RNCM Financial Statements

2022/23

50 ROYAL NORTHERN COLLEGE of MUSIC

The Patron, The President, and Board of Governors

PATRON
Her Majesty the Late Queen

PRESIDENT
Sir John Tomlinson CBE

GOVERNORS
Ravi Gupta *(Chair)* [1, 3, 4, 5]
Carolyn Baxendale[2, 3] (until 31 December 2022)
James Binks[2] (from 1 January 2023)
Chris Cox[4] (until 31 December 2022)
Professor Sir David Eastwood
Felicity Goodey[3]
Michael Harper[6] (until 31 December 2022)
Professor Chris Haslam[2]
Leslie Kwan[5] (from 1 January 2023)
Sir Richard Leese (until 31 December 2022)
Hazel Province[3] (from 1 January 2023)[4,5] (until 31 December 2022)
Hugh Raymont-Pickard[4] (from 1 January 2023)
Professor Nicholas Reyland[6]
Sam Rigby[1,5]
Georgina Robb[2]
Liz Rowley[7]
Simon Webb[1]
Colin Walklin[1]
Dr Gavin Wayte (from 1 January 2023)
The Principal (Professor Linda Merrick CBE)[1, 4, 5]
The President of the Students' Union (Sinead Walsh)

CLERK TO THE BOARD OF GOVERNORS
Professor Dawn Edwards

1 Member of Finance and Investment Committee
2 Member of Audit and Risk Committee
3 Member of Remuneration and Human Resources Committee
4 Member of Nominations Committee
5 Member of Honorands Committee
6 Nominated by the Academic Board
7 Nominated by the Professional Services Staff

A record of members' attendance at meetings of the Board and of its committees is maintained by the Clerk and monitored by the Nominations Committee. For the session 2022-23, no cause for concern has been identified.

Officers and Professional Advisors

CHAIR OF THE BOARD
Ravi Gupta BSc, ACA

DEPUTY CHAIR OF THE BOARD
Colin Walklin BSc, FCA

PRINCIPAL
Professor Linda Merrick CBE GRSM(Hons), MMus, PhD, FRAM, FRCM, FRNCM, FLCM, FRSA, HonVCM, FHEA

CLERK TO THE BOARD
Professor Dawn Edwards BSc(Hons), PhD, PFHEA

BANKERS
Royal Bank of Scotland
38 Mosley Street
Manchester
M2 3AZ

SOLICITORS
Mills & Reeve
No 1 Circle Square
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EXTERNAL AUDITORS
Mazars LLP
One St Peter's Square
Manchester
M2 3DE

ADDRESS
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Manchester
M13 9RD

RNCM Financial Statements
2022/23

Welcome from the Chair of the Board of Governors and the Principal

As we reflect on our 50th anniversary, we are immensely proud that the Royal Northern College of Music remains at the forefront of music education globally. A laboratory of innovation and creativity, we are dedicated to defining the future of music, training exceptional musicians for successful and sustainable careers within the industry.

The past 12 months have been extremely positive for the College. In October, shortly after launching our celebratory year, we were proud to announce that the Office for Students awarded us with Specialist Provider Funding. This significant acknowledgement is testament to the dedication and quality of our staff and cements our position as a world-leading conservatoire. The year also brought several prestigious accolades for the organisation, including our fourth Times Higher Education Award, this time for Technical and Digital Innovation.

In a very competitive global market, student recruitment remained strong for 2023 entry, as did our international reputation as a leading voice in music education and artistic creativity. Targeted interventions through our Creative Engagement department, RNCM Engage, RNCM Young Programmes and Young Projects, in addition to Junior RNCM and curriculum-based student placements, enabled us to reach children, young people, families, and local communities on a significant scale, while our performance programme offered a range of exciting events to public audiences. This included collaborations with professional partners Manchester Camerata, Manchester Collective, Opera North and the Chamber Orchestra of Europe, two appearances at the BBC Proms with the BBC Philharmonic and Edvard Grieg Kor, a substantial project as part of Manchester International Festival, and two special broadcasts on BBC Radio 3.

As a pioneering advocate for the creation of new music, we also continued to provide a platform for students to share, express, explore and develop their own ideas and personal voices. Outcomes this year included over 30 new works by student composers and more than 50 student-led public performances. We also presented in excess of 40 concerts incorporating works by underrepresented artists or composers.

Following the successful completion of our decarbonisation project in July 2022, delivered in partnership with the Greater Manchester Combined Authority and funded by Salix, the RNCM continues to lead the way in environmental responsibility within the conservatoire sector. The £6.45 million project is already showing ongoing positive results across our estate, including a dramatic increase in energy efficiency and a significant reduction in the use of natural gas and grid electricity.

Our anniversary year was also exceptional for our Development Team, which raised £2.65 million through the RNCM50 Fund. With a further £1.95 million committed to future support, we are confident that we can continue to help young musicians from the earliest moment, breaking down barriers to music education and ensuring that the work we do enriches communities.

At the end of the financial year, the RNCM group's total reserves totalled £71.2m, cash equivalents totalled £9.9m, and operating surplus for the year before other gains and losses was £0.4m.

Ravi Gupta
Chair of the Board

Professor Linda Merrick CBE
Principal

Operating and Financial Review


RNCM Gospel Choir performs as part of the Session Orchestra's 50th anniversary concert

Exceptional value and unrivalled opportunities
The RNCM is a small, specialist institution training talented musicians from all over the world for diverse and fulfilled careers in music.

From Junior RNCM through to undergraduate and postgraduate study, we provide exceptional opportunities for all students to develop and enhance the skills needed to meet the demands of an ever-changing industry.

This often means a combination of performing, composing, arranging, teaching, participation/community work and arts administration, all of which are catered for via our programmes of study. A whole strand of our undergraduate offer is dedicated to artist development, which teaches students how to market and promote themselves, develop and deliver independent projects and manage their finances. Additionally, many students undertake an industry placement during their time with us; this can be anything from learning and participation to marketing and fundraising, all over the world.

We provide £1.6m in scholarships, bursaries and prizes each year to assist high performing students and those in need of additional financial support, and we ensure funding for the RNCM Students' Union, enabling them to represent and enhance the needs of our students annually.

Based in one location on Oxford Road and with a Hall of Residence right next door, we pride ourselves on providing a welcoming and supportive environment for everyone in our community. Our dedicated professional services teams ensure that students have access to the right facilities and support during their studies, including technical equipment and IT infrastructure, a dedicated specialist library, performance and practice spaces, catering and porterage, and health and wellbeing. Students also benefit from our close links to the city's other universities and professional organisations, all of which add further value to their overall experience and academic provision.

Outstanding teaching
For 50 years we have been paving the way in our sector, never afraid to embrace change, take risks and develop new initiatives that our competitors strive to emulate. As the music industry continues to evolve, we understand that it is no longer enough for our students to be excellent performers or composers. Now, more than ever, they need to be multi-skilled entrepreneurs, fully equipped for successful, sustainable and satisfying careers.

This is why we provide a world-class education, complemented by exceptional real-world experiences and embedded in an environment where students' health and wellbeing remain a priority. Whether they are following a classical route or pursuing popular music, we want all our students to form independent and creative minds, with the confidence, ability, and flexibility to develop as whole musicians.

The incredible opportunities we provide each year for students to develop their professional and personal skills with experts across the industry are unrivalled. This includes masterclasses, side-by-side performances, entrepreneurial initiatives, work placements, and creative projects.


RNCM Chamber Orchestra with Henning Kraggerud

RNCM50 guests included, amongst others, conductors Sir Mark Elder, Anthony Hermus, Elena Schwarz, Gábor Takács Nagy and Garry Walker; vocalists William Dazeley, Elizabeth Llewellyn and Dame Ann Murray; instrumentalists Lise Berthaud, Ning Feng, Henning Kraggerud, Steven Osborne, Abel Selaocoe and Alice Zawadski; music education specialist Nate Holder; and entrepreneur Anthony Diver.

World-leading research
Research is a cornerstone of the musical creativity and experimentation that flourishes at the RNCM, feeding into learning and teaching across all Schools while also producing world-leading research outputs that will be submitted for REF2028.

Throughout the year, we invested in the production of internationally recognised research particularly in composition/performance - not least through the PRISM Centre - music education, music psychology, music history and entrepreneurship by supporting national and international presentations and publications. The work has been recognised through invitations to present best practice models in the UK and beyond.

We continue to build our dynamic research culture by recognising research across a wide range of sub-disciplinary areas, increasingly supporting colleagues across Performance schools to frame and share their artistic and teaching practice as research. The broad expertise of our researchers thus fostered infiltrates our programmes of study, underpinning the work we do and setting the foundation for activities that create change and impact society beyond our industry.

Partnerships
Since our formation in 1973, we have forged partnerships with orchestras, ensembles and organisations worldwide, all of which provide our students with exceptional opportunities to develop their professional and personal skills.

This year we celebrated connections with our professional partners in performances that included appearances at the BBC Proms with the BBC Philharmonic and Edvard Grieg Kor, as well as unique collaborations with the Chamber Orchestra of Europe, Manchester Camerata, Manchester Collective and Opera North.

Our 50th also brought opportunities to strengthen relationships with Manchester International Festival through an exciting project with Anna Meredith at Depot Mayfield, and BBC Radio 3, which dedicated two programmes to showcasing our past, present and future.

RNCM Engage
We are dedicated to tackling the challenges surrounding music education and RNCM Engage is central to our work.

This award-winning programme of free and subsidised projects encourages children and young people across the North West and beyond to build their skills and confidence in music. Throughout our anniversary we stepped up our commitment to this vital area of work, helping young musicians to overcome barriers through initiatives such as RNCM Young Projects, Young Artists, Young Strings and Pathfinder.

RNCM Engage also provides our students with unrivalled opportunities for professional development through placements and projects in schools, hospitals and care homes. It also reaches out to local communities through a range of family-friendly initiatives designed to make live music accessible to all.

RNCM Children's Opera, part of RNCM Engage

Alongside our Young Explorers concert series, Children's Opera and Christmas Family Day, RNCM50 saw us throw open our doors for Explore@RNCM, a spectacular day of free creative workshops and performances from Manchester-based groups, followed by a performance of Sondheim's *Into the Woods* featuring our new Community Chorus and RNCM singers. The day ended with the launch of our new *Late Night Sessions*, showcasing local DJs.

All of this is complementary to the incredible work undertaken at Junior RNCM, our centre for advanced training for talented young musicians aged eight to 18.

Each Saturday during term time the RNCM is their home; a place to study with exceptional tutors, perform with like-minded people and make long-lasting friendships. It's also a place that looks to the future, teaching transferrable skills for life and creating a solid platform for further study at a conservatoire or university.

Alumni
Being part of the RNCM family doesn't end at graduation. The experiences and memories of our alumni illustrate our history, and their professional journeys inspire our future.

During our anniversary we were delighted to welcome back graduates from across the decades, with over 150 joining us for a very special reunion and a number returning to the stage for celebratory performances. Alongside this, many took part in advisory panels and mentoring programmes, attended professional networking events, and joined our online global network through *RNCM Connect*.

Charitable Status and Public Benefit
The RNCM is an independent organisation, established as a Higher Education Corporation under the terms of the Education Reform Act 1988 and the Further and Higher Education Act 1992. Within the provisions of the Charities Act 1993, amended in 2011, the College is an exempt charity, its objectives, powers and framework are set out in the Articles of Government. Its public benefit reaches into communities through the availability of free concerts, RNCM Engage, which brings music to new audiences, the accessibility of a world-class instrument collection and through enabling other organisations to hire the facilities in order to give performances and stage events. The College confirms that it has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the aims and objectives and in planning future activities.

