

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC

England & Wales · Charity number 292182

Details

Other names	ABRSM
Status	Registered
Legal form	Charitable company
Company number	01926395
Registered	1985-07-23
Register	View on the Charity Commission register

Contact

Address	Associated Board Of The Royal Schools Of Music 4 London Wall Place London EC2Y 5AU
Phone	0207 636 5400
Email	abrsms@abrsms.ac.uk
Website	www.abrsms.org

Activities

Objects: A. THE ADVANCEMENT OF THE ARTS SCIENCES AND SKILLS OF MUSIC, SPEECH AND DRAMA THROUGHOUT THE UNITED KINGDOM AND OVERSEAS. B. THE PROMOTION OF EDUCATION AND INSTRUCTION IN AND THE STUDY AND APPRECIATION OF MUSIC, SPEECH AND DRAMA AND THE DISSEMINATION OF KNOWLEDGE CONCERNING THE SAME.

Activities: ABRSM motivates musical achievement through internationally recognised examination and assessment of students, professional development of teachers and provision of published resources and online learning via its websites, apps and audio and video resources. ABRSM makes significant donations towards music education each year including scholarships to the four Royal Schools of Music.

Classification

- **How:** Makes Grants To Individuals, Makes Grants To Organisations, Provides Services, Provides Advocacy/advice/information
- **What:** Education/training, Arts/culture/heritage/science
- **Who:** Children/young People, People With Disabilities, Other Charities Or Voluntary Bodies, The General Public/mankind

Geography

- **Area of benefit:** NATIONAL AND OVERSEAS

- Andorra
- Anguilla
- Antigua And Barbuda
- Australia
- Austria
- Bahrain
- Bangladesh
- Barbados
- Belgium
- Belize
- Bermuda
- British Virgin Islands
- Brunei
- Bulgaria
- Canada
- Cayman Islands
- China
- Cyprus
- Czech Republic
- Denmark
- Dominica
- Dominican Republic
- Egypt
- Falkland Islands
- Faroe Islands
- Fiji
- Finland
- France
- Germany
- Ghana
- Gibraltar
- Greece
- Grenada

- Hong Kong
- Hungary
- Iceland
- India
- Indonesia
- Ireland
- Italy
- Jamaica
- Japan
- Jordan
- Kenya
- Kuwait
- Luxembourg
- Macau
- Madagascar
- Malawi
- Malaysia
- Malta
- Mauritius
- Namibia
- Netherlands
- New Zealand
- Nigeria
- Norway
- Oman
- Philippines
- Poland
- Portugal
- Qatar
- Saint Vincent
- Saudi Arabia
- Scotland
- Serbia
- Seychelles
- Sierra Leone

- Singapore
- Slovakia
- South Africa
- South Korea
- Spain
- Sri Lanka
- St Kitts And Nevis
- St Lucia
- Sweden
- Switzerland
- Taiwan
- Tanzania
- Thailand
- The Bahamas
- Trinidad And Tobago
- Turkey
- Uganda
- United Arab Emirates
- United States
- Vietnam
- Zambia
- Zimbabwe
- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2025-01-31	£50,899,000	£46,184,000	£27,428,000	197
2024-01-31	£48,890,000	£41,909,000	£23,502,000	191
2023-01-31	£45,529,000	£38,179,000	£17,168,000	182
2022-01-31	£42,498,000	£35,188,000	£7,929,000	178
2021-01-31	£23,397,000	£31,352,000	£-13,188,000	167

Trustees

Name	Role	Appointed
Antony John HALES	Chair	2017-11-28
Abdul Bhanji		2021-11-24
Damian Mark Alan Wisniewski		2017-01-26
Deborah Harry		2024-03-14
Gavin Reid		2024-03-14
Georgina Robb		2024-09-25
James Williams		2024-09-01
Jamie Njoku-Goodwin		2025-06-26
KEVIN PORTER		2009-09-01
Karen Di Lorenzo		2021-11-05
PROF Jeffrey Neil Sharkey		2014-11-25
PROF LINDA MERRICK		2012-10-08
PROFESSOR JONATHAN FREEMAN-ATTWOOD		2008-07-01
Roberta Doyle		2025-11-26
Sarah Jane Carter		2025-11-26

Linked charities

- THE IRENE LASSEN PIANOFORTE EXHIBITIONS (292182-1)

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC

England & Wales - Charity number 292182

Accounts

**THE ASSOCIATED BOARD OF THE
ROYAL SCHOOLS OF MUSIC
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 JANUARY 2025**

CHARITY NUMBER (ENGLAND AND WALES):

292182

CHARITY NUMBER (SCOTLAND):

SC043343

COMPANY NUMBER:

01926395

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
REFERENCE AND ADMINISTRATIVE INFORMATION**

PATRON

His Majesty King Charles III

PRESIDENT

His Majesty King Charles III

GOVERNING BODY

Tony Hales, Chair, CBE, BSc

Frances Anderson, M.Soc.Sc (URS), BSc (Econ), FRSA

Abdul Bhanji OBE, FCA

Baroness Fleet CBE

Professor Jonathan Freeman-Attwood CBE, BMus, MPhil, Hon RAM, FKC, FRNCM
(Principal, Royal Academy of Music)

Professor Linda Merrick CBE GRSM, MMus, PhD, FRAM, FRCM, FLCM, FRSA, Hon VCM, FHEA
(Principal, Royal Northern College of Music)

Gavin Reid ALCM, LLCM, GMusRNCM, PPRNCM, FRCS, LVO

Georgina Robb, FCA

Professor Jeffrey Sharkey, MPhil (Cantab)
(Principal, Royal Conservatoire of Scotland)

Bronwyn Syiek, MA (Cantab)

James Williams, BA (Hons), LVO, FRCM
(Director, Royal College of Music)

Damian Wisniewski BSc (Eng), ACGI, BFP, FCA, LRAM, Hon FRAM

CHIEF EXECUTIVE

Chris Cobb BSc, FRSA

DEPUTY CHIEF EXECUTIVE

Penny Milsom, BA

CHIEF OPERATING OFFICER

Helen Coleman, BA, MBA

ACTING CHIEF DIGITAL AND INFORMATION OFFICER

Steve Wheeler, BSc

CHIEF PRODUCT OFFICER

Tom Lee, BA

CHAIR OF THE CHIEF EXAMINER GROUP

Mervyn Cousins, MMus, ARCO

CHIEF FINANCIAL OFFICER

Charlotte Razzell, BSc, MA Econ, CPFA

SECRETARY TO THE GOVERNING BODY

Rachael Casstles, LLB (Hons)

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
REFERENCE AND ADMINISTRATIVE INFORMATION**

CHARITY NUMBER (ENGLAND AND WALES):	292182
CHARITY NUMBER (SCOTLAND):	SC043343
COMPANY NUMBER:	01926395
TRADING NAME:	ABRSM
REGISTERED AND PRINCIPAL OFFICE:	4 London Wall Place, London, EC2Y 5AU
TELEPHONE:	+44(0) 20 7636 5400
EMAIL:	abrsm@abrsm.ac.uk
WEBSITE:	www.abrsm.org
ADVISERS:	
External Auditors:	Crowe UK LLP 55 Ludgate Hill, London EC4M 7JW
Internal Auditors:	BDO LLP 55 Baker Street, London W1U 7EU
Bankers:	Barclays Bank PLC Level 27 1 Churchill Place, London E14 5HP Santander UK PLC 3 rd Floor, Santander House 100 Ludgate Hill, London EC3M 7RE Lloyds Bank PLC 25 Gresham Street, London EC2V 7HN
Solicitors:	Farrer & Co 66 Lincoln's Inn Fields, London WC2A 3LH
Pension Scheme Administrators:	Broadstone Pensions and Investments Limited 100 Wood Street, London EC2V 7AN
Pension Scheme Actuary and Investment Advisors:	Lane Clark & Peacock LLP 95 Wigmore Street, London, W1U 1DQ
Investment Managers (Prize Funds):	BlackRock Investment Management (UK) Limited 12 Throgmorton Avenue, London EC2N 2DL

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC

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THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 JANUARY 2025

The members of the Governing Body (the 'Governors'), who are also directors of the company, present their annual report (incorporating the Strategic Report) for the year ended 31 January 2025, together with the audited financial statements for the year in accordance with the Charities Act 1993 as amended by the Charities Act 2011. They confirm that these comply with the requirements of the Companies Act 2006, the Company's Memorandum and Articles of Association and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard in the UK and Republic of Ireland (FRS 102).

STATUS AND ADMINISTRATION

The Associated Board of the Royal Schools of Music (ABRSM) is a registered charity, number 292182 (Charity registered in Scotland number: SC043343), and a company limited by guarantee, registered number 1926395, established by four Royal Schools of Music for the benefit of music education. The company has no share capital and the liability of the members in the event of winding up is limited to £1 per member. The members are the Royal College of Music, the Royal Academy of Music, the Trustees of the Royal Northern College of Music Endowment Fund and the Trustees of the Royal Conservatoire of Scotland Trust.

The charity has a wholly owned subsidiary company, The Associated Board of the Royal Schools of Music (Publishing) Limited (ABRSM Publishing), the results of which are consolidated in these financial statements.

GOVERNING BODY, CHIEF EXECUTIVE AND MANAGEMENT STRUCTURE

For the purposes of the Companies Act 2006 the Governors are the directors of ABRSM. They are also the charity trustees under the Charities Act 2011. The Governing Body is constituted under the Articles of Association of the company as drawn up in 1985 and amended on 26 July 2011. The amendment allows for three additional independent members to join the Governing Body.

