

THE ARTS EDUCATIONAL SCHOOLS
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

Company Number: 0712444
Registered Charity Number: 311087

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FOR THE YEAR ENDED 31 AUGUST 2021**

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**THE ARTS EDUCATIONAL SCHOOLS
PATRONS, GOVERNORS, OFFICERS AND ADVISORS
FOR THE YEAR ENDED 31 AUGUST 2021**

President Lord Lloyd-Webber

Vice Presidents Robert Powell
David Grindrod
Sharon D Clarke

Patrons and Artistic Creatives	Don Black, OBE Sir Matthew Bourne, OBE John Brant Chrissie Cartwright Anthony Cherry Bill Deamer Janie Dee Mike Dixon Anthony Drew Nigel Havers David Howe Rachel Kavanaugh	Mary King Nigel Lilley Lynette Linton Robert Lindsay Lesley Manville Stephen Mear Sir Trevor Nunn Arlene Phillips Mark Shenton George Stiles Ian Talbot Roy Williams
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The Governors and Trustees

Mark Burch (appointed 23 March 2021)
 Jaqueline Brunjes
 Sandra Cahill
 Ann Cottis
 Stephen Denyer
 Clare Ferguson
 David Ian (appointed 23 March 2021)
 Brenlen Jinkens

Nicholas La Barrie
 Diana Maine
 Robert Mathieson
 Kevin McGrath (resigned 23 March 2021)
 Guy Mullin-Henderson
 Ruth Mundy (appointed 21 January 2021)
 Kathryn Norton-Smith (resigned 23 March 2021)

Members of the Trust

Ian Biller	Prue Gee	Babs Powell
Martin Bishop	David Grindrod	Robert Powell
Rosemarie Breitenstein	Dorothy Ind	Robert Pritchett
Judy Bristow	Geoffrey King	Joyce Rae
Doreen Brown	Peter Kyle OBE	Sue Rose
The Duchess of Buccleuch	Maggie Lee	Jane Seymour
Vanessa Cameron, MBE	Ruth Leon	John Shuffrey
Coralyn Canfor-Dumas	Cherie Lunghi	Diane Yeo
Emma Cherniavsky	Kenneth May	
Martin Clunes	Terry Molloy	
Penny Deben	Mike Morris	
Graham Elton	Eve Pettinger	
Maria Friedman	Muriel Pilkington	

Note: All those listed above under Governors and Trustees are also Members of the Trust.

**THE ARTS EDUCATIONAL SCHOOLS
PATRONS, GOVERNORS, OFFICERS AND ADVISORS
FOR THE YEAR ENDED 31 AUGUST 2021**

Officers

Principal	Chris Hocking (Leave of absence (from 2 June 2021. Resigned 22 October 2021)
Interim Principal	Dr. Julie Spencer (from 2 June 2021)
Company Secretary	Michael Stewart

Registered office	Cone Ripman House 14 Bath Road London W4 1LY Website: www.artsed.co.uk
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Auditors	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG
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Bankers	Lloyds Bank Plc St Mary's Court 100 Lower Thames Street London EC3R 6HX
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Insurance brokers	Marsh Limited Education Practice Capital House 1-5 Perrymount Road Haywards Heath West Sussex RH16 3SY
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REFERENCE AND ADMINISTRATIVE INFORMATION

The Arts Educational Schools ('the Trust' or 'ArtsEd') is a company limited by guarantee not having a share capital (company number 0712444) and is registered as a charity (registered charity number 311087). The Trustees, Members of the Trust and executive officers of the Charity are as listed on pages 1 and 2. Particulars of the Trust's registered office which is also the main place of business and details of the professional advisers are given on page 2.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Trust is governed by its Memorandum of Association dating from 1962 and last amended in 2013.

Method of Recruitment and Appointment of Trustees

The Trustees of the Charity are the Trust's directors for the purposes of the Companies Act.

In accordance with the Articles, the Trustees of ArtsEd may recommend individuals to be appointed as new Trustees and the Members (i.e. those who are "Members" for the purposes of company law as set out in the Articles) can also nominate individuals. Candidates are interviewed, and if appropriate put forward for election by the Trustees. The new Trustees are then appointed by the Members at the Annual General Meeting. In practice the Board will encourage the Principal, and other connected parties to suggest the names of potential candidates.

The Board carries out regular reviews and skills audits to identify the appropriate mixture of skills and experience required to manage the multi-faceted affairs of ArtsEd which is also a registered charity, a company limited by guarantee, a medium sized business, and a local employer with over 100 employees.

We devote a good deal of thought to successor planning and keep a register of the mixture of skills and professional backgrounds represented on the Board. Our aim is to achieve a balanced Board with a core of individuals with educational, legal, accountancy, finance, property management, business, marketing and performing arts industry backgrounds. We review this balance regularly.

Our Articles specify that there should be a minimum of 5 and a maximum of 15 Trustees on our Board.

Trustees may serve up to three terms of three years and shall serve for no more than nine years.

The current Trustees are:

Mark Burch	(appointed 2021)	
Stephen Denyer	(appointed 2018)	Elected June 2019
Jacqueline Brunjes	(appointed 2017)	Elected June 2018
Guy Mullin-Henderson	(appointed 2014)	Re-elected June 2018
Ann Cottis	(appointed 2017)	Re-elected April 2020
Brenlen Jinkens	(appointed 2017)	Re-elected April 2020
Robert Mathieson	(appointed 2017)	Re-elected April 2020
Diana Maine	(appointed 2013)	Re-elected June 2019
Sandy Cahill	(appointed 2013)	Re-elected June 2019
Clare Ferguson	(appointed 2013)	Re-elected June 2019
Nicholai La Barrie	(appointed 2020)	Elected June 2020
David Ian	(appointed 2021)	Elected March 2021
Ruth Mundy	(appointed 2021)	Elected March 2021

Policies and Procedures adopted for the induction and training of Trustees

All new Trustees are given a tour of the school and the chance to meet staff and students. All Trustees are provided with copies of the policies, procedures, minutes, accounts, budgets, plans, an induction pack and any other documents they need to undertake their role as Trustees. Trustees are encouraged to attend training courses and seminars arranged by the Association of Governing Bodies of Independent Schools (AGBIS) and other professional providers, such as law and accountancy firms in order to reinforce their awareness of their varied duties and responsibilities. Trustees also receive training on KCSIE and Prevent.

Organisational Management

The Trustees are legally responsible for the overall management and control of the Schools and meet at least three times a year. The day-to-day responsibilities are delegated to the Principal. The Board has six sub-committees which meet as follows:

- The Finance Committee meets four times a year to review financial operations.
- The Facilities Committee meets three times a year to review IT and building facilities.
- The Development Committee meets three times a year to review development and funding opportunities.
- The Day School Sixth Form Committee meets at least once per term to review governance of the School.
- The Higher Education Committee meets at least once per term to review all HE Programme
- The EDI Committee meets at least once per term to review our EDI initiatives.

In addition, a Project Board was set up to oversee and report on delivery of the Capital project. The Project Board advises on proposals for improvements, alterations, and refurbishment in the redevelopment of the ArtsEd campus. All meetings of the Trustees are attended by the Principal together with other senior staff as may be required for that meeting. Specially convened meetings of staff and Trustees are arranged from time to time on topics of strategic interest. Trustees often attend performances and meetings with external partners.

Membership of the Trust

At the close of the year the Trust had 47 members. We should like to thank those members of the Trust who have actively supported the Schools during the year.

Schools Structure

ArtsEd comprises the Day School (Day School for 11-16 and Sixth Form for 16-18), the School of Musical Theatre and the School of Acting. In addition, ArtsEd Extra offers provision to the local community. These departments are supported by the Finance, Facilities, HR, Production, Academic Management, Communication and Development teams and other administrative and support services.

Senior Strategy Team

The Senior Strategy Team for the year ended 31 August 2021 comprised:

Chris Hocking, Principal and Director - School of Musical Theatre (leave of absence from June 2021, resigned October 2021)
Jane Morton, Deputy Principal (retired July 2021)
Julie Spencer, Interim Principal (June 2021) and Director - the School of Acting
Claire Parker-Wood (Acting Headteacher September 2021)
Adrian Blake, Headteacher (retired August 2021)
Frank Daniel, Facilities Manager
Nick Granville, IT Manager
Cheryl Jarman, HR Manager
Sue Sandle, Director of Development
Di Stedman, Production Manager
Michael Stewart, Finance Director

Following the retirement of Jane Morton, Yewande Akindele was appointed Deputy Principal with effect from 1 November 2021. Also on 1 November 2021 Jonathon O'Boyle joined ArtsEd as Director – School of Musical Theatre and joined the Senior Strategy Team.

Pay Policy for Senior Staff

The Trustees consider that they, together with the Senior Strategy Team, comprise the Key Management Personnel. The Trustees give of their time freely and the pay and remuneration of the Principal and senior staff is set by the Finance Committee and is kept under annual review. A number of criteria are used in setting pay:

- nature of the role and responsibilities
- competitor salaries in the region
- the sector average salary for comparable positions
- trends in pay.

OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES

Charitable Objects

The objects for which the Trust is established are to promote the advancement of education and in connection therewith in particular to acquire, establish, provide, conduct, and carry on residential and non-residential schools in which children and students may receive a general education in conjunction with a specialised education for students desiring to follow a career in or connected with the performing arts.

Aims and intended impact

ArtsEd's aim is to provide a first-class education through strong vocational and general education and through developing wider artistic and social skills in all its pupils and students. Each pupil or student is encouraged to develop and fulfill his or her potential, promoting self-confidence and desire to contribute to the wider community.

Objectives and Activities

ArtsEd's mission is to deliver successful and fulfilling careers for all our students and staff. This mission is at the core of all decision making and ensures that students and staff are central to strategic planning.

Strategic Aims

- Provide outstanding education and training
- Widen participation and encourage a diverse student intake
- Exploit our growing reputation
- Increase our emphasis on staff development and engagement
- Foster a culture of philanthropy
- Develop the building and its facilities to enhance the student experience
- Sustain the financial health of the Schools while allowing for investment in new initiatives

Key Strategic Objectives

- To provide exceptional learning opportunities that enable all pupils and students to realise their individual potential
- To recruit, develop and retain outstanding academic and professional staff
- To review the delivery and relevance of all our education and training
- To evaluate how student development and achievement is enabled through robust quality assurance and enhancement
- To provide excellent pastoral care
- To market ArtsEd as the destination of choice for a successful and fulfilling education and career
- To develop our distinctive brand identity as the leading force in Musical Theatre training
- To continue to maintain strong relationships with the industry
- To retain and progress talented staff through development, staff wellbeing and performance management, to enable them to realise their full potential
- To build philanthropic and public support for student scholarships, the Student Support Fund and the capital campaign
- To provide facilities that are fit for purpose, through effective maintenance and refurbishment programmes, space planning and facilities management
- To achieve the required level of operational surplus to meet ongoing investment requirements and provide contingency against unanticipated adverse developments
- To achieve maximum cost efficiency and value for money in all operations
- To sustain our cash flow and liquidity
- To monitor fee levels across the sector to ensure that we remain competitive

PUBLIC BENEFIT

The Trust provides a public benefit by providing first class independent education and vocational training, both through strong teaching and through developing wider artistic and social skills in all its pupils and students. This is intended to provide an environment where each student can develop and fulfil his or her potential, thus to help build self-confidence and inculcate a desire to contribute to the wider community.

