

# **The Royal School of Needlework**

## **Annual Report and Consolidated Financial Statements**

31 August 2025

Company Registration Number  
00012192 (England and Wales)

Charity Registration Number  
312774

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## Reference and administrative information

<b>Patron</b>	Her Majesty The Queen
<b>President</b>	HRH The Duchess of Gloucester
<b>Council Members</b>	Pip Wood – Chair of Trustees**+ Keith Pickard – Honorary Treasurer**+ Louisa Christofidou+ Prof Patsy Cullen <sup>x</sup> Dr Paula Leftwich <sup>x+</sup> Dr Eleri Lynn <sup>x</sup> Peter Mila <sup>x</sup> Sarah Mumford* Julie Richards  * Member of the Finance and Investment Committee <sup>x</sup> Member of the Education Committee <sup>+</sup> Member of the Fellowship Committee
<b>Chief Executive</b>	Rhian Harris
<b>Registered office</b>	Apartment 12A, Hampton Court Palace East Molesey, Surrey KT8 9AU
<b>Auditor</b>	Buzzacott Audit LLP 130 Wood Street, London EC2V 6DL
<b>Bankers</b>	Barclays Bank plc 8/12 Church Street, Walton on Thames, Surrey KT12 2QX
<b>Investment managers</b>	CCLA One Angel Lane, London, EC4R 3AB
<b>Company registration number</b>	00012192 (England and Wales)
<b>Charity registration number</b>	312774

## About the RSN

### OUR MISSION

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.

### ABOUT THE RSN

Founded in 1872, the Royal School of Needlework is a world leader in hand embroidery education, practice and promotion. From our base at Hampton Court Palace and through our global programmes, we share a unique blend of heritage, expertise and creativity.

Each year around 2,000 students learn with us. We offer Europe's only BA (Hons) in Hand Embroidery and a wide range of in-person and online courses for beginners to advanced practitioners, delivered in the UK and internationally both in-person and online. Our Certificate and Diploma programme develops advanced technical skills, and our Professional Embroidery Tutor Programme trains the next generation of specialist practitioners and tutors.

Our professional Studio delivers bespoke commissions and expert restoration and conservation of historic textiles, supported by highly skilled RSN-trained embroiderers.

We champion embroidery through exhibitions, talks, schools' programmes, taster sessions and online resources. Our unique and internationally significant Archive and Collection of over 10,000 items is an extraordinary resource for information, study and inspiration, and we are digitising pieces to broaden access. The RSN Stitch Bank contains 500 stitches and is the world's largest free online database of embroidery stitches. Both resources are vital tools for embroiderers, researchers, curators and stitch historians.

Our online shop and store at Hampton Court Palace supports our mission, with every purchase helping to fund our work. As a registered charity, we are deeply grateful to all organisations and individuals whose generosity enables us to continue protecting and advancing the art of hand embroidery.

## Chair of Trustees' Introduction Year to 31 August 2025

The past year has been one of reflection and renewal for the RSN as we continued our mission to preserve the heritage and lead the development of hand embroidery. To ensure this important art form continues to be practised, appreciated, and enjoyed by a wide range of people, we have looked at how we can make our activities more accessible, engaging, and relevant to contemporary audiences.

Our first major change was welcoming our new Chief Executive, Rhian Harris, in September 2024. She has brought renewed focus, clarity, and momentum as we navigate a period of transition. Under her leadership we are sharpening our priorities, strengthening engagement with stakeholders, and operating with a clear sense of purpose and direction.

A key part of our renewal is our *Fragile Threads* programme, which moved from concept to reality with the first project starting in October 2025. It will help test different ways of working and has collaboration at its core. Working with different partners, the programme combines art and advocacy to champion biodiversity and allows more people to experience the creativity and mindfulness inherent in the practice of hand embroidery. Participants learn new skills and explore the relationship between art and nature by stitching their own biodiversity stories. We are deeply grateful to the National Lottery Heritage Fund which has made this important work possible thanks to a grant of £247,000.

In line with many charities, funding activity is an ongoing challenge, and recently our annual income has not fully met our costs. While our overall financial standing remains stable, supported by prudent reserves and investments, operating with an annual deficit is an unsustainable trend and significant change was needed.

Our organisational structure had evolved organically over time and we needed to deliver a more dynamic, effective, and financially sustainable RSN. Another major change, in spring 2025, was the investment in an organisation restructure and introduction of new ways of working. We reshaped the senior team, created new roles strengthening commercial and operational expertise, and made some redundancies. The latter were difficult decisions, and I thank our staff for their professionalism and commitment throughout this transition.

We believe these actions have positioned us for future growth. Change will take time to effect and settle but we are seeing positive results in staff engagement, with excitement and confidence in our shared vision. The Council has approved a stretching budget for 2025/26, and we are confident we can meet it.

We have continued to evolve our Council of Trustees so we have the skills and experience to oversee our ambitions. During the year we welcomed Peter Mila, confirmed a second term for Professor Patsy Cullen and thanked Dominic Tweddle, Victoria Farrow and Clara Poon who stepped down from Council, for their hard work and support during their terms. I would also like to thank our dedicated staff team, trustees, partners, and all those who access the activities we provide for their continued support and belief in the RSN's mission.



Pip Wood  
Chair of Trustees

## **REPORT OF THE COUNCIL**

Council Members (as Trustees), present this report and the audited consolidated financial statements of The Royal School of Needlework for the year ended 31 August 2025. 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 on page 1, the Chair of Trustees' Introduction on page 3, and information about the RSN and Our Mission on page 2 also form part of the report.

The financial statements have been prepared in accordance with the accounting policies on pages 30 to 34 of the attached financial statements, and comply with our 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.

### **Public Benefit**

This report highlights activity and represents the breadth of our operations which contribute to our ambitions and objectives to further our charitable purpose for public benefit. More details can be found on our website [royal-needlework.org.uk](http://royal-needlework.org.uk). In delivering these charitable purposes, the trustees confirm they have had due regard to the Charity Commission's guidance on public benefit.

The RSN preserves the heritage, and leads the development of, the art of hand embroidery primarily through education, practice and promotion. This includes practical courses to pass on skills, as well as imparting knowledge of historical significance and context of many hand embroidery traditions and practices. Our courses range from beginner through to professional, including Europe's only BA (Hons) in Hand Embroidery, and they are supported by exhibitions, talks and 'taster' sessions.

The practice of hand embroidery also supports wellbeing and to ensure our education is accessible, courses are offered at different levels and price points, with online options enabling global reach and reducing barriers to participation.

Our exhibitions, digital resources, and public talks provided further low-cost or no-cost ways for people to learn about and appreciate embroidery. The RSN Stitch Bank, containing 500 stitches, is a major free online resource used by embroiderers, students, curators and researchers worldwide. Information, instructions, videos and diagrams are provided for each stitch and also linked to items in our unique Collection and Archive which is also being digitised for increased access. The two resources complement each other showing stitches in detail and their application in historical pieces providing an important source of teaching and learning, inspiration and research into historical and contemporary embroidery. This year we also introduced Study Days, offering behind-the-scenes access to our own and other leading London collections.

We hosted our first conference *Stitched Together: Needlework Research and Making*, bringing makers and researchers together to combine practical skill and academic insight.

## Report of the Council Year to 31 August 2025

More than 200 people attended in person and online, joining from across the UK, and the US, Canada, China, Spain and Australia.

The RSN Studio has worked with the Worshipful Company of Upholders for nearly two years on a major project involving volunteer embroidery teams from twelve cathedrals and rehabilitation charity and social enterprise Fine Cell Work to help create a textile masterpiece using the traditional embroidery techniques of *Opus Anglicanum*.

Several of the cathedral groups have since grown in number and volunteers are forming new connections while helping to build public interest in their support and maintenance of textile collections. The finished piece will be exhibited across the country helping to increase public awareness and interest.

Since the year end we have started the first project in our Fragile Threads programme which is enabling us to work with new community partners, introducing beneficiaries to embroidery as a form of self-expression and contributing to wellbeing.

Through all its activities, the RSN continues to deliver meaningful public benefit by making the skills, history and enjoyment of hand embroidery accessible to the widest possible audience.

The RSN complies with Section 17 of the Charities Act 2011, and Charity Commission guidance on public benefit.

### **OUR STRATEGY & AMBITIONS**

To achieve our mission, we have three key areas of focus.

- ◆ Provision of tuition and resources.
- ◆ Practice of hand embroidery.
- ◆ Promotion of and insight into embroidery heritage and contemporary use.

During the year we reviewed our strategy with our new Chief Executive. Our vision to 2030 outlines our commitment to increasing our reach and inclusivity and being the 'go-to place' for anyone interested in practising and learning about the heritage, creativity and art of hand embroidery. By doing this we can deliver a bigger impact for a broader audience.

A critical and early need was to invest in an organisation restructure to deliver our ambitions and those of many potential beneficiaries more effectively and efficiently. We reshaped the senior team, recruited to strengthen our commercial and operational expertise and, regrettably, made some redundancies where needed. Recruitment of the more senior roles extended into the new financial year however the new team is refreshed and committed to transforming the RSN into a more creative, contemporary and world-class champion for hand embroidery.