Membership of the Governing Body consists of two persons appointed by each of the Royal Academy of Music, the Royal College of Music, the Royal Northern College of Music Endowment Fund and the Royal Conservatoire of Scotland Trust, together with three independent Governors¹ and a Chairman who is appointed by the members.

Nominations for new Governors are considered by the Nominations Committee. In the case of Independent Governors, the Nominations Committee follows an open recruitment process and recommends preferred candidates to the Governing Body. New Governors follow a programme of induction involving briefings on ABRSM's strategy, risks, governance and trustee duties and future plans. New Governors meet other Governors, the Chief Executive and senior staff to learn about their areas of work. These meetings are tailored to the needs of each Governor depending on their background, experience and expertise. The Governors in office from 1 February 2024 to the date of this report are listed below and, where applicable, their alternate directors ('Alternates').

Governors

Tony Hales CBE, Chair
Frances Anderson¹
Abdul Bhanji OBE¹
Professor Jonathan Freeman-Attwood CBE
Nicola Irvine (resigned 14 March 2024)
Leslie Kwan (resigned 9 August 2024)
Professor Colin Lawson CBE (resigned 1 September 2024)
James Williams (appointed 1 September 2024)
Professor Linda Merrick CBE

Gavin Reid (appointed 14 March 2024)
Georgina Robb (appointed 25 September 2024)
Professor Jeffrey Sharkey
Bronwyn Syiek¹
Baroness Fleet CBE
Damian Wisniewski, Deputy Chair

Alternates

Karen Di Lorenzo

Kevin Porter

George Whalley (resigned 1 March 2024)
Deborah Harry (appointed 14 March 2024)

¹Frances Anderson, Abdul Bhanji and Bronwyn Syiek are independent Governors

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2025**

GOVERNING BODY, CHIEF EXECUTIVE AND MANAGEMENT STRUCTURE (continued)

Alternates are appointed by the Governor for whom they act. They are entitled to attend, vote and generally act on behalf of the appointing Governor at any Governing Body meeting where that Governor is not present. Alternates are officers of ABRSM, rather than agents of appointing Governors. They are therefore subject to all terms and conditions, other than remuneration, existing with reference to other Governors.

Finance & Business Development Committee Members

Damian Wisniewski, Chair
Tim Barton
Tony Hales CBE
Rachel Harris
Karen Di Lorenzo
Bronwyn Syiek

Audit & Risk Committee Members

Abdul Bhanji OBE, Chair
Frances Anderson
Deborah Harry
Alan Smith
Tony Hales CBE (attendee)

Music Education Advisory Committee

Professor Jeffrey Sharkey, Chair
Natasha Baldwin
Carolyn Baxendale
Francis Cummings
Barry Farrimond
Miranda Francis

Remuneration Committee Members

Bronwyn Syiek, Chair
Baroness Fleet CBE
Professor Jonathan Freeman-Attwood CBE
Tony Hales CBE

Rylan Gleave

Paul Harris
John Hutchins
Gabriel Lee
Orphy Robinson
Jimmy Rotherham
Bronwyn Syiek
Aled Tudor
Matt Wingfield

Nominations Committee

Tony Hales CBE, Chair
Abdul Bhanji OBE
James Williams
Professor Linda Merrick CBE

Ethics Committee

Frances Anderson
Abdul Bhanji

Key Management Personnel

The Governors delegate the day-to-day management of ABRSM to the Chief Executive, and through him to his team of senior executive staff, who comprise the key management personnel:

Chris Cobb, Chief Executive

Penny Milsom, Deputy Chief Executive

Helen Coleman, Chief Operating Officer

Mervyn Cousins, Chair of Chief Examiner Group

James Halliwell, Chief Digital Officer (resigned 31st January 2025)

Steve Wheeler, Acting Chief Digital and Information Officer (appointed 31st January 2025)

Tom Lee, Chief Product Officer

Una Quinn, Finance Director (resigned 12th April 2024)

Charlotte Razzell, Chief Financial Officer (appointed 6th August 2024)

Decision Making

Proposals for developing ABRSM's work are discussed and refined by this senior team. Where appropriate they may be reviewed by one of the specialist committees of the Governing Body, set out below. Any proposals that have a financial implication are presented by the Chief Executive to the Finance & Business Development Committee, which reviews the impact of all such proposals on the budget and long-term high-level plan for the charity. Depending on the value of the proposal it may additionally proceed to the Governing Body for final approval.

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2025**

GOVERNING BODY, CHIEF EXECUTIVE AND MANAGEMENT STRUCTURE (continued)

All aspects of ABRSM's work in support of its charitable objectives are brought together in a Corporate Plan which, together with financial projections (comprising budgets, forecasts and high-level plan), is monitored by the Senior Management Team and considered by the Finance & Business Development Committee and then the Governing Body. The Corporate Plan sets out the strategic direction for ABRSM in the medium term which is then communicated to all staff.

The Finance & Business Development Committee holds management to account for the financial performance of ABRSM and oversees the development of the business. It meets four times a year and monitors the finances of ABRSM on behalf of the Governing Body. It exercises oversight of the funding strategy and related policies. The Committee will evaluate business cases for investment and monitor their benefits and return on investment. The Finance & Business Development Committee comprises up to six members: The Chair who shall be an ABRSM Governor; one independent Governor; up to two members co-opted by the members of the committee with relevant skills and experience to support the ABRSM strategy; and two Royal Schools of Music Directors of Finance.

The Audit & Risk Committee oversees risk management on behalf of the Governing Body and meets three times a year. It provides assurance to the Governing Body on the effectiveness of risk management, controls and governance arrangements. It also meets with both the external and internal auditors to discuss the findings and recommendations from the audit reports. The Audit & Risk Committee comprises four members: two independent Governors and two Directors of Finance from two of the Royal Schools of Music. The Audit & Risk Committee requires that at least one member should have recent audit and/or financial accounting experience.

ABRSM procures internal audit services from BDO LLP. BDO delivers select audits defined by management. An annual audit plan is informed by an analysis of risks to which ABRSM is exposed. The Audit & Risk Committee approves the internal audit plan. BDO LLP submit regular reports to the Audit & Risk Committee on audits conducted, risks identified and management's response to their findings, as well as their independent opinion on internal control.

The Nominations Committee is responsible for selecting and recommending new appointments to the Governing Body.

The Music Education Advisory Committee is an advisory body which supports the Senior Management Team and Governing Body to assure the musical integrity, quality and relevance of ABRSM's offer in the context of a contemporary global landscape.

The Remuneration Committee is responsible for determining and implementing the remuneration policy of the senior personnel. In doing so it considers remuneration trends across comparable institutions as well as performance. The remuneration of the senior executive staff is determined through the completion of performance related assessments in line with company policy. The level is determined by evaluating a combination of performance and market rate.

The Ethics Committee is an advisory body which supports the Senior Management Team and Governing Body to consider the application of ethical principles to ABRSM's decisions and actions.

ABRSM's governance is structured around its Articles of Association and guided by the principles of the Charity Governance Code. The Governing Body and committees review their practices against the principles to ensure high standards of governance."

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2025**

GOVERNORS, CHIEF EXECUTIVE AND MANAGEMENT STRUCTURE (continued)

Governors' and Officers' Liability

Governors' liability is included in the combined business insurance policy and is purchased by authority contained within the Memorandum and Articles of Association, as permitted by Section 232(2) of the Companies Act 2006 and with the agreement of the Charity Commission. The total cost of Governors' and Officers' liability insurance was £406 (2024: £403).

CHARITABLE OBJECTIVES

ABRSM has the following aims and objectives set out in its Memorandum and Articles of Association:

- to advance the arts, science and skills of music, speech and drama throughout the UK and overseas; and
- to promote the education and instruction in, and the study and appreciation of music, speech and drama.

During 2021, ABRSM developed and implemented a 5-year corporate strategy centred around our mission to enrich lives by inspiring musical achievement around the world. A focus on the needs of our customers is at the core of this strategy, which is also guided by five key themes: educational excellence; collaboration; leadership and advocacy; equality, diversity and inclusion; and sustainability. During 2023, ABRSM evolved our brand and established an updated mission: We bring the joy of music to lives everywhere by inspiring, recognising and supporting the global musical community. This evolution did not radically change our themes or goals, and in 2024 we continued to:

- Value and support our learners and teachers
- Be an innovator in music teaching, learning and assessment
- Support and promote music education globally

By January 2026 we will have grown:

- The number of learners engaging with us
- Our charitable donations
- The breadth of our activities- with further emphasis on demonstrating that impact throughout the year

The following report explains in more detail how our objectives are achieved. Our main measurements of success continue to be the level of candidate numbers and turnover, customer satisfaction, the delivery of key targets for the launch of new products and services, digitally and in person. ABRSM also seeks to progressively reduce its carbon footprint.

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2025**

STRATEGIC REPORT

PRINCIPAL ACTIVITIES

In alliance with four Royal Schools of Music, we carry on a long legacy of musical excellence. More than an awarding organisation, we support learners from the first note they play and empower teachers who help build musical skills and encourage progress around the world.

We continue to deliver our strategy guided by the three pillars of our business which underpin our purpose, to inspire a love of music and our vision of a world that embraces a life of music making.

1. Music Making - Be inspired

We inspire and celebrate music making and performance in our core role as a music education charity, embracing musical diversity and creativity as we help nurture future generations of musicians.

