

**THE ARTS EDUCATIONAL SCHOOLS**  
**REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

Company Number: 0712444  
Registered Charity Number: 311087

**THE ARTS EDUCATIONAL SCHOOLS**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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## THE ARTS EDUCATIONAL SCHOOLS

### PATRONS, GOVERNORS, OFFICERS AND ADVISORS

FOR THE YEAR ENDED 31 AUGUST 2020

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<b>President</b>	Lord Lloyd-Webber	
<b>Vice Presidents</b>	Robert Powell David Grindrod	
<b>Patrons and Artistic Creatives</b>	Michael Attenborough, CBE Don Black, OBE Sir Matthew Bourne, OBE John Brant 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

#### The Governors and Trustees

Jaqueline Brunjes	Nicholas La Barrie (appointed 14 April 2020)
Sandra Cahill	Diana Maine
Ann Cottis	Robert Mathieson
Stephen Denyer	Kevin McGrath
Clare Ferguson	Guy Mullin-Henderson
David Ian (appointed 23 June 2020)	Kathryn Norton-Smith
Brenlen Jinkens	

#### 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 2020

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**Officers**

**Principal** Chris Hocking

**Company Secretary** Michael Stewart

**Registered office** Cone Ripman House  
14 Bath Road  
London  
W4 1LY  
Website: [www.artsed.co.uk](http://www.artsed.co.uk)

**Auditors** Haysmacintyre LLP  
10 Queen Street Place  
London  
EC4R 1AG

**Bankers** Lloyds Bank Plc  
St Mary's Court  
100 Lower Thames Street  
London  
EC3R 6HX

**Insurance brokers** Marsh Limited  
Education Practice  
Capital House  
1-5 Perrymount Road  
Haywards Heath  
West Sussex  
RH16 3SY



## THE ARTS EDUCATIONAL SCHOOLS

### TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

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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:

Kevin McGrath	(appointed 2019)	Elected June 2019
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)	Elected April 2017
Brenlen Jinkens	(appointed 2017)	Elected April 2017
Robert Mathieson	(appointed 2017)	Elected April 2017
Kathryn Norton-Smith	(appointed 2017)	Elected April 2017
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 2020)	

## THE ARTS EDUCATIONAL SCHOOLS

### TRUSTEES' REPORT

#### FOR THE YEAR ENDED 31 AUGUST 2020

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##### **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 five 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 Programmes

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 48 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 2020 comprised:

Chris Hocking, Principal and Director - School of Musical Theatre  
Jane Morton, Deputy Principal  
Adrian Blake, Headteacher  
Julie Spencer, Director of the School of Acting  
Jonathan Goodwin, Head of ArtsEd Extra (resigned September 2019)  
Kathy-Ann Darmody, Finance Director (resigned April 2020)  
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 (appointed April 2020)

##### **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

## THE ARTS EDUCATIONAL SCHOOLS

### TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

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#### 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



## THE ARTS EDUCATIONAL SCHOOLS

### TRUSTEES' REPORT (continued)

#### FOR THE YEAR ENDED 31 AUGUST 2020

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##### **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 2019

- ArtsEd hosted the Chiswick Book Festival.
- ArtsEd hosted Moment by Moment performances in the ALWF Theatre.
- ArtsEd Extra students participated in The Lord Mayor's Show.

##### January – March 2020

- Business Networking Event was held in January for local businesses.
- Musical Theatre students performed extracts from 'Newsies' at Bedford Park Society Winter Party.
- ArtsEd hosted local school children at 'Newsies' dress rehearsal.
- Acting students performed for the residents of local nursing homes.
- Musical Theatre students sang with Chita Rivera at Cadogan Hall.
- Musical Theatre students were involved with MT Fest UK at The Other Palace.
- Musical Theatre students sang at National Theatre Gala.

##### April – July 2020

- Musical Theatre students sang at the Olivier Awards.
- ArtsEd Extra Students performed at Chiswick Proms.

##### 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.

THE ARTS EDUCATIONAL SCHOOLS

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

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STRATEGIC REPORT

REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR

Student and Pupil numbers

	2019/2020	2018/2019
<b>Applications received</b>		
Musical theatre (3 year BA)	1,376	1,349
Acting (3 year BA)	506	585
Acting (1 year MA)	182	122
<b>Applicants auditioned</b>		
Musical theatre (3 year BA)	1,004	1,075
Acting (3 year BA)	415	504
Acting (1 year MA)	148	111
<b>New student intake</b>		
Musical theatre (3 year BA)	61	54
Acting (3 year BA)	33	33
Acting (1 year MA)	34	29
<b>Total students (at year end)</b>		
Musical theatre	164	150
Acting	129	121
<b>Total</b>	<b>293</b>	<b>271</b>
<b>Pupils (incl "A" Level)</b>		
Applications	324	298
Offers	205	177
Acceptances	140	89
<b>Total number of pupils at year end</b>	<b><u>285</u></b>	<b><u>266</u></b>

## THE ARTS EDUCATIONAL SCHOOLS

### TRUSTEES' REPORT (continued)

#### FOR THE YEAR ENDED 31 AUGUST 2020

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The year to August 2020 was a year of further achievement for ArtsEd.

In financial terms, there was a surplus of £839,515 compared with £1,875,071 in the previous year which included an endowment of £1,000,000. Therefore, excluding this donation, there was a decrease of £35,555 in the underlying surplus.

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 the Principal and all staff 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

It is very pleasing to be able to report another year of excellent examination results at all levels, and further extending our position as the most academically successful performing arts school in the UK.

In terms of educational progress and attainment, the 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 very pleased that in our GCSEs over 70% of the examination results exceeded the CAT predictions. This is a very successful figure that is significantly higher than the national and regional expectation and one of which we are very proud.

Overall the pupils did wonderfully well in their GCSEs, with over 90% of our Year 11s achieving a 9 in one or more subjects (equivalent to A\*\* in regard to the old grading, and which only 5% of GCSE pupils achieved nationally).

The new 'Headline' Measures are:

Attainment 8 = 63.4, and Progress 8 = +1.57, both of which are very pleasing indeed, and in regard to the P\* measure of value added to education, this achievement places us in the **Top 1% of all schools** across the UK.

We are also delighted 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.