Four areas of activity are ensuring everything we do is joined up and purposeful.

**1. Fit for the Future:** achieving financial sustainability

Achieving financial sustainability underpins all activities and ambitions. While our restructure is now providing the experience and expertise we need for growth, the period of transition inevitably impacted some of our operations. Our Chief Executive spent much of the year re-energising staff, building the new team, and involving and engaging a wide range of stakeholders in a new vision and future for the RSN to deliver its purpose.

We created a new Director of Commercial and Design role to help us drive income generation including overseeing the RSN retail operation and our professional Studio and a Head of Contemporary Programmes to spearhead a revitalised short course offer.

Our shop at Hampton Court Palace and our online retail offer continued to trade well given space limitations of the operation. We introduced several new products and added to the range of kits created by our Studio and RSN Stitch Bank branded merchandise which sold well. However overall sales were affected, firstly, by the introduction of the General Product Safety Regulations (GPSR) which came into effect in December 2024 and created significant additional workload, and subsequently, US tax import levies which impacted sales to the US market.

Our professional Studio received a steady flow of commissions during the year and is generating a reputation for large projects demanding specific space and expertise. During the year we raised our hourly rates to help combat inflation but have maintained a very competitive rate for those seeking the experience and expertise of world class stitching.

The Studio attracts projects from all over the world, including from royalty, places of worship, and Livery Companies through to leading fashion and interior design houses, private individuals and commercial companies. It also plays a major role in community projects where stitchers use their knowledge and expertise to bring projects to life.

For nearly two years the Studio has worked with The Worshipful Company of Upholders which is sponsoring a major national project 'Circle of Life' bringing together volunteer embroidery teams from twelve cathedrals and rehabilitation charity and social enterprise Fine Cell Work. It is creating a textile masterpiece using traditional Opus Anglicanum techniques; the RSN is one of very few organisations worldwide still teaching and preserving this medieval embroidery technique.

It has worked closely with the Upholders and Designer Aidan Hart, developing designs, technical plans, stitch and colour guides, and delivering technical training. Each cathedral received a complete kit to work its section and ongoing support. More than 80 volunteers are now involved, including former RSN students and skilled embroiderers from existing cathedral groups.

The final panel will be assembled at the Studio, with plans to include cathedral volunteers giving them the opportunity to work in the Studio under the supervision of RSN stitchers. Once finished, it is planned to be unveiled at London's Guildhall as part of the Upholders' 400th

anniversary celebrations and then exhibited nationwide, raising awareness of this historic craft and the cathedral groups who help preserve it.

Fundraising is also a vitally important function and in January 2025 we were delighted to learn that the National Lottery Heritage Fund had approved an application for a grant of £247,000 to allow us to progress our Fragile Threads programme. This was a significant milestone in enabling us to deliver Fragile Threads at a scale we could not have achieved without such a generous financial contribution, and we are incredibly grateful to the individuals and organisations working with us and to the National Lottery Heritage Fund for its generous grant to make this important work possible. It also marked a turning point in our approach to funding. By making sure key activities are relevant and purposeful we can access additional funding opportunities.

We secured over £40,000 in bursary support for our Degree and Further Education students, alongside funding to meet course costs for both the Professional Embroidery Tutors Course and the Degree programme. We also raised essential funds to support the care and development of our Archive and Collection.

In December 2024, we took part in the Big Give Christmas Challenge, an initiative that helps charities double the value of donations, raising nearly £13,000 for the RSN Stitch Bank. Building on this experience, our participation in December 2025 was even more successful, raising over £32,000 for the RSN's unique Collection and Archive.

As part of our organisation restructure we strengthened our fundraising capacity by recruiting a Philanthropy Manager and Fundraising Assistant to work alongside our Senior Fundraising Manager ensuring this essential income stream can continue to grow and thrive.

## **2. Celebrating Artistry and Heritage:** leveraging our unique Collection and Archive

The RSN's internationally significant Collection and Archive is of immense historical importance and a major USP for the organisation enabling us to inform and link embroidery's rich history with modern practice and application. The Collection holds unique pieces from the 8th century and is particularly rich from the 17th-century onwards. It represents cultures and techniques across the world, illustrating countless techniques, stitches, materials, and motifs while the Archive charts over 150 years of needlework designs including designers such as Gertrude Jekyll, William Morris and Walter Crane, and many unknown women artists whose work would otherwise be lost. It is our privilege to care for and share these pieces which enrich the practice and knowledge of hand embroidery techniques, but we have much to do to secure its future and use it to its full potential.

This was a landmark year for the Collection and Archive team, marked by several firsts. In August, we hosted *Stitched Together: Needlework Research and Making*, the RSN's first conference, generously supported by the Pasold Research Fund. Bringing makers and researchers together, it created a rare space where practical skill met academic insight. More than 200 people attended in person and online, joining from across the UK and the US, Canada, China, Spain and Australia. Feedback was outstanding, and we hope to run conferences every two years.

Our first International Summer School Study Days took students behind the scenes of London's textile history. Visits to the V&A, Fashion and Textile Museum and Hampton Court Palace offered unique access to collections that deepen understanding of embroidery design and heritage. In October 2025 we also welcomed our first collaborative PhD student, co-supervised with De Montfort University, on *Embroidering Empire* - a project exploring embroidery's relationship to the British Empire.

Talks, tours and exhibitions provide valuable access to our heritage. Our exhibition *Tales of Textiles: The RSN Collection in Focus* ran from September 2024 – June 2025 sold out. It showcased 50 objects spanning 350 years and four continents.

In December 2024 we celebrated our 70<sup>th</sup> online talk – a programme that began during lockdown and has continued due to popular demand. Talks often reference our Collection and Archive or provide listeners with historical context to further their understanding of embroidery and the role it played in society through the ages. In October 2025 we had our most watched talk ever by RSN trained Dr Alexandra Makin, on Studying the Bayeux Tapestry.

Alongside these major projects, we continued essential work cataloguing and improving storage for our Collection and Archive of circa 10,000 works, regularly uncovering remarkable and historically significant items that deepen our understanding of embroidery's global story.

### **3. Learning Through Stitch:** Step-changing our education provision

The RSN has built a reputation for the highest standards of teaching, knowledge and expertise delivered by expert RSN trained tutors. Committed to our purpose to preserve the heritage and lead the development of hand embroidery our courses cater for all levels of stitchers.

Our Degree course is a flagship programme and is the only full-time BA (Hons) in hand embroidery in Europe and is validated by Kingston University. While we attracted full cohorts in 2024 and 2025, our current third year intake was reduced due to a post-Covid dip in applications across the sector, resulting in significant subsidy from the RSN. With inflation continuing to affect the UK Higher Education sector we continue to review how we can make the course more financially sustainable.

The programme is important to fulfilling our purpose, attracting talent and creativity from a new generation of embroiderers and textile artists. Through a variety of high profile 'live projects' with industry, it facilitates partnerships with fashion houses and creative partners. Students engage with the professional world whilst studying. They gain valuable work experience and connections prior to graduating. This year's graduates excelled in external competitions and have secured a diverse range of opportunities to pursue their careers.

Our Certificate and Diploma course continued to be popular. We improved and introduced a new assessment format which was well received as well as new 'starter days' and revisions to some of the earlier modules.

Throughout the year we trialled a new course developed and taught by RSN Tutor Tracy Franklin in Durham. 'Hand Embroidery: Skills and Studies' is taught on a modular basis and allows participants to explore, develop and sample stitch ideas, while examining and

researching hand embroidery and proved very successful. It is now available online and for the 2025/26 academic year will also be run in Bristol and at Hampton Court Palace.

We welcomed five students onto our Professional Embroidery Tutor Programme in September 2024 and they have progressed well. The course is highly regarded for its breadth and depth of training however requires significant financial and personal commitment over three years. We paused entry into the programme in 2025 to review how we can continue to improve the course to ensure it fulfils our long-term objectives such as expanding tutor distribution, increasing focus on art and design, and modernising content and programme design to meet contemporary needs.

Regrettably, our short course programme has required change for some time and a review during the year identified the scale of transformation required to effect this. In 2020 the global pandemic provided the impetus needed to introduce online classes and extended our international reach, however, we have struggled to develop our content to leverage the opportunities this provided. More generally we have not adapted our teaching to keep pace with contemporary interpretations of hand embroidery techniques for customers keen to try leisure classes offering something new.

As we recruited the skills needed and staff settled into new roles, we still needed to deliver previously advertised courses while also starting to plan future activities. The recruitment of a Head of Contemporary Programmes in late 2025 completed our refreshed team now tasked with innovating and delivering an exciting new programme during 2026.

#### **4. Collaborating and Engaging:** Connecting our people, customers and students.

Collaborating and engaging must be at the heart of all that we do. This starts with our own team by attracting outstanding individuals whose creativity, talent and commercial mindset will inspire more people to engage with our activities. It also extends to understanding our external environment better so that we can widen our offer to appeal to a more diverse audience. During the past year we have restructured and recruited significant new talent into the RSN also increasing the diversity of our staff team, particularly attracting younger applicants.