2. Teaching and Learning - Be supported

We support music teachers and learners and value their ongoing learning and development. We are introducing new courses and resources to support excellence in music teaching.

3. Qualifications and Assessments - Be recognised

We continue to grow our portfolio of qualifications to recognise a wide range of musical achievement, embracing increasingly diverse genres, activities and learning settings.

During the last four years, our corporate strategy has remained focused on supporting teachers and learners, improving services for customers and expanding the diversity of the music we offer. Sustainability also continues to be an important theme, with our ongoing objective to reduce our carbon emissions in line with the Paris Agreement.

The Governors believe that these activities continue to meet ABRSM's charitable objectives both in the year under review and into the future.

ABRSM's subsidiary, The Associated Board of the Royal Schools of Music (Publishing) Limited, is engaged in the production and sale of music publications, recordings and digital resources in support of the charitable activities of ABRSM, both of exam related publications, and wider repertoire music and textbooks supporting music education.

ACHIEVEMENTS AND PERFORMANCE

Expanding and enhancing the ways we support and assess musical progression

We continued to focus on the core activity of ABRSM, delivering music exams of a consistently high quality both in the UK and internationally, while also developing our offer of alternative and new format online examinations approved by Ofqual to meet our learners' needs both in the UK and internationally. There were 459,000 (2024: 469,000) ABRSM assessments in 2024-25, a decrease of 2.1% on the prior year.

New Performance Diplomas at LRSM and FRSM were successfully introduced in April 2024, followed closely by the new Teaching Diplomas in November 2024. Final results were issued for the FRSMs from our previous suite of diplomas in December 2024. Jazz Performance Grades 1-5 were successfully launched in January 2024 for Piano, Flute, Clarinet, Saxophone, Trumpet and Trombone and we also launched Drumkit Performance Grades 1-8.

Most of ABRSM's qualifications are formally recognised by the UK qualifications regulators: in England by the Office of Qualifications and Examinations Regulation (Ofqual); in Wales by Qualifications Wales; and in Northern Ireland by Council for the Curriculum, Examinations and Assessment (CCEA Regulation). All our regulated qualifications are listed on Ofqual's Register of Qualifications. The Governing Body is responsible for overseeing ABRSM's compliance with the conditions of recognition as set by the three regulators.

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2025**

ACHIEVEMENTS AND PERFORMANCE (continued)

**Expanding and enhancing the ways we support and assess musical progression
(continued)**

UK and Ireland examinations

During 2024-25 a total of 225,000 (2024: 229,000) assessments were completed for ABRSM's Practical, Performance Grade, Diploma, Theory and Music Medals qualifications in the UK and Ireland, a decrease of 0.9% on the prior year. Assessments completed in Scotland make up 4.4% of the total (2024: 2.5%). In the UK we opened three new centres. There are currently 160 Honorary Local Representatives (HLRs), a slight reduction owing to a project to identify and close centres offering minimal availability. In 2024 HLRs received dedicated Specific Needs information and training, enabling them to better support candidates and examiners.

International examinations

During the year a total of 232,000 (2024: 240,000) international assessments were completed for ABRSM's Practical, Performance Grade, Diploma and Theory qualifications, a decrease of 3.3% on the prior year. Internationally we opened new centres in Spain, Portugal, Cyprus, South Africa, Malaysia, Hong Kong, Thailand and USA. Growth territories for practical exams in 2024 included Malaysia (increase of 2,598 candidates), Singapore (increase of 1,655 candidates), India (increase of 1,933 candidates), and the USA (increase of 403 candidates). Four International reps were recruited for Italy North, Italy South, South Korea and Republic of Ireland. These were replacement appointments. In Autumn 2024 we held conferences for all International Representatives for the first time post-pandemic, providing essential updates.

There are currently 575 examiners, of which circa 15% examine only our digital Performance Grades. In 2024 we held five Examiner conferences in the UK and one in Hong Kong. We ran an examiner Mentor Programme in conjunction with Black Lives in Music with members from this group going on to join the examiner team as a drive for greater diversity. In addition, we delivered two UK examiner training courses and one Singapore course for Digital Grade Examiners. Additional training was delivered to selected existing examiners to add Performance and Teaching Diploma examining to their portfolios, along with Drum Kit Performance Grade examining.

An internal audit of the Examiner Quality team's processes was carried out in Summer 2024. This focused on both our customer facing Quality Assurance activities and our Professional Support activities related to our examiners. The outcome was extremely positive with only a small number of low/medium priority recommendations. During 2024, our UK based contact centre responded to circa 120,000 enquiries by phone and email and oversaw multiple customer update mailouts to subscribers.

We successfully migrated to a new proctoring software, Bridge, in April 2024 for Online Theory Grades 1-5. It was a significant cross-organisational effort to migrate platforms resulting in positive impacts in the reduction of customer enquiries and reduction in videos being flagged during proctoring. The global roll-out of our digital certificate solution was completed in August 2024. All customers receive their digital certificates at the same time, irrespective of their location, which directly addresses distribution issues.

During 2024 our project management and delivery focus team successfully delivered a range of projects and supporting activities. The strategic projects they delivered included Diplomas in Performance and Teaching, the global rollout of our Digital certificates' solution, an external quality assurance partnership with Play Virtuoso and an improved Theory on Demand user experience. The team's work led to savings of circa 6,000 hours of manual operational tasks and a 30% increase in specific customer experience improvements.

Supporting and recognising excellence in music teaching

ABRSM supports teachers worldwide by developing printed and digital resources that complement our exam focussed books, recordings, apps and videos, and through a range of online and face-to-face events and qualifications.

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2025**

ACHIEVEMENTS AND PERFORMANCE (continued)

Supporting and recognising excellence in music teaching (continued)

ABRSM's Teacher Hub continued to be successful, with a relaunch during the year. The relaunch introduced a personalised dashboard, expanded resources, weekly updates, and a series of webinars which have driven platform growth by over 26,000 new users. Key highlights included 1,159 course enrolments; 37 free resources; 8 webinars and 92 presentations delivered to teachers globally and in the UK.

We launched Teaching Diplomas in January 2024 for first assessment in October 2024; these included a brand new ARSM Level 4 as a fully accessible qualification. A key characteristic of these new qualifications is that they are instrument agnostic. The emphasis is now on Music Teaching, and not instrumental/vocal, which widens their appeal considerably.

Support for learners of music & product development

2024 was the first full year of our new approach to Product Management, with a renewed focus on embedding a customer-centric mindset across the team, ensuring a consistent and relevant musical voice across everything we do, improving our focus on teacher support and transforming our predominantly print-focused publishing operation into a digital content function.

In 2024, we launched several new products aimed at supporting music learners globally including:

- Drum Kit Performance Grade – a new subject for ABRSM and a first step into the non-classical world of learning and assessment.
- Music Medals – system improvements and redevelopment of the assessment offer. New subjects of Piano, Singing and Ukulele added to the portfolio with redesigned standardisation parameters.
- Piano Syllabus 25 – a new narrative of introducing new genres such as jazz, pop, film and contemporary classical to a historically western classical traditional offer across all grades and Prep Test. Of new pieces added, 40% were of a contemporary genre.
- DJ Levels: 1 & 2 – a new partnership where content was authored by PlayVirtuoso and repurposed for the use of assessment at Levels 1 and 2, linked to online courses accessed via Spotify
- Diplomas in Performance, Teaching and Directing L4-6 – a renewed offer of a 24-year-old product increasing relevance and accessibility, with new lists of repertoires ensuring broader choice
- Harp – renewed syllabus offers with more diverse and inclusive repertoire and a revised approach to the assessment of technical skills
- Development of EQA method of assessment with all associated documentation and CASS (Centre Assessment Standardisation Scrutiny), enabling ABRSM to broaden its assessment reach and scale whilst maintaining standards.
- Redeveloped Open Music Assessment including the addition of accessible instruments including Clarion

In addition, 2024 saw the Music Development team established as a vital function in ensuring ABRSM's music remains relevant, representative, and forward-thinking. Through in-depth consultation, active participation in external conferences, increased visibility, and tangible outputs in our products, we are positioning ABRSM at the forefront of Equity, Diversity, and Inclusion (EDI) developments in music education. This involved:

- Establishing a clear and tangible vision for ABRSM's musical voice and direction: 'For everyone to be able to see themselves in ABRSM's music'
- Comprehensive EDI reporting across 25 syllabuses, steering musical narrative in new products and delivering a reimagined selection process for Woodwind, Harp, Piano, and Jazz 6-8, embedding EDI principles and commitments.
- Diversified composer representation through targeted selection and a new commissioning strategy.

We also introduced Music Minds, our in-house research panel, which gathered 2,377 responses to 24 surveys with 16% of respondents being non-customers in its first year, providing valuable insights into exams, syllabuses, digital products, and teaching methods.

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
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ACHIEVEMENTS AND PERFORMANCE (continued)

Development of published resources & publishing transformation

Publishing turnover for the year (including intra-group charges) was £7,256,000 (2024: £6,833,000). The Publishing Company results (including intra-group charges) produced a gift aid payment of £319,000 (2024: £807,000) to ABRSM.

