RNCM Financial Statements

2020/21

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RNCM ROYAL NORTHERN

The Patron, The President, and Board of Governors

PATRON

HER MAJESTY THE QUEEN

PRESIDENT

SIR JOHN TOMLINSON CBE

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Nick Prettejohn (Chair) 1,3,4,5 (Until 31 December 2020)

Ravi Gupta (Chair) 1,3,4,5 (From 1 November 2020, Chair from 1 January 2021)

Carolyn Baxendale 2,3

Chris Cox ⁴

Professor Lynne Dawson ^{4,6} (Until 31 December 2020)

Professor Nicholas Reyland ⁶ (From 1 January 2021)

Felicity Goodey³

Michael Harper 6

Professor Chris Haslam²

Leslie Kwan (From 1 November 2021)

Sir Alan Langlands

Sir Richard Leese

Hazel Province 4,5

Sam Rigby 1,5

Georgina Robb² (From 1 October 2021)

David Roper 2,3

John Summers 1 (Until 31 December 2020)

Simon Webb 1 (From 1 January 2021)

Nick Ware 2,7

The Principal (Professor Linda Merrick) 1,4,5

The President of the Students' Union (Cara Houghton from 1 August 2020 to 31 July 2021, Rebecca Anderson from 1 August 2021)

CLERK TO THE BOARD OF GOVERNORS

Professor Dawn Edwards

- ¹ Member of Finance Committee
- ² Member of Audit Committee
- Member of Remuneration and Strategic Staffing Committee
- ⁴ Member of Nominations Committee
- ⁵ Member of Honorands Committee
- 6 Nominated by the Academic Board
- 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 2020-21, no cause for concern has been identified.

Officers and Professional Advisors

CHAIR OF THE BOARD

Ravi Gupta BSc, ACA

DEPUTY CHAIR OF THE BOARD

David Roper, MA, FCA

PRINCIPAL

Professor Linda Merrick 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 3 Symphony Park Manchester M1 7FS

EXTERNAL AUDITORS

Mazars LLP One St Peter's Square Manchester M2 3DE

ADDRESS

124 Oxford Road Manchester M13 9RD

RNCM Financial Statements 2020/21

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

The Royal Northern College of Music is one of the world's most outstanding and forward-thinking conservatoires. Today, as we reflect on the most unprecedented year in our history, this statement has never been clearer.

We remain immensely proud of the way that our staff and students have adapted to the challenges of the pandemic and of the incredible things they have achieved. Moving to remote teaching and learning in March 2020 was a significant event for the RNCM, but the measures we put in place and the developments we made as we moved through a blended academic year, enabled us to deliver the key components of our programmes without compromise.

Many of the innovative solutions put in place over the past 12 months, in addition to the unveiling of our new high specification Studio 8, significantly improved the College's digital capabilities. Now, as we embed this work within our uniquely progressive and industry-relevant offer, we find ourselves in an even stronger position to seize the opportunities ahead and remain at the forefront of conservatoire education globally.

Launched in 2021, our new Strategic Plan, *Defining the Future of Music*, outlines our commitment to educate musicians to the highest level in an environment that is both stimulating and rich in opportunity. Within this is a dedication to reduce our carbon footprint, placing the climate and environmental impact at the heart of our decision-making. Our work in this area took a significant step forward in 2021 following an award of £3.4million from the Public Sector Decarbonisation Scheme (PSDS).

Working in partnership with the Greater Manchester Combined Authority (GMCA) and funded by Salix, the PSDS distributed £78 million to organisations across the region. The substantial grant we received now provides an incredible opportunity to vastly improve the quality and efficiency of the RNCM estate and to develop a forward strategy around the route to decarbonisation.

Our commitment to equality, diversity and inclusion also continued during 2020/21 with the establishment of our Underrepresented Society. A direct response to Black Lives Matter, the group is open to all staff and students who are motivated by the need to celebrate overlooked musical voices, both today and within the world history of music.

In an ever more competitive global market, exacerbated by the uncertainty surrounding Covid-19, student recruitment is strong, as is our worldwide reputation as a leading voice in music education and a hub for artistic innovation and creativity. Targeted interventions through our Learning and Participation department, RNCM Young Projects and RNCM Pathfinder, in addition to Junior RNCM and curriculum-based student placements, enable us to reach children, young people, families, the vulnerable and the elderly on a significant scale, while our performance programme offers a range of events to public audiences all year round.

Our relationship with our professional and educational partners deepened throughout 2020/21, and we were thrilled to welcome new connections with legendary guitarist, songwriter and producer Nile Rodgers, industry expert Merck Mercuriadis and guitarist Dominic Miller, who has established a new travel bursary in honour of his father, offering students a unique opportunity to experience the music and culture of Latin America. We also had considerable funding success during the year. In addition to the PSDS grant, the College received over £500,000 from the Leverhulme Trust Arts Scholarships scheme and more than £130,000 from the Culture Recovery Fund.

At the end of the financial year, the RNCM group's total reserves totalled £45.7m, cash equivalents totalled £10.6m, and operating deficit for the year before other gains and losses was £675k, indicating a good result considering the significant impact Covid-19 had on operations throughout the year.

As we look to the future and embrace the new normal, the buoyant investment and development agendas we have in place will ensure that we can continue to invest in our students, staff and facilities, building on our reputation as a world-leading conservatoire.

Finally, we would like to thank our staff and students for their fanatastic work through what has been a challenging year for all of us.

Ravi Gupta Chair of the Board

Professor Linda Merrick Principal

Operating and Financial Review

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, all students are required to undertake an industry placement during their time with us; this can be anything from learning and participation to marketing and fundraising, anywhere in the world, including Europe, China and the USA.

We are proud that our students have many opportunities to tour overseas during their studies; working alongside musicians from many different countries is highly valued by them. Although restrictions around Covid-19 meant that travel throughout 2020/21 wasn't possible, many musicians experience exceptional professional development while at the RNCM. Previous trips include orchestral, chamber and vocal concerts with professional soloists, ensembles and conductors at the annual Cantiere Internazionale d'Arte in Montepulciano, Italy; Big Band and Percussion Ensemble tours of China; New Year's Eve concerts at Amsterdam's Concertgebouw with the Netherlands Wind Ensemble, and vocal opportunities with the Edvard Grieg Kor and Bergen Philharmonic. Most travel costs are paid by the College, with generous support from our patrons, meaning that students can benefit from worldwide performance and professional experiences without additional financial burden.

We also 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.

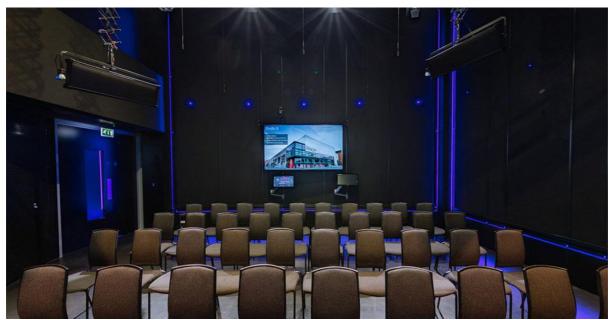
Based in one location on Oxford Road and with a Hall of Residence right next door, we pride ourselves on providing a welcoming and supportive environment for everyone in our community. Our dedicated professional services teams ensure that students have access to the right facilities and support during 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.



RNCM Keyboard Studies perform Shahana

Innovative teaching and world-leading research

In May 2021, we unveiled our new Studio 8: the UK's first Meyer Constellation system in higher education.



RNCM Studio 8

Completed by R&W Technologies, Studio 8 is the flagship resource of RNCM Ensemble+, a four-year research and development project that considers distance learning within a Higher Education network. As a result, it's ideally suited to distance and blended learning. Classes and ensembles can communicate remotely with partners without the need for individual microphones, and with careful consideration given to room layout, flexibility, and camera sight lines. This research has also directly informed our response to Covid-19 allowing it to quickly develop portable distance learning systems, bespoke distance learning systems for percussion and piano, and our online support system.

Studio 8 features acoustically transparent fabric walls and ceilings, 70 custom-made acoustic diffuser panels, 20 wall speakers, 16 ceiling speakers, eight sub-woofers, 20 flown microphones, 11 customised facility panels, three control processors, two lighting processors, five audio processors with 18 audio DSP's, a layer three stacked network topology 40GB backplane and WiFi5 mesh distribution for control, wireless presentation and audio and video over IP routing. It also offers architectural and performance lighting including ambient, low-light LED and circadian lighting, all controlled through a central control system.

Despite the continuing restrictions surrounding Covid-19, performance remains an essential part of conservatoire training and is one of the most exciting and fulfilling aspects of studying at the RNCM.

Throughout 2020/21 we actively sought creative and innovative ways to deliver the practical ensemble training that sits formally outside the core curriculum but is nevertheless an important part of the overall student experience. The investments we have made in technology and infrastructure meant that while our venues were closed to the public, we could deliver high specification online broadcasts, livestreamed from our Concert Hall. This significant development saw exciting collaborations with staff, students and visiting artists, inspirational masterclasses and Q&As with international musicians, and student-led projects.

Widening Participation and Access

The specialised education we offer means that securing a place at the RNCM is highly competitive. Each year hundreds of exceptionally gifted applicants audition to join our award-winning community, their individual ambitions underpinned by a shared passion for music. However, such standards can only be achieved through access to high-quality musical training and education from a very young age, many years before contemplating conservatoire study.

Acknowledging the great benefit and value of a diverse student body in all respects, we are committed to removing barriers to music education. Through our nationally-recognised community programme of accessible events and student placements, we reach thousands of children and young people across our local communities each year. In 2020, we were proud to report that RNCM Pathfinder was shortlisted for its second Times Higher Education Award.

Founded in 2017, the ground-breaking scheme enables disadvantaged young people aged 10 - 16 (including those with disabilities, carers, looked-after young people, those attending a Pupil Referral Unit and those from areas of multiple deprivation) to overcome financial, social and cultural barriers and progress their musical talent and aspirations, and our instrument-themed series of Young Projects and Summer Schools deliver first-class tuition to more than 200 pre-tertiary young musicians, either at minimal cost or free of charge, annually.