Change takes time but the initial work is delivering early signs of progress. Our staff survey at the end of the year showed good progress in key engagement measures giving us a firm footing to introduce new opportunities and improve core activities. This is the route to better serving our beneficiaries and increasing our earned income.

We know that to attract more diverse audiences we must widen our offer and raise awareness of what we are doing through different channels and via collaborations and partnerships. This is at the core of our Fragile Threads programme which has enabled us to collaborate with diverse groups and invite their communities to contribute their stitches to biodiversity-themed projects. These teach participants new skills and help them better understand the fragility of their surroundings by embroidering their own biodiversity stories while also promoting the art of hand embroidery.

### **Sustainability**

We are based at Hampton Court Palace, managed by Historic Royal Palaces, and recognise that our daily operations impact the environment. We are committed to responsible working practices that support environmental improvement while meeting the requirements of a Grade I listed building.

Across our operations we prioritise efficient resource use, reuse and recycling, responsible procurement and minimising waste. We invest our reserves into the CCLA COIF Charities Ethical Investment Fund, which is focused on long-term value and positive environmental and social impact.

Sustainability is central to our purpose: preserving and promoting hand embroidery. Our Studio's conservation work supports social sustainability, and sustainability principles are embedded in our teaching.

We advocate for positive change in fashion by showcasing repurposed historic pieces and running regular visible-mending classes to reduce textile waste. We also encourage donations of unwanted materials for use by students, customers, schools and community projects.

Our Fragile Threads programme is a collaborative programme to raise awareness and inspire action on climate change and species loss. (see Looking to the Future below).

### **Looking to the Future**

Extensive groundwork in 2024/25 has positioned us well for growth and we are excited by our renewed strategy. Staff engagement and collaboration are strengthening, and there is renewed confidence in our shared vision. While changes will take time to embed, implementation is underway. Our plans will reverse recent financial under-performance, significantly reduce the in-year deficit and set us on a stronger path toward break-even and future financial surpluses.

We concluded development of our Fragile Threads programme during the year, and the first project started in October 2025. We will deliver several projects during 2026 taking hand embroidery to new and diverse groups at a scale and pace we could not achieve on our own. It will also help us understand how we can re-focus and work in collaboration to help future development and sustainability. You can read more about Fragile Threads on our website.

## FINANCIAL REVIEW

### Financial report for the year

The consolidated statement of financial activities for the year shows a net deficit (before investment gains and losses) of £654,912 (2023/24: deficit of £477,417).

The overall income for the year 2024/25 of £3,043,977 was 2.5% higher than that of the previous financial year (2023/24: £2,969,245) due to higher income from trading activities. Income from donations, legacies and grants was less than the prior year, at £214,363 (2023/24: £315,131) due to lower donation and legacy income. Grant income of £31,438 (2023/24: £nil) has been recognised, with £29,438 of this representing the grant from the National Lottery Heritage Foundation in respect of the Fragile Threads project. Donations and legacies remain an extremely important source of income, particularly for the Degree and Professional Embroidery Tutor programmes, neither of which receives any government funding, and for all new initiatives.

The trading subsidiary's turnover of £816,284 (2023/24: £612,513) increased by 33% driven by both an increase in retail sales through the shop, and the bringing in-house of the self-paced online video courses previously performed by a third party company, where the net commission previously receivable by the company was shown as income; following the acquisition, the gross income and expenditure are now reported in the consolidated statement of financial activities..

Income from charitable School activities amounted to £1,869,272 (2023/24: £1,887,974) a 1% reduction year on year, with income from the degree programme reducing due to a lower number of students on the course compared to the previous financial year, with the reduction partially offset by income from an increase in non Higher Education courses. Investment income fell by 8.5% to £133,070 (2023/24: £145,384).

The restricted fund income of £159,969 (2023/24: £111,832) consisted of resources earmarked for the Degree and Future Tutor programmes, the RSN Stitch Bank and the RSN's Collection and Archive. It also includes £31,438 of grant income, £29,438 of which was from the National Lottery Heritage Fund in respect of the Fragile Threads project, and £2,000 of which was from the Pasold Research Fund to fund the hosting of the RSN's first conference. Restricted expenditure of £255,471 (2023/24: £173,521) was incurred against this income.

Total expenditure for the year was £3,698,889 (2023/24: £3,446,662), an increase of 7%. Costs have increased in 2024/25 due to the investment in the restructure, new staff posts and the increased activity in the retail operation, in addition to the development of the new History of Embroidery course, and the costs of the self-paced online video courses now being brought in-house.

Net realised and unrealised losses on investments for the year amounted to £186,147 (2023/24: £358,583 net realised and unrealised gains). During the year, the transfer of the investment portfolio from JM Finn to CCLA took place. At the balance sheet date, net assets totalled £4,011,116 (2024: £4,852,165) of which £1,216,165 (2024: £1,853,026) are unrestricted income funds.

The Royal School of Needlework has an investment of £100 (2023/24: £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 loss of £4,982 (2023/24: loss of £3,063).

### **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 2024/25, the Council reviewed the Charity's reserves policy and confirmed it to remain at five months' total expenditure at any one time. 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 2025/26, the maximum expenditure for five consecutive months would be in the region of £1,689,000. 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 2025 totalling £4,030,504 (2024: £4,866,570). This is represented by endowment funds and restricted funds of £2,727,530 (2024: £2,836,226) and £62,941 (2024: £157,993) respectively and designated funds of £nil (2024: £158,527). After deducting funds represented by tangible fixed assets and shareholders' funds, this leaves free reserves at 31 August 2025 of £1,168,912 (2024: £1,629,357), which is £520,088 below the target level of £1,689,000. The Council is of the opinion that although the level of free reserves is below target due to a number of one-off costs during the year, plus an ongoing deficit and investment losses in the year, it does not cast doubt on the ability of the charity to continue as a going concern at this time. The recent restructure and investment in new roles is expected to drive improvements in performance, and a key aim is also to return the commercial operations to profit. The budget for the 2025/26 financial year remains a deficit, but lower than 2024/25, with a plan to return to break-even and then surplus thereafter.

During the year, in the light of the recurring deficit position, the Council made the decision to undesignate £158,527 of funds previously designated for the 150 Forward project and digitisation of the archive and collection.

### **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.

The Trustees have a moderate / medium attitude to risk, with the level of risk mitigated by investing in a pooled investment fund. During the year, the entire investment portfolio was moved from the charity's former investment manager, JM Finn, to CCLA. The RSN selected the CCLA COIF Charities Ethical Investment Fund for its investments, considering that the investment aims and decisions applicable to this fund are compatible with its investment policy and its environmental, social and governance standards, covering 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.

In the Spring of 2025, the investment portfolio was negatively impacted by wide market volatility, but although the wider markets recovered, the portfolio has not recovered the loss in value and remains below the prices at which the investments were transferred in, generating a loss on investments as reported in these financial statements. The fund has underperformed against its comparator benchmark, reporting a total return of (1.95%) compared to the comparator performance of 12.95% in the 12 months ended 30 September 2025. The comparator benchmark is a composite of various indices. The fund focuses on selecting a diversified portfolio of quality shares, a factor that has historically outperformed in the long run. The Finance and Investment Committee will continue to closely monitor the fund's performance.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Constitution and Legal Status**

The Royal School of Needlework (RSN) was founded in 1872 and incorporated in England and Wales on 16 April 1878 as a company limited by shares, with the term "limited" omitted by licence of the Board of Trade. Trustees are shareholders whose liability is limited to the value of their shareholding. The RSN is also a registered charity (No. 312774).

Our Memorandum and Articles of Association define our charitable objects, powers, and governance structure.

### **How we are governed**

The Board of Trustees, ('Council'), is the RSN's governing body with legal, financial and managerial responsibility. Members act as directors (for purpose of company law) and trustees (for purpose of charity law) and are referred to as both in this report.

Council sets strategy, approves policy, oversees internal control and holds the management team to account. Key governance documents are reviewed and policies reconsidered on a rolling cycle or as needed.

Council has up to 12 members including the Chair and Honorary Treasurer. Those who served during the year and to the date of this report are listed on page 1.

Trustees confirm compliance with the Charity Commission's public benefit guidance (see page 4).

### **Trustee recruitment, induction & training**

Trustee skills are periodically reviewed to ensure alignment with the RSN's needs. Vacancies are advertised, shortlisted and interviewed by a trustee panel which makes recommendations to Council with external advice as appropriate.

Trustees are appointed for three-year terms, renewable twice if required. Trustee induction includes Charity Commission guidance on roles and responsibilities, relevant RSN documentation and meetings with senior managers and staff. They may also observe Committee meetings if they are not appointed members,

Ongoing training includes online resources, and relevant information and publications are forwarded as they become available.

### **Meeting Procedures**

Formal agendas and papers are sent in a timely manner, prior to Council meetings. Briefings are also provided as needed. Reports include financial status, performance against targets, proposed capital expenditure, quality and personnel matters such as health and safety.