Our Sixth Form's excellent results from last year continued to be built upon with a 100% A Level pass rate, and with 50% of all grades achieving an A\* or A, and 89% achieving A\*, A, or B which is a wonderful achievement, significantly above the national average, and which cements our position as the most academically successful sixth form in our borough of London. We have also achieved an ALPS 1 status for value added, which also places us in the **Top 1% of all sixth forms** in the UK. We are also singularly proud of our BTEC cohort who succeeded in achieving an outstanding set of results with **100%** securing a Triple Distinction or better (equivalent to 3 A grades at A Level) with 83% of the cohort achieving D\*D\*D\* which is equivalent to three A\*s. These results continue to promote ArtsEd as the number one centre in the UK for BTEC Performing Arts in Musical Theatre, Acting, and Dance.

The students also secured places at a number of first-class conservatoire destinations included ArtsEd, Bird College, Royal Central, GSA, Guildhall, LAMDA, Mountview, PARTS, RADA, and also Royal Holloway, Warwick, and Bristol universities.



## THE ARTS EDUCATIONAL SCHOOLS

### TRUSTEES' REPORT (continued)

#### FOR THE YEAR ENDED 31 AUGUST 2020

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##### 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 has long been 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.

On the basis of 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.

ArtsEd was awarded the highest Gold rating in the government's Teaching Excellence and Student Outcomes (TEF) awards in June 2020, providing further evidence of the excellence of our provision. We report a variety of statistical data to the Higher Education Statistics Agency, including for the Destination of Leavers from Higher Education survey, which calculated that 100% of our graduates go on to work or further study, at an average salary of £34,000 per annum six months after graduation.

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:

- We have recently undergone revalidation by Trinity College London to provide the PPAD Diplomas linked to DaDA funding. At the time of writing (December 2020) we are awaiting the report, but Trinity has confirmed revalidation of both Acting and Musical Theatre courses.
- We were awarded the inaugural 'Best Institute' at the Industry Minds award in September 2020, in recognition of our support for good mental health and wellbeing.
- We were awarded TEF Gold in the Teaching Excellence Framework and Student Outcomes, announced in June 2020.
- In the 2020 National Student Survey, our students rated us 93% for overall satisfaction.
- We underwent a successful QAA Higher Education Review (Alternative Providers monitoring visit) in October 2019.
- 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 courses 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 provide each student with the best possible preparation for a successful and fulfilling career.

The talent of our students together with the reputation of the school 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 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

## THE ARTS EDUCATIONAL SCHOOLS

### TRUSTEES' REPORT (continued)

#### FOR THE YEAR ENDED 31 AUGUST 2020

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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 BAME backgrounds. 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. 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

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. 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. 58% of the September 2020 Acting intake, and 30% of the new students overall, are BAME (compared to 19% in the 18-24 years old age group in the UK generally, according to the 2011 census).

New intake	% BAME
2020-21	30%
2019-20	37%
2018-19	29%
2017-18	23%
2016-17	21%
2015-16	20%
2014-15	18%
2013-14	17%

#### 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 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.



## THE ARTS EDUCATIONAL SCHOOLS

### TRUSTEES' REPORT (continued)

#### FOR THE YEAR ENDED 31 AUGUST 2020

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##### **School of Musical Theatre**

ArtsEd's Musical Theatre department continues to be regarded as the premier Musical Theatre school in the country, and one of only a handful which can genuinely claim a 'triple threat' training. During the 'lockdown' period of the Covid-19 Pandemic the courses moved on-line very swiftly and effectively. Classes, tutorials, masterclasses, performance projects, assessments and auditions for final year 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 Musical Theatre students whilst still in training continues to be highly successful. It also provides another indicator of the quality of standards on the programme, as the casting directors would only selectively audition students, as opposed to the current practice of seeing the entire final year cohort.

##### **2020 Graduates**

The impact of Covid-19 on theatre throughout the UK cannot be underestimated. Commercial producers are unable to mount fully-stage musicals in the West-End, on tour or in regional theatres. At the time of the UK Government lockdown in March 2020, graduates had secured roles in Hello, Dolly! Meet Me In St Louis, South Pacific, Evita, Frozen, Carousel, The Addams Family, Bring It On, Sunday In The Park With George, Grease, School of Rock, Rent and Andrew Lloyd Webber's Cinderella. Most of these productions are expected to go into production when theatres are permitted to operate a full capacity. As detailed above under 'Employability', our policy of inviting casting directors in to audition our students has borne fruit, and many of our 2019 graduates are performing in musicals in the West End and in some of our most prestigious regional theatres. Despite this gloomy picture of the performing Arts already, 67% of students have worked professionally, and 100% have agent representation.

##### **2019 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, 2019 graduates appeared in:

*West End:* The Prince of Egypt, Dominion; The Pirate Queen, London Coliseum; Mamma Mia, Novello; Curtains, Wyndhams; Six, Arts; Book of Mormon, Prince of Wales; Matilda, Cambridge; Les Miserables, Sondheim; The Secret Garden, Adelphi

## THE ARTS EDUCATIONAL SCHOOLS

### TRUSTEES' REPORT (continued)

#### FOR THE YEAR ENDED 31 AUGUST 2020

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*Off West End:* Hansel and Gretel and Evita, Regent's Park Open Air; Rodgers & Hammerstein's Cinderella, Cadogan Hall; Preludes, Southwark Playhouse; The Boyfriend, Menier Chocolate Factory; Bare at The Vaults; Fanny and Stella, Above the Stag.

*Regional theatre:* Oklahoma! Chichester Festival Theatre; West Side Story, Leicester Curve; The Boy in the Dress, RSC Stratford; Grease, Leicester Curve; The Astonishing Times of Timothy Cratchit, Hope Mill Theatre; The Wizard of Oz, Leeds Playhouse, Perfectly Ordinary, Hope Mill Theatre; The Broadway Proms, Cork Opera House; The Prince and the Pauper, Watermill; Zorro, Hope Mill Theatre

*TV and film:* Boys, Channel 4; Sanditon, ITV; Heather Love, Locked Up Abroad, Amazon Prime; PromCom, Mirrorball films; Doctors, BBC; In My Skin, BBC; Glow and Darkness, Dreamlight International

*Tours and international:* Titanic, European tour; Pretty Shrewd, Vienna's English Theatre; Grease, UK tour; Alice in Wonderland, Dubai

*Pantomimes:* Dick Whittington, Winchester; Aladdin, Woking; Snow White, Barnstaple; Peter Pan, Swansea Grand; Cinderella, Plymouth

#### *Shows cancelled or postponed to 2021:*

Joseph and His Technicolour Dreamcoat, London Palladium; Hairspray, London Coliseum; Beautiful, UK tour; Book of Mormon, UK and international tours; Mamma Mia, UK and international tour; Les Misérables, UK and Ireland tour; Starlight Express, Bochum, cancelled; Six, international tour, postponed

#### **School of Acting**

We deliver inclusive, diverse contemporary industry-facing actor training and offer an exciting alternative to the traditional model of classical theatre training.