Grants and bursaries, provided by the Trust, enable those who cannot afford to pay the full fees, to benefit from an ArtsEd education. Students are also able to apply for the Dance and Drama Award (DaDA) scheme which is provided by the Education and Skills Funding Agency. This allows the most talented students from a broad range of backgrounds to benefit from the training which ArtsEd offers.

The school encourages the local community to hire the Andrew Lloyd Webber Foundation theatre and other spaces for their own activities.

In addition to the above, ArtsEd have hosted or attended the below events:

September-December 2020

Sponsored Black British Theatre Awards

January – March 2021

Audition fee waivers are available to applicants from disadvantaged backgrounds.

The HR Manager has given free HR advice to local schools during the pandemic.

The Musical Theatre students held a fundraising event for Cancer Research.

Free InstaLive sessions were offered during lockdown.

School signed as affiliate drama school to Rising Waves, a free mentoring scheme for artists and creative practitioners of British East and South East Asian heritage.

April – July 2021

Sponsored New Earth Academy South 2021 providing free, specialist training and opportunities for British East and South East Asians (BESEA) aged 18+ who are interested in developing their skills and engagement in the performing arts.

Donated rehearsal space to ProSundays, an initiative to get performers back into work.

Throughout the year and ongoing

ArtsEd hosts Dynamic Piano Lessons, which offers lessons to local children with dyslexia and/or autism.

The Trustees have given consideration to the Charity Commission's general guidance on public benefit, and in particular to its supplementary public benefit guidance on advancing education, and have concluded:

- that there are clearly identifiable benefits from the Schools' work which relate directly to their aims as set out above;
- there is no significant detriment flowing directly from the Schools' work which we consider needs to be balanced against those benefits;
- that the benefits which the Schools provide are widely available to the public.

EXTERNAL INVESTIGATION

In June 2021 the Board of Trustees appointed Rebecca Tuck QC to carry out an investigation into allegations of historic misconduct. The summary of her report and an announcement by the Board of Trustees were published on 22 October 2021 and are available on the ArtsEd website. The report contained a range of recommendations in response to the conclusions of the report which related over a number of years to the HE Musical Theatre activity.

The Trustees at a meeting on 20 October 2021 agreed an action plan which was summarised in the Trustees' announcement made on 22 October 2021. This plan includes reviews of policy and procedures, employment of an external governance adviser to review Board governance, a review of HE well-being and enhanced HE staff training with an external review to be commissioned in the summer 2022 of the implementation of the action plan.

In the announcement of 22 October the Chair stated "The Board of Trustees is ultimately responsible for the conduct of the staff, freelancers and visiting creatives, and on behalf of ArtsEd, I am deeply sorry. However I am confident that these robust measures are necessary and will deliver the change that is required"

STRATEGIC REPORT

REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR Student and Pupil numbers

	2020/2021	2019/2020
Applications received		
Musical theatre (3 year BA)	1,403	1,376
Acting (3 year BA)	883	506
Acting (1 year MA)	287	182
Applicants auditioned		
Musical theatre (3 year BA)	1,152	1,004
Acting (3 year BA)	771	415
Acting (1 year MA)	253	148
New student intake		
Musical theatre (3 year BA)	54	61
Acting (3 year BA)	32	33
Acting (1 year MA)	28	34
Total students (at year end)		
Musical theatre	188	164
Acting	156	129
Total	344	293
Pupils (including "A" Level)		
Applications	252	324
Offers	180	205
Acceptances	116	140
Total number of pupils at year end	294	285

The financial results for the year ended 31 August 2021 were adversely affected by the Covid pandemic, the costs of the investigation and difficulties in Dubai that led to the disposal of the business in September 2021 but nevertheless there was a surplus of £379,955 compared to the surplus of £839,515 in the previous year. The budget for the year ending 31 August 2022 anticipates improved results as the impacts of the current year diminish.

ArtsEd continues to maintain high standards across its range of activities and to sustain stable pupil and student numbers and these are more fully described for each of the schools below.

The Trustees would like to thank all staff members for the continuing success of ArtsEd, for achieving such excellent academic results and for the continued stability in the financial results.

DAY SCHOOL AND SIXTH FORM

We are extremely proud of our GCSE, A-Level and BTEC examination results, and credit goes to the hardworking and dedicated staff who, despite lockdowns and disruption to learning, supported and enabled our students to achieve these results. We received five stage one appeals which were not escalated to stage two which emphasises our rigorous assessment, feedback, and data collection.

When comparing our examination results to our competitors (SYTS, Brit School and Tring Park), we rank as the first Performing Arts School in the UK. It is important to emphasise that as a school we do not select on academic ability, but we have always been confident that our small class sizes, our positive and supportive pupil/teacher relationships and our robust curriculum enable pupils of all abilities to achieve to a very high level. This year's results underline that these features of ArtsEd are continuing to empower and equip our pupils to surpass expectations.

In terms of educational progress and attainment the actual results achieved by the Year 11 cohort in their GCSEs were compared to their predicted results according to the CAT (cognitive ability test) data supplied by GL Learning, which is a nationally recognised provider of educational statistics. This year we were pleased that in our GCSEs 75% of the examination results exceeded the CAT predictions. This figure is significantly higher than the national and regional expectation.

Overall the pupils did exceptionally well, with every pupil achieving 4-9 in six or more subjects, and 53% (+4%) of our Year 11s achieving a 9 in one or more subjects (equivalent to A** and which only 5% of GCSE pupils achieved nationally).

The new 'Headline' Measures are:

Attainment 8 = 64.9 (+1.5), and Progress 8 = +1.33 (-0.24).

We are pleased to report that all our pupils have gone on to study A Level or BTEC courses at their first-choice colleges or schools - including ArtsEd Sixth Form of course. 60% of our year 11 cohort stayed on to study in the Sixth Form.

A statistic that demonstrates that we are also extending our most able pupils is that 55% (+5%) of all the grades were Grade 7, 8, or 9 (A and above in the previous measure), and every pupil secured a 7 or higher in their overall marks (A or A*).

**THE ARTS EDUCATIONAL SCHOOLS
TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2021**

Subject	Percentage of grades at 9-4
Dance, Drama, Music, Art, Film Studies, Photography	100%
English Language, English Literature, French, Geography, History, Maths	100%
Science (Double Award)	99%
Biology, Chemistry, Physics (Triple)	100%

In the core subject areas of Maths, English and Science, it is important to note that the results exceeded the CAT predictions by over 70%, (static) and overall the pupils achieved 68 more 8s and 9s than predicted by the national baseline tests.

A LEVEL RESULTS

The excellent results from last year continued to be built upon with a 100% pass rate (static), and with 49% of all grades achieving an A* or A (-1%), and 86% achieving A*, A, or B (-3%) which is significantly above the national average. When combined with our BTEC results, 96% (+1%), all results were A*-B or equivalent, which cements our position as the most academically successful performing arts school in the U.K.

Subject	Percentage achieving an A*- B grade or equivalent
BTEC Acting / Dance / Musical Theatre	100%
Dance, History, History of Arts, Music, Photo	100%
Drama	89%
Art/Film Studies/ Eng. Lit	80%
Maths	75%

BTEC RESULTS

Our BTEC cohort succeeded in achieving an outstanding set of results with **100%** (static) securing a Triple Distinction*/ Distinction combination (equivalent to 3 A* /A grades at A level) with **78%** (-4%) **securing Triple Distinction*** (equivalent to 3 A*s).

HIGHER EDUCATION DESTINATIONS

This year the majority (55%) of our Year 13 students wanted to carry on with vocational training at specialist conservatoires, and they secured places to study courses in Acting, Dance, Musical Theatre and Visual Arts in some of the most prestigious institutions in the UK and overseas.

ArtsEd; GSA; LAMDA; Mountview; RADA; Laban; Northern School Of Contemporary Dance; The Royal College of Music; The Met Film School; London Film Academy; Urdang; London Studio Centre; ACM; The National Film and Television School; LSCD; The LIR; AAD.

19% of our students have chosen to attend university (including film schools). We are also pleased to report that we have former students studying more traditional subjects such as Psychology, English, and History of Art at universities such as Exeter, Manchester, Bournemouth, Courtauld Institute of Art, York and Kings College, which demonstrates our commitment to supporting and encouraging all our students as individuals to continue learning and to pursue their personal ambitions.

15% of our students have gone straight into work.

Despite the challenges faced this year, the dedicated teaching staff, small class sizes and positive learning relationships has enabled us to nurture a creative environment that enables young people to achieve excellent examination results and produce outstanding performance work.

In August 2021 Adrian Blake, who has been a very successful headteacher for nine years retired. We are delighted that his successor Matt Bulmer will join us in January 2022 and has been visiting ArtsEd regularly in preparation.

POST-18 PROVISION

As one of the UK's leading centres of conservatoire education, ArtsEd is proud of its reputation as a provider of world-class, contemporary training. Our Musical Theatre course is consistently recognised as the best in the UK, and one of only a handful which can genuinely claim to produce 'triple threat' performers. Our 3-year Acting course is leading the way in delivering a robust, inclusive, skills-based actor training, focusing on new thinking in response to the rapidly evolving world of the arts and culture. This year applications for the acting course have increased from 506 to nearly 900.

Based on a range of evidence, including graduate destinations, external reports, feedback from students and industry professionals, annual evaluation, and internal self-assessment, we believe our overall effectiveness to be outstanding. We report a variety of statistical data to the Higher Education Statistics Agency (HESA) including for the Destination of Leavers from Higher Education survey, which calculated that 100% of our graduates go on to work or further study.

Our graduate destinations are outstanding. Each year ArtsEd graduates can be seen performing in commercial theatres in the West End and on tour, as well as appearing in television dramas and feature films.