Junior RNCM also forms a critical part of our widening participation strategy, drawing some 200 talented music students aged 8 - 18 to the College every Saturday from across the North of England and beyond. Most students are in receipt of full bursaries from the Government's Music and Dance Scheme, meaning that they can benefit from a high-quality music education irrespective of their background or ability to pay. Many no longer have access to GCSE or A Level music tuition in their schools, and are part of a very small peer group, so are reliant on Junior RNCM to develop their musical potential. The destinations of Junior RNCM students are exceptional, with the majority securing places at top conservatoires and universities in the UK and overseas.

In addition to our work with children and young people, our extensive public benefit includes student placements in hospitals and care homes, the accessibility of a world-class instrument collection, free lunchtime concerts and research forums, concessional ticket prices for under-18s, over-60s and claimants (in receipt of JSA and ESA), and the option for external organisations to hire our venues and spaces for performances, conferences and events.



DNCM Dathfindor

The Whole Musician

The RNCM is recognised internationally as one of the most exciting and forward-thinking conservatoires in the world. For almost 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 are dedicated to providing a world-class education, complemented by exceptional real-world experiences and embedded in an environment where students' health and wellbeing remains 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 and wide-ranging achievements of our alumni are testament to the personal and professional development we provide to all our students at the RNCM.

Professional Partnerships

The partnerships we have forged with professional organisations and educational institutions worldwide are central to our Strategic Plan and to the delivery of a stimulating and innovative real-world experience for RNCM students, through placements and performing opportunities.

Key regional and national partners include the Abbey Road Institute, ABRSM (the world's leading music examination board), the BBC Philharmonic, Brighter Sound (a community popular music provider), Manchester University NHS Foundation Trust, Chetham's School of Music, the Hallé, Manchester Camerata, Manchester and Greater Manchester Music Education Hubs, Manchester Metropolitan University, Nordoff-Robbins (one of the world's leading music therapy organisations), Northern Ballet, Opera North, the University of Manchester and the Royal Liverpool Philharmonic. We have recently created new partnerships with Manchester Collective and Royal Northern Sinfonia. Through RNCM Ensemble+, a £2 million collaborative digital network supported by the Office for Students and the Garfield Weston Foundation, we also work with the Universities of Leeds, Liverpool, Newcastle, Nottingham, Sheffield and York, alongside BBC North and Spirit Studios (formerly School of Sound Recording (SSR)).

Internationally, the RNCM is proud to lead the International Benchmarking Group (IBG) and Interplay, two unique and established networks, uniting outstanding institutions worldwide to enhance the professional and personal development of young musicians. Established in 2010, the International Benchmarking Group (IBG) is a network of eight of the world's leading conservatoires. Its primary aim is to enhance the professional and personal development of young musicians through the sharing of best practice, ensuring that its member institutions remain at the forefront of conservatoire education and training globally. Led by the RNCM, the IBG incorporates the Escola Superior de Música de Catalunya (ESMUC), Barcelona, Haute Ecole de Musique de Geneva (Switzerland), College of Music, Mahidol University (Thailand), New England Conservatory (USA), Norwegian Academy of Music (Norway), Royal Conservatoire, The Hague (The Netherlands), Sydney Conservatorium (Australia), and University of Music and Performing Arts, Graz (Austria).

Complementing the International Benchmarking Group, Interplay is a parallel professional network of educators, practitioners and students from the world's finest conservatoire-based popular music programmes.facilitate the sharing of best practice, project-based work and facilitate targeted staff and student mobility.

Partners include the RNCM, Berklee College of Music Valencia (Spain), Codarts Rotterdam (The Netherlands), Conservatorium van Amsterdam (The Netherlands), and USC Thornton School of Music (USA). Together, Interplay aspires to have a major influence on the popular music profession, training its future leaders through ethical advocacy, collaborative working and the sharing of best practice.

These core networks are complementing by the many bilateral international partnerships we enjoy with world-leading conservatoires across Europe, Asia and the US. The RNCM is also the only UK member of the European Chamber Music Academy.



RNCM Professional Experience Schemes

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.

Financial Performance in 2020/21

Financial Strategy

The RNCM's new 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	2020/21	2019/20
Operating Cash as % of Total Income	>10%	10.5%	2.7%
Philanthropy Income as % of Total Income	>10%	9.9%	9.1%
Borrowing as % of Consolidated Income	<20%	11.5%	12.2%
Net Liquidity Days-unrestricted cash	>90 days	116	103
Operating Surplus as % Total Income	>5%	(3.0%)	(4.1%)

Performance against the targets has improved across the board on 2019/20 with almost all meeting or exceeding the targets. Operating cash would have been much lower, however, if it wasn't for a marked increase in Creditors resulting from increased Holiday Pay Accrual, capital accrual and deferred income. Operating cash production will continue to be much higher than operating surplus due to the significant non-cash charges in depreciation and pensions. An excellent year for philanthropic income was helped by significant public support of the Keep Music Playing campaign and receipt of a significant legacy into the Awards Fund. Borrowing continues to reduce as loans are repaid although a capital repayment holiday on one loan was obtained in the year to assist with cash flow. Net Liquidity is up significantly due to improved operating performance compared with budget in year, changes in working capital and a delay to some capital expenditure which will happen in 2021/22.

Financial Review of 2020/21

The overall underlying 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 have, however, been significantly impacted by the Covid-19 pandemic.

Positives for the year were that liquidity remains strong, tuition fee income has shown some growth as a result of strong student recruitment and retention, and research grants and contracts saw year on year growth.

The Covid-19 pandemic has impacted the 2020/21 financial results in a number of ways. Firstly, no donation was received from the Associated Board of the Royal Schools of Music (ABRSM) due to the impact of the pandemic on their operations. This was also the case in 2019/20 but in the 2018/19 financial year this totalled £1.4m. Secondly, the closure of the college building at points in the year impacted our ability to generate trading income through catering, conferencing and box office ticket sales which results in a reduction in Other Income. This is to some extent offset by receipts from the Coronavirus Job Retention Scheme (CJRS) and some savings in other operating expenses due to reduced travel costs and other savings resulted from reduced income streams.

Looking ahead to financial year 2021/22 and beyond, the pandemic continues to present some risks to the College around its operations and finances. Student Recruitment looks strong as we head into the first term of 2021/22 although the impact of Brexit is clear on reduced recruitment from the EU. There remains significant risk and potential volatility around both tuition fees and funding body grants as the Government is due to respond to the recommendations from the Augur Review and reviewing the Institution Specific Targeted Allocation funding from the office for Students. Both could have significant impacts on the RNCM's income in future years.

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	2020/21	2019/20	CHANGE
	£'000	£'000	£'000
Income	22,635	22,572	63
Expenditure	23,310	23,505	(195)
Operating (Deficit) before other gains and losses	(675)	(933)	258
Gain/(Loss) on Investments/fixed assets	2,910	(178)	3,088
Surplus/(Deficit) for the year	2,235	(1,111)	3,346
Actuarial gain/(loss) in respect of pension schemes	670	(4,750)	5,420
Total comprehensive income for the year	2,905	(5,861)	8,766

Consolidated Balance Sheet

RESULTS FOR THE YEAR	2020/21	2019/20	CHANGE
	£'000	£'000	£'000
Non-current assets	57,019	54,071	2,948
Of which Endowment assets, restricted assets and	24,561	21,781	2,780
other investments			
Cash and cash equivalents	10,627	8,631	1,996
Net current assets	8,055	7,759	296
Borrowings	(2,599)	(2,755)	156
Pension provisions	(16,323)	(15,443)	(880)
Total reserves	45,733	42,827	2,906

Key Highlights

- Total income of £22.6m
- Income in line with 2019/20
- Operating deficit of £675k
- Endowment assets, restricted assets and other Investments of £24.6m
- Cash and cash equivalents of £10.6m, of which £7.1m is unrestricted

Income: Year-on year increase of £0.1m (0.0%)

Revenue was broadly flat and included a number of offsetting increases and decreases, these included the following:

Tuition fee income grew by £0.3m (2.3%) in the year to £12.2m, reflecting strong student recruitment given the extremely challenging environment in which the College was operating.

The small increase in funding body grants represents some modest additional support provided through the Office for Students and Research England to assist with aspects of the pandemic and student hardship support.

RNCM investment in Research has also seen a welcome increase in Research grant and contract income, from $\pm 470 \text{k}$ in 2019/20 to $\pm 577 \text{k}$ in 2020/21.

Investment income reduced by £37k (3.6%) year on year to £981k in total; reflecting the challenging investment markets and reduction in the valuation of investments at July 2020. These have recovered well though which can be seen in the investment valuation in the balance sheet which will increase this income in 2021/22.

Donation and Endowments Income increased by £224k (11.1%) to £2.2m in total. This is a remarkable result and testament to the hard work of the Development Team at the College. A successful campaign related to the closure of the College building brought in significant funds, as did a large legacy received in the year.

Other income reduced by £638k (32.3%) due to the continuing impact of the Covid-19 pandemic limiting catering, conferencing and performance & programme activities.

Expenditure: Year-on year reduction of £0.2m (0.8%)

Expenditure reduced slightly on 2019/20 and included a number of offsetting increases and decreases, these included the following:

Staff costs increased by £994k (7.2%) year on year to £14.9m in total. Pension provisions movements charged to Staff Costs contributed £536k of this increase as the GMPF pension charge increased from £861k to £1,356k. The growth in staff costs excluding pension provisions was £458k, 3.5% year on year, reflecting scale point increment growth

where staff are not at the top of grade, a significant uplift in holiday pay accrual as a result of more unused leave and £130k of severance costs paid to 29 employees.

Other operating costs reduced by 16.3% year on year to \pm 6.4m, reflecting reduced costs of operating the building, reduced travel and reduced costs directly linked to reduced income streams such as catering and the performance programme.

Capital expenditure increased by £0.3m year on year to £2m, contributing to the increase in depreciation to £1.8m compared to £1.7m in 2019/20. Capital projects in the year included:

- · Central hub technology and equipment for the Ensemble + initiative
- · Investment in distance and flexible learning technologies
- · New Student Information Management System

Increase in non-current assets of £2.9m (5.5%)

Reflecting significant increase in the market value of investments.

Decrease in longer term creditors of £0.5m (15.2%)

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.