### **Council Procedures and Decision-making**

Trustees understand their responsibilities and duty to act collectively in the RSN's best interests. They apply skill and care to make balanced decisions.

The Council met formally 6 times in 2024/25 and held a Strategy Day with the senior management to review performance and plan future activity.

Decision-making is independent and transparent. Members are free from business or other relationships which could materially affect independent judgement. There is clear division between the Chair of Trustees and Accounting Officer. Management is responsible for day-to-day operations.

### **Employees**

During the year the RSN undertook an organisation restructure, including a new senior management role (Director of Commercial and Design) filled in December 2025.

Council sets the Chief Executive's salary. Staff salaries are reviewed annually by the Finance and Investment Committee and approved by Council.

At 31 August 2025, the RSN employed 15 full-time and 25 part-time management and administrative staff, core teams of 5 part-time stitchers and 23 part-time tutors. In addition, around 28 volunteers gave their time to support the RSN in several areas.

### **Committees**

Council delegates specific responsibilities to three committees which report back and make recommendations.

- ◆ **Finance and Investment Committee (F&I):** met four times during the year. Oversees financial management, controls, audit, insurance, risk and investment performance.
- ◆ **Education Committee:** met four times during the year. Ensures academic quality and compliance with Office for Students requirements. Includes tutor representatives and an external independent educational advisor.
- ◆ **Fellowship Committee:** met twice during the year. Oversees the RSN Fellowship Programme with Fellow representatives attending.

During the year selected trustees also sat on project groups to oversee specific items of work.

### **Trading subsidiary**

RSN Enterprises Limited, a wholly owned trading subsidiary (share capital of £100) undertakes the RSN's commercial and retail activities, including the RSN Studio. All taxable profits are donated to the RSN under Gift Aid. F&I members are the directors and meet separately to discuss relevant matters.

During the year the company made a loss of £4,982 (2023/24: loss of £3,063).

This report was approved by Council on 28<sup>th</sup> January 2026 and signed on its behalf by:



**P Wood**  
**Chair of Trustees**



**R Harris**  
**Chief Executive**

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is provided to enable readers of our Annual Report and Accounts to better understand our governance and legal structure and covers the period from 1 September 2024 to 31 August 2025 and up to the date of the approval of the annual report and financial statements.

The RSN adheres to the UK Corporate Governance Code 2018 in so far as it is applicable to the Higher Education Sector and Office for Students (OfS) regulations. We have adopted the UK Corporate Governance Code and have reported on our arrangements by drawing upon best practice available, including those aspects we consider relevant to the Higher Education Sector.

Trustees recognise their duty to uphold the highest standards of corporate governance and stewardship of public and private funds.

**Legal Status:** The Royal School of Needlework is a registered charity and a private company limited by shares. Trustees are also shareholders and their liability is limited to the value of shares held. Trustees are also Council members and referred to as both in this report. They confirm they have due regard for the Charity Commission's guidance on public benefit and the required statement appears on page 4 of this report.

### PATRON, PRESIDENT AND BOARD OF TRUSTEES

**Patron:** Her Majesty The Queen

**President:** HRH The Duchess of Gloucester

#### The Board of Trustees

Council Members (Trustees of The Royal School of Needlework for the purposes of charity law) are listed below and unless stated have served throughout the year.

Pip Wood * * + Chair of Trustees	
Louisa Christofidou +	
Professor Patsy Cullen x	
Victoria Farrow	Resigned 26 March 2025
Dr Paula Leftwich * +	
Dr Eleri Lynn x	
Peter Mila	Appointed 9 October 2024
Sarah Mumford *	
Keith Pickard * + Hon Treasurer	
Clara Poon	Resigned 23 September 2025
Julie Richards	
Professor Dominic Twedde *	Resigned 15 January 2026

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

x member of the Education Committee which met four times during the year under the chairmanship of Prof Patsy Cullen.

+ member of the Fellowship Committee which met twice during the year under the chairmanship of the Director of Education.

### **Board of Trustees' interests**

All Council Members at 31 August 2025 held one £10 share (2024: one £10 share) in the capital of the charitable company.

The Finance Director maintains a register of financial and personal interests of Council members which is available on request.

## **KEY STATEMENTS AND POLICIES**

### **Fundraising declaration**

Activity in support of our fundraising is covered in more detail on page 7.

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

We were grateful for a legacy received from the late Anne Biss, the first part of which was received during the year.

We would like to thank all donors to the RSN including the National Lottery Heritage Fund, The City Livery Companies including the Worshipful Companies of Broderers, Dyers, Girdlers, Gold and Silver Wyre Drawers, Haberdashers, Needlemakers, Merchant Taylors' Foundation and charitable trusts including the S E Franklin Charitable Trust, The Trades House of Glasgow, The Radcliffe Trust, The Ebert Foundation, the PF Foundation, Knights of the Round Table, Lynn Suzanne Trapp Fuller Foundation, the Henry Lumley Charitable Trust, the Lord Faringdon Charitable Trust, NADFAS and the Pasold Research Fund.

## **GOVERNANCE AND COMPLIANCE**

### **Statement of the Council's responsibilities**

Council prepares financial statements giving a true and fair view of the affairs of the charitable company and the group and of the income and expenditure of the group for that period in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice).

Council is required to:

- ◆ select suitable accounting policies and 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 reasonable and prudent judgements and estimates

## Statement of Corporate Governance and Internal Control Year to 31 August 2025

- ◆ 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 accounts 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 on the financial position of the charitable company ensuring financial statements comply with the Companies Act 2006 and the Charities Act 2011. It is also responsible for safeguarding the assets of the charitable company and the group and taking reasonable steps to prevent and detect fraud and other irregularities.

Each member confirms awareness of audit information as required under s418 of the Companies Act 2006.

- ◆ so far as they are aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- ◆ they have taken all necessary steps to make themselves aware of any relevant audit information and to ensure 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.

Council is also responsible for the maintenance and integrity of the corporate and financial information published on the charitable company's website. UK legislation governing the preparation and dissemination of financial statements may differ from that in other jurisdictions.

### **Council Performance**

Council has made a strong contribution to performance in 2024/25 through the recruitment of new senior personnel who are driving improvements throughout the RSN's operations. Council has also set challenging targets and undertakes regular analysis, scrutiny and challenge including supported by robust performance management at its meetings. Trustees are pro-active in their oversight, actively involved in planning and discharging Council business and regularly review their skills, experience, performance and governance processes, implementing improvements if needed. The Chair has a regular individual performance review.

### **STATEMENT OF INTERNAL CONTROL**

#### **Scope of responsibility**

Council is ultimately accountable for the RSN's internal control system of and for reviewing its effectiveness. Day-to-day responsibility is delegated to the Chief Executive, as Accounting Officer, who maintains a sound internal control system supporting the achievement of policy aims and objectives, safeguarding public funds and assets and reporting any material weaknesses or breakdowns to Council.

### **The purpose of the system of internal control**

The system of internal control is designed to manage, not eliminate, risk and provides reasonable, though not absolute, assurance of effectiveness against material misstatement or loss. It operates on an on-going process to identify, evaluate and prioritise risks, and to manage them efficiently and effectively. This system was in place for the year ended 31 August 2025 and up to the date of approval of the annual report and financial statements.

### **Risk management**

Council and senior managers have reviewed the principal financial, reputational, operational and governance risks that might impact the RSN during the year, and updated the risk register accordingly. They have also reflected on potential longer-term impacts, ensuring mitigation is updated to respond to changes although there will always be unanticipated events.

The Finance and Investment Committee leads financial risk review, aiming to minimise and mitigate any that are within its power to affect.

We have reviewed internal financial controls and are satisfied these are appropriate in minimising any risks to funds.

The top three risks that could have a negative impact on achieving our strategic plan have been identified as:

- ◆ Failure to reverse the current trend of in-year financial deficit leads to the RSN becoming financially unviable
- ◆ The RSN experiences a cyber-attack which substantially impacts operations
- ◆ Physical space – lack of available space for core RSN and RSN Enterprises Ltd.

### **Review of effectiveness**

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

- ◆ the work of the external auditors;
- ◆ the work of RSN senior managers who maintain the internal control framework; and
- ◆ audit findings and recommendations.

No significant internal control weaknesses were reported for the period.

The senior management team receives regular reports on key performance and risk indicators and considers possible control issues highlighted by early warning mechanisms embedded within departments.

The senior management team and the Finance and Investment Committee also receive periodic assurance reports and recommendations for improvement.

Council regularly considers risk and control and receives reports from senior management and the Finance and Investment Committee. At the December 2025 Council meeting, we

## Statement of Corporate Governance and Internal Control Year to 31 August 2025

carried out our annual assessment for the year ended 31 August 2025 by considering documentation from the senior management team, and taking account of events since 31 August 2024.

