



RNCM Financial Statements 2024/25

RNCM
ROYAL NORTHERN
COLLEGE of MUSIC

The Patron, The President, and Board of Governors

PATRON

His Majesty King Charles III

PRESIDENT

Sir John Tomlinson CBE

GOVERNORS

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Adam Croucher⁷ (from 1 January 2025)

Professor Sir David Eastwood ⁸

Professor Chris Haslam ^{2, 8}

Hazel Province ^{3, 8}

Hugh Raymont-Pickard ^{2, 4, 8} (from 1 June 2025)

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Sam Rigby ^{1, 5, 8}

Georgina Robb ^{2, 8}

Liz Rowley⁷ (until 31 December 2024)

Wendy Smith ^{3, 8}

Caroline Simpson ⁸ (from 1 July 2025)

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Simon Webb ^{1, 4, 8}

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Dr Gavin Wayte ⁶

The Principal (Professor Linda Merrick CBE)^{1, 4, 5}

The President of the Students' Union (Sophie Iliafar until 31 July 2025, Ruby Donnelly from 1 August 2025)

CLERK TO THE BOARD OF GOVERNORS

Professor Dawn Edwards

- | | |
|--------------|--|
| ¹ | Member of Finance and Investment Committee |
| ² | Member of Audit and Risk Committee |
| ³ | Member of Remuneration and Human Resources Committee |
| ⁴ | Member of Nominations Committee |
| ⁵ | Member of Honorands Committee |
| ⁶ | Nominated by the Academic Board |
| ⁷ | Nominated by the Professional Services Staff |
| ⁸ | Independent Member of the Board |

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 2024/25, no cause for concern has been identified.

Officers and Professional Advisors

CHAIR OF THE BOARD

Ravi Gupta BSc, ACA

DEPUTY CHAIR OF THE BOARD

Colin Walklin BSc, FCA

PRINCIPAL

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

CLERK TO THE BOARD

Professor Dawn Edwards BSc(Hons), PhD, PFHEA

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38 Mosley Street
Manchester
M2 3AZ

SOLICITORS

Mills & Reeve
No 1 Circle Square
3 Symphony Park
Manchester
M1 7FS

EXTERNAL AUDITORS

HaysMac
10 Queen Street Place
London
EC4R 1AG

ADDRESS

124 Oxford Road
Manchester
M13 9RD

RNCM Financial Statements

2024/25

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

Dedicated to *Defining the Future of Music*, the RNCM is consistently recognised as one of the world's leading and most progressive conservatoires.

Positioned in the top five institutions in the world for music in the QS World University Subject Rankings for the second successive year and a proud member of the Associated Board of the Royal Schools of Music (ABRSM), we are a global leader in music education and a world-class public performance venue, offering students unparalleled opportunities to develop the skills needed to drive forward our industry with ambition and determination.

As we reflect on our impressive achievements over the last year, our historic mission '*to educate and train musicians in an environment that is both stimulating and rich in opportunity, for the benefit of individuals and society at large*' holds firm and seems ever more relevant. Our commitment to the financial stability and sustainability that is required to fulfil this remains undiminished.

The unrivalled training we provide at the RNCM means there are exceptional opportunities for creativity and innovation to flourish. This year, our vibrant performance programme included initiatives such as *In Focus*, a series of public workshops, masterclasses, and performances that gave students opportunities to develop their craft alongside some of the world's critically acclaimed composers, and *Lab Week*, which provided further space to experiment in a supportive 'safe to fail' environment. Students on our popular music programme also received outstanding opportunities to present their own music throughout the year, with many benefitting from external studio recording sessions and gigs across Greater Manchester as part of our *Artists Live* series.

A substantial strand of our 2024/25 programme was centred on *Dance:Music*, exploring joyous and diverse music inspired by dance. Highlights included student Spotlights and Lunchtime Concerts, collaborative projects with the imaginative Clod Ensemble, the innovative Manchester-based Company Chameleon, and the Scottish Ensemble, and a unique off-site project at the Victoria Baths.

Collaboration remained a strong focal point throughout the year, with many RNCM musicians gaining vital side-by-side mentoring opportunities with the BBC Philharmonic Orchestra, Hallé, Manchester Camerata, the Edvard Grieg Kor Ensemble, and the Band of His Majesty's Royal Marines, Scotland. We were also proud to announce three new exclusive creative partnerships with English National Opera (ENO), BBC Radio 3 Audio North, and groundbreaking ensemble Manchester Collective to support modern careers in the music industry.

We know that music can transform lives. We see it every day in the next generation of professional musicians we nurture at the start of their journey, in the inspiring work we do with young people and adults across the region, and in the significant projects and initiatives we are part of which enhance our students' practice and personal development. This year, we raised £2.86 million through initiatives such as our Gala Dinner and Annual Appeal, with a further £600,000 committed to future support. We also celebrated the culmination of the RNCM Piano Fleet Campaign, safeguarding our 132-strong fleet of pianos for generations to come.

At the end of the financial year, the RNCM group's total reserves totalled £73m, cash equivalents totalled £14m, and operating surplus for the year before other gains and losses was £2.5m.



Ravi Gupta *Chair of the Board*



Professor Linda Merrick CBE *Principal*

Operating and Financial Review

Global Excellence

At the RNCM, we take pride in being a progressive and world-leading conservatoire. One that not only nurtures exceptional talent but encourages entrepreneurial thinking and redefines what it means to be a musician in today's world.

Throughout their studies, RNCM students benefit from unrivalled opportunities to develop their professional and personal skills with experts and organisations from across the music industry. This includes masterclasses, side-by-side performances and workshops, entrepreneurial initiatives, work placements, and independent creative projects.



In a year that saw us maintain our No 5 position in the QS World University Subject Rankings, introduce His Majesty King Charles III as our new Patron, and welcome the first intake to our new Master of Education degree, our guests included: bassoonist **Andrea Zucco**; cellist **Hee-Young Lim**; clarinettist **Fàn Lei**; composers **Laurence Crane** and **Roxanna Panufnik**; conductors **Alexandre Bloch**, **Edward Gardner**, **Antony Hermus**, **David Hill**, and **Rory Macdonald**; double bassists **Billy Cole** and **Tim Gibbs**; flautists **Claudia Bucchini** and **Julien Beaudiment**; French hornists **Ben Goldscheider**, **Benoit de Barsony**, and **Alberto Menendez**; guitarist **Gabriel Bianco**; harpist **Louise Thompson**; oboists **Kai Frömbgen** and **Ramon Ortega**; percussionists **Emil Kuyumcuyan** and **Kai Strobel**; pianists **Jean Efflam Bavouzet**, **Julius Drake**, **Richard Goode**, **Sir Stephen Hough**, and **Kathryn Stott**; saxophonists **Lewis Banks**, **Hans de Jong**, and **Valentine Michaud**; sitarist **Jasdeep Singh Degun**; trombonists **David Bremner** and **Ian Bousfield**; trumpeters **Merrie Klazek** and **Marc Geujon**; violinists **Ning Feng**, **Yair Kless**, **Henning Kraggerud**, and **Jennifer Pike**; violists **Wenhong Luo** and **Roger Benedict**; and singers **Fleur Barron**, **Susan Bullock**, **Elizabeth Llewellyn**, **Dame Ann Murray**, and **Sir John Tomlinson**. Across our Popular Music programme, guests included singer-songwriter **Tim Burgess** (The Charlatans); bassists **Yolanda Charles** (Paul Weller, Robbie Williams, Hans Zimmer) and **Neil Fairclough** (Queen, Adam Lambert); composer and multi-instrumentalist **Bill Laurance** (Snarky Puppy); guitarist **Dominic Miller** (Sting); and drummer **Robert 'Sput' Searight** (Snarky Puppy).

We also welcomed experts from the wider music industry to work with students on entrepreneurship and career development, including **Kelly Betts** (BBC Introducing); **Alex Brees** (founder and CEO of un:hurd); **Alex Guthrie** (business consultant); **Lucy Hawtin-Smith** (Head of VIP at SJM); **Carl Morris** (entrepreneur: Revolution Bars Group, Cress Clothing, and Yard and Coop); and **James Sargeant** (International Business Manager, Yamaha).

Performance and Collaboration

Our live events programme brings together some of the finest and most exciting musicians working in the music world today, providing unparalleled opportunities for our students to train with and learn from the very best.

This year, programme strands included **Dance:Music** exploring the powerful synergy between music and dance, **Inspirational Artists** celebrating musicians and groups forging their own unique path, and the **RNCM Spotlight** series featuring **30** concerts inspiring curated by our students.

Inspirational Artists brought an exceptional line-up of performers and collaborators to the College, including the **Elias String Quartet**, **Kantos Chamber Choir**, **Manchester Collective**, **Paraorchestra**, **Scottish Ensemble**, **Sō Percussion** with composer **Caroline Shaw**, and violinist/vocalist **Alice Zawadzki** with multi-instrumentalist **Fred Thomas** and bassist **Misha Mullov-Abbado**. The series also included: mezzo-soprano **Fleur Barron** with pianist **Julius Drake**; renowned pianists **Jonathan Biss**, **Kathryn Stott**, and **Nobuyuki Tsujii**; and sitarist **Jasdeep Singh Degun**, who concluded his two-year tenure as the inaugural RNCM Innovate Fellow. In addition, **Clod Ensemble** and Manchester-based **Company Chameleon** worked with students on *Dance:Music* projects, including a unique off-site event at the historic Victoria Baths.

Other standout collaborations included: saxophonist **Iain Ballamy** and vocalist **Madeline Bell** with the RNCM Big Band; singer **Tim Burgess** and violinist **Helen O'Hara** with the RNCM Session Orchestra; conductors **Edward Gardner** with the RNCM Chamber Orchestra and **Antony Hermus** with the RNCM Symphony Orchestra; and violinist **Henning Kraggerud** with the RNCM String Orchestra. Inspirational Artist **Fred Thomas** returned to the College to work with our improvisation ensemble MIUAWGA, pianist **Steven Osborne** collaborated with multiple keyboard students, RNCM postgraduate conductors gained experience with the **BBC Philharmonic Orchestra** and the **Royal Marines Band Service**, and string students performed alongside both the **Hallé** and **Manchester Camerata** on separate occasions.



