

The Royal School of Needlework

Annual Report and Consolidated Financial Statements

31 August 2023

Company Registration Number
12192 (England and Wales)

Charity Registration Number
312774

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Reference and administrative information

Patron	HRH The Duchess of Cornwall
President	HRH The Duchess of Gloucester
Council Members	Ms Pip Wood – Chair of Trustees** Mr Keith Pickard – Honorary Treasurer* Ms Louisa Christofidou Prof Patsy Cullen ^x Ms Victoria Farrow Dr Paula Leftwich ^x Miss Sarah Mumford* Ms Clara Poon Ms Julie Richards Ms Eleri Lynn ^x Prof Dominic Tweddle*
	* Member of the Finance and Investment Committee
	^x Member of the Education Committee
Chief Executive	Dr Susan Kay-Williams
Registered office	Apartment 12A Hampton Court Palace East Molesey Surrey KT8 9AU
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Barclays Bank plc 8/12 Church Street Walton on Thames Surrey KT12 2QX
Investment managers	J M Finn & Co 25 Copthall Avenue London EC2R 7AH
Company registration number	12192 (England and Wales)
Charity registration number	312774

About the RSN

The RSN was established in 1872 at a small single site in London to revive and teach the art of needlework and thereby provide suitable employment for poor gentlewomen. In the intervening 150 years we have expanded our activities and extended our reach across the world to protect the future of hand embroidery. Increasingly we have been exploring a more contemporary societal purpose and challenging ourselves to understand better the broader benefits people derive from our activities today. Safeguarding the future of hand embroidery is an outcome that will be achieved if we ensure our activities are appropriate, accessible, attractive and add value to society. This has involved a top-down, bottom-up review to rearticulate the relevance of our work for more modern times.

Our mission is to preserve the heritage and lead the development of hand embroidery, enriching lives by inspiring, teaching and innovating to provide the widest access to our knowledge and skills.

No other single organisation covers the breadth of work now undertaken by the RSN. We use our 150 years of remarkable history, knowledge and expertise to teach, practise and promote the art of hand embroidery underpinned by our values of Tradition, Quality and Innovation.

Our Education Team runs a degree programme and professional embroidery and tutor course for those interested in pursuing a career in embroidery and we have a range of leisure courses aimed at beginners through to serious hobbyists which are delivered online to participants around the world and in person at locations across the UK and internationally.

Our Studio specialises in creating beautiful bespoke commissions as well as restoring historic textiles and bringing heirlooms back to life. Clients include the British royal family, cathedrals, synagogues, churches and private individuals.

We further promote the art of hand embroidery through activities including exhibitions, talks and taster sessions and use our extensive Archive and Collection to inform and inspire. We introduced the RSN Stitch Bank in late 2021 to digitally conserve a record of every stitch worldwide and provide a resource for stitchers. An online retail operation and store at our Hampton Court base also provides a range of products, kits and materials.

Chair of Trustees' Introduction Year to 31 August 2023

At the beginning of September 2022, I took on the role of Chair of the RSN Council. Just eight days later we heard the sad news that Her Majesty Queen Elizabeth had died. It was a sombre time for all at the RSN as we had embroidered numerous pieces for Her Majesty, but we were honoured to be asked to produce several items for the coronation of Their Majesties King Charles III and Queen Camilla.

The Coronation helped raise not only the profile of the RSN worldwide but also the practice and art of hand embroidery. Our work was a fitting display of the talent and creativity of the RSN embroiderers and provided a window on our wider portfolio.

It is a credit to our small and dedicated team of staff and tutors that they manage to undertake so much, and we are grateful for their hard work and commitment in helping the RSN lead the development of hand embroidery through an unrivalled range of activities.

With participation in courses increasing post-Covid, trustees approved new resources to streamline administrative tasks and created the new role of Director of Education. The new Director is reviewing and improving programme delivery to further strengthen our education provision.

People are now engaging in the practice of hand embroidery in a very different way; we have adapted to online courses and events and broken down geographic barriers with participation possible from anywhere in the world via Wi-Fi access and a screen. As a result, our operational delivery and customer reach have been transformed and this has led to an array of strategically driven decisions and initiatives.

We are redesigning our tutor course to better prepare graduates for the ongoing needs of both the RSN and a modern career in professional embroidery. The new Professional Embroidery Tutor Programme will start in September 2024 and we are hopeful to be able to fulfil a long-held aim to offer a scholarship place for one student each year.

Recognising and investing in our tutors is critical; we know from research that customers choose to learn with the RSN because of the depth and breadth of our tutors' knowledge and proficiency. During the year we developed the RSN Fellowship programme which is launching in Spring 2024. Fellows of the RSN (FRSN) will all be graduates of our previous Apprenticeship scheme or three-year Tutor programme. They have undertaken and passed the most intensive and rigorous training of all RSN courses and are uniquely qualified to teach and practise, to the highest standards, the broadest range of embroidery techniques and related activities. Our tutors play an important role in delivering our mission and we look forward to supporting them further through the RSN Fellowship.

We are investing in the ongoing development of new practical and theory programmes which we hope to launch for September 2024. We have started work on digitising pieces in our Collection and Archives so they can be made available online and have continued to add stitches to the RSN Stitch Bank which aims to digitally conserve and showcase the wide variety of the world's embroidery stitches and how they have been used in different cultures and times. You can read more about our activities and projects in this report and on our website royal-needlework.org.uk.

Chair of Trustees' Introduction Year to 31 August 2023

We have also been reviewing our current operation to help shape our future strategy and the direction of the RSN of the future. You can read more about this on page 22 of this report.

As the new RSN Chair and with a number of relatively new trustees this year felt an appropriate time to review governance processes and reflect on the RSN's strategic direction. We have updated and introduced new policies, further strengthened our trustee skill set, refined reporting to Council, and introduced an Education Committee to provide additional oversight and help inform the strategic direction of education activities.

We welcomed four new trustees; Keith Pickard joined as honorary treasurer in early 2023 helping us to continue to invest funds wisely and generate maximum impact from our work. Dominic Tweddle, Sarah Mumford and Paula Leftwich joined in May 2023 and strengthen our Council further. Thank you to Nicola Clarke, Stephanie Wright and Claire Miller for all their help before standing down last year.

As a charitable body we are funded entirely by surplus income from our commercial activities and the kind donations of individuals, charitable trusts and organisations who share our passion for the important role embroidery has, and continues to play, in helping individuals and cultures tell stories, record history, create community and derive pleasure from the creation of a piece of art. A huge thank you to everyone who has supported us financially, to the hard work of our staff and tutors who help deliver our vision, and to our students, customers and other beneficiaries who make it all worthwhile. It is very much appreciated.



Pip Wood
Chair of Trustees

Report of the Council Year to 31 August 2023

The Members of the Council (as Trustees), who are also the directors for the purposes of company law, present their annual report together with the audited consolidated financial statements of The Royal School of Needlework for the year ended 31 August 2023. The report has been prepared in accordance with the Charities Act 2011 and is also the group report of the directors for the purposes of the Companies Act 2006. The reference and administrative information set out on page 1 and the Chair of Trustees' Introduction set out on pages 3 to 4 also form part of the report.

The financial statements have been prepared in accordance with the accounting policies on pages 43 to 47 of the attached financial statements, and comply with the charitable company's memorandum and articles of association, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and comply with the Office for Students' Accounts Direction.

ACTIVITIES AND ACHIEVEMENTS

Our principal activities, achievements and outcomes are delivered through three key areas of focus. These are:

- ◆ Teaching and Learning;
- ◆ The Practice of Embroidery; and
- ◆ The Promotion of the Heritage and Modern Application of Embroidery

Public Benefit

The RSN has due regard to the Charity Commission's guidance on public benefit. During this year our most significant public benefit offering was the RSN Stitch Bank which goes to the core of the RSN's mission, making knowledge of stitches available to all, so that we ensure hand embroidery will continue in a relevant way. It is now becoming established as the online source of information on stitches, both traditional and new and is designed with users in mind.

This fantastic resource which has been made possible by charitable donations and is offered free at the point of use. Since its launch in 2021 it is now visited by nearly 25,000 unique visitors every month.

The RSN Stitch Bank is open to all and used by students, curators, historians of stitch and practitioners. This service receives thanks regularly for the variety of ways in which each stitch is explained, so that all types of learners can gain from the explanations, especially because with one click, the diagrams can be changed to show how a left-handed embroiderer works the stitch.

At the year-end we had 350 stitches on the site and this number has increased since and will continue to grow throughout 2023-24. This resource is the largest free database of stitches anywhere in the world and is used by a wide variety of people from the Curators of local UK Museums to identify the stitches on a historic garment to Canadian Embroiderers' Guild groups using it as a resource for projects around unusual stitches and from teachers of textiles in schools and colleges in the UK to researchers at the Victoria and Albert Museum. As more people learn of it, the more they share it with other embroiderers.

ACTIVITIES AND ACHIEVEMENTS (continued)

Public Benefit (continued)

The aim of the RSN Stitch Bank is ultimately to feature every stitch in the world so conserving many that would otherwise be lost.

“I think it is an amazing resource and the range of stitches and the quality of the information for each stitch is incredible - I use it all the time and tell all my embroidery friends about it - being a lefty I also appreciate that I can turn the stitch to show for a left rather than right hand stitching.”

Numerous other examples of the RSN’s public benefit can be found throughout this report relating to activities such as Exhibitions, Talks, and Taster courses. We continue to improve our accessibility and expand the reach of our activities.

THE PRACTICE OF EMBROIDERY

The origins of the RSN - the RSN Studio

The longest established part of the RSN is the Studio and it really came to the forefront of activities this year. Originally called the Workroom it is responsible for two things: the training of new embroiderers to professional standards and for working on clients’ pieces, both new and conservation/restoration commissions for a wide range of clients across sectors from the Church to private individuals and from the military to stately homes and occasionally the Royal Family.

The advantages of using the RSN for important work is not only the consistency and high standards but all the work is undertaken in the UK, as we have a pool of our own trained professional embroiderers on whom we can call to work on pieces. The RSN is the only place in the UK with such a quantity of highly skilled people and is one of the main reasons why the RSN was asked to work on nine pieces for the Coronation, both new and conservation.

The first piece commissioned was the Robe of Estate for her Majesty Queen Camilla who has been the Patron of the RSN since 2017. This is the train that she wore to exit Westminster Abbey and traditionally the Queens’ trains are extensively embroidered. Her Majesty wanted something shorter and lighter than that of the late Queen Elizabeth, which the RSN had designed and made in 1953. Embroiderers have long looked to the natural world for symbolism and creative design. The Robe of Estate was no exception. The brief was for flowers including the four flowers of the United Kingdom: Rose, Thistle, Shamrock and Daffodil but beyond that, the design was open. The core team in the Studio undertook extensive research and sampling. They wanted to represent both the King and the Queen’s interest in the natural world so they selected flowers that were meaningful to both of them, but also populated the design with insects, butterflies, dragonflies, bees, ladybirds, a caterpillar and a snail to highlight Their Majesties’ interest in biodiversity and the importance of the natural world.

The Studio created new cyphers for Their Majesties and a new crest for Her Majesty while that for the King was reused from the one made by the RSN for George VI in 1937 as the King’s crest is the same as his grandfather’s.

ACTIVITIES AND ACHIEVEMENTS (continued)

The origins of the RSN - the RSN Studio (continued)

Other pieces were commissioned by some of the City of London livery companies with whom the RSN has long-standing relationships. The anointing screen was to be completely different from the canopy used previously. It was based on a window in the private chapel at St James's Palace, converted into a workable motif by Iconographer Aidan Hart, with the poles used to carry the panels being turned by Nick Gutfreund of the Worshipful Company of Carpenters, from a fallen tree in Windsor Great Park. The audience-facing part of the screen featured a tree bearing the names of the 56 countries of the Commonwealth worked on leaves in gold thread. Because of the scale of this piece, we were able to invite all the degree and tutor students to participate in this as well as representatives of our Certificate and Diploma programme and members of staff.

The Worshipful Company of Girdlers provide the Girdle (sword belt) and the stole for the ceremony. The RSN helped conserve and extend the girdle which had previously been worn by the late Queen, and to work a new stole to a design by the College of Heralds. This featured the four Apostles, the four plants of the United Kingdom, this time utilising the more traditional leek for Wales, as well as reference to the Cosmati pavement, the flooring of Westminster Abbey at the point where the crowning takes place. The stole also featured the gridiron as the symbol of the Girdlers and the palm branch of St Lawrence their patron saint.