Increase in pension provisions of £0.9m

The year-on-year adverse movement on pension provisions primarily reflects the latest valuation of the Greater Manchester Pension Fund (GMPF) on a Financial Reporting Standard (FRS) 102 accounting basis as at 31 July 2021. The latest valuation has given rise to a net deficit of £16.3m compared to prior year deficit of £15.4m; this is largely a result of changes in financial assumptions in respect of inflation and rate of increase in salaries (Inflation up to 2.8% from 2.1% and rate of increase in salaries to 3.55% from 2.9%). Discount rate has this year increased slightly following some large reductions in recent years (1.6% in 2021 compared with 1.4% in 2020 and 2.1% in 2019). The increased inflation and rate of salary increase assumptions work to increase the deficit, whereby the discount rate increase reduces it.

The material valuation movement 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 2020	APPROXIMATE % INCREASE TO DEFINED BENEFIT OBLIGATION	APPROXIMATE MONETARY AMOUNT (£000)
0.1% decrease in Real Discount Rate	2%	1,185
1 year increase in member life expectancy	4%	2,023
0.1% increase in the Salary Increase Rate	0%	125
0.1% increase in the Pension Increase Rate (CPI)	2%	1,042

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 summary of the principal risk factors which affect the College:

Covid-19

The risks around the Covid-19 pandemic are many and ongoing. The College has established a live risk register to monitor and manage these risks.

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.

Funding and Fees

Until it becomes clear as to what elements of the recommendations of the Government commissioned post-18 education review (the 'Augar' report) might be taken forward, there remains significant uncertainty around future

tuition fee levels. Announcements were anticipated in the Budget 2021 but these were not forthcoming. Further details are now expected in late 2021.

Institutional specific funding that is received by the College is a vital income stream that enables the College to deliver world class, high quality, music education and teaching. The anticipated review of this funding by The Office for Students has been delayed but is now expected in 2021/22. The RNCM will be actively engaged in this process and will be providing substantive evidence of the value for money that is derived from this important funding source.

Institutional specific funding that is received by the College is a vital income stream that enables the College to deliver world class, high quality, music education and teaching. The anticipated review of this funding by The Office for Students has been delayed but is now expected in 2021/22. The RNCM will be actively engaged in this process and will be providing substantive evidence of the value for money that is derived from this important funding source.

Student Recruitment

Continued strong student recruitment is imperative to the sustainable future of the College. Covid-19 has obviously increased the risks and uncertainty in this area but by continuing to deliver the best possible experience for our students, we have ensured that recruitment has been strong. Both in 2019/20 and 2020/21 the College has seen strong application numbers and recruitment, particularly in overseas markets.



RNCM Zoom Room

Brexit

The higher education sector is not immune to the lasting impact of Brexit, and there is no doubt it represents a continuing challenge for the College. However, the strength of the College's reputation overseas continues to attract students from all over the world.

The Government announcement during 2018/19 to continue to allow EU students commencing their studies in academic year 2020/21 to be assessed at the Home fee rate and to qualify for student loans was welcome news, although this provides only short-term assurance. From 2021 EU students fall under the International Fee regime and this has meant that recruitment from EU countries has reduced in 2021. Whether recruitment from these countries can recover remains an ongoing risk.

Pensions

The College offers three defined benefit pension schemes, the Teachers' Pension Scheme (TPS), the Greater Manchester Pension Fund (GMPF) and the Universities Superannuation Scheme (USS). Employer contribution rates into these schemes are defined by the number of current and past participants and by actuarial assessments of the future liabilities of the schemes and these rates can be significant. Pension costs are currently 22% (up from 18% in the prior year) of the total reported staff costs and employer contribution rates increased in the TPS from 16.48% to 23.68%, from 2019/20, and in USS will increase from 21.1% in 2020/21 to 21.4% in 2021/22. The results of the

2019 triennial valuation of the GMPF were positive with the reported funding level improving from 93% in 2016 to 102% in 2019. Employer contribution rate for the college is 18.9%. Further reform of these schemes is likely as their long-term sustainability is being challenged by market conditions and current scheme structures.

Trust Fund Investments

The College's Group has significant Endowment Assets, Restricted Assets and other Investments of £24.6m reported on its balance sheet arising from the RNCM Awards Fund and RNCM Endowment Fund. These two funds are established as Charitable 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 consolidated 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 2021, rising in value by +17.5% (+17.2% Jellis Portfolio), which was well ahead of the primary objective (CPI+3%) which returned +5.0%. The portfolio outperformed its composite benchmark which returned +14.7%. The portfolio benefited from its exposure to global equities, which recovered strongly from their sharp falls in early 2020 and returned +27.0% over the year, +1.3% ahead of the MSCI index. The equity element makes up the largest proportion of the portfolio. Bond returns were also supportive, with the bond exposure rising by +1.6%, despite the comparative index declining by -0.9%. Alternative assets (property, infrastructure and gold) also recorded a positive return, rising by +6.2%.

Awards Fund

The portfolio recorded a positive return during the 12 month period to 31 July 2021, rising in value by +18.3%, which was well ahead of the primary objective (CPI+3%) which returned +5.0%. The portfolio outperformed its composite benchmark which returned +14.7%. The portfolio benefited from its exposure to global equities, which recovered strongly from their sharp falls in early 2020 and returned +27.0% over the year, +1.3% ahead of the MSCI index. The equity element makes up the largest proportion of the portfolio. Bond returns were also supportive, with the bond exposure rising by +2.3%, despite the comparative index declining by -0.9%. Alternative assets (property, infrastructure and gold) also recorded a positive return, rising by +8.1%.

Borrowings

The College has two loan facilities, a fixed term bank loan of £0.2m, subject to base rate interest movements, and a fixed term, fixed rate (5.14%) bank loan of £2.4m.

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 and has also established processes which ensure that it is kept regularly advised on the strategic and policy elements of 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 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 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 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 and Strategic Staffing 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 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.



RNCM socially-distanced performance

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 2021. 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
- Risk Management Policy

- Anti-Bribery and Anti-Fraud Policy
- Ethical Fundraising and Gift Acceptance
- · Conflicts 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 2020/21, 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 2021 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 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



RNCM Opera: The Cunning Little Vixen

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.

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') and its subsidiaries ('the Group') for the year ended 31 July 2021 which comprise the Consolidated and College Statement of Comprehensive Income and Expenditure, the Consolidated and College Statement of Changes in Reserves, the Consolidated and College Balance Sheet, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and College's affairs as at 31 July 2021 and of the Group's and 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 group and College 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 Group's and 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 the Board of Governors

As explained more fully in the Statement of Board of Governors Responsibilities in Respect of the Annual Report and the Financial Statements set out on page 18, 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 Group and 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 Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the College Group and its operations, we identified that the principal risks of non-compliance with laws and regulations related to the OfS requirements, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the OfS Accounts Direction.

We evaluated the Board of Governors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to loss reserves, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the Board of Governors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the College Group which were contrary to applicable laws and regulations, including fraud.

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

- Making enquiries of the Board of Governors 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 & Higher Education Act 1992

In our opinion, in all material respects:

- 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 OfS and UK Research and Innovation (including Research England) have been applied in accordance with the relevant terms and conditions; and
- the requirements of the OfS's accounts direction have been met.

Matters on which we are required to report by exception

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 financial statements, has been materially misstated.

Use of the audit report

This report is made solely to the Governing Body as a body in accordance with paragraph 10(1) of the College's Articles of Government. Our audit work has been undertaken so that we might state to the Governing Body 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 group and Academy and the Governing Body, as a body, for our audit work, for this report, or for the opinions we have formed.

Mazars LLP, Chartered Accountants and Statutory Auditor

One St Peter's Square Manchester M2 3DE

Date:

Statement of Principal Accounting Policies

Year ended 31 July 2021

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 2021.

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, therefore the net defined benefit pension liability is recognised within these accounts. Details of the College's net liability in the GMPF as analysed in no 23. The calculation of this net liability 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 2021. using an appropriate discount rate. 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.

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.

Annual leave accrual

Under FRS102 a liability for outstanding leave entitlement at the year end is required to be recognised. An online annual leave booking and recording system was introduced in year, however not all Academic staff have used the system so a reasonable estimate based on their entitlement and the academic calendar has been used to calculate their liability.

Impairment of Financial Assets measured at costs

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 £1000 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 residual value of the string instruments is higher than the cost at which they are held in the Balance Sheet. 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, bar and promotional items are 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. Subsequently, they are measured at fair value if the investment is publicly traded or their fair value can otherwise be measured reliably with the changes in fair value recognised in the statement of comprehensive income.

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 2023. 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.



Consolidated and College Statement of Comprehensive Income

Year Ended 31 July 2021

		Year ended 31 J	uly 2021	Year ended 31 Ju	uly 2020
	Notes	Consolidated £'000	College £'000	Consolidated £'000	College £'000
Income					
Tuition fees and education contracts	1	12,166	12,166	11,889	11,889
Funding body grants	2	5,333	5,333	5,203	5,203
Research grants and contracts	3	577	577	470	470
Other income	4	1,340	1,805	1,978	2,324
Investment income	5	981	-	1,018	2
Donations and endowments	6	2,238	-	2,014	-
Total income		22,635	19,881	22,572	19,888
Expenditure					
Staff costs	7	14,842	14,842	13,848	13,848
Other operating expenses	9	6,355	4,602	7,647	5,479
Depreciation	10	1,781	1,781	1,673	1,673
Interest and other finance costs	8	332	332	337	337
Total expenditure		23,310	21,557	23,505	21,337
Surplus/(deficit) before other gains and losses.		(675)	(1,676)	(933)	(1,449)
Gain on disposal of fixed assets		1	1	3	3
Gain/(Loss) on investments	16/18	2,909	-	(181)	-
Surplus / (Deficit) for the year		2,235	(1,675)	(1,111)	(1,446)
Actuarial gain/(loss) in respect of pension schemes	23	670	670	(4,750)	(4,750)
Total comprehensive income for the year		2,905	(1,005)	(5,861)	(6,196)
Represented by:					
Endowment comprehensive income for the year		3,142	-	(335)	-
Restricted comprehensive income for the year		447	-	370	-
Unrestricted comprehensive income for the year		(684)	(1,005)	(5,896)	(6,196)
•		2,905	(1,005)	(5,861)	(6,196)