New Music

The stimulating environment we provide means that there are exceptional opportunities for new music and creativity to flourish at the RNCM.

Initiatives such as our **In Focus** series of public workshops, masterclasses, and performances enable composition students to develop their craft alongside some of the world's critically acclaimed composers, with many gaining the opportunity to work with professional ensembles while they study. This year, we welcomed **Laurence Crane** and **Roxanna Panufnik** to the RNCM for two In Focus festivals, both of which featured new works by our students and performances by our Brand New Orchestra. We also presented our annual **Lab Week**, which encourages students from all disciplines to push the boundaries of traditional music practice and develop their creativity in a 'safe to fail' environment.

Students on our popular music programme also received outstanding opportunities to develop and present their own music, with many benefitting from external studio recording sessions and gigs across the city as part of our **Artists Live** series and the **RNCM Session Orchestra: Original Artists** concert.

World-Leading Research

Research at the RNCM addresses questions on the production, dissemination, reception, and impact of music, new and old.

Aligning closely with our strategic mission to *Define the Future of Music*, the RNCM is an environment in which the creative practitioners and teachers of tomorrow are supported in challenging traditions to contribute to the cultural and social landscape of the future.



Highlights this year included:

- A six-month collaborative project funded by the Connecting Capability Fund (CCF) from the Research England Development (RED) Fund and led by the University of Manchester Innovation Factory in partnership with the RNCM, Manchester Metropolitan University, and the University of Salford, aimed at **increasing innovation and driving economic growth** across the region;
- Securing an Arts and Humanities Research Council (AHRC) Doctoral Focal Award to develop **the *Crafting Care for People, Place and Planet Doctoral College***, a new project supporting research and training in areas vital to the UK's creative economy and societal wellbeing in partnership with University of Liverpool, the University of Central Lancashire, and 10 regional organisations;
- Deepening our commitment to **embodied scientific research on music** through a unique collaboration between the RNCM and People with Parkinson's, featuring seven student composers;
- Presenting **14 public Research Forum talks** featuring guest speakers such as Dr Oded Ben-Tal (Kingston University), Professor David Dolan (Guildhall School of Music and Drama), Professor Pamela Heaton (Goldsmiths, University of London), Dr Emily Payne (University of Leeds), and Dr Laura Ritchie (University of Chichester), alongside our own researchers and doctoral students;
- Organising **international conferences** held at the RNCM, including the Manchester Music Analysis Conference (with the Martin Harris Centre for Music and Drama and the University of Manchester) and the SEMPRES Spring Conference 2025, as well as New Approaches to German Opera, 1650-1830 (with Dalhousie University) held in Český Krumlov, Czechia;
- Producing around **70 research outputs** including sound recordings, compositions, articles, commissioned reports, dictionary entries, book chapters, and co-edited volumes; and
- Appointing **Professor Pamela Heaton** as RNCM Honorary Research Professor for her work in music psychology and education, as well as **Dr Hongshuo Fan** as RNCM Honorary Research Fellow and **Professor David De Roure** as RNCM Honorary Research Professor and Technical Director of PRISM 2025 - 28 in recognition of their exceptional and ongoing contribution to the **RNCM Centre for Practice & Research in Science & Music (PRISM)**.

Additionally, we also soft launched a new research management platform to showcase the RNCM's international network of research. To date, the repository boasts over 800 outputs and more than 500 research-led activities, with more to come as the project further develops.

Unrivalled Partnerships

This year, the RNCM launched three exclusive creative partnerships to support modern careers in the music industry.



New projects with **English National Opera (ENO)**, **BBC Radio 3 Audio North**, and groundbreaking ensemble **Manchester Collective** are set to provide innovative opportunities for students and recent graduates to develop core skills in opera, contemporary performance, and broadcast media.

ENO Creative Incubator Scheme: Supporting early career artists to write new operas, bringing fresh voices and narratives to the artform.

Manchester Collective Studio: Supporting postgraduate strings students to take a holistic approach to contemporary performance, including composing new music.

BBC Radio 3 Audio North: Demonstrating alternative career paths in classical music by offering undergraduates studio production and presenting experiences.

All three initiatives will deepen our relationship with the wider music industry by growing the internationally unrivalled list of close professional partnerships and experience schemes open to RNCM students, including with the Hallé, BBC Philharmonic Orchestra, Opera North, and Manchester Camerata.

RNCM Engage

Inspiring Under 18s

Alongside our junior conservatoire for young musicians aged eight to 18, RNCM Engage incorporates several initiatives, including RNCM Young Projects, Young Artists, Young Strings, Engage West Cumbria, Engage Brass, and Pathfinder.



This year, **1,935** young people in West Cumbria received world-class tuition through Engage West Cumbria, our five-year programme that also offers tailored support and continuing professional development to teachers; **203** musicians aged five to 18 received expert tuition through RNCM Young Projects, our free and targeted series of workshops designed to aid creative, musical, and technical skills; **188** students studied at Junior RNCM, our centre for advanced training for talented young musicians, with **70** receiving scholarships; **112** young brass musicians from local primary schools participated in Engage Brass, the first access project to tackle the decline in brass instrument engagement; **71** young artists took part in our popular music programme for 11 to 18-year-olds, which this year included two sold-out showcase performances, masterclasses with some of the industry's top talent, and the chance to walk the red carpet at the MTV Europe Music Awards; **49** young musicians received bespoke, open-access training and mentoring via RNCM Pathfinder, supporting them to find their own voice and develop independence through ownership of learning.

Uniting Communities

With a passion for making music accessible to people from all backgrounds, we continue to work in partnership with local communities to implement new initiatives and grow a diverse and creative community of musicians.

This year, **2,580+** endangered reels and VHS tapes were conserved and digitised as part of our *Throwing Open the Concert Doors* initiative to safeguard our audio recordings from the last 50 years; more than **900** people from the local community took part in group workshops and other events as part of the project roll-out; **250+** local performers from more than **20** nationalities took part in Explore@RNCM, our all-ages annual celebration of the music within our community; **125** children across four local schools created and performed our Children's Opera, based on *Treasure Island* (the project also provided a unique training opportunity for **145** RNCM students who worked with, and performed alongside, the children); and **50+** people aged between 20 and 80 participated in projects with the RNCM Community Chorus.

Global Connections

The RNCM is a truly global conservatoire, represented worldwide by the multitude of alumni, professional partners, and collaborators working extensively across the music industry.



Our strong connections with graduates across all years continue to enhance our international reputation and foster the supportive, nurturing environment we proudly promote. Over the past academic year, many alumni joined us for events around the world, including reunions and recruitment drives in **America, Australia, China, and Hong Kong**, and we welcomed multiple graduates back to participate in student Q&As, open day panels, archive campaigns, fundraising appeals, and concerts as part of our public events programme. We also hosted gatherings in Glasgow and Liverpool and were thrilled to confer Associate Membership (ARNCM) on **12** recent graduates during our 2024 Congregation of Awards.

Alongside this, our online community gained momentum through RNCM Connect, with more than **1,800** members currently utilising the platform for professional development, mentorship, and networking, and we continued to build and strengthen our presence overseas as leader of the **International Benchmarking Group**. Established by the RNCM over 10 years ago, this unique network of world-leading conservatoires works together each year to enhance the professional and personal development of young musicians.

Environmental Leadership

We are proud to say that the RNCM continues to lead the way in environmental responsibility within the conservatoire sector.

Following the successful completion of phase one of our building **decarbonisation project** in 2022, work on phase two started in 2024 and is set to be completed in 2026.

This vital project will see an investment by the RNCM of £7.1 million which will deliver ecofriendly benefits and an improved experience to users of our library and link buildings. Key project deliverables include the creation of an innovative air source heat pump (ASHP) network fed from our main building, the replacement of end-of-life environmental control equipment, and the replacement of the whole roof system. The outcome is set to provide a low carbon solution to heating and air-conditioning across this part of our estate, saving the RNCM **£100,000** on annual running costs and **215 tonnes** of carbon each year.

Components in our overall mission to reduce our carbon footprint across the RNCM include:

- New roof and cavity wall insulation
- Renewable energy from PV arrays to the main building roof
- New ASHP technology
- Improved mechanical and electrical control of our heating and cooling network via BMS
- Upgrades to our metering and electrical infrastructure
- An all-electric backstage lift with regenerative braking
- 1MW of battery storage

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 regulated by the Office for Students. 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 2024/25

Financial Strategy

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

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

Financial Key Performance Indicators (KPIs) for delivery in the planning period 2020 - 26 are in place to monitor progress against the Strategy and these are summarised in the following table:

DESCRIPTION	TARGET 2020-25	2024/25	2023/24
Operating Cash as % of Total Income	>10%	1.9%	3.0%
Philanthropy Income as % of Total Income	>10%	9.5%	10.4%
Borrowing as % of Consolidated Income	<20%	5.8%	7.0%
Net Liquidity Days-unrestricted cash	>90 days	144	119
Operating Surplus as % Total Income	>5%	8.2%	1.5%

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

****Operating surplus includes FRS102 movements in pension valuations**

The particular challenge in understanding operating financial performance of the RNCM is non-cash pension credits or charges under FRS102 which have a material impact on our financial results but do not have a net cash effect nor are reflective of underlying performance. To address this, RNCM calculates a more reliable KPI. The KPI is called Underlying Financial Performance (UFP) and is targeted at 15% of Total Income. It is calculated by taking the Earnings Before Interest Taxation, Depreciation and Amortisation (EBITDA) and further removing non-cash pension charges, capital grants received, permanent endowments received and distributions from ABRSM in order to better reflect operational financial performance.

DESCRIPTION	TARGET 2020-25	2024/25	2023/24
Underlying Financial Performance (UFP) as % of Total Income	>15%	6.9%	11.6%

See below a reconciliation to the UFP:

Reconciliation to UFP	2024/25 £k	2022/23 £k
Total Income	30,545	27,533
Operating Surplus/(deficit)	2,508	1,306
Add back;		
-Interest charges	96	104
-Depreciation	2,148	2,362
-FRS102 non-cash pension charges	(881)	(869)
Less;		
-Capital Grants receivable	0	(50)
-Distributions from associate	(1750)	(500)
Underlying Financial Performance	2,121	2,353
UFP as % of Income less Salix	6.9%	8.6%

Performance against the targets has been consistent in 2024/25 considering the continued challenging financial environment. Whilst income continues to grow, 2024/25 saw increases in costs including a raise in Employers National Insurance.