This year saw the release of several publications including the following:

Publication date	Title/project	Notes
April 2024	Drum Kit Exam Pieces + audio	Exam Pieces albums and audio for Grades Initial-8 Drum Kit. Audio available on streaming platforms and Tomplay.
June 2024	Piano Exam Pieces + audio, and <i>Teaching Notes</i> , and Practice Partner app, 2025-26	Covering Grades Initial-8, to support new Piano syllabus. Audio tracks for entire syllabus available on all streaming platforms. Digital downloads of sheet music available separately.
June 2024	Piano Prep Test	Renewed content and recalibrated level.
September 2024	Piano Exam Pieces Chinese Edition	Piano Exam Pieces translated into Simplified Chinese, in JV with PMPH (presented at Music China expo)
September 2024	Ukulele Music Medals repertoire albums	Books to support this new subject area in our Music Medals portfolio.
January 2025	Harp Scales and Sight-Reading products	To support Harp syllabus/supporting tests refresh.
January 2025	Singing Music Medals Songbook	Book to support this new subject area in our Music Medals portfolio.
January 2025	Music Theory Sample/Practice Papers and Model Answers	Theory exam preparation for Grades 1-8.

Established in September 2023, the Publishing Transformation business area aims to maximise the value of ABRSM's existing and future assets while optimising the necessary systems and processes. The initial focus has been on developing new consumer and business channels for ABRSM's extensive catalogue of repertoire recordings, licensing ABRSM's syllabuses, sheet music, and audio to third-party digital platforms and services, and enhancing physical, digital, and audio distribution. The initiative also includes reviewing and streamlining data protocols, systems, and processes to ensure seamless asset management and revenue flow.

Digital products development

This year has seen significant strides in embedding user experience (UX) as a strategic function, improving cross-departmental collaboration, and fostering systematic innovation. This has included continuing to build our UX expertise, launching a persona hub to shape data driven product decisions, ongoing management of ABRSM's suite of apps across Apple and Google stores including Piano Practice Partner syllabus refresh as part of Piano 2025 and the launch of DJ Qualifications – a new departure into contemporary genres for ABRSM, in collaboration with PlayVirtuoso, available via Spotify and assessed via EQA.

Audience development including brand, engagement and advocacy

This year, Business Development has continued to drive growth through strategic international engagement and expansion. We have strengthened our global presence by attending key International school conferences, including The Music and Drama Expo and Music Mark in the UK, as well as FOBISIA, COBIS, and YMOG internationally.

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ACHIEVEMENTS AND PERFORMANCE (continued)

Audience development including brand, engagement and advocacy (continued)

Additionally, we have expanded our team of overseas consultants, with four now supporting our efforts in Southeast Asia and one dedicated to international schools globally. We also successfully launched and ran a piano competition in China, further strengthening our presence in the region and engaging with a wider community of aspiring musicians. This growth enables us to provide tailored support to schools, teachers, and candidates across the regions in which we operate, reinforcing our commitment to excellence in music education worldwide.

ABRSM's website relaunched in October 2023 and in 2024 (January to January) it attracted 12.5 million views, an increase of 77% on the previous year and 5.6m total users, an increase of 156% on 2023. The site currently features minimal localised content for every country in which we operate and responds automatically to each visitor's location in order to provide local exam entry, contact and event information. In 2024-5 following development work, we plan to further enhance this localisation with more content both translated and localised.

Our digital footprint increased across our social channels last year with 6.9m views on our YouTube channel and Facebook followers increasing to 158,816, Instagram to 33,428 and TikTok followers to 2,758. Our reach on these channels far exceeded our followers with at least one IG post exceeding 2m views. Our email engagement continues to be beyond industry benchmarks with an average 52% open rate and 2.90% CTR, 12% of our database contacts are opted in to receive marketing and we currently have 3 automation journeys live.

As we continued the journey of bringing our brand to life we launched *Start Here*, a podcast featuring a range of expert guests discussing a wide variety of musical genres hosted by our Artistic Director, Alexis French. We also launched *ABRSM Stage*, a YT series of performance videos featuring a range of musical styles and performances.

We also hosted our first annual symposium, *Music the rhythm of our lives*, a panel debate featuring Professor Ian Cross, Dr Hannah Critchlow and Dr Tara Venkatesan to an invited audience at the Royal Institution in London. The panel sought to explore the myriad cognitive and physiological benefits of listening to or playing music and was part of our advocacy work in 2024. This event sat alongside other commissioned articles including Roger Kneebone (Professor of Surgical Education and Engagement Science at Imperial College London on creativity), Michelle James and Barry Farrimond-Chuong, Co-Chairs of the Music Education Council, exploring the role of AI in promoting equity, diversity and inclusion in music education, and Hester Cockcroft, Chief Executive of Young Sounds UK on progress and progression in music and why it's so important.

We have continued to play our part in advocating for the place and purpose of music education. We do this through membership of various forums, through thought leadership pieces and through delivering keynote presentations around the world. In 2024-25, much of this work was underpinned by ABRSM's *Making Music* research. Charting trends in teaching and learning, this project has a thirty-year history and as such provides incredibly useful longitudinal data to the sector. This research will extend in 2025-26 to take in key international markets giving us the opportunity to interrogate both commonalities and differences in how progression in music is approached around the world.

Following the creation of an Engagement Team to build on and drive forward our philanthropic work, we have given new energy to our strategic partnerships, development programmes for next generation musicians, research projects and advocacy for music education globally.

Partnerships, sponsorships and donations for the benefit of music education

ABRSM has undertaken a range of activities and support for the benefit of music education, with funding amounting to £379,000 in the year to 31 January 2025 (2024: £291,000). This includes:

Partnerships

In 2024 we established several new strategic partnerships in the UK and key international regions. A new partnership with Music for Youth in support of live performance opportunities for young people across the UK

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ACHIEVEMENTS AND PERFORMANCE (continued)

Partnerships, sponsorships and donations for the benefit of music education (continued)

culminated in the Music for Youth Proms in November, which featured more than 3,000 young musicians performing a new piece by Cassie Kinoshi that we co-commissioned alongside the BBC, Music for Youth and the Royal Albert Hall. In Wales our partnership with National Youth Arts Wales supported music education and the talent pipeline across the country. And in Scotland our new partnership with StAMP saw the launch of a new creative composition project in schools, led by Scotland-based composers, helping to support teachers in schools across Scotland to engage with composition.

We also established key partnerships around the world to strengthen ABRSM's role as a global leader in music education. Our partnership with Music Children Foundation supported young musicians from low-income backgrounds in Hong Kong to access high quality music education and experiences, while our partnership with Hong Kong Virtuoso Chorus supported their work with thousands of young musicians across the territory, including their annual Hong Kong Inter-school Choral Festival, one of the largest choir festivals in Asia. And in Malaysia our partnership with Young Choral Academy supported their large-scale Malaysian Choral Eisteddfod, with more than 4,000 participants from 164 local and international choirs taking part.

We were delighted to play a key role in several high-profile events during the year, including as Principal Supporter for *Classically Black*, a celebration of Black musicians and music curated and hosted by our partners Black Lives in Music at King's Place in London. As part of our collaboration, we commissioned a new piece of music by Jason Yarde, which was performed on the day by a bespoke ensemble of musicians from the local area. We also continued to support the vital work of the Royal Philharmonic Society and Ivors Academy in championing composers and new music, including through the annual RPS Awards and Ivors Classical Awards.

Programmes

With our composer mentoring programme, *Writing for Music Education*, now firmly established within the UK, we launched the programme in Southeast Asia to further expand our support for emerging and early career composers interested in composing music for educational settings. We delivered a two-day workshop at RondoFest in Malaysia, followed by a six-month programme of online sessions and mentoring for eight composers based across Asia.

Following the launch of our inaugural Youth Advisory Board the previous year, 2024 saw the successful completion of its first academic year and recruitment of our second cohort of young musicians aged between 10 and 25.

Available to non-UK organisations and projects and managed by our partners The Commonwealth Resounds, our Play On fund supported eight organisations and their projects in 2024, including a composition summer school in the Caribbean, a music therapy project in Guatemala and a marimba hub programme in South Africa, among others.

Other activities

ABRSM supports a range of organisations internationally and within the UK. One recipient is Open Up Music - whose mission is to open up music to young disabled musicians. They note that "The impact of [ABRSM's] support has been tremendous. Together, we have created a more equitable and accessible space for young disabled musicians to thrive and pursue their passion."

Our exam discount scheme, managed by Music Mark, continues to gain traction among the UK's network of music services and hubs, following a successful two-year pilot. We continue to promote the scheme and explore ways to improve its administration as we look to reach more people facing financial barriers to progression in music.

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ACHIEVEMENTS AND PERFORMANCE (continued)

Supporting new generations of musicians in alliance with our four Royal Schools of Music

During the year ABRSM made distributions to the four Royal Schools of Music, totalling £4m. Our distributions support the Royal Schools in offering their own unique programmes to aspiring professional musicians of the future, helping to sustain an international musical community.

Our programme of valuable scholarships is an important element in fulfilling our mission to enrich lives by inspiring musical achievement. ABRSM maintained scholarships for UK-based and international students of the Royal Academy of Music, the Royal College of Music, the Royal Northern College of Music and the Royal Conservatoire of Scotland, and also at the Royal Welsh College of Music and Drama and the Hong Kong Academy of Performing Arts. A total of 82 (2024: 87) scholars benefited from ABRSM funding during the year.