All items of income and expenditure relate to continuing activities

Balance at 31 July 2021

Consolidated	Incomo a	nd expenditure acc	ount	Revaluation reserve	Total
Consolidated	Endowment	Restricted	Unrestricted	reserve	iotai
	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2019	18,936	3,965	21,379	4,407	48,687
Surplus/(deficit) from the income and expenditure statement Other comprehensive income	(335) -	370 -	(1,146) (4,750)	-	(1,111) (4,750)
Total comprehensive income for the year	(335)	370	(5,896)	-	(5,861)
Transfers between revaluation and income and expenditure reserve	-	-	128	(128)	-
Balance at 1 August 2020	18,601	4,335	15,612	4,279	42,827
Surplus/(Deficit) from the income and expenditure statement	3,142	447	(1,354)	_	2,235
Other comprehensive income	-	-	670	-	670
Total comprehensive income for the year	3,142	447	(684)	-	2,905
Transfers between revaluation and income and expenditure reserve	-	-	128	(128)	-
Balance at 31 July 2021	21,743	4,782	15,056	4,151	45,732
•					
College		nd expenditure acco		Revaluation reserve	Total
College	Endowment	Restricted	Unrestricted	reserve	
College					Total £'000
College Balance at 1 August 2019	Endowment	Restricted	Unrestricted	reserve	
·	Endowment	Restricted	Unrestricted £'000	reserve £'000	£'000
Balance at 1 August 2019	Endowment	Restricted	Unrestricted £'000 11,413	reserve £'000	£'000 15,820
Balance at 1 August 2019 (Deficit) from the income and expenditure statement	Endowment	Restricted	Unrestricted £'000 11,413 (1,446)	reserve £'000	£'000 15,820 (1,446)
Balance at 1 August 2019 (Deficit) from the income and expenditure statement Other comprehensive income	Endowment	Restricted	Unrestricted £'000 11,413 (1,446) (4,750)	reserve £'000	£'000 15,820 (1,446) (4,750)
Balance at 1 August 2019 (Deficit) from the income and expenditure statement Other comprehensive income Total comprehensive income for the year	Endowment	Restricted	Unrestricted £'000 11,413 (1,446) (4,750) (6,196)	£'000 4,407	£'000 15,820 (1,446) (4,750)
Balance at 1 August 2019 (Deficit) from the income and expenditure statement Other comprehensive income Total comprehensive income for the year Transfers between revaluation and income and expenditure reserve	Endowment	Restricted	Unrestricted £'000 11,413 (1,446) (4,750) (6,196) 128	£'000 4,407	£'000 15,820 (1,446) (4,750) (6,196)
Balance at 1 August 2019 (Deficit) from the income and expenditure statement Other comprehensive income Total comprehensive income for the year Transfers between revaluation and income and expenditure reserve Balance at 1 August 2020 (Deficit) from the income and expenditure statement	Endowment	Restricted	Unrestricted £'000 11,413 (1,446) (4,750) (6,196) 128 5,345 (1,675)	£'000 4,407	£'000 15,820 (1,446) (4,750) (6,196) - 9,624 (1,675)

4,467

4,151

8,618

Consolidated and College Statement of Financial Position

Year ended 31 July 2021

		As at 31 July	y 2021	As at 31 July	2020
	Notes	Consolidated	College	Consolidated	College
		£'000	£'000	£'000	£'000
Non-current assets					
Fixed assets	10	32,167	32,167	31,999	31,999
Heritage assets	10	291	291	291	29
Investments - Endowed	16	20,674	-	18,384	-
Investments - Restricted	17	2,180	-	1,919	-
Investments - Unrestricted	18	1,707	-	1,478	-
		57,019	32,458	54,071	32,29
Current assets					
Stock		12	12	15	15
Trade and other receivables	12	925	755	1,095	909
Cash and cash equivalents	19	10,627	216	8,631	16
		11,564	983	9,741	1,09
Less: Creditors: amounts falling					
due within one year	13	(3,509)	(5,482)	(1,982)	(4,754
Net current assets/(liabilities)		8,055	(4,499)	7,759	(3,663
Total assets less current liabilities		65,074	27,959	61,830	28,627
Creditors: amounts falling due after more than one year	14	(3,018)	(3,018)	(3,560)	(3,560
Provisions					
Pension provisions	15	(16,323)	(16,323)	(15,443)	(15,443
Total net assets		45,733	8,618	42,827	9,624
Restricted Reserves					
Income and expenditure reserve - endowment reserve	16	21,743	-	18,601	_
Income and expenditure reserve - restricted reserve Unrestricted Reserves	17	4,782	-	4,335	-
Income and expenditure reserve - unrestricted		15,056	4,467	15,612	5,34
Revaluation reserve		4,151	4,151	4,279	4,279
		45,733	8,618	42,827	9,624

The financial statements were approved by the Governing Body on 23 November 2021 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 2021

		ear ended I July 2021 £'000	Year ended 31 July 2020 £'000
Cash flow from operating activities			
Surplus for the year		2,235	(1,111)
Adjustment for non-cash items			
Depreciation	10	1,781	1,673
(Gain)/Loss on restricted investments	16	(2,672)	199
(Gain) on unrestricted investments	18	(237)	(18)
Decrease in stock		3	6
Decrease in debtors	12	170	29
(Decrease)/Increase in creditors due in less than 1 year	13	1,312	(493)
(Decrease) in creditors due in more than 1 year	14	(74)	(74)
Investment management fee		131	123
Increase in pension provision	15	880	5,861
Actuarial (loss)/gain in respect of pension schemes		670	(4,750)
Adjustment for investing or financing activities			
Investment income	5	(981)	(1,018)
Interest payable	8	119	139
Lease interest payable		13	26
Endowment income		(852)	-
(Profit) on the sale of fixed assets		(1)	(3)
Capital grant income		(112)	(142)
Net cash inflow from operating activities	_	2,385	447
Cash flows from investing activities			
Proceeds from sales of fixed assets		1	3
Capital grants receipts		112	142
Investment income		981	1,018
Payments made to acquire fixed assets		(1,950)	(1,718)
	_	(856)	(555)
Cash flows from financing activities			
Interest paid		(119)	(139)
Interest element of finance lease		(113)	(26)
Endowment cash received		852	(=0)
Repayments of amounts borrowed		(156)	(256)
Capital element of finance lease		(97)	(196)
		467	(617)
(Decrease)/Increase in cash and cash equivalents in the year		1,996	(725)
Cash and cash equivalents at beginning of the year	19	8,631	9,355
Cash and cash equivalents at end of the year	19	10,627	8,631

for the year ended 31 July 2021

			Year Ended 31	•	Year Ended 31 J	•
			Consolidated	College	Consolidated	College
1	Tuition fees and education contracts	Notes	£'000	£'000	£'000	£'000
	Full-time home and EU students		6,344	6,344	6,200	6,200
	Full-time international students		4,775	4,775	4,599	4,599
	Other fees, Junior RNCM and Young Strings		1,047	1,047	1,090	1,090
		=	12,166	12,166	11,889	11,889
			Year Ended 31	July 2021	Year Ended 31 J	uly 2020
			Consolidated	College	Consolidated	College
			£'000	£'000	£'000	£'000
2	Funding body grants					
	Recurrent grant					
	Office for Students		4,349	4,349	4,357	4,357
	UKRI		847	847	704	704
	Specific grants					
	Capital grant		112	112	142	142
	Hardship grant	_	25	25	-	
		=	5,333	5,333	5,203	5,203
			Year Ended 31	•	Year Ended 31 J	,
			Consolidated	College	Consolidated	College
			£'000	£'000	£'000	£'000
3	Research grants and contracts					
	Research councils		506	506	437	437
	Other	_	71	71	33	33
		=	577	577	470	470

3a Grant and Fee Income

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

	2020-21	2019-20
	£'000	£'000
Grant income from the OfS	4,486	4,499
Grant income from other bodies	1,255	1,007
Fee income for taught awards (excl VAT)	10,925	10,600
Fee income for research awards (excl VAT)	155	164
Fee income from non-qualifying courses (excl VAT)	1,086	1,125
Total grant and fee income	17,907	17,395

for the year ended 31 July 2021

		Year Ended 31 Ju	•	Year Ended 31 July 2020 Consolidated Colle	
		Consolidated	Consolidated College		College
		£'000	£'000	£'000	£'000
4	Other income				
	Residences, catering and conferences	218	218	852	852
	Salix capital grant	335	335	-	-
	Other capital grants	-	412	-	241
	Other income*	787	840	1,126	1,231
		1,340	1,805	1,978	2,324

^{*}The College received grants totalling £338,296 (£339,396 2019/20) in relation to the Coronavirus Job Retention Scheme (CJRS). The CRJS was put in place by the UK Government in 2020 to provide grants to organisations whose employees were temporarily unable to work and therefore needed to be furloughed as a result of the Covid-19 pandemic.

5	Investment income		Year Ended 31 J Consolidated £'000	uly 2021 College £'000	Year Ended 31 J Consolidated £'000	uly 2020 College £'000
	Investment income	17	938	-	956	-
	Other investment income		43	-	62	2
		-	981	-	1,018	2
6	Donations and endowments		Year Ended 31 J Consolidated £'000	uly 2021 College £'000	Year Ended 31 J Consolidated £'000	uly 2020 College £'000
	New endowments	16	852	-	-	-
	Donations with restrictions	17	995	-	1,756	-
	Unrestricted donations	_	391	-	258	
		·-	2 238	_	2.014	_

	Year Ended 31 July 2021	Year Ende 31 July 20		
	Consolidated	College	Consolidated	College
	£'000	£'000	£'000	£'000
7 Staff costs				
Staff Costs:				
Salaries	10,733	10,733	10,382	10,382
Social security costs	900	900	884	884
Movement on USS provision	14	14	(27)	(27)
GMPF pension charge	1,356	1,356	861	861
Pension costs	1,839	1,839	1,748	1,748
Total	14,842	14,842	13,848	13,848
			Year Ended	Year Ended
			31 July 2021	31 July 2020
Emoluments of the Principal:			£'000	£'000
Salary*			157	156
Benefits (Private medical care)			2	2
Sub total		_	159	158
Pension contributions			37	36
Total Emoluments		_	196	194

^{*}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 2021	Year Ended 31 July 2020
Principal's basic pay ratio	3.9:1	3.9:1
Principal's total pay ratio	4.4:1	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 2020/21 or 2019/20		
Average staff numbers by major category		
Academic	No. 83	No. 81
Professional Services	162	161
	245	242
Severance costs		

£'000

130

£'000

17

Key management personnel

Number of staff severance costs paid to

Severance costs payable recorded within staff costs

Key management personnel comprises the 5 members (2019/20 - 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

and controlling the activities of the College.
Staff costs includes compensation paid to key management personnel

Staff costs includes compensation paid to key management personnel.	
Year Ended Year Ended	Year Ended
31 July 2021	31 July 2020
€'000	£'000
Key management personnel compensation 631	660

for the year ended 31 July 2021

7a Related Party Transactions

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
	2	2	-	2
ABRSM	691	-	-	-
Association of British Orchestra	-	2,634	-	-
BBC	-	19,200	-	7,200
Bolton Music Service	193	2,000	-	-
Conservatoires UK	-	8,230	-	-
Manchester City Council	4,300	350	-	-
RNCM Students Union	-	35,499	-	-
Royal Musical Association	-	480	-	480
	5,185	68,393	-	7,680

ABRSM.
The Principal and two members 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

The British Broadcasting Corporation (BBC) is the national broadcaster of the United Kingdom.