Operating Cash generation is positive although some way behind the 10% target. Philanthropic income has been maintained at approximately £2.9m in 24/25. Borrowing as a percentage of income continues to drop as loans are repaid. This KPI remains well below our target and gives capacity to borrow further should this be required. Liquidity remains strong and is ahead of the targeted 90 days. Operating Surplus has improved markedly to 8.2% although this is supported by a significant non-cash pension credit which distorts the reported result.

The UPF KPI demonstrates the financial performance of the College once exceptional and non-cash items are excluded from the operating results. As a percentage of income, UFP declined slightly from 8.6% in 23/24 to in 24/25 and remains well behind the target of 15%. The actual Underlying Financial Performance surplus has also declined slightly from £2.4m in 23/24 to 2.1m in 24/25.

Financial Review of 2024/25

The financial performance of the RNCM (including the consolidated results of the RNCM Awards and Endowment Funds) continues to deliver resilience in the face of the material risks and uncertainties faced by the HE sector.

Positives for the year were that liquidity remains strong, and income has grown across nearly all the categories of income. It is particularly pleasing to see further growth of almost £2m in Tuition Fees with, Donations and Endowments and Investment Income all contributing to growth in income, and only Funding Body Grants declining year on year.

Total comprehensive income for the year has reduced to £2.7m from £3.3m. In previous years, the College's interest in the Associated Board of the Royal Schools of Music has been accounted for as an associate, and a proportion of their financial results has been consolidated into the College's own Statement of Comprehensive income and statement of Financial position. Following a review in 2025, this interest is accounted for as an investment and the results are no longer consolidated. This accounting treatment bring the College in line with the other partners in the venture.

The actuarial position in GMPF continues to show a notional surplus this year which has not been recognised on the Statement of Financial Position in line with FRS102.

Looking ahead to financial year 2025/26 and beyond, a number of external factors have impacted on the UK Higher Education sector this year, resulting in lower than anticipated enrolment from applicants who had accepted places. We have put a robust strategy in place to redress this imbalance through the coming recruitment cycle. Continued World Leading Specialist Provider Funding (WLSPF) by the OfS continues to support our Funding Body Grants. The ongoing changes in HE landscape continue to be challenging for Higher Education Institutions; RNCM enjoys a global profile and reputation but is not immune from these challenges.

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	2024/25 £'000	2023/24 £'000	CHANGE £'000
Income	30,545	27,533	3,012
Expenditure	28,037	26,227	(1,810)
Operating Surplus/(Deficit) before other gains and losses	2,508	1,306	1,202
Gain/(Loss) on Investments/fixed assets	1,074	2,616	(1,542)
Surplus/(Deficit) for the year	3,582	3,922	(340)
Actuarial gain/(loss) in respect of pension schemes	(888)	(643)	(245)
Total comprehensive income for the year	2,694	3,279	(585)

Consolidated Balance Sheet

RESULTS FOR THE YEAR	2024/25 £'000	2023/24 £'000	CHANGE £'000
Non-current assets	66,094	64,408	1,686
Cash and cash equivalents	14,188	13,559	629
Net current assets	11,493	10,755	738
Borrowings	(1,775)	(1,941)	166
Pension assets /(provisions)	(436)	(458)	22
Total reserves	75,183	72,489	2694

Key Highlights

- Total income of £30.5m
- Income (excluding capital grants) up 11% on 2023/24
- Operating surplus of £2.5m
- Endowment assets, restricted assets and other Investments of £63m
- Cash and cash equivalents of £14m, of which £9m is unrestricted



Income: Year-on year

Income is up by 11% showing real positive performance across almost all categories of income.

Tuition fee income has increased by £1.9m due to strong overseas recruitment.

Funding body grants have reduced slightly reflecting changes in teaching funding.

Investment income on our portfolio remained constant at £1.2m; due to the improvement in global markets, a gain on investments of £1,074k is recognised in the Consolidated Statement of Comprehensive Income.

Donation and Endowments Income remained constant at £2.9m in total. This continues to be an excellent result and in 24/25 includes a successful piano campaign which raised over £1m towards to purchase of the College's fleet of pianos at the end of the lease in July 2025.

Other income grew slightly to £2.1m from £1.9m. This reflects the steady return of catering and conferencing income.

Expenditure: Year-on year increase of £1.2m (4.5%)

Staff costs increased by £1.4m (9.4%) year on year to £16m in total. Salaries saw an increase of £0.8m, due to pay awards paid to employees, and social security costs rose by £0.2m due to an increase in National Insurance rates. Offsetting this is a decrease in the non-cash pension charge attributable to the GMPF pension scheme, resulting in a £0.3m credit to staff costs in 2024/25.

Other operating costs increased by 8.2% year on year to £10.4m. Whilst costs have been well managed have been well managed within budgets across the College's operation, there continue to be increasing facilities costs relating to both regulatory and inflationary factors.

Capital expenditure was £6.6m. Capital projects in the year included two major spends:

- The second stage of a major building decarbonisation project costing in excess of £7m over 3 years, producing both cost and environmental benefits
- The purchase of the College's fleet of pianos at the end of the lease in July 2025 at a transfer price of £3.8m

Decrease in longer term creditors of £0.3m (6%)

External borrowing on bank loans and obligations on finance leases has reduced year on year, as a result of scheduled capital repayments.

No significant change in pension provisions

The latest valuation of the Greater Manchester Pension Fund (GMPF) on a Financial Reporting Standard (FRS) 102 accounting basis as at 31 July 2025 has given rise to a net asset of £18.5m compared to the prior year asset of £11.4m. Neither has been recognised on the balance sheet and therefore GMPF is shown as nil. The valuation is a result of changes in financial assumptions in respect of the discount rate which has this year remains high at 5.8% (5% in 2024).

The pension liability disclosed on the balance sheet relates only to Pension enhancements on termination (£436k), which is a minimal change on the prior year (£458k).

The USS pension obligation has moved from a £237k liability as at 31 July 2023 to a small surplus position in both July 2024 and July 2025, which is not disclosed.

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 and Risk Committees.

Principal Risks

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

Cyber Security

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

Reputation

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

Financial sustainability

With Home UG fees frozen from 2017 to 2025, and the recent levels of inflation, the unit of resource available for Home undergraduate teaching continues to require cross subsidy from other income sources. Recent National Insurance and pension increases have increased the employer cost of salaries, and pressures on staff and students due to the cost-of-living crisis abound. All these factors add to the risk to the College around its ongoing Financial Sustainability which is regularly monitored and challenged by Executive and Board.

Student recruitment

Continued strong student recruitment is imperative to the sustainable future of the College. RNCM's Student Recruitment Strategy has been developed to address some of the challenges in this area, and RNCM continue to enjoy a global profile and reputation.

Political and Economic environment

Government Policy in both HE and pre-tertiary music education may not be further the RNCM's strategic aims. The Government has cut funding to the arts and continues to focus on STEM in pre-tertiary Education policy. This reduces the number of potential UK candidates of the calibre to attend RNCM. Wider Geopolitical issues can result in an impact upon the College in a financial, operational or strategic way. This could be related to a conflict, change in political allegiances or inter-governmental relationships or other global or regional event. The impact of such events can be wide and complicated. These can affect current students' mental health and wellbeing, future student recruitment and international skills/staff shortages.

Treasury Management

Trust Fund Investments

The College has significant Endowment Assets, Restricted Assets and other Investments of £24m reported on its balance sheet arising from the RNCM Awards Fund and RNCM Endowment Fund. These two funds are established as Trusts with RNCM being the sole Trustee of each.

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

Endowment Fund

The portfolio enjoyed a positive return during the 12 month period to 31 July 2025, rising in value by +8.9% (+8.8% Jellis Portfolio) after fees. The portfolio marginally underperformed the short-term benchmark over the 12 months, which returned +9.2%. The returns in the short term have been well ahead of the inflation +3% measure, although this is a long-term objective. Over the long term (7-years plus) the portfolios are ahead of the CPI+3% objective.

The positive return was realised despite the tariff announcements by President Trump of 2nd April, which unsettled markets and resulted in a sharp fall in share prices. But, an expectation of a downward trajectory for inflation and interest rates, and a major stimulus Bill in the US, helped to create favourable conditions for risk assets thereafter. The portfolio's equities rose in value by +12.9% over the year, ahead of the MSCI AC World Index, which returned +12.5%. Bonds were disappointing, although marginally positive, rising by 1.5%. The gold price was particularly strong (+31.9%), which helped the Alternatives allocation record a +6.1% contribution to returns. One of the main headwinds was the devaluation of the US dollar, as the portfolio does have a high dollar weight, but the underlying US dollar denominated securities provided a positive return in sterling terms despite the currency drag.



Awards Fund

The portfolio enjoyed a positive return during the 12 month period to 31 July 2025, rising in value by +8.5% after fees. The portfolio marginally underperformed the short-term benchmark over the 12 months, which returned +9.2%. The returns in the short term have been well ahead of the inflation +3% measure, although this is a long-term objective. Over the long term (7-years plus) the portfolios are ahead of the CPI+3% objective.

The positive return was realised despite the tariff announcements by President Trump of 2nd April, which unsettled markets and resulted in a sharp fall in share prices. But an expectation of a downward trajectory for inflation and interest rates, and a major stimulus Bill in the US, helped to create favourable conditions for risk assets thereafter. The portfolio's equities rose in value by +12.8% over the year, ahead of the MSCI AC World Index, which returned +12.5%. Bonds were disappointing, although marginally positive, rising by 1.5%. The gold price was particularly strong (+31.9%), which helped the Alternatives allocation record a +5.3% contribution to returns. One of the main headwinds was the devaluation of the US dollar, as the portfolio does have a high dollar weight, but the underlying US dollar denominated securities provided a positive return in sterling terms despite the currency drag.

Borrowings

The College has one external loan facility, a fixed term, fixed rate (5.14%) bank loan of £1.8m.

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 (2024). 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 June 2022.