An ABRSM scholarship is an award that is valued highly and is significant in nurturing new generations of talented musicians. Scholarships awarded totalled £1,258,000 (2024: £1,379,000). Students who benefited during the year included:

Royal Academy of Music

Norwegian Baritone Aksel Rykkvin is currently undertaking the third year of his undergraduate studies under Prof. Mark Wildman at the Royal Academy of Music, with the generous support of ABRSM. Aksel received several accolades in 2023 and 2024, including third place in the Joan Chissell/Rex Stephens Schumann Lieder Prize, Second Prize and the Song Prize at the Kathleen Ferrier Society Bursary for Young Singers, and Most Promising Young Singer at the Somerset Song Prize. Aksel and duo partner pianist Zany Denyer were 'Leeds Lieder Young Artists' in 2024. At Christian Gerhaher and Gerold Huber's Lied festival in 2023, *Neue Zürcher Zeitung* praised his 'voice as beautiful as blood and milk' and *Deutschlandfunk* radio commended his 'extremely clear diction'. In August 2024, Aksel will re-visit Oslo Chamber Music Festival for two concerts.

Royal College of Music

Deniz Sensoy has enjoyed a year filled with extraordinary performance opportunities across the globe. As a member of LGT Young Soloists, she has performed at world-renowned venues in Germany, Austria, Switzerland, Hong Kong, Thailand, Singapore, Australia, and the United States. Her achievements at the RCM have been equally impressive. She won second prize in the RCM Concerto Competition and performed Bruch's *Violin Concerto No. 1* with the RCM Symphony Orchestra under the baton of Martyn Brabbins. She has recorded Sarasate's *Gypsy Airs* as a soloist with a chamber orchestra, with the release set for spring 2025. Deniz was invited to perform at the Klosters Christmas Concerts, directed by Stephen Johns, and played Vivaldi's *Four Seasons* with the Orchestra of St John's at Dorchester Abbey in January. In addition, as a London Symphony Orchestra scholar, she participated in a concert at the Serpentine Gallery. Her chamber ensemble, Flora Quartet, has also had a remarkable year, performing as part of the Intermezzo Concerts series at the New North London Synagogue. The quartet was recently selected as a Britten Pears Young Artist ensemble, and they are currently undertaking a two-week residency at Snape Maltings, receiving coaching from John Myerscough of the Doric String Quartet and performing at Jubilee Hall and the Britten Studio. Deniz's year has been filled with extraordinary growth and invaluable experiences, all made possible through the generosity of ABRSM.

Royal Northern College of Music

Tako Tkabladze is part way through her second year of undergraduate study and is immersed in RNCM life. She led the Autumn RNCM Opera (Chabrier's 'L'etoile') with finesse in the violin solos and a great sense of the responsibilities of the leader's role. Her string quartet, the Emerz Quartet have been active in coaching, masterclasses and concert performances. As a solo violinist, Tako was selected to play in a masterclass for the RNCM Strings Festival with visiting artist, Simone Lamsma, and also reached the finals of the RNCM Concerto Competition with the Britten Violin Concerto. It is rare for a second-year student to reach this stage and a clear testament to her talent and potential.

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ACHIEVEMENTS AND PERFORMANCE (continued)

Supporting new generations of musicians in alliance with our four Royal Schools of Music (continued)

Royal Conservatoire of Scotland

Valentin Danisevicius has grown a lot as a performer, confidently carrying his first solo concert programme through his 1st year of Master and giving multiple performances in Scotland - notably at the Ullapool Guitar Festival - and in France. Since the start of his 2nd year, he has been expanding his repertoire by preparing an ambitious concerto for guitar and developing a new guitar duo. He also set up his professional website and is currently developing mindfulness workshops for musicians on the side. His progress has been noted by both his teachers at RCS, and they have commended him for his commitment and work ethic.

Prize Funds

The charity's endowment funds are restricted to specific purposes related to progression and accomplishment in music education, and to provide individual prizes for musical achievement in ABRSM's examinations. All funds have been donated to the charity, in many cases as legacies. The majority are based in the UK. All investments have been acquired in accordance with the powers available to the Governors.

Fundraising

The organisation does not engage in fundraising activities. Its income is derived from music examination fees and from sales of associated publications.

Protecting the planet for future generations

We recognise a climate emergency is happening. As a global organisation bringing musical achievement to a young audience, we have committed to engage our staff and the wider ABRSM community to protect the planet for future generations. We are adapting our activities to reduce our impact on the environment. Our long-term goal is to cut our GHG emissions in half by 2030 and reduce them to net zero by 2050, tracking the aims of the Paris Agreement on global temperature rise.

We are changing the way we do things to improve our environmental impact. Of all our activities, international travel produces the highest emissions, and we continue to plan international tours carefully to minimise their impact. Digital Certificates by default were fully rolled out in 2024. During the financial year, we had 71,000 printed certificates ordered, which included certificates relating to past exams that took place before the current financial period. Overtime we expect this to reduce. We monitor our carbon footprint through bi-annual audits of our core business and publishing supply chain.

Diversity and Inclusion

Our Diversity and Inclusion Plan is based on a definition of diversity and inclusion that promotes opportunity for everyone regardless of disability, age, sexual orientation, gender or ethnicity.

There are five areas for action within our Diversity and Inclusion Plan, each of which has the explicit goal of broadening the music we promote, commission, and publish to recognise the richness of diverse music and our global identity, to acknowledge cultural diversity, and composers from every part of society.

Our five areas for action are:

1. An active commissioning programme
2. Transforming syllabuses
3. A mentorship and development programme for composers
4. Developing partnerships and advocacy
5. Transforming our organisation

We have detailed work undertaken in the last year against these action areas in the pages above as this work is interwoven into every aspect of our organisation.

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FINANCIAL REVIEW

The consolidated statement of financial activities is given on page 27 of the accounts.

Total turnover of ABRSM and its UK subsidiary from examinations, publications, teacher support and investment income for the year amounted to £50,899,000 (2024: £48,890,000). The increase in turnover mainly arises from increased exam income from candidates for our assessments, both in the UK and internationally. Turnover for our Publishing subsidiary also increased to £7,256,000 (2024: 6,833,000).

Net income for the year was £4,859,000 (2024: £6,973,000). The performance of the publishing company is set out in note 6 to the accounts. The net income is stated after charging £1,867,000 (2024: £2,079,000) of amortisation costs in line with ABRSM's policy regarding the capitalisation of software development costs (note 2h). This amortisation relates to continuing development of our CRM system.

Increased cash receipts and higher interest rates have allowed us to increase the level of cash held on deposit to £26,079,000 (2024: £22,300,000). This is held in various accounts with different maturity dates to maximise returns whilst still allowing flexibility.

The level of creditors due within one year has increased to £11,647,000 (2024: £10,298,000). The total amount due to our International Representatives at the year-end has increased to £2,681,000 (2024: £2,561,000), due to increased revenue in territory.

The risks associated with our pension fund are well managed, with repayments being made under the deficit recovery plan. Although the defined benefit scheme valuation as at 31 January 2025 shows a surplus of £2.0m, in accordance with FRS102 and IFRIC14, the surplus has been capped at £0 and not recognised on the balance sheet (2024: £1,796,000).

Going Concern

The strong performance of the Group during the year ended 31 January 2025 has provided a firm foundation for the forthcoming year.

A budget has been set for the following year which shows the Group generating a surplus for the year. Reforecasts to the end of June 2026 have also been prepared based on actual performance in the year to April 2025 and including adjustments for any known future changes in performance or costs, for example the changing global prices for energy and raw materials such as paper. High level assumptions have been modelled to assess scenarios that may arise if there was a downturn in activity. In both the base reforecast and modelled scenarios, it is expected that the Group will continue with net positive current assets and total assets, along with sufficient positive cash balances.

The charity has the resources to allow it to continue to invest in its digital programme to meet the changing customer needs.

The Governors therefore have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of approval of these financial statements and are not aware of any other material uncertainties which may adversely affect the organisation. Accordingly, the financial statements continue to be prepared on the going concern basis.

Investment Selection Policy and Performance

On the incorporation of the Associated Board in 1985, it was decided that the publishing business of ABRSM should be transferred to a wholly owned subsidiary, The Associated Board of the Royal Schools of Music (Publishing) Limited. This company granted an unsecured loan note to ABRSM as consideration for the transfer of the publishing business. ABRSM receives interest on this loan note at 2% above the bank base rate. Additionally, the subsidiary company pays royalties to ABRSM on copyrights owned by ABRSM. Finally, it donates its taxable profits to ABRSM under a deed of covenant, which amounted to £319,000 (2024: £807,000). This is a long-term investment held for the benefit of ABRSM and integrated within ABRSM's operations utilising the intellectual property contained in ABRSM's syllabus listings, which are periodically refreshed.

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FINANCIAL REVIEW (continued)

Investment Selection Policy and Performance (continued)

ABRSM occasionally receives sums of money to provide for prizes for candidates performing well in its examinations. In order to maintain the real value of these gifts it invests a significant proportion of the Prize Endowment Funds in Blackrock Charities UK Bond and Equity Common Investment Funds. At 31 January 2025 these had a cost of £879,000 and a market valuation of £1,810,000 (2024: £879,000 and £1,666,000 respectively), reflecting an increase in market value of 8.6% from the prior year, (2024: net increase of 5.8%).

All other surplus liquid funds held by ABRSM are placed on deposit to safeguard the funds involved and to earn interest until such time as they are needed to meet the expenditure involved in ABRSM's operations. The interest earned on these deposits during the year was £1,216,000 (2024: £837,000).

Principal Risks and Uncertainties

The Governing Body is responsible for the assessment and control of the risks faced by ABRSM. Consideration of risks is delegated to the Audit and Risk Committee and managed on a day-to-day basis by senior staff. The Governors believe that awareness of the key risks is the single most important element in ensuring that they are controlled. Risks are identified, assessed and controls maintained throughout the year, with a formal review of ABRSM's risk management processes undertaken on an annual basis.