A member of the Board is the Director of the BBC Philharmonic.

Bolton Music Service

Bolton Music Service provides high quality music services for schools, teachers, young people and their families. One member of the RNCM Board of Governors is the Head of Service at Bolton Music Service.

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.

Manchester City Council
One member of the RNCM Board of Governors is the Leader of Manchester City Council.

RNCM Students Union
The RNCM provides support to the RNCM Student's Union by way of an annual grant (£35.5k 20/21, £19.5k 19/20).
The SU President is a member of the Board of Governors of the RNCM.

Royal Musical Association
The Royal Musical Association is a British scholarly society and charity. Activities include organizing and sponsoring academic conferences in the United Kingdom, and making awards for outstanding scholarship. One member of the RNCM Executive Team is the President of the Royal Musical Association.

No board member has received any remuneration/waived payments from the group during the year 2020/21 (2019/20 - none).

The total expenses paid to or on behalf of board members was £0 (2019/20 - £3,894). This represents travel and subsistence expenses incurred in attending Board and Committee meetings in their official capacity.

for the year ended 31 July 2021

		Year Ended 3	1 July 2021	Year Ende	d 31 July 2020
	Notes	Consolidated	College	Consolidated	College
		£'000	£'000	£'000	£'000
8 Interest and other finance costs		2202			2000
Loan interest		119	119	139	139
Net charge on pension scheme	23	213	213	198	198
		332	332	337	337
		Year Ended 3			d 31 July 2020
		Consolidated	College	Consolidated	College
9 Other operating expenses		£'000	£'000	£'000	£'000
Academic and related expenditure		2,017	1,941	2,234	1,940
Administration and central services		993	941	1,237	1,225
Premises (including service concession cost)		1,382	1,382	1,445	1,445
Residences, catering and conferences		52	52	279	279
Scholarships and Bursaries		1,625	-	1,862	-
Concerts, Promotions and Performances		286	286	590	590
	_	6,355	4,602	7,647	5,479
Other operating expenses include:					
External auditors remuneration in respect of audit services		32	21	32	21
External auditors remuneration in respect of non-audit services		6	6	6	6
10 Fixed Assets Consolidated and College	Total	Land and	Fixtures, Fittings	Musical	Computer and
Consolidated and College		Buildings	and Equipment	Instruments	Recording Equipment
Consolidated and College	Total £'000				•
Consolidated and College Cost or valuation	£'000	Buildings £'000	and Equipment £'000	Instruments £'000	Recording Equipment £'000
Consolidated and College Cost or valuation At 1 August 2020 5	£'000 5,201	Buildings	and Equipment £'000	Instruments £'000 5,426	Recording Equipment £'000
Cost or valuation At 1 August 2020 Additions At 3 August 2020 5	£'000 5,201 1,950	Buildings £'000 32,453	and Equipment £'000 13,332 1,337	Instruments £'000 5,426 165	Recording Equipment £'000 3,990 448
Cost or valuation At 1 August 2020 5 Additions Disposals	£'000 5,201 1,950 (43)	Buildings £'000 32,453 -	and Equipment £'000 13,332 1,337 (39)	Instruments £'000 5,426 165	Recording Equipment £'000 3,990 448 (4)
Cost or valuation At 1 August 2020 5 Additions Disposals Written off assets no longer in use (3)	£'000 5,201 1,950 (43) 8,691)	8 8 8 1000 1 32,453 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1	and Equipment £'000 13,332 1,337 (39) (1,242)	Instruments £'000 5,426 165 -	Recording Equipment £'000 3,990 448 (4) (2,449)
Consolidated and College Cost or valuation At 1 August 2020 5 Additions Disposals Written off assets no longer in use (3	£'000 5,201 1,950 (43)	Buildings £'000 32,453 -	and Equipment £'000 13,332 1,337 (39)	Instruments £'000 5,426 165	Recording Equipment £'000 3,990 448 (4)
Cost or valuation At 1 August 2020 5 Additions Disposals Written off assets no longer in use (3 At 31 July 2021 5	£'000 5,201 1,950 (43) 8,691)	8 8 8 1000 1 32,453 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1	and Equipment £'000 13,332 1,337 (39) (1,242)	Instruments £'000 5,426 165 -	Recording Equipment £'000 3,990 448 (4) (2,449)
Cost or valuation At 1 August 2020 5 Additions Disposals Written off assets no longer in use (3 At 31 July 2021 5 Depreciation	£'000 5,201 1,950 (43) 8,691)	8 8 8 1000 1 32,453 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1	and Equipment £'000 13,332 1,337 (39) (1,242)	Instruments £'000 5,426 165 -	Recording Equipment £'000 3,990 448 (4) (2,449)
Consolidated and College Cost or valuation At 1 August 2020 5 Additions Disposals Written off assets no longer in use (3 At 31 July 2021 5	£'000 5,201 1,950 (43) 8,691) 3,417	Buildings £'000 32,453 - - - 32,453	and Equipment £'000 13,332 1,337 (39) (1,242) 13,388	Instruments £'000 5,426 165 - - 5,591	Recording Equipment £'000 3,990 448 (4) (2,449) 1,985
Consolidated and College Cost or valuation At 1 August 2020 5 Additions 5 Disposals Written off assets no longer in use (3 At 31 July 2021 5 Depreciation At 1 August 2020 2 Charge for the year 2	£'000 5,201 1,950 (43) 3,691) 3,417	Buildings £'000 32,453 - - - 32,453	and Equipment £'000 13,332 1,337 (39) (1,242) 13,388	Instruments £'000 5,426 165 5,591	Recording Equipment £'000 3,990 448 (4) (2,449) 1,985
Consolidated and College Cost or valuation At 1 August 2020 5 Additions 5 Disposals Written off assets no longer in use (3 At 31 July 2021 5 Depreciation 4t 1 August 2020 2 Charge for the year Disposals	£'000 5,201 1,950 (43) 3,691) 3,417 3,202 1,781 (43)	Buildings £'000 32,453 - - - 32,453	and Equipment £'000 13,332 1,337 (39) (1,242) 13,388	Instruments £'000 5,426 165 - - - 5,591 1,507 40	Recording Equipment £'000 3,990 448 (4) (2,449) 1,985
Cost or valuation 5 At 1 August 2020 5 Additions Disposals Written off assets no longer in use (3 At 31 July 2021 5 Depreciation 2 At 1 August 2020 2 Charge for the year Disposals Written off assets no longer in use (3	£'000 5,201 1,950 (43) 3,691) 3,417	Buildings £'000 32,453 - - - 32,453	and Equipment £'000 13,332 1,337 (39) (1,242) 13,388 6,874 853 (39)	1,507 40 1,507 40	Recording Equipment £'000 3,990 448 (4) (2,449) 1,985 3,758 241 (4)
Consolidated and College Cost or valuation At 1 August 2020 5 Additions Disposals Written off assets no longer in use (3 At 31 July 2021 5 Depreciation At 1 August 2020 2 Charge for the year Disposals Written off assets no longer in use (3 At 31 July 2021 2 Net book value	£'000 5,201 1,950 (43) 8,691) 3,417 3,202 1,781 (43) 8,691) 1,249	Buildings £'000 32,453 - - - 32,453 11,063 647 - - - 11,710	and Equipment £'000 13,332 1,337 (39) (1,242) 13,388 6,874 853 (39) (1,242) 6,446	1,507 40 1,547	Recording Equipment £'000 3,990 448 (4) (2,449) 1,985 3,758 241 (4) (2,449) 1,546
Consolidated and College Cost or valuation At 1 August 2020 5 Additions Disposals Written off assets no longer in use (3 At 31 July 2021 5 Depreciation At 1 August 2020 2 Charge for the year Disposals Written off assets no longer in use (3 At 31 July 2021 2 Net book value	£'000 5,201 1,950 (43) 3,691) 3,417 3,202 1,781 (43) 3,691)	Buildings £'000 32,453 - - - - - - - - - - - - - - - - - - -	and Equipment £'000 13,332 1,337 (39) (1,242) 13,388 6,874 853 (39) (1,242)	1,507 40 1,507 40 1,507	Recording Equipment £'000 3,990 448 (4) (2,449) 1,985 3,758 241 (4) (2,449)
Cost or valuation At 1 August 2020 5 Additions Disposals Written off assets no longer in use At 31 July 2021 5 Depreciation At 1 August 2020 2 Charge for the year Disposals Written off assets no longer in use (3 At 31 July 2021 2 Net book value At 31 July 2021 3 At 31 July 2021 3 Net book value At 31 July 2021 3	£'000 5,201 1,950 (43) 8,691) 3,417 3,202 1,781 (43) 8,691) 1,249	Buildings £'000 32,453 - - - 32,453 11,063 647 - - - 11,710	and Equipment £'000 13,332 1,337 (39) (1,242) 13,388 6,874 853 (39) (1,242) 6,446	1,507 40 1,547	Recording Equipment £'000 3,990 448 (4) (2,449) 1,985 3,758 241 (4) (2,449) 1,546

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 £3,837,839.

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.

for the year ended 31 July 2021

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 2021.

However because the RNCM Endowment Fund and Group liability is limited to £1, the group will only recognise their share of net liabilities up to £1. For clarity of reporting, based on the audited accounts of ABRSM at 31 Jan 2021, the Group's nominal share of ABRSM is set out below.