The RSN Studio was thrilled to host a visit from the King and Queen prior to the coronation for them to see the work in progress and talk with some of those who worked on the various items. The nine pieces were initially showcased in the British and international press and seen by millions on the day. They have subsequently been enjoyed by over 450,000 people who visited Buckingham Palace in summer 2023 where the pieces were on exhibition.

In addition to these very special pieces, this year the studio worked on a wide range of other pieces from a Mitre for an American Bishop in the traditional technique of underside couching to conserving pairs of crewelwork curtains and adding a name to a family christening robe to restoring canvaswork chair covers chewed by a new puppy.

As a result of the Coronation projects the Studio has strengthened relations with institutions with which it has had previous links including the royal household, the College of Heralds, the office of the Archbishop of Canterbury and some of the livery companies. This will enable new initiatives to be thought about to work on collectively.

It was not possible to watch the coronation and miss the work of the RSN Studio stitchers. With the variety of techniques being used, the RSN really showed how contemporary and relevant embroidery can be in all environments.

ACTIVITIES AND ACHIEVEMENTS (continued)

The origins of the RSN - the RSN Studio (continued)

Broadcaster and journalist, Anne Diamond OBE: *“Your high profile during the Coronation has sparked a great deal of interest! I am fascinated to learn more about The Royal School of Needlework and all you do - and I know our audience would too.”* Prior to recording a feature for Viking TV.

TEACHING AND LEARNING

The RSN receives no government funding, it has to raise or earn its income. The principal way in which we raise funds is by fulfilling our mission to preserve the heritage and lead the development of hand embroidery, enriching lives by inspiring, teaching and innovating to provide the widest access to our knowledge and skills. The hallmark of the RSN is technical hand embroidery applied to a wide variety of subject matters. For our Future Tutor programme and the Certificate and Diploma in Technical Hand Embroidery, technical excellence is at their core. It is for this reason that the RSN is sought out for very special work. For those taught through the main training programme (Training School, Apprenticeship or Future Tutor programme) there are two key mantras at the RSN, first that as a result of the teaching, if they need to work on a project collectively, it will be done in such a way that it looks like the work of one person. Secondly, when working to a deadline we invoke the saying ‘never a seat shall go cold’ because if one person gets up, another can sit down and carry on from where the other left off. These are special skills because, as individual artisans our professional embroiderers all have different styles, but effective collective working has been taught to them through their time at the RSN and put to good effect when required.

RSN Degree

The student body for the degree is diverse in background, age, gender, country of origin and we have above average numbers who are the first in their family to go to university. Last year the geographic spread was Germany, Norway, Brazil, USA, Hong Kong, and of Lithuanian, Moroccan, Eritrean and Nigerian heritage. Even within the UK we have students from Cornwall, Wales, Yorkshire, Cumbria, Bristol, Cambridgeshire and the Home Counties. This makes for a very dynamic group who can learn from each other and why we encourage working in the RSN rooms as often as possible for peer learning.

The hallmark of the degree programme is that while all learn hand embroidery at the same pace and in the same process they develop into very individual and innovative artists as they are actively encouraged to develop their own practice.

ACTIVITIES AND ACHIEVEMENTS (continued)

RSN Degree (continued)

At the heart of the programme, alongside skills development is using those skills in external projects. These provide an external perspective, build student confidence and enable the application of transferable skills to real world projects. In this academic year, students engaged with established and high-profile artists, designers and makers including a third project with textile artist Susan Aldworth for an installation at the National Centre for Craft and Design, Sleaford, Lincolnshire; the Great Imagining Festival at the Studio of Gavin Turk and Deborah Curtis; an innovative Couture Embroidery project for Alexander McQueen Embroidery Atelier and a project for Maddux Creative and Fromental for Chelsea Design Centre, WOWHouse.

In addition, Degree students from all three years participated in work on the Anointing Screen for the Coronation of King Charles.

As with Tutor students we encourage participation in major competitions. This year two Degree students received Commended accolades from the Bradford Textile Competition, while at the Hand and Lock Awards, the most prestigious international award for hand embroidery, 2022 degree graduate Sabina Lima won the Gold and Silver Wyre Drawers' (GSWD) award for use of metal thread for her work Ablaze, and her piece was then invited to be shown at the GSWD 400th anniversary exhibition, 2022 graduate Eliza Gomersall won both the Worshipful Company of Broderers' Associate Award and the Textile Art Student Category for her work 'Palingenesis' (Rebirth): A Story of Transformation. This is the fifth time in the last six years that the Textile Art prize has been awarded to an RSN student and the third time to a degree student.

We also ensure that student work is given every opportunity for exhibition holding shows at Hampton Court Palace and participating in New Designers and Graduate Fashion Week.

The students are taught by the in-house staff supplemented by a range of visiting lecturers to offer breadth of experience to the students. Angie Wyman, Degree Course Leader, was invited by Jamie Chalmers 'Mr X Stitch' to be on the judging panel for his online Competition, she was also on the judging panel for the Fine Art Textiles Award and is a mentor on the Hand and Lock awards for people in the open category, fashion.

The degree team were contacted by Professor Helen Storey of London College of Fashion about exploring stitch with refugees in Malawi and Mozambique. The RSN agreed to lend pieces from the handling collection to give people an idea of stitching and then they would be encouraged to make their own work. Helen reported back that this had been a very positive project with the refugees really relating to the stitched pieces they saw and worked.

ACTIVITIES AND ACHIEVEMENTS (continued)

RSN Degree (continued)

Impact

The teaching methods at the RSN, of learning by making, enables everyone to learn at the same pace, becoming conversant in not only the language and methods of hand embroidery but also to develop innovative approaches to creative practice. This enables students to become confident practitioners, designers, creative thinkers and innovators. This in turn leads on to student successes not just in competitions but also in their professional lives.

Our graduates are sought after for their highly skilled work and professional conduct within external settings. This may include freelance opportunities in couture including Alexander McQueen, Tamara Ralph, Dame Zandra Rhodes, Erdem, and Cathryn Avison. Of note, one graduate from last year has gone on to the graduate Traineeship at Alexander McQueen, the third RSN graduate to achieve this honour; a previous winner is now working for Hugo Boss. Other graduates are also working for Alexander McQueen, Cathryn Avison and Tamara Ralph as well as for film, for a bridal atelier and for an interior design company. Two degree graduates are also now back working for the RSN part time to pass on their skills and experience, while also working for other organisations.

The RSN Future Tutor programme

The training of new tutors is the most important activity that the RSN runs in terms of ensuring there are adequately trained people to continue our work. The current Tutor programme had been running for ten years so it was time for a serious review of the course and what was needed going forward. On the appointment of the new Director of Education this was the primary area for consideration. A thorough review was undertaken holding open discussions with graduates of both the Future Tutor and previous Apprenticeship programmes and with current students. Following these discussions, the Course Leader and Director of Education redesigned the course.

A key change is to split the tutoring element from Studio experience. Going forward the Tutor programme will focus on teaching and learning and the RSN Studio will support an intern programme to develop people with the right skills and who want to work on commissions, restoration and conservation. The new course is now being advertised and promoted for September 2024 entry.

In November 2022, work produced by the graduates of 2020 and 2021 was exhibited at the Girdlers' Hall in London. This was a wonderful opportunity for the graduates to showcase their pieces, especially as they had not been able to do so at the normal time (at Graduation) during the Covid-19 pandemic.

Throughout the year, there were numerous opportunities for our students to develop their teaching skills. These included events such as the Knitting and Stitching shows in London and Harrogate, the Artisan Fayre at HCP and the many day classes we hold at the Palace. Many of these are taster classes which we run at low cost to introduce new audiences to stitch.

ACTIVITIES AND ACHIEVEMENTS (continued)

The RSN Future Tutor programme (continued)

In conjunction with the Degree programme, the Future Tutor students were able to take part in a Korean Embroidery Workshop. This was an incredible experience for them, with Korean Masters working with them on site at HCP, to create traditional Korean embroidered pieces.

The year ended with the work of second year student Sue Kim and third year/ graduate Abigail Carter being selected to be shown at the Gold and Silver Wyre Drawers 400th Anniversary Exhibition.

We encourage students and Tutors to enter awards and we were thrilled that Tutor Chrissie Juno Mann was awarded third place in Mr X Stitch's online competition and Tutor Kate Pankhurst was shortlisted for the 2023 Hand and Lock prize Open Category Textile Art.

One very special opportunity offered to students this year was the chance to be involved with the Coronation, a "*once in a lifetime*" experience for them.

RSN Certificate and Diploma

The Certificate and Diploma (C&D) programme flourished this year with face-to-face teaching back to pre-pandemic levels and the interest in online teaching still strong. All satellites were operational: Glasgow, Durham, Rugby, Bristol and Japan. In addition, to meet need, one session was run in the USA because while many students are content to work online, others prefer the face-to-face experience and even those doing most modules online like the opportunity to do one face to face. As a result, this programme achieved its highest ever income. RSN tutors taught across three time zones online for more than 1,672 hours while we taught for 2,616 hours face to face; combined RSN Tutors taught over 850 days. After the first module, online students may then join any of the online sessions and at the venues, Tutors have up to six students and all of whom may be working on a different technique. It is the skills and experience of the Tutors which allows them to move from one technique to another effectively for each student.

This year we also saw our first 'online only' students complete the RSN Certificate. The level which they achieved clearly showed that we are offering this programme very effectively online. Tutors utilise a range of tools to ensure students are clear in how to make the stitches and are able to give the most effective feedback when they can enlarge digital images.

It has been pleasing to see the continuing, and growing interest in technical hand embroidery. This is a leisure course, but it is unique to the RSN and is sought out by people from all over the world because it enables participants to gain a high level of skill across a range of techniques. More than this, the finished pieces are not simply exercises but are works of art in each technique. This was borne out by the exhibition that was held at our Glasgow base. For the first time in ten years, we exhibited student work and held graduation there. We exhibited more than fifty pieces of work, and one visitor was overheard to say "*This is one of the best exhibitions I have seen here*", no mean accolade given that our base is the Glasgow Arts Club.

ACTIVITIES AND ACHIEVEMENTS (continued)

RSN Certificate and Diploma (continued)

Impact

Visitors to all our exhibitions come to appreciate the quality of the stitching and the variety of the subject matter but the biggest impact is on the students themselves who learn a greater confidence in stitching, enjoy being part of a group when they learn, whether online or in person, and invariably achieve more than they ever thought they could when they started. In turn, this builds personal pride and admiration from family and friends which is not to be underestimated, especially when on public display. Or as one participant put it *"What a joy it is to be part of a group of women acting towards each other in a sisterly manner. It's joyous, and not taken for granted"*.

RSN Short Courses

Short courses remain an integral part of the RSN programme. They are there to introduce people to the range of techniques, before some might move on to C&D, but also to offer a bit of fun, a sense of collective endeavour and a personal opportunity for learning in a friendly environment. Many participants also mention the support of the RSN community. This year we offered classes at Hampton Court again, as well as online.

We also expanded the range of technical introductory courses (Technical Tuesdays), these courses introduce students to a range of stitches in each technique across 30 weeks, at the end of which they have a really strong understanding of the range of stitches and how they might best be used and participants also see examples from the RSN Collection to put their work in context. This year we ran two of each of three courses, Crewelwork, Blackwork and Goldwork, to meet demand.

The opening up of classes at Hampton Court resulted in a gradual increase in the number of attendees across the year. It is always hard to know what will particularly appeal but this year the top three areas were a series of more unusual whitework techniques, contemporary kit-less classes which gave some people greater confidence to try a more structured RSN course and classes based around mindfulness, although many of our students would think all our classes have a mindfulness element as they are spending time on something they enjoy and the stitching is always about the repetition of making the stitch which is a slow and deliberate activity so engendering a mindful approach.

Online classes continue to attract a diverse worldwide audience and it has become apparent that people will book onto a class that suits them time wise rather than a class, geared towards their geographical location. For example, early morning classes originally positioned for people in the Far East and Australasia have attracted UK/Europe attendees who clearly relish learning before starting their working day.

We strive to ensure we deliver a positive experience for all students, whether new or returning, and offer opportunities to grow and develop through trying different techniques and levels. We look for ways to expand and broaden the appeal and this year were delighted by the success of the Hampton Sampler designed by Masako Newton and taught by Masako and Nao Nagamura – this was a first for the RSN as it was advertised and taught in Japanese. As a result, it attracted new people with some attendees flying in from Japan.