In addition to the risk management and mitigation actions identified in the table below, ABRSM uses the following controls to manage risk:

- formal agendas and minutes for all Governing Body and committee activity;
- clear terms of reference for all committees – Finance & Business Development Committee, Audit & Risk Committee, Remuneration Committee, Nominations Committee and the Music Education Advisory Committee;
- a rolling programme of internal audit
- comprehensive strategic planning, forecasting, budgeting, management accounting and variance analysis;
- an established governance and organisational structure with clear lines of reporting;
- formal written policies, including staff policies readily accessible to all staff;
- hierarchical authorisation and approval levels; and
- review of cashflow forecasts

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FINANCIAL REVIEW (continued)

Principal Risks and Uncertainties (continued)

In addition to the significant business and financial risks which, together with the mitigating actions are referred to in the Financial Review, key risks affecting the charity include:

Risks What are the key risks facing ABRSM?	Management and mitigation What is ABRSM doing to reduce the likelihood or minimise the impact of these risks occurring?
Cyber-attack, major incident or technology failure leading to loss of data and business interruption	<p>Cyber Security simulation by an external consultant to inform updates to our Business Continuity and Disaster Recovery plans</p> <p>Cyber Essentials Plus Accreditation and external review of systems</p> <p>Mandatory Security training for all staff</p> <p>Testing, scanning and phishing strategy</p> <p>Multifactor Authentication for remote access</p> <p>Automatic 3rd party security patch management</p> <p>Advanced Firewall security</p> <p>Support contract with PwC</p> <p>Designated security roles and responsibilities</p>
Changes to educational policy and changes in social attitudes lead to a decline in suitably skilled music teachers and the population of learners who can and want to make music	<p>Involvement of ABRSM's voice in the policy debate</p> <p>Supporting the Department of Education Progression Fund</p> <p>Grants and partnerships with community music hubs and centres of excellence</p> <p>Making Music longitudinal research and publication</p> <p>Scholarships and donations</p> <p>Brand messaging and PR</p> <p>Diversification of music genres in syllabuses</p> <p>Teacher Hub community and CPD programmes and resources</p>
Failure to innovate and move into new market segments, leading to ABRSM products and services becoming less attractive and relevant to the market	<p>Customer and audience insight and engagement</p> <p>Communications strategy</p> <p>Sales and marketing strategy</p> <p>Product development</p>

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FINANCIAL REVIEW (continued)

THE ABRSM PENSION AND LIFE ASSURANCE SCHEME (THE SCHEME)

ABRSM operates a defined benefit pension scheme which closed to future accrual on 31 December 2018. The notional surplus that can be recognised, or deficit on the funding of the Scheme, calculated annually under this standard, is shown in the financial statements as a designated fund entitled "Pension Reserve". This is deducted from Unrestricted Funds in the balance sheet.

The approximate actuarial valuation carried out at 31 January 2025, as required by FRS 102, represents the market value of the assets of the Scheme as £40.4 million and the value of the liabilities at that date as £38.4 million (2024: £40.3 million and £42.1 million). The net surplus on the Scheme of £2.0 million (2024: deficit of £1.8 million) is a statement of the transient situation as at 31 January 2025. Both the Governors and the Trustees of the pension scheme recognise that such valuations can move significantly in response to market factors and the actuarial assumptions made. Although the defined benefit scheme valuation as at 31 January 2025 shows a surplus of £2.0m, the Charity has no unconditional right to a refund or reduction in future contributions. In accordance with FRS102 and IFRIC14, the surplus has been capped at £0 and not recognised on the balance sheet.

The Governors recognise that the funding position arising under FRS 102 does not have a significant immediate cash-flow impact on the charity as contributions are agreed with the Pension scheme Trustees every three years. The last triennial actuarial valuation was prepared as at 31 December 2021 and showed a deficit of £12.3 million. The Scheme closed to future accrual from 31 December 2018 and had already closed to new entrants, with certain limited exceptions, on 1 February 2014.

A new deficit recovery plan was agreed by the Pension scheme Trustees in 2022. Under the plan, the Employer agreed to pay deficit reduction contributions of £2.75m per annum for a period of 3 years and 4 months from 1 January 2023 to 30 April 2026. The Employer also agreed to pay all costs associated with running the Scheme and to take over responsibility for Life Assurance arrangements with effect from 1 February 2019. The Scheme is undergoing a triannual actuarial valuation as at 31 December 2024 and discussions are taking place to agree a revised contribution schedule.

RESERVES

Our reserves comprise unrestricted funds and endowment funds. The endowed funds result from donations and legacies which can only be applied for a purpose specified by the donor and are not available for general purposes. These funds are used to award prizes to examination candidates in accordance with the criteria specified by the donor. Endowed funds total £1.9m at 31 January 2025 (notes 2t, 5 and 24).

The unrestricted funds represent the accumulated surpluses generated from general business activities and are funds that are available for use at the discretion of the Governors. They comprise the fixed assets fund, designated funds and general funds (note 24).

Fixed Assets Fund

The fixed assets fund totals £4.1m (2024: £4.6m) at 31 January 2025 (note 24) and comprises the funds invested in fixed assets that the Governors consider essential in enabling us to implement effectively our operational strategy. The fund represents the net book value of tangible and intangible fixed assets. The intangible assets arise from investment in our digital transformation programme.

Designated Funds

Designated funds are funds that the Governors have earmarked for specific purposes. As at 1 February 2024 £3.4m was designated for the digital transformation programme, and a net movement of £500k removed from this fund during 2024. During the year, £1.2m was expended from the fund on the CRM and the new Finance system, Unit4

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FINANCIAL REVIEW (continued)

RESERVES (continued)

ERPx, leaving £1.7m remaining at 31 January 2025 to be used for ongoing digital transformation and international development. The £1m designated for examiner costs last year has been increased to £1.3m at 31 January 2025.

General Funds

In accordance with Charity Commission guidance, the Governors set a target for the level of free reserves, or general funds, that we should maintain to ensure our financial security and funding of our business plan. Free reserves or general funds are defined as total unrestricted funds less fixed assets and designated funds. Since many of ABRSM's costs are directly related to the number of examinations held, it is ABRSM's aim to have sufficient liquid resources and cash balances so that, in the event of a downturn in the demand for its services, its operating costs, excluding costs directly relating to activity (e.g. examiner fees and venue hire), would be met for a period of six months, plus any outstanding liabilities. During this period, other actions to mitigate loss would be implemented. This implies the need for a level of free reserves of £14.7m (2024: £13.2m). As the Charity is wholly reliant on global trading conditions to generate income, the Governors consider that six months represents a realistic and prudent position.

General funds stand at £18.4m at 31 January 2025. This is an increase of £3.8m on the prior year (2024: £14.6m) and is £3.7m above the minimum level of general reserves set out in the preceding paragraph (2024: £1.4m). This enables the charity to continue to invest in our business development and product development, and to meet the objectives outlined in the 5-year corporate strategy.

The pension liability represents the present value of the pension liabilities less the fair value of the pension scheme assets (to the extent that the assets can be recognised under accounting requirements for the recognition of surpluses), calculated in accordance with FRS 102 (note 31) and does not imply a significant constraint over the use of reserves for the foreseeable future other than to ensure monthly contributions are budgeted for and met.

PLANS FOR FUTURE PERIODS

General objectives

ABRSM will continue to conduct its operations to the highest standards, including all forms of online assessment, recognising that integrity and impartiality are fundamental to ABRSM's continuing success. All developments are evaluated for financial viability to ensure sound cost and budgetary controls and to enable ABRSM to maximise its contribution to music education. ABRSM will continue to use its influence in promoting music education generally, in accordance with its charitable mission and will continue to take steps to protect our environment by operating in ways that reduce our carbon footprint.

Short term objectives:

Our areas of focus in 2025 are:

- Developing our presence and deliver growth in key international regions
- Evolving our music education and charitable identity
- Developing relationships and services with institutional customers and partners
- Growing our products and services, portfolio and reach
- Enabling and supporting our people and infrastructure

Long Term Plans:

During 2021, ABRSM developed and implemented a new 5-year corporate strategy centred around our ongoing mission to enrich lives by inspiring musical achievement around the world. A focus on the needs of our customers is at the core of our strategy, which is also guided by five key themes; educational excellence; collaboration; leadership and advocacy; equality, diversity and inclusion; and sustainability. As we come to the end of this 5-year strategy we are in the process of developing our next 5-year plan. The core of our strategy will continue to focus on advocating for music education, supporting teachers and learners, contributing to educational excellence, continuing to grow our reach and engagement and inspiring people around the world to live a life with music.

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2025**

PUBLIC BENEFIT

The Governors have considered the guidance on Public Benefit published by the Charity Commission. The Governors believe that increasing the skills, knowledge and understanding of music provides benefit since the subject itself is of educational merit. Additionally, they also believe that the processes involved in reaching the particular level of competence tested in one of ABRSM's assessments deliver educational value of themselves. The benefits of increased musical skill are directly related to the charity's aims and no detriment or harm is considered likely to arise from these activities.

The Governors consider the beneficiaries to be a very wide range of people, insofar as the assessments offered by ABRSM are taken up in over 90 different countries throughout the world with many thousands of candidates both in the UK and worldwide. There is no age limit for those entering exams although the vast majority of the candidates are of school age. Comprehensive access arrangements are in place to meet a wide range of needs.