Based on this and reports by the Chief Executive, Council is satisfied that the RSN has an adequate and effective framework for governance, risk management and internal control to manage achievements of objectives for the year ended 31 August 2025 and that we have fulfilled our 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**

We have considered our responsibility to notify the Office for Students of material irregularity, impropriety and non-compliance with terms and conditions of funding. We confirm, on behalf of the RSN, that after due enquiry, we confirm that we are not aware of any such instances. Should any after the date of this statement these will be notified to the Office for Students.

### **Going Concern**

Details on the Board's going concern assessment are set out on pages 30 and 31.

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



P Wood  
Chair of Trustees



R Harris  
Chief Executive

Date: 28<sup>th</sup> January 2026

**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') and its subsidiary (collective the 'group') for the year ended 31 August 2025 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 2025 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 Student's 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.

## **Independent auditor's report** Year to 31 August 2025

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:

***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 partner 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 group 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 group'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;
- ◆ 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 (if any).

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

## Independent auditor's report Year to 31 August 2025

- ◆ Agreeing accounts disclosures to underlying supporting documentation.

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

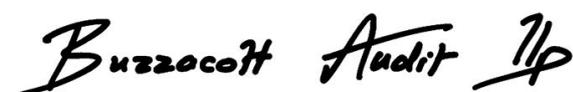
There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance 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](http://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. Our audit work has been undertaken so that we might state to the parent charitable company's Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent charitable company and the parent charitable company's 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 Audit LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

Date: 28 January 2026

**Consolidated statement of financial activities (including the Income and Expenditure Account)** Year ended 31 August 2025

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	2025 Total funds £	2024 Total funds £
<b>Income and expenditure</b>						
<b>Income from:</b>						
Donations and legacies	1	54,494	159,969	—	<b>214,463</b>	315,131
Investments	2	133,070	—	—	<b>133,070</b>	145,384
Other trading activities	3	827,172	—	—	<b>827,172</b>	620,756
Charitable activities						
School activities	4	1,869,272	—	—	<b>1,869,272</b>	1,887,974
<b>Total income</b>		<b>2,884,008</b>	<b>159,969</b>	<b>—</b>	<b>3,043,977</b>	<b>2,969,245</b>
<b>Expenditure on:</b>						
Raising funds	5	945,546	—	—	<b>945,546</b>	748,349
Charitable activities						
Costs of school activities	6	2,497,772	255,471	100	<b>2,753,343</b>	2,698,313
<b>Total expenditure</b>		<b>3,443,318</b>	<b>255,471</b>	<b>100</b>	<b>3,698,889</b>	<b>3,446,662</b>
<b>Net expenditure before investment gains and losses</b>	8	<b>(559,310)</b>	<b>(95,502)</b>	<b>(100)</b>	<b>(654,912)</b>	<b>(477,417)</b>
Realised losses on investments	12	(4,367)	—	(6,115)	<b>(10,482)</b>	(7,342)
Unrealised (losses) / gains on investments	12	(73,184)	—	(102,481)	<b>(175,665)</b>	365,925
<b>Net expenditure and net movement in funds</b>		<b>(636,861)</b>	<b>(95,502)</b>	<b>(108,696)</b>	<b>(841,059)</b>	<b>(118,834)</b>
<b>Reconciliation of funds:</b>						
Fund balances brought forward at 1 September 2024		1,853,026	157,993	2,836,226	4,847,245	4,966,079
<b>Fund balances carried forward at 31 August 2025</b>		<b>1,216,165</b>	<b>62,491</b>	<b>2,727,530</b>	<b>4,006,186</b>	<b>4,847,245</b>

## Balance sheets 31 August 2025

	Notes	Group		Charity	
		2025 £	2024 £	2025 £	2024 £
<b>Fixed assets</b>					
Intangible assets	9	20,434	18,360	13,770	18,360
Tangible assets	10	33,190	46,782	33,190	46,782
Investments	12	4,502,011	5,258,977	4,502,111	5,259,077
		<b>4,555,635</b>	<b>5,324,119</b>	<b>4,549,071</b>	<b>5,324,219</b>
<b>Current assets</b>					
Stocks	13	158,322	108,857	53,647	43,869
Debtors	14	134,432	128,206	199,533	195,167
Cash at bank and in hand		280,671	249,776	230,208	199,331
		<b>573,425</b>	<b>486,839</b>	<b>483,388</b>	<b>438,367</b>
<b>Creditors:</b> amounts falling due within one year	15	<b>(1,108,760)</b>	<b>(946,091)</b>	<b>(992,771)</b>	<b>(883,314)</b>
<b>Net current liabilities</b>		<b>(535,335)</b>	<b>(459,252)</b>	<b>(509,383)</b>	<b>(444,947)</b>
<b>Creditors:</b> amounts falling due in more than one year	17	<b>(9,184)</b>	<b>(12,702)</b>	<b>(9,184)</b>	<b>(12,702)</b>
<b>Total net assets</b>		<b>4,011,116</b>	<b>4,852,165</b>	<b>4,030,504</b>	<b>4,866,570</b>
<b>Represented by:</b>					
<b>Capital and reserves</b>					
Called up share capital	18	220	220	220	220
Capital redemption reserve	19	4,710	4,700	4,710	4,700
		<b>4,930</b>	<b>4,920</b>	<b>4,930</b>	<b>4,920</b>
<b>The funds of the charity:</b>					
Unrestricted funds:					
. General fund		1,216,165	1,694,499	1,235,553	1,708,904
. Designated funds		—	158,527	—	158,527
		<b>1,216,165</b>	<b>1,853,026</b>	<b>1,235,553</b>	<b>1,867,431</b>
Endowment funds	20	2,727,530	2,836,226	2,727,530	2,836,226
Restricted funds	21	62,491	157,993	62,491	157,993
<b>Total charitable funds</b>		<b>4,006,186</b>	<b>4,847,245</b>	<b>4,025,574</b>	<b>4,861,650</b>
<b>Total funds</b>		<b>4,011,116</b>	<b>4,852,165</b>	<b>4,030,504</b>	<b>4,866,570</b>

Approved by the Council of Members and signed on its behalf by:



P Wood  
Chair of Trustees



K Pickard  
Honorary Treasurer

Date: 28<sup>th</sup> January 2026

The Royal School of Needlework: Company Registration Number 00012192

## Consolidated statement of cash flows Year to 31 August 2025

	Notes	2025 £	2024 £
<b>Cash flows from operating activities:</b>			
Net cash used in operating activities	A	<b>(656,782)</b>	(518,282)
<b>Cash flows from investing activities:</b>			
Investment income received		133,070	145,384
Purchase of tangible and intangible fixed assets		(13,008)	(37,060)
Proceeds from the disposal of investments		5,542,284	977,166
Purchase of investments		(4,921,588)	(821,058)
<b>Net cash provided by investing activities</b>		<b>740,758</b>	264,432
<b>Cash flows from financing activities:</b>			
New share capital issued / (repurchase) of share capital		10	—
Capital element of finance lease repayments		(3,214)	(3,097)
<b>Net cash used in financing activities</b>		<b>(3,204)</b>	(3,097)
<b>Change in cash and cash equivalents in the year</b>		<b>80,772</b>	(256,947)
Cash and cash equivalents at 1 September 2024		259,265	516,212
<b>Cash and cash equivalents at 31 August 2025</b>	B	<b>340,037</b>	259,265

### Notes to the statement of cash flows for the year to 31 August 2025

#### A Reconciliation of net expenditure to net cash flows from operating activities

	2025 £	2024 £
<b>Net expenditure (as per the statement of financial activities)</b>	<b>(841,059)</b>	(118,834)
<b>Adjustments for:</b>		
Depreciation and amortisation charges	24,526	23,299
Donations of shares	—	(89,361)
Losses / (gains) on investments	186,147	(358,583)
Investment income	(133,070)	(145,384)
Increase in stocks	(49,465)	(14,396)
(Increase) / decrease in debtors	(6,226)	71,117
Increase in creditors	162,365	113,860
<b>Net cash used in operating activities</b>	<b>(656,782)</b>	(518,282)

#### B Analysis of cash and cash equivalents

	2025 £	2024 £
Cash at bank and in hand	280,671	249,776
Cash held by investment managers	59,366	9,489
<b>Total cash and cash equivalents</b>	<b>340,037</b>	259,265

**Consolidated statement of cash flows** Year to 31 August 2025

**C Analysis of change in net debt**

	At 1 September 2024 £	Cash flows £	At 31 August 2025 £
Cash and cash equivalents	259,265	80,772	<b>340,037</b>
Finance lease liabilities	(15,916)	3,214	<b>(12,702)</b>
<b>Net debt</b>	<b>243,349</b>	<b>83,986</b>	<b>327,335</b>

## **Principal accounting policies** Year to 31 August 2025

### **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 2025.

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 and intangible 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 2025

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 £520k below the target level set in its reserves policy. The Council is of the opinion that due to the fact that the endowment funding is expendable, the level of funds overall is sufficient and does not cast doubt on the ability of the charity to continue as a going concern. The issue of financial sustainability is at the top of the Council's agenda, and the restructure that took place during the year ended 31 August 2025 represents an investment in the future of the RSN; new fundraising roles have been created to maximise fundraised income, and additional resource has been added to facilitate the improvement of programme delivery. A further important role created was for the Director of Design & Commercial to oversee the operations of RSN Enterprises Ltd and realise its significant potential for profit generation. Cash flow continues to be monitored closely and the RSN has started to sell investments to fund cash requirements.