A number of regulatory, accrediting and validating bodies have oversight of our provision (both HE and FE), and reports from these provide assurance of the quality and relevance of our provision:

- An extremely positive report from Trinity confirmed revalidation of both Acting and Musical Theatre courses which provides the PPAD Diplomas linked to DaDA funding.
- The National Student Survey (NSS) 2021 ArtsEd ranked no 1 within our sector. Students rated us 91.3% for overall satisfaction in comparison to 82.65% sector wide.
- The flagship 3 Year Acting and Musical Theatre courses were graded Outstanding by Ofsted in their last inspection in November 2015.
- We are accredited by the Council for Dance, Drama and Musical Theatre.
- We are a founder member of the Federation of Drama Schools.
- Our provision meets the guidelines set by Equity and Spotlight for conservatoire training.

We can therefore be confident that our content and our curricula remain relevant, the standards of teaching and learning remain very high, with high expectations for what all learners can achieve, and that our education

and training provides each student with the best possible preparation for a successful and fulfilling career. The school continues to attract highly skilled and expert practitioners with a wealth of relevant subject knowledge to teach at ArtsEd, both as regular tutors and visiting creatives. In Year 1 the majority of teaching is undertaken by core in-house staff to encourage confidence, generosity to the ensemble, and to allow students the time and support to develop a broad range of technical skills before testing them against industry standards. As the courses progress, through projects, public productions and professional practice modules, students are introduced to a wide range of practitioners, directors and creatives, including leaders in their field as well as emerging artists. The experience of working with these people develops students' skills and confidence and allows them to build up a broad portfolio of professional contacts in preparation for entry to the industry. This combination of rigorous technical training from in-house staff, and the experience of working with a huge variety of industry professionals, is a key strength of teaching and learning at ArtsEd.

ArtsEd is noted in the industry for our success in attracting and retaining a particularly diverse student body, over one third of our students come from Black, East Asian, South Asian, and other under-represented Ethnic groups. We are a founder school of Diversity Initiative, set up to address under-representation and lack of diversity in UK drama schools. As a partner school, we are committed to maintaining our strength in this area, improving diversity of all kinds over the coming years.

Our commitment to inclusivity is apparent in a warm and welcoming environment, with a strong attention on the development of the individual. The pastoral care that is a core aspect of our provision is rooted in the expertise of our staff and is driven by the belief that a person's wellbeing is core to their success. Training is undertaken each year to update and allow us to critically reflect on our provision and practices. Extensive performance experience gives staff an understanding of the rigours and demands of the industry and the ability to inspire resilience alongside expertise. This is an essential element in creating graduates who are confident, resourceful and committed performers, well prepared to enrich and influence the creative industries in the UK and beyond.

Diversity statistics

September 2021 the School of Acting recorded an intake of **56%** Black, East Asian, South Asian, and other under-represented Ethnic groups. The School of Musical Theatre recorded an intake of **24%**. Overall, **41%** of the new intake of students are Black, East Asian, South Asian, and other under-represented Ethnic groups. It is an ongoing target to maintain and improve equality, inclusivity and diversity, and efforts are made at audition to recruit students from a diverse range of backgrounds and support them to succeed at the highest levels. We continue to explore how we can influence the intake in Musical Theatre, through targeted outreach and marketing strategies. Our commitment to diversity is demonstrated by the table below, which shows that over succeeding years, our efforts to attract talented students from a range of backgrounds to our post-18 courses have been increasingly successful

New intake

% Black, East Asian, South Asian, and other under-represented Ethnic groups.

2021-22	41%
2020-21	30%
2019-20	37%
2018-19	29%
2017-18	23%
2016-17	21%
2015-16	20%
2014-15	18%

Wellbeing and Pastoral Care

The challenge of supporting the growing number of pupils and students with mental health difficulties is one faced by all education and training providers. Trustees are committed to supporting initiatives for continual improvement in pastoral care and have approved increased investment in support services and the promotion of wellbeing for all our students and staff. Our work in this area was acknowledged at the inaugural Industry Minds awards in September 2020, when ArtsEd was voted Institute of the Year for the work we do in pioneering and furthering mental and physical health in the creative arts. During Covid we offered online support with Togetherall.com, alongside offering access to a specialised counsellor and a nutrition and well-being officer. We are currently reviewing provision with the support of an external expert as part of our action plan following the external investigation to ensure that we continue to respond to the needs of the students and staff.

School of Musical Theatre

ArtsEd's Musical Theatre department is regarded as the premier Musical Theatre school in the country, and one of only a handful which can genuinely claim a 'triple threat' training. Despite the pandemic, training remained rigorous and robust. Graduate shows, held with distanced audiences, were well received by industry professionals. For the first time the MT showcase was filmed as showreels directed by Jonathan O'Boyle, who will be taking up post as our Director of Musical Theatre in November 2021. The rehearsals, filming and editing were supported by the School of Acting film department. Classes, tutorials, masterclasses, performance projects, assessments and rehearsals for final year Spring productions were taken online using a blend of Zoom, Teams and Google classroom.

Employability

Students continue to be well prepared for employment, both in the development of the key skills necessary for work in the profession, and in the development of understanding about the industry. They take part in regular mock and preview interviews and auditions, and the requirement to audition for roles in their final year productions and films gives students a real sense of what to expect when seeking professional work. Students benefit from an extensive programme of professional practice talks from agents, casting directors and actors on a range of subjects including how to start their own theatre company, how to manage their finances and taxes, how to develop their own work for television, how to market themselves and understanding their individual casting potential. These industry guests frequently cast the students in professional productions.

Similarly, the policy of bringing West End casting directors to audition BA Musical Theatre whilst still in training continues to be highly successful.

2021 Graduates

The impact of Covid-19 on theatre throughout the UK cannot be underestimated. Commercial producers were unable to mount fully-stage musicals in the West-End, on tour or in regional theatres.

2021 graduates have already secured work in *Pretty Woman: The Musical* (West End), *South Pacific* (Chichester Festival Theatre), *Hairspray* (London Coliseum), *Les Misérables* (West End), *The Magician's Elephant* (RSC), *The Addams Family* (UK Tour), *The Book of Mormon* (West End and UK Tour), *The Phantom of The Opera* (West End), *Back to the Future* (West End) and feature film *The Bog*.

2020 Graduates

According to Unistats, our students earn an average of £34,000 six months after graduation, compared to the national average of £20,000. This average earning has been raised largely due to the very high numbers of graduates working in the West End and Off West End.

Over this reporting period, 2020 graduates appeared or were cast in:

West End: Back to the Future, Adelphi; Hair, London Palladium; Songs For a New World, London Palladium; Cinderella, Gillian Lynne Theatre; Frozen, Theatre Royal Drury Lane

Regional theatre: Top Hat, The Mill at Sonning; South Pacific, Chichester Festival Theatre; Rent, Hope Mill Theatre; What's New Pussycat, Birmingham Rep; Carousel, Kilworth House; The Music of Andrew Lloyd Webber, Leicester Curve

Off West End: The Last Five Years, Southwark Playhouse; Pippin, The Garden Theatre; Ordinary Days, The Theatre Café

Tours and international: Grease, UK Tour; Chicago, UK Tour; Chicago, Ljubljana Festival;; The Adams Family, UK Tour; School of Rock, UK Tour

TV and film: The Power, Amazon Studios

Pantomimes: Dick Whittington, National Theatre; Cinderella, Online; Jack and the Beanstalk, Online

Shows cancelled or postponed: Hello Dolly, Adelphi, The Commitments, UK Tour; My Best Friend's Wedding, UK Tour

School of Acting

The course is gaining reputation as leading the way in decolonisation and diversification in actor training. This is highlighted in application arising from 506 to nearly 900. We offer an inclusive, diverse contemporary industry-facing programme, an exciting alternative to the traditional model of classical theatre training. The BA Acting course is the first to introduce intimacy training and British Sign Language embedded within the 1st year curriculum. During the Government lockdown, classes, tutorials, masterclasses, performance projects, assessments and rehearsals for final year Spring productions were taken online using a blend of Zoom, Teams and Google classroom. 2020 Graduate original film The Phoenix directed by our Head of TV/ Film and Audio Kim Vithana won best international short film at The Paris Short Film Festival and has been shortlisted for the LA Short Film Festival, Berlin Short Film and Kalakari Indian Film Festival.

Employability

ArtsEd facilitate a robust practical creative environment to facilitate students to progress into professional work in all genres. We bring stage and screen casting directors to audition Acting students whilst still in training which has started to bear fruit in students being cast for stage and screen. This addition, like our Musical Theatre course provides another indicator of the quality of standards on the programme. Despite Covid decimating the Arts we are proud our students' who continue to gain professional recognition and obtain high quality professional work.

2021 Graduates

2021 graduates have worked in the following productions:

Films & TV: Havoc with Tom Hardy; Pulcinella, the lead in Lorraine; The Tuckers, BBC Cymru Wales; Lud in the Mist, BBC; Amser Maith Maith Yn Ol, BBC Cymru Wales; Butterfly Lost.

Radio: BBC Carleton Hobbs 2021 finalist receiving a best duologue commendation; , BBC Audio Drama; Keeping the Wolf out, BBC Audio Drama; Charles Paris: A Deadly Habit.

Theatre: A Midsummer Night's Dream, Petersfield Shakespeare Festival; Rocket Launch Blaenavon.

2020 Graduates

Over this reporting period, 2020 graduates appeared or were cast in:

TV and Film: Holby; Doctors, BBC; Finalist for Warner Bros Actors In Training Programme 2020; The Flash, DC/Warner Brothers; The Larkins, ITV; Becoming Elizabeth, The Forge/Starz; Amazon UK Commercial; The Ancestors, National Youth Theatre/English Heritage; The York Witches Society, MSR Media; Television, Zeke, Big Age, Channel 4/Tiger Aspect, Nosa Eke; Television, Ben, This Is Going To Hurt, BBC, Lucy Forbes; The leading role in the feature film RUSH; A Miseducation of Love, short film; Fruity, BBC New creatives

Theatre: Lead in The Belle Sauvage, The Bridge Theatre, Bard from the Barn, Barn Theatre Cirencester; Heart of Hammersmith, Lyric Hammersmith; What's Past Is Prologue, Mawa Theatre; Living Newspaper: Edition 1, Royal Court; Pericles, Prince of Tyre, Barn Theatre Cirencester; Under Milk Wood (Workshop), National Theatre.

FINANCIAL RESULTS

The Trust produced a surplus for the year of £379,955 (2020: £839,515). The total accumulated unrestricted general fund surplus at the end of the year was £6,802,269 (2020: £6,598,961). There were designated funds at year end of £118,110 (2020: £188,110).