RNCM Festival Orchestra at Manchester International Festival

Financial Performance in 2022/23

Financial Strategy

The RNCM's Financial Sustainability Strategy seeks to enable the generation of adequate resources to ensure successful teaching, performance and operations of the RNCM for the long term, providing sustainable services and value for students, staff and stakeholders. Its key objectives are to:

- Generate sufficient operating cash to enable investment in strategic priorities
- Encourage strong philanthropic support as an additional enabling income stream
- Maintain controlled borrowing limits within acceptable tolerances and risk appetite
- Ensure sufficient unrestricted cash is held in the organisation
- Generate sufficient surpluses to demonstrate sustainable financial planning and results

Financial Key Performance Indicators (KPIs) for delivery in the planning period 2020-25 are in place to monitor progress against the Strategy and these are summarised in the following table:

DESCRIPTION	TARGET 2020-25	2022/23	2021/22
Operating Cash as % of Total Income	>10%	3.9%	5.9%
Philanthropy Income as % of Total Income	>10%	10.0%	7.5%
Borrowing as % of Consolidated Income	<20%	8.0%	10.1%
Net Liquidity Days-unrestricted cash	>90 days	115	107
Operating Surplus as % Total Income	>5%	1.5%	(8.6%)

N.B. All 'Total Income' and 'Operating Surplus' figures are taken net of Salix Capital Grants given the material impact these have over the KPIs. The Operating Surplus as % Total Income as shown in the Consolidated and College Statement of Comprehensive Income was actually 14.3% in 2021/22, with Salix included. Operating Cash is adjusted to move a £1.1m debtor related to Salix Funding due at 31st July 2022 and received in August 2022 and treat as cash in 2021/22.

*Net Liquidity Days now calculated to only take account of College-only spend so excluding restricted spend which is covered by restricted cash.

During 2021/22, an additional KPI was added to those monitored in order to recognise the significant volatility in reporting Operating Surpluses under FRS102. The particular challenge in understanding operating financial performance of the RNCM are in non-cash pension charges which reached £2.1m in 2021/22 (some 9% of income) and recognition of capital grants in the Statement of Comprehensive Income which in 2021/22 were at £6.1m (some 26% of income excluding these grants). Clearly both have a material impact on our financial results but neither have a net cash effect nor are reflective of underlying performance. The new KPI is called Underlying Financial Performance (UFP) and is targeted at 15% of Total Income. It is calculated by taking the Earnings Before Interest Taxation, Depreciation and Amortisation (EBITDA) and further removing non-cash pension charges, capital grants received, permanent endowments received and distributions from ABRSM in order to better reflect operational financial performance.

DESCRIPTION	TARGET 2020-25	2022/23	2021/22
Underlying Financial Performance as % of Total Income	>15%	9.3%	11.7%

See below a reconciliation to the UFP:

Reconciliation to UFP	2022/23 £k	2021/22 £k
Total Income	26,282	29,156
-Less Salix Capital Grants	-	(6,067)
Income less Salix	**26,282**	**23,089**
Operating Surplus/(deficit)	404	4,084
Add back;		
-Interest charges	33	384
-Depreciation	2,310	2,209
-FRS102 non-cash pension charges	305	2,096
Less;		
-Capital Grants receivable	(100)	(6,067)
-New permanent endowments	-	-
-Distributions from associate	(500)	-
Underlying Financial Performance	**2,452**	**2,706**
UFP as % of Income less Salix	**9.3%**	**11.7%**

Performance against the targets has been inconsistent in 2022/23 reflecting the continued challenging financial environment. Whilst income continues to grow back following the pandemic, utilities costs remain at record levels and the impact of rising inflation hit both pay and non-pay costs.

Operating Cash generation is positive although some way behind the 10% target. Philanthropic income saw significant growth around activity the College's 50th anniversary. Borrowing as a percentage of income continues to drop as loans are repaid. This remains well below our target and gives capacity to borrow further should this be required. Liquidity remains strong and is ahead of the targeted 90 days. Operating Surplus has improved markedly to 1.5% although this is supported by both a significant reduction in non-cash pension charges and £500k in distributions from ABRSM.

The new KPI, showing UFP, demonstrates the financial performance of the College once exceptional and non-cash items are excluded from the operating results. As a percentage of income, UFP improved from 8.1% in 20/21 to 11.7% in 21/22 but has dropped to 9.3% in 22/23 and remains behind the target of 15%. The actual UFP surplus has worsened from £2.7m in 2021/22 to £2.5m in 2022/23.

Financial Review of 2022/23

The financial performance of the RNCM (including the consolidated results of the RNCM Awards and Endowment Funds) continues to deliver resilience in the face of the material risks and uncertainties faced by the HE sector. Our financial results do, however, continue to be impacted by the Covid-19 pandemic and are further affected by inflationary pressures (particularly in utilities costs) which started in 21/22 but have worsened considerably in 2022/23.

Positives for the year were that liquidity remains strong, and income has grown across the categories of income. It is particularly pleasing to see growth of over £1m in Tuition Fees with Funding Body Grants, Donations and Endowments and Investment Income contributing to growth in income excluding capital grants.

Total comprehensive income for the year has reduced to £2.3m from £23.2m following the exceptional actuarial gain in respect of pension schemes recognised in 2021/22. The actuarial position in GMPF again shows a notional surplus this year which has not been recognised on the Statement of Financial Position in line with FRS102.

Looking ahead to financial year 2023/24 and beyond, Student Recruitment looks strong as we head into the first term of 2023/24 with a continued trend of increased overseas student numbers. The review of World Leading Specialist Provider Funding (WLSPF) by the OfS continues to bring in a modest uplift in our Funding Body Grants. The big challenge continues to be the combination of high inflation impacting both pay and non-pay costs alongside the ongoing flat UK undergraduate fee.

A summary of consolidated income and expenditure and balance sheet is set out in the following tables:

Consolidated Statement of Comprehensive Income and Expenditure

RESULTS FOR THE YEAR	2022/23 £'000	2021/22 £'000	CHANGE £'000
Income	26,282	29,156	(2,874)
Expenditure	25,878	25,072	806
Operating Surplus/(Deficit) before other gains and losses	404	4,084	(3,680)
(Loss)/Gain on Investments/fixed assets	(747)	(550)	(197)
Share of operating surplus in associate	1,837	1,857	(21)
Surplus/(Deficit) for the year	1,494	5,391	(3,898)
Actuarial gain/(loss) in respect of pension schemes	344	17,670	(17,326)
Share of actuarial gain in pension scheme of associate	473	125	348
Total comprehensive income for the year	2,311	23,186	(20,875)

Consolidated Balance Sheet

RESULTS FOR THE YEAR	2022/23 £'000	2021/22 £'000	CHANGE £'000
Non-current assets	66,363	64,132	2,231
Cash and cash equivalents	9,937	9,661	276
Net current assets	8,034	8,226	(192)
Borrowings	(2,099)	(2,335)	236
Pension assets /(provisions)	(710)	(749)	39
Total reserves	71,229	68,919	2,310

Key Highlights

- Total income of £26.3m
- Income (excluding capital grants) up 14% on 2021/22
- Operating surplus of £0.4m
- Endowment assets, restricted assets and other Investments of £24.9m
- Cash and cash equivalents of £9.9m, of which £6.7m is unrestricted

Income: Year-on year decrease of £2.9m (10%)
The reduction in income year-on-year is driven by the significant Capital Grants of £6.1m received in the prior year. Excepting this, income is up by 14% showing real positive performance across all categories of income.

Tuition fee income has increased by £1.1m due to strong overseas recruitment and a smaller increase in fees for the Junior RNCM.

Funding body grants have increased by £0.5m due to an increase in OfS World-Leading Specialist Provider funding and a modest uplift in UKRI funding to support research.

Research grants and contracts income has dropped this year by £0.3m as some larger grants have ended.

Investment income increased by £0.3m (25%) year on year to £1,387k in total; despite the ongoing challenges in global markets, a loss on investments of £747k is recognised in the CSCI.

Donation and Endowments Income increased by £0.9m (52%) to £2.6m in total. This is a fantastic result and is linked to strong fundraising activity around the College's 50th anniversary.

Other income, excluding capital grants, has increased to £2.1m from £1.4m (50%). This reflects the steady return of catering and conferencing income as well as some box office income in addition to the £500k distribution from ABRSM.

Expenditure: Year-on year increase of £1.7m (7.3%)
Staff costs decreased by £410k (2.8%) year on year to £14.1m in total. Salaries saw an increase of £0.8m, due to pay awards and a one-off cost of living award paid to employees. Offsetting this is a £1.3m decrease in the non-cash pension charge attributable to the GMPF pension scheme.

Other operating costs increased significantly by 18.5% year on year to £9.4m, this reflects the return to relative normality following the pandemic which typically reduced operating costs. Utilities costs remained at a record high and inflationary pressures impacted budgets across the College's operation. Of the £1.5m increase, £0.4m related to increased scholarships and bursaries paid to students.

Capital expenditure reduced from £7.2m to £2.1m, contributing to the increase in depreciation to £2.3m compared to £2.1m in 2021/22. The reduction is due to the prior year works being largely externally funded through capital grants. Capital projects in the year included:

- Back of house works on the College's Opera Theatre to modernise and bring working conditions up to standard
- Purchase of temporary structure to house new studios until they can be permanently installed within the main buildings
- Refurbishment of café and social spaces over summer 2022

Increase in non-current assets of £2.2m (3.5%)
Reflecting an increase in the net assets of our share of ABRSM, the College's associate.

Decrease in longer term creditors of £0.2m (8.6%)
External borrowing on bank loans and obligations on finance leases has reduced year on year, primarily as a result of scheduled capital and lease repayments.

Decrease in pension provisions of £39k
The latest valuation of the Greater Manchester Pension Fund (GMPF) on a Financial Reporting Standard (FRS) 102 accounting basis as at 31 July 2023 has given rise to a net asset of £8.7m compared to the prior year of £2.0m. Neither has been recognised on the balance sheet and therefore the GMPF surplus is shown as nil. The valuation is a result of changes in financial assumptions in respect of the discount rate which has this year increased significantly following some smaller variations in recent years (5.05% in 2023 and 3.5% in 2022 compared with 1.6% in 2021, 1.4% in 2020 and 2.1% in 2019).

The pension liability disclosed on the balance sheet is related to USS (£237k) and Pension enhancements on termination (£473k), both of which have seen minimal change on the prior year.

The material valuation movement on GMPF demonstrates the inherent volatility around key financial assumptions used in the FRS 102 accounting valuation estimates as shown by the following sensitivity analysis:

CHANGE IN ASSUMPTIONS AT 31 JULY 2023	APPROXIMATE % INCREASE TO DEFINED BENEFIT OBLIGATION	APPROXIMATE MONETARY AMOUNT (£000)
0.1% decrease in Real Discount Rate	2%	615
1 year increase in member life expectancy	4%	1,166
0.1% increase in the Salary Increase Rate	0%	65
0.1% increase in the Pension Increase Rate (CPI)	2%	560

Risks
The College has embedded a system of internal control, including strategic, financial, and operational and risk management is designed to protect the RNCM's assets and reputation. Risk is viewed in an integrated way alongside Strategy and Performance Monitoring, and forms a key element of the decision-making process. Risks are regularly reviewed and recorded in the College's Risk Register with agreed actions and management responses reviewed at the College's Executive and Audit Committees.

Principal Risks
Outlined below is a brief summary of the principal risk factors which may affect the College:

Cyber Security
By most accounts, cyber security is the number one risk affecting the HE sector in the UK. The RNCM is taking steps to mitigate this risk through training, additional security measures and penetration testing.

Reputation
The RNCM has a reputation for excellence in teaching and learning. This was confirmed when the College was awarded Gold in the Teaching Excellence Framework (TEF). The RNCM continues to discharge carefully its responsibilities in relation to attracting high achieving students, high quality staff and in safeguarding its students and staff.