ACTIVITIES AND ACHIEVEMENTS (continued)

RSN Short Courses (continued)

Impact

The role of short courses is two-fold, to act as an introduction – to the RSN, to hand embroidery, to different techniques, but also to offer a way to start building skills and confidence for those who want to go on to the RSN C&D or other programmes.

Tutors play a vital role in introductory courses not just as the source of technical knowledge but also as ambassadors and encouragers. Most of the comments we receive for the short courses are to offer thanks to the tutors for their skills, patience, enthusiasm and guidance. As a result, students are encouraged to return and one result of online classes is that people can book more if they don't have to factor in travel and accommodation costs, especially at this financially challenging time. We are also benefiting from trying new things, as the Japanese class demonstrated, and we were able to ensure participants were aware of the Japan Satellite should they wish to progress further.

"This is my first experience of the RSN, and indeed Goldwork, and I've already learned so much. Helen sets a good pace for this beginners class, always taking time to explain the techniques" (**Susan Cooney, UK-- Technical Tuesday Goldwork with Helen McCook**)

"I finished your project. Thanks heaps for a fun small project. I learnt heaps. So much so I've signed up for the self paced videos and ordered the Puffin Blackwork.. Thank you so much for designing this work and offering the class."(**Danielle Rogerson, Australia, Introduction to Blackwork : Winter Leaf with Kathryn Sanders**)

"We all had a difficult time during the pandemic but the RSN going online is one of the good things to come out of this difficult time!" (**Anja Diek, Germany – Captivating Crewelwork with Kate Barlow**)

The RSN International Summer School

The International Summer School has gone from strength to strength especially in the UK and online. This year we again ran a programme online in July and at Hampton Court in August. As an extra special addition, for all those coming to Hampton Court Palace we took them to the exhibition of coronation regalia at Buckingham Palace one afternoon of the week to see the work of the RSN Studio up close. Altogether we ran 40 courses by 16 tutors, 11 at HCP, 2 at Glasgow and 27 online with a total take up of 356 places.

Impact

As a direct result of a live talk given during the 2023 Summer School a US student donated an item to the RSN Collection. New Friendships were forged in the online and onsite classrooms, and for those attending Hampton Court the welcome morning refreshments added to the joy and the sense of inclusion in a very special family.

ACTIVITIES AND ACHIEVEMENTS (continued)

The RSN International Summer School (continued)

"I just wanted to say that the gift is wonderful! Such a lovely keepsake and so useful. I was touched by the care you had taken both with the selection and the beautiful way it was presented in the silk bag with the personalised, handwritten label. I know this takes a great deal of thought, organisation and work "beyond normal expectation" and is part of what makes you all at RSN so special to us "stitchers""(Vivienne D, UK)

"Thank you for the most terrific RSN Summer School. Beautifully done and just such a special place to be within Hampton Court. We loved our Tutor who taught her skill with all the patience in the world. What a thing for us to be able to travel with our Group and Tutors to Buckingham Palace and be some small part to have known some who embroidered and therefore had all played a huge part in the Coronation. To follow it up the next day with our own special Tour and Talk within the RSN was special. Thank you to you all for such inspiration." (Frankie V, UK, Heath & Harebells with Sarah Smith)

"I really enjoyed the course and learnt a huge amount – I had been a bit worried about how effective an online course would be, but my concerns were wholly unnecessary." (Helen G, UK, Heath & Harebells with Sarah Smith)

RSN Partnership Classes and bespoke classes

Partnership classes are ones which take place at a special venue which has an RSN link, such as holding items made by the RSN in their Collections or showing RSN-made items at exhibitions. These not only bring the RSN to new audiences, but also cement relations with other similar organisations. The partnership classes offer 'an experience' with added value to students, such as access to a normally private venue, entry to an exhibition or private talk by a venue Curator. New venue partners this year have included Canterbury Cathedral, St Alban's Cathedral, the Palace of Holyroodhouse, Royal Collection Trust and Historic Royal Palaces. Bespoke classes are for small numbers of people who want to work on a special project or have a class in a particular technique. In total we ran 16 partnership classes at 8 venues.

Impact

The partnership classes offer something extra and enable the RSN to meet its broader ambition to be accessible in more parts of the country. This is appreciated by new attendees and regulars. While many people now prefer to do online classes for convenience and cost, partnership classes continue to inspire because they offer something that is not usually available and has to be experienced in person. The bespoke classes enable people to stitch exactly what they want under RSN expert tuition

Royal Collection Trust *"Our partnership with RSN is one of our most valuable".*

"We loved our Private Tour what a special treat. A super day out thank you to you all."

"Thank you for the most amazing and inspiring class. It was a wonderful day."

ACTIVITIES AND ACHIEVEMENTS (continued)

PROMOTION OF HERITAGE AND MODERN APPLICATION OF EMBROIDERY

Exhibitions

Exhibitions are an important way for the RSN to reach new audiences. At the start of the academic year we held two exhibitions which were aimed at widely different audiences. Both featured recent work by RSN students and both were free entry. The first was held at the Sunbury Gallery. This is local to the RSN's Hampton Court Palace (HCP) base but in putting this exhibition in Sunbury it reached a very different, local audience whereas the HCP audience is mostly tourists and visitors.

The second exhibition was held at the Worshipful Company of Girdlers' headquarters in the City of London. This building is rarely open to the public, so this was an opportunity for people to see both RSN graduate work and the Livery Company's impressive building. The event was only open for three days but some 1,700 people came despite tube and rail strikes. The event was considered a great success by all involved.

At Hampton Court we continued *A Girl's education in Stitch* which was booked out by both groups and individual guests because, being in our working studio it can only be opened on limited days, but we still managed to honour all the bookings even while working secretly on the special projects.

After the Coronation we launched a new mini exhibition: *The Royal School of Needlework & Five Coronations 1902 – 2023*. This opened in July and was originally scheduled to run until November but such has been the interest that it has been extended to May 2024. The exhibitions at Hampton Court give visitors the opportunity to view pieces from the RSN Collection and also build awareness of the work and history of the RSN.

We also held Degree, Certificate and Diploma (C&D) and Future Tutor graduate exhibitions at HCP which were open to both HCP general visitors as well as those specifically booking. As a Historic Royal Palace, HCP can sometimes pose an accessibility challenge for some so this year both these exhibitions were held in a ground floor apartment at HCP making it easier for the public. We are very grateful to the Hampton Court Palace team for enabling us to use these rooms.

One further exhibition was held when the Degree students exhibited at New Designers which is an essential forum for graduates in creative subjects held at the Business Design Centre in London. These events enable the RSN to engage with people who may not have come across the organisation before and exhibitions have been the source of attracting new learners and supporters as well as showing the students' work to a range of audiences.

Impact

On the Curator's tours there are regularly people here from New Zealand, Australia, Canada and America as well as those from around the corner. All really appreciate the stories of our past coronations and the opportunity to see sampling and prep work for the nine items the RSN worked on for 2023.

ACTIVITIES AND ACHIEVEMENTS (continued)

Impact (continued)

“It really is amazing and wonderful you can get so close up to it to really see the workmanship.”
Comment on the sampler the RSN is making of the Queen’s Robe of Estate.

“I wish I had come to this before I went to the Buckingham Palace exhibition, this puts everything in context.”

RSN Online Talks

Twice a month the RSN has continued to deliver Online Talks to its community around the world. The Online Talks are accessibly priced and are offered free to our own Degree and Future Tutor students and Tutors. They open up the world of embroidery to more people and give access wherever they live. The talks are about appreciating and exploring embroidery, so we welcome in an additional group of those who don’t, or perhaps no longer, stitch but are interested in embroidery history. Talks highlight the RSN Collection and RSN history and we also invite guest speakers to produce a varied programme of different topics and presentation styles. This year guest speakers have also included RSN Ambassadors. In total we delivered 15 talks to 3650 people with many repeat visitors.

In particular, we gave two coronation presentations, the first on the RSN’s involvement with the four coronations of the 20th century and the second on our work for the coronation of King Charles and Queen Camilla. These garnered very high audiences from all over the world. The talks were then put online and many people have gone back to watch one or both again. We have also given talks for other organisations including the Royal Collection which expands our audience.

Impact

The talks have built an international community that broadens the RSN’s reach and enables us to communicate with more people on a regular basis. This year, with other events we have managed to meet some of our online audience in person and they have shared how much the talks mean to them.

“What a fabulous presentation of the RSN’s continuing involvement with such splendid artefacts. So interesting to see the results of the archival research in the RSN’s collection.”

“FABULOUS presentation!!!! I’ve really enjoyed last week’s and this week’s journey through the Coronations.”

Schools and Children Engagement Programme

Inspiring the next generation of stitchers is an important part of the RSN’s mission. Since 2018 the RSN has offered the Embroider a Selfie project free to schools thanks to support from the Worshipful Company of Girdlers. The project gives schools the opportunity to apply to receive free needlework supplies and access to a host of ideas and stitch demonstration videos. This year we were inundated with requests after one teacher wrote how good it was on a teachers’ forum and sent 50 kits to secondary (and some primary) schools around the country. Many schools have applied as time allocated for textiles has been cut due to budget constraints.

ACTIVITIES AND ACHIEVEMENTS (continued)

Schools and Children Engagement Programme (continued)

Teachers have used the kits for lunch time and after school clubs as well as to help promote textiles as a GCSE subject. Many schools also acknowledged the benefit for mental wellness. This year with the support of the Worshipful Company of Broderers, we have also run Family Days and School Workshops with venue partners. For this programme we created pre-printed designs themed around wellness. Children were given the opportunity to decorate the words LOVE, LIVE and CALM with different stitches and coloured threads. We also created a design of the crown which was popular following the Coronation. This year, the events took place around the country, not just in London.

Impact

The Selfie kits are offered to encourage a whole class to take part. The kits have been used creatively by the teachers for in class, after schools and special initiative programmes depending on what the school wants to help the children achieve.

One of the schools who attended at St Alban's Cathedral so enjoyed the day they also sent an application for the Embroider a Selfie project kit. *"It was a thoroughly enjoyable morning. The students got so much from your tutorials. We all came back so enthused (including our caretaker!) that we have organised a needlework club to run from September this year."*

"I strongly believe by providing interesting, relevant projects for students in a stimulating environment will help foster their love for the subject and in turn increase the amount of students opting for a creative GCSE."

"The task and equipment gave the children the vehicle to have a go which has been tremendous as there was a purpose. Thank you for giving us the opportunity."

Digitisation of the Collection and Archive

We have been able to start this project thanks to successful fundraising. In June we appointed an archivist and curator and before the end of the academic year they had researched and selected the best collection management system for our needs. Working with the Chief Executive and Colleagues they have also selected the first 100 objects to be digitised which should be complete in early 2024.

Impact

The first 100 objects will show the variety of the objects in the RSN collection and archive but more than this, it will give students, researchers, curators and historians a much greater understanding of the history of the RSN and the materials the organisation holds.

ACTIVITIES AND ACHIEVEMENTS (continued)

Retail

During the year new management of the RSN's retail operation gave a new impetus to the potential for this area. The aim is to focus on areas where we have specialist or exclusive product and this is already paying off. We also offered more opportunities to tutors to create bespoke kits and enhanced customer service to good effect recognising that the RSN shop can be the shop window to all the RSN's activities.

In addition, we curated a specific selection to tie in with the Coronation featuring products, kits and materials. Following the ceremony, the Studio supplied the shop with a Goldwork inspiration kit for customers to make their own journeys into this technique, especially as access to gold thread is becoming more problematic.

We also set up product placement and pop-up shops, such as for the Friends events, which raised profile and income and gave attendees very personal souvenirs. We will look to expand this to grow potential while we are limited with the physical storage and space of the retail operation at HCP. All of this led to increased sales and profit.

RSN Friends

Friends support the RSN through advocacy, engagement with core programmes and donations. In return we wanted to offer something special to Friends as a thank you; that opportunity came with the coronation and the exhibition of regalia at Buckingham Palace. We offered Friends the opportunity to be shown round the exhibition by the Chief Executive and either the Head of Studio or Studio Manager and then meet others who had worked on the project over afternoon tea. So popular was this that the original three events filled overnight and we had to extend it to six sessions.

In addition, we offered Friends free access to the talk on the current coronation which was gratefully taken up by a good number contributing to this being the most popular talk of the year, perhaps not surprisingly.

Impact

The events had a tremendous impact on those who attended (with people coming from across the UK, Netherlands, Austria, New Zealand, Australia and America). Many letters and emails of appreciation were received both from the Friends and their guests.

This has helped to cement our relationship with Friends, especially those who are newer, as they had the opportunity to meet with some of the stitchers on the project and felt closer to the work of the RSN.