Capital expenditure in the year totalled £2,212,414 (2020: £6,460,021) of this £2,021,854 related to the building works. Yearend cash balances were £4,731,428 (2020: £3,988,486) and there were long term loans with Lloyds Bank plc of £6,766,895 (2020: £4,814,330).

Impact of Covid-19

A large number of our ArtsEd families experienced financial difficulties caused by the Covid pandemic during the financial year to 31 August 2021 and as a result an additional £31,642 Hardship bursaries were granted and families were allowed extended payment terms for fees debtors of a further £49,622, all of which have been fully provided for in these accounts.

As a result of this support not a single pupil or student was asked to leave for non-payment of fees during the financial year.

The pandemic also negatively affected other areas of the Trust with Studio Hire reducing by 40% to £63,981 and income from school productions reducing to £14,983 from £61,160 in 2020, despite the fact that almost all the planned shows were staged to the normal standard. As there were reduced audiences no recovery from the Theatre Tax Relief scheme was included this year (2020: £59,413)

It is anticipated that these non-fee sources of income will recover in the financial year to 31 August 2022.

The Dubai business was more severely hit by the pandemic and reported a loss of £88,256 (2020: £22,230 profit).

The Trustees continue to keep abreast of the financial impact of Covid-19 and will take whatever steps they consider necessary to protect the financial wellbeing of the Charity.

Charitable Support

The Trust is very grateful for the support from the following individuals, companies, trusts and foundations in 2020-21. Their generosity ensures that we can continue in our mission to enrol students with the greatest potential, regardless of their financial circumstances. We are particularly grateful for the new and continued support received during the Covid-19 pandemic.

ArtsEd Champions

Anon, Kate & Pat Butler, Ann Cottis, Tim English and all supporters of the Chris Hornby Bursary Fund, Clare M Ferguson, Michael Harrison, Alastair Kerr, all supporters of the Graham Martin Bursary Fund, Dennis & Valerie Lavin, Jamie Lonsdale, William Newsom, Richard Parkinson & Hamilton McBrien, Dr Donald & Mrs Jan Yeates

ArtsEd Enthusiasts

Anon, Sue Adie, Jacquie Brunjes, Johanna Harrison

ArtsEd Admirers

Anon, Sandy Cahill, Ollie Corbett, Felicity French, Tony & Christine Gamble, Andrew D Hine Esq, Diana Maine, Dennis & Erika O'Connor, Linda & Steve Simpson, Helen Vickers, John & Wendy Williams, Paul Wooller

ArtsEd TAP and ArtsEd Parents & Families

We would like to thank the TAP committee for their continued hard work, commitment and enthusiasm. We would also like to thank the parent and carer community for their ongoing support of TAP events and ArtsEd's wider fundraising initiatives.

Corporate

Acre Properties in memory of Ben Turner, Smith & Brant Theatricals, White Light

Trusts and Foundations

Andrew Lloyd Webber Foundation, CMF Charitable Trust, Darrall Macqueen Ltd, The D'Oyly Carte Charitable Trust, Help Musicians UK, The Honourable Society of Knights of the Round Table, Laurence Olivier Bursary (Society of London Theatres), The Leverhulme Trust, The Lionel Bart Foundation, Lynne & Land Foundation, Pamela Brady Todd Fund, The Royal Victoria Hall Foundation, The Sir John Gielgud Charitable Trust, Sophie's Silver Lining Fund, The Stanley Picker Charitable Trust

Agents

We have been delighted to receive generous support over the years from many agents and agencies through our 10% programme. This programme has been on hold during the pandemic, but we look forward to rebuilding these valuable partnerships over the coming year.

Shaping the Future

David Ian, Mark Burch, CMF Charitable Trust, Garfield Weston Foundation, The Arts and Sports Trust, Cherie Lunghi, Tatiana & Sergey Ogorodnov, Rob & Cherry Wood

Legacy Pledges

Anon, Vanessa Cameron, David J Yeoward

Legators

Malcolm Goddard, Guildford Academic Associates

The Interim Principal has requested that a special mention should be made of the outstanding contribution of the Trustees who not only give generously of their time but also make significant financial donations that are very much appreciated.

Future Plans

On 20 October 2021 the Board approved an action plan to address the recommendations of the external Investigation setting a timetable for implementation and committing to an external review of the implementation in summer 2022. The Board and senior management are committed to keeping informed the regulatory and validating institutions and other stakeholders on the progress in implementation of its action plan.

The ambitions and priorities set out in the Five Year strategic plan continue to guide our plans.

Work continues on the scheme to redevelop the old library site into a performance and training venue that will provide further world class facilities.

Reserves Policy

Total funds at the balance sheet date were £15,602,838 (2020: £15,222,883) of which £3,245,304 were restricted (2020: £3,136,778) and £11,010,379 were unrestricted (2020: £10,884,071). Details of restricted funds are provided in note 20. Of the unrestricted reserves, there is a designated fund of £188,110 (2020: £188,110) which has been set up for student bursaries. Also included in the unrestricted fund is the revaluation reserve of £4,020,000 (2020: £4,097,000) which arose on the last revaluation of the School's land and buildings.

As the school has historically invested in its building and is in the development stages of a major building project, there were no free reserves at the balance sheet date, (2020: £nil). It is likely that free reserves will remain minimal. The Trustees believe that it is important to continue to maintain healthy surpluses in order to build up total reserves and in order to be able to invest in the facilities and staff of ArtsEd.

Investment Policy

An investment policy has been written and adopted that seeks to optimize cash flow whilst maximizing return on investment in a safe and secure manner.

Fundraising practices and performance

Raising voluntary funds from trusts, foundations and individuals is a vital source of income for ArtsEd, enabling us to fulfil our charitable objectives as effectively as possible. We are very grateful for the support from all of our donors.

At ArtsEd, we believe that fundraising should be an open, honest and respectful process. We aim to build partnerships with our supporters and donors that are based on mutual understanding and shared values. In developing our approach to fundraising, we have taken account of the Code of Fundraising Practice issued by the Fundraising Regulator. We have a small internal fundraising team which carries out our principal fundraising activity and make occasional use of external professional fundraisers for standalone fundraising projects. We do not engage commercial participators to carry out fundraising activity. The fundraising team works closely with ArtsEd's executive and trustees to develop its fundraising strategy and identify potential prospects, the vast majority of whom have an existing connection to ArtsEd or to a member of one of these internal bodies. ArtsEd does not engage in unsolicited face-to-face or telephone fundraising.

As part of General Data Protection Regulation, ArtsEd reviewed and updated its Privacy Policy with regards to fundraising. This policy, published on our website, clearly states what personal data ArtsEd will hold in relation to supporters and how this data will be used. It sets out how individuals can raise concerns or complaints. ArtsEd has received no complaints about its fundraising activities either during the financial year or subsequently.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk Management

The main risks that the Trustees have identified and the plans to manage those risks are:

Investigation – Following the year end on 22 October 2021 the summary report and Trustees' announcement were published as described on page 7. The Trustees recognize the risks arising from the report to the reputation of ArtsEd, and therefore to its financial and competitive position. Working with key management the Trustees have commenced the implementation of the action plan to address the recommendations of the report and have kept informed the relevant regulatory and validating bodies and are ready to respond to their enquiries. Trustees and management are also keeping informed the broader stakeholder group and managing external communications, including with potential applicants to ArtsEd.

Covid-19 Pandemic – the pandemic has impacted in the school in the year under review and may continue to do so in the current year. In particular the Trustees and key management have understood the potential impact of Covid-19 on the delivery of the School's objects and their governance and have taken steps as set out below.

We manage this risk by:

- Providing a balanced blended remote learning curriculum
- Taking exceptional steps to reduce class size and keep classes physically separate
- Establishing our own Track and Trace procedures which together with the responsiveness of staff and students effectively minimizes cross contamination
- Seeking and following independent professional advice
- Investing in additional equipment and facilities to help monitor staff, student and pupil health

In addition, the Trustees and key management have taken exceptional measures, as explained on page 15, to monitor the financial impact of Covid-19 on the Charity.

Reputation – The School's success is built on its reputation of the quality of its education/training and wellbeing of our students.

We manage this risk by:

- constantly reviewing the delivery and relevance of all our education and training
- recruiting, developing, and retaining outstanding academic and professional staff through our staff recruitment policies
- reviewing and applying our safeguarding policies
- providing pastoral support for both students and staff
- actively identifying and resolving health and safety related issues

Finance – Our ability to continue is reliant on student fees and effectively managing costs.

We manage this risk by:

- marketing activity to maintain student numbers
- having a reputation for academic and vocational excellence and excellent student destinations
- having effective credit control procedures
- comprehensive budgeting and regular financial reporting against the approved budget

Competition - Innovative or unexpected developments are made by competitor organisations

We manage this risk by:

- benchmarking the Schools' performance against industry standards
- regular review of the curriculum and training to ensure that they achieve academic and vocational excellence and meet industry expectations
- monitoring our student destinations
- recruiting and retaining the best staff through our HR policies

Through the risk management processes established for the Charity, the Trustees are satisfied that the major risks identified have been adequately mitigated where necessary. It is recognised that systems can only provide reasonable, but not absolute, assurance that major risks have been adequately managed.

Trustees' responsibilities for the financial statements

The Trustees, who are also directors of ArtsEd for the purposes of company law, are responsible for preparing the Trustees' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare Financial Statements for each financial year. Under that law the Trustees have prepared the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the profit or loss of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable 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 company will continue in business.

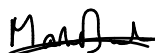
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with 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.

Provision of information to auditors

The Trustees at the time when this Trustees' Report is approved have confirmed that:

- so far as the Trustees are aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- the Trustees have taken all the steps that ought to have been taken as Trustees in order to be aware of any information needed by the charitable company's auditors in connection with preparing this report and to establish that the charitable company's auditors are aware of this information.

Trustees' Report, incorporating the Strategic Report, approved on behalf of the Trustees:



Mark Burch, Chair

23 November 2021

Corporate Governance

The Statement which follows is provided to enable readers of the Annual Review and Financial Statements of the School to obtain a better understanding of its governance and legal structure and applies to the 2020/21 financial year and to the date of the approval of the audited financial statements.

The structure of Corporate Governance is set out on pages 3 and 4, being the first section of the Trustees' Report. The Governing Document which dates from 1962 and was last amended in 2013 underpins the Governing practices adopted by the Board.

The Trustees are legally responsible for the overall management and control of the Schools. The Board of Trustees meets at least three times a year. Day to day responsibilities are delegated to the Principal and the Board has six sub-committees that meet at least three times a year that cover specific areas of the business. For the year under review these were:

- The Finance Committee
- The Facilities Committee
- The Development Committee
- The Day School and Sixth Form Committee
- The Higher Education Committee
- The EDI Committee

The minutes of the Management Health and Safety Committee together with all reports from the external advisers are shared with members of the Facilities Committee.