Financial sustainability
With Home undergraduate fees frozen for a further two years and the current levels of inflation, the unit of resource available for teaching is more stretched than ever. The impact of the Covid-19 pandemic still prevails in some income streams and pressure on salaries due to the current cost of living crisis abound. All add to the risk to the College around its ongoing Financial Sustainability which is regularly monitored and challenged by Executive and Board.

Student recruitment
Continued strong student recruitment is imperative to the sustainable future of the College. A new Student Recruitment Strategy is in development to address some of the challenges in this area.

Staff retention and recruitment
As has been mentioned in the commentary around staff costs, the environment around staff recruitment and retention is extremely challenging at present. This is not limited to the College nor the HE sector. Work is ongoing to ensure effective marketing of job vacancies and communication of the many benefits of working at the RNCM. Further work is progressing around staff wellbeing, engagement and development.

Trust Fund Investments
The College has significant Endowment Assets, Restricted Assets and other Investments of £24.9m reported on its balance sheet arising from the RNCM Awards Fund and RNCM Endowment Fund. These two funds are established as Trusts with RNCM being the sole Trustee of each.

The investment portfolio of each Fund is managed by external investment fund managers Waverton within a risk and return mandate specified by the Governors. Waverton report half-yearly to the Investment Sub-Committee, which is drawn from members of the Finance Committee. Details of the funds' performance can be seen in their respective financial statements, which are combined in the RNCM's consolidated financial statements for the year. A summary of their respective performance is set out below:

Endowment Fund
The portfolio recorded a positive return during the 12 month period to 31 July 2023, rising in value by +1.2% (+1.0% Jellis Portfolio) after fees. The portfolio has modestly lagged the short-term benchmark over the last 12 months, which returned +1.6% The returns in the short term have been well behind the inflation+3% measure, although this is meant to be a long-term objective. Over the long term (7-years plus) the portfolios are well ahead of the CPI+3% objective.

Awards Fund
The portfolio recorded a positive return during the 12 month period to 31 July 2023, rising in value by +1.2 after fees. The portfolio has modestly lagged the short-term benchmark over the last 12 months, which returned +1.6% The returns in the short term have been well behind the inflation+3% measure, although this is meant to be a long-term objective. Over the long term (7-years plus) the portfolio is well ahead of the CPI+3% objective.

The period captures a very turbulent time towards the end of 2022, when global markets in all major asset classes struggled. The so-called risk-free asset class (UK government bonds or gilts) was amongst the worst, culminating in September 2022 with the failed UK budget reforms. Over the financial year gilts fell by -12.5%, although the portfolio's bonds returned a very credible -2.4%. More recently, markets have been more settled, and equities in particular have made a reasonable recovery in 2023 through to 31 July, which has been of benefit to the portfolio given that we have maintained a reasonably high weight in favour of this asset class. The portfolio's alternatives fell by -9.6% (as compared to the benchmark return of -0.8%), while the equities rose by +6.0% (as compared to the benchmark return of +6.8%).

Borrowings
The College also had two loan facilities, a fixed term (5.14%) bank loan of £2.1m and a variable loan of £2m which matured in March 2023.

Price and interest rate risk
Price risk arises on financial instruments because of changes in, for example, commodity prices or equity prices. Listed investments are exposed to price risk but this exposure is within the College's risk appetite. Bank deposits are subject to variable interest rates and the RNCM is exposed to financial risk on these assets. The College does not enter into or trade financial instruments, including derivatives.

Credit risk management
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the College. The credit risk on liquid funds and financial instruments is limited because the counterparties are banks with high credit ratings which have been assigned by international credit rating agencies. Trade receivables consist of a large number of customers, spread across diverse sectors, populations and geographical areas.

Liquidity risk management
The College manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities, by monitoring forecast and actual cash flows, and by matching the maturity profiles of certain financial assets and liabilities.

CORPORATE GOVERNANCE STATEMENT

The Royal Northern College of Music (RNCM) is an independent corporation, established as a Higher Education Corporation under the terms of the Education Reform Act 1988, and operating within the provisions of an Instrument of Government made by the Privy Council in May 1993 under the terms of the Further and Higher Education Act 1992. As a recipient of substantial public funding and by virtue of its educational objectives, it is an exempt charity as defined by the Charities Act 2011, with the Office for Students (OfS) acting as its Principal Regulator. The Members of the Corporation constitute the Board of Governors ('the Board') of the RNCM, the activities of which the Corporation has been established to conduct, and whose objects, powers and framework of governance are set out in the Articles of Government, the current version of which was approved by the Board in July 2019, and by the Office for Students in September 2019. The Board is also, in relation to the charitable activities of the RNCM, its Trustee Board. Members of the Board are therefore the Trustees of the RNCM, and of its two Trust Funds, each of which is a separate charity registered with the Charity Commission.

The RNCM, like other public bodies, has a duty to conduct its affairs in a responsible and transparent way, and to take into account in so doing the requirements of the OfS and the Higher Education Code of Governance published by the Committee of University Chairs (CUC, (2020)). The RNCM's corporate governance arrangements have been established in such a way as to meet these responsibilities and continue to comply with relevant provisions in the Committee on Standards in Public Life 14th report (2013) and the UK Corporate Governance Code (2018). In addition, the RNCM corporately, through its arrangements for governance, is committed in a demonstrable way to the principles of academic freedom and equality of opportunity which are embodied in its Articles of Government.

The RNCM's corporate governance framework

The Articles of Government provide for and empower the Board of Governors, the Academic Board and the Principal of the RNCM to exercise the authority assigned therein to their respective roles, which are summarised below.

The Board and its committees

The Board, which normally meets five times a year, is constituted in accordance with the RNCM's Instrument of Government and has a clear majority of independent members. It carries the ultimate responsibility for the College's overall strategic direction and for the management of its finances, property and affairs generally, including the employment arrangements for all staff. It is also a specific role of the Board to satisfy itself that work being undertaken on its behalf, whether by committee or by officers, is consistent with corporate objectives and is within the bounds of accepted good practice as articulated in the College's Ethics Framework, approved by the Board in February 2019.

There is a distinct separation between the roles of the non-executive Chair and Deputy Chair and the RNCM's chief executive officer, the Principal, who is a member of the Board. Academic staff, Professional Services staff and the student body are also represented. The Board approves the College's strategic plan and provides overall financial and organisational oversight.

The Board has appointed a number of committees. the names of some of which were changed from 1 January 2023 following Board approval, and has also established processes which ensure that it is kept regularly advised on the strategic and policy elements of Prevent, safeguarding, health and safety, academic governance and equality and diversity issues, so that it is able to act effectively and in an informed way with respect to these matters as and when it may be required.

The Finance and Investment Committee comprises a Chair, who is an independent member of the Board, four other independent members of the Board, including the Chair of the Board and the Principal, and is established to oversee all matters relating to the finances and business concerns of the RNCM. Specifically, the Committee *inter alia* advises the Board on financial sustainability strategies, recommends to the Board the annual revenue and capital budgets for approval, and, on the Board's behalf, monitors financial performance in relation to approved budgets during and at end of year. In addition, the Board has delegated to the Committee the authority to act on its behalf in respect of matters relating to the RNCM Trust Funds.

The Audit and Risk Committee comprises a Chair, who is an independent member of the Board, at least three other members of the Board and up to two co-opted external members with relevant experience. No member may also be a member of the Finance and Investment Committee, hold any executive responsibility for the management of the College, or have significant interests in the College. Senior executive officers are invited to attend meetings as necessary, but the Committee also has the opportunity to meet with the internal and external auditors without such officers being present. It receives reports from the internal and external auditors of the College, and their opinion on the adequacy of the College's systems of internal and financial control, and considers recommendations for the improvement of those systems. Thus, the Committee has a particularly important function in providing opinions and giving assurances to the Board relating to the effectiveness of the arrangements for risk management, control and governance, including the management and quality assurance arrangements for data submitted to the Higher Education Statistics Agency (HESA), Office for Students (OfS) or other funding bodies and the new assurance statement relating to the Board's oversight of academic governance arrangements. Whenever appropriate, it will provide explicit confirmation to the Board that necessary actions have been, or are being, taken to remedy any significant failings or weaknesses identified from the review of the effectiveness of internal and financial controls. It also recommends to the Board the annual financial statements for approval, having confirmed compliance with relevant statutory and regulatory provisions.

The Remuneration Committee comprises a Chair, who is an independent member of the Board, the Chair of the Board, and two other independent members of the Board, including the Deputy Chair. The composition of the Committee reflects the principles set out in the Higher Education Senior Staff Remuneration Code published by the Committee of University Chairs (2018). It meets to determine the remuneration arrangements for the Principal and her Executive Team, and to consider such strategic staffing issues as may be referred to it by the Board, or by the Executive Committee of the RNCM.

The Committee and the RNCM act in accordance with the principles laid down in the Higher Education Senior Staff Remuneration Code. In making decisions about the Principal and her Executive Team's remuneration, the Committee follows a set of principles articulated in the College's Framework for the Remuneration of Senior Staff and the Principal; based on guidance issued by the OfS, the Remuneration Code and Higher Education Code of Governance. In doing so it applies a strong, evidence-based approach to its discussions, taking into consideration sustained performance and contribution to the College in the preceding year, retaining and rewarding the best staff possible in order to deliver the best experience and outcomes for the students and society, while taking into account the College's financial position, maintaining the relative value of salaries and the effective use of resources. In agreeing the salary for the Principal, the Committee also gives due regard to the size and complexity of the role, pay ratio data for the College and benchmark data, including data from Universities and Colleges Employer Association's Senior Staff Remuneration Survey and the remuneration of the Principals of the UK conservatoires. The national pay award and pay increases awarded to other staff in the College are taken into account, together with the current value for the College of the pay multiple of the Principal earnings against the median of all staff.

The Nominations Committee comprises the Chair of the Board, two other independent members of the Board, an academic member of the Board, and the Principal. It advises the Board in relation to the appointment of members of the Board and its Committees, unless authority to make an appointment rests elsewhere, taking into account and reviewing as appropriate the full range of needs and requirements of the Board in maintaining its overall effectiveness as a governing body. On behalf of the Board, it oversees a process of review of the effectiveness of individual Board members (where the Board has been the appointing authority) and where necessary makes appropriate recommendations to the Board. The Committee recommends to the Board and manages the appointment of the Chair of the Board and President of the College.

The Honorands Committee is constituted jointly with the Academic Board and makes recommendations to both bodies in respect of distinguished individuals to be selected for the conferment of honorary awards of the RNCM. The Board appoints from its independent membership the Chair of the Committee and two other members.

The Board maintains a **Register of Interests** of its members, which may be consulted by arrangement with the Clerk to the Board. Members of the Board receive a reminder in the papers for each meeting of the need to declare any particular interests they may have in relation to the business scheduled for consideration and are required to sign a **Fit and Proper** declaration in accordance with public interest governance principles.

The Board has in place arrangements to conduct, on a periodic basis, comprehensive reviews of the effectiveness of its own working arrangements. This last took place in January 2020, facilitated by an external consultant appointed by the Board and concluded that the RNCM has a high functioning and well-led Board serving a very well-led organisation with an outstanding working relationship between the Board and Executive Team. The next substantive review is scheduled within the 2024/25 academic year.

The Academic Board meets three times a year, is constituted in accordance with the Articles of Government and comprises members of the academic staff, members of the student body and up to two co-opted external academic members. It is chaired by the Principal and is responsible, subject to the oversight of the Board, for establishing the academic governance arrangements for the RNCM, which include policies relating to learning, teaching, scholarship and research. These deal with such matters as the academic criteria for the admission of students, approval of the content of the curriculum, approval of policies and procedures for the examination and assessment of students, the appointment and review of internal and external examiners and assessors, and the monitoring of the quality of academic programmes. The Academic Board is also the final authority for the determination of student progression and for the granting of academic awards in the name of the RNCM. In addition, it initiates and/or considers proposals for the development of the academic profile and activity of the College, and advises the Principal and the Board thereon.