ACTIVITIES AND ACHIEVEMENTS (continued)

IT

Digital is the primary method for our educational operations and delivery from booking a talk to taking a class, so the enhancement of our digital provision is critical. During the year we have upgraded the digital equipment in Degree with new interactive HD screens to improve the teaching and student experience. We have added additional MAC machines in the IT suite and reconfigured the set up to improve workflow.

Across the organisation we have streamlined printing to multi-function devices which improve copy quality and reduce costs and are implementing cloud migration for more efficient team working while enhancing RSN password security.

We have engaged consultants to significantly enhance the RSN Website to improve user experience and simplify the user interface and initial feedback has been good.

We have developed a Teams-based portal for Tutors, Education and customers with various levels of access that can be used to collate information on classes in one place and enable tutors to provide more information to customers.

Marketing

The Coronation projects resulted in widespread international, national and regional coverage (both print and online) as well as TV and radio. Over 3000 pieces of editorial coverage was achieved. During a concentrated media campaign over one weekend, website traffic increased by 350%. The coverage also widened awareness of the RSN around the globe with inclusion in previously untapped markets including publications *Vogue Philippines*, *National Geographic Indonesia* and Japan's *Window of Art*. Awareness of the RSN was further highlighted through Coronation pieces on display at Buckingham Palace where our role was featured in media coverage and at the exhibition itself.

The RSN's name and work has reached more people than ever before. As a result, we are receiving more requests for information on historic textiles, and more visitors. One visitor ensured she could get a ticket for our own Coronation exhibition before she booked her flight from New Zealand. We have welcomed people from down the road and round the world for our recent events including America, Canada, Sweden, Switzerland, The Netherlands, Australia and New Zealand.

Digital marketing is such a key part of spreading the word about our activities now. We added both Tik Tok and Pinterest to our digital presence in response to customer demand. Second only to the online presence is the RSN appearing at key exhibitions such as Knitting and Stitching and Decorex to promote what we do, engage with past and potential customers.

Staffing and facilities

During the year we worked with Hampton Court Palace managers to identify and lease some additional space for the Digitisation project and to enable the Education team to be housed together.

ACTIVITIES AND ACHIEVEMENTS (continued)

Staffing and facilities (continued)

We also reviewed the staffing requirements and recognised the need to appoint a Director of Education to help us develop and oversee this vital part of the RSN, with responsibility for both the Tutors and the education staff team, especially as we deliver an enhanced programme.

The RSN runs with a very small team of hard-working staff for the range and reach of our activities. We also have a dedicated team of volunteers who help in a number of areas from marketing to retail and especially assisting with tours, for which we are very grateful.

Fundraising declaration

Fundraising was an ongoing challenge, and we are pleased to report that we have maintained our regular donors and were additionally supported by a gift of £50,000 from the JH Rausing Trust in recognition of Queen Camilla as our Patron. This was very much appreciated as it was for core funding and we were able to use it to support the appointment of our Director of Education which has been an invaluable role.

One fundraising ask was made to Friends to support the bursary fund for degree students for the coming year (2023-24). Nearly £10,000 was given by Friends to support our students which is the highest to date. This is greatly needed as we have the highest number of applicants for the bursaries this year.

Other fundraising this year really focused around funding for the RSN Stitch Bank. The Sip and Stitch event held on World Embroidery Day raised funds for Stitch Bank while we continued to raise funds for the Digitisation so it could be started this year. We were however, dismayed that the Canadian legacy reported last year had actually realised £100,000 less than was originally forecast, based on figures at probate, due to a range of problems which were not known about until too late. That loss is reflected in the figures this year.

In undertaking its fundraising the RSN abides by the codes of the Fundraising Regulator and the GDPR requirements and removes from any appeal any supporter who requests this. This year the RSN received no fundraising complaints.

Donors to the RSN included many City Livery Companies including the Worshipful Companies of Broderers, Dyers, Girdlers, Gold and Silver Wyre Drawers, Haberdashers, Needlemakers and charitable trusts including the Headley Foundation, Coats Foundation Trust, the PF Foundation, Knights of the Round Table, the Henry Lumley Foundation and the RK Trapp Family Foundation.

ACTIVITIES AND ACHIEVEMENTS (continued)

Sustainability

The RSN was founded in 1872 to help preserve the art of hand embroidery through the provision of education and employment. Today we continue to promote, practise and provide a wide range of educational opportunities to raise awareness and help a global audience access and benefit from the practice of hand embroidery ensuring it retains relevance and is sustained. As well as upskilling thousands of people every year, our professional studio undertakes restoration and conservation work and makes a much-valued contribution to social sustainability.

We aim to drive positive change on sustainable fashion, promoting the conservation and preservation of historic and significant items. We also teach and engage people in visible mending techniques to reduce waste in textiles and fashion and this has been one of our most successful day classes during the year. We actively encourage people to donate unwanted items to our archives, collection, for student and customer use, and in the provision of project resources supplied to beneficiaries such as schools.

We have recently set up a Staff Sustainability Group to help us continue to look at what we can do to further prioritise the efficient use of resources and materials, reusing and recycling and practising responsible procurement where possible. We aim for 'minimum waste' which is essential to the cost effective and efficient running of all our operations.

The RSN is currently based at Hampton Court Palace which is looked after and managed by the independent charity Historic Royal Palaces. In the undertaking of their daily duties, we accept that all staff associated with the RSN will have an influence on the environment. We are committed to adopting working practices that will help to have a positive effect, assist towards continued environmental improvement, and reduce unavoidable negative influences caused by our working practices while acknowledging that our activities must conform with the requirements of operating within a Grade 1 listed building.

We think positively about sustainability, and this is actively embraced by our students. In 2023, final year degree student, Jenna Riddell, used only recycled and repurposed materials for her final major project. She made threads from plastic shopping bags and re-used cardboard and other packaging materials for her submission of embroidered animals, each of which had been chosen for its endangered species status.

Embroiderers have long taken inspiration and resources from the natural world to practise their stitching. Embroidering particular plants or animals in pieces of work provided symbolism and meaning while the appearance of specific species and materials has helped document the extent to which people travelled and explored the world. For centuries, people have used embroidery to play a compelling role in helping societies and individuals impart knowledge, tell stories and influence behaviour. We are in the early stages of reviewing how the practice of embroidery can be more relevant to the current needs of society.

ACTIVITIES AND ACHIEVEMENTS (continued)

Looking ahead

The RSN has 150 years of unique heritage, knowledge and experience but it is vital that it continues to develop and keep pace with what customers and wider beneficiaries want and need today and in the future. During the year we have been reviewing our operation, listening to a wide range of stakeholders, and posing the question 'What If?' to inform our strategic plan over the next few years.

The practice of embroidery is also increasingly recognised for its therapeutic and beneficial impact on mental health and wellbeing as well as the pure satisfaction and enjoyment of creating a piece of art. We want to be more inclusive and extend the positive benefits of embroidery - personal, economic or societal - to a broader and more diverse audience.

To help fulfil this ambition we are currently making significant investment in three core focus areas to support our development, growth, sustainability and impact.

1. Our proposition: we are using our experience and expertise to develop forward looking, needs-driven activities to further strengthen our leadership role in the world of hand embroidery. This will help build awareness, broaden community engagement and increase participation.
2. Strong and secure finance: like most charities, the RSN has to raise funds to support its operations and we are ever mindful to allocate funds appropriately to get maximum return. Continued fundraising, maximising revenue from current activities and developing new income streams will be complemented by seeking strategic mutually beneficial collaborations and partnerships to help elevate our reach and relevance.
3. Strong foundations: we need the appropriate resources and systems in place to support our ambitions. This includes improving our IT capability, keeping pace with appropriate facilities and environments for teaching and learning, and reviewing our locations to ensure we have suitable space for our staff operations, studio and retail business.

Underpinning this will be providing the environment for our staff team, network of RSN trained tutors and volunteers to work together as a cohesive team to inspire, innovate and provide the widest access to our knowledge and skills.

FINANCIAL REVIEW

Financial report for the year

The consolidated statement of financial activities for the year shows a net deficit (before investment losses) of £317,373 (2021/22: surplus of £228,203).

The overall income for the year 2022/23 of £2,756,048 was broadly similar to that of the previous financial year (2021/22: £2,747,686). Income from donations and legacies was less than the prior year, at £201,932 (2021/22: £513,330), affected by a charge of £99,473 against legacy income recognised in the prior year. This charge led to legacy income being reported as negative for the year ended 31 August 2023 at (£52,832) (2021/22 income of £260,157) and is explained further in note 1 to these financial statements. No grant income was received during the year (2021/22: £3,444). Donations and legacies remain an extremely important source of income, particularly for the Degree and Future Tutor programmes, neither of which receives any government funding, and for all new initiatives.

The trading subsidiary's income of £587,577 (2021/22: £383,508) increased by 53% driven by both an increase in retail sales through the shop, and a wide range of commissions in the Studio, including the honour of working on a range of items for the Coronation of King Charles III and Queen Camilla.

Income from charitable School activities amounted to £1,807,188 (2021/22: £1,694,473) a 7% increase year on year due to the continued popularity of online learning, return to more in-person classes and the International Summer School that was held both online and in-person in July 2023. Investment income fell by 2% to £154,888 (2021/22: £158,419).

The restricted fund income of £143,701 (2021/22: £134,175) consisted of resources earmarked for the Degree and Future Tutor programmes, the RSN Stitch Bank and Collection and Archive Digitisation Campaigns. Restricted expenditure of £182,891 (2021/22: £176,706) was incurred against the Degree and Future Tutor programmes, for the RSN Stitch Bank project, the Schools/Family workshops at the Fashion and Textile Museum and also the ongoing depreciation on the capital costs of the set-up of the new classrooms at Hampton Court Palace in 2015.

Total expenditure for the year was £3,073,421 (2021/22: £2,519,483), an increase of 22%. Costs have increased in 2022/23 due to the investment in new staff posts and the increased activity in the Studio and shop.

Net realised and unrealised losses on investments for the year amounted to £481,906 (2021/22: £755,541 net realised and unrealised losses). At the balance sheet date, net assets totalled £4,970,099 (2022: £5,770,238) of which £2,100,301 (2022: £2,620,471) are unrestricted income funds.

The Royal School of Needlework has an investment of £100 (2021/22: £100) in the share capital of RSN Enterprises Limited, a wholly owned company which is incorporated in England and Wales. The net trading income of the company for the year amounted to a profit of £44,336 (2021/22: deficit of £3,899).

FINANCIAL REVIEW (continued)

Reserves policy and financial position

The Council has examined the requirements for free reserves, i.e. those unrestricted funds not invested in tangible fixed assets, designated for specific purposes or otherwise committed. During 2022/23, the Council reviewed the Charity's reserves policy and confirmed it to be five months' total expenditure at any one time, excluding the additional commitments on the licence at Hampton Court. In coming to this conclusion, the Council considered the nature of the charity's work and the discretionary nature of a significant proportion of income. Based upon budgeted expenditure levels for 2023/24, the maximum expenditure for five consecutive months would be in the region of £1,429,000. The Council is of the opinion that this provides sufficient flexibility to cover temporary shortfalls in incoming resources due to timing differences in income flows, adequate working capital to cover core costs and will allow the charity to cope with and respond to unforeseen emergencies whilst specific action plans are implemented.

The charity held net assets at 31 August 2023 totalling £4,970,999 (2022: £5,770,238). This is represented by endowment funds and restricted funds of £2,646,096 (2022: £2,885,367) and £219,682 (2022: £259,520) respectively and designated funds of £701,126 (2022: £856,029). After deducting funds represented by tangible fixed assets and shareholders' funds, this leaves free reserves at 31 August 2023 of £1,366,807 (2022: £1,725,209), which is a slight shortfall below the target level of £1,429,000. The Council is of the opinion that although the level of free reserves is slightly below target due to investment losses in the year, the level of funds overall is satisfactory and does not cast doubt on the ability of the charity to continue as a going concern.

The Council has continued to formally designate £701,126 towards the planned developments within the strategic plan (2022: £856,029). The Council will review this designation on an ongoing basis. The funds that are designated are for future strategic projects, including the ongoing RSN Stitch Bank project and digitisation of the archive.

Investment policy and performance

The investment policy remains to maintain the real value of the RSN funds through continued growth of the asset base, seeking to achieve this with an appropriate balance between sustained cash flow and capital growth, to generate over the long term, defined as a period of not less than five years, a total return on capital invested that reflects the risk appetite.