On 5 June 2021 the Board agreed that the Chair, supported by the Deputy Chair and one other Trustee, would manage the Board's response to the external investigation. The Board met additionally in July and September as well as receiving updates. On 20 October 2021 the Board approved the establishment of the Policies and Practices Working Group of three Trustees working with the Head of HR to take forward the review established in response to the recommendations of the external investigation together with the employment of an external governance adviser to review Board governance, as explained on page 7.

For the year under review the Project Board, a temporary committee to oversee the building development, has met at least once a month and a report from the Chair of the Project Board is included in all Board papers. This report includes an operational and financial update informing the Board of the most current situation.

All the sub-committees are attended by the Principal and other senior staff as may be required. Minutes are taken from all such meetings which are included in the Board papers so that all Trustees have an appreciation of the issues dealt with by the sub-committees.

Every year the Board holds at least one Strategic Review day when issues of a longer term and more strategically orientated are considered.

The Principal and the Senior Strategy Team (SST) meet monthly to discuss current issues and to agree actions for the short, medium and longer term as required. For the current year this has included significant discussions and actions due to the Covid-19 pandemic.

The Finance Committee ensure the adequacy and effectiveness of arrangements for corporate governance, risk management and oversight of any statutory and other regulatory responsibilities including compliance

with the OfS's ongoing conditions of registration, any terms and conditions of funding as well as any other relevant regulatory responsibilities.

As part of the action plan in response to the external investigation the Trustees have commissioned an external specialist adviser to complete a governance effectiveness review which is due to report in March 2022.

Internal Controls

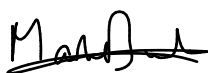
Identifying and managing risk is a key part of the work of the Board and the SST. This is addressed by the maintenance of a detailed Risk Register that is discussed and updated as necessary at all the meetings of the Board and the SST and is covered where appropriate by the other sub-committees.

The approach to internal controls is risk-based including an evaluation of the risks becoming a reality. The risk weighting is considered by assessing the likelihood of the risk and the potential damage it could do. This approach helps management and Trustees prioritise actions and enhance controls if the potential impact of a risk is considered to be increasing.

Whilst many risks do have a financial implication many others do not and could have compliance, operational, health and safety or reputational implications. The Risk Register covers all such issues and not the purely financial ones.

Members of the Board of Trustees understands that it is their responsibility to ensure that a sound system of internal controls is maintained and confirms that it has reviewed the effectiveness of these arrangements.

The Trustees, SST and external auditors have not identified any significant internal control weaknesses or failures in the financial year under review or in the period since the year end up to the date that the financial statements were signed that need to be disclosed.



Mark Burch, Chair

23 November 2021

THE ARTS EDUCATIONAL SCHOOLS
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ARTS EDUCATIONAL SCHOOLS
FOR THE YEAR ENDED 31 AUGUST 2021

Opinion

We have audited the financial statements of The Arts Educational Schools for the year ended 31 August 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity 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 and charitable company's affairs as at 31 August 2021 and of the group's and charitable company's net movement in funds, including the income and expenditure, for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Office for Students Accounts Direction.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 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 trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report (incorporating the strategic 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report (incorporating the strategic report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

THE ARTS EDUCATIONAL SCHOOLS
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ARTS EDUCATIONAL SCHOOLS
FOR THE YEAR ENDED 31 AUGUST 2021

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report (which incorporates the strategic report and directors' report).

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

- adequate accounting records have not been kept by the charitable company; or
- the charitable company 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.

Matters on which we are required to report in respect of the Office for Students

In our opinion, in all material respects:

- funds administered by the charitable company for specific purposes during the year ended 31 August 2021 as disclosed in note 18, have been applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the OfS and Department for Education have been applied in accordance with the terms and conditions attached to them during the year ended 31 August 2021; and

We have nothing to report in respect of the following matter[s] in relation to which the Office for Students requires us to report where:

- grant and fee income, as disclosed in the note 3 to the accounts, has been materially misstated
- expenditure on access and participation activities for the financial year has been materially misstated

Responsibilities of trustees for the financial statements

As explained more fully in the Statement of Trustees' Responsibilities statement set out on page 19, 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's and 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 the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Based on our understanding of the group and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to independent schools, higher education and further education provision regulation including Independent Schools Inspectorate, Ofsted and the Office for Students, charity and company law applicable in England and Wales, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, Charities Act 2011 and the Office for Students Accounts Direction.

THE ARTS EDUCATIONAL SCHOOLS
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ARTS EDUCATIONAL SCHOOLS
FOR THE YEAR ENDED 31 AUGUST 2021

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to revenue recognition, in particular in relation to voluntary and other income and management override of controls. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions;
- Reviewing the income recognition around the year end to assess whether income had been recognised in the correct accounting period; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

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

Use of our report

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



Tracey Young

Senior Statutory Auditor

For and on behalf of Haysmacintyre LLP, Statutory Auditors

7 December

..... 2021

10 Queen Street Place
London
EC4R 1AG

THE ARTS EDUCATIONAL SCHOOLS
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2021

		Unrestricted Funds 2021 £	Restricted Funds 2021 £	Endowment Funds 2021 £	Total Funds 2021 £	Total Funds 2020 £
	Note					
INCOME FROM:						
Donations and legacies	2	35,833	446,451	-	482,284	252,995
Charitable activities						
Fee income	3	9,463,700	-	-	9,463,700	8,463,470
Other income	4	201,376	-	-	201,376	512,187
Other grants	4	66,557	-	-	66,557	200,213
Other trading activities	5	120,375	-	-	120,375	261,500
Investment income		1,224	28,150	-	29,374	42,447
TOTAL INCOME		9,889,065	474,601	-	10,363,666	9,732,812
EXPENDITURE ON:						
Raising funds		(294,243)	-	-	(294,243)	(352,618)
Charitable activities		(9,463,555)	(371,034)	-	(9,834,589)	(8,598,994)
TOTAL EXPENDITURE	6	(9,757,798)	(371,034)	-	(10,128,832)	(8,951,612)
NET INCOME / (EXPENDITURE) BEFORE INVESTMENT GAINS		131,267	103,567	-	234,834	781,200
Net gains on investments		-	-	145,121	145,121	58,315
NET INCOME BEFORE TRANSFERS		131,267	103,567	145,121	379,955	839,515
Transfers		(4,959)	4,959	-	-	-
NET MOVEMENT IN FUNDS		126,308	108,526	145,121	379,955	839,515
Funds brought forward at 1 September		10,884,071	3,136,778	1,202,034	15,222,883	14,383,368
TOTAL FUNDS AT 31 AUGUST		11,010,379	3,245,304	1,347,155	15,602,838	15,222,883

All amounts are derived from continuing activities.

All gains and losses recognised in the year are included in the Statement of Financial Activities.

The notes on pages 29 to 49 form part of these financial statements.

Full comparatives for 2020 are provided in note 26.

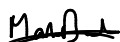
**THE ARTS EDUCATIONAL SCHOOLS
CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2021**

Registered Number: 0712444

		2021		2020	
	Note	£	£	£	£
FIXED ASSETS					
Tangible assets	13		19,414,681		17,835,297
INVESTMENTS					
Investments	14		1,409,441		1,264,320
CURRENT ASSETS					
Stock		2,231		10,620	
Debtors	15	2,554,440		2,705,911	
Cash at bank and in hand		4,731,428		3,988,486	
		<u>7,288,099</u>		<u>6,705,017</u>	
CREDITORS: amounts falling due within one year	16	(6,129,377)		(6,049,197)	
NET CURRENT ASSETS			<u>1,158,722</u>		<u>655,820</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>21,982,844</u>		<u>19,755,437</u>
CREDITORS: Amounts falling due after one year	17		(6,380,006)		(4,532,554)
NET ASSETS	19		<u><u>15,602,838</u></u>		<u><u>15,222,883</u></u>
RESERVES					
Unrestricted funds					
- general funds			6,802,269		6,598,961
- designated funds			188,110		188,110
- revaluation reserve			4,020,000		4,097,000
Restricted funds	20		3,245,304		3,136,778
Endowment funds	21		1,347,155		1,202,034
TOTAL FUNDS	18		<u><u>15,602,838</u></u>		<u><u>15,222,883</u></u>

The notes on pages 29 to 49 form part of these financial statements.

The financial statements were approved and authorised for issue by the Trustees on 23 November 2021 and were signed below on its behalf by:



.....
Mark Burch
Chair




.....
Ann Cottis
Chair of the Finance Committee

		2021		2020	
	Note	£	£	£	£
FIXED ASSETS					
Tangible assets	13		19,414,681		17,834,488
INVESTMENTS					
Investments	14		1,409,441		1,264,320
CURRENT ASSETS					
Stock		2,231		10,620	
Debtors	15	2,591,758		2,748,567	
Cash at bank and in hand		4,686,747		3,915,612	
		<u>7,280,736</u>		<u>6,674,799</u>	
CREDITORS: amounts falling due within one year	16	<u>(6,122,014)</u>		<u>(6,040,400)</u>	
NET CURRENT ASSETS			1,158,722		634,399
TOTAL ASSETS LESS CURRENT LIABILITIES			21,982,844		19,733,207
CREDITORS: Amounts falling due after one year	17		<u>(6,380,006)</u>		<u>(4,532,554)</u>
NET ASSETS	19		<u>15,602,838</u>		<u>15,200,653</u>
RESERVES					
Unrestricted funds					
- general funds			6,802,269		6,576,731
- designated funds			188,110		188,110
- revaluation reserve			4,020,000		4,097,000
Restricted funds	20		3,245,304		3,136,778
Endowment funds	21		1,347,155		1,202,034
TOTAL FUNDS	18		<u>15,602,838</u>		<u>15,200,653</u>

The charity's income for the year was £10,243k (2020: £9,472k) with a surplus of £402k (2020: £817k). The notes on pages 29 to 49 form part of these financial statements.

The financial statements were approved and authorised for issue by the Trustees on 23 November 2021 and were signed below on its behalf by:


.....
Mark Burch
Chair Chair of the Finance Committee


.....
Ann Cottis

		2021		2020	
	Note	£	£	£	£
Net cash provided by operating activities	23		1,150,231		1,533,090
Cash flows from investing activities					
Dividends		28,150		20,205	
Interest income		1,224		42,447	
Interest payable		(177,712)		-	
Purchase of investment				(38,276)	
Purchase of fixed assets		(2,212,414)		(6,460,021)	
Proceeds of sale of fixed assets		809		-	
Net cash used in investing activities			(2,359,943)		(6,435,645)
Financing activities					
Cash Inflows from new borrowings		2,185,670		4,814,320	
Cash outflows from repayments		(233,016)		-	
Net cash inflow/(outflow) from financing activities			1,952,654		4,814,320
Change in cash and cash equivalents in the year			742,942		(88,235)
Cash and cash equivalents at the beginning of the year			3,988,486		4,076,721
	24				
Cash and cash equivalents at the end of the year			4,731,428		3,988,486

The notes on pages 29 to 49 form part of these financial statements.