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 established processes which ensure that it is kept regularly advised on the strategic and policy elements of Prevent, safeguarding, health and safety, academic governance and equality and diversity issues, so that it is able to act effectively and in an informed way with respect to these matters as and when it may be required.

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

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

Whenever appropriate, it will provide explicit confirmation to the Board that necessary actions have been, or are being, taken to remedy any significant failings or weaknesses identified from the review of the effectiveness of internal and financial controls. It also recommends to the Board the annual financial statements for approval, having confirmed compliance with relevant statutory and regulatory provisions.

The Remuneration Committee and Human Resources 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 (2021). It meets to determine the remuneration arrangements for the Principal and her Executive Team, and to consider such strategic staffing issues as may be referred to it by the Board, or by the Executive Committee of the RNCM.

The Committee and the RNCM act in accordance with the principles laid down in the Higher Education Senior Staff Remuneration Code. In making decisions about the Principal and her Executive Team's remuneration, the Committee follows a set of principles articulated in the College's Framework for the Remuneration of Senior Staff and the Principal; based on guidance issued by the OfS, the Remuneration Code and Higher Education Code of Governance. In doing so it applies a strong, evidence-based approach to its discussions, taking into consideration sustained performance and contribution to the College in the preceding year, retaining and rewarding the best staff possible in order to deliver the best experience and outcomes for the students and society, while taking into account the College's financial position, maintaining the relative value of salaries and the effective use of resources. In agreeing the salary for the Principal, the Committee also gives due regard to the size and complexity of the role, pay ratio data for the College and benchmark data, including data from Universities and Colleges Employer Association's Senior Staff Remuneration Survey and the remuneration of the Principals of the UK conservatoires. The national pay award and pay increases awarded to other staff in the College are taken into account, together with the current value for the College of the pay multiple of the Principal's 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 2025/26 academic year.

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

The Principal and the senior managerial arrangements

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

Internal control

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

The Board is committed to exhibiting best practice in all aspects of corporate governance and pays particular attention to the advice and guidance offered by the British Universities Finance Directors' Group (BUFDG), and to that set out in The UK Corporate Governance Code issued by the Financial Reporting Council in July 2018. In the opinion of the Board, the RNCM complies with all the provisions of the aforesaid Code in so far as they apply to the Higher Education Sector, and it has so complied throughout the year ended 31 July 2025. The Board acknowledges its responsibility for the RNCM's overall system of internal control and for reviewing its effectiveness.

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

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

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

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

The most recent Internal Audit annual opinion concluded that based upon the activities and controls in the areas which were examined during 2024/25, 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 2025 and up to the date of approval of the financial statements. The RNCM sets out matters concerning the broad policies relating to financial control in its Financial Regulations. These Regulations are approved every three years by the Board and apply to the RNCM and all its related undertakings and include all funds passing through its accounts. They encompass the processes to investigate fraud and other financial irregularities, budgeting and forecasting, the treatment of year-end balances and capital expenditure programmes and general issues with regard to the Accounts and Accounting returns of the College.

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



Ravi Gupta *Chair of the Board of Governor*

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 for the year ended 31 July 2025 which comprise the Consolidated and College Statement of Comprehensive Income, the Consolidated and College Statement of Changes in Reserves, the Consolidated and College Statement of Financial Position, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group and the College's affairs as at 31 July 2025 and of the Group 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 and the Accounts Direction issued by the Office for Students and the Education Reform Act 1988.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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 are responsible for the other information. The other information comprises the information included in the Welcome from the Chair of the Board of Governors and the Principal and the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Governors for the financial statements

As explained more fully in the Statement of Responsibilities of the Board of Governors, the 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 the Governors 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's and the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the group or the parent College or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error

and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Based on our understanding of the group and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the regulatory requirements of the Office for Students, charity law as applicable to exempt charities in England and Wales and UK tax legislation, 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 Accounts Direction issued by the Office for Students and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019.

We evaluated 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 improper cut-off of revenue (other than that from home undergraduate tuition fees and investments) and management override of control through improper journal entries and inappropriate accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

Matters on which we are required to report in respect of the Office for Students

In our opinion, in all material respects:

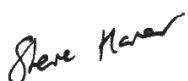
- funds administered by the College for specific purposes during the year ended 31 July 2025 have been applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the terms and conditions attached to them during the year ended 31 July 2025; and
- the requirements of the Accounts Direction issued by the Office for Students have been met.

We have nothing to report in respect of the following matters in relation to which the Office for Students requires us to report where:

- grant and fee income, as disclosed in the note 3a to the accounts, has been materially misstated; and
- expenditure on access and participation activities for the financial year has been materially misstated.

Use of our report

This report is made solely to the Board of Governors in accordance with paragraph 13(2) of the College's Articles of Government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the Board of Governors for our audit work, for this report, or for the opinions we have formed.



Steve Harper
For and on behalf of
HaysMac LLP
Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

Date: 4 December 2025

Statement of Principal Accounting Policies

Year ended 31 July 2025

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. 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 2025.

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 note 24. 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 2025. 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 USS is a multi-employer defined benefit scheme for which it is not possible to identify the assets and liabilities to Institution at members due to the mutual nature of the scheme and therefore this scheme is accounted for as a defined contribution retirement benefit scheme.

Annual leave accrual

Under FRS 102 a liability for outstanding leave entitlement at the year-end is required to be recognised.

Impairment of Financial Assets measured at cost

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

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

String Instruments

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

Tax Liability Accrual

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



3. Income Recognition

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

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

Legacy and donation income is recognised in the Consolidated Statement of Comprehensive Income and Expenditure when there is reasonable assurance of receipt and the amount is quantifiable.

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 college participates in Universities Superannuation Scheme. 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 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 defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme.

Where a scheme valuation determines that the scheme is in deficit on a technical provisions basis (as was the case following the 2020 valuation), the trustee of the scheme must agree a Recovery Plan that determines how each employer within the scheme will fund an overall deficit. The institution recognises a liability for the contributions payable that arise from such an agreement (to the extent that they relate to a deficit) with related expenses being recognised through the income statement. Further disclosures relating to the deficit recovery liability can be found in note 24.

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

8. Leases

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

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

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

9. Land and Buildings

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

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

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

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

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

10. Equipment

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

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

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

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

11. Musical instruments

Musical instruments, except for string and Steinway pianos, are depreciated over the following useful lives:

Non-Steinway pianos and organs	15 Years
Woodwind and brass instruments	10 Years
Percussion, keyboard and electronic	10 Years

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

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

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

12. Intangible Assets

Intangible assets relating to software are depreciated over 3 years.

13. Stocks

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

14. Maintenance of Premises

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

15. 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.

16. 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.

17. 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.

18. Cash and Cash Equivalents

Liquid resources include sums on short-term, 95 day deposits with recognised banks, building societies and other readily convertible securities.

19. 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.

20. 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.

21. Accounting for ABRSM

The College accounts for its share of ABRSM as an investment and is reviewed annually for any impairment of the carrying value.

The accounting treatment has been revised for 2024/2025 (and restated for 2023/2024). Prior to 2024/2025 the ABRSM was accounted for as an associate using the equity method. Although RNCM holds an effective 25% interest in ABRSM, it controls less than 20% of the votes on the Board, and as a result RNCM does not have a significant influence.

22. Financial Instruments

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

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

Investments

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

Short-term debtors and creditors

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

Loans

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

23. 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 2026. 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 2025

		Year ended 31 July 2025		Year ended 31 July 2024	
	Notes	Consolidated £'000	College £'000	Consolidated Restated £'000	College £'000
Income					
Tuition fees and education contracts	1	15,895	15,895	14,040	14,040
Funding body grants	2	6,240	6,240	6,489	6,489
Research grants and contracts	3	137	324	234	414
Other income	4	2,059	6,256	1,864	4,009
Investment income	5	3,305	25	2,030	35
Donations and endowments	6	2,909	-	2,876	-
Total income		30,545	28,740	27,533	24,987
Expenditure					
Staff costs	7	16,012	16,012	14,626	14,626
Other operating expenses	9	10,359	7,756	9,573	7,469
Depreciation and amortisation	10/11	2,148	2,148	2,362	2,362
Interest and other finance costs	8	(482)	(482)	(334)	(334)
Total expenditure		28,037	25,434	26,227	24,123
Surplus before other gains and losses.		2,508	3,306	1,306	864
Gain on disposal of fixed assets		-	-	-	-
Gain/(Loss) on investments	17/18/19	1,074	-	2,616	-
Surplus for the year		3,582	3,306	3,922	864
Actuarial (loss)/gain in respect of pension schemes	24	(888)	(888)	(643)	(643)
Total comprehensive income for the year		2,694	2,418	3,279	221
Represented by:					
Endowment comprehensive income for the year		841	-	2,116	-
Restricted comprehensive income for the year		(942)	-	960	-
Unrestricted comprehensive income for the year		2,795	2,418	203	221
		2,694	2,418	3,279	221

All items of income and expenditure relate to continuing activities

Consolidated and College Statement of Changes in Reserves
Year Ended 31 July 2025

Consolidated	Income and expenditure account			Revaluation reserve	Total
	Endowment £'000	Restricted Restated £'000	Unrestricted Restated £'000	£'000	Restated £'000
Balance at 1 August 2023	20,338	6,145	38,832	3,895	69,210
Surplus/(deficit) from the income and expenditure statement	2,116	1,301	505	-	3,922
Other comprehensive income	-	-	(643)	-	(643)
Transfers between revaluation and income and expenditure reserve	-	-	128	(128)	-
Transfers between restricted and unrestricted funds	-	(341)	341	-	-
Total comprehensive income for the year	2,116	960	331	(128)	3,279
Balance at 1 August 2024	22,454	7,105	39,163	3,767	72,489
Surplus/(Deficit) from the income and expenditure statement	841	(942)	3,683	-	3,582
Other comprehensive income	-	-	(888)	-	(888)
Transfers between revaluation and income and expenditure reserve	-	-	128	(128)	-
Total comprehensive income for the year	841	(942)	2,923	(128)	2,694
Balance at 31 July 2025	23,295	6,163	42,086	3,639	75,183