The Principal and the senior managerial arrangements

The Principal is responsible to the Board for the leadership, organisation, direction and management of the RNCM. Although the ultimate responsibility for what is done in this regard rests with the Board, the Principal exercises considerable influence upon the development of institutional strategy, the identification and planning of new developments, and the shaping of institutional ethos. The Principal is supported in this by the **Executive Committee,** which meets regularly during term time to discuss the strategic and management issues of the College, including those related to financial, physical, and human resources.

Internal control

The Board has responsibility for maintaining a sound system of internal control that supports the achievement of strategic aims and objectives, whilst safeguarding the public and other funds and assets for which it is responsible; this responsibility is conducted in accordance with its Instrument and Articles of Government, and the regulatory requirements of the OfS.

The Board is committed to exhibiting best practice in all aspects of corporate governance, and pays particular attention to the advice and guidance offered by the British Universities Finance Directors' Group (BUFDG), and to that set out in The UK Corporate Governance Code issued by the Financial Reporting Council in July 2018. In the opinion of the Board, the RNCM complies with all the provisions of the aforesaid Code in so far as they apply to the Higher Education Sector, and it has so complied throughout the year ended 31 July 2022. The Board acknowledges its responsibility for the RNCM's overall system of internal control and for reviewing its effectiveness.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system is risk-based, and as noted within the Operating and Financial review encompasses strategic, financial, operational and risk management designed to protect the RNCM's assets and reputation.

The College's internal control system is supported by a number of policies and regulations that have been approved by the Board and its committees to help to prevent and detect corruption, fraud, bribery and other irregularities. These include:

- Financial Regulations
- Scheme of Delegation
- Anti-Bribery and Anti-Fraud Policy
- Ethical Fundraising and Gift Acceptance Policy
- Conflict of Interest Policy
- Public Interest Disclosure (Whistleblowing) Policy

The Audit Committee reviews the effectiveness of the system of internal control and reports its opinion to the Board. This review is informed by the work of the Internal Auditors, by the contributions of the College managers with responsibility for the development and maintenance of the financial control framework, and by comments and observations made by the External Auditors in their audit reports.

The most recent Internal Audit annual opinion concluded that based upon the activities and controls in the areas which were examined during 2021/22, that the College's arrangements for governance, internal control, risk management and the promotion of value for money were effective.

The system of internal control as described above has been in place during the year ended 31 July 2022 and up to the date of approval of the financial statements.

The RNCM sets out matters concerning the broad policies relating to financial control in its Financial Regulations. These Regulations are approved every three years by the Board and apply to the RNCM and all its related undertakings, and include all funds passing through its accounts. They encompass the processes to investigate fraud and other financial irregularities, budgeting and forecasting, the treatment of year-end balances and capital expenditure programmes and general issues with regard to the Accounts and Accounting returns of the College.

The RNCM's financial statements are prepared on a going concern basis as the Board is satisfied after making appropriate enquiries that, at the time of their approval, the RNCM has the resources to continue in operation for the foreseeable future.

Ravi Gupta *Chair of the Board of Governors*

Statement of Board of Governors responsibilities in respect of the annual report and the financial statements

The Board of Governors are responsible for preparing the Annual Report and the financial statements in accordance with the requirements of the Office for Students' Terms and conditions of funding for higher education institutions and Research England's Terms and conditions of Research England grant and applicable law and regulations.

They are required to prepare group and parent College financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The terms and conditions of funding further require the financial statements to be prepared in accordance with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education, in accordance with the requirements of the Accounts Direction issued by the Office for Students. The Board of Governors are required to prepare financial statements which give a true and fair view of the state of affairs of the group and parent College and of their income and expenditure, gains and losses and changes in reserves for that period.

In preparing each of the group and parent College financial statements, the Board of Governors are required to:

- select suitable accounting policies and then apply them consistently;
  make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent College or to cease operations, or have no realistic alternative but to do so.

The Board of Governors is responsible for keeping proper accounts and proper records in relation to the accounts. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Board of Governors are also responsible for ensuring that:

- funds from whatever source administered by the Group or the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students and Research England have been applied in accordance with the terms and conditions attached to them;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing the economical, efficient and effective management of the College's resources and expenditure.

The Board of Governors is responsible for the maintenance and integrity of the corporate and financial information included on the College's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

RNCM ArkEnsemble

Independent auditor's report to the Board of Governors of the Royal Northern College of Music

Opinion
We have audited the financial statements of Royal Northern College of Music ("the College") for the year ended 31 July 2023 which comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, Statement of Financial Position, Statement of Cash Flows and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 College's affairs as at 31 July 2023 and of the College's income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Statement of Recommended Practice – Accounting for Further and Higher Education.
-

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 charity 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 Board of Governors' 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 College'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 Board of Governors with respect to going concern are described in the relevant sections of this report.

Other information
The Board of Governors is responsible for the other information. The other information comprises the information included in the Annual Report, 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.

Responsibilities of Board of Governors
As explained more fully in the Statement of Responsibilities of the Board of Governors set out on page 16, the Board of Governors 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 they 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 Board of Governors are responsible for assessing the College'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 Board of Governors either intend to liquidate all or part of the College 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the charity and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: UK tax legislation and the Charities SORP.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the charity is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities.
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the charity which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax and the Charities Act 2011.

In addition, we evaluated the trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial

performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition (which we pinpointed to the cut-off assertion) and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Other Required Reporting
Opinion on other matters prescribed in the OfS Audit Code of Practice issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- 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;
- funds provided by OfS, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of the OfS's accounts direction have been met.

We have nothing to report in respect of the following matters in relation to which the OfS Audit Code of Practice requires us to report to you if, in our opinion:

- the provider's grant and fee income, as disclosed in the notes to the accounts, is materially misstated; or
- the provider's expenditure on access and participation activities, as disclosed in the accounts, has been materially misstated.

Matters on which we are required to report by exception
In light of the knowledge and understanding of the College and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Board of Governors' Report.

We have nothing to report in respect of the following matters in relation to which the OfS Audit Code of Practice requires us to report to you if, in our opinion:

- the provider's grant and fee income, as disclosed in the notes to the accounts, is materially misstated; or
- the provider's expenditure on access and participation activities, as disclosed in the accounts, has been materially misstated.

Use of the audit report
This report is made solely to the Board of Governors in accordance with paragraph 13(2) of the College's Articles of Government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Board of Governors 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 College and the Board of Governors for our audit work, for this report, or for the opinions we have formed.

Michael Speight
Michael Speight (Dec 6, 2023 11:18 GMT)

Michael Speight (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
One St Peter's Square
Manchester
M2 3DE

Date: 06-Dec-2023

RNCM Alumni Reunion

Statement of Principal Accounting Policies

Year ended 31 July 2023
These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with Financial Reporting Standards (FRS 102). The College is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets and derivative financial instruments).The financial statements are prepared in accordance with the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102). The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

1. Basis of Consolidation
The consolidated financial statements include the College and its Trust funds; Awards Fund and Endowment Fund because the funds are effectively controlled by the College, and the College's share in the Associated Board of the Royal Schools of Music. Intra-group transactions are eliminated fully on consolidation. The activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2023.

2. Accounting Estimates and Judgements
In preparing these financial statements the College have made the following judgements:

Accounting for retirement benefits
A number of the College's employees are members of the Greater Manchester Local Government Pension Scheme (GMPF).

It is possible to identify the College's share of the assets and liabilities within this scheme, although given this is now an asset this has not been recognised in these accounts. Details of the College's position in the GMPF is analysed in note 23. The calculation of this position is based upon an estimation by the scheme's actuary, Hymans Robertson, of the present value of the estimated future liabilities and scheme assets at 31 July 2023. The various actuarial assumptions adopted by the scheme actuary have a material effect on the value of the net liability recognised in the College's financial statements, insofar as this value is highly sensitive to small changes in the discount rate, inflation and other assumptions. The assumptions adopted therefore represent an area of significant estimation uncertainty within the College's accounts. The Board of Governors is satisfied that the assumptions adopted by the scheme actuary are reasonable. As the identified asset within GMPF is not expected to result in an economic inflow to the College, it has not been recognised in these accounts and the provision is held at nil.

FRS 102 makes the distinction between a Group Plan and a multi-employer scheme. A Group Plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme, such as that provided by Universities Superannuation Scheme (USS). In the case of USS, it is not possible to identify the assets and liabilities associated with the College's members due to the mutual nature of the scheme, and this scheme is therefore accounted for as a defined contribution retirement scheme.

The accounting for a multi-employer scheme, where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit, results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in profit or loss. The Board of Governors is satisfied that the scheme provided by USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements. Details of this liability are disclosed in note 23.

Impairment of Financial Assets measured at cost
Bad debt provision is calculated based upon an estimation of the total aged debtors at the year end. A thorough analysis and review of the aged debtors is also performed to identify any individual doubtful debts. The total of both is used as the provision.

Other assets measured at cost are reviewed for impairment each year to ensure that the valuation is supported by expected future benefits.

String Instruments
The College does not depreciate its string instruments. In the College's judgement, based on its knowledge and experience, the residual value of the string instruments is higher than the cost at which they are held in the Balance Sheet. Consequently, regardless of the useful remaining life of the string instruments, there would be no depreciation applied to these assets.

Tax Liability Accrual
Within staff costs there is a tax liability accrual relating to taxable benefits arising from travel and accommodation paid by the College on behalf of Academic staff for four previous financial years.

3. Income Recognition
Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income (CSCI) and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Fee income is stated net of fee waivers and discounts and is credited to the Consolidated Statement of Comprehensive Income and Expenditure over the period in which students are studying. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Investment income is credited to the statement of income and expenditure on a receivable basis.

4. Realised and Unrealised Gains and Losses
Realised and unrealised gains or losses on investments or sale of fixed assets are recognised in the Consolidated Statement of Comprehensive Income and Expenditure.

5. Grant Funding
Government capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

Government revenue grants including teaching and research grants are recognised in income over the periods in which the College recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Grants (including research grants) from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

6. Accounting for Charitable Donations

Unrestricted donations

Charitable donations are recognised in the accounts when the charitable donation has been received or if, before receipt, there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability.

Endowment funds

Where charitable donations are to be retained for the benefit of the College as specified by the donors, these are accounted for as endowments. There are three main types:

1. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the College.
2. Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the College can convert the donated sum into income.
3. Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

7. Pension schemes
The College participates in three pension schemes, the Teachers' Pension Scheme (TPS), the Universities Superannuation Scheme (USS) and the Greater Manchester Pension Fund (GMPF).

Contributions to the TPS are calculated so as to spread the costs of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations, using a prospective benefit method. The TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions are recognised as they are paid each year.

The USS is a defined benefit scheme. The assets of the scheme are held in a separate trustee administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. Therefore the College accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The assets of the GMPF are measured using closing market values. GMPF liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

8. Leases
Leases in which the College assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rental costs under operating leases are charged to expenditure in equal annual amounts over the period of the leases.

9. Land and Buildings
Upon transition to FRS102 the College has carried forward the depreciated cost arising from historic valuations. Land is held freehold and is not depreciated as it is considered to have an indefinite useful life. Buildings are depreciated over their expected useful economic lives of 50 years.

Where buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to the CSCI once all relevant performance related conditions have been met.

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July. Depreciation is charged once they are first brought into use.

Refurbishment projects on existing fixed assets are depreciated over their useful life when they meet the following criteria:

- Market value of the fixed asset has subsequently improved
- Asset capacity increases
- Substantial improvement in the quality of output or reduction in operating costs
- Significant extension of the asset's life beyond that conferred by repairs and maintenance

10. Equipment
Equipment costing more than £1,000 per individual item or group of related items is capitalised.

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The useful lives are as follows:-

Plant and machinery	20 - 25 Years
Fixtures and fittings	10 Years
Computer and recording equipment	3 - 5 Years

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated as above. The related grants are credited to the CSCI once all relevant performance related conditions have been met.