#### **Employability**

ArtsEd facilitate a robust practical creative environment to facilitate students to progress into professional work in all genres. Despite Covid decimating the Arts we are proud our students' who continue to gain professional recognition and obtain high quality professional work.

#### **2020 Graduates**

Shortlisted for the Spotlight prize

The Belle Sauvage, The Bridge Theatre, Nick Hytner 202. Finalist for Warner Brothers Actors In Training Programme 2020

Short Film, Mina, FRUITY, BBC New Creatives, Anna Mouzouri. Finalist for Warner Brothers Actors In Training Programme 2020

Radio, Commendation for Sight Reading, CARLETON HOBBS BURSARY AWARD, BBC,

The leading role in the feature film RUSH, Centre Stage Grp, directed by Alexander Igbanoi

#### **2019 Graduates**

Batman (Warner Bros), I May Destroy You by Michaela Coel

Best Actress, Debut Stage Award Sept 2020. Nominated for Best Actress BBT Awards 2020

Series regular in Ridley Road, BBCTV

'Drip, Drip, Drip' Directed by Jon Welch. Sitting in Limbo BBC Films

Before lockdown, Will was rehearsing Tybalt for Romeo and Juliet at The Globe, directed by Ola Ince

Rufino, GLOW & DARKNESS, Dreamlight International Production, Jose Luis Moreno

## THE ARTS EDUCATIONAL SCHOOLS

### TRUSTEES' REPORT (continued)

#### FOR THE YEAR ENDED 31 AUGUST 2020

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International Production of 'The Last Ship', featuring Sting,  
Eppie, OUTLANDER, STARZ, Annie Griffin  
Feature Film, Rodgers, CHERRY, Apple, Russo Brothers

#### FINANCIAL RESULTS

The Trust produced a surplus for the year of £839,515 (2019: £1,875,071). The total accumulated unrestricted general fund surplus at the end of the year was £6,598,961 (2019: £4,437,998). There were designated funds at year end of £118,110 (2019: £1,397,766).

Capital expenditure in the year totalled £6,460,021 of which £6,253,328 relates to the building project. The year end cash balances were £3,988,486 and there were long term loans with Lloyds Bank plc of £4,814,330.

#### Impact of Covid-19

The Trustees have been particularly aware of the potentially harmful impact of Covid-19 on the finances of the school. In response they have taken a number of steps including additional meetings of the Finance Committee when updated forecasts and revisions to future year's budgets and forecasts were considered.

The Trustees authorised a number of exceptional steps to support students, pupils and their families, including a 10% reduction in almost all of the fees for the Summer term and a freeze on fee increases in the 2020/21 financial year. An exceptional Covid-19 Hardship Bursary fund was set up that awarded exceptional bursaries totalling in excess of £50,000.

Following consideration of the potential impact of Covid-19 on these financial statements the Trustees do not believe there is any specific financial impact that needs to be communicated nor does there need to be any changes to the financial statements.

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.

The Trustees have considered the impact of Covid-19 on the Going Concern assumption underlying these accounts and have reviewed potential impacts on future cash flows and are confident that Covid-19 does not call this accounting assumption into question.

#### Charitable Support

The Trust is very grateful for the support from the following individuals, trusts and foundations in 2019-20. Their generosity ensures that we can continue in our mission to enrol students with the greatest potential, regardless of their financial circumstances.

#### ArtsEd Champions

Anon, Mark Burch, Ann Cottis, Tim English and all supporters of the Chris Hornby Bursary Fund, Clare M Ferguson, Brenlen Jinkens, Alastair Kerr, Jamie Lonsdale, William Newsom, Rob and Cherry Wood, ArtsEd TAP, ArtsEd Parents and Families

#### ArtsEd Enthusiasts

Harriet Benton and Alan Weavis, Jacquie Brunjes, Johanna Harrison



## THE ARTS EDUCATIONAL SCHOOLS

### TRUSTEES' REPORT (continued)

#### FOR THE YEAR ENDED 31 AUGUST 2020

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##### ArtsEd Admirers

Richard Briance, Emma Cherniavsky, Tony Gamble, Andrew Hine, Paul and Helen Jameson, Diana Maine, Mike Morris, Lionel O Segal, John and Wendy Williams

##### Corporate

Grasmere Gingerbread®, Thorgills

##### Trusts and Foundations

The Actors' Children's Trust, Andrew Lloyd Webber Foundation, The Bedford Park Society, CMF Charitable Trust, The D'Oyly Carte Charitable Trust, Darrall Macqueen Ltd, Emile Littler Foundation, Gordon Edwards Charitable Trust, Help Musicians, The Honourable Society of Knights of the Round Table, King Baudouin Foundation United States, Laurence Olivier Bursary (Society of London Theatres), The Leverhulme Trust, The Lionel Bart Foundation, Lynne & Land Foundation, McAlpine Trust, The Reso Charitable Foundation, Royal Masonic Trust for Boys and Girls, National Youth Arts Trust, The Realising Dreams Foundation, The Royal Victoria Hall Foundation, The Scarfe Charitable Trust, The Sir John Gielgud Charitable Trust, Sophie's Silver Lining Fund, The Spencer Wills Trust, The Williams Charitable Trust

##### Agents

Cowley, Knox & Guy, Creative Artists Management, Curtis Brown, InterTalent Rights Group, Global Artists, Jorg Betts Associates, Nina Lee Management, Olivia Bell Management, Shepherd Management, Waring & McKenna

##### Legacy Pledges

Anon, Vanessa Cameron, David J Yeoward

##### Legators

Malcolm Goddard, Guildford Academic Associates

The 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

Our future plans are outlined in our 5-year strategic plan whose ambitions and priorities are set out above. We have embarked upon phase 2 of our major building project. Following completion of the Andrew Lloyd Webber Foundation Theatre, this phase will deliver new world class, airconditioned dance studios, three full size specialist rehearsal spaces, a new gym, much larger student break out space and improved toilets and showers. This phase of the building programme was completed on time and under budget in November 2020. Fundraising has begun to build a brand new second theatre to match the quality of the ALWF Theatre.