A number of exam fees charged internationally are based on local economic conditions and in the UK, we operate an exam discount scheme. Some of ABRSM's online resources, such as Classroom 200 are available at no charge internationally. ABRSM will continue to support these innovative educational tools and develop additional online tools to support music education. ABRSM also provides public benefit by funding scholarships and bursaries for students at four Royal Schools of Music. Additionally, ABRSM provides sponsorship for other musical organisations in the UK and internationally subject to the availability of funds.

ABRSM supports the Royal Academy of Music, the Royal College of Music, the Royal Northern College of Music and the Royal Conservatoire of Scotland, which are charities in their own right. It does this through the provision of scholarships and, where possible, through distributions in the form of donations. It also supports the Royal Welsh College of Music and Drama and the Hong Kong Academy of Performing Arts. The public benefit delivered by ABRSM's support for these and other music education organisations is set out on pages 9 to 12.

The Governing Body's Report (Incorporating the Strategic Report) demonstrates the way in which ABRSM's strategies support its objectives and provide public benefit.

ENVIRONMENTAL IMPACT

ABRSM is committed to protecting our environment by increasingly operating in ways that reduce our carbon footprint, harnessing technological developments to reach learners around the world.

In compliance with the Streamlined Energy and Carbon Reporting (SECR) requirements ABRSM is reporting on our energy use. ABRSM's total UK energy use and greenhouse gas emissions due to UK energy use is shown below:

	Year ended 31 January 2025	Year ended 31 January 2024
UK energy use (kWh)	706,479	876,452
Associated greenhouse gas emissions (kg CO2 equivalent)	154,933	193,442
Intensity ratio: Emissions (kg CO2 equivalent) per examination	0.34	0.41

The energy and emissions reported above arise from our office at 4 London Wall Place and car fuel. Information regarding our office is derived from information provided by our energy supplier who provided electricity and heating/cooling from a local combined heat and power facility. The amount of car fuel used is based on claims from staff and examiners.

The fit out of 4 London Wall Place achieved the Bronze standard SKA rating; lighting is controlled by infrared sensors and the heating and cooling system is timetabled.

Using 2022 and 2023 data we completed a carbon audit of the full scope of ABRSM's activities, including our print publishing supply chain. We have also completely rolled out Digital Certificates by default with an option to purchase a printed certificate.

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2025**

ENVIRONMENTAL IMPACT (CONTINUED)

The delivery of Practical and Theory exams in the UK and around the world contributes most significantly to the group's environmental impact. Examiner international tours for practical exams are organised efficiently to reduce air travel to the minimum possible and emissions are monitored. We continue to carefully plan international tours and the deployment of locally based examiners to remain on target.

Our digital examinations offering of Performance Grades and Online Theory remain popular since their launch in 2020. As examiners do not need to travel for these examinations, our energy use and associated emissions are reduced compared with traditional face to face examinations.

The introduction of automated booking, processing and marking of examinations in 2021 supplanted previous paper-based processes and significantly reduced paper consumption. However, in common with other businesses who have moved their operations online, we are aware that the increased use of technology brings with it increased energy use by our staff, examiners, teachers and learners in the operation of their electronic devices.

Our published books and resources are made from sustainable sources.

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2025**

SECTION 172(1) STATEMENT

This section, together with those pages incorporated by reference, acts as the ABRSM's Section 172(1) statement.

The Governors have a responsibility to act to promote the success of the group with regard to the following matters (amongst others):

- The likely consequences of any decision in the long term - Page 4 details how plans are prepared and updated.
- The impact of the company's operations on the community and the environment are set out on Pages 18 to 19.
- The desirability of the company maintaining a reputation for high standards of business conduct: ABRSM is regulated by Ofqual, the Charity Commission and the Office of the Scottish Charity Regulator (OSCR) and faces competition in the markets in which it operates and therefore must ensure that it maintains the highest standards consistent with its reputation and history.
- The need to act fairly as between members of the company: Representatives of each of the four members sit as Governors on the Governing Body, thus each member has the opportunity to be fully engaged in the decisions of the Governing Body.

The Governors recognise that in addition to ABRSM's members, they have a responsibility to engage with other stakeholders. The Governors consider other main stakeholders to be candidates and their parents, music teachers, examiners, representatives, volunteers and employees. The Governors engage with these stakeholders via the senior leadership in a variety of ways as follows:

- Candidates and their parents - We engage customers through emails and social media and maintain information on upcoming exam sessions and new products and services on the website. We run regular surveys to seek customer feedback.
- Music teachers - In addition to our communication channels for candidates and their parents, ABRSM provides separate resources on its website to support teachers. Specialist courses and events are regularly held for teachers.
- Examiners - A dedicated team engage examiners in policy and other continuous professional development events, as well as town hall style discussions. Examiner online conferences are also held annually, allowing examiners to engage with their peers and ABRSM. At 31 January 2025, ABRSM had 521 UK based examiners, and 66 overseas based examiners.
- Representatives and volunteers - Contact is maintained through a dedicated ABRSM team and newsletters, training events and webinars. These include the following roles:
 - Honorary Local Representatives (HLRs) are the local community volunteer from ABRSM. They help to organise exam venues, welcome people to face-to-face exams, assist with invigilating and providing candidates with a positive exam experience. HLRs are based in the UK. As at 31 January 2025, ABRSM had 160 HLRs.
 - Local representatives (LRs) assist in the delivery of ABRSM live and remote assessments and products and provide customer support and an official point of customer service contact locally; as appropriate and within an agreed Country or territory, for all related ABRSM products. In addition, they will provide knowledge on local music activities, music exams and ABRSM customer's service provision locally. As at 31 January 2025, ABRSM had 115 LRs.
 - Regional Development Executives (RDEs) are executives responsible for growing sales and managing key accounts. They are based in their region and regularly meet with customers both current and potential. As at 31 January 2025, ABRSM had 7 RDEs - 2 employees based in the UK, and 5 consultants overseas.

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2025**

SECTION 172(1) STATEMENT (CONTINUED)

- **Employees** - The staff forum meets each week to discuss matters directly affecting staff. This group meets with the Chief Executive and HR director on a quarterly basis to provide feedback. An all-staff meeting is held quarterly, to allow the senior leadership and others to provide an update on ongoing projects and current issues that affect them and ABRSM.

The Governing Body's Report (incorporating the Strategic Report) has been approved by the Governors on 25 June 2025 and signed on their behalf by:



Tony Hales CBE
Chairman of the Governors

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC STATEMENT OF THE GOVERNING BODY'S RESPONSIBILITIES

The Governors (who are also directors of The Associated Board of the Royal Schools of Music for the purposes of company law) are responsible for preparing the Governing Body's Report (incorporating the Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the Governors to prepare financial statements for each financial year. Under that law the Governors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgments and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's and group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the trust deed. The Governors are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Governors confirm that:

- so far as each Governor is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Governors have taken all the steps that they ought to have taken as Governors in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND GOVERNORS OF THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC

REGISTERED CHARITY NUMBER: 292182

CHARITY REGISTERED IN SCOTLAND NUMBER: SC043343

COMPANY NUMBER: 01926395

Opinion

We have audited the financial statements of the Associated Board of the Royal Schools of Music ('the charitable company') and its subsidiary ('the group') for the year ended 31 January 2025 which comprise the Consolidated Statement of Financial Activities, the Group and Charity Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including 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's and the charitable company's affairs as at 31 January 2025 and of the group's and the charitable company's income and expenditure, 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 Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (amended).

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 charitable company and 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 governor's 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 charitable company's or 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 governors with respect to going concern are described in the relevant sections of this report.

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

Other Information

The governors are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND GOVERNORS OF
THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
(CONTINUED)**

**REGISTERED CHARITY NUMBER: 292182
CHARITY REGISTERED IN SCOTLAND NUMBER: SC043343
COMPANY NUMBER: 01926395**

Other information (continued)

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the Governing Body's report, which includes the governors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Governing Body's report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the governors' report included within the Governing Body's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Governors

As explained more fully in the Statement of the Governing Body's Responsibilities set out on page 22, the governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the 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 governors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the governors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND GOVERNORS OF
THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
(CONTINUED)**

REGISTERED CHARITY NUMBER: 292182

**CHARITY REGISTERED IN SCOTLAND NUMBER: SCO43343
01926395**

COMPANY NUMBER:

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 and The Charities and Trustee Investment (Scotland) Act 2005 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR), OFQUAL, and Health and Safety legislation. We also considered compliance with local legislation for the group's overseas operating segments.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Governors and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the estimation of overseas tax provisions and defined benefit pension liability, and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit, legal counsel and the Audit & Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND GOVERNORS OF
THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
(CONTINUED)**

**REGISTERED CHARITY NUMBER: 292182
CHARITY REGISTERED IN SCOTLAND NUMBER: SCO43343
COMPANY NUMBER: 01926395**

**Extent to which the audit was considered capable of detecting irregularities, including fraud
(continued)**

material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's governors, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body and the charitable company's governors as a body, for our audit work, for this report, or for the opinions we have formed.