1. ACCOUNTING POLICIES

Basis of Preparation of the Financial Statements

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - effective 1 January 2019. The Financial Statements are drawn up under the historical cost convention, with the exception of investments which are included at valuation.

The Trust is a Public Benefit Entity registered as a charity in England and Wales, it was registered in 1962 (charity number: 311087).

Going concern

Having reviewed the funding facilities available to the Trust together with the expected ongoing demand for places and the Trust's future projected cash flows and in addition having reviewed the potential impact of Covid-19 on the Trust's finances, the Trustees have a reasonable expectation that the Trust has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the Trust's financial viability. Accordingly, they also continue to adopt the going concern basis in preparing the financial statements.

Basis of consolidation

A subsidiary called ArtsEd International Ltd (company number 11960873) was established on 24 April 2019. The Trust also controls ArtsEd International Performing Arts Education LLC (ArtsEd Dubai), which was established in Dubai in June 2019.

The financial statements consolidate on a line-by-line basis the results of the Charity, ArtsEd International and ArtsEd Dubai. A separate Statement of Financial Activities and income and expenditure for the Charity is not presented because the Charity has taken advantage of the exemptions afforded by the Companies Act 2006 and the SORP.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, the Trustees are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

In the view of the Trustees, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Trust's financial statements.

Fees and Similar Income

Fees receivable and charges for services and use of the premises, less any allowances, scholarships, bursaries granted by the Trust against those fees, but including contribution received from restricted funds, are accounted for in the period in which the service is provided.

Government grants are reported as fees or other grants as appropriate.

Donations, grants and legacies

Donations, grants and legacies are accounted for as and when entitlement arises, the amount can be reliably quantified and the economic benefit to the School is considered probable.

Investment income

Investment income from the investments and bank balances are accounted for on an accruals basis.

The income from the invested endowment fund are wholly restricted.

Expenditure

Charitable expenditure and administration costs comprise direct expenditure including staff costs attributable to the activity and are accounted for on the accruals basis. Where costs cannot be directly attributed they have been allocated to the activities on a basis consistent with the use of resources. The Trust is unable to recover VAT incurred on expenditure accordingly expenditure is shown inclusive of any associated VAT payable.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the Trust and include the audit fees and costs linked to the strategic management of the Trust.

Fund accounting

Unrestricted funds comprise resources available to the Trustees to be applied for any purpose within the objects of the Trust.

Restricted funds comprise donations for purposes restricted by the wishes of the donor.

Endowment funds arise when the donor has expressly provided that the gift 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 (expenditure endowment) and those where there is no discretion to expend the capital (permanent endowment). The Charity has one permanent endowment fund, and no expendable endowment. The fund is managed by the investment managers on a total return basis. This means that the funds are invested to maximise the return on investment without regard as to whether that return is in the form of income from dividends or interest or capital appreciation (where the market value of the investment increases). The investment managers each year release a set amount of that return for spending on bursaries for Musical Theatre students.

Revaluation reserve comprises total revaluations in the deemed cost of the properties.

Designated funds are funds that the Trustees have earmarked for a particular purpose or use without restricting or committing the funds legally.

Pension

The Trust makes pension contributions to defined contribution pension schemes on behalf of certain employees. These contributions are held in a separately administered fund.

Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Fixed asset investments

Investments are a form of basic financial instrument. Fixed asset investments are initially recognized at their transaction value and are subsequently measured at their fair value (market value) as at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

Financial instruments

Basic financial instruments are initially recognized at transaction value and subsequently measured at amortised cost. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions.

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid deposit accounts.

Debtors

Fee and other debtors are recognized at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. A specific provision is made for debts for which recoverability is in doubt.

Stock

Stocks are valued at the lower of cost and net realizable value.

Creditors and provisions

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

Depreciation

Tangible fixed assets are stated at cost or deemed cost, net of depreciation and any provision for impairment. Tangible fixed assets costing greater than or equal to £500 are capitalised and stated at cost, net of depreciation. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value of each asset on a straight line basis over its expected useful life, as follows:

Freehold buildings	2% per annum
Computer equipment	33.33% per annum
Furniture and fittings	10% - 50% per annum
Motor vehicles	25% per annum
Building & theatre refurbishment	2% - 10% per annum

The valuation of freehold land and buildings on transition to FRS 102 at 1 September 2014 has been taken as the deemed cost.

2 INCOME FROM DONATIONS AND LEGACIES

	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Endowment Funds 2021 £	Total 2021 £
Donations	35,833	446,451	-	482,284
	<u>35,833</u>	<u>446,451</u>	<u>-</u>	<u>482,284</u>

Comparative analysis

	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Endowment Funds 2020 £	Total 2020 £
Donations	13,299	239,696	-	252,995
	<u>13,299</u>	<u>239,696</u>	<u>-</u>	<u>252,995</u>

3 GRANT AND FEE INCOME

	2021 £	2020 £
Fee income from other bodies	937,056	1,156,245
Fee income for taught awards	3,360,914	2,724,264
Fee income from non-qualifying courses	5,165,730	4,582,961
	<u>9,463,700</u>	<u>8,463,470</u>

4. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds 2021 £	Unrestricted Funds 2020 £
Fees income		
Fees receivable	9,850,677	8,800,014
Bursaries and discounts	(386,977)	(336,544)
	<u>9,463,700</u>	<u>8,463,470</u>
Other income		
Studio hire and classes	63,981	106,602
Audition and registration fees	49,825	112,126
School productions	14,893	61,160
Catering	(8,687)	68,594
Bar income	-	12,704
Theatre tax relief	-	59,413
Other income	81,364	91,588
	<u>201,376</u>	<u>512,187</u>
Other grants		
CJRS	19,759	200,213
Covid Testing grant	46,798	-
	<u>66,557</u>	<u>200,313</u>
	<u><u>9,731,633</u></u>	<u><u>9,175,870</u></u>

5. INCOME FROM TRADING ACTIVITIES

	Unrestricted Funds 2021 £	Unrestricted Funds 2020 £
Educational services	120,375	261,500
	<u>120,375</u>	<u>261,500</u>

THE ARTS EDUCATIONAL SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

6. ANALYSIS OF TOTAL EXPENDITURE

	Staff Costs 2021 £	Other Costs 2021 £	Depreciation 2021 £	Total 2021 £
Raising funds:				
Fundraising	77,326	8,286	-	85,612
Trading activities	-	208,631	-	208,631
Charitable activities				
Teaching costs	4,347,478	327,403	74,636	4,749,517
Welfare costs	201	245,777	-	245,978
Premises costs	407,938	873,951	557,585	1,839,474
Productions costs	535,834	105,451	-	641,285
Grants, awards and prizes	-	249,725	-	249,725
Support costs	799,824	1,030,030	-	1,829,854
Finance costs	-	278,756	-	278,756
	<u>6,091,275</u>	<u>3,111,093</u>	<u>632,221</u>	<u>9,834,589</u>
	<u>6,168,601</u>	<u>3,328,010</u>	<u>632,221</u>	<u>10,128,832</u>

Comparative analysis

	Staff Costs 2020 £	Other Costs 2020 £	Depreciation 2020 £	Total 2020 £
Raising funds:				
Fundraising	84,712	28,636	-	113,348
Trading activities	-	239,270	-	239,270
Charitable activities				
Teaching costs	4,018,106	378,693	63,674	4,460,473
Welfare costs	999	211,688	-	212,687
Premises costs	362,270	786,164	360,325	1,508,759
Productions costs	473,333	93,219	-	566,552
Grants, awards and prizes	-	218,055	-	218,055
Support costs	818,054	674,922	451	1,493,427
Finance costs	-	139,041	-	139,041
	<u>5,672,762</u>	<u>2,501,782</u>	<u>424,450</u>	<u>8,598,994</u>
	<u>5,757,474</u>	<u>2,769,688</u>	<u>424,450</u>	<u>8,951,612</u>

7. ANALYSIS OF SUPPORT COSTS

All costs included in charitable activities are direct costs with the exception of support costs of schooling which comprise:

	General support 2021 £	Governance costs 2021 £	Total 2021 £	General support 2020 £	Governance costs 2020 £	Total 2020 £
Staff costs	773,436	26,387	799,823	792,170	25,883	813,053
Administrative costs	627,986	156	628,142	528,226	482	528,708
Professional costs	356,428	-	356,428	35,394	-	35,394
Audit remuneration	-	24,000	24,000	-	23,440	23,440
Bank charges	21,461	-	21,461	87,380	-	87,380
Depreciation	-	-	-	451	-	451
	<u>1,779,311</u>	<u>50,543</u>	<u>1,829,854</u>	<u>1,443,621</u>	<u>49,805</u>	<u>1,493,426</u>

8. NET MOVEMENT IN FUNDS

Net movement in funds is stated after charging:

	2021 £	2020 £
Operating leases – equipment	60,092	39,390
Depreciation of tangible fixed assets – owned by the charity	632,221	424,450
Interest costs	177,712	139,041
Auditors' remuneration – audit	24,000	19,400
Auditors' remuneration – other	4,080	4,040
	<u>898,105</u>	<u>626,321</u>

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

Staff Costs

	2021 £	2020 £
Wages and salaries	5,505,767	5,103,337
Redundancies	8,614	43,030
Social security costs	462,661	431,438
Pension costs	181,313	171,212
Apprenticeship levy	10,246	8,457
	<u>6,168,601</u>	<u>5,757,474</u>

Trustees' remuneration and expenses

The charity trustees were not paid and did not receive any benefits from employment with the Trust in the year (2020: £nil). Trustees were reimbursed expenses of £nil during the year (2020: £482). No charity trustee received payment for professional or other services supplied to the charity (2020: £nil).

Key Management Personnel

The key management personnel of the charity comprise the trustees and the Senior Strategy Team listed on page 5. The total employee benefits of the key management personnel were £839,278 (2020: £761,707).