##### Reserves Policy

Total funds at the balance sheet date were £15,222,883 (2019: £14,383,368) of which £3,136,778 were restricted (2019: £3,229,885) and £10,884,071 were unrestricted (2019: £10,009,764). Details of restricted funds are provided in note 20. Of the unrestricted reserves, there is a designated fund of £188,110 (2019: £1,397,766) which has been set up for student bursaries. Also included in the unrestricted fund is the

## THE ARTS EDUCATIONAL SCHOOLS

### TRUSTEES' REPORT (continued)

#### FOR THE YEAR ENDED 31 AUGUST 2020

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revaluation reserve of £4,097,000 (2019: £4,174,000) 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 (2019: £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:

**Covid-19 Pandemic** – the pandemic has impacted in the school in the year under review and will 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

## THE ARTS EDUCATIONAL SCHOOLS

### TRUSTEES' REPORT (continued)

#### FOR THE YEAR ENDED 31 AUGUST 2020

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- 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 13, 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.



**THE ARTS EDUCATIONAL SCHOOLS**

**TRUSTEES' REPORT (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2020**

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**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:



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**Clare Ferguson**  
**Acting Chair**

21 January 2021

## THE ARTS EDUCATIONAL SCHOOLS

### STATEMENT OF CORPORATE GOVERNANCE & INTERNAL CONTROL

#### FOR THE YEAR ENDED 31 AUGUST 2020

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##### **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 2019/20 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. This meets at least three times a year. Day to day responsibilities are delegated to the Principal and the Board has five 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 minutes of the Management Health and Safety Committee together with all reports from the external advisers are shared with members of the Facilities Committee.

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.



**THE ARTS EDUCATIONAL SCHOOLS**

**STATEMENT OF CORPORATE GOVERNANCE & INTERNAL CONTROL**

**FOR THE YEAR ENDED 31 AUGUST 2020**

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**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.



**Clare Ferguson**  
**Acting Chair**

21 January 2021

## THE ARTS EDUCATIONAL SCHOOLS

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ARTS EDUCATIONAL SCHOOLS

FOR THE YEAR ENDED 31 AUGUST 2020

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#### **Opinion**

We have audited the financial statements of The Arts Educational Schools for the year ended 31 August 2020 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 2020 and of the group's and charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 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.

#### **Responsibilities of trustees for the financial statements**

As explained more fully in the Statement of Trustees' Responsibilities statement set out on page 17, 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.

## THE ARTS EDUCATIONAL SCHOOLS

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ARTS EDUCATIONAL SCHOOLS

#### FOR THE YEAR ENDED 31 AUGUST 2020

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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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group or the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **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.

#### **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).



THE ARTS EDUCATIONAL SCHOOLS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ARTS EDUCATIONAL SCHOOLS

FOR THE YEAR ENDED 31 AUGUST 2020

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:

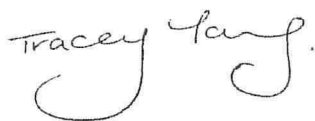
- funds administered by the charitable company for specific purposes during the year ended 31 August 2020 as disclosed in note 21, have been applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the OfS and Department for Education] have been applied in accordance with the terms and conditions attached to them during the year ended 31 August 2020; and

We have nothing to report in respect of the following matters 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

**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

3 February

..... 2021

10 Queen Street Place  
London  
EC4R 1AG

**THE ARTS EDUCATIONAL SCHOOLS**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**

**FOR THE YEAR ENDED 31 AUGUST 2020**

	Note	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Endowment Funds 2020 £	Total Funds 2020 £	Total Funds 2019 £
<b>INCOME FROM:</b>						
Donations and legacies	2	13,299	239,696	-	252,995	1,225,749
<b>Charitable activities</b>						
Fee income	3	8,463,470	-	-	8,463,470	8,885,347
Other income	4	512,187	-	-	512,187	589,026
Other grants	4	200,213	-	-	200,213	
Other trading activities	5	261,500	-	-	261,500	-
Investment income		4,119	38,328	-	42,447	61,514
<b>TOTAL INCOME</b>		<b>9,454,788</b>	<b>278,024</b>	<b>-</b>	<b>9,732,812</b>	<b>10,761,636</b>
<b>EXPENDITURE ON:</b>						
Raising funds		(352,618)	-	-	(352,618)	(146,350)
Charitable activities		(8,254,216)	(344,778)	-	(8,598,994)	(8,830,434)
<b>TOTAL EXPENDITURE</b>	6	<b>(8,606,834)</b>	<b>(344,778)</b>	<b>-</b>	<b>(8,951,612)</b>	<b>(8,976,784)</b>
<b>NET INCOME / (EXPENDITURE) BEFORE INVESTMENT GAINS</b>		<b>847,954</b>	<b>(66,754)</b>	<b>-</b>	<b>781,200</b>	<b>1,784,852</b>
Net gains on investments		-	-	58,315	58,315	90,219
<b>NET INCOME BEFORE TRANSFERS</b>		<b>847,954</b>	<b>(66,754)</b>	<b>58,315</b>	<b>839,515</b>	<b>1,875,071</b>
Transfers		26,353	(26,353)	-	-	-
<b>NET MOVEMENT IN FUNDS</b>		<b>874,307</b>	<b>(93,107)</b>	<b>58,315</b>	<b>839,515</b>	<b>1,875,071</b>
Funds brought forward at 1 September		10,009,764	3,229,885	1,143,719	14,383,368	12,508,297
<b>TOTAL FUNDS AT 31 AUGUST</b>		<b>10,884,071</b>	<b>3,136,778</b>	<b>1,202,034</b>	<b>15,222,883</b>	<b>14,383,368</b>

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 27 to 47 form part of these financial statements.

Full comparatives for 2019 are provided in note 26.


**THE ARTS EDUCATIONAL SCHOOLS**
**Registered Number: 0712444**
**CONSOLIDATED BALANCE SHEET**
**AS AT 31 AUGUST 2020**

		2020		2019	
	Note	£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	13		17,835,297		11,799,726
<b>INVESTMENTS</b>					
Investments	14		1,264,320		1,167,807
<b>CURRENT ASSETS</b>					
Stock		10,620		4,834	
Debtors	15	2,705,911		2,556,953	
Cash at bank and in hand		3,988,486		4,076,721	
		<u>6,705,017</u>		<u>6,638,508</u>	
<b>CREDITORS: amounts falling due within one year</b>	16	(6,049,197)		(5,222,673)	
<b>NET CURRENT ASSETS</b>			655,820		1,415,835
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>19,755,437</u>		<u>14,383,368</u>
<b>CREDITORS: Amounts falling due after one year</b>	17		(4,532,554)		-
<b>NET ASSETS</b>	19		<u>15,222,883</u>		<u>14,383,368</u>
<b>RESERVES</b>					
Unrestricted funds					
- general funds			6,598,961		4,437,998
- designated funds			188,110		1,397,766
- revaluation reserve			4,097,000		4,174,000
Restricted funds	20		3,136,778		3,229,885
Endowment funds	21		1,202,034		1,143,719
<b>TOTAL FUNDS</b>	18		<u>15,222,883</u>		<u>14,383,368</u>

The notes on pages 27 to 47 form part of these financial statements.