	2021	2020
	£'000	£'000
Total income	5,849	14,252
Operating (loss)/ Surplus	(2,013)	1,892
Share of actuarial gain/(loss) pension scheme of associate Gain on forward contract revaluation of associate	(826) (29) (855)	(1,611) 78 (1,533)
Fixed assets Current assets Liabilities due within one year Liabilities due after more than one year Provisions	873 4,761 (1,999) (153) (174)	931 7,575 (2,093) (125) (189)
Sub total Net pension liability	3,308 (6,605)	6,099 (6,530)
	(3,297)	(431)

for the year ended 31 July 2021

12 Trade and other receivables				
	Year ended 31 Ju	ıly 2021	Year ended 31 July	/ 2020
	Consolidated	College	Consolidated	College
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade receivables	295	295	371	371
Other receivables	217	47	341	156
Prepayments and accrued income	413	413	382	382

13	Creditors : amounts	falling due	within one	year

	Year ended 31 July 2021		Year ended 31 July	y 2020
	Consolidated College		Consolidated	College
	£'000	£'000	£'000	£'000
Unsecured loans	263	263	146	146
Obligations under finance leases	196	196	98	98
Other Creditors	1,301	1,274	1,027	998
Intra Group Loan	-	2,000	-	2,800
Social security and other taxation payable	139	139	126	126
Accruals and deferred income	1,610	1,610	585	585
	3,509	5,482	1,982	4,753

14 Creditors : amounts falling due after more than one year

Year ended 31 July 2021		/ 2021 Year ended 31 J	
Consolidated College		Consolidated	College
£'000	£'000	£'000	£'000
665	665	739	739
17	17	212	212
2,336	2,336	2,609	2,609
3,018	3,018	3,560	3,560
263	263	146	146
237	237	261	261
500	500	561	561
1,599	1,599	1,787	1,787
2,336	2,336	2,609	2,609
2,599	2,599	2,755	2,755
	Consolidated £'000 665 17 2,336 3,018 263 237 500 1,599 2,336	£'000 £'000 665 665 17 17 2,336 2,336 3,018 3,018 263 263 237 237 500 500 1,599 1,599 2,336 2,336	Consolidated £'000 College £'000 Consolidated £'000 665 £'000 £'000 665 665 739 17 17 212 2,336 2,609 3,018 3,018 3,560 263 263 146 237 261 500 561 1,599 1,599 1,787 2,336 2,336 2,609

The RNCM has two unsecured loans, one for £2m at a variable rate of interest (base rate + 1%) with a maturity date of 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 2020	(104)	(833)	(14,506)	(15,443)
Utilised in year	(14)	45	(952)	(921)
Interest Charge	(1)	(12)	(616)	(629)
Actuarial (loss)/gain	-	155	515	670
At 31 July 2021	(119)	(645)	(15,559)	(16,323)

Pension enhancement

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

Interest Rate	1.6%
Inflation Rate	2.8%

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

Current assets

Creditors

Cash & cash equivalents

for the year ended 31 July 2021

Restricted net assets relating to endowments are as follows:				
	Restricted permanent endowments	Expendable endowments	2020/21	2019/20
	£'000	£'000	Total £'000	Total £'000
Balances at 1 August				
Capital	17,438	946	18,384	18,718
Accumulated income	-	217	217	218
	17,438	1,163	18,601	18,936
New endowments	-	852	852	-
Expenditure	(104)	(6)	(110)	(105)
Transfer from Restricted Reserves			-	-
(Decrease)/Increase in market value of investments	2,277	123	2,400	(230)
Total endowment comprehensive income for the year	2,172	970	3,142	(335)
Balances at 31 July	19,610	2,133	21,743	18,601
Represented by:				
Capital	17.438	3.236	20.674	18.384

Represented by.				
Capital	17,438	3,236	20,674	18,384
Accumulated income	-	1,069	1,069	217
	17,438	4,305	21,743	18,601
Analysis by type of purpose:				
Scholarships and bursaries			20,599	17,610
General			1,144	985
		=	21,743	18,601
Analysis by asset:				
Non-current assets				
Investments			20,674	18,384

1,078

(9) 21,743 226

(9) 18,601

for the year ended 31 July 2021

17	Restricted Reserves					
	Reserves with restrictions are	as follows:				
					2020/21	2019/20
					Total	Total
	Palances et 1 August				£'000	£'000
	Balances at 1 August Capital				1,919	1,897
	Accumulated income				2,416	2,068
				•	4,335	3,965
	New donations				1,016	1,705
	Investment income				938	956
	Expenditure Increase in market value of inv	/estments			(1,779) 272	(2,322) 31
				-		
	Total restricted comprehens	ive income for the year			447	370
	Balances at 31 July			=	4,782	4,335
	Represented by:	Canital			2.400	1.010
		Capital Accumulated income			2,180 2,602	1,919 2,416
	•	Accumulated income		-	4,782	4,335
				=	-,	-,,,,,,,
					2020/21	2019/20
					Total	Total
	Analysis of other restricted t	unds /donations by type	of purpose:		£'000	£'000
	Scholarships and bursaries				1,926	1,748
	General				2,856	2,587
				-	4 700	4.005
				=	4,782	4,335
	Analysis by asset:					
	Non-current assets					
	Investments				2,180	1,919
	Current assets					
	Trade and other receivables				156	160
	Cash & cash equivalents				2,460	2,270
	Creditors			-	(14)	(14)
				=	4,782	4,335
18	Unrestricted Investments					
					2020/21	2019/20
					Total	Total
					£'000	£'000
	At 1 August				1,478	1,470
	Investment Mangement Fee				(9)	(10)
	Gain/(loss) in market value of	investments			237	18
	At 31 July			-	1,707	1,478
	·			=	<u> </u>	
19	Cash and cash equivalents		At 1st August	Cash	At 31st July	
			2020	Flows	2021	
	Consolidated		£'000	£'000	£'000	
	Unrestricted cash		6,135	954	7,089	
	Endowment cash		226	852	1,078	
	Restricted cash		2,270	190	2,460	
			8,631	1,996	10,627	

for the year ended 31 July 2021

20 Capital and other commitments

21

Provision has not been made for the following capital commitments at 31 July 2021

		31 July	2021	31 Jul	y 2020	
		Consolidated	College	Consolidated	College	
		£'000	£'000	£'000	£'000	
Commitments contracted for		899	899	524	524	
		899	899	524	524	
Lease obligations						
Total rentals payable under operating leases:						
		31 July 2021			31 July	2020
	Pianos	Other leases	Total	Pianos	Other leases	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Payable during the year	453	-	453	279	-	279
Future minimum lease payments due:						
Not later than 1 year	453	-	453	453	-	453
Later than 1 year and not later than 5 years	1,359	-	1,359	1,359	-	1,359

453

2,265

1.812

453

2.265

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.

1.812

Total rentals payable under finance leases:	31 July 2021		31 July	31 July 2020	
	Fixtures &	Total	Fixtures &	Total	
	Fittings		Fittings		
	£'000	£'000	£'000	£'000	
Payable during the year	111	111	222	222	
Future minimum lease payments due:					
Not later than 1 year	222	222	111	111	
Later than 1 year and not later than 5 years	19	19	241	241	
Later than 5 years	-	-	-	-	
Total lease payments due	241	241	352	352	

Halls of Residence

Later than 5 years

Total lease payments due

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 2020/21, the eighteenth year of its operation, the total income of the Hall was £4,634,297, and the underlease rent payable was £4,562,465. Since the risks and rewards of operating the Hall are substantially with The Unite Group, the net income to the College of £71,832 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 23 November 2021 by The Board of Governors

for the year ended 31 July 2021

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.

The Teachers' Pension Scheme (TPS) is an unfunded defined benefit scheme. Contributions on a pay as you go basis are credited to the exchequer 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 Actuarial method 31-Mar-16 Prospective benefits Investment returns per annum 2.9% per annum Pension increases per annum
Salary scale increases per annum
Market value of assets at date of last valuation 2.0% per annum 4.2% per annum £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 contributions rates were set at 23.88% of pensionable salaries from 1 September 2019. The total contribution made for the year ended 31 July 2021 was £1,277,041 of which employers contributions totalled £928,795 and employees contributions totalled £348,246. 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.

Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The because of the minutal natural or the scheme, in the assets are not authorized to individual institution is therefore exposed to 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. As required by Section 28 of FRS 102 "Employee Benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the Consolidated Statement of Comprehensive Income represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the Consolidated Statement of Comprehensive Income

The total cost charged to the Consolidated Statement of Comprehensive Income is £55,922 (2020: £50.731) excluding the impact of the change in the

Deficit recovery contributions due within one year for the institution are £15,892 (2020: £5,301)

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2018 ("the valuation date"), which was carried out using the projected unit method. A valuation as at 31 March 2020 is underway but not yet complete.

Since the institution cannot identify its share of Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole

The 2018 valuation was the fifth valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%

The key financial assumptions used in the 2018 valuation are described below. More detail is set out in the Statement of Funding Principles

Pension increase (CPI) Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield Discount rate (forward rates)

Years 1-10: CPI + 0.14% reducing linearly to CPI - 0.73% Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21

Years 21 +: CPI + 1 55%

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 2018 actuarial valuation. The mortality assumptions used in these figures are as follows:

2018 valuation

Mortality base table Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females.

Post-retirement: 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females.

CMI_2017 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females. Future improvements to mortality

The current life expectancies on retirement at age 65 are:

	2021	2020
Males currently aged 65 (years)	24.6	24.4
Females currently aged 65 (years)	26.1	25.9
Males currently aged 45 (years)	26.6	26.3
Females currently aged 45 (years)	27.9	27.7

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%. The 2021 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2021	2020
Discount rate	0.87%	0.73%
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 2021 was £1,160,893 of which employers contributions totalled £854,570 and employees contributions totalled £306,323. 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 2019, rolled forward to 31 July 2021 by a qualified independent actuary.