College	Income and expenditure account			Revaluation reserve	Total
	Endowment £'000	Restricted £'000	Unrestricted £'000	£'000	£'000
Balance at 1 August 2023	-	-	26,474	3,895	30,369
Surplus from the income and expenditure statement	-	-	864	-	864
Other comprehensive income	-	-	(643)	-	(643)
Total comprehensive income for the year	-	-	221	-	221
Transfers between revaluation and income and expenditure reserve	-	-	128	(128)	-
Balance at 1 August 2024	-	-	26,823	3,767	30,590
Surplus from the income and expenditure statement	-	-	3,306	-	3,306
Other comprehensive income	-	-	(888)	-	(888)
Total comprehensive income for the year	-	-	2,418	-	2,418
Transfers between revaluation and income and expenditure reserve	-	-	128	(128)	-
Balance at 31 July 2025	-	-	29,368	3,639	33,007

Consolidated and College Statement of Financial Position

Year Ended 31 July 2025

	Notes	As at 31 July 2025		As at 31 July 2024	
		Consolidated £'000	College £'000	Consolidated Restated £'000	College £'000
Non-current assets					
Intangible assets	11	215	215	202	202
Tangible assets	10	41,129	41,129	36,490	36,490
Heritage assets	10	291	291	291	291
Investments - Endowed	17	19,828	-	22,034	-
Investments - Restricted	18	1,548	-	2,419	-
Investments - Unrestricted	19	3,083	-	2,972	-
		<u>66,095</u>	<u>41,635</u>	<u>64,408</u>	<u>36,983</u>
Current assets					
Stock		15	15	18	18
Trade and other receivables	13	1,223	927	1,356	1,112
Cash and cash equivalents	20	14,188	136	13,559	502
		<u>15,427</u>	<u>1,078</u>	<u>14,933</u>	<u>1,632</u>
Less: Creditors: amounts falling due within one year	14	<u>(3,933)</u>	<u>(4,781)</u>	<u>(4,178)</u>	<u>(5,349)</u>
Net current assets/(liabilities)		11,493	(3,703)	10,755	(3,717)
Total assets less current liabilities		77,588	37,932	75,164	33,266
Creditors: amounts falling due after more than one year	15	<u>(1,969)</u>	<u>(4,489)</u>	<u>(2,218)</u>	<u>(2,218)</u>
Provisions					
Pension provisions	16	<u>(436)</u>	<u>(436)</u>	<u>(458)</u>	<u>(458)</u>
Total net assets		<u>75,183</u>	<u>33,007</u>	<u>72,489</u>	<u>30,590</u>
Restricted Reserves					
Income and expenditure reserve - endowment reserve	17	23,295	-	22,454	-
Income and expenditure reserve - restricted reserve	18	6,163	-	7,105	-
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		42,086	29,368	39,163	26,823
Revaluation reserve		<u>3,639</u>	<u>3,639</u>	<u>3,767</u>	<u>3,767</u>
		<u>75,183</u>	<u>33,007</u>	<u>72,489</u>	<u>30,590</u>

The financial statements were approved and authorised for issue by the Governing Body on 26 November 2025 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 2025

	Notes	Year ended 31 July 2025	Year ended 31 July 2024 Restated
		£'000	£'000
Cash flow from operating activities			
Surplus for the year		3,582	3,922
Adjustment for non-cash items			
Depreciation and amortisation	10/11	2,148	2,362
(Gain)/Loss on restricted investments	17/18	(954)	(2,392)
(Gain)/Loss on unrestricted investments	19	(120)	(224)
Decrease in stock		3	-
Decrease in debtors	13	133	12
Increase/(Decrease) in creditors due in less than 1 year	14	(256)	878
(Decrease) in creditors due in more than 1 year	15	(74)	(74)
Investment management fee		146	142
(Decrease) in pension provision	16	(22)	(252)
Actuarial (loss)/gain in respect of pension schemes		(888)	(643)
Adjustment for investing or financing activities			
Investment income	5	(3,305)	(2,030)
Interest payable	8	96	104
Endowment income		(250)	(120)
Withdrawal of Investments		1,097	-
Withdrawal of Investments - Intra Group Loan		2,800	-
Capital grant income		(40)	(50)
Net cash inflow from operating activities		<u>4,096</u>	<u>1,635</u>
Cash flows from investing activities			
Capital grants receipts		40	50
Short dated bond matured		-	1,000
Investment income		3,305	2,030
Liquid Bond reclassified as cash		-	1,200
Payments made to acquire fixed and intangible assets		(6,800)	(2,151)
		<u>(3,455)</u>	<u>2,129</u>
Cash flows from financing activities			
Interest paid		(96)	(104)
Endowment cash received		250	120
Repayments of amounts borrowed		(166)	(158)
		<u>(12)</u>	<u>(142)</u>
Increase in cash and cash equivalents in the year		<u>628</u>	<u>3,622</u>
Cash and cash equivalents at beginning of the year	20	13,559	9,937
Cash and cash equivalents at end of the year	20	14,188	13,559
Analysis of net funds/net debt			
Cash and cash equivalents		14,188	13,559
Borrowing		(1,775)	(1,941)
		<u>12,413</u>	<u>11,618</u>

Notes to the Accounts

Year Ended 31 July 2025

		Year Ended 31 July 2025		Year Ended 31 July 2024	
		Consolidated	College	Consolidated	College
1	Tuition fees and education contracts	Notes	£'000	£'000	£'000
	Full-time home and EU students		5,976	5,976	5,490
	Full-time international students		8,688	8,688	7,405
	Other fees, Junior RNCM and Young Strings		1,231	1,231	1,145
			15,895	15,895	14,040

		Year Ended 31 July 2025		Year Ended 31 July 2024	
		Consolidated	College	Consolidated	College
2	Funding body grants		£'000	£'000	£'000
	Recurrent grant				
	Office for Students		4,995	4,995	5,107
	UKRI		1,205	1,205	1,332
	Specific grants				
	Capital grant		40	50	50
			6,240	6,489	6,489

		Year Ended 31 July 2025		Year Ended 31 July 2024	
		Consolidated	College	Consolidated	College
3	Research grants and contracts		£'000	£'000	£'000
	Research councils		23	44	44
	Other		114	190	370
			137	234	414

3a Grant and Fee Income

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

	2024-25	2023-24
	£'000	£'000
Grant income from the OfS	4,995	5,157
Grant income from other bodies	1,245	1,376
Fee income for taught awards (excl VAT)	14,339	12,618
Fee income for research awards (excl VAT)	218	224
Fee income from non-qualifying courses (excl VAT)	1,276	1,197
Total grant and fee income	22,073	20,572

Notes to the Accounts

Year Ended 31 July 2025

	Year Ended 31 July 2025		Year Ended 31 July 2024	
	Consolidated	College	Consolidated	College
	£'000	£'000	£'000	£'000
4 Other income				
Residences, catering and conferences	1,061	1,061	1,029	1,029
Other capital grants	-	1,010	-	23
Other income	998	4,185	835	2,957
	2,059	6,256	1,864	4,009

	Year Ended 31 July 2025		Year Ended 31 July 2024	
	Consolidated	College	Consolidated	College
	£'000	£'000	£'000	£'000
5 Investment income				
Investment income	17 1,245	-	1,203	-
ABRSM distribution	1,750	-	500	-
Other investment income	310	25	327	35
	3,305	25	2,030	35

	Year Ended 31 July 2025		Year Ended 31 July 2024	
	Consolidated	College	Consolidated	College
	£'000	£'000	£'000	£'000
6 Donations and endowments				
New endowments	16 250	-	120	-
Donations with restrictions	17 2,127	-	2,101	-
Unrestricted donations	532	-	655	-
	2,909	-	2,876	-

	Year Ended 31 July 2025		Year Ended 31 July 2024	
	Consolidated	College	Consolidated	College
	£'000	£'000	£'000	£'000
7 Staff costs				
Staff Costs :				
Salaries	12,490	12,490	11,719	11,719
Social security costs	1,282	1,282	1,072	1,072
Movement on USS provision	-	-	(242)	(242)
GMPF pension charge	(303)	(303)	(189)	(189)
Pension costs	2,543	2,543	2,266	2,266
Total	16,012	16,012	14,626	14,626

	Year Ended 31 July 2025	Year Ended 31 July 2024
	£'000	£'000
Emoluments of the Principal:		
Salary*	190	180
Benefits (Private medical care)	3	3
Sub total	193	183
Pension contributions	55	46
Total Emoluments	248	229

*No salary sacrifice arrangements are in place

7 Staff costs (continued)

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 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.

	Year Ended 31 July 2025	Year Ended 31 July 2024
Principal's Pay Ratio		
Principal's basic pay ratio	4.3:1	4.0:1
Principal's total pay ratio	4.9:1	4.9:1

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

No other members of staff received remuneration in excess of £100,000 in 2023/24 or 2022/23

Average staff numbers by major category

	No.	No.
Academic	91	87
Professional Services	171	162
	262	249

Severance costs

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

Key management personnel

Key management personnel comprises the 5 members (2023/24 - 5) of the Senior Executive Team, including the Principal, being those persons having authority and responsibility for planning, directing and controlling the activities of the College.

Staff costs includes compensation paid to key management personnel.

	Year Ended 31 July 2025 £'000	Year Ended 31 July 2024 £'000
Key management personnel compensation	779	734

Notes to the Accounts

Year Ended 31 July 2025

7a Related Party Transactions

Board Members

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

	Income recognised within the financial statements	Expenditure recognised within the financial statements	Balance due to the College recognised within the financial statements	Balance due from the College recognised within the financial statements
	£	£	£	£
ABRSM	1,858,071	2,480	52,871	-
BBC	-	12,000	-	-
British Universities Finance Directors Group (BUFDG)	-	5,280	-	-
Conservatoires UK	-	25,060	9,003	-
The Halle	66	31,503	-	-
Howarth of London	31	-	-	-
Music Mark	-	2,970	-	-
Wigmore Hall	-	243	-	-
RNCM Students Union	-	41,410	-	-
	1,858,168	120,946	61,874.00	-

Associated Board of the Royal Schools of Music (ABRSM)

The Principal and one member of the RNCM Board of Governors are both board members of ABRSM.
The RNCM holds a 25% investment in the ABRSM by virtue of being one of four member organisations

BBC

The British Broadcasting Corporation (BBC) is a British public service broadcaster headquartered at Broadcasting House in London.
A member of the RNCM Board of Governors is the Head of Orchestras and Choirs at the BBC

BUFDG

The British Universities Finance Directors Group (BUFDG) is the representative body for higher education finance staff in the UK.
The Director of Finance is Co-chair, smaller HEPS group and a Member of National Executive

Conservatoires UK

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

The Halle

The Halle is an English symphony orchestra based in Manchester.
The Principal of RNCM is a Board Member at the Halle and a member of the RNCM Board of Governors is a Director at the Halle.