The financial statements were approved and authorised for issue by the Trustees on 21 January 2021 and were signed below on its behalf by:

  
 Clare Ferguson  
 Acting Chair

  
 Ann Cottis  
 Chair of the Finance Committee

## CHARITY BALANCE SHEET

AS AT 31 AUGUST 2020

		2020		2019	
	Note	£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	13		17,834,488		11,799,726
<b>INVESTMENTS</b>					
Investments	14		1,264,320		1,167,807
<b>CURRENT ASSETS</b>					
Stock		10,620		4,834	
Debtors	15	2,748,567		2,556,953	
Cash at bank and in hand		3,915,612		4,076,721	
		<u>6,674,799</u>		<u>6,638,508</u>	
<b>CREDITORS:</b> amounts falling due within one year	16	(6,040,400)		(5,222,673)	
<b>NET CURRENT ASSETS</b>			<u>634,399</u>		<u>1,415,835</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>19,733,207</u>		<u>14,383,368</u>
<b>CREDITORS:</b> Amounts falling due after one year	17		(4,532,554)		-
<b>NET ASSETS</b>	19		<u><u>15,200,653</u></u>		<u><u>14,383,368</u></u>
<b>RESERVES</b>					
Unrestricted funds					
- general funds			6,576,731		4,437,998
- designated funds			188,110		1,397,766
- revaluation reserve			4,097,000		4,174,000
Restricted funds	20		3,136,778		3,229,885
Endowment funds	21		1,202,034		1,143,719
<b>TOTAL FUNDS</b>	18		<u><u>15,200,653</u></u>		<u><u>14,383,368</u></u>

The charities income for the year was £9,472k (2019: £10,761k) with a surplus of £817k (2019: 1,875k). The notes on pages 27 to 47 form part of these financial statements.

The financial statements were approved and authorised for issue by the Trustees on 21 January 2021 and were signed below on its behalf by:

  
 Clare Ferguson  
 Acting Chair

  
 Ann Cottis  
 Chair of the Finance Committee

**THE ARTS EDUCATIONAL SCHOOLS**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 AUGUST 2020**

		2020	2019
	Note	£	£
Net cash provided by operating activities	23	1,533,090	2,473,585
<b>Cash flows from investing activities</b>			
Dividends		20,205	-
Interest income		42,447	37,130
Purchase of investment		(38,276)	(1,053,500)
Purchase of fixed assets		(6,460,021)	(2,211,266)
Sale of fixed assets		-	1,540
		<u>          </u>	<u>          </u>
Net cash used in investing activities		(6,435,645)	(3,226,096)
<b>Financing activities</b>			
Cash Inflows from new borrowings		4,814,320	-
		<u>          </u>	<u>          </u>
Net cash inflow/(outflow) from financing activities		4,814,320	-
		<u>          </u>	<u>          </u>
Change in cash and cash equivalents in the year		(88,235)	(752,511)
Cash and cash equivalents at the beginning of the year		<u>4,076,721</u>	<u>4,829,232</u>
	24		
Cash and cash equivalents at the end of the year		<u><u>3,988,486</u></u>	<u><u>4,076,721</u></u>

The notes on pages 27 to 47 form part of these financial statements.



## **THE ARTS EDUCATIONAL SCHOOLS**

### **CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 AUGUST 2020**

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#### **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, investments 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 ARTS EDUCATIONAL SCHOOLS**

### **CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 AUGUST 2020**

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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 income 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 trustee has 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.

## **THE ARTS EDUCATIONAL SCHOOLS**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

#### **FOR THE YEAR ENDED 31 AUGUST 2020**

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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**

Trade 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.



## THE ARTS EDUCATIONAL SCHOOLS

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### FOR THE YEAR ENDED 31 AUGUST 2020

#### 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 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>252,995</u>

#### Comparative analysis

	Unrestricted Funds 2019 £	Restricted Funds 2019 £	Endowment Funds 2019 £	Total 2019 £
Donations	27,327	198,422	1,000,000	1,225,749
	<u>27,327</u>	<u>198,422</u>	<u>1,000,000</u>	<u>1,225,749</u>

#### 3 GRANT AND FEE INCOME

	2020 £	2019 £
Fee income from other bodies	1,156,245	888,168
Fee income for taught awards	2,724,264	3,273,333
Fee income from non-qualifying courses	4,582,961	4,723,846
	<u>8,463,470</u>	<u>8,885,347</u>

**THE ARTS EDUCATIONAL SCHOOLS**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2020**

**4. INCOME FROM CHARITABLE ACTIVITIES**

	Unrestricted Funds 2020 £	Unrestricted Funds 2019 £
<b>Fees income</b>		
Fees receivable	8,800,014	9,161,115
Bursaries and discounts	(336,544)	(275,768)
	<u>8,463,470</u>	<u>8,885,347</u>
<b>Other income</b>		
Studio hire and classes	106,602	127,328
Audition and registration fees	112,126	105,174
School productions	61,160	85,779
Catering	68,594	55,772
Bar income	12,704	19,185
Theatre tax relief	59,413	88,823
Other income	91,588	106,965
	<u>512,187</u>	<u>589,026</u>
<b>Other grants</b>		
CJRS	200,213	-
	<u>9,175,870</u>	<u>9,474,373</u>

**5. INCOME FROM TRADING ACTIVITIES**

	Unrestricted Funds 2020 £	Unrestricted Funds 2019 £
Educational services	261,500	-
	<u>261,500</u>	<u>-</u>

**THE ARTS EDUCATIONAL SCHOOLS**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2020**

**6. ANALYSIS OF TOTAL EXPENDITURE**

	Staff Costs 2020	Other Costs 2020	Depreciation 2020	Total 2020
	£	£	£	£
<b>Raising funds:</b>				
Fundraising	84,712	28,636	-	113,348
Trading activities	-	239,270	-	239,270
<b>Charitable activities</b>				
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	1,508,759	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>