11. Musical instruments
Musical instruments, except for string are depreciated over the following useful lives:

Pianos and organs	10 Years
Woodwind and brass instruments	10 Years
Percussion, keyboard and electronic	10 Years

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets.

Depreciation is not provided on string instruments since the estimated remaining useful economic life of the tangible fixed assets exceeds 50 years and any depreciation charge would be deemed immaterial. The carrying value of these assets are subject to an annual impairment review.

The Royal Northern College of Music Collection of Historical Musical Instruments is identified as a heritage asset. The collection is reported in the Balance Sheet at cost.

12. Stocks
Catering and bar stock is valued at the lower of cost and net realisable value.

13. Maintenance of Premises
The cost of routine corrective maintenance is charged to the CSCI account as incurred.

14. Taxation Status
The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

15. Royal Northern College of Music Students' Union
The financial statements do not consolidate those of the Royal Northern College of Music Students' Union as the College has no financial interest and no control or significant influence over policy decisions. Nevertheless, the Board of Governors requires the Students' Union to submit its audited Report and Accounts for scrutiny annually and satisfies itself that a sound budget is prepared for the ensuing year, before the grant to the Union, which is disbursed proportionately on a termly basis, is released.

16. Deferred Income
The premium received by the College on the grant of the long lease has been deferred and is being released over a 30 year period being the period of the lease up to the first break point.

17. Cash and Cash Equivalents
Liquid resources include sums on short-term, 95 day, deposits with recognised banks, building societies and government securities.

18. Provisions
Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

19. Contingent Liabilities and contingent assets
A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the College a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College.

Contingent assets and liabilities are not recognised in the balance sheet but are disclosed in the notes.

20. Accounting for ABRSM
The College accounts for its share of ABRSM using the equity method.

21. Financial Instruments
The College has chosen to apply the provisions of sections 11 and 12 of FRS 102 in full. Financial assets and financial liabilities are recognised in the College's balance sheet when the College becomes a party to the contractual provisions of the instrument. A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

All of the College’s financial assets and liabilities meet the criteria for basic financial instruments prescribed within FRS 102. Basic financial instruments are measured as follows:

Investments
Investments within the scope of Section 11 of FRS 102 (therefore excluding investments in subsidiaries, associates and joint ventures) are recognised initially at the transaction price (adjusted for transaction costs except in the initial measurement of financial assets and liabilities that are subsequently measured at fair value through profit and loss) unless the arrangement constitutes, in effect, a financing transaction.

Short-term debtors and creditors
Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income in other operating expenses.

Loans
Loans which are basic financial instruments are recorded at the transaction price, net of transaction costs.

22. Going Concern
The Board has assessed the ability of the College and its Group to continue as a going concern, considering events and conditions that may cast significant doubt upon its ability to do so for the period to July 2024. Based on its appropriate enquiries the Board is satisfied that, at the time of their approval, the College and Group has the resources to continue in operation for the foreseeable future. Consequently, these accounts have been prepared on a going concern basis.

Dr Michelle Phillips during the Discover RNCM50 open day

Consolidated and College Statement of Comprehensive Income
Year Ended 31 July 2023

	Notes	**Year ended 31 July 2023**		Year ended 31 July 2022	
		Consolidated	**College**	Consolidated	College
		£'000	**£'000**	£'000	£'000
Income					
Tuition fees and education contracts	1	**13,093**	**13,093**	12,008	12,008
Funding body grants	2	**6,691**	**6,691**	6,194	6,194
Research grants and contracts	3	**217**	**363**	692	692
Other income	4	**1,765**	**4,094**	7,430	7,635
Investment income	5	**1,887**	**11**	1,108	-
Donations and endowments	6	**2,629**	**-**	1,724	-
Total income		**26,282**	**24,252**	29,156	26,529
Expenditure					
Staff costs	7	**14,148**	**14,148**	14,558	14,558
Other operating expenses	9	**9,387**	**7,199**	7,921	6,200
Depreciation	10	**2,310**	**2,310**	2,209	2,209
Interest and other finance costs	8	**33**	**33**	384	384
Total expenditure		**25,878**	**23,690**	25,072	23,351
Surplus before other gains and losses.		**404**	**562**	4,084	3,178
Gain on disposal of fixed assets		**-**	**-**	-	-
(Loss) on investments	16/17/18	**(747)**	**-**	(550)	-
Share of operating surplus in associate	11	**1,837**	**-**	1,857	-
Surplus for the year		**1,494**	**562**	5,391	3,178
Actuarial gain in respect of pension schemes	23	**344**	**344**	17,670	17,670
Share of actuarial gain in pension scheme of associate	11	**473**	**-**	125	-
Total comprehensive income for the year		**2,311**	**906**	23,186	20,848
Represented by:					
Endowment comprehensive income for the year		**(737)**	**-**	(668)	-
Restricted comprehensive income for the year		**947**	**-**	552	-
Unrestricted comprehensive income for the year		**2,101**	**906**	23,302	20,848
		2,311	**906**	23,186	20,848

All items of income and expenditure relate to continuing activities

Consolidated and College Statement of Changes in Reserves
Year Ended 31 July 2023

Consolidated	Income and expenditure account			Revaluation reserve	Total
	Endowment	*Restricted*	*Unrestricted*		
	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2021	**21,743**	**4,782**	**15,056**	**4,151**	**45,733**
Surplus/(deficit) from the income and expenditure statement	(668)	552	5,507	-	5,391
Other comprehensive income	-	-	17,795	-	17,795
Total comprehensive income for the year	(668)	552	23,302	-	23,186
Transfers between revaluation and income and expenditure reserve	-	-	128	(128)	-
Balance at 1 August 2022	**21,075**	**5,334**	**38,486**	**4,023**	**68,919**
Surplus/(Deficit) from the income and expenditure statement	(737)	947	1,284	-	1,494
Other comprehensive income	-	-	817	-	817
Total comprehensive income for the year	(737)	947	2,101	-	2,311
Transfers between revaluation and income and expenditure reserve	-	-	128	(128)	-
Balance at 31 July 2023	**20,338**	**6,281**	**40,715**	**3,895**	**71,230**

College	Income and expenditure account			Revaluation reserve	Total
	Endowment	*Restricted*	*Unrestricted*		
	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2021	**-**	**-**	**4,467**	**4,151**	**8,618**
(Deficit) from the income and expenditure statement	-	-	3,178	-	3,178
Other comprehensive income	-	-	17,670	-	17,670
Total comprehensive income for the year	-	-	20,848	-	20,848
Transfers between revaluation and income and expenditure reserve	-	-	128	(128)	-
Balance at 1 August 2022	**-**	**-**	**25,442**	**4,023**	**29,465**
Surplus from the income and expenditure statement	-	-	562	-	562
Other comprehensive income	-	-	344	-	344
Total comprehensive income for the year	-	-	906	-	906
Transfers between revaluation and income and expenditure reserve	-	-	128	(128)	-
Balance at 31 July 2023	**-**	**-**	**26,475**	**3,895**	**30,370**

Consolidated and College Statement of Financial Position

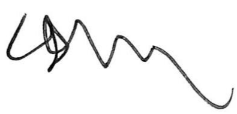
Year Ended 31 July 2023

	Notes	As at 31 July 2023 Consolidated £'000	As at 31 July 2023 College £'000	As at 31 July 2022 Consolidated £'000	As at 31 July 2022 College £'000
Non-current assets					
Fixed assets	10	**36,904**	**36,904**	37,136	37,136
Heritage assets	10	**291**	**291**	291	291
Investments - Endowed	11/16	**20,036**	-	20,847	-
Investments - Restricted	11/17	**3,154**	-	2,175	-
Investments - Unrestricted	11/18	**1,684**	-	1,701	-
Share of net assets in associate	11	**4,294**	-	1,982	-
		66,363	**37,195**	64,132	37,427
Current assets					
Stock		**18**	**18**	9	9
Trade and other receivables	12	**1,368**	**962**	2,691	2,312
Cash and cash equivalents	19	**9,937**	**503**	9,661	931
		11,323	**1,483**	12,361	3,252
Less: Creditors: amounts falling due within one year	13	**(3,289)**	**(5,140)**	(4,135)	(7,775)
Net current assets/(liabilities)		**8,034**	**(3,657)**	8,226	(4,523)
Total assets less current liabilities		**74,397**	**33,538**	72,358	32,904
Creditors: amounts falling due after more than one year	14	**(2,458)**	**(2,458)**	(2,690)	(2,690)
Provisions					
Pension (provisions)	15	**(710)**	**(710)**	(749)	(749)
Total net assets		**71,229**	**30,370**	68,919	29,465
Restricted Reserves					
Income and expenditure reserve - endowment reserve	16	**20,338**	**-**	21,075	-
Income and expenditure reserve - restricted reserve	17	**6,281**	**-**	5,334	-
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		**40,715**	**26,475**	38,486	25,442
Revaluation reserve		**3,895**	**3,895**	4,023	4,023
		71,229	**30,370**	68,919	29,465

The financial statements were approved by the Governing Body on 29 November 2023 and were signed on its behalf on that date by:

Chair of the Board of Governors, Ravi Gupta

Principal, Linda Merrick



Consolidated Statement of Cash Flows
Year Ended 31 July 2023

	Notes	**Year ended 31 July 2023**	Year ended 31 July 2022
		£'000	£'000
Cash flow from operating activities			
Surplus for the year		**1,494**	5,391
Adjustment for non-cash items			
Depreciation	10	**2,310**	2,209
Loss on restricted investments	16	**739**	555
Loss/(Gain) on unrestricted investments	18	**8**	(5)
(Increase)/Decrease in stock		**(9)**	3
Decrease/(Increase) in debtors	12	**1,323**	(1,766)
(Decrease)/Increase in creditors due in less than 1 year	13	**(752)**	832
(Decrease) in creditors due in more than 1 year	14	**(74)**	(74)
Investment management fee		**99**	141
(Decrease) in pension provision	15	**(39)**	(15,574)
Actuarial gain in respect of pension schemes		**344**	17,670
Share of operating surplus in associate	11	**(1,837)**	(1,857)
Adjustment for investing or financing activities			
Investment income	5	**(1,887)**	(1,108)
Interest payable	8	**114**	121
Lease interest payable		**3**	27
Endowment income		**(101)**	(12)
(Profit) on the sale of fixed assets		**-**	-
Capital grant income		**(100)**	(6,285)
Net cash inflow from operating activities		**1,635**	268
Cash flows from investing activities			
Proceeds from sales of fixed assets		**-**	-
Capital grants receipts		**100**	6,285
Restricted cash invested		**(1,000)**	(853)
Investment income		**1,887**	1,108
Payments made to acquire fixed assets		**(2,078)**	(7,177)
		(1,091)	(637)
Cash flows from financing activities			
Interest paid		**(114)**	(121)
Interest element of finance lease		**(3)**	(27)
Endowment cash received		**101**	12
Repayments of amounts borrowed		**(236)**	(264)
Capital element of finance lease		**(16)**	(197)
		(268)	(597)
Increase/(Decrease) in cash and cash equivalents in the year		**276**	(966)
Cash and cash equivalents at beginning of the year	19	**9,661**	10,627
Cash and cash equivalents at end of the year	19	**9,937**	9,661

1	Tuition fees and education contracts	Notes	Year Ended 31 July 2023 Consolidated £'000	College £'000	Year Ended 31 July 2022 Consolidated £'000	College £'000
	Full-time home and EU students		**5,800**	**5,800**	5,982	5,982
	Full-time international students		**6,163**	**6,163**	5,008	5,008
	Other fees, Junior RNCM and Young Strings		**1,130**	**1,130**	1,018	1,018
			13,093	**13,093**	12,008	12,008