	31 July 2021	31 July 2020
Inflation	2.80%	2.10%
Rate of increase in salaries	3.55%	2.90%
Discount rate for liabilities	1.60%	1.40%

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 2021	At 31 July 2020
	years	years
Retiring today		
Males	20.5	20.5
Females	23.3	23.1
Retiring in 20 years		
Males	21.9	22
Females	25.3	25
Allowing for index returns	s, the estimated split of	assets as at 31 July
- w		

Allowing for index returns, the estimated split of assets as at 31 July 2021 is shown below :		
Allowing for index retains, the estimated spire of assets as at 51 vary 2521 is shown below.	31 July 2021	31 July 2020
Equities	71.0%	67.0%
Bonds	15.0%	18.0%
Property	6.0%	7.0%
Cash	8.0%	8.0%
Cauli	0.070	0.070
	Year Ended	Year Ended
	31 July 2021	31 July 2020
	£'000	£'000
College's estimated asset share	35,025	28,643
Present value of scheme liabilities	(50,434)	(42,987)
Present value of unfunded liabilities	(150)	(162)
Deficit in the Scheme	(15,559)	(14,506)
	Year Ended 31 July 2021	Year Ended 31 July 2019
	£'000	£'000
Analysis of the amount charged in the income and expenditure account		
Current service cost Past service cost	2,225	1,888 (201)
Total operating charge	2,225	1,687
Analysis of net interest on pension scheme		
Interest on pension scheme assets	404	601
Interest on pension scheme liabilities	(616)	(796)
Net interest	(212)	(195)
Amount recognised in the statement of comprehensive income		
Astronomical and a Manager Astronomical and a second		(700)
Actuarial gain/(losses) on pension scheme assets Experience gains and losses arising on the scheme liabilities	5,575 562	(722) 544
Change in financial and demographic assumptions underlying the scheme liabilities	(5,622)	(4,558)
Actuarial gain/(loss)	515	(4,736)
Actuarial gain/(loss) Movement in deficit during the year	515	(4,736)
Movement in deficit during the year		
Movement in deficit during the year (Deficit) in scheme at start of period	(14,506)	(8,714)
Movement in deficit during the year (Deficit) in scheme at start of period Movement in year:	(14,506)	(8,714)
Movement in deficit during the year (Deficit) in scheme at start of period Movement in year: Current service charge	(14,506)	(8,714)
Movement in deficit during the year (Deficit) in scheme at start of period Movement in year: Current service charge Contributions	(14,506) (2,225) 860	(8,714) (1,888) 815
Movement in deficit during the year (Deficit) in scheme at start of period Movement in year: Current service charge Contributions Contributions in respect of unfunded benefits	(14,506) (2,225) 860 9	(8,714) (1,888) 815 11
Movement in deficit during the year (Deficit) in scheme at start of period Movement in year: Current service charge Contributions	(14,506) (2,225) 860 9 0	(8,714) (1,888) 815 11 201
Movement in deficit during the year (Deficit) in scheme at start of period Movement in year: Current service charge Contributions Contributions in respect of unfunded benefits Past service costs	(14,506) (2,225) 860 9	(8,714) (1,888) 815 11
Movement in deficit during the year (Deficit) in scheme at start of period Movement in year: Current service charge Contributions respect of unfunded benefits Past service costs Net interest Actuarial gain/(loss)	(14,506) (2,225) 860 9 0 (212) 515	(8,714) (1,888) 815 11 201 (195) (4,736)
Movement in deficit during the year (Deficit) in scheme at start of period Movement in year: Current service charge Contributions Contributions in respect of unfunded benefits Past service costs Net interest Actuarial gain/(loss) Deficit in scheme at end of period	(14,506) (2,225) 860 9 0 (212) 515 (15,559)	(8,714) (1,888) 815 11 201 (195) (4,736)
Movement in deficit during the year (Deficit) in scheme at start of period Movement in year: Current service charge Contributions respect of unfunded benefits Past service costs Net interest Actuarial gain/(loss)	(14,506) (2,225) 860 9 0 (212) 515 (15,559)	(8,714) (1,888) 815 11 201 (195) (4,736) (14,506)
Movement in deficit during the year (Deficit) in scheme at start of period Movement in year: Current service charge Contributions Contributions in respect of unfunded benefits Past service costs Net interest Actuarial gain/(loss) Deficit in scheme at end of period	(14,506) (2,225) 860 9 (212) 515 (15,559) Year Ended 31 July 2021	(8,714) (1,888) 815 11 201 (195) (4,736) (14,506) Year Ended 31 July 2020
Movement in deficit during the year (Deficit) in scheme at start of period Movement in year: Current service charge Contributions Contributions in respect of unfunded benefits Past service costs Net interest Actuarial gain/(loss) Deficit in scheme at end of period	(14,506) (2,225) 860 9 0 (212) 515 (15,559)	(8,714) (1,888) 815 11 201 (195) (4,736) (14,506)
Movement in deficit during the year (Deficit) in scheme at start of period Movement in year: Current service charge Contributions Contributions in respect of unfunded benefits Past service costs Net interest Actuarial gain/(loss) Deficit in scheme at end of period Asset and Liability Reconciliation Changes in the present value of defined benefit obligations	(14,506) (2,225) 860 9 0 (212) 515 (15,559) Year Ended 31 July 2021 £'000	(8,714) (1,888) 815 11 201 (195) (4,736) (14,506) Year Ended 31 July 2020 £000
Movement in deficit during the year (Deficit) in scheme at start of period Movement in year: Current service charge Contributions Contributions in respect of unfunded benefits Past service costs Net interest Actuarial gain/(loss) Deficit in scheme at end of period Asset and Liability Reconciliation Changes in the present value of defined benefit obligations Defined benefit obligations at start of period	(14,506) (2,225) 860 9 0 (212) 515 (15,559) Year Ended 31 July 2021 £'000	(8,714) (1,888) 815 11 201 (195) (4,736) (14,506) Year Ended 31 July 2020 £000
Movement in deficit during the year (Deficit) in scheme at start of period Movement in year: Current service charge Contributions Contributions in respect of unfunded benefits Past service costs Net interest Actuarial gain/(loss) Deficit in scheme at end of period Asset and Liability Reconciliation Changes in the present value of defined benefit obligations	(14,506) (2,225) 860 9 0 (212) 515 (15,559) Year Ended 31 July 2021 £'000	(8,714) (1,888) 815 11 201 (195) (4,736) (14,506) Year Ended 31 July 2020 £000 37,113 1,888
Movement in deficit during the year (Deficit) in scheme at start of period Movement in year: Current service charge Contributions Contributions in respect of unfunded benefits Past service costs Net interest Actuarial gain/(loss) Deficit in scheme at end of period Asset and Liability Reconciliation Changes in the present value of defined benefit obligations Defined benefit obligations at start of period Current service cost Interest cost	(14,506) (2,225) 860 9 0 (212) 515 (15,559) Year Ended 31 July 2021 £'000	(8,714) (1,888) 815 11 201 (195) (4,736) (14,506) Year Ended 31 July 2020 £000
Movement in deficit during the year (Deficit) in scheme at start of period Movement in year: Current service charge Contributions Contributions in respect of unfunded benefits Past service costs Net interest Actuarial gain/(loss) Deficit in scheme at end of period Asset and Liability Reconciliation Changes in the present value of defined benefit obligations Defined benefit obligations at start of period Current service cost Interest cost Contributions by Scheme participants	(14,506) (2,225) 860 9 0 (212) 515 (15,559) Year Ended 31 July 2021 £'000 43,149 2,225 616 309	(8,714) (1,888) 815 11 201 (195) (4,736) (14,506) Year Ended 31 July 2020 £000 37,113 1,888 796 291
Movement in deficit during the year (Deficit) in scheme at start of period Movement in year: Current service charge Contributions Contributions in respect of unfunded benefits Past service costs Net interest Actuarial gain/(loss) Deficit in scheme at end of period Asset and Liability Reconciliation Changes in the present value of defined benefit obligations Defined benefit obligations at start of period Current service cost Interest cost Contributions by Scheme participants Experience gains and losses on defined benefit obligations Changes in financial assumptions	(14,506) (2,225) 860 9 0 (212) 515 (15,559) Year Ended 31 July 2021 £'000 43,149 2,225 616	(8,714) (1,888) 815 11 201 (195) (4,736) (14,506) Year Ended 31 July 2020 £000 37,113 1,888 796 291 328 3,686
Movement in deficit during the year (Deficit) in scheme at start of period Movement in year: Current service charge Contributions Contributions in respect of unfunded benefits Past service costs Net interest Actuarial gain/(loss) Deficit in scheme at end of period Asset and Liability Reconciliation Changes in the present value of defined benefit obligations Defined benefit obligations at start of period Current service cost Interest cost Contributions by Scheme participants Experience gains and losses on defined benefit obligations Changes in financial assumptions Benefits paid	(14,506) (2,225) 860 9 0 (212) 515 (15,559) Year Ended 31 July 2021 £'000 43,149 2,225 616 309 (337)	(8,714) (1,888) 815 11 201 (195) (4,736) (14,506) Year Ended 31 July 2020 £000 37,113 1,888 796 291 328 3,686 (752)
Movement in deficit during the year (Deficit) in scheme at start of period Movement in year: Current service charge Contributions in respect of unfunded benefits Past service costs Net interest Actuarial gain/(loss) Deficit in scheme at end of period Asset and Liability Reconciliation Changes in the present value of defined benefit obligations Defined benefit obligations at start of period Current service cost Interest cost Contributions by Scheme participants Experience gains and losses on defined benefit obligations Changes in financial assumptions Benefits paid	(14,506) (2,225) 860 9 0 (212) 515 (15,559) Year Ended 31 July 2021 £'000 43,149 2,225 616 309 (337) 5,397 (775) 0	(8,714) (1,888) 815 11 201 (195) (4,736) (14,506) Year Ended 31 July 2020 £000 37,113 1,888 796 291 328 3,686 (752) -201
Movement in deficit during the year (Deficit) in scheme at start of period Movement in year: Current service charge Contributions Contributions in respect of unfunded benefits Past service costs Net interest Actuarial gain/(loss) Deficit in scheme at end of period Asset and Liability Reconciliation Changes in the present value of defined benefit obligations Defined benefit obligations at start of period Current service cost Interest cost Contributions by Scheme participants Experience gains and losses on defined benefit obligations Changes in financial assumptions Benefits paid	(14,506) (2,225) 860 9 0 (212) 515 (15,559) Year Ended 31 July 2021 £'000 43,149 2,225 616 309 (337) 5,397 (775)	(8,714) (1,888) 815 11 201 (195) (4,736) (14,506) Year Ended 31 July 2020 £000 37,113 1,888 796 291 328 3,686 (752)
Movement in deficit during the year (Deficit) in scheme at start of period Movement in year: Current service charge Contributions in respect of unfunded benefits Past service costs Net interest Actuarial gain/(loss) Deficit in scheme at end of period Asset and Liability Reconciliation Changes in the present value of defined benefit obligations Defined benefit obligations at start of period Current service cost Interest cost Contributions by Scheme participants Experience gains and losses on defined benefit obligations Changes in financial assumptions Benefits paid	(14,506) (2,225) 860 9 0 (212) 515 (15,559) Year Ended 31 July 2021 £'000 43,149 2,225 616 309 (337) 5,397 (775) 0	(8,714) (1,888) 815 11 201 (195) (4,736) (14,506) Year Ended 31 July 2020 £000 37,113 1,888 796 291 328 3,686 (752) -201
Movement in deficit during the year (Deficit) in scheme at start of period Movement in year: Current service charge Contributions Contributions in respect of unfunded benefits Past service costs Net interest Actuarial gain/(loss) Deficit in scheme at end of period Asset and Liability Reconciliation Changes in the present value of defined benefit obligations Defined benefit obligations at start of period Current service cost Interest cost Contributions by Scheme participants Experience gains and losses on defined benefit obligations Changes in financial assumptions Benefits paid Past Service cost Defined benefit obligations at end of period Changes in fiar value of plan assets Fair value of plan assets at start of period	(14,506) (2,225) 860 9 0 (212) 515 (15,559) Year Ended 31 July 2021 £'000 43,149 2,225 616 309 (337) 5,397 (775) 0 50,584	(8,714) (1,888) 815 11 201 (195) (4,736) (14,506) Year Ended 31 July 2020 £000 37,113 1,888 796 291 328 3,686 (752) 201 43,149
Movement in deficit during the year (Deficit) in scheme at start of period Movement in year: Current service charge Contributions Contributions in respect of unfunded benefits Past service costs Net interest Actuarial gain/(loss) Deficit in scheme at end of period Asset and Liability Reconciliation Changes in the present value of defined benefit obligations Defined benefit obligations at start of period Current service cost Interest cost Contributions by Scheme participants Experience gains and losses on defined benefit obligations Changes in financial assumptions Benefits paid Past Service cost Defined benefit obligations at end of period Changes in fair value of plan assets Fair value of plan assets	(14,506) (2,225) 860 9 (212) 515 (15,559) Year Ended 31 July 2021 £'000 43,149 2,225 616 309 (337) 5,397 (775) 0 50,584	(8,714) (1,888) 815 11 201 (195) (4,736) Year Ended 31 July 2020 £000 37,113 1,888 796 291 328 3,686 (752) -201 43,149
Movement in deficit during the year (Deficit) in scheme at start of period Movement in year: Current service charge Contributions in respect of unfunded benefits Past service costs Net interest Actuarial gain/(loss) Deficit in scheme at end of period Asset and Liability Reconciliation Changes in the present value of defined benefit obligations Defined benefit obligations at start of period Current service cost Interest cost Contributions by Scheme participants Experience gains and losses on defined benefit obligations Changes in financial assumptions Benefits paid Past Service cost Defined benefit obligations at end of period Changes in fair value of plan assets Fair value of plan assets Fair value of plan assets Feturn on plan assets	(14,506) (2,225) 860 9 0 (212) 515 (15,559) Year Ended 31 July 2021 £'000 43,149 2,225 616 309 (337) 5,397 (775) 0 50,584	(8,714) (1,888) 815 11 201 (195) (4,736) (14,506) Year Ended 31 July 2020 £000 37,113 1,888 796 291 328 3,686 (752) 201 43,149
Movement in deficit during the year (Deficit) in scheme at start of period Movement in year: Current service charge Contributions Contributions in respect of unfunded benefits Past service costs Net interest Actuarial gain/(loss) Deficit in scheme at end of period Asset and Liability Reconciliation Changes in the present value of defined benefit obligations Defined benefit obligations at start of period Current service cost Interest cost Contributions by Scheme participants Experience gains and losses on defined benefit obligations Changes in financial assumptions Benefits paid Past Service cost Defined benefit obligations at end of period Changes in fair value of plan assets Fair value of plan assets Return on plan assets Return on plan assets Return or plan assets Return or plan assets	(14,506) (2,225) 860 9 (212) 515 (15,559) Year Ended 31 July 2021 £'000 43,149 2,225 616 309 (337) 5,397 (775) 0 50,584	(8,714) (1,888) 815 11 201 (195) (4,736) Year Ended 31 July 2020 £000 37,113 1,888 796 291 328 3,686 (752) -201 43,149
Movement in deficit during the year (Deficit) in scheme at start of period Movement in year: Current service charge Contributions in respect of unfunded benefits Past service costs Net interest Actuarial gain/(loss) Deficit in scheme at end of period Asset and Liability Reconciliation Changes in the present value of defined benefit obligations Defined benefit obligations at start of period Current service cost Interest cost Contributions by Scheme participants Experience gains and losses on defined benefit obligations Changes in financial assumptions Benefits paid Past Service cost Defined benefit obligations at end of period Changes in fiar value of plan assets Fair value of plan assets Return on plan assets Employer contributions Contributions by Scheme participants Employer contributions Contributions by Scheme participants	(14,506) (2,225) 860 9 0 (212) 515 (15,559) Year Ended 31 July 2021 £'000 43,149 2,225 616 309 (337) 5,397 (775) 0 50,584	(8,714) (1,888) 815 11 201 (195) (4,736) Year Ended 31 July 2020 £000 37,113 1,888 796 291 328 3,686 (752) -201 43,149 28,399 601 (722) 826 291
Movement in deficit during the year (Deficit) in scheme at start of period Movement in year: Current service charge Contributions Contributions in respect of unfunded benefits Past service costs Net interest Actuarial gain/(loss) Deficit in scheme at end of period Asset and Liability Reconciliation Changes in the present value of defined benefit obligations Defined benefit obligations at start of period Current service cost Interest cost Contributions by Scheme participants Experience gains and losses on defined benefit obligations Changes in financial assumptions Benefits paid Past Service cost Defined benefit obligations at end of period Changes in fair value of plan assets Fair value of plan assets Return on plan assets Return on plan assets Return or plan assets Return or plan assets	(14,506) (2,225) 860 9 (212) 515 (15,559) Year Ended 31 July 2021 £'000 43,149 2,225 616 309 (337) 5,397 (775) 0 50,584	(8,714) (1,888) 815 11 201 (195) (4,736) Year Ended 31 July 2020 £000 37,113 1,888 796 291 328 3,686 (752) -201 43,149