Howarth of London

Howarth of London is a specialist woodwind instrument maker and retailer.
The Principal is a UK Representative of T.W. Howarth of London Clarinets

Music Mark

Music Mark is a UK Association for Music Education, supporting the highest quality music education for all children and young people.
The Director of Programmes is a Trustee at Music Mark

Wigmore Hall

Wigmore Hall is a concert hall based in West London.
A member of the RNCM Board of Governors is the Head of Development and Marketing at Wigmore Hall.

RNCM Students Union

The RNCM provides support to the RNCM Student's Union by way of an annual grant (£38.6k 23/24).
The SU President is a member of the Board of Governors of the RNCM.

Board Members

No board member has received any remuneration/waived payments from the group during the year 2024/25 (2023/24 - none).

The total expenses paid to or on behalf of board members was £7,106 (2023/24 - £6,500). This represents travel and subsistence expenses incurred in attending Board and Committee meetings in their official capacity.

Notes to the Accounts

Year Ended 31 July 2025

	Notes	Year Ended 31 July 2025		Year Ended 31 July 2024	
		Consolidated £'000	College £'000	Consolidated £'000	College £'000
8 Interest and other finance costs					
Loan interest		96	96	104	104
Net charge on pension scheme	23	(578)	(578)	(438)	(438)
		<u>(482)</u>	<u>(482)</u>	<u>(334)</u>	<u>(334)</u>

		Year Ended 31 July 2025		Year Ended 31 July 2024	
		Consolidated £'000	College £'000	Consolidated £'000	College £'000
9 Other operating expenses					
Academic and related expenditure		2,640	2,444	2,643	2,432
Administration and central services		2,182	2,151	1,785	1,753
Premises (including service concession cost)		2,279	2,279	2,190	2,190
Residences, catering and conferences		239	239	356	356
Scholarships and Bursaries		2,383	-	1,861	-
Concerts, Promotions and Performances		636	643	738	738
		<u>10,359</u>	<u>7,756</u>	<u>9,573</u>	<u>7,469</u>
Other operating expenses include:					
External auditors remuneration in respect of audit services		59	42	70	47
External auditors remuneration in respect of non-audit services		7	7	8	8

10 Fixed Assets						
Consolidated and College		Total	Land and Buildings	Fixtures, Fittings and Equipment	Musical Instruments	Computer and Recording Equipment
		£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 August 2024	64,500	32,453	23,369	5,939	2,739	
Additions	6,600	-	2,696	3,845	59	
Disposals	-	-	-	-	-	
Written off assets no longer in use	(872)	-	(171)	(129)	(572)	
At 31 July 2025	70,228	32,453	25,894	9,655	2,226	
Depreciation						
At 1 August 2024	28,010	13,651	10,040	1,670	2,649	
Charge for the year	1,961	624	1,233	39	65	
Disposals	-	-	-	-	-	
Written off assets no longer in use	(872)	-	(171)	(129)	(572)	
At 31 July 2025	29,099	14,275	11,102	1,580	2,142	
Net book value						
At 31 July 2025	41,129	18,177	14,792	8,075	84	
At 31 July 2024	36,490	18,802	13,329	4,269	90	

Included in Land and Buildings is land amounting to £1,025,000 which is not depreciated and which includes land amounting to £225,000 leased to Liberty Living Investments Nominee 1 Limited owned by Unite Students Group. Included within Musical Instruments are string instruments amounting to £4,055,987, as per point 2 in the Statement of Principal Accounting Policies.

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

Heritage Assets

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

11 Intangible assets	Year Ended 31 July 2025	
	Consolidated £'000	College £'000
Software		
Balance b/f	202	202
Additions	200	200
Amortisation charge for the year	187	187
Closing balance	<u>215</u>	<u>215</u>

Notes to the Accounts

Year Ended 31 July 2025

12 Investment held as fixed assets

	Year Ended 31 July 2025 £'000	Year Ended 31 July 2024 £'000
Opening market value	25,151	24,873
Additions at cost	4,187	5,167
Capital appreciation	520	615
Gifted Assets	50	-
Disposals at opening market value	(8,291)	(5,020)
Unrealised gains/(losses)	689	2,423
Movement on cash	(123)	(708)
Short Dated Bonds	-	(1,000)
Bond reclassified as cash	-	(1,200)
Closing market value	<u>22,183</u>	<u>25,150</u>
ABRSM investment at cost	<u>2,275</u>	<u>2,275</u>
	<u>24,458</u>	<u>27,425</u>
Historical cost	<u>18,479</u>	<u>21,370</u>

Summary details of investments held at 31 July 2025 are as follows:

	Cost £	Market Value £
Bonds	3,410,190	3,304,822
UK Equities	826,961	884,583
Continental European Equities	1,444,951	1,762,214
North American Equities	5,602,566	9,574,824
Japanese Equities	1,295,735	1,955,345
Asia Pacific Equities	1,150,012	1,649,886
Alternatives	2,288,236	2,867,505
Cash & Cash Holdings	184,984	184,984
	<u>16,203,635</u>	<u>22,184,163</u>

Notes to the Accounts

Year Ended 31 July 2025

13 Trade and other receivables

	Year ended 31 July 2025		Year ended 31 July 2024	
	Consolidated £'000	College £'000	Consolidated £'000	College £'000
Amounts falling due within one year:				
Trade receivables	364	364	245	245
Other receivables	525	229	315	71
Prepayments and accrued income	334	334	796	796
	<u>1,223</u>	<u>927</u>	<u>1,356</u>	<u>1,112</u>

14 Creditors : amounts falling due within one year

	Year ended 31 July 2025		Year ended 31 July 2024	
	Consolidated £'000	College £'000	Consolidated £'000	College £'000
Unsecured loans	175	175	166	166
Other Creditors	1,469	1,336	766	452
Intra Group Loan - Endowment Fund	-	700	-	1,500
Intra Group Loan - Awards Fund (Pianos)	-	280	-	-
Social security and other taxation payable	171	171	138	138
Accruals and deferred income	2,119	2,119	3,108	3,093
	<u>3,932</u>	<u>4,781</u>	<u>4,178</u>	<u>5,349</u>

The Intra Group Loan - Endowment Fund is a programme related investment recognised at historical cost. It is repayable on demand with nil interest and nil security.
The Intra Group Loan - Awards Fund is an intragroup financing arrangement for the purchase of the College's fleet of pianos. It is repayable over 10 years with 5% interest and nil security.

15 Creditors : amounts falling due after more than one year

	Year ended 31 July 2025		Year ended 31 July 2024	
	Consolidated £'000	College £'000	Consolidated £'000	College £'000
Deferred income	369	369	443	443
Unsecured loans	1,600	1,600	1,775	1,775
Intra Group Loan - Awards Fund (Pianos)	-	2,520	-	-
	<u>1,969</u>	<u>4,489</u>	<u>2,218</u>	<u>2,218</u>

Analysis of secured and unsecured loans:

Due within one year or on demand (Note 13)	175	175	166	166
Due between one and two years	184	184	175	175
Due between two and five years	613	613	583	583
Due in five years or more	803	803	1,017	1,017
Due after more than one year	<u>1,600</u>	<u>1,600</u>	<u>1,775</u>	<u>1,775</u>
Total secured and unsecured loans	<u>1,775</u>	<u>1,775</u>	<u>1,941</u>	<u>1,941</u>

The RNCM has an unsecured loan for £3.1m at a fixed rate of 5.14% and a maturity date of Oct 2033. The loan is subject to a negative pledge covenant.
The Awards Fund loan is an intra group loan to the RNCM, approved by the Charity Commission, for £2.8m, repayable over 10 years at a fixed rate of 5% p.a.

16 Provisions for liabilities

Consolidated	Pension enhancements on termination £'000	Defined Benefit Obligations (Note 24) £'000	Total Pensions Provisions £'000
At 1 August 2024	(458)	-	(458)
Utilised in year	52	2,415	2,467
New provision	-	-	-
Interest Charge	(23)	(1,534)	(1,557)
Actuarial gain	(7)	6,245	6,238
Less movement in notional surplus not recognised	-	(7,126)	(7,126)
At 31 July 2025	<u>(436)</u>	<u>-</u>	<u>(436)</u>

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

Pension enhancement

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

Interest Rate	5.8%
Inflation Rate	<u>2.8%</u>

Notes to the Accounts

Year Ended 31 July 2025

17 Endowment Reserves

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments	Expendable endowments	2024/25	2023/24
	£'000	£'000	Total £'000	Total £'000
Balances at 1 August				
Capital	17,661	4,373	22,034	20,847
Accumulated income	-	420	420	(509)
	17,661	4,793	22,454	20,338
New endowments	250	-	250	120
Expenditure	(101)	(25)	(126)	(119)
Transfer to Restricted Reserves	-	(125)	(125)	-
Increase/(Decrease) in market value of investments	675	167	842	2,115
Total endowment comprehensive income for the year	824	17	841	2,116
Balances at 31 July	18,485	4,810	23,295	22,454
Represented by:				
Capital	17,911	4,123	22,034	22,034
Accumulated income	-	1,261	1,261	420
	17,911	5,384	23,295	22,454
Analysis by type of purpose:				
Scholarships and bursaries			21,949	21,182
General			1,346	1,272
			23,295	22,454
Analysis by asset:				
Non-current assets				
Investments			19,828	22,034
Current assets				
Trade and other receivables			2,800	25
Cash & cash equivalents			709	434
Creditors			(42)	(39)
			23,295	22,454

Within the RNCM Awards Fund, the permanent endowment is invested on a total return basis. The charity is nominated to adopt a total return strategy due to the guidance set out in the Trusts (Capital and Income) Act 2013. Total return was adopted at 31 July 2013 at which point there was an unapplied total return of £3m. This represented the capital growth. A 5% withdrawal rate has been adopted and is reviewed annually.