2	Funding body grants	Year Ended 31 July 2023 Consolidated £'000	College £'000	Year Ended 31 July 2022 Consolidated £'000	College £'000
	Recurrent grant				
	Office for Students	**5,176**	**5,176**	4,708	4,708
	UKRI	**1,412**	**1,412**	1,268	1,268
	Specific grants				
	Capital grant	**100**	**100**	218	218
	Hardship grant	**3**	**3**	-	-
		6,691	**6,691**	6,194	6,194

3	Research grants and contracts	Year Ended 31 July 2023 Consolidated £'000	College £'000	Year Ended 31 July 2022 Consolidated £'000	College £'000
	Research councils	**85**	**85**	562	562
	Other	**132**	**278**	130	130
		217	**363**	692	692

3a Grant and Fee Income

The source of grant and fee income, included in notes 1 to 3 is as follows:

	2022-23 £'000	2021-22 £'000
Grant income from the OfS	**5,279**	4,926
Grant income from other bodies	**1,629**	1,960
Fee income for taught awards (excl VAT)	**11,726**	10,810
Fee income for research awards (excl VAT)	**181**	134
Fee income from non-qualifying courses (excl VAT)	**1,186**	1,064
Total grant and fee income	**20,001**	18,894

		Year Ended 31 July 2023		Year Ended 31 July 2022	
		Consolidated	**College**	Consolidated	College
		£'000	**£'000**	£'000	£'000
4 Other income					
Residences, catering and conferences		**946**	**946**	668	668
Salix capital grant		**-**	**-**	6,067	6,067
Other capital grants		**-**	**90**	-	98
Other income		**819**	**3,058**	695	802
		1,765	**4,094**	7,430	7,635

		Year Ended 31 July 2023		Year Ended 31 July 2022	
		Consolidated	**College**	Consolidated	College
		£'000	**£'000**	£'000	£'000
5 Investment income					
Investment income	17	**1,237**	**-**	1,051	-
ABRSM distribution		**500**	**-**	-	-
Other investment income		**150**	**11**	57	-
		1,887	**11**	1,108	-

		Year Ended 31 July 2023		Year Ended 31 July 2022	
		Consolidated	**College**	Consolidated	College
		£'000	**£'000**	£'000	£'000
6 Donations and endowments					
New endowments	16	**101**	**-**	12	-
Donations with restrictions	17	**2,250**	**-**	1,241	-
Unrestricted donations		**278**	**-**	471	-
		2,629	**-**	1,724	-

	Year Ended 31 July 2023 Consolidated £'000	Year Ended 31 July 2023 College £'000	Year Ended 31 July 2022 Consolidated £'000	Year Ended 31 July 2022 College £'000
7 Staff costs				
Staff Costs :				
Salaries	**10,796**	**10,796**	10,029	10,029
Social security costs	**998**	**998**	890	890
Movement on USS provision	**(21)**	**(21)**	129	129
GMPF pension charge	**425**	**425**	1,731	1,731
Pension costs	**1,950**	**1,950**	1,779	1,779
Total	**14,148**	**14,148**	14,558	14,558

	Year Ended 31 July 2023 £'000	Year Ended 31 July 2022 £'000
Emoluments of the Principal:		
Salary*	**170**	158
Benefits (Private medical care)	**2**	2
Sub total	**172**	160
Pension contributions	**40**	37
Total Emoluments	**212**	197

*No salary sacrifice arrangements are in place

The Principal's remuneration package

The Principal's compensation is governed by the Remuneration and Strategic Staffing Committee, a sub-committee of the Board of Governors.

The composition of the Committee reflects the guidance published by the Committee of University Chairs in March 2015 and the requirement set out in the Remuneration Code that Remuneration Committees must be independent and competent.
The Committee is chaired by a lay governor and The Principal is not a member.

The Principal attends the Committee meetings but was not present at any discussions directly relating to her remuneration during the academic year.

When considering the appropriate salary for the Principal, the Committee gave due regard to the size and complexity of the role and benchmark data, including data from Universities and Colleges Employer Association's Senior Staff Remuneration Survey and the remuneration of the Principals of the UK conservatoires. The national pay award and pay increases awarded to other staff in the College was taken into account together with the current value for the College of the pay multiple of the Principal earnings against the median of all staff and data for the last five years.

The Committee operated in accordance with best practice as recommended in the Higher Education Code of Governance, the Remuneration Code and other guidance produced by the Committee of University Chairs and the Office for Students.

The Principal's salary reflects the scale and complexity of the job, comparisons with benchmarks and her performance measured against objectives set by the Chair of the Board.

Professor Merrick's remuneration comprises three elements; her salary, benefits and pension. The College does not operate a system of performance-related pay.

Principal's Pay Ratio	Year Ended 31 July 2023	Year Ended 31 July 2022
Principal's basic pay ratio	4.0:1	3.9:1
Principal's total pay ratio	4.5:1	4.4:1

Remuneration of other higher paid staff, excluding employer's pension contributions

No other members of staff received remuneration in excess of £100,000 in 2022/23 or 2021/22

Average staff numbers by major category

	No.	No.
Academic	**82**	82
Professional Services	**148**	143
	230	225

Severance costs

	£'000	£'000
Severance costs payable recorded within staff costs	**4**	10
Number of staff severance costs paid to	**1**	4

Key management personnel

Key management personnel comprises the 5 members (2021/22 - 5) of the Senior Executive Team, including the Principal, being those persons having authority and responsibility for planning, directing and controlling the activities of the College.
Staff costs includes compensation paid to key management personnel.

	Year Ended 31 July 2023 £'000	Year Ended 31 July 2022 £'000
Key management personnel compensation	**692**	652

7a Related Party Transactions

Board Members

The College board members are the trustees for charitable law purposes. Due to the nature of the College's operations and the compositions of the Board, being drawn from local public and private sector organisations it is inevitable that transactions will take place with organisations in which a member of the Board may have an interest. All transactions involving organisations in which a member of Board may have an interest including those identified below, are conducted at arms length and in accordance with the College's Financial Regulations and usual procurement precedures.

	Income recognised within the financial statements	Expenditure recognised within the financial statements	Balance due to the College recognised within the financial statements	Balance due from the College recognised within the financial statements
	£	£	£	£
ABRSM	647,045	-	44,512	-
Association of British Orchestra	-	1,068	-	-
Chethams School of Music	-	600	-	-
Conservatoires UK	-	8,982	-	-
The Lowry	-	9,240		
RNCM Students Union	-	38,679	-	-
	647,045	**58,569**	**44,512**	**-**

ABRSM
The Principal and one member of the RNCM Board of Governors are both board members of ABRSM.
The RNCM holds a 25% share in the Associated Board of the Royal Schools of Music (see note 11) by virtue of being one of four member organisations.

Association of British Orchestra
This is the national body representing the collective interests of professional orchestras, youth ensembles and the wider classical music industry throughout the UK. It provides advice, support, intelligence and information to the people who make British orchestras a global success.
The Principal is a board member of the Association of British Orchestra.

Chethams School of Music
Chethams School of Music is an independent co-educational music school in Manchester.
The Principal is a board member of Chethams School of Music.

Conservatoires UK
The RNCM is a member of CUK, who represent the collective views of eleven UK conservatoires to develop best practice for training and education in the performing arts and to promote the sector's excellence nationally and globally.
The Principal of RNCM is the Chair of Conservatoires UK.

The Lowry
The Lowry is a registered charity committed to using visual and performing arts to enrich people's lives.
A member of the RNCM Board of Governors is the Hon. Life President of The Lowry.

RNCM Students Union
The RNCM provides support to the RNCM Student's Union by way of an annual grant (£38.7k 21/22, £36.6k 21/22).
The SU President is a member of the Board of Governors of the RNCM.

Board Members

No board member has received any remuneration/waived payments from the group during the year 2022/23 (2021/22 - none).

The total expenses paid to or on behalf of board members was £4,308 (2021/22 - £1,375). This represents travel and subsistence expenses incurred in attending Board and Committee meetings in their official capacity.

	Notes	Year Ended 31 July 2023 Consolidated £'000	Year Ended 31 July 2023 College £'000	Year Ended 31 July 2022 Consolidated £'000	Year Ended 31 July 2022 College £'000
8 Interest and other finance costs					
Loan interest		**114**	**114**	121	121
Net charge on pension scheme	23	**(81)**	**(81)**	263	263
		33	**33**	384	384

	Year Ended 31 July 2023 Consolidated £'000	Year Ended 31 July 2023 College £'000	Year Ended 31 July 2022 Consolidated £'000	Year Ended 31 July 2022 College £'000
9 Other operating expenses				
Academic and related expenditure	**2,477**	**2,267**	2,181	2,081
Administration and central services	**1,563**	**1,536**	1,169	1,126
Premises (including service concession cost)	**2,352**	**2,352**	2,167	2,167
Residences, catering and conferences	**340**	**340**	271	271
Scholarships and Bursaries	**1,951**	**-**	1,578	-
Concerts, Promotions and Performances	**704**	**704**	555	555
	9,387	**7,199**	7,921	6,200
Other operating expenses include:				
External auditors remuneration in respect of audit services	**57**	**38**	54	36
External auditors remuneration in respect of non-audit services	**7**	**7**	7	7

10 Fixed Assets

Consolidated and College	**Total £'000**	**Land and Buildings £'000**	**Fixtures, Fittings and Equipment £'000**	**Musical Instruments £'000**	**Computer and Recording Equipment £'000**
Cost or valuation					
At 1 August 2022	60,594	32,453	19,757	5,791	2,593
Additions	2,078	-	1,847	115	116
Disposals	-	-	-	-	-
Written off assets no longer in use	-	-	-	-	-
At 31 July 2023	**62,672**	**32,453**	**21,604**	**5,906**	**2,709**
Depreciation					
At 1 August 2022	23,458	12,357	7,557	1,588	1,956
Charge for the year	2,310	647	1,217	42	404
Disposals	-	-	-	-	-
Written off assets no longer in use	-	-	-	-	-
At 31 July 2023	**25,768**	**13,004**	**8,774**	**1,630**	**2,360**
Net book value					
At 31 July 2023	**36,904**	**19,448**	**12,830**	**4,276**	**349**
At 31 July 2022	37,136	20,096	12,200	4,203	637

Included in Land and Buildings is land amounting to £1,025,000 which is not depreciated and which includes land amounting to £225,000 leased to Liberty Living Investments Nominee 1 Limited owned by Unite Students Group. Included within Musical Instruments are string instruments amounting to £4,044,167, as per point 2 in the Statement of Principal Accounting Policies.

Fixtures, Fittings and Equipment includes fixtures, fittings, plant and machinery as per the stated accounting policy on depreciation.

Heritage Assets

The RNCM holds heritage assets amounting to £290,925 relating to the RNCM Collection of Historical Instruments (RNCM CHMI) which are not depreciated.

11 Investment in associates

The Group, through the RNCM Endowment Fund, holds a 25% share in the Associated Board of the Royal Schools of Music (ABRSM).

ABRSM is a registered charity, number 292182, and a company limited by guarantee, registered number 1926395, established by the four Royal School's of Music for the benefit of music education. ABRSM has no share capital and the liability of the members in the event of winding up is limited to £1 per member. In the event of a winding up, ABRSM's constitution requires its board to consider, in the first instance, the transfer of surplus assets to any charitable body that is equipped to carry on the work of ABRSM.

ABRSM is an international examining body that offers a system of graded music examination in 80 countries around the world. The company is also a provider of professional development for instrumental and singing teachers. A subsidiary of ABRSM is engaged in the production and sale of music publications.

In the financial statements of the RNCM Endowment Fund the interest in ABRSM is carried at cost. In the consolidated group financial statements the interest in ABRSM is accounted for using the equity method reflecting the Group's share of the net assets / (liabilities) of ABRSM as at 31 January 2023.

Based on the audited accounts of ABRSM at 31 Jan 2023, the Group's nominal share of ABRSM is set out below.