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 2026, 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. A net deficit of (£836,076) (2023/24: £115,771 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.

## Principal accounting policies Year to 31 August 2025

Grants and donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of grants or donations pledged but not received, the amount is accrued for where the receipt is considered probable. Amounts received for application in future periods are held on the balance sheet as deferred income and released to the statement of financial activities in the relevant period. In the event that a grant or donation is subject to conditions that require a level of performance before the charity is entitled to the funds, 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.

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.

## Principal accounting policies Year to 31 August 2025

### 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). Governance costs are all included within expenditure on charitable activities (costs of school activities).

### Intangible fixed assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

- ◆ Software: 3-5 years
- ◆ Business intellectual property 3 years

### 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 11 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.

## Principal accounting policies Year to 31 August 2025

### 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.

### 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 2025

### 1 Donations and legacies

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2025 £
<b>2025</b>				
Donations	37,619	128,531	—	<b>166,150</b>
Legacies	16,875	—	—	<b>16,875</b>
Grants	—	31,438	—	<b>31,438</b>
	<b>54,494</b>	<b>159,969</b>	<b>—</b>	<b>214,463</b>
	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2024 £
<b>2024</b>				
Donations	153,690	109,277	—	262,967
Legacies	52,164	—	—	52,164
	<b>205,854</b>	<b>109,277</b>	<b>—</b>	<b>315,131</b>

### 2 Investment income

	Unrestricted funds	
	Total 2025 £	Total 2024 £
Bank and deposit interest received	<b>3,513</b>	1,724
Income from listed investments	<b>129,557</b>	143,660
	<b>133,070</b>	145,384

### 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.

RSN Enterprises Limited – Statement of comprehensive income:

	Total 2025 £	Total 2024 £
<b>Turnover</b>	<b>816,284</b>	612,513
Cost of sales	<b>(641,133)</b>	(484,446)
<b>Gross profit</b>	<b>175,151</b>	128,067
Other operating income	<b>20,196</b>	18,714
Administrative expenses	<b>(200,329)</b>	(149,844)
<b>Operating loss</b>	<b>(4,982)</b>	(3,063)
Gift Aid donation to The Royal School of Needlework	—	—
<b>Retained loss for the financial year</b>	<b>(4,982)</b>	(3,063)

## Notes to the financial statements Year to 31 August 2025

### 3 Income from trading activities (continued)

In the year ended 31 August 2025, turnover includes £9,308 (2024: £10,471) 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 programme, Professional Embroidery Tutor Programme and Short Courses.

Income from school activities includes:

	2025 £	2024 £
<b>Unrestricted funds</b>		
Fee income for taught awards (Higher Education)	—	—
Fee income from non-qualifying courses	<b>1,315,567</b>	1,282,693
	<b>1,315,567</b>	1,282,693
Higher Education income from sub-contractual arrangements with other providers	<b>351,437</b>	409,956
Other income from School activities	<b>202,268</b>	192,770
	<b>1,869,272</b>	1,885,419
<b>Restricted funds</b>		
Income for private tuition of individual	—	2,555
	<b>1,869,272</b>	1,887,974

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	
	Total 2025 £	Total 2024 £
Costs of trading subsidiary (net of intra-group transactions)	<b>836,674</b>	621,829
Investment managers' fees	<b>5,106</b>	39,473
Advertising and literature	<b>46,956</b>	47,234
Fundraising costs	<b>53,910</b>	35,720
Travelling & other costs	<b>2,900</b>	4,093
	<b>945,546</b>	748,349

## 6 Costs of school activities

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2025 £
<b>2025</b>				
Staff costs	1,722,034	142,418	—	<b>1,864,452</b>
Other costs	776,219	112,572	100	<b>888,891</b>
<b>Total funds</b>	<b>2,498,253</b>	<b>254,990</b>	<b>100</b>	<b>2,753,343</b>

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2024 £
<b>2024</b>				
Staff costs	1,697,831	29,578	—	1,727,409
Other costs	826,461	143,943	500	970,904
<b>Total funds</b>	<b>2,524,292</b>	<b>173,521</b>	<b>500</b>	<b>2,698,313</b>

## 7 Staff costs

	2025 £	2024 £
Wages and salaries	<b>2,012,865</b>	1,840,385
Social security costs	<b>163,884</b>	133,985
Pension costs	<b>73,508</b>	70,796
Redundancy and termination payments	<b>38,317</b>	—
	<b>2,288,574</b>	2,045,166
Staff costs by function were as follows:		
Cost of school activities	<b>1,864,452</b>	1,727,409
Cost of raising funds (fundraising and trading subsidiary)	<b>424,122</b>	317,757
	<b>2,288,574</b>	2,045,166

The average monthly number of employees during the year was 64 (2024: 64) and on a full time equivalent basis was 34 (2024: 34).

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:

	2025	2024
£60,001 - £64,999	<b>1</b>	1
£65,000-£69,999	<b>2</b>	1
£75,000-£79,999	<b>1</b>	—
£80,000-£84,999	<b>1</b>	—
£110,000 - £114,999	<b>—</b>	1

Six Council Members had their expenses met for travel / accommodation costs incurred in connection with exercising their duties as Council Members in the year totalling £2,382 (2024: £4,236).

No remuneration was paid to the Council Members in the year (2024: none). Other related party transactions are set out within note 25 to the financial statements.

**7 Staff costs (continued)**

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day-to-day basis during the year and the prior year comprised the Council, the Chief Executive and the Senior Management Team of five). 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 £427,368 (2024: £449,173).

**Chief Executive Remuneration**

	2025 £	2024 £
Basic salary	82,846	110,311
Salary sacrifice arrangements	(2,025)	(11,031)
Pension contribution	5,400	16,546
Total remuneration after salary sacrifice	<b>86,221</b>	<b>115,826</b>

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 2.1 (2024: 2.9).

The Chief Executive's total remuneration as a multiple of the median of all staff was 2.1 (2024: 2.9).

**8 Net expenditure before investment gains and losses**

This is stated after charging:

	2025 £	2024 £
Depreciation	16,600	18,709
Amortisation	7,926	4,590
Auditor's remuneration		
. Charity audit	15,516	12,270
. Trading subsidiary audit	4,670	3,655
. Other services	6,996	2,813
Lease expenses		
. Land and buildings	220,517	216,347
. Other	1,405	1,938

**9 Intangible fixed assets**

Group	Business Intellectual Property £	Restricted Computer Software £	Total £
<b>Cost</b>			
At 1 September 2024	—	22,950	<b>22,950</b>
Additions	10,000	—	<b>10,000</b>
At 31 August 2025	<u>10,000</u>	<u>22,950</u>	<b><u>32,950</u></b>
<b>Amortisation</b>			
At 1 September 2024	—	4,590	<b>4,590</b>
Charge for year	3,336	4,590	<b>7,926</b>
At 31 August 2025	<u>3,336</u>	<u>9,180</u>	<b><u>12,516</u></b>
<b>Net book values</b>			
At 31 August 2025	<b>6,664</b>	<b>13,770</b>	<b>20,434</b>
At 31 August 2024	<u>—</u>	<u>18,360</u>	<b><u>18,360</u></b>

Charity	Restricted Computer Software £	Total £
<b>Cost</b>		
At 1 September 2024	22,950	22,950
Additions	—	—
At 31 August 2025	<u>22,950</u>	<u>22,950</u>
<b>Amortisation</b>		
At 1 September 2024	4,590	4,590
Charge for year	4,590	4,590
At 31 August 2025	<u>9,180</u>	<u>9,180</u>
<b>Net book values</b>		
At 31 August 2025	<b>13,770</b>	<b>13,770</b>
At 31 August 2024	<u>18,360</u>	<u>18,360</u>

## 10 Tangible fixed assets

Group and Charity	Leasehold improve- ments £	Office equipment £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 September 2024	150,509	150,938	70,386	<b>371,833</b>
Additions	—	3,008	—	<b>3,008</b>
At 31 August 2025	150,509	153,946	70,386	<b>374,841</b>
<b>Depreciation</b>				
At 1 September 2024	150,509	113,844	60,698	<b>325,051</b>
Charge for year	—	13,245	3,355	<b>16,600</b>
At 31 August 2025	150,509	127,089	64,053	<b>341,651</b>
<b>Net book values</b>				
At 31 August 2025	—	<b>26,857</b>	<b>6,333</b>	<b>33,190</b>
At 31 August 2024	—	37,094	9,688	46,782

The net book value of assets held under finance leases was £11,408 at 31 August 2025 (31 August 2024: £15,210).

## 11 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.

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.

## 11 Heritage assets (continued)

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.

## 12 Investments

	2025 £	2024 £
Listed investments and cash holdings	4,502,011	5,258,977
<b>Group total</b>	<b>4,502,011</b>	<b>5,258,977</b>
Shares in subsidiary undertaking at cost	100	100
<b>Charity total</b>	<b>4,502,111</b>	<b>5,259,077</b>

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.