for the year ended 31 July 2021

23 Pension Schemes (continued)

History of experience gains and losses					
	Year Ended				
	31 July 2021	31 July 2020	31 July 2019	31 July 2018	31 July 2017
	£'000	£'000	£'000	£'000	£'000
Difference between the interest on assets					
and actual return on assets	5,575	(722)	795	1,434	2,200
Value of assets	35,025	28,643	28,399	26,452	24,025
% of scheme assets	15.9%	-2.5%	2.8%	5.4%	9.2%
Experience gains / (losses)					
on liabilities	562	544	2	(3)	2,585
Present value of liabilities	50,584	43,149	37,113	31,192	30,627
% of scheme liabilities	1.11%	1.26%	0.01%	-0.01%	8.44%
Amount recognised in the statement of					
comprehensive income	515	(4,736)	(2,860)	2,825	3,344
Present value of liabilities	50,584	43,149	37,113	31,192	30,627
% of scheme liabilities	1.02%	-10.98%	-7.71%	9.06%	10.92%

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 2021 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.

Sensitivity Analysis

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

Change in assumptions at 31 July 2021:	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount £(000)
0.1% decrease in Real Discount Rate	2%	1,185
1 year increase in member life expectancy	4%	2,023
0.1% increase in the Salary Increase Rate	0%	125
0.1% increase in the Pension Increase Rate (CPI)	2%	1,042

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 2021 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).

Notes to the Accounts for the year ended 31 July 2021

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	2,637,900	620,307
Expenditure	1,712,006	544,025
Surplus for the year	925,894	76,282
Investment Gains	2,240,510	667,620
Net Movement in Funds	3,166,404	743,902
Assets	22,546,635	16,869,612
Liabilities	21,820	7,649
Net	22,524,815	16,861,963

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.

for the year ended 31 July 2021

	Year Ended 31 July 2021		Year Ended 31	Year Ended 31 July 2020	
	Consolidated	College	Consolidated	College	
	£'000	£'000	£'000	£'000	
Financial assets					
Investments measured at fair value through					
income and expenditure					
Investments in listed ordinary shares	16,720	-	12,988	-	
Investments in common investment funds	7,841		8,793	-	
	24,561	-	21,781	-	
Assets measured at Amortised Cost					
Trade and other receivables at cost	512	342	712	527	
Cash and cash equivalents	10,627	216	8,631	167	
	11,139	558	9,343	694	
Total financial assets	35,700	558	31,124	694	
Financial liabilities					
Trade payables at cost	1,301	1,274	1,027	998	
Loans at cost	2,599	4,599	2,755	5,555	
Obligations under finance leases	213	213	310	310	
Total financial liabilities	4,113	6,086	4,092	6,863	

	Year Ended 31 July 2021		ear Ended 31 July 2021 Year Ended 31 July 2020	
	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 Interest income for financial assets at	963	-	974	-
amortised cost	18	-	44	2
Interest (expense)	(132)	(132)	(165)	(165)
	849	(132)	853	(163)
	Year Ended 31 July 2021		Year Ended 31 c	July 2020
	Consolidated	College	Consolidated	College
	£'000	£'000	£'000	£'000
Gains/(Losses)				
On financial assets measured at fair value				
through income and expenditure	2,909		(181)	
	2,909	-	(181)	-

26 Access and Participation Expenditure

Access and rantopation Expenditure	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
Access Investment	160	263
Financial support provided to students	202	188
Support for disabled students	60	53
Research and evaluation expenditure	25	24
Total	447	528

The total of the approved expenditure in our Access and Participation Plan for the year ended 31 July 2021 was £447,223. Included within this expenditure are staff costs amounting to £133,894 (2019/2020 £130,561) which are already included in the staff cost figure in the financial statements, note 7.

Details of the approved plan can be found at,

 $\frac{\text{https://www.officeforstudents.org.uk/advice-and-guidance/the-register/search-for-access-and-participation-plans/\#/AccessPlans/accessplans/10007837}$