STAFF NUMBERS

The average headcount employed by the group during the year was as follows:

	2021 Number	2020 Number
Principal and management	10	10
Domestic	20	15
Facilities/IT/Library	11	10
Finance	4	4
Production	10	11
Administration	12	14
Teaching staff	143	131
	<u>210</u>	<u>195</u>

HIGHER PAID STAFF

The number of staff who's FTE basic salary exceeded £60k per annum during the year was as follows:

	No. of Staff 2021	No. of Staff 2020
£60,000-£64,999	2	1
£65,000 - £69,999	1	1
£75,000 - £79,999	1	-
£80,000 - £84,999	1	1
£110,000 - £114,999	1	-
£115,000 - £119,999	-	1
	<u>6</u>	<u>4</u>

Pension contributions totaling £18,470 (2020: £16,387) were made on behalf of 5 (2020: 4) of the above employees.

PRINCIPAL'S REMUNERATION

The total remuneration package for the Principal during the year was as follows:

	2021	2020
	£	£
Basic Salary	110,000	105,060
Performance-related pay and other bonuses	-	10,000
Pension contributions	5,500	5,753
Other taxable benefits	452	498
	<u>115,952</u>	<u>122,311</u>

The Principal's remuneration package is set by reference to similar organisations and is approved by the Board following a recommendation from the Chair. There is an annual appraisal with the Chair and Deputy Chair when targets are set for the ensuing short, medium and long term together with a discussion and assessment of the achievements in the period under review.

The head of the provider's total remuneration is 3.3 times the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the provider of its staff.

In the current year ArtsEd has continued to be affected by the Covid-19 pandemic during which, prior to his leave of absence and subsequent resignation, the Principal gave exceptional leadership which enabled the schools to provide an exceptional on-line education in very challenging circumstances.

SEVERANCE PAYMENTS

The total amount of severance payments for the year was £8,614 (2020: £43,030) to 2 individuals (2020: 2).

10. RELATED PARTY TRANSACTIONS

Trustees made donations of £205,684 to the School (2020: £56,890). There were no other related party transactions.

11. PENSIONS

The charity makes contributions to defined contribution pension schemes on behalf of certain employees. The charge for the year was £181,313 (2020: £171,212). At the year end, there was an amount payable of £28,269 (2020: £24,590).

12. SUBSIDIARIES

Included within the consolidated financial statements is the ArtsEd International Limited (registered in the England and Wales), Company number 11960873 and ArtsEd International Performing Arts Education LLC (known as ArtsEd Dubai) (registered in Dubai) which is based in Dubai.

ArtsEd International Limited

ArtsEd International Limited is limited by shares, of which The Arts Educational Schools is the sole Shareholder. It was incorporated on 24 April 2019. The company provides educational services internationally.

The income and expenditure of Arts Ed international Limited for the period ended 31 August 2021 was:

	2021	2020
	£	£
Turnover	-	202,722
Cost of sales	-	(202,722)
	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>

The assets and liabilities of Arts Ed international Limited at 31 August 2021 were:

	2021	2020
	£	
Fixed Assets	-	810
Debtors	109,974	202,722
Creditors	(109,974)	(203,531)
	<u>-</u>	<u>1</u>
	<u><u>-</u></u>	<u><u>1</u></u>

ArtsEd International Performing Arts Education LLC

ArtsEd International Performing Arts Education LLC is limited by shares, of which The Arts Educational Schools owns 49%, however the school is considered to have control of ArtsEd International Performing Arts Education LLC and has included it in the consolidation on this basis. The company was sold to the Dubai local management team on 1 September 2021 for £1. At the date these accounts were signed confirmation of the formal share transfer had not been received from the Dubai authorities but was anticipated shortly thereafter.

The income and expenditure of ArtsEd Dubai for the period ended 31 August 2021 were:

	2021	2020
	£	£
Turnover	120,375	261,500
Cost of sales	(84,588)	(121,592)
Admin costs	(124,043)	(117,678)
	<u>(88,256)</u>	<u>22,230</u>
	<u><u>(88,256)</u></u>	<u><u>22,230</u></u>

THE ARTS EDUCATIONAL SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

The assets and liabilities of ArtsEd International Performing Arts Education LLC at 31 August 2021 were:

	2021	2020
	£	£
Cash	44,681	72,874
Debtors	6,630	160,875
Creditors	(117,337)	(211,519)
	<u>(66,026)</u>	<u>22,230</u>

13. TANGIBLE FIXED ASSETS	Freehold land and buildings	Furniture	Computer	Motor vehicles	Building, studios & theatre	Assets under construction	Total
Group	£	£	£	£	£	£	£
Cost or deemed cost							
At 1 September 2020	6,600,000	1,860,334	545,769	21,660	4,044,945	8,941,266	22,013,974
Additions	-	117,164	73,396	-	-	2,021,854	2,212,414
Transfer					10,548,298	(10,548,298)	-
Disposals	-	-	(809)	(6,800)	-	-	(7,609)
	<u>6,600,000</u>	<u>1,977,498</u>	<u>618,356</u>	<u>14,860</u>	<u>14,593,243</u>	<u>414,822</u>	<u>24,218,779</u>
At 31 August 2021	6,600,000	1,977,498	618,356	14,860	14,593,243	414,822	24,218,779
Depreciation							
At 1 September 2020	1,369,512	1,397,267	448,837	21,660	941,401	-	4,178,677
Depreciation charge for the year	97,000	121,700	74,634	-	338,887	-	632,221
Disposals	-	-	-	(6,800)	-	-	(6,800)
	<u>1,466,512</u>	<u>1,518,967</u>	<u>523,471</u>	<u>14,860</u>	<u>1,280,288</u>	<u>-</u>	<u>4,804,098</u>
At 31 August 2021	1,466,512	1,518,967	523,471	14,860	1,280,288	-	4,804,098
Net Book Value							
At 31 August 2021	5,133,488	458,531	94,885	-	13,312,955	414,822	19,414,681
	<u>5,230,488</u>	<u>463,067</u>	<u>96,932</u>	<u>-</u>	<u>3,103,544</u>	<u>8,941,266</u>	<u>17,835,297</u>
At 31 August 2020	5,230,488	463,067	96,932	-	3,103,544	8,941,266	17,835,297

THE ARTS EDUCATIONAL SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

14. INVESTMENTS

Group and Charity

	2021	2020
	£	£
Market value brought forward at 1 September 2020	1,264,320	1,167,807
Add: Additions to investments at cost	-	-
Add: Interest and dividends retained	-	38,276
Less: Investment management fee	-	(78)
Add: Gain on revaluation of investments	145,121	58,315
	<u>1,409,441</u>	<u>1,264,320</u>
Market value as at 31 August 2021	<u>1,409,441</u>	<u>1,264,320</u>

15. DEBTORS

Group

	2021	2020
	£	£
Trade debtors	2,260,387	2,374,087
Prepayments	235,027	233,920
Other debtors	59,026	97,904
	<u>2,554,440</u>	<u>2,705,911</u>

Charity

	2021	2020
	£	£
Trade debtors	2,278,244	2,213,212
Prepayments	235,027	233,920
Amount due from subsidiary	19,461	203,531
Other debtors	59,026	97,904
	<u>2,591,758</u>	<u>2,748,567</u>

THE ARTS EDUCATIONAL SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

16. CREDITORS: amounts falling due within one year	2021	2020
Group		
	£	£
Bank loan	386,888	281,776
Trade creditors	490,720	208,425
Other creditors	1,523,689	1,304,881
Accruals	398,780	1,095,103
Deferred income	3,329,300	3,159,012
	<u>6,129,377</u>	<u>6,049,197</u>

Charity	2021	2020
	£	£
Bank loan	386,888	281,776
Trade creditors	490,720	208,008
Other creditors	1,516,326	1,297,006
Accruals	398,780	1,094,598
Deferred income	3,329,300	3,159,012
	<u>6,122,014</u>	<u>6,040,400</u>

Included within other creditors for the Group and Charity is an amount of £131,832 (2020: £120,102) relating to taxes and social security.

ANALYSIS OF DEFERRED INCOME – Group and Charity	2021	2020
	£	£
At 1 September 2020	3,159,012	2,928,267
Released to income in the year	(3,159,012)	(2,928,267)
Deferred in the year	3,329,300	3,159,012
At 31 August 2021	<u>3,329,300</u>	<u>3,159,012</u>

Deferred income consists of fees income received in advance.

**THE ARTS EDUCATIONAL SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

17. CREDITORS: amounts falling due in more than one year	2021	2020
Group and Charity		
	£	£
Bank loan	6,380,006	4,532,554
Wholly repayable within five years	2,050,849	1,304,881
Wholly repayable within more than five years	4,716,046	3,509,449
	6,766,895	4,814,330
Less: Included in current liabilities	(386,889)	(281,776)
Amounts included above	6,380,006	4,532,554

There are two 15 year loans with Lloyds Bank plc secured by a charge over the assets of the Charity. One loan for £6,000,000 is at a fixed rate of 2.97% the second for £1,000,000 is at a rate of the Bank of England base rate plus 2.2%. These loans were made available to provide funding for the new studio block that was completed in November 2020.

18. ACCUMULATED FUNDS

	Opening Fund 2020 £	Income 2021 £	Expenditure 2021 £	Transfers 2021 £	Gains & losses 2021 £	Closing Funds 2021 £
Unrestricted general funds	6,576,731	9,768,690	(9,615,193)	72,041	-	6,802,269
- revaluation reserve	4,097,000	-	-	(77,000)	-	4,020,000
Designated reserves						
- bursaries	188,110	-	-	-	-	188,110
Restricted funds	3,136,778	474,601	(371,034)	4,959	-	3,245,304
Endowment funds	1,202,034	-	-	-	145,121	1,347,155
Charity funds	15,200,653	10,243,291	(9,986,227)	-	145,121	15,602,838
ArtsEd International Limited funds		-	-	-	-	-
ArtsEd Dubai funds	22,230	120,375	(142,605)	-	-	-
Total funds	15,222,883	10,363,666	(10,128,832)	-	145,121	15,602,838

The general fund is the unrestricted reserves after allowing for all designated funds. The designated fund has been set up for the provision of bursaries.