	2023	2022
	£'000	£'000
Total income	**11,382**	10,625
Operating Surplus	**1,837**	1,857
Share of actuarial gain pension scheme of associate	**473**	2,023
Fixed assets	**1,654**	1,955
Current assets	**6,570**	5,371
Liabilities due within one year	**(2,436)**	(2,557)
Liabilities due after more than one year	**(136)**	(141)
Provisions	**(410)**	(356)
Sub total	**5,243**	4,274
Net pension liability	**(949)**	(2,292)
	4,294	1,982

INVESTMENTS HELD AS FIXED ASSETS

	Year Ended 31 July 2023	Year Ended 31 July 2022
	£'000	£'000
Opening market value	**24,723**	24,560
Additions at cost	**4,857**	5,211
Capital appreciation	**605**	667
Cash transfer	**-**	853
Disposals at opening market value	**(5,434)**	(6,666)
Unrealised gains/(losses)	**(315)**	(540)
Movement on cash	**(561)**	639
Short Dated Bonds	**1,000**	-
Closing market value	**24,874**	24,723
Historical cost	**20,411**	18,729

Summary details of investments held at 31 July 2023 are as follows:

	Cost	Market Value
	£'000	£'000
Bonds	4,440	4,254
UK Equities	1,004	1,327
Continental European Equities	2,318	2,411
North American Equities	5,594	8,544
Japanese Equities	1,634	2,074
Asia Pacific Equities	420	717
Alternatives	2,985	3,531
Short Dated Bonds	1,000	1,000
Cash & Cash Holdings	1,016	1,016
	20,411	24,874

12 Trade and other receivables

	Year ended 31 July 2023 Consolidated £'000	Year ended 31 July 2023 College £'000	Year ended 31 July 2022 Consolidated £'000	Year ended 31 July 2022 College £'000
Amounts falling due within one year:				
Trade receivables	**319**	**319**	1,354	1,354
Other receivables	**449**	**43**	736	357
Prepayments and accrued income	**600**	**600**	601	601
	1,368	**962**	2,691	2,312

13 Creditors : amounts falling due within one year

	Year ended 31 July 2023 Consolidated £'000	Year ended 31 July 2023 College £'000	Year ended 31 July 2022 Consolidated £'000	Year ended 31 July 2022 College £'000
Unsecured loans	**158**	**158**	236	236
Obligations under finance leases	**-**	**-**	16	16
Other Creditors	**1,063**	**914**	1,852	1,492
Intra Group Loan	**-**	**2,000**	-	4,000
Social security and other taxation payable	**132**	**132**	137	137
Accruals and deferred income	**1,936**	**1,936**	1,894	1,894
	3,289	**5,140**	4,135	7,775

The Intra Group Loan is a programme related investment recognised at historical cost. It is repayable on demand with nil interest and nil security.

14 Creditors : amounts falling due after more than one year

	Year ended 31 July 2023 Consolidated £'000	Year ended 31 July 2023 College £'000	Year ended 31 July 2022 Consolidated £'000	Year ended 31 July 2022 College £'000
Deferred income	**517**	**517**	591	591
Unsecured loans	**1,941**	**1,941**	2,099	2,099
	2,458	**2,458**	2,690	2,690
Analysis of secured and unsecured loans:				
Due within one year or on demand (Note 13)	**158**	**158**	236	236
Due between one and two years	**166**	**166**	158	158
Due between two and five years	**554**	**554**	526	526
Due in five years or more	**1,221**	**1,221**	1,415	1,415
Due after more than one year	**1,941**	**1,941**	2,099	2,099
Total secured and unsecured loans	**2,099**	**2,099**	2,335	2,335

The RNCM had two unsecured loans, one for £2m at a variable rate of interest (base rate + 1%) which matured March 2023 and one for £3.1m at a fixed rate of 5.14% and a maturity date of Oct 2033.
Both loans are subject to a negative pledge covenant.

15 Provisions for liabilities

Consolidated	**Obligation to fund deficit on USS Pension £'000**	**Pension enhancements on termination £'000**	**Defined Benefit Obligations (Note 23) £'000**	**Total Pensions Provisions £'000**
At 1 August 2022	(250)	(499)	0	**(749)**
Utilised in year	21	47	851	**919**
New provision	-	(11)	-	**(11)**
Interest Charge	(8)	(18)	(1,187)	**(1,213)**
Actuarial gain	-	8	6,259	**6,267**
Less movement in notional surplus not recognised	-	-	(5,923)	**(5,923)**
At 31 July 2023	**(237)**	**(473)**	**-**	**(710)**

As the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has a notional surplus. As management do not consider that the College will be able to recover the surplus either through reduced contributions in the future or through refunds from the plan, the surplus has not been recognised in these financial statements in line with paragraph 28.22 of FRS102.

Pension enhancement

The assumptions for calculating the provision for pension enhancements on termination under FRS 102, are as follows:

Interest Rate	**5.1%**
Inflation Rate	**3.0%**

USS deficit

The obligation to fund the past deficit on the Universities' Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision.

16 Endowment Reserves

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments £'000	Expendable endowments £'000	2022/23 Total £'000	2021/22 Total £'000
Balances at 1 August				
Capital	17,440	3,407	**20,847**	20,674
Accumulated income	-	228	**228**	1,069
	17,440	3,635	**21,075**	21,743
New endowments	101	-	**101**	12
Expenditure	(93)	(18)	**(111)**	(119)
Transfer from Restricted Reserves	-	-	**-**	-
(Decrease) in market value of investments	(608)	(119)	**(727)**	(561)
Total endowment comprehensive income for the year	(600)	(137)	**(737)**	(668)
Balances at 31 July	16,840	3,498	**20,338**	21,075
Represented by:				
Capital	17,541	3,306	**20,847**	20,847
Accumulated income	-	(509)	**(509)**	228
	17,541	2,797	**20,338**	21,075
Analysis by type of purpose:				
Scholarships and bursaries			**19,209**	19,934
General			**1,129**	1,141
			20,338	21,075
Analysis by asset:				
Non-current assets				
Investments			**20,036**	20,847
Current assets				
Cash & cash equivalents			**339**	238
Creditors			**(37)**	(10)
			20,338	21,075

17 Restricted Reserves

Reserves with restrictions are as follows:

	2022/23 Total £'000	2021/22 Total £'000
Balances at 1 August		
Capital	**2,174**	2,180
Accumulated income	**3,160**	2,602
	5,334	4,782
New donations	**2,330**	1,499
Investment income	**1,237**	1,062
Expenditure	**(2,608)**	(2,015)
(Decrease)/Increase in market value of investments	**(12)**	6
Total restricted comprehensive income for the year	**947**	552
Balances at 31 July	**6,281**	5,334
Represented by:		
Capital	**3,154**	2,174
Accumulated income	**3,127**	3,160
	6,281	5,334

Analysis of other restricted funds /donations by type of purpose:	2022/23 Total £'000	2021/22 Total £'000
Scholarships and bursaries	**3,283**	2,627
General	**2,998**	2,707
	6,281	5,334
Analysis by asset:		
Non-current assets		
Investments	**3,154**	2,175
Current assets		
Trade and other receivables	**323**	353
Cash & cash equivalents	**2,876**	3,197
Creditors	**(72)**	(391)
	6,281	5,334

18 Unrestricted Investments

	2022/23 Total £'000	2021/22 Total £'000
At 1 August	**1,701**	1,706
Investment Mangement Fee	**(10)**	(10)
(Loss)/Gain in market value of investments	**(8)**	5
At 31 July	**1,684**	1,701

19 Cash and cash equivalents

	At 1st August 2022	Cash Flows	At 31st July 2023
Consolidated	**£'000**	**£'000**	**£'000**
Unrestricted cash	6,226	496	6,722
Endowment cash	238	101	339
Restricted cash	3,197	(321)	2,876
	9,661	**276**	**9,937**

20 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2023

	31 July 2023		31 July 2022	
	Consolidated	**College**	Consolidated	College
	£'000	**£'000**	£'000	£'000
Commitments contracted for	**229**	**229**	511	511
	229	**229**	511	511

21 Lease obligations

Total rentals payable under operating leases:

	31 July 2023			31 July 2022		
	Pianos	**Other leases**	**Total**	Pianos	Other leases	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Payable during the year	**482**	**-**	**482**	475	-	475
Future minimum lease payments due:						
Not later than 1 year	**482**	**-**	**482**	479	-	479
Later than 1 year and not later than 5 years	**482**	**-**	**482**	973	-	973
Later than 5 years		**-**	**-**	-	-	-
Total lease payments due	**964**	**-**	**964**	1,452	-	1,452

The College fleet of pianos are leased through a third party. This lease is not subject to any variations in rental values save for changes to VAT. There are no contingent liabilities arising during or after the leasing periods although the College has a right to purchase the pianos at the conclusion of the lease at an arms length market valuation.
The piano lease was renewed on 1st August 2020 for a period of 5 years following an open procurement exercise.

Total rentals payable under finance leases:	**31 July 2023**		31 July 2022	
	Fixtures & Fittings	**Total**	Fixtures & Fittings	Total
	£'000	**£'000**	£'000	£'000
Payable during the year	**19**	**19**	222	222
Future minimum lease payments due:				
Not later than 1 year	**-**	**-**	19	19
Later than 1 year and not later than 5 years	**-**	**-**	-	-
Later than 5 years	**-**	**-**	-	-
Total lease payments due	**-**	**-**	19	19

Halls of Residence

In 2000 the College entered into a lease arrangement with Jarvis plc, subsequently assigned to The Unite Group, to the operation of the Sir Charles Groves Hall of Residence on the College's campus. The land is leased on a 99-year lease to Liberty Living and the Hall of residence is leased back to the College in 30 and 60 year leases. Management of the Hall is contracted to Liberty Living Limited. The underlease payments are calculated as 98.45% of the student rents collected by the Hall plus an agreed payment for the use of the studio flats by College staff and guests. During 2022/23, the twentieth year of its operation, the total income of the Hall was £5,538,089, and the underlease rent payable was £5,275,278. Since the risks and rewards of operating the Hall are substantially with The Unite Group, the net income to the College of £82,811, has been recorded in the accounts under other income.

22 Events after the reporting period

There are no events between the end of the reporting period and the date when the financial statements are authorised for issue.

The financial statements were authorised for issue on 29 November 2023 by The Board of Governors

23 Pension Schemes

The College's employees belong to three principal pension schemes, the Teachers' Pension Scheme, the Universities Superannuation Scheme and the Greater Manchester Pension Fund.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is an unfunded defined benefit scheme. Contributions on a pay as you go basis are credited to the exchequer under arrangements governed by the Superannuation Act 1972.

The pension contributuon rate is assessed every five years in accordance with advice from the government actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation	31-Mar-16
Actuarial method	Prospective benefits
Investment returns per annum	2.9% per annum
Pension increases per annum	2.0% per annum
Salary scale increases per annum	4.2% per annum
Market value of assets at date of last valuation	£196,100 million

Following implementation of Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000 the government actuary carried out a further review on the level of employers' contributions. Employer contribution rates were set at 23.68% of pensionable salaries from 1 September 2019. The total contribution made for the year ended 31 July 2023 was £1,353,892 of which employers contributions totalled £958,398 and employees contributions totalled £395,494. An appropriate FRS102 provision in respect of unfunded pensioners' benefits is included in provisions.

Universities Superannuation Scheme

The institution participates in Universities Superannuation Scheme (USS) which is the main scheme covering most academic and academic-related staff. The Scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund.

USS is a multi-employer scheme and is accounted for as set out in the accounting policies

The total cost charged to the Consolidated Statement of Comprehensive Income is £63,355 (2022: £61,486) excluding the impact of the change in the deficit recovery plan.

The 2020 valuation was the sixth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £66.5 billion and the value of the scheme's technical provisions was £80.6 billion indicating a shortfall of £14.1 billion and a funding ratio of 83%.