**Comparative analysis**

	Staff Costs 2019	Other Costs 2019	Depreciation 2019	Total 2019
	£	£	£	£
<b>Raising funds:</b>				
Fundraising	106,810	39,540	-	146,350
<b>Charitable activities</b>				
Teaching costs	4,084,957	549,176	49,575	4,683,708
Welfare costs	819	275,930	-	276,749
Premises costs	350,203	888,561	357,710	1,596,474
Productions costs	522,068	131,936	-	654,004
Grants, awards and prizes	-	112,575	-	112,575
Support costs	802,804	670,230	5,414	1,478,448
Finance costs	-	28,476	-	28,476
	<u>5,760,851</u>	<u>2,656,884</u>	<u>412,699</u>	<u>8,830,434</u>
	<u>5,867,661</u>	<u>2,696,424</u>	<u>412,699</u>	<u>8,976,784</u>

# THE ARTS EDUCATIONAL SCHOOLS

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 AUGUST 2020

#### 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 2020 £	Governance costs 2020 £	Total 2020 £	General support 2019 £	Governance costs 2019 £	Total 2019 £
Staff costs	792,170	25,883	813,053	779,290	23,514	802,804
Administrative costs	528,226	482	528,708	533,182	485	533,667
Professional costs	35,394	-	35,394	102,680	-	102,680
Audit remuneration	-	23,440	23,440	-	17,160	17,160
Bank charges	87,380	-	87,380	16,722	-	16,722
Depreciation	451	-	451	5,415	-	5,415
	<u>1,443,621</u>	<u>49,805</u>	<u>1,493,426</u>	<u>1,437,289</u>	<u>41,159</u>	<u>1,478,448</u>

#### 8. NET MOVEMENT IN FUNDS

	2020 £	2019 £
Net movement in funds is stated after charging:		
Operating leases – equipment	39,390	28,095
Depreciation of tangible fixed assets – owned by the charity	424,450	412,699
Interest costs	139,041	28,476
Auditors' remuneration – audit	19,400	17,160
Auditors' remuneration – other	4,040	1,800
	<u>626,321</u>	<u>508,230</u>

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

##### Staff Costs

	2020 £	2019 £
Wages and salaries	5,103,337	5,153,447
Redundancies	43,030	116,456
Social security costs	431,438	419,592
Pension costs	171,212	170,593
Apprenticeship levy	8,457	7,573
	<u>5,757,474</u>	<u>5,867,661</u>

## THE ARTS EDUCATIONAL SCHOOLS

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### FOR THE YEAR ENDED 31 AUGUST 2020

##### Trustees' remuneration and expenses

The charity trustees were not paid and did not receive any benefits from employment with the Trust in the year (2019: £nil). Trustees were reimbursed expenses of £482 during the year (2019: £472). No charity trustee received payment for professional or other services supplied to the charity (2019: £nil).

##### Key Management Personnel

The key management personnel of the charity comprise the trustees and the Senior Strategy Team listed on page 4. The total employee benefits of the key management personnel were £761,707 (2019: £753,323).

##### STAFF NUMBERS

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

	2020 Number	2019 Number
Principal and management	10	11
Domestic	15	14
Facilities/IT/Library	10	10
Finance	4	3
Production	11	8
Administration	14	14
Teaching staff	131	112
	<u>195</u>	<u>172</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 2020	No. of Staff 2019
£60,000 - £69,999	2	1
£70,000 - £79,999	-	2
£80,000 - £89,999	1	-
£105,000 - £109,999	1	1
	<u>4</u>	<u>4</u>

Pension contributions totaling £16,387 (2019: £16,233) were made on behalf of 4 (2019: 4) of the above employees.



## THE ARTS EDUCATIONAL SCHOOLS

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### FOR THE YEAR ENDED 31 AUGUST 2020

##### PRINCIPAL'S REMUNERATION

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

	2020 £	2019 £
Basic Salary	105,060	103,000
Performance-related pay and other bonuses	10,000	5,000
Pension contributions	5,753	5,400
Other taxable benefits	498	74
	<u>122,311</u>	<u>113,474</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 been affected by the Covid-19 pandemic during which the Principal gave outstanding 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 £43,030 (2019: £116,456) to 2 individuals (2019: 5).

#### 10. RELATED PARTY TRANSACTIONS

Trustees made donations of £56,890 to the School (2019: £83,930). 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 £171,212 (2019: £170,593). At the year end, there was an amount payable of £24,590 (2019: £25,894).

## THE ARTS EDUCATIONAL SCHOOLS

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### FOR THE YEAR ENDED 31 AUGUST 2020

#### 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 2020 was:

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

The assets and liabilities of Arts Ed international Limited at 31 August 2020 were:

	2020
	£
Fixed Assets	810
Debtors	202,722
Creditors	(203,531)
	<hr/>
	1
	<hr/>

##### 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. It was established in Dubai in June 2019. The company provides educational services in Dubai.

The income and expenditure of ArtsEd Dubai for the period ended 31 August 2020 were:

	2020
	£
Turnover	261,500
Cost of sales	(121,592)
Admin costs	(117,678)
	<hr/>
	22,230
	<hr/>

**THE ARTS EDUCATIONAL SCHOOLS**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2020**

The assets and liabilities of ArtsEd International Performing Arts Education LLC at 31 August 2020 were:

	<b>2020</b>
	<b>£</b>
Cash	72,874
Debtors	160,875
Creditors	(211,519)
	<hr/>
	22,230
	<hr/> <hr/>

<b>13. TANGIBLE FIXED ASSETS</b>	<b>Freehold land and buildings</b>	<b>Furniture and equipment</b>	<b>Computer equipment</b>	<b>Motor vehicles</b>	<b>Building &amp; theatre refurbishment</b>	<b>Assets under construction</b>	<b>Total</b>
<b>Group</b>							
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost or deemed cost</b>							
At 1 September 2019	6,600,000	1,714,320	485,090	21,660	4,044,945	2,687,938	15,553,953
Additions	-	146,014	60,679	-	-	6,253,328	6,460,021
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2020	6,600,000	1,860,334	545,769	21,660	4,044,945	8,941,266	22,013,974
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>							
At 1 September 2019	1,272,512	1,271,709	385,162	21,209	803,635	-	3,754,227
Depreciation charge for the year	97,000	125,558	63,675	451	137,766	-	424,450
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2020	1,369,512	1,397,267	448,837	21,660	941,401	-	4,178,677
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net Book Value</b>							
At 31 August 2020	5,230,488	463,067	96,932	-	3,103,544	8,941,266	17,835,297
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2019	5,327,488	442,611	99,928	451	3,241,310	2,687,938	11,799,726
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Included in computer equipment additions is £809 which have of assets which have not yet been depreciated owned by ArtsEd International Limited. All other assets are owned by the charity.