FINANCIAL REVIEW (continued)

Investment policy and performance (continued)

The Trustees have a moderate / medium attitude to risk, with the level of risk mitigated by having a diversified portfolio of assets. The portfolio is managed on a discretionary basis by the investment manager, JM Finn. The RSN has recognised that, when investing its funds, promoting good standards of environmental, social, and governance ('ESG') behaviour is a priority. Accordingly, it now expects its investment manager, when making investment decisions, to consider the following areas:

- ◆ Protection of the global environment, its climate and its biodiversity including the reduction and future elimination of fossil fuel exploration and production;
- ◆ Promotion of human rights, including but not limited to the equality of gender, race and sexuality; and
- ◆ Promotion of good business ethics and good employment practices.

The Finance and Investment Committee keeps a close eye on investments and returns to ensure maximum benefit for the RSN and meetings are held regularly with the investment manager to ensure that the balance of the portfolio remains appropriate particularly given political uncertainties and the ongoing potential for market volatility.

During the year, the investment portfolio was negatively impacted as interest rates rose higher than many expected and as such, many of the more secure investments on the portfolio weakened as investors sought the safety of gilts and cash deposits. At the charity's 31st August 2023 year end, the investment portfolio was valued at £4,959,508, having depreciated -6.8% in total return terms over the past 12 months. (in total return terms, net of fees). This is behind the ARC Steady Growth Index return of +0.6% and the 70% FTSE All-Share/30% FTSE UK Gilt Index return of +0.8%, while CPI+3% returned +10.0%. The portfolio has a 12 year annualised return of +5.8% per annum, in-line with the comparators.

Markets have continued to be volatile since the end of August and market confidence has remained low. Encouragingly, most recently, markets and confidence have rebounded following the late October decision by the US Federal Reserve and the Bank of England not to raise interest rates further.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Royal School of Needlework was founded in 1872 and incorporated in England and Wales, on 16 April 1878 as a company limited by shares, the word 'limited' being omitted by licence of the then Board of Trade. The RSN is also registered as a charity with the Charity Commission, under the number 312774.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Council Members' Appointment, Induction and Training

Council members serve an initial term of three years and may serve a second term before retirement.

Trustees complete a skills audit on a regular basis to record and review their expertise and experience relative to the needs of the organisation and the outputs are used to help inform the recruitment and appointment of new trustees. Positions are advertised broadly, and a panel of trustees undertakes the shortlisting and interview stages before making recommendations to the full Council. Trustees use external advisors where appropriate.

On appointment, Council members are provided with the Charity Commission publication about trustees' roles and responsibilities, and other relevant documents such as the annual report, strategic plan and governance framework. They are invited to spend time with senior managers and their teams learning about the work of each and seeing the RSN in action at HCP. Trustees may also attend and observe Committee meetings if they are not appointed members. Training is available to Trustees as required and five courses were undertaken during the year.

During the year all Governance documents are reviewed and updated. All trustees are provided with any new relevant information and publications as they become available.

Organisational Structure and Key Management

The RSN Council is in charge of governance while the key management personnel of the RSN in charge of directing and controlling, running and operating the charity comprise the Chief Executive, Dr Susan Kay-Williams and the Senior Management Team of five. The RSN is a small organisation with at most only three levels of hierarchy.

The salary of the Chief Executive is set by the Council. The salaries of all staff are considered annually by the Finance and Investment Committee following performance review and approved by the Council.

During the year the size of the team has grown with the most senior appointment being that of the Director of Education, this reflects the growing workload of the staff team and the need for increased oversight and management of the RSN's education provision. It is recognised that new appointments are an investment in improving operational effectiveness and efficiency and will over time drive increased income and public benefit. As at 31 August 2023, the RSN employed 14 full time and 17 part-time management and administrative staff and core teams of eight part time stitchers in the Studio and 32 part time tutors. In addition, there are around 20 volunteers who assist with the library, donated items, Studio Talk and Tours, marketing and data entry.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Trading subsidiary

The RSN has a wholly owned trading subsidiary RSN Enterprises Limited, a company incorporated in England and Wales with a share capital of £100. The principal activity of the company is that of undertaking the commercial and retail activities of The Royal School of Needlework. The company comprises the RSN Studio, which undertakes commissions for individuals and public bodies and a retail outlet within the premises of The Royal School of Needlework. The retail outlet also offers products for sale via its website.

All taxable profits of the trading subsidiary are donated to the School under the Gift Aid scheme. During the year the company made a profit of £44,336 (2021/22: loss of £3,899).

This report is approved by the Council on 7th February 2024 and signed on its behalf by:



P Wood
Chair of Trustees



Dr S Kay-Williams
Chief Executive

Statement of Corporate Governance and Internal Control Year to 31 August 2023

The following statement is provided to enable readers of the annual report and financial statements of the Royal School of Needlework to obtain a better understanding of its governance and legal structure. The statement covers the period from 1 September 2022 to 31 August 2023 and up to the date of the approval of the annual report and financial statements.

The Royal School of Needlework endeavours to conduct its business;

1. Having due regard to the UK Corporate Governance Code 2018 in so far as it is applicable to the Higher Education Sector.
2. Complying with Office for Students on-going conditions or regulations and terms of conditions of funding as well as other regulatory responsibilities.

We have adopted the UK Corporate Governance Code. We have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code that we consider relevant to the Higher Education Sector.

The Trustees recognise that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

Legal Status

The Royal School of Needlework is a registered charity and a private company limited by shares. The trustees are the shareholders and their liability is limited to the value of shares held.

The Trustees, who are also Council Members and referred to as both in this report, confirm that they have due regard for the Charity Commission's guidance on public benefit and that the required statement appears elsewhere within these financial statements.

Council and Trustees

The governing body of the RSN is the Council. This comprises the Chair of Trustees, Honorary Treasurer and up to 12 ordinary members.

Members of the Council (who are also Trustees of The Royal School of Needlework for the purposes of charity law) who served during the year and up to the date of this report were:

Statement of Corporate Governance and Internal Control Year to 31 August 2023

Council and Trustees (continued)

Council members (Directors)	Appointed / Retired
Ms Pip Wood (Chair of Trustees)**	Appointed Chair of Trustees 1 September 2022
Ms Louisa Christofidou	
Ms Nicola Clarke*	Retired 14 December 2022
Prof Patsy Cullen ^x	
Ms Victoria Farrow	
Dr Paula Leftwich ^x	Appointed 4 May 2023
Ms Claire Miller	Retired 31 March 2023
Miss Sarah Mumford*	Appointed 4 May 2023
Mr Keith Pickard (Honorary Treasurer)*	Appointed 1 February 2023
Ms Clara Poon	Appointed 28 September 2023
Ms Julie Richards	
Ms Eleri Lynn ^x	
Prof Dominic Tweddle*	Appointed 4 May 2023
Mrs Stephanie Wright (Honorary Treasurer)*	Appointed Honorary Treasurer 5 October 2022 Retired 4 May 2023

* indicates members of the Finance and Investment Committee, which met four times during the year under the chairmanship of the Honorary Treasurer.

^x indicates members of the Education Committee which met twice during the year under the chairmanship of Prof Patsy Cullen.

During the year working parties comprising Trustees and staff have looked at the RSN Strategic Plan and updated all RSN Policies..

Board of Trustees' interests

The Board of Trustees are shown above and except for any instance mentioned above have served throughout the year.

All Council Members at 31 August 2023 held one £10 share (2022: one £10 share) in the capital of the charitable company.

The Finance Director maintains a register of financial and personal interest of the members of the Council. This can be obtained by contacting Rebecca Turner at the RSN's registered office (see page 1).

Statement of the Council's responsibilities

The Council Members (who are also directors of The Royal School of Needlework for the purposes of company law) are responsible for preparing the report of the Council and financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice).

Company law requires the Council to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and the group and of the income and expenditure of the group for that period. In preparing these financial statements, the Council is required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Council is responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the Charities Act 2011. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Council Members confirms that:

- ◆ so far as the Council Member is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- ◆ the Council Member has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

Meeting Procedures

Formal agendas, papers and reports are supplied to the Trustees in a timely manner, prior to Council meetings. Briefings are also provided on an ad hoc basis. Reports include overall financial performance of the organisation together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety issues. The Council met formally six times in 2022/23 including a strategy day.

The Royal School of Needlework has a strong and independent non-executive element and no individual or group dominates its decision-making process. The organisation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with exercise of their independent judgement.

There is a clear division of responsibility in that the roles of the Chair of Trustees and Accounting Officer are separate.

Appointment to Council

Council members serve a term of three years and may serve a second term of three years before retirement.

Approximately biennially, the Council members undertake a skills analysis, the Chair of Trustees and the Chief Executive review the skills available, the likely retirement dates of Council members and the future needs of the charity in order to start searching for new potential Council members.

Council Performance

The Council has made a strong contribution to the improvements made in 2021/22 through the setting of challenging targets with regular scrutiny of performance. There is strong performance management at Council meetings. The Council provides robust scrutiny and challenge. Trustees are pro-active in their oversight of the organisation and are involved in the planning and discharging of Council business. Trustees also regularly review their own performance and governance processes and implement improvements if required and the Chair has an individual review on a periodic basis.

Committees

In addition to the Council there are two committees which have delegated responsibilities and report to the Council.

The Finance and Investment Committee usually meets four times a year and ensures that the finances of the RSN are well managed and accurately reported and that the investments are handled in accordance with the agreed risk appetite.

The Education Committee began its life during this year and plans to meet four times a year to give greater scrutiny to the RSN's educational offerings and review results and developments.

Committees (continued)

Finance and Investment Committee

The Finance and Investment Committee is responsible to the Council of Trustees for oversight for all aspects of the RSN's finances, including financial management, financial policies, monitoring the integrity of the RSN's financial statements, the effectiveness of financial controls with regard to internal risk assessment, the performance and objectivity of external auditors, the mitigation of risk by insurance and the performance of investments.

Education Committee

The Education Committee is responsible for advising Council on academic quality and standards across the RSN's portfolio of education and learning activities and for monitoring and assuring compliance with OfS conditions or registration. The committee may make recommendations to Council. Council has overall responsibility for accepting recommendations or otherwise.

Tutor and student representatives are invited to join meetings and the committee also appoints an external independent member.

Internal Control

Scope of responsibility

The Council is ultimately responsible for the organisation's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Council has delegated the day-to-day responsibility to the Chief Executive, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives, whilst safeguarding the public funds and assets. The Chief Executive is also responsible for reporting to the Council any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure and can only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of organisation policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at the organisation for the year ended 31 August 2023 and up to the date of approval of the annual report and financial statements.

Risk management

The Council and senior managers have reviewed the principal financial, reputational, operational and governance risks that might impact on the organisation during the year, and updated the risk register accordingly. The review enables the RSN to reflect upon the impact of both internal and external changes and the longer-term impact they may have, ensuring that mitigation is updated to respond to the changes. While known risks can be mitigated there will always be unanticipated events.

The Finance and Investment Committee continues to take the lead in reviewing the financial risks, aiming to minimise and mitigate any that appear or will potentially impact the charity and that are within its power to affect.

The Council has reviewed the RSN's internal financial controls and is satisfied that these are appropriate in minimising any risks to its funds.

The top three risks that could have a negative impact on achieving the RSN's strategic plan have been identified as:

- ◆ Meeting the financial targets in the current environment, especially at a time of investment for the RSN;
- ◆ The challenge of finding suitable space to meet our needs for strategic development;
- ◆ The threat of cyber crime and its potential to impact the RSN's activities.

Review of effectiveness

As the Accounting Officer, the Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. The Chief Executive review of the effectiveness of the system of internal control is informed by:

- ◆ the work of the external auditors;
- ◆ the work of the senior managers within the organisation who have responsibility for the development and maintenance of the internal control framework; and
- ◆ comments made by the organisation's auditors in their management letters and other reports.

There are no significant internal control weaknesses reported for the period.

Review of effectiveness (continued)

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments. The senior management team and the Finance and Investment Committee also receive regular reports, which include recommendations for improvement. The Council agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Finance and Investment Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2023 meeting, the Board of Trustees, carried out the annual assessment for the year ended 31 August 2023 by considering documentation from the senior management team, and taking account of events since 31 August 2022.

Based on above and reports by the Chief Executive, the Council is of the opinion that the organisation has an adequate and effective framework for governance, risk management and control to manage the achievements of the organisation's objectives for the year ended 31 August 2023 and it has fulfilled its statutory responsibility for "the effective and efficient use of resources, the solvency of the institution and the safeguarding of their assets".