Deficit recovery contributions due within one year for the institution are £18,185 (2022: £17,079)

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2020 ("the valuation date"), which was carried out using the projected unit method.

The key financial assumptions used in the 2020 valuation are described below. More detail is set out in the Statement of Funding Principles. (uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles)

CPI assumption	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves less: 1.1% p.a. to 2030, reducing linearly by 0.1% p.a. to a long term difference of 0.1% p.a. from 2040
Pension increases (subject to a floor of 0%)	CPI assumption plus 0.05%
Discount rate (forward rates)	Fixed interest gilt yield curve plus: Pre-retirement: 2.75% p.a. Post retirement: 1.00% p.a.

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2020 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2020 valuation
Mortality base table	101% of S2PMA "light" for males and 95% of S3PFA for females.
Future improvements to mortality	CMI_2019 with a smoothing parameter of 7.5, an initial addition of 0.5% pa and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.

The current life expectancies on retirement at age 65 are:

	2023	2022
Males currently aged 65 (years)	24.0	23.9
Females currently aged 65 (years)	25.6	25.5
Males currently aged 45 (years)	26.0	25.9
Females currently aged 45 (years)	27.4	27.3

A new deficit recovery plan was put in place as part of the 2020 valuation, which requires payment of 6.22% of salaries over the period 1 April 2022 to 31 March 2024 at which point the rate will increase to 6.3%. The 2023 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2023	2022
Discount rate	5.05%	3.31%
Pensionable salary growth	n/a	n/a

Contingent Liability

In September 2005 the government introduced legislation which means an employer cannot withdraw from a multi-employer scheme without funding to a specified level its share of any pension liability in the scheme. The funding level specified is the amount required to buy-out the liabilities with an insurance company, and is commonly known as the buy-out debt or section 75 debt.

The estimated section 75 debt for RNCM was £1.2m as at 31 March 2018.

23 Pension Schemes (continued)

Greater Manchester Pension Fund

The Greater Manchester Pension Fund (GMPF) is a defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2023 was £1,288,203 of which employers contributions totalled £928,300 and employees contributions totalled £359,903. The agreed contribution rate was 18.9% of pensionable salaries.

The pension cost is assessed every three years in accordance with the advice of a qualified independent actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

The following information is based upon a full actuarial valuation of the Fund at 31 March 2022.

	31 July 2023	31 July 2022
Inflation	**3.00%**	2.70%
Rate of increase in salaries	**3.80%**	3.45%
Discount rate for liabilities	**5.05%**	3.50%

Default assumption for salary growth is that set for the most recent actuarial valuation for the fund.

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 July 2023	**At 31 July 2022**
	years	years
Retiring today		
Males	20.4	20.3
Females	23.8	23.2
Retiring in 20 years		
Males	21.5	21.6
Females	24.8	25.1

Allowing for index returns, the estimated split of assets as at 31 July 2023 is shown below :

	31 July 2023	31 July 2022
Equities	**71.0%**	68.0%
Bonds	**14.0%**	13.0%
Property	**8.0%**	9.0%
Cash	**7.0%**	10.0%

	Year Ended 31 July 2023 £'000	Year Ended 31 July 2022 £'000
College's estimated asset share	**37,813**	36,241
Present value of scheme liabilities	**(29,031)**	(33,371)
Present value of unfunded liabilities	**(109)**	(120)
Less notional surplus not recognised	**(8,673)**	(2,750)
Deficit in the Scheme *(see accounting policy)*	**-**	-

	Year Ended 31 July 2023 £'000	Year Ended 31 July 2022 £'000
Analysis of the amount charged in the income and expenditure account		
Current service cost	**1,328**	2,557
Past service cost	**33**	5
Total operating charge	**1,361**	2,562
Analysis of net interest on pension scheme		
Interest on pension scheme assets	**1,276**	563
Interest on pension scheme liabilities	**(1,187)**	(825)
Net interest	**89**	(262)
Amount recognised in the statement of comprehensive income		
Actuarial (losses)/gains on pension scheme assets	**(580)**	312
Experience gains and losses arising on the scheme liabilities	**(3,071)**	(110)
Change in financial and demographic assumptions underlying the scheme liabilities	**9,910**	20,100
Less notional surplus not recognised	**(5,923)**	(2,750)
Actuarial gain	**336**	17,552
Movement in deficit during the year		
(Deficit) in scheme at start of period	-	(15,559)
Movement in year:		
Current service charge	**(1,328)**	(2,557)
Contributions	**926**	821
Contributions in respect of unfunded benefits	**10**	10
Past service costs	**(33)**	(5)
Net interest	**89**	(262)
Actuarial gain/(loss)	**336**	17,552
Deficit in scheme at end of period	-	**-**

Asset and Liability Reconciliation	**Year Ended 31 July 2023 £'000**	Year Ended 31 July 2022 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	**33,491**	50,584
Current service cost	**1,328**	2,557
Interest cost	**1,187**	825
Contributions by Scheme participants	**358**	310
Experience gains and losses on defined benefit obligations	**2,681**	(59)
Changes in financial assumptions	**(9,114)**	(19,931)
Benefits paid	**(824)**	(800)
Past Service cost	**33**	5
Defined benefit obligations at end of period	**29,140**	33,491
Changes in fair value of plan assets		
Fair value of plan assets at start of period	**33,491**	35,025
Interest on plan assets	**1,276**	563
Return on plan assets	**(174)**	312
Employer contributions	**936**	831
Contributions by Scheme participants	**358**	310
Benefits paid	**(824)**	(800)
Less movement in notional surplus not recognised	**(5,923)**	(2,750)
Fair value of plan assets at end of period	**29,140**	33,491

23 Pension Schemes (continued)

History of experience gains and losses

	Year Ended 31 July 2023 £'000	Year Ended 31 July 2022 £'000	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000	Year Ended 31 July 2019 £'000
Difference between the interest on assets and actual return on assets	(580)	312	5,575	(722)	795
Value of assets	37,813	36,241	35,025	28,643	28,399
% of scheme assets	-1.5%	0.9%	15.9%	-2.5%	2.8%
Experience gains / (losses) on liabilities	(3,071)	(110)	562	544	2
Present value of liabilities	29,140	33,491	50,584	43,149	37,113
% of scheme liabilities	-10.54%	-0.33%	1.11%	1.26%	0.01%
Amount recognised in the statement of comprehensive income	336	17,552	515	(4,736)	(2,860)
Present value of liabilities	29,140	33,491	50,584	43,149	37,113
% of scheme liabilities	1.15%	52.41%	1.02%	-10.98%	-7.71%

Changes to the fund permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. On the advice of our actuaries we have taken the view that there is insufficiently reliable evidence to assume a level of take-up of the change in the pension scheme. Consequently the valuation of the retirement benefit liabilities as at 31 July 2023 does not include any allowance for this change to the pension scheme.

In calculating the fund assets and liabilities, the fund's actuaries had to make a number of assumptions about events and circumstances in the future. These assumptions represent the best estimate of expected outcomes but it is possible that actual outcomes will differ from those included in the accounts. Any differences between expected and actual outcomes are reported through experience gains and losses.

As the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has a notional surplus. As management do not consider that the College will be able to recover the surplus either through reduced contributions in the future or through refunds from the plan, the surplus has not been recognised in these financial statements in line with paragraph 28.22 of FRS102.

Sensitivity Analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 July 2023:	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount £(000)
0.1% decrease in Real Discount Rate	2%	615
1 year increase in member life expectancy	4%	1,166
0.1% increase in the Salary Increase Rate	0%	65
0.1% increase in the Pension Increase Rate (CPI)	2%	560

Notes:

In order to quantify the impact of a change in the financial assumptions used, we have calculated and compared the value of the scheme liabilities as at 31 July 2023 on varying bases. The approach taken is consistent with that adopted to derive the FRS102 figures provided in this report.

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, we estimate that a one year increase in life expectancy would approximately increase the Employer’s Defined Benefit Obligation by around 3-5%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages).

24 Connected charitable Institutions

Two charitable institutions are administered by the College and have been established for its general or special purposes. The connected institutions are included as a subsidiary undertaking in these consolidated financial statements.
The RNCM Finance Committee acts as the trustee of each charity.

The movements in the year on the funds of the connected institutions, as reported in their own accounts, were as follows:

	RNCM Awards Fund £	**RNCM Endowment Fund £**
Income	2,765,175	1,819,381
Expenditure	2,112,778	2,631,125
Surplus/(loss) for the year	652,397	(811,743)
Investment (losses)	(721,402)	(25,723)
Net Movement in Funds	**(69,005)**	**(837,467)**
Assets	22,594,956	16,635,858
Liabilities	103,293	289,059
Net	**22,491,663**	**16,346,799**

The objectives of the RNCM Awards Fund is to apply its income to the education of students of the RNCM by the award of prizes, scholarships, exhibitions, grants for travel or for the purchase of musical instruments, maintenance allowances or other similar benefits.

The objectives of the RNCM Endowment Fund is to apply its income in such ways as the trustee considers fit for the general purposes of the RNCM and the Junior School at the RNCM and in the advancement of the education of its students and former students.

25 Financial Instruments

	Year Ended 31 July 2023		Year Ended 31 July 2022	
	Consolidated	**College**	Consolidated	College
	£'000	**£'000**	£'000	£'000
Financial assets				
Investments measured at fair value through income and expenditure				
Investments in listed ordinary shares	**15,073**	**-**	15,763	-
Investments in common investment funds	**9,801**	**-**	8,960	-
	24,874	**-**	24,723	-
Assets measured at Amortised Cost				
Trade and other receivables at cost	**768**	**362**	2,090	1,711
Cash and cash equivalents	**9,937**	**503**	9,661	931
	10,705	**865**	11,751	2,642
Total financial assets	**35,579**	**865**	36,474	2,642
Financial liabilities				
Trade payables at cost	**1,063**	**914**	1,852	1,492
Loans at cost	**2,099**	**2,099**	2,335	6,335
Obligations under finance leases	**-**	**-**	16	16
Total financial liabilities	**3,162**	**3,013**	4,203	7,843

Income, expenditure, gains and losses in respect of financial instruments are summarised below:

	Year Ended 31 July 2023		Year Ended 31 July 2022	
	Consolidated	**College**	Consolidated	College
	£'000	**£'000**	£'000	£'000
Interest income and (expense)				
Interest income for financial assets measured at fair value through income and expenditure	**1,352**	**-**	1,083	-
Interest income for financial assets at amortised cost	**11**	**11**	25	-
Interest (expense)	**(117)**	**(117)**	(148)	(148)
	1246	**(106)**	960	(148)

	Year Ended 31 July 2023		Year Ended 31 July 2022	
	Consolidated	**College**	Consolidated	College
	£'000	**£'000**	£'000	£'000
Gains/(Losses)				
On financial assets measured at fair value through income and expenditure	**(747)**	**-**	(550)	-
	(747)	**-**	(550)	-

26 Access and Participation Expenditure

	Year Ended 31 July 2023	Year Ended 31 July 2022
	£'000	**£'000**
Access Investment	232	183
Financial support provided to students	176	198
Support for disabled students	118	87
Research and evaluation expenditure	26	24
Total	**552**	**492**

The total of the approved expenditure in our Access and Participation Plan for the year ended 31 July 2023 was £551,963. Included within this expenditure are staff costs amounting to £181,121 (2021/2022 £147,398) which are already included in the staff cost figure in the financial statements, note 7.

Details of the approved plan can be found at,
https://www.officeforstudents.org.uk/advice-and-guidance/the-register/search-for-access-and-participation-

27 Contingent Liability

The College has considered the impact of the Harpur Trust v Brazel case and is in the process of taking legal advice on its contractual arrangements with staff, whilst also considering the very recent outcome of the Government's consultation on holiday pay. Based on our initial review of the outcomes, we deem there to be no material risk of a liability or contingent liability requiring disclosure in these accounts.