At 31 July 2025, unapplied total return was £7,959,235 (2024: £7,317,201). The total value of the endowment fund held in the Awards Fund was £21,949,069 at 31 July 2025 (2024: £21,182,035).

Notes to the Accounts

Year Ended 31 July 2025

18 Restricted Reserves

Reserves with restrictions are as follows:

	2024/25 Total £'000	2023/24 Total £'000
Balances at 1 August		
Capital	2,419	3,154
Accumulated income	4,686	2,991
	7,105	6,145
New donations	2,139	2,182
Investment income	1,245	1,203
Expenditure	(3,828)	(2,361)
Transfer to unrestricted funds	(735)	(341)
Transfer from expendable endowments	125	-
Increase/(Decrease) in market value of investments	112	277
Total restricted comprehensive income for the year	(942)	960
Balances at 31 July	6,163	7,105

Represented by:

Capital	1,548	2,419
Accumulated income	4,615	4,686
	6,163	7,105

Analysis of other restricted funds /donations by type of purpose:

	2024/25 Total £'000	2023/24 Total £'000
Scholarships and bursaries	2,885	3,407
General	3,278	3,698
	6,163	7,105

Analysis by asset:

Non-current assets

Investments	1,548	2,419
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Current assets

Trade and other receivables	201	122
Cash & cash equivalents	4,494	4,839
Creditors	(81)	(275)
	6,163	7,105

19 Unrestricted Investments

	2024/25 Total £'000	2023/24 Restated Total £'000
At 1 August	697	1,684
Investment Management Fee	(9)	(11)
Gain in market value of investments	120	224
Fixed Income Bond classified as cash	-	(1,200)
	808	697
ABRSM investment at cost	2,275	2,275
At 31 July	3,083	2,972

20 Cash and cash equivalents

	At 1st August 2024 £'000	Cash Flows £'000	At 31st July 2025 £'000
Consolidated			
Unrestricted cash	7,809	1,176	8,985
Endowment cash	434	275	709
Restricted cash	5,316	(822)	4,494
	13,559	629	14,188

Notes to the Accounts

Year Ended 31 July 2025

21 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2025

	31 July 2025		31 July 2024	
	Consolidated £'000	College £'000	Consolidated £'000	College £'000
Commitments contracted for	2,892	2,892	372	372
	<u>2,892</u>	<u>2,892</u>	<u>372</u>	<u>372</u>

22 Lease obligations

Total rentals payable under operating leases:

	31 July 2025			31 July 2024		
	Pianos £'000	Other leases £'000	Total £'000	Pianos £'000	Other leases £'000	Total £'000
Payable during the year	482	-	482	482	-	482
Future minimum lease payments due:						
Not later than 1 year	-	-	-	482	-	482
Later than 1 year and not later than 5 years	-	-	-	-	-	-
Later than 5 years	-	-	-	-	-	-
Total lease payments due	<u>0</u>	<u>-</u>	<u>0</u>	<u>482</u>	<u>-</u>	<u>482</u>

The College fleet of pianos were leased through a third party. This lease ended on 31 July 2025 and the college exercised its right to purchase the pianos at the conclusion of the lease at an arms length market valuation.

Total rentals payable under finance leases:

	31 July 2025		31 July 2024	
	Fixtures & Fittings £'000	Total £'000	Fixtures & Fittings £'000	Total £'000
Payable during the year	-	-	19	19
Future minimum lease payments due:				
Not later than 1 year	-	-	-	-
Later than 1 year and not later than 5 years	-	-	-	-
Later than 5 years	-	-	-	-
Total lease payments due	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Halls of Residence

In 2000 the College entered into a lease arrangement with Jarvis plc, subsequently assigned to The Unite Group, to the operation of the Sir Charles Groves Hall of Residence on the College's campus. The land is leased on a 99-year lease to Liberty Living and the Hall of residence is leased back to the College in 30 and 60 year leases. Management of the Hall is contracted to Liberty Living Limited. The underlease payments are calculated as 98.45% of the student rents collected by the Hall plus an agreed payment for the use of the studio flats by College staff and guests. During 2024/25, the twenty first year of its operation, the total income of the Hall was £7,011,258, and the underlease rent payable was £6,902,584. Since the risks and rewards of operating the Hall are substantially with The Unite Group, the net income to the College of £108,674, has been recorded in the accounts under other income.

23 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 26 November 2025 by The Board of Governors

Notes to the Accounts

Year Ended 31 July 2025

24 Pension Schemes

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

Teachers' Pension Scheme

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

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

Latest actuarial valuation	31-Mar-20
Actuarial method	Prospective benefits
Pension increases per annum (average over a 5 year period)	1.02% per annum
Salary scale increases per annum (average over a 5 year period)	2.32% per annum
Market value of assets at date of last valuation	£222,200 million

Employer contribution rates were set at 28.68% of pensionable salaries. The total contribution made for the year ended 31 July 2025 was £1,765,657 of which employers contributions totalled £1,323,319 and employees contributions totalled £442,336. An appropriate FRS102 provision in respect of unfunded pensioners' benefits is included in provisions.

Universities Superannuation Scheme

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

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

A deficit recovery plan was put in place as part of the 2020 valuation. It required payment of 6.2% of salaries over the period 1 April 2022 until 31 March 2024, at which point the rate would increase to 6.3%. No deficit recovery plan was required under the 2023 valuation because the scheme was in surplus on a technical provisions basis. The institution was no longer required to make deficit recovery contributions from 1 January 2024 and accordingly released the outstanding provision to the statement of income and expenses in the prior year.

The latest available complete actuarial valuation of the Retirement Income Builder is as at 31 March 2023 (the valuation date), which was carried out using the projected unit method.

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

The 2023 valuation was the seventh valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to have sufficient and appropriate assets to cover their technical provisions (the statutory funding objective). At the valuation date, the value of the assets of the scheme was £73.1 billion and the value of the scheme's technical provisions was £65.7 billion indicating a surplus of £7.4 billion and a funding ratio of 111%.

The key financial assumptions used in the 2023 valuation are described below. More detail is set out in the Statement of Funding Principles. (<https://www.uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles>)

Price inflation - Consumer Prices Index (CPI)	3.0% p.a. (based on a long-term average expected level of CPI, broadly consistent with long-term market expectations)
RPI/CPI gap	1.0% p.a. to 2030, reducing to 0.1% p.a. from 2030
Discount rate (forward rates)	Fixed interest gilt yield curve plus: Pre-retirement: 2.5% p.a. Post retirement: 0.9% p.a.
Pension increases (subject to a floor of 0%)	Benefits with no cap: CPI assumption plus 3bps Benefits subject to a "soft cap" of 5% (providing inflationary increases up to 5%, and half of any excess inflation over 5% up to a maximum of 10%): CPI assumption minus 3bps

Notes to the Accounts

Year Ended 31 July 2025

24 Pension Schemes (continued)

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 2023 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2023 valuation
Mortality base table	101% of S2PMA "light" for males and 95% of S3PFA for females.
Future improvements to mortality	CMI 2021 with a smoothing parameter of 7.5, an initial addition of 0.4% pa, 10% w2020 and w2021 parameters, and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.

The current life expectancies on retirement at age 65 are:

	2025	2024
Males currently aged 65 (years)	23.8	23.7
Females currently aged 65 (years)	25.5	25.6
Males currently aged 45 (years)	25.7	25.4
Females currently aged 45 (years)	27.2	27.2

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 £345k as at 31 March 2024.

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 2025 was £1,581,010 of which employers contributions totalled £1,165,183 and employees contributions totalled £415,827. The agreed contribution rate was 18.9% of pensionable salaries.

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

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

	At 31 July 2025	At 31 July 2024
Inflation	2.75%	2.75%
Rate of increase in salaries	3.55%	3.55%
Discount rate for liabilities	5.80%	5.00%

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 2025 years	At 31 July 2024 years
<i>Retiring today</i>		
Males	20.5	20.3
Females	23.8	23.7
<i>Retiring in 20 years</i>		
Males	21.6	21.4
Females	24.8	24.8

Allowing for index returns, the estimated split of assets as at 31 July 2024 is shown below :

	At 31 July 2025	At 31 July 2024
Equities	69.0%	69.0%
Bonds	17.0%	15.0%
Property	9.0%	8.0%
Cash	9.0%	8.0%

Notes to the Accounts

Year Ended 31 July 2025

24 Pension Schemes (continued)

Greater Manchester Pension Fund

	Year Ended 31 July 2025 £'000	Year Ended 31 July 2024 £'000
College's estimated asset share	46,119	41,926
Present value of scheme liabilities	(27,494)	(30,419)
Present value of unfunded liabilities	(97)	(105)
Less notional surplus not recognised	(18,528)	(11,402)
Deficit in the Scheme (<i>see accounting policy</i>)	-	-
	Year Ended 31 July 2025 £'000	Year Ended 31 July 2024 £'000
Analysis of the amount charged in the income and expenditure account		
Current service cost	869	882
Past service cost	-	22
Total operating charge	869	904
Analysis of net interest on pension scheme		
Interest on pension scheme assets	2,112	1,922
Interest on pension scheme liabilities	(1,534)	(1,479)
Net interest	578	443
Amount recognised in the statement of comprehensive income		
Actuarial (losses)/gains on pension scheme assets	1,400	1,691
Experience gains and losses arising on the scheme liabilities	281	(934)
Change in financial and demographic assumptions underlying the scheme liabilities	4,564	1,340
Less notional surplus not recognised	(7,126)	(2,729)
Actuarial gain	(881)	(632)
Movement in deficit during the year		
(Deficit) in scheme at start of period	-	-
Movement in year:		
Current service charge	(869)	(882)
Contributions	1161	1,083
Contributions in respect of unfunded benefits	11	10
Past service costs	-	(22)
Net interest	578	443
Actuarial gain/(loss)	(881)	(632)
Deficit in scheme at end of period	-	-
Asset and Liability Reconciliation	Year Ended 31 July 2025 £'000	Year Ended 31 July 2024 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	30,524	29,140
Current service cost	869	882
Interest cost	1,534	1,479
Contributions by Scheme participants	408	389
Experience gains and losses on defined benefit obligations	(152)	873
Changes in financial assumptions	(4,693)	(1,279)
Benefits paid	(899)	(982)
Past Service cost	-	22
Defined benefit obligations at end of period	27,591	30,524
Changes in fair value of plan assets		
Fair value of plan assets at start of period	30,524	29,140
Interest on plan assets	2,112	1,922
Return on plan assets	1,400	1,691
Employer contributions	1,172	1,093
Contributions by Scheme participants	408	389
Benefits paid	(899)	(982)
Less movement in notional surplus not recognised	(7,126)	(2,729)
Fair value of plan assets at end of period	27,591	30,524