THE ARTS EDUCATIONAL SCHOOLS
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Comparative analysis

	Opening Fund 2020 £	Income 2020 £	Expenditure 2020 £	Transfers 2020 £	Gains & losses 2020 £	Closing Funds 2020 £
Unrestricted funds						
- general funds	4,437,998	8,993,070	(8,167,346)	1,313,009	-	6,576,731
- revaluation reserve	4,174,000	-	-	(77,000)	-	4,097,000
Designated reserves						
- building project	1,209,656	-	-	(1,209,656)	-	-
- bursaries	188,110	-	-	-	-	188,110
Restricted funds	3,229,885	278,024	(344,778)	(26,353)	-	3,136,778
Endowment funds	1,143,719	-	-	-	58,315	1,202,034
Charity funds	14,383,368	9,271,094	(8,512,124)	-	58,315	15,200,653
ArtsEd International Limited funds		-	-	-	-	-
ArtsEd Dubai funds	-	261,500	(239,270)	-	-	22,230
	<u>14,383,368</u>	<u>9,532,594</u>	<u>(8,751,394)</u>	<u>-</u>	<u>58,315</u>	<u>15,222,883</u>

THE ARTS EDUCATIONAL SCHOOLS
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FOR THE YEAR ENDED 31 AUGUST 2021

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Group & Charity

	General Funds	Revaluation Reserve	Designated Reserves	Restricted Funds	Endowment Funds	2021 Total
	2021 £	2021 £	2021 £	2021 £	2021 £	£
Tangible fixed assets	12,803,902	4,020,000	-	2,590,779	-	19,414,681
Investments	-	-	-	62,286	1,347,155	1,409,441
Net current assets	378,373	-	188,110	592,239	-	1,158,722
Long Term Liability	(6,380,006)	-	-	-	-	(6,380,006)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 August 2021	6,802,269	4,020,000	188,110	3,245,304	1,347,155	15,602,838
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

**Comparative
Analysis
Group**

	General Funds	Revaluation Reserve	Designated Reserves	Restricted Funds	Endowment Funds	2020 Total
	2020 £	2020 £	2020 £	2020 £	2020 £	£
Tangible fixed assets	11,009,752	4,097,000	-	2,728,545	-	17,835,297
Investments	-	-	-	62,286	1,202,034	1,264,320
Net current assets	121,763	-	188,110	345,947	-	655,820
Long Term Liability	(4,532,554)	-	-	-	-	(4,532,554)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 August 2020	6,598,961	4,097,000	188,110	3,136,778	1,202,034	15,222,883
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Charity

	General Funds	Revaluation Reserve	Designated Reserves	Restricted Funds	Endowment Funds	2020 Total
	2020 £	2020 £	2020 £	2020 £	2020 £	£
Tangible fixed assets	11,008,943	4,097,000	-	2,728,545	-	17,834,488
Investments	-	-	-	62,286	1,202,034	1,264,320
Net current assets	100,342	-	188,110	345,947	-	634,399
Long Term Liability	(4,532,554)	-	-	-	-	(4,532,554)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 August 2020	6,576,731	4,097,000	188,110	3,136,778	1,202,034	15,200,653
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

THE ARTS EDUCATIONAL SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

20. ANALYSIS OF MOVEMENTS IN RESTRICTED FUNDS:
Group and Charity

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfer £	Balance at 31 August 2021 £
ALW Foundation	2,728,545	-	(137,766)	-	2,590,779
The ArtsEd Student Fund	87,757	2,831	(4,264)	(25,000)	61,324
The ArtsEd Scholarship Fund	3,333	65,531	(93,084)	25,000	780
Bursary fund	12,999	7,547	-	-	20,546
Capital campaign	149,425	250,072	(1,625)	-	397,872
Chris Hornby Fund	6,275	2,933	(4,437)	-	4,771
The CMF Scholarship Fund	1,085	4,500	(4,500)	-	1,085
Guildford Academic Associates	1,327	-	-	-	1,327
Leverhulme Trust	1,088	86,793	(86,793)	-	1,088
Restoration levy	34,254	782	-	-	35,036
Spencer Will Trust	5,000	-	(1,415)	-	3,585
TAP	3,160	100	-	-	3,260
Graham Martin Memorial	-	2,349	(1,500)	4,959	5,808
Excellence Award	28,070	28,150	(35,650)	-	20,570
The Green Roof Fund	74,460	23,013	-	-	97,473
	<u>3,136,778</u>	<u>474,601</u>	<u>(371,034)</u>	<u>4,959</u>	<u>3,245,304</u>

- The Andrew Lloyd Webber Foundation donated £3.5million to the Schools to fund a major refurbishment project. The funds were received in the three years ended 31 August 2012, 2013 and 2014. The money was spent to improve four key areas: the main theatre, costume storage, the film and television studios and disabled facilities. At the end of October 2013 when the work was virtually complete, the expenditure was transferred to fixed assets and from that date is being depreciated and included under expenditure.
- The ArtsEd Student Fund- This was set up to accommodate student hardship.
- The ArtsEd Scholarship Fund is used to provide scholarships
- The Bursary Fund is used to provide bursaries.
- The Capital Campaign is used to help fund the project build.
- The Chris Hornby Fund was created to award an annual scholarship to a Musical Theatre student.
- The CMF Charitable Trust donated towards a scholarship for a Musical Theatre student.
- Leverhulme Trust made a donation for the provision of higher education bursaries.
- The donation from Guildford Academic Associates is for a bursary fund for the Musical Theatre students.
- The restoration levy is £1 charge on every box office ticket which goes towards maintenance of the building.
- The Spencer Will Trust donated £5,000 towards equipment for the Film and TV department.
- Excellence Award: a donation of £1,000,000 was made in 2015-16 which is to be used to provide awards for exceptionally talented Musical Theatre students.
- The Graham Martin Memorial Fund is a bursary fund for HE students
- The Green Roof Fund has been set up to help finance the new green roof

The transfer from the Student Fund to the ArtsEd Scholarship Fund is to provide funds for bursaries offered from that Fund due in part to the impact of Covid-19 on the relevant students.

21. ANALYSIS OF MOVEMENTS IN ENDOWMENT FUNDS:

Group and Charity

	Balance at 1 September 2020	Income	Expenditure	Gains and losses	Balance at 31 August 2021
	£	£	£	£	£
Musical Theatre bursary fund	1,202,034	-	-	145,121	1,347,155
	<u>1,202,034</u>	<u>-</u>	<u>-</u>	<u>145,121</u>	<u>1,347,155</u>
	<u><u>1,202,034</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>145,121</u></u>	<u><u>1,347,155</u></u>

Comparative Analysis

	Balance at 1 September 2019	Income	Expenditure	Gains and losses	Balance at 31 August 2020
	£	£	£	£	£
Musical Theatre bursary fund	1,143,719	-	-	58,315	1,202,034
	<u>1,143,719</u>	<u>-</u>	<u>-</u>	<u>58,315</u>	<u>1,202,034</u>
	<u><u>1,143,719</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>58,315</u></u>	<u><u>1,202,034</u></u>

22. CAPITAL COMMITMENTS

At 31 August 2021, capital expenditure contracted for but not provided in these accounts amounted to £33,080 (2019: £1,585,193).

23. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	2021	2020
	£	£
Net movement in funds	379,955	839,515
Depreciation charges	632,221	424,450
(Gains) on revaluation of investments	(145,121)	(58,315)
Interest receivable	(1,224)	(42,447)
Interest Payable	177,712	-
Dividends receivable	(28,150)	(20,205)
Investment management fee	-	78
Loan borrowings	(2,185,670)	(4,814,320)
Decrease/(Increase) in stock	8,389	(5,786)
Decrease/(Increase) in debtors	151,471	(148,958)
Increase in creditors	2,160,648	5,359,078
Net cash provided by operating activities	1,150,231	1,533,090

24. ANALYSIS OF CHANGE IN NET DEBT

	At		At
	1 September		31 August
	2020	Cash flows	2021
	£	£	£
Cash	3,988,486	742,942	4,731,428
Debt due within one year	(281,776)	(105,112)	(386,888)
Debt due after one year	(4,532,554)	(1,847,452)	(6,380,006)
	<u>(825,844)</u>	<u>(1,209,622)</u>	<u>(2,035,466)</u>

25. COMMITMENTS UNDER OPERATING LEASES

At 31 August 2021, the company had future minimum lease commitments under non-cancellable operating leases as set out below:

	2021	2020
	£	£
Within 1 year	60,092	39,390
Within 2 – 5 years	43,556	27,707
	<u>103,648</u>	<u>67,097</u>

26. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES FOR THE 2020 FINANCIAL YEAR

	Note	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Endowment Funds 2020 £	Total Funds 2020 £
INCOME FROM:					
Donations and legacies	2	13,299	239,696	.	252,995
Charitable activities					
Fee income	3	8,463,470	-	-	8,463,470
Other income	4	512,187	-	-	512,187
Other grants	4	200,213	-	-	200,213
Other trading income	5	261,500	-	-	261,500
Investment income		4,119	38,328	-	42,447
TOTAL INCOME		9,454,788	278,024	-	9,732,812
EXPENDITURE ON:					
Raising funds		(352,618)	-	-	(352,618)
Charitable activities		(8,254,216)	(344,778)	-	(8,598,994)
TOTAL EXPENDITURE	6	(8,606,834)	(344,778)	-	(8,951,612)
NET INCOME / (EXPENDITURE) BEFORE INVESTMENT GAINS		847,954	(66,754)	-	781,200
Net gains on investments		-	-	58,315	58,315
NET INCOME BEFORE TRANSFERS		847,954	(66,754)	58,315	839,515
Transfers		26,353	(26,353)	-	-
NET MOVEMENT IN FUNDS		874,307	(93,107)	58,315	839,515
Funds brought forward at 1 September		10,009,764	3,229,885	1,143,719	14,383,368
TOTAL FUNDS AT 31 AUGUST		10,884,071	3,136,778	1,202,034	15,222,883

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27. COMPARATIVE ANALYSIS OF MOVEMENTS IN RESTRICTED FUNDS FOR
THE 2020 FINANCIAL YEAR:

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers £	Balance at 31 August 2020 £
ALW Foundation	2,849,665	-	(121,120)	-	2,728,545
The ArtsEd Student Fund	101,942	40,409	(28,241)	(26,353)	87,757
The ArtsEd Scholarship Fund	29,775	30,000	(56,442)	-	3,333
Bursary fund	12,468	531	-	-	12,999
Capital campaign	158,850	-	(9,425)	-	149,425
Chris Hornby Fund	14,560	610	(8,895)	-	6,275
The CMF Scholarship Fund	-	3,000	(1,915)	-	1,085
Guildford Academic Associates	1,197	130	-	-	1,327
Leverhulme Trust	-	85,510	(84,422)	-	1,088
Restoration levy	29,238	5,016	-	-	34,254
Spencer Will Trust	5,104	-	(104)	-	5,000
TAP	3,000	160	-	-	3,160
Excellence Award	24,086	38,198	(34,214)	-	28,070
The Green Roof Fund	-	74,460	-	-	74,460
	<u>3,229,885</u>	<u>278,024</u>	<u>(344,778)</u>	<u>(26,353)</u>	<u>3,136,778</u>
	=====	=====	=====	=====	=====

Please refer to note 20 for details of each of the restricted funds.