Regularity, propriety, and compliance

The organisation has considered its responsibility to notify the Office for Students of material irregularity, impropriety and non-compliance with Office for Students terms and conditions of funding.

We confirm, on behalf of the organisation, that after due enquiry and to the best of its knowledge, the Council believes it is able to identify any material irregularity or improper use of funds by the organisation, or material non-compliance with terms and conditions of funding under the organisations financial regulations. As part of our consideration we have had due regard to our financial regulations. We confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement these will be notified to the Office for Students.

Going Concern

Details on Board's going concern assessment are set out on pages 43 and 44.

Approved by order of the Board of Trustees and signed on its behalf by:



P Wood
Chair of Trustees



Dr S Kay-Williams
Chief Executive

Date: 7th February 2024

Independent auditor's report to the Members of The Royal School of Needlework

Opinion

We have audited the financial statements of The Royal School of Needlework (the 'parent charitable company') for the year ended 31 August 2023 which comprise the consolidated statement of financial activities, the consolidated and parent charitable company's balance sheets, the consolidated statement of cash flows, the principal accounting policies and the notes to the financial statements. 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 parent charitable company's affairs as at 31 August 2023 and of the group's income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006;
- ◆ where applicable, funds from whatever source administered by the provider for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- ◆ where applicable, funds provided by the OfS and by Research England have been applied in accordance with the relevant terms and conditions; and
- ◆ meet the requirements of the Office for Students Accounts Direction.

We have nothing to report in respect of the following matter in relation to which the OfS Accounts Direction requires us to report to you if, in our opinion:

- ◆ the charitable company's grant and fee income, as disclosed in note 4 to these financial statements has been materially misstated.

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 parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The Council Members are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements other than the financial statements and our auditor's report thereon. 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 report of the Council, which is also the directors' report for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the report of the Council, which is also the directors' report for the purposes of company law, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

Matters on which we are required to report by exception (continued)

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 parent charitable company or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the charitable parent company financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of Council Members' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit; or
- ◆ the Council Members were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report.

Responsibilities of Council Members

As explained more fully in the statement of the Council's responsibilities, the Council Members (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 Council Members 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 Council Members are responsible for assessing the group and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council Members either intend to liquidate the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements (continued)

How the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ The engagement director ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ We obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements;
- ◆ We focused on specific laws and regulations which we considered may have a direct material effect on the accounts.
- ◆ We assessed the extent of compliance with the laws and regulations identified above through making enquiries of representatives of management and the review of minutes of Council meetings.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ Making enquiries of where management considers there was susceptibility to fraud and knowledge of actual, suspected and alleged fraud; and
- ◆ Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ Performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ Reviewed journal entries to identify unusual transactions;
- ◆ Tested the authorisation of expenditure;
- ◆ Gained an understanding of the processes in place for the management of the charitable company's investments; and
- ◆ Investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ Review of the minutes of meetings of those charged with governance;
- ◆ Enquiring of management as to actual and potential litigation and claims; and

Auditor's responsibilities for the audit of the financial statements (continued)

How the audit was considered capable of detecting irregularities including fraud
(continued)

- ◆ Agreeing accounts disclosures to underlying supporting documentation.

As a result of our procedures we did not identify any key audit matters relating to irregularities.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

This report is made solely to the parent charitable company's Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the Charity's Council Members, as a body, in accordance with Section 144 of the Charities Act 2011 and with regulations made under Section 154 of that Act. Our audit work has been undertaken so that we might state to the parent charitable company's Members and the parent charitable company's Council 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 parent charitable company, the parent charitable company's Members as a body and the parent charitable company's Council Members, as a body, for our audit work, for this report, or for the opinions we have formed.



Gumayel Miah, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 7 February 2024

Consolidated statement of financial activities (including the Income and Expenditure Account) Year ended 31 August 2023

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	2023 Total funds £	2022 Total funds £
Income and expenditure						
Income from:						
Donations and legacies	1	58,231	143,701	—	201,932	513,330
Investments	2	154,888	—	—	154,888	158,419
Other trading activities	3	592,040	—	—	592,040	381,464
Charitable activities						
School activities	4	1,807,188	—	—	1,807,188	1,694,473
Total income		2,612,347	143,701	—	2,756,048	2,747,686
Expenditure on:						
Raising funds	5	650,751	400	—	651,151	491,753
Charitable activities						
Costs of school activities	6	2,239,379	182,491	400	2,422,270	2,027,730
Total expenditure		2,890,130	182,891	400	3,073,421	2,519,483
Net income/(expenditure) before investment gains and losses	8	(277,783)	(39,190)	(400)	(317,373)	228,203
Realised (losses) on investments	11	(25,893)	(69)	(25,517)	(51,479)	(153,951)
Unrealised (losses) on investments	11	(216,494)	(579)	(213,354)	(430,427)	(601,590)
Net movement in funds		(520,170)	(39,838)	(239,271)	(799,279)	(527,338)
Reconciliation of funds:						
Fund balances brought forward at 1 September 2022		2,620,471	259,520	2,885,367	5,765,358	6,292,696
Fund balances carried forward at 31 August 2023		2,100,301	219,682	2,646,096	4,966,079	5,765,358

Balance sheets 31 August 2023

	Notes	Group		Charity	
		2023 £	2022 £	2023 £	2022 £
Fixed assets					
Tangible assets	9	32,368	39,233	32,368	39,233
Investments	11	4,959,508	5,381,018	4,959,608	5,381,118
		4,991,876	5,420,251	4,991,976	5,420,351
Current assets					
Stocks	12	94,461	77,535	34,627	31,736
Debtors	13	199,323	411,357	258,058	492,729
Cash at bank and in hand		514,356	571,937	483,395	559,962
		808,140	1,060,829	776,080	1,084,427
Creditors: amounts falling due within one year	14	(829,017)	(710,842)	(785,715)	(678,864)
Net current (liabilities)/assets		(20,877)	349,987	(9,635)	405,563
Total net assets		4,970,999	5,770,238	4,982,341	5,825,914
Represented by:					
Capital and reserves					
Called up share capital	16	240	230	240	230
Capital redemption reserve	17	4,680	4,650	4,680	4,650
		4,920	4,880	4,920	4,880
The funds of the charity:					
Unrestricted funds:					
. General fund		1,399,175	1,764,442	1,410,517	1,820,118
. Designated funds	20	701,126	856,029	701,126	856,029
		2,100,301	2,620,471	2,111,643	2,676,147
Endowment funds	18	2,646,096	2,885,367	2,646,096	2,885,367
Restricted funds	19	219,682	259,520	219,682	259,520
Total charitable funds		4,966,079	5,765,358	4,977,421	5,821,034
Total funds		4,970,999	5,770,238	4,982,341	5,825,914

Approved by the Council of Members on 7th February 2024 and signed on its behalf by:



P Wood
Chair of Trustees



K Pickard
Honorary Treasurer

The Royal School of Needlework: Company Registration Number 12192

Consolidated statement of cash flows Year to 31 August 2023

	Notes	2023 £	2022 £
Cash flows from operating activities:			
Net cash used in operating activities	A	(145,233)	(113,141)
Cash flows from investing activities:			
Investment income		154,888	158,419
Purchase of tangible fixed assets		(6,880)	(7,263)
Proceeds from the disposal of investments		940,828	1,486,906
Purchase of investments		(1,011,521)	(1,457,964)
Net cash provided by investing activities		77,315	180,098
Cash flows from financing activities:			
New share capital issued / (repurchase) of share capital		40	(10)
Increase in capital redemption reserve		—	70
Net cash provided by financing activities		40	60
Change in cash and cash equivalents in the year		(67,878)	67,017
Cash and cash equivalents at 1 September 2022		584,090	517,073
Cash and cash equivalents at 31 August 2023	B	516,212	584,090

Notes to the statement of cash flows for the year to 31 August 2023

A Reconciliation of net movement in funds to net cash used in operating activities

	2023 £	2022 £
Net movement in funds (as per the statement of financial activities)	(799,279)	(527,338)
Adjustments for:		
Depreciation charge	13,745	12,350
Losses/(gains) on investments	481,906	755,541
Investment income	(154,888)	(158,419)
Decrease in stocks	(16,926)	(11,167)
Decrease/(Increase) in debtors	212,034	(273,927)
Increase in creditors	118,175	89,819
Net cash used in operating activities	(145,233)	(113,141)

B Analysis of cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand	514,356	571,937
Cash held by investment managers	1,856	12,153
Total cash and cash equivalents	516,212	584,090

No separate reconciliation of net debt has been provided as there is no difference between the movements on cash and cash equivalents and the net debt position (due to the absence of any loans or debt finance).

Principal accounting policies Year to 31 August 2023

General information

The Royal School of Needlework is a company, limited by shares and is registered in England and Wales. The registered number is 12192 and the registered office is Apartment 12A, Hampton Court Palace, East Molesey, Surrey, KT8 9AU.

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 August 2023.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011 and the Companies Act 2006.

The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest pound.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the Council Members and management to make certain judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include: stock provisions, estimating the useful economic life of tangible fixed assets and legacy income recognition.

As set out in these accounting policies under “going concern”, the Council has considered the impact of the current economic circumstances on the charity and has concluded that although there may be some negative consequences, it is appropriate for the charity to continue to prepare its accounts on the going concern basis.

Assessment of going concern

The Council has assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Council has made this assessment in respect to a period of one year from the date of approval of these financial statements.

Principal accounting policies Year to 31 August 2023

Assessment of going concern (continued)

The Council has concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The Council is of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The RSN currently has unrestricted reserves that are £62,000 below the target level set in its reserves policy, due to the significant charges reported in respect of unrealised losses on investments. At the balance sheet date, designated funds were £701,000, and any or all of these funds are able to be undesignated upon the decision of the Council. Therefore the Council is of the opinion that although the level of free reserves is slightly below target, the level of funds overall is satisfactory and does not cast doubt on the ability of the charity to continue as a going concern. Cash flow continues to be monitored closely and in recent years there has been no need to liquidate investments.

The most significant areas of judgement that affect items in the financial statements are detailed above. With regard to the next accounting period, the year ending 31 August 2024, the most significant areas that affect the financial position of the charity are maintaining a profitable model of online and in-person classes, the level of donations and legacies, the level of investment return and the performance of the investment markets.

Consolidation

Consolidated financial statements ("group financial statements") have been prepared in respect of the charity and its wholly owned subsidiary, RSN Enterprises Limited. The results of RSN Enterprises Limited have been consolidated on a line-by-line basis.

A separate statement of financial activities for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by the Charities SORP FRS 102. The company has also taken advantage of the exemption in the Companies Act 2006 Section 408 not to present its own statement of financial activities. Net deficit of £843,614 (2021/22: £523,440 deficit) is attributable to The Royal School of Needlework.

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations and legacies, grants, investment income, income from trading activities and school income.

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued when the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds or where the donation is specifically for a subsequent period, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

In accordance with the Charities SORP FRS 102, volunteer time is not recognised.

Principal accounting policies Year to 31 August 2023

Income recognition (continued)

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Dividend income is recognised upon receipt of the dividend payment.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Income from school activities is accounted for on an accruals basis; where fees are received for courses commencing in the following financial period, the income is deferred to the next financial period.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- ◆ Expenditure on raising funds includes all expenditure associated with raising funds for the charity. This includes investment management fees, the costs of the trading subsidiary company and costs incurred in encouraging people and organisations to contribute financially to the charity.
- ◆ Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include the direct cost of operating the school and support costs.

Allocation of support and governance costs

Support costs represent indirect charitable expenditure including governance costs. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment. Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect of its compliance with regulation and good practice.

Support costs (which are predominantly staff costs for the Chief Executive and marketing and finance teams) are apportioned between expenditure on raising funds and on charitable activities (which comprises costs of school activities) based on an estimate of the proportion of the time spent on each area. Governance costs are all included within expenditure on charitable activities (costs of school activities).

Principal accounting policies Year to 31 August 2023

Tangible fixed assets

Depreciation is provided on all tangible fixed assets at the following annual rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life:

◆ Fixtures and fittings	10% on cost
◆ Office equipment	20% on cost
◆ Leasehold improvements	10% on cost or if shorter over the remaining term of the lease

Fixtures and fittings and office equipment with a cost greater than £1,000 are capitalised.

Heritage assets

The Royal School of Needlework possesses a collection of historic embroidery, the value of which has not been included in the financial statements, as the Council does not believe that the value of ascertaining their market value would be commensurate with the associated cost. Further details are disclosed in note 10 to the financial statements.