Notes to the Accounts

Year Ended 31 July 2025

24 Pension Schemes (continued)

History of experience gains and losses

	Year Ended 31 July 2025 £'000	Year Ended 31 July 2024 £'000	Year Ended 31 July 2023 £'000	Year Ended 31 July 2022 £'000	Year Ended 31 July 2021 £'000
Difference between the interest on assets and actual return on assets	1,400	1,691	(580)	312	5,575
Value of assets	46,119	41,926	37,813	36,241	35,025
% of scheme assets	3.0%	4.0%	-1.5%	0.9%	15.9%
Experience gains / (losses) on liabilities	281	(934)	(3,071)	(110)	562
Present value of liabilities	27,591	30,524	29,140	33,491	50,584
% of scheme liabilities	1.02%	-3.06%	-10.54%	-0.33%	1.11%
Amount recognised in the statement of comprehensive income	(881)	(632)	336	17,552	515
Present value of liabilities	27,591	30,524	29,140	33,491	50,584
% of scheme liabilities	-3.19%	-2.07%	1.15%	52.41%	1.02%

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 2025 does not include any allowance for this change to the pension scheme.

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

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

Sensitivity Analysis

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

Change in assumptions at 31 July 2025:	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount £(000)
0.1% decrease in Real Discount Rate	2%	554
1 year increase in member life expectancy	4%	1,104
0.1% increase in the Salary Increase Rate	0%	23
0.1% increase in the Pension Increase Rate (CPI)	2%	546

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 2025 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

Year Ended 31 July 2025

25 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	2,190,096	4,010,812
Expenditure	<u>2,709,131</u>	<u>4,290,097</u>
Surplus/(loss) for the year	<u>(519,035)</u>	<u>(279,285)</u>
Investment gains	762,471	311,398
Net Movement in Funds	<u>243,436</u>	<u>32,113</u>
Assets	24,950,485	17,357,371
Liabilities	<u>117,573</u>	<u>17,699</u>
Net	<u>24,832,912</u>	<u>17,339,672</u>

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 for the advancement of the education of its students and former students.

Notes to the Accounts

Year Ended 31 July 2025

26 Financial Instruments

	Year Ended 31 July 2025		Year Ended 31 July 2024	
	Consolidated £'000	College £'000	Consolidated £'000	College £'000
Financial assets				
Investments measured at fair value through income and expenditure				
Investments in listed ordinary shares	14,628	-	16,972	-
Investments in common investment funds	7,557	-	8,178	-
	<u>22,185</u>	<u>-</u>	<u>25,150</u>	<u>-</u>
Assets measured at Amortised Cost				
Trade and other receivables at cost	889	593	560	316
Cash and cash equivalents	14,188	136	13,559	502
	<u>15,078</u>	<u>729</u>	<u>14,119</u>	<u>818</u>
Total financial assets	<u>37,263</u>	<u>729</u>	<u>39,269</u>	<u>818</u>
Financial liabilities				
Trade payables at cost	1,469	1,336	766	452
Loans at cost	1,775	1,775	1,941	1,941
Total financial liabilities	<u>3,244</u>	<u>3,111</u>	<u>2,707</u>	<u>2,393</u>

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

	Year Ended 31 July 2025		Year Ended 31 July 2024	
	Consolidated £'000	College £'000	Consolidated £'000	College £'000
Interest income and (expense)				
Interest income for financial assets measured at fair value through income and expenditure	1,450	-	1,400	-
Interest income for financial assets at amortised cost	25	25	35	35
Interest (expense)	(96)	(96)	(104)	(104)
	<u>1,379</u>	<u>(71)</u>	<u>1,331</u>	<u>(69)</u>

	Year Ended 31 July 2024		Year Ended 31 July 2023	
	Consolidated £'000	College £'000	Consolidated £'000	College £'000
Gains/(Losses)				
On financial assets measured at fair value through income and expenditure	1,074	-	2,616	-
	<u>1,074</u>	<u>-</u>	<u>2,616</u>	<u>-</u>

27 Access and Participation Expenditure

	Year Ended 31 July 2025 £'000	Year Ended 31 July 2024 £'000
Access Investment	255	268
Financial support provided to students	108	139
Support for disabled students	126	133
Research and evaluation expenditure	30	28
Total	<u>519</u>	<u>568</u>

The total of the approved expenditure in our Access and Participation Plan for the year ended 31 July 2025 was £518,085. Included within this expenditure are staff costs amounting to £231,309 (2023/2024 £209,398) which are already included in the staff cost figure in the financial statements, note 7.

Details of the approved plan can be found at,

<https://www.officeforstudents.org.uk/advice-and-guidance/the-register/search-for-access-and-participation->

Notes to the Accounts

Year Ended 31 July 2025

28 Prior Year Adjustment - Investment in ABRSM

Prior to 2024/2025, the ABRSM was accounted for as an associate using the equity method. This treatment differed from the other Royal Schools of Music (the other shareholders in ABRSM) and so a review was undertaken. The review found that although the RNCM holds an effective 25% interest in ABRSM, it controls less than 20% of the votes on the Board, and as a result does not have a significant influence.

The share in ABRSM is now accounted for as an investment held at cost.

The restatement in the financial statements replaces the equity share of ABRSM with the value of investment at cost in the Statement of Financial Position and removes the share of surplus in the Statement of Comprehensive Income.

Impact on Statement of Comprehensive Income

	Year Ended 31 July 2024		
	Consolidated £'000	Adjustment £'000	Restated £'000
Surplus before other gains and losses.	1,306	-	1,306
Gain/(Loss) on investments	2,616		2,616
Share of operating surplus in associate	1,742	(1,742)	-
Surplus for the year	5,664	(1,742)	3,922
Actuarial (loss)/gain in respect of pension schemes	(643)		(643)
Share of actuarial (loss)/gain in pension scheme of associate	(160)	160	-
Total comprehensive income for the year	4,861	(1,582)	3,279

Impact on Statement of Financial Position

	Year Ended 31 July 2024		
	Consolidated £'000	Adjustment £'000	Restated £'000
Non-current assets			
Intangible assets	202		202
Tangible assets	36,490		36,490
Heritage assets	291		291
Investments - Endowed	22,034		22,034
Investments - Restricted	2,419		2,419
Investments - Unrestricted	697	2,275	2,972
Share of net assets in associate	5,876	(5,876)	-
	68,009	(3,601)	64,408
Net current assets/(liabilities)	10,755		10,755
Total assets less current liabilities	78,764	(3,601)	75,164
Creditors: amounts falling due after more than one year	(2,218)		(2,218)
Pension provisions	(458)		(458)
Total net assets	76,088	(3,601)	72,489
Restricted Reserves			
Income and expenditure reserve - endowment reserve	22,454		22,454
Income and expenditure reserve - restricted reserve	7,582		7,582
Unrestricted Reserves			
Income and expenditure reserve - unrestricted	42,287	(3,601)	38,686
Revaluation reserve	3,767		3,767
	76,090	(3,601)	72,489

Impact on Consolidated and College Statement of Changes in Reserves

	Endowed	Restricted	Unrestricted	Revaluation	F Total
Balance at 1 August 2023	20,338	6,281	36,421	3,895	66,935
Adjustment for ABRSM	-	-	2,275	-	-
Adjustment for release of restricted reserves (see below)	-	(136)	136	-	-
Restated	20,338	6,145	38,832	3,895	66,935

Notes to the Accounts

Year Ended 31 July 2025

29 Prior Year Adjustment - Restricted Funds

Following a review of restricted funds within the RNCM Endowment Fund, it was identified that £477,488 of the funds had been expended in previous accounting periods and were therefore incorrectly carried forward at 1 August 2024. As this is material to the financial statements, a prior year adjustment has been processed in line with the requirements of FRS 102. Following investigation, it was identified that £341,508 had been expended in the year to 31 July 2024 and £135,940 had been expended in periods prior to 1 August 2023.

The impact of this prior year restatement is set out as follows:

	As previously stated £'000	Restatement £'000	As restated £'000
At 31 July 2024			
Consolidated			
Endowed funds carried forward	22,454	-	22,454
Restricted funds carried forward	7,446	(341)	7,105
Unrestricted funds carried forward	38,822	341	39,163
Revaluation reserve	3,767	-	3,767
Total funds carried forward	72,489	-	72,489
At 1 August 2023			
Consolidated			
Endowed funds carried forward	20,338	-	20,338
Restricted funds carried forward	6,281	(136)	6,145
Unrestricted funds carried forward	38,696	136	38,832
Revaluation reserve	3,895	-	3,895
Total funds carried forward	69,210	-	69,210
Restricted Reserves			
	As previously stated 2023/24 £'000	Restatement £'000	As restated 2023/24 £'000
Balances at 1 August			
Capital	3,154		3,154
Accumulated income	3,127	(136)	2,991
	6,281	(136)	6,145
New donations	2,182		2,182
Investment income	1,203		1,203
Expenditure	(2,361)		(2,361)
Transfer to unrestricted funds	-	(341)	(341)
Increase/(Decrease) in market value of investments	277		277
Total restricted comprehensive income for the year	1,301	(341)	960
Balances at 31 July	7,582	(477)	7,105
Represented by:			
Capital	2,419		2,419
Accumulated income	5,163	(477)	4,686
	7,582	(477)	7,105
Analysis of other restricted funds /donations by type of purpose:			
	2023/24 £'000		2023/24 £'000
Scholarships and bursaries	3,407		3,407
General	4,175	(477)	3,698
	7,582	(477)	7,105
Analysis by asset:			
Non-current assets			
Investments	2,419		2,419
Current assets			
Trade and other receivables	122		122
Cash & cash equivalents	5,316	(477)	4,839
Creditors	(275)		(275)
	7,582	(477)	7,105