	2025 £	2024 £
Aggregate share capital and reserves of RSN Enterprises Limited	(19,287)	(14,305)

	2025 £	2024 £
<b>Listed investments &amp; cash holdings</b>		
Market value at 1 September	5,249,488	4,957,652
Additions at cost	4,921,588	821,058
Donated shares received at market value	—	89,361
Disposal proceeds	(5,542,284)	(977,166)
Realised losses	(10,482)	(7,342)
Unrealised losses	(175,665)	365,925
Market value at 31 August	4,442,645	5,249,488
Cash held by investment managers	59,366	9,489
	<b>4,502,011</b>	<b>5,258,977</b>

During the period, the charity moved its investment portfolio from JM Finn to CCLA and as part of this process the majority of investments were sold, with the proceeds transferred to CCLA and invested in the COIF Charities Ethical Investment Fund. In addition to the sales, £1.1m of investments were transferred in specie to the new fund. The table above reflects these movements.

## 12 Investments (continued)

Listed investments held at 31 August comprised the following:

	2025 £	2024 £
Fixed interest	—	649,247
UK equities	—	1,849,019
Overseas equities and equity funds	—	2,036,935
Other listed investments	—	714,287
Common investment funds	<b>4,442,646</b>	—
	<b>4,442,646</b>	5,249,488
Listed investments at cost	<b>4,621,589</b>	4,325,272

## 13 Stocks

	Group		Charity	
	2025 £	2024 £	2025 £	2024 £
Materials	<b>80,764</b>	43,869	<b>53,647</b>	43,869
Finished work and goods held for resale	<b>77,558</b>	64,988	—	—
	<b>158,322</b>	108,857	<b>53,647</b>	43,869

## 14 Debtors

	Group		Charity	
	2025 £	2024 £	2025 £	2024 £
Trade debtors	<b>48,622</b>	47,243	<b>17,504</b>	—
Prepayments and accrued income	<b>85,810</b>	80,963	<b>60,552</b>	63,977
Amounts owed by subsidiary company	—	—	<b>121,477</b>	131,190
	<b>134,432</b>	128,206	<b>199,533</b>	195,167

## 15 Creditors: amounts falling due within one year

	Group		Charity	
	2025 £	2024 £	2025 £	2024 £
Trade creditors	<b>89,812</b>	135,229	<b>68,555</b>	118,023
Other taxes and social security costs	<b>63,444</b>	53,624	<b>35,737</b>	33,834
Accruals and deferred income	<b>951,986</b>	754,024	<b>884,961</b>	728,243
Finance lease creditor (note 17)	<b>3,518</b>	3,214	<b>3,518</b>	3,214
	<b>1,108,760</b>	946,091	<b>992,771</b>	883,314

**Notes to the financial statements** Year to 31 August 2025

**16 Deferred income (included above)**

	<b>Group</b>		<b>Charity</b>	
	<b>2025</b>	2024	<b>2025</b>	2024
	<b>£</b>	£	<b>£</b>	£
Brought forward at 1 September	<b>632,878</b>	653,368	<b>626,878</b>	646,603
Deferred in the year	<b>510,470</b>	436,510	<b>510,470</b>	436,510
Released in the year	<b>(417,239)</b>	(457,000)	<b>(415,796)</b>	(456,235)
Carried forward at 31 August	<b>726,109</b>	632,878	<b>721,552</b>	626,878

Deferred income is fees received in advance of the course taking place, donations received for the following academic year and grant income received in advance of service delivery. Included within the balance as at 31 August 2025 is £94,549 in respect of the National Lottery Heritage Fund grant for Fragile Threads.

**17 Creditors: amounts falling due in more than one year**

	<b>Group</b>		<b>Charity</b>	
	<b>2025</b>	2024	<b>2025</b>	2024
	<b>£</b>	£	<b>£</b>	£
Finance lease creditor (see below)	<b>9,184</b>	12,702	<b>9,184</b>	12,702
	<b>9,184</b>	12,702	<b>9,184</b>	12,702

Liabilities in respect of finance leases fall due as follows:

	<b>Group</b>		<b>Charity</b>	
	<b>2025</b>	2024	<b>2025</b>	2024
	<b>£</b>	£	<b>£</b>	£
Within one year (note 14)	<b>3,518</b>	3,214	<b>3,518</b>	3,214
More than one, but less than five years	<b>9,184</b>	12,702	<b>9,184</b>	12,702
	<b>9,184</b>	12,702	<b>9,184</b>	12,702
	<b>12,702</b>	15,916	<b>12,702</b>	15,916

**18 Share capital**

	<b>Issued, called up and fully paid</b>	
	<b>2025</b>	2024
	<b>£</b>	£
Ordinary shares of £10 each	<b>220</b>	220

**19 Capital redemption reserve**

	<b>2025</b>	2024
	<b>£</b>	£
471 Ordinary shares of £10 each (2024: 470)	<b>4,710</b>	4,700

**20 Endowment funds**

	At 1 September 2024	Income	Expenditure	Investment losses	At 31 August 2025
<b>2025</b>	£	£	£	£	£
Victoria Adams Fund	2,009,707	—	—	(76,950)	<b>1,932,757</b>
General Endowment Fund	550,849	—	—	(21,091)	<b>529,758</b>
Hilda Watson Fund	2,898	—	—	(111)	<b>2,787</b>
Charrington / Broderers Fund	3,102	—	—	(119)	<b>2,983</b>
Wendy Hogg Fund	18,158	—	(100)	(695)	<b>17,363</b>
HB Allen Fund	251,512	—	—	(9,630)	<b>241,882</b>
	<u>2,836,226</u>	<u>—</u>	<u>(100)</u>	<u>(108,596)</u>	<u><b>2,727,530</b></u>

	At 1 September 2023	Income	Expenditure	Investment gains	At 31 August 2024
<b>2024</b>	£	£	£	£	£
Victoria Adams Fund	1,874,653	—	—	135,054	2,009,707
General Endowment Fund	513,832	—	—	37,017	550,849
Hilda Watson Fund	2,890	—	(200)	208	2,898
Charrington / Broderers Fund	2,987	—	(100)	215	3,102
Wendy Hogg Fund	17,124	—	(200)	1,234	18,158
HB Allen Fund	234,610	—	—	16,902	251,512
	<u>2,646,096</u>	<u>—</u>	<u>(500)</u>	<u>190,630</u>	<u>2,836,226</u>

- 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 and the Professional Embroidery Tutor programme.

## 21 Restricted funds

	At 1 September 2024	Income	Expenditure	Investment gains	Transfers between funds	At 31 August 2025
<b>2025</b>	£	£	£	£	£	£
Future Tutor Programme	—	44,100	(44,100)	—	—	—
Degree Programme	—	49,740	(49,740)	—	—	—
Collection & Archive	117,647	1,899	(88,569)	—	7,175	<b>38,152</b>
Digitisation of Grove Book	7,490	1,255	(1,570)	—	(7,175)	—
Embroider a Selfie	236	—	(30)	—	—	<b>206</b>
Stitch Bank	—	31,537	(31,537)	—	—	—
School/Family Workshops	4,631	—	(2,114)	—	—	<b>2,517</b>
National Lottery Heritage Fund grant	—	29,438	(29,438)	—	—	—
Pasold Research Fund grant	—	2,000	(2,000)	—	—	—
Other Restricted Legacy	27,989	—	(6,373)	—	—	<b>21,616</b>
	<b>157,993</b>	<b>159,969</b>	<b>(255,471)</b>	<b>—</b>	<b>—</b>	<b>62,491</b>

	At 1 September 2023	Income	Expenditure	Investment gains	Transfers between funds	At 31 August 2024
<b>2024</b>	£	£	£	£	£	£
Future Tutor Programme	—	29,829	(29,829)	—	—	—
Degree Programme	—	47,729	(47,729)	—	—	—
Collection & Digitisation	187,867	4,632	(74,852)	—	—	117,647
Digitisation of Grove Book	—	7,490	—	—	—	7,490
Embroider a Selfie	1,671	—	(1,435)	—	—	236
Stitch Bank	—	11,997	(11,997)	—	—	—
School/Family Workshops	2,155	7,600	(5,124)	—	—	4,631
Funding for tuition	—	2,555	(2,555)	—	—	—
Other Restricted Legacy	27,989	—	—	—	—	27,989
	<b>219,682</b>	<b>111,832</b>	<b>(173,521)</b>	<b>—</b>	<b>—</b>	<b>157,993</b>

- a) 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.
- b) 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.
- c) The RSN Collection & Archive 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.
- d) The Digitisation of the Grove Book Appeal includes donations from RSN Friends, supporters and other donors towards the digitisation of the Grove Book, one of the treasures of the RSN Collection. During the period, the digitisation was completed and therefore the remaining funds have been transferred to the Collection & Archive restricted funding.