Investments

Investments are included on the balance sheet at their market value at the end of the financial period. Investment income is credited to income on an accruals basis, using dates of payment for dividends and daily accruals for interest. Realised and unrealised gains and losses are credited, or debited, to the statement of financial activities in the year in which they arise.

Stocks

Stocks are stated at the lower of cost and net realisable value as follows:

Materials	- At purchase cost on a first-in, first-out basis
Work-in-progress, finished work and goods held for re-sale	- At purchase cost or at cost of direct materials and labour plus attributable overheads based on the normal level of activity

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Principal accounting policies Year to 31 August 2023

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Fund accounting

The unrestricted general fund comprises those monies which may be used towards meeting the charitable objectives of the charity at the discretion of the Council.

The designated fund comprises monies set aside out of unrestricted funds for future projects or purposes.

The restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to conditions imposed by the donor.

The endowment funds comprise permanent endowments, where the capital is held indefinitely and the income is used for prizes and training for students and expendable endowments, where both the capital and income can be used for student scholarships or the general purposes of the charity.

Notes to the financial statements Year to 31 August 2023

1 Donations and legacies

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2023 £
2023				
Donations	111,063	143,701	—	254,764
Legacies	(52,832)	—	—	(52,832)
Total funds	58,231	143,701	—	201,932
	<i>Unrestricted funds</i> £	<i>Restricted funds</i> £	<i>Endowment funds</i> £	<i>Total</i> 2022 £
2022				
Donations	115,554	134,175	—	249,729
Legacies	260,157	—	—	260,157
Grants	3,444	—	—	3,444
Total funds	379,155	134,175	—	513,330

During 2022/23 a charge of £99,473 was made to unrestricted legacy income in respect of an overseas legacy recognised in the 2021/22 financial statements. The income had been recognised in accordance with the Charity's accounting policy on legacy income recognition, but due to unforeseen factors outside its control, the updated position on the legator's estate reflected a significantly lower amount receivable by the Charity. The charge to the 2022/23 financial statements adjusts the amount receivable and included within debtors at year end to the actual amount received in September 2023.

2 Investment income

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2023 £
2023				
Bank and deposit interest received	1,580	—	—	1,580
Income from listed investments	153,308	—	—	153,308
Total funds	154,888	—	—	154,888
	<i>Unrestricted funds</i> £	<i>Restricted funds</i> £	<i>Endowment funds</i> £	<i>Total</i> 2022 £
2022				
Bank and deposit interest received	15	—	—	15
Income from listed investments	158,404	—	—	158,404
Total funds	158,419	—	—	158,419

3 Income from trading activities

The Royal School of Needlework has a wholly owned trading subsidiary which is incorporated in England and Wales. RSN Enterprises Limited undertakes the retail activities of The Royal School of Needlework. The company will donate any taxable profits to the charity under Gift Aid. A summary of the company's trading results is shown below. Audited financial statements are filed with the Registrar of Companies.

Notes to the financial statements Year to 31 August 2023

3 Income from trading activities (continued)

RSN Enterprises Limited – Statement of comprehensive income:

	Total 2023 £	Total 2022 £
Turnover	587,577	383,508
Cost of sales	(428,453)	(276,992)
Gross profit	159,124	106,516
Other operating income	4,463	556
Administrative expenses	(119,251)	(110,971)
Operating profit/(loss)	44,336	(3,899)
Gift Aid donation to The Royal School of Needlework	—	—
Retained profit/(loss) for the financial year	44,336	(3,899)

In the year ended 31 August 2023, turnover includes £nil (2022: £2,600) of income received by RSN Enterprises Limited from the charity, which is eliminated upon consolidation.

4 Income from school activities

Income from school activities is wholly unrestricted and comprises mainly fees for the Degree programme, Certificate and Diploma programme, Future Tutors and Short Courses.

Income from school activities includes:

	2023 £	2022 £
Fee income for taught awards (Higher Education)	—	—
Fee income from non-qualifying courses	1,181,019	1,089,115
	1,181,019	1,089,115
Higher Education income from sub-contractual arrangements with other providers	456,618	462,726
Other income from School activities	169,551	142,632
	1,807,188	1,694,473

Fee income for taught awards (Higher Education) shows as zero above due to all Higher Education income arriving through sub-contractual arrangements with other providers.

5 Expenditure on raising funds

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2023 £
2023				
Costs of trading subsidiary	547,704	—	—	547,704
Investment managers' fees	39,604	—	—	39,604
Advertising and literature	46,456	—	—	46,456
Fundraising costs	13,540	400	—	13,940
Travelling & other costs	3,447	—	—	3,447
Total funds	650,751	400	—	651,151

Notes to the financial statements Year to 31 August 2023

5 Expenditure on raising funds (continued)

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2022 £
<i>2022</i>				
<i>Costs of trading subsidiary</i>	385,770	—	—	385,770
<i>Investment managers' fees</i>	45,101	—	—	45,101
<i>Advertising and literature</i>	40,635	—	—	40,635
<i>Fundraising costs</i>	10,301	6,753	—	17,054
<i>Travelling & other costs</i>	3,193	—	—	3,193
Total funds	485,000	6,753	—	491,753

6 Costs of school activities

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2023 £
2023				
Staff costs	1,501,880	63,952	-	1,565,832
Other costs	737,499	118,539	400	856,438
Total funds	2,239,379	182,491	400	2,422,270

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2022 £
<i>2022</i>				
<i>Staff costs</i>	1,250,115	95,821	—	1,345,936
<i>Other costs</i>	607,362	74,132	300	681,794
Total funds	1,857,477	169,953	300	2,027,730

7 Staff costs

	2023 £	2022 £
Wages and salaries	1,683,421	1,384,089
Social security costs	123,206	95,612
Pension costs	62,615	52,200
	1,869,242	1,531,901
Staff costs by function were as follows:		
Cost of school activities	1,565,832	1,345,936
Cost of raising funds (fundraising and trading subsidiary)	303,410	185,965
	1,869,242	1,531,901

The average monthly number of employees during the year was 55 (2022: 47) and on a full time equivalent basis was 31 (2022: 26).

7 Staff costs (continued)

The number of employees who earned £60,000 or more (including taxable benefits but excluding employer's pension contributions) during the year was as follows:

	2023	2022
£60,001 - £69,999	1	1
£100,001 - £109,999	1	1

Seven Council Members had their expenses met for travel / accommodation costs incurred in connection with exercising their duties as Council Members in the year totalling £2,149 (2022: £1,069).

No remuneration was paid to the Council Members in the year (2022: none).

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day-to-day basis comprise the Council, the Chief Executive and the Senior Management Team of five (2022: Council and the Chief Executive). The total cost of the remuneration (including taxable benefits, employer's national insurance and pension contributions) of the key management personnel for the year was £396,505 (2022: £118,963).

Chief Executive Remuneration

	2023	2022
	£	£
Basic salary	103,415	97,883
Salary sacrifice arrangements	(6,185)	(7,915)
Bonus	—	4,000
Pension contribution	11,320	12,810
Total remuneration after salary sacrifice	108,550	106,778

The RSN has given regard to the "Higher Education senior staff remuneration code" published by the Committee of University Chairs when determining senior staff remuneration. Staff who are part of the pension scheme operate under a salary sacrifice arrangement where they give up an amount of salary and in return the charity makes an equivalent contribution directly into their pension on their behalf.

The Chief Executive's remuneration shown in year was considered and reviewed by the Council.

The Chief Executive's basic salary as a multiple of the median of all staff was 2.8 (2022: 2.1).

The Chief Executive's total remuneration as a multiple of the median of all staff was 2.8 (2022: 2.2)

8 Net income/(expenditure) before investment gains and losses

These are stated after charging:

	2023 £	2022 £
Depreciation	13,745	12,350
Auditor's remuneration		
. Charity audit	10,500	9,085
. Trading subsidiary audit	3,325	2,240
. Other services	1,591	3,040
Lease expenses		
. Land and buildings	197,955	191,655
. Other	13,584	14,435

9 Tangible fixed assets

Group and Charity	Leasehold improve- ments £	Office equipment £	Fixtures and fittings £	Total £
Cost				
At 1 September 2022	150,509	117,902	70,386	338,797
Additions	—	6,880	—	6,880
At 31 August 2023	150,509	124,782	70,386	345,677
Depreciation				
At 1 September 2022	150,509	96,640	52,415	299,564
Charge for year	—	8,817	4,928	13,745
At 31 August 2023	150,509	105,457	57,343	313,309
Net book values				
At 31 August 2023	—	19,325	13,043	32,368
At 31 August 2022	—	21,262	17,971	39,233

10 Heritage assets

The RSN is rich in heritage assets comprising embroidered textiles, designs, company archives, photographs and student pieces. The RSN does not generally have the funds to acquire pieces so most of the Collection has been donated. The acquisition policy relates firstly to items that have an RSN connection, then to items of a high standard of work and/or types of work not already included in the collection.

The Collection of textiles comprises objects almost all of which have been donated to the RSN and which are mostly examples of embroidery, with some examples of lace. Whilst there are a few pieces from the 16th century, most date from the 19th and 20th centuries.

They comprise many embroidery techniques from the UK and around the world. Also included are a number of pieces worked by the RSN and its students, especially from the original Diploma course, which ran from the late 19th century until 1960, which have been given back to the RSN by the families.

10 Heritage assets (continued)

The Archive comprises registers, minutes and other paperwork relating to the management of the RSN, photographs and ephemera from various events. It also contains workbooks of jobs undertaken from the 1940s onwards, some with samples, and drawings. The largest holding is of designs relating to work undertaken in the Studio.

The RSN Collection and Archive is unique and though it is only minimally catalogued, researchers are given access to specific parts of the archive if it can be identified. The Collection and Archive are made available for student research and for public exhibition.

The RSN also endeavours to offer public access to the Collection through exhibitions and study days both at Hampton Court and elsewhere. Researchers wishing to access the archive can also make appointments but with the caveat that we do not have a resident archivist or curator and most parts of the archive are not catalogued, especially the designs. The most popular requests are whether a family member worked for the RSN (until the registers are digitised this will not be possible to answer), and also in relation to the work the RSN did in therapeutic stitch during the First World War.

Heritage assets have not been capitalised in the financial statements as the Council considers that the significant costs involved in valuing the charity's collection of historic embroidery would outweigh the benefits derived from such an exercise.

11 Investments

	2023 £	2022 £
Listed investments and cash holdings	4,959,508	5,381,018
Group total	4,959,508	5,381,018
Shares in subsidiary undertaking at cost	100	100
Charity total	4,959,608	5,381,118

The charity owns the entire issued share capital of RSN Enterprises Limited which is incorporated in England and Wales. Its registered number is 3158058 and its registered address is the same as the RSN.

	2023 £	2022 £
Aggregate share capital and reserves of RSN Enterprises Limited	(11,242)	(55,577)

	2023 £	2022 £
Listed investments & cash holdings		
Market value at 1 September	5,368,865	6,153,348
Additions at cost	1,011,521	1,457,964
Disposal proceeds	(940,828)	(1,486,906)
Realised losses	(51,479)	(153,951)
Unrealised losses	(430,427)	(601,590)
Market value at 31 August	4,957,652	5,368,865
Cash held by investment managers	1,856	12,153
	4,959,508	5,381,018

Notes to the financial statements Year to 31 August 2023

11 Investments (continued)

Listed investments held at 31 August comprised the following:

	2023 £	2022 £
Fixed interest	597,643	202,491
UK equities	1,661,263	1,635,836
Overseas equities and equity funds	1,748,233	1,752,252
Other listed investments	950,513	1,778,286
	4,957,652	5,368,865
Listed investments at cost	4,353,934	4,189,647

At 31 August 2023, listed investments included the following individual holdings deemed material when compared with the overall valuation of listed investments as at that date:

	Percentage %	Value £
Findlay Park Funds	4.5%	222,467
JP Morgan American Investment Trust	5.6%	275,772
I Shares Core	5.4%	265,716

12 Stocks

	Group		Charity	
	2023 £	2022 £	2023 £	2022 £
Materials	34,627	31,736	34,627	31,736
Finished work and goods held for resale	59,834	45,799	—	—
	94,461	77,535	34,627	31,736

13 Debtors

	Group		Charity	
	2023 £	2022 £	2023 £	2022 £
Trade debtors	48,683	41,276	43,817	25,694
Prepayments and accrued income	150,640	370,081	110,820	345,439
Amounts owed by subsidiary company	—	—	103,421	121,596
	199,323	411,357	258,058	492,729

14 Creditors: amounts falling due within one year

	Group		Charity	
	2023 £	2022 £	2023 £	2022 £
Trade creditors	72,392	45,476	47,883	38,218
Other taxes and social security costs	32,836	32,203	29,434	26,299
Accruals and deferred income	723,789	633,163	708,398	614,347
	829,017	710,842	785,715	678,864

15 Deferred income (included above)

	Group		Charity	
	2023 £	2022 £	2023 £	2022 £
Brought forward at 1 September	570,836	493,261	562,560	493,261
Deferred in the year	400,261	388,243	400,261	379,967
Released in the year	(317,729)	(310,668)	(316,218)	(310,668)
Carried forward at 31 August	653,368	570,836	646,603	562,560

Deferred income is fees received in advance of the course taking place and donations received for the following academic year.