**THE ARTS EDUCATIONAL SCHOOLS**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2020**

**14. INVESTMENTS**

Group and Charity

	2020	2019
	£	£
Market value brought forward	1,167,807	-
Add: Additions to investments at cost		1,053,501
Add: Interest and dividends retained	38,276	24,385
Less: Investment management fee	(78)	(298)
Add: Gain on revaluation of investments	58,315	90,219
	<u>1,264,320</u>	<u>1,167,807</u>
Market value as at 31 August	<u>1,264,320</u>	<u>1,167,807</u>

**15. DEBTORS**

Group

	2020	2019
	£	£
Trade debtors	2,374,087	2,041,349
Prepayments	233,920	244,348
Other debtors	97,904	271,256
	<u>2,705,911</u>	<u>2,556,953</u>

Charity

	2020	2019
	£	£
Trade debtors	2,213,212	2,041,349
Prepayments	233,920	244,348
Amount due from subsidiary	203,531	-
Other debtors	97,904	271,256
	<u>2,748,567</u>	<u>2,556,953</u>



**THE ARTS EDUCATIONAL SCHOOLS**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2020**

16. CREDITORS: amounts falling due within one year	2020	2019
Group		
	£	£
Bank loan	281,776	-
Trade creditors	208,425	331,886
Other creditors	1,304,881	1,298,078
Accruals	1,095,103	664,442
Deferred income	3,159,012	2,928,267
	<u>6,049,197</u>	<u>5,222,673</u>

Charity	2020	2019
	£	£
Bank loan	281,776	-
Trade creditors	208,008	331,886
Other creditors	1,297,006	1,298,078
Accruals	1,094,598	664,442
Deferred income	3,159,012	2,928,267
	<u>6,040,400</u>	<u>5,222,673</u>

Included within other creditors for the Group and Charity is an amount of £120,102 (2019: £111,704) relating to taxes and social security.

ANALYSIS OF DEFERRED INCOME – Group and Charity	2020	2019
	£	£
At 1 September	2,928,267	3,066,550
Released to income in the year	(2,928,267)	(3,066,550)
Deferred in the year	3,159,012	2,928,267
At 31 August	<u>3,159,012</u>	<u>2,928,267</u>

Deferred income consists of fees income received in advance.

# THE ARTS EDUCATIONAL SCHOOLS

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 AUGUST 2020

17. CREDITORS: amounts falling due in more than one year	2020	2019
Group and Charity		
	£	£
Bank loan	4,532,554	-
Wholly repayable within five years	1,304,881	-
Wholly repayable within more than five years	1,095,103	-
	4,814,330	-
Less: Included in current liabilities	(281,776)	-
Amounts included above	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.

At the year end the amount drawn down was £4,814,330. The full amount of £7,000,000 was drawn down by the end of November 2020. The amount disclosed as being included in current liabilities relates to the full value of the loans and is therefore the amount that will be repaid in the financial year to 31 August 2021.

### 18. ACCUMULATED FUNDS

	Opening Fund 2020 £	Income 2020 £	Expenditure 2020 £	Transfers 2020 £	Gains & losses 2020 £	Closing Funds 2020 £
Unrestricted 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
Total funds	14,383,368	9,532,594	(8,751,394)	-	58,315	15,222,883

The general fund is the unrestricted reserves after allowing for all designated funds. The designated fund has been set up for the building project and the provision of bursaries. Any unused allocation of the bursary budget in the year is transferred to this fund.

**THE ARTS EDUCATIONAL SCHOOLS**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2020**

*Comparative analysis*

	Opening Fund 2019 £	Income 2019 £	Expenditure 2019 £	Transfers 2019 £	Gains & losses 2019 £	Closing Funds 2019 £
Unrestricted funds						
- general funds	1,564,888	9,538,765	(8,706,391)	2,040,736	-	4,437,998
- revaluation reserve	4,251,000	-	-	(77,000)	-	4,174,000
Designated reserves						
- building project	3,200,000	-	-	(1,990,344)	-	1,209,656
- bursaries	161,502	-	-	26,608	-	188,110
Restricted funds	3,330,907	222,871	(270,393)	(53,500)	-	3,229,885
Endowment funds	-	1,000,000	-	53,500	90,219	1,143,719
Charity funds	12,508,297	10,761,636	(8,976,784)	-	90,219	14,383,368
ArtsEd International Limited funds	-	-	-	-	-	-
ArtsEd Dubai funds	-	-	-	-	-	-
	<u>12,508,297</u>	<u>10,761,636</u>	<u>(8,976,784)</u>	<u>-</u>	<u>90,219</u>	<u>14,383,368</u>

**THE ARTS EDUCATIONAL SCHOOLS**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2020**

**19. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

**Group**

	General Funds 2020 £	Revaluation Reserve 2020 £	Designated Reserves 2020 £	Restricted Funds 2020 £	Endowment Funds 2020 £	2020 Total £
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)
At 31 August 2020	6,598,961	4,097,000	188,110	3,136,778	1,202,034	15,222,883

**Comparative analysis**

	General Funds 2019 £	Revaluation Reserve 2019 £	Designated Reserves 2019 £	Restricted Funds 2019 £	Endowment Funds 2019 £	2019 Total £
Tangible fixed assets	4,775,957	4,174,000	-	2,849,769	-	11,799,726
Investments	-	-	-	24,088	1,143,719	1,167,807
Net current assets	(337,959)	-	1,397,766	356,028	-	1,415,835
At 31 August 2019	4,437,998	4,174,000	1,397,766	3,229,885	1,143,719	14,383,368

**Charity**

	General Funds 2020 £	Revaluation Reserve 2020 £	Designated Reserves 2020 £	Restricted Funds 2020 £	Endowment Funds 2020 £	2020 Total £
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	-	655,820
Long Term Liability	(4,814,330)	-	-	-	-	(4,532,554)
At 31 August 2020	6,576,731	4,097,000	188,110	3,136,777	1,202,034	15,200,653

**Comparative analysis**

	General Funds 2019 £	Revaluation Reserve 2019 £	Designated Reserves 2019 £	Restricted Funds 2019 £	Endowment Funds 2019 £	2019 Total £
Tangible fixed assets	4,775,957	4,174,000	-	2,849,769	-	11,799,726
Investments	-	-	-	24,088	1,143,719	1,167,807
Net current assets	(337,959)	-	1,397,766	356,028	-	1,415,835
At 31 August 2019	4,437,998	4,174,000	1,397,766	3,229,885	1,143,719	14,383,368



## THE ARTS EDUCATIONAL SCHOOLS

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### FOR THE YEAR ENDED 31 AUGUST 2020

#### 20. ANALYSIS OF MOVEMENTS IN RESTRICTED FUNDS:

##### Group and Charity

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfer to Student Hardship fund £	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>

-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 hardship/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 a van for the Film and TV department which was purchased in October 2015. This is being depreciated over 4 years.