**21 Restricted funds (continued)**

- e) The Embroider a Selfie fund is a project to introduce stitch to young people.
- f) 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.
- g) The School/Family workshops started in 2022 to engage young people with stitch at the RSN's 150<sup>th</sup> Anniversary exhibition at the Fashion and Textile museum
- h) The National Lottery Heritage Fund grant relates to the funding of the Fragile Threads project.
- i) The Pasold Research Fund grant relates to the funding of the *Stitched Together: Needlework Research and Making* conference.
- j) The Funding for Tuition restricted fund is a grant received to fund the private tuition of a named individual.
- k) The Other Restricted Legacy Fund relates to a legacy received in 2016/17, which will provide support for the Future Tutor Programme & Professional Embroidery Tutor Programme.

**22 Designated funds**

	At 1 September 2024 £	New Designations £	Utilised/ released £	At 31 August 2025 £
<b>2025</b>				
Collection & Archive	88,000	—	(88,000)	—
150 Forward	70,527	—	(70,527)	—
	158,527	—	(158,527)	—
	At 1 September 2023 £	New Designations £	Utilised/ released £	At 31 August 2024 £
<b>2024</b>				
<i>Futures campaign</i>	542,000	—	(542,000)	—
<i>Stitch Bank</i>	599	—	(599)	—
<i>Collection &amp; Digitisation</i>	88,000	—	—	88,000
<i>150 Forward</i>	70,527	—	—	70,527
	701,126	—	(542,599)	158,527

Given the deficit for the year ended 31 August 2025, the decision was made to undesignate all of the £158,527 of funds previously designated for the Collection & Archive and 150 Forward project brought forward at 1 September 2024.

**23 Analysis of net assets between funds**

<b>Group</b>	Shareholders funds £	Restricted funds £	Un-restricted funds £	Endowment funds £	<b>Total 2025 £</b>
Intangible fixed assets	—	13,770	6,664	—	<b>20,434</b>
Tangible fixed assets	—	1,935	31,255	—	<b>33,190</b>
Investments	—	—	1,774,481	2,727,530	<b>4,502,011</b>
Current assets	4,930	192,836	375,659	—	<b>573,425</b>
Creditors: amounts falling due within one year	—	(146,050)	(962,710)	—	<b>(1,108,760)</b>
Creditors: amounts falling due in more than one year	—	—	(9,184)	—	<b>(9,184)</b>
<b>Total net assets</b>	<b>4,930</b>	<b>62,491</b>	<b>1,216,165</b>	<b>2,727,530</b>	<b>4,011,116</b>

<b>Group</b>	Shareholders funds £	Restricted funds £	Un-restricted funds £	Endowment funds £	<b>Total 2024 £</b>
Intangible fixed assets	—	18,360	—	—	<b>18,360</b>
Tangible fixed assets	—	2,665	44,117	—	<b>46,782</b>
Investments	—	—	2,422,751	2,836,226	<b>5,258,977</b>
Current assets	4,920	184,268	297,651	—	<b>486,839</b>
Creditors: amounts falling due within one year	—	(47,300)	(898,791)	—	<b>(946,091)</b>
Creditors: amounts falling due in more than one year	—	—	(12,702)	—	<b>(12,702)</b>
<b>Total net assets</b>	<b>4,920</b>	<b>157,993</b>	<b>1,853,026</b>	<b>2,836,226</b>	<b>4,852,165</b>

<b>Charity</b>	Shareholders funds £	Restricted funds £	Un-restricted funds £	Endowment funds £	<b>Total 2025 £</b>
Intangible fixed assets	—	13,770	—	—	<b>13,770</b>
Tangible fixed assets	—	1,935	31,255	—	<b>33,190</b>
Investments	—	—	1,774,581	2,727,530	<b>4,502,111</b>
Current assets	4,930	192,836	285,622	—	<b>483,388</b>
Creditors: amounts falling due within one year	—	(146,050)	(846,721)	—	<b>(992,771)</b>
Creditors: amounts falling due in more than one year	—	—	(9,184)	—	<b>(9,184)</b>
<b>Total net assets</b>	<b>4,930</b>	<b>62,491</b>	<b>1,235,553</b>	<b>2,727,530</b>	<b>4,030,504</b>

<b>Charity</b>	Shareholders funds £	Restricted funds £	Un-restricted funds £	Endowment funds £	<b>Total 2024 £</b>
Intangible fixed assets	—	18,360	—	—	<b>18,360</b>
Tangible fixed assets	—	2,665	44,117	—	<b>46,782</b>
Investments	—	—	2,422,851	2,836,226	<b>5,259,077</b>
Current assets	4,920	184,268	249,178	—	<b>438,366</b>
Creditors: amounts falling due within one year	—	(47,300)	(836,013)	—	<b>(883,313)</b>
Creditors: amounts falling due in more than one year	—	—	(12,702)	—	<b>(12,702)</b>
<b>Total net assets</b>	<b>4,920</b>	<b>157,993</b>	<b>1,867,431</b>	<b>2,836,226</b>	<b>4,866,570</b>

## 24 Operating lease commitments

As at 31 August 2025, the group and charity had the following future minimum payments under non-cancellable licences and operating leases:

<b>Group</b>	Land and buildings £	Equipment £	<b>2025 £</b>
Operating lease payments due:			
within the next year	227,533	882	<b>228,415</b>
between one and two years	685,711	2,206	<b>687,917</b>
	913,244	3,088	<b>916,332</b>

<b>Charity</b>	Land and buildings £	Equipment £	<b>2025 £</b>
Operating lease payments due:			
within the next year	227,533	—	<b>227,533</b>
between one and two years	685,711	—	<b>685,711</b>
	913,244	—	<b>913,244</b>

<b>Group</b>	<i>Land and buildings</i> £	<i>Equipment</i> £	<b>2024 £</b>
Operating lease payments due:			
within the next year	220,513	918	221,431
between one and two years	227,129	—	227,129
	447,642	918	448,560

<b>Charity</b>	<i>Land and buildings</i> £	<i>Equipment</i> £	<b>2024 £</b>
Operating lease payments due:			
within the next year	220,513	—	220,513
between one and two years	227,129	—	227,129
	447,642	—	447,642

## 25 Related party transactions

RSN Enterprises Limited donates any profits via Gift Aid to the charity. During the year the RSN Enterprises Limited reported a loss of £4,982 (2024: loss of £3,063). No Gift Aid donation was made during the year as the company has accumulated losses from prior years and no reserves available for distribution (2024: £nil).

During the year, intercompany charges of £14,097 (2024: £3,389) took place between The Royal School of Needlework and RSN Enterprises Ltd, which have been eliminated upon consolidation. At 31 August 2025, £121,477 (2024: £131,190) is due by RSN Enterprises Limited to the charity.

Council Members paid an aggregate of £2,967 (2024: £1,065) for classes and events, £370 (2024: £1,151) for Friends' subscriptions at standard un-discounted rates and donations of £1,100 (2024: £320).

The figures reported in these financial statements include an amount of £23,250 (2024: £20,000) invoiced by Victoria Farrow, who was a trustee of the charity until 26 March 2025 for work on a strategic consultancy review and the Fragile Threads project.

## 26 Comparative statement of financial activities for the year ended 31 August 2024

<i>Income and expenditure</i>	<i>Unrestricted funds</i> £	<i>Restricted funds</i> £	<i>Endowment funds</i> £	<i>2024 Total funds</i> £
<b><i>Income from:</i></b>				
<i>Donations and legacies</i>	205,854	109,277	—	315,131
<i>Investments</i>	145,384	—	—	145,384
<i>Other trading activities</i>	620,756	—	—	620,756
<b><i>Charitable activities</i></b>				
<i>School activities</i>	1,885,419	2,555	—	1,887,974
<b><i>Total income</i></b>	<b>2,857,413</b>	<b>111,832</b>	<b>—</b>	<b>2,969,245</b>
<b><i>Expenditure on:</i></b>				
<i>Raising funds</i>	748,349	—	—	748,349
<b><i>Charitable activities</i></b>				
<i>Costs of school activities</i>	2,524,292	173,521	500	2,698,313
<b><i>Total expenditure</i></b>	<b>3,272,641</b>	<b>173,521</b>	<b>500</b>	<b>3,446,662</b>
<b><i>Net expenditure before investment gains and losses</i></b>	<b>(415,228)</b>	<b>(61,689)</b>	<b>(500)</b>	<b>(477,417)</b>
<i>Realised losses on investments</i>	(3,439)	—	(3,903)	(7,342)
<i>Unrealised gains on investments</i>	171,392	—	194,533	365,925
<b><i>Net (expenditure) / income and net movement in funds</i></b>	<b>(247,275)</b>	<b>(61,689)</b>	<b>190,130</b>	<b>(118,834)</b>
<b><i>Reconciliation of funds:</i></b>				
<i>Fund balances brought forward at 1 September 2023</i>	2,100,301	219,682	2,646,096	4,966,079
<b><i>Fund balances carried forward at 31 August 2024</i></b>	<b>1,853,026</b>	<b>157,993</b>	<b>2,836,226</b>	<b>4,847,245</b>