16 Share capital

	Issued, called up and fully paid	
	2023 £	2022 £
Ordinary shares of £10 each	240	230

17 Capital redemption reserve

	2023 £	2022 £
468 Ordinary shares of £10 each (2022: 465)	4,680	4,650

18 Endowment funds

	At 1 September 2022	Income	Expenditure	Investment losses	At 31 August 2023
	£	£	£	£	£
2023					
Victoria Adams Fund	2,043,857	—	—	(169,204)	1,874,653
General Endowment Fund	560,210	—	—	(46,378)	513,832
Hilda Watson Fund	3,260	—	(100)	(270)	2,890
Charrington / Broderers Fund	3,366	—	(100)	(279)	2,987
Wendy Hogg Fund	18,888	—	(200)	(1,564)	17,124
HB Allen Fund	255,786	—	—	(21,176)	234,610
	2,885,367	—	(400)	(238,871)	2,646,096

	At 1 September 2021	Income	Expenditure	Investment losses	At 31 August 2022
	£	£	£	£	£
2022					
Victoria Adams Fund	2,320,157	—	—	(276,300)	2,043,857
General Endowment Fund	635,942	—	—	(75,732)	560,210
Hilda Watson Fund	3,814	—	(100)	(454)	3,260
Charrington / Broderers Fund	3,935	—	(100)	(469)	3,366
Wendy Hogg Fund	21,555	—	(100)	(2,567)	18,888
HB Allen Fund	290,364	—	—	(34,578)	255,786
	3,275,767	—	(300)	(390,100)	2,885,367

18 Endowment funds (continued)

- a) The Victoria Adams Fund is an expendable endowment fund for student scholarships and the general purposes of the charity.
- b) The General Endowment Fund provides for the training of students.
- c) The Hilda Watson Fund provides prizes for Silk Work.
- d) The Charrington / Broderers Fund provides prizes for students.
- e) The Wendy Hogg Fund is an expendable scholarship / prize fund for students.
- f) The HB Allen Fund provides support for the Future Tutor programme.

19 Restricted funds

	At 1 September 2022	Income	Expenditure	Investment gains	Transfers between funds	At 31 August 2023
2023	£	£	£	£	£	£
Janet Churm Fund	7,832	—	(7,184)	(648)	—	—
Future Tutor Programme	—	63,200	(63,200)	—	—	—
Degree Programme	—	54,490	(54,490)	—	—	—
Collection & Digitisation	212,599	1,605	(26,337)	—	—	187,867
Embroider a Selfie	8,296	—	(6,625)	—	—	1,671
Stitch Bank	—	21,406	(21,406)	—	—	—
School/Family Workshops	2,804	3,000	(3,649)	—	—	2,155
Other Restricted Legacy	27,989	—	—	—	—	27,989
	259,520	143,701	(182,891)	(648)	—	219,682

	At 1 September 2021	Income	Expenditure	Investment gains	Transfers between funds	At 31 August 2022
2022	£	£	£	£	£	£
Janet Churm Fund	29,584	—	(18,229)	(3,523)	—	7,832
Future Tutor Programme	—	52,934	(52,934)	—	—	—
Degree Programme	—	32,440	(32,440)	—	—	—
Campaign HCP New Rooms	8,015	—	(8,015)	—	—	—
Collection & Digitisation	206,060	8,715	(2,176)	—	—	212,599
Embroider a Selfie	8,896	—	(600)	—	—	8,296
Stitch Bank	25,030	28,586	(53,616)	—	—	—
School/Family Workshops	—	11,500	(8,696)	—	—	2,804
Other Restricted Legacy	27,989	—	—	—	—	27,989
	305,574	134,175	(176,706)	(3,523)	—	259,520

- a) The Janet Churm Fund provides support for both the Degree and Future Tutor programmes and was funded by a generous legacy from the estate of the late Mrs Janet Churm.
- b) The Future Tutor Programme Fund specifically provides bursaries, prizes and day-to-day support for the Future Tutor programme and includes restricted donations and legacies from a number of donors.

19 Restricted funds (continued)

- c) The Degree Programme Fund specifically provides bursaries, prizes and day-to-day support for the Degree Programme and includes restricted donations and legacies from a number of donors.
- d) The Campaign HCP New Rooms Fund was established to fund the improvement works and equipment required to set up additional rooms at Hampton Court Palace, which were taken on in 2015 to accommodate expansion. It was funded by donations from a wide number of RSN Friends and other donors. Expenditure includes depreciation on capital works.
- e) The RSN Collection & Digitisation Appeal includes donations from a large number of RSN Friends, supporters and other donors towards the Cataloguing and Digitisation of the RSN Archive and Collection.
- f) The Embroider a Selfie fund is a project to introduce stitch to young people.
- g) The Stitch Bank fund is a project that aims to digitally conserve and preserve every stitch in the world, becoming the biggest repository of stitch in the world.
- h) The School/Family workshops started in 2022 to engage young people with stitch at the RSN's 150th Anniversary exhibition at the Fashion and Textile museum
- i) The Other Restricted Legacy Fund relates to a legacy received in 2016/17, which will provide support for the Future Tutor Programme.

20 Designated funds

	At 1 September 2022 £	New Designations £	Utilised/ released £	At 31 August 2023 £
2023				
Futures campaign	570,000	—	(28,000)	542,000
Stitch Bank	28,029	20,000	(47,430)	599
Collection & Digitisation	88,000	—	—	88,000
150 Forward	170,000	—	(99,473)	70,527
Website development	—	8,000	(8,000)	—
	856,029	28,000	(182,903)	701,126

20 Designated funds (continued)

2022	At 1 September 2021 £	New Designations £	Utilised/ released £	At 31 August 2022 £
<i>Futures campaign</i>	610,000	—	(40,000)	570,000
<i>Stitch Bank</i>	—	40,000	(11,971)	28,029
<i>Collection & Digitisation</i>	—	88,000	—	88,000
<i>150 Forward</i>	—	170,000	—	170,000
	<u>610,000</u>	<u>298,000</u>	<u>(51,971)</u>	<u>856,029</u>

The Futures campaign fund comprises monies set aside for various campaign projects. During 2022/23, £20,000 was released for expenditure on the Stitch Bank project to enable it to continue momentum, and £8,000 was released to cover the costs of the first phase of a project to enhance the website. During 2022/23 a release of £99,473 was made from the 150 Forward fund into general funds in respect of the shortfall in the overseas legacy explained in note 1 above.

21 Analysis of net assets between funds

Group	Share- holders funds £	Restricted funds £	Un- restricted funds £	Endowment funds £	Total 2023 £
Tangible fixed assets	—	—	32,368	—	32,368
Investments	—	—	2,313,412	2,646,096	4,959,508
Current assets	4,920	236,591	566,629	—	808,140
Creditors: amounts falling due within one year	—	(16,909)	(812,108)	—	(829,017)
Total net assets	<u>4,920</u>	<u>219,682</u>	<u>2,100,301</u>	<u>2,646,096</u>	<u>4,970,999</u>

Group	Share- holders funds £	Restricted funds £	Un- restricted funds £	Endowment funds £	Total 2022 £
<i>Tangible fixed assets</i>	—	—	39,233	—	39,233
<i>Investments</i>	—	7,831	2,487,820	2,885,367	5,381,018
<i>Current assets</i>	4,880	286,689	769,260	—	1,060,829
<i>Creditors: amounts falling due within one year</i>	—	(35,000)	(675,842)	—	(710,842)
<i>Total net assets</i>	<u>4,880</u>	<u>259,520</u>	<u>2,620,471</u>	<u>2,885,367</u>	<u>5,770,238</u>

Charity	Share- holders funds £	Restricted funds £	Un- restricted funds £	Endowment funds £	Total 2023 £
Tangible fixed assets	—	—	32,368	—	32,368
Investments	—	—	2,313,512	2,646,096	4,959,608
Current assets	4,920	236,591	534,569	—	776,080
Creditors: amounts falling due within one year	—	(16,909)	(768,806)	—	(785,715)
Total net assets	<u>4,920</u>	<u>219,682</u>	<u>2,111,643</u>	<u>2,646,096</u>	<u>4,982,341</u>

21 Analysis of net assets between funds (continued)

Charity	Share- holders funds £	Restricted funds £	Un- restricted funds £	Endowment funds £	Total 2022 £
Tangible fixed assets	—	—	39,233	—	39,233
Investments	—	7,831	2,487,920	2,885,367	5,381,118
Current assets	4,880	286,689	792,858	—	1,084,427
Creditors: amounts falling due within one year	—	(35,000)	(643,864)	—	(678,864)
Total net assets	4,880	259,520	2,676,147	2,885,367	5,825,914

22 Operating lease commitments

As at 31 August 2023, the group and charity had the following future minimum payments under non-cancellable licences and operating leases:

Group	Land and buildings £	Equipment £	2023 £
Operating lease payments due:			
within the next year	202,900	711	203,611
between two and five years	403,571	—	403,571
	606,471	711	607,182
Charity	Land and buildings £	Equipment £	2023 £
Operating lease payments due:			
within the next year	202,900	—	202,900
between two and five years	403,571	—	403,571
	606,471	—	606,471
Group and Charity	Land and buildings £	Equipment £	2022 £
Operating lease payments due:			
within the next year	196,974	12,480	209,454
between two and five years	193,013	—	193,013
	389,987	12,480	402,467

23 Related party transactions

RSN Enterprises Limited donates any profits via Gift Aid to the charity. During the year the RSN Enterprises Limited reported a profit, but the profit did not exceed losses arising in prior years and so no donation was made (2022: £nil).

At 31 August 2023, £103,421 is due by RSN Enterprises Limited to the charity (2022: £121,596). Council Members paid an aggregate of £1,821 (2022: £2,044) for classes and events, £222 (2022: £120) for Friends' subscriptions at standard un-discounted rates and donations of £300 (2022: £50).

24 Comparative statement of financial activities for the year ended 31 August 2022

<i>Income and expenditure</i>	<i>Notes</i>	<i>Unrestricted funds</i> £	<i>Restricted funds</i> £	<i>Endowment funds</i> £	<i>2022 Total funds</i> £
<i>Income from:</i>					
<i>Donations and legacies</i>	1	379,155	134,175	—	513,330
<i>Investments</i>	2	158,419	—	—	158,419
<i>Other trading activities</i>	3	381,464	—	—	381,464
<i>Charitable activities</i>					
<i>. School activities</i>	4	1,694,473	—	—	1,694,473
<i>Total income</i>		<u>2,613,511</u>	<u>134,175</u>	<u>—</u>	<u>2,747,686</u>
<i>Expenditure on:</i>					
<i>Raising funds</i>	5	485,000	6,753	—	491,753
<i>Charitable activities</i>					
<i>. Costs of school activities</i>	6	1,857,477	169,953	300	2,027,730
<i>Total expenditure</i>		<u>2,342,477</u>	<u>176,706</u>	<u>300</u>	<u>2,519,483</u>
<i>Net income/(expenditure) before investment gains and losses</i>	8	271,034	(42,531)	(300)	228,203
<i>Realised losses on investments</i>	11	(73,745)	(718)	(79,488)	(153,951)
<i>Unrealised (losses)/gains on investments</i>	11	(288,173)	(2,805)	(310,612)	(601,590)
<i>Net movement in funds</i>		(90,884)	(46,054)	(390,400)	(527,338)
<i>Reconciliation of funds:</i>					
<i>Fund balances brought forward at 1 September 2021</i>		<u>2,711,355</u>	<u>305,574</u>	<u>3,275,767</u>	<u>6,292,696</u>
<i>Fund balances carried forward at 31 August 2022</i>		<u>2,620,471</u>	<u>259,520</u>	<u>2,885,367</u>	<u>5,765,358</u>