- A donation was made by the Teachers and Parents' Association (TAP) towards the Day school & 6<sup>th</sup> form hardship bursary fund.

- Excellence Award: a donation of £100,000 was made in 2015-16 which is to be used to provide awards for exceptionally talented Musical Theatre students.

- The Green Roof Fund has been set up to help finance the new green roof

**THE ARTS EDUCATIONAL SCHOOLS**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2020**

**21. ANALYSIS OF MOVEMENTS IN ENDOWMENT FUNDS:**

**Group and Charity**

	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>

**22. CAPITAL COMMITMENTS**

At 31 August 2020, capital expenditure contracted for but not provided in these accounts amounted to £1,585,193 (2019: £5,343,036).

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

	2020	2019
	£	£
Net movement in funds	839,515	1,875,071
Depreciation charges	424,450	412,699
(Gains) on revaluation of investments	(58,315)	(90,219)
Interest receivable	(42,447)	(38,302)
Dividends receivable	(20,205)	(23,212)
Investment management fee	78	298
Loan borrowings	-4,814,320	-
(Gain) on disposal of fixed assets	-	(837)
(Increase)/Decrease in stock	(5,786)	13,634
(Increase) in debtors	(148,958)	(87,727)
Increase in creditors	5,359,078	412,180
<b>Net cash provided by operating activities</b>	<u>1,533,090</u>	<u>2,473,585</u>

**THE ARTS EDUCATIONAL SCHOOLS**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2020**

**24. ANALYSIS OF CHANGE IN NET DEBT**

	At 1 September 2019 £	Cash flows £	At 31 August 2020 £
Cash	4,076,721	(88,235)	3,988,486
Debt due within one year		(281,776)	(281,776)
Debt due after one year	-	(4,532,554)	(4,532,554)
	<u>4,076,721</u>	<u>(4,902,565)</u>	<u>(825,834)</u>

**25. COMMITMENTS UNDER OPERATING LEASES**

At 31 August 2020, the company had future minimum lease commitments under non-cancellable operating leases as set out below:-

	Assets other than land & buildings	
	2020 £	2019 £
Within 1 year	39,390	28,095
Within 2 – 5 years	27,707	39,802
	<u>67,097</u>	<u>67,897</u>

**THE ARTS EDUCATIONAL SCHOOLS**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2020**

**26. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES FOR THE 2019 FINANCIAL YEAR**

	Note	Unrestricted Funds 2019 £	Restricted Funds 2019 £	Endowment Funds 2019 £	Total Funds 2019 £
<b>INCOME FROM:</b>					
Donations and legacies	2	27,327	198,422	1,000,000	1,225,749
<b>Charitable activities</b>					
Fee income	3	8,885,347	-	-	8,885,347
Other income	3	589,026	-	-	589,026
Investment income		37,065	24,449	-	61,514
<b>TOTAL INCOME</b>		<u>9,538,765</u>	<u>222,871</u>	<u>1,000,000</u>	<u>10,761,636</u>
<b>EXPENDITURE ON:</b>					
Raising funds		(146,350)	-	-	(146,350)
Charitable activities		(8,560,041)	(270,393)	-	(8,830,434)
<b>TOTAL EXPENDITURE</b>	4	<u>(8,706,391)</u>	<u>(270,393)</u>	<u>-</u>	<u>(8,976,784)</u>
<b>NET INCOME / (EXPENDITURE) BEFORE INVESTMENT GAINS</b>		<u>832,374</u>	<u>(47,522)</u>	<u>1,000,000</u>	<u>1,784,852</u>
Net gains/(losses) on investments		-	-	90,219	90,219
<b>NET INCOME BEFORE TRANSFERS</b>		<u>832,374</u>	<u>(47,522)</u>	<u>1,090,219</u>	<u>1,875,071</u>
Transfers		-	(53,500)	53,500	-
<b>NET MOVEMENT IN FUNDS</b>		<u>832,374</u>	<u>(101,022)</u>	<u>1,143,719</u>	<u>1,875,071</u>
Funds brought forward at 1 September		<u>9,177,390</u>	<u>3,330,907</u>	<u>-</u>	<u>12,508,297</u>
<b>TOTAL FUNDS AT 31 AUGUST</b>		<u><u>10,009,764</u></u>	<u><u>3,229,885</u></u>	<u><u>1,143,719</u></u>	<u><u>14,383,368</u></u>



**THE ARTS EDUCATIONAL SCHOOLS**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2020**

**27. COMPARATIVE ANALYSIS OF MOVEMENTS IN RESTRICTED FUNDS FOR THE 2019 FINANCIAL YEAR:**

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfer to endowmen t fund £	Balance at 31 August 2019 £
ALW Foundation	2,970,785	-	(121,120)	-	2,849,665
The ArtsEd Student Fund	92,239	16,715	(7,012)	-	101,942
The ArtsEd Scholarship Fund	29,227	38,123	(37,575)	-	29,775
Bursary fund	11,528	1,210	(270)	-	12,468
Capital campaign	100,000	100,000	(41,150)	-	158,850
Chris Hornby Fund	21,711	1,759	(8,910)	-	14,560
The CMF Scholarship Fund	-	7,000	(7,000)	-	-
Guildford Academic Associates	12,132	65	(11,000)	-	1,197
Leverhulme Trust	-	20,808	(20,808)	-	-
Restoration levy	21,431	7,807	-	-	29,238
Spencer Will Trust	1,354	5,000	(1,250)	-	5,104
TAP	3,000	-	-	-	3,000
Excellence Award	67,500	24,384	(14,298)	(53,500)	24,086
	<u>3,330,907</u>	<u>222,871</u>	<u>(270,393)</u>	<u>(53,500)</u>	<u>3,229,885</u>

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