56,230). At the year end, £1,812,132 (2020: £1,425,048) was owed and included within the Royal Academy's debtors.

Income of £nil (2020: £9,219) was received from Burlington House Limited, being a distribution of 100% of their net income for the year. In addition, Burlington House Limited recharged expenses of £nil (2020: £8,413). At the year end, £227,697 (2020: £301,514) was outstanding and included within the Royal Academy's creditors.

Income of £568,407 (2020: £1,657,201) was received from RA (Arts) Limited, being a distribution of 100% of their net income for the year. In addition, RA (Arts) Limited was recharged salaries of £65,878 (2020: £112,100) and recharged to the Royal Academy expenses of £128,263 (2020: £143,357). At the year end, £81,287 (2020: £181,246 debtor) was outstanding and included within the Royal Academy's creditors.

Income of £11,144,509 (2020: £11,527,070) was received from The Friends of the Royal Academy, of which £696,014 (2020: £nil) relates to unrestricted legacy income received by The Friends of the Royal Academy and donated to the Coronavirus Emergency Support Fund, with the balance of £10,448,495 (2020: £11,527,070) being 100% of their net income for the year. In addition, The Friends of the Royal Academy reimbursed salary and other expenses recharged of £802,240 (2020: £750,017). At the year end, £81,635 (2020: £41,343 debtor) was outstanding and included within creditors.

In order to optimise cash management efficiency, the sterling current accounts of the Royal Academy, its subsidiary undertakings and The Friends of the Royal Academy are pooled, such that overnight all cleared debit and credit balances on the current accounts of these entities are set off into a single Royal Academy account. The debtor and creditor balances between each of the entities in this pooling group at the year end in part reflects this pooling arrangement.

During the year, the Royal Academy received income of £2,969,498 (2020: £2,383,462) from the Royal Academy Trust with donations of £2,000,000 towards Burlington Project - Phase I (2020: £1,505,000) and £969,498 (2020: £878,462) further donations to support various campaigns and projects undertaken. Donations of £15,328 to the Royal Academy Trust (2020: £16,828) relates to unspent funds from the cataloguing project. At the year end, £435,941 (2020: £391,915) was owed and included within the Royal Academy's debtors.

The trustees donated a total of £nil (2020: £9,500) to the Royal Academy during the year. Of these amounts, £nil (2020: £9,500) was donated towards the Coronavirus Emergency Support Fund.

**35 Prior year restatement**

The prior year figures have been restated for adjustments made in the final accounts for two of the Royal Academy's trading subsidiaries, RA (Arts) Limited and Burlington House Limited. The impact of this on the Statement of Financial Activities for the year ended 31 August 2020 is a reduction of £73,000 in income and an increase in expenditure of £5,398 and a reduction in net income of £78,398. The impact on the Group Balance Sheet as at 31 August 2020 is a reduction in debtors of £78,398 and a reduction in unrestricted general funds of £78,398. The impact on the Royal Academy Balance Sheet as at 31 August 2020 is a reduction in debtors of £73,000, an increase in creditors of £5,398 and a reduction in unrestricted general funds of £78,398.