N. Hashemi

Naziar Hashemi
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor

London

Date: 3 July 2025

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 JANUARY 2025**

	Notes	Unrestricted Funds £'000	Pension Reserve (note 31) £'000	Endowment Funds £'000	Total Funds 2025 £'000	Total Funds 2024 £'000
INCOME & ENDOWMENTS FROM:						
Charitable activities						
Examinations	3	42,118	-	-	42,118	41,098
Teacher Support	4	25	-	-	25	14
Other trading activities:						
Publishing sales	6	7,245	-	-	7,245	6,829
Investments	5	1,216	-	64	1,280	895
Other		231	-	-	231	54
Total income		50,835	-	64	50,899	48,890
EXPENDITURE ON:						
Charitable Activities						
Examinations	7	36,149	(2,749)	3	33,403	32,023
Teacher Support	7	491	(1)	-	490	441
Scholarships	7,9	1,258	-	-	1,258	1,379
Music education	7,10	4,378	-	-	4,378	2,291
Other trading activities:						
Publishing	7	6,634	-	-	6,634	5,666
		48,910	(2,750)	3	46,163	41,800
Pension finance charge	7	-	21	-	21	109
Total expenditure	7	48,910	(2,729)	3	46,184	41,909
Net gain/(loss) on investment	16	-	-	144	144	(8)
Net income/(expenditure)		1,925	2,729	205	4,859	6,973
Other recognised gains/(losses):						
Actuarial (loss)/gain on pension scheme	31	-	1,095	-	1,095	-
Asset Ceiling		-	(2,028)	-	(2,028)	(639)
		1,925	1,796	205	3,926	6,334
Net movement in funds		1,925	1,796	205	3,926	6,334
RECONCILIATION OF FUNDS:						
Balance brought forward		23,574	(1,796)	1,724	23,502	17,168
Net movement in funds		1,925	1,796	205	3,926	6,334
Fund balances carried forward, including pension reserve	23,24	25,499	-	1,929	27,428	23,502

For Companies Act purposes, consolidated gross income for the financial year was £50,835,000 (2024: £48,832,000), consolidated gross expenditure was £46,181,000 (2024: £41,892,000) and net profit was £4,654,000 (2024: £6,940,000).

All income is derived from continuing operations

The notes on pages 30 to 63 form part of these accounts

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
BALANCE SHEETS
AS AT 31 JANUARY 2025

	Notes	Group		Charity	
		2025 £'000	2024 £'000	2025 £'000	2024 £'000
FIXED ASSETS					
Tangible assets	14	1,103	1,255	1,103	1,255
Intangible assets	15	2,990	3,349	2,990	3,349
Investments	16	1,810	1,666	2,592	2,448
		<u>5,903</u>	<u>6,270</u>	<u>6,685</u>	<u>7,052</u>
CURRENT ASSETS					
Stocks	17	710	704	-	-
Debtors	18	2,993	3,724	5,632	5,321
Investments	19	26,079	22,300	23,079	20,550
Cash at bank and in hand		5,599	5,296	5,250	4,704
		<u>35,381</u>	<u>32,024</u>	<u>33,961</u>	<u>30,575</u>
CREDITORS: amounts falling due within one year	20	<u>(11,647)</u>	<u>(10,298)</u>	<u>(11,017)</u>	<u>(9,640)</u>
NET CURRENT ASSETS		<u>23,734</u>	<u>21,726</u>	<u>22,944</u>	<u>20,935</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>29,637</u>	<u>27,996</u>	<u>29,629</u>	<u>27,987</u>
CREDITORS: amounts falling due after more than one year					
	21	(578)	(561)	(578)	(561)
PROVISIONS	22	<u>(1,631)</u>	<u>(2,137)</u>	<u>(1,631)</u>	<u>(2,137)</u>
NET ASSETS EXCLUDING PENSION LIABILITIES		<u>27,428</u>	<u>25,298</u>	<u>27,420</u>	<u>25,289</u>
PENSION FUND DEFICIT	31	-	(1,796)	-	(1,796)
TOTAL NET ASSETS		<u>27,428</u>	<u>23,502</u>	<u>27,420</u>	<u>23,493</u>
THE FUNDS OF THE GROUP/CHARITY:					
Endowment funds	23	1,929	1,724	1,929	1,724
Unrestricted funds	24	25,499	23,574	25,491	23,565
Pension reserve	31	-	(1,796)	-	(1,796)
TOTAL FUNDS	25	<u>27,428</u>	<u>23,502</u>	<u>27,420</u>	<u>23,493</u>

The net income of the charity for the year was £4,860,000 (2024: £6,974,000)

Approved by the Governing Body on 25 June 2025.

Tony Hales CBE
Chairman of the Governors

Tony Hales

Registered Charity Number 292182
Charity Registered in Scotland Number SC043343
Company Number 01926395

The notes on pages 30 to 63 form part of these accounts

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JANUARY 2025

	Notes	2025 £'000	2024 £'000
Cash flows from operating activities	26	4,631	7,635
Cash flows from investing activities			
Interest income	5	1,280	895
Purchases of fixed assets	14,15	(1,829)	(2,086)
Purchase of fixed asset investments		-	(100)
Purchase of current asset investments (with maturity greater than 3 months)		750	(9,750)
Net cash from / (used) in investing activities		201	(11,041)
Cash flows from financing activities			
New finance lease obligations		-	-
Repayment of finance lease obligations		-	(33)
Net cash used in financing activities		-	(33)
Net increase/(decrease) in cash and cash equivalents		4,832	(3,439)
Cash and cash equivalents at 1 February 2024		10,846	14,285
Cash and cash equivalents at 31 January 2025	27	15,678	10,846
Analysis of cash and cash equivalents:			
Cash in bank and in hand		5,599	5,296
Deposits and notice accounts (less than 3 months)		10,079	5,550
Total cash and cash equivalents	27	15,678	10,846

The notes on pages 30 to 63 form part of these accounts

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 JANUARY 2025**

1 COMPANY INFORMATION

ABRSM is a charitable company incorporated in England and Wales with registration number 01926395. Its registered office is 4 London Wall Place, London, EC2Y 5AU.

2 ACCOUNTING POLICIES

The principal accounting policies adopted, judgements and key sources of estimation in the preparation of the financial statements are as follows:

a) Basis of preparation

The financial statements have been prepared in accordance with the current Statement of Recommended Practice "Accounting and Reporting by Charities" (the Charities SORP (FRS 102) issued in October 2019, the Financial Reporting Standard in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The presentational and functional currency is Sterling (£).

ABRSM meets the definition of a public benefit entity under FRS 102. The financial statements have been prepared under the historical cost convention, with the exception of investments, which are included at market value.

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made are listed below:

Significant judgements or estimates	Policy reference	Note reference
The following are considered to be significant estimates in the preparation of the financial statements:		
Amortisation	i	15
Tax Provision	u	22
Scholarships commitments	i	28
Defined Benefit Pension Scheme	j	31

Explanations of the estimates relating to the above items are given in the relevant policy.

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2025**

2. ACCOUNTING POLICIES (CONTINUED)

b) Going Concern

The strong performance of the Group during the year ended 31 January 2025 has provided a firm foundation for the forthcoming year.

A budget has been set for the following year which shows the Group generating a surplus for the year. A forecast to the end of December 2026 has also been prepared. Under this reforecast, it is expected that the Group will continue with net positive current assets and total assets, along with sufficient positive cash balances.

The charity has the resources to allow it to continue to invest in its digital programme to meet the changing customer needs.

The Governing Body members therefore have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of approval of these financial statements and are not aware of any other material uncertainties which may adversely affect the organisation. Accordingly, the financial statements continue to be prepared on the going concern basis.

c) Group financial statements

The consolidated accounts incorporate the accounts of the charitable company and its subsidiary (together, "the group") made up to 31 January each year.

The results of the trading subsidiary company are presented in the consolidated SOFA by disclosing the income and expenditure derived from its trading activities carried out separately from those of the charity. A summary profit and loss account for the subsidiary is shown in note 6. The subsidiary company's assets and liabilities are consolidated in the balance sheet on a line by line basis.

d) UK examination fees and expenses

Examination fees and expenses arising in the UK are credited or charged in the statement of financial activities during the accounting period in which such examinations take place.

e) International examinations

Where examinations take place online examination fees and expenses incurred in the UK are credited or charged in the statement of financial activities during the accounting period in which such examinations take place. Commissions due to local representatives in respect of online examinations are included in their representative returns as detailed below.

Where examinations are held locally these results are prepared from returns and annual accounts submitted by ABRSM's local representatives, which are not necessarily made up to 31 January each year but the effect of differing accounting dates is not considered by the Governors to be significant. In the rare case that the amounts owed cannot be recovered a bad debt provision is made.

f) Teacher support

Training course fees and expenses are credited or charged in the statement of financial activities during the accounting period in which such courses take place.

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2025**

2 ACCOUNTING POLICIES (CONTINUED)

g) Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. Overheads are apportioned either on headcount, turnover, staff occupancy of accommodation area or usage basis as considered most appropriate. Expenditure includes input VAT to the extent that it is irrecoverable.

Direct charitable expenditure comprises services identifiable as wholly or mainly in support of ABRSM's charitable and operational work. These costs are regarded as an integral part of carrying out the direct charitable objectives of ABRSM and include an appropriate proportion of overhead costs.

Governance costs are those incurred in connection with the administration of the charity and compliance with constitutional and statutory requirements. These costs have been apportioned across expenditure on charitable activities based on turnover except where the cost can be attributed to a specific activity.

h) Computer software development

Expenditure on computer software development is capitalised and amortised over a 3 year period.

i) Scholarship awards

All scholarships offered by the balance sheet date for the current academic year are provided in full. Awards for future years are subject to review and authorisation by ABRSM each year and are disclosed as commitments in note 28. The future commitments are estimated based on continued funding of the current students in receipt of a scholarship to the end of their academic studies plus new students starting their studies based on current funding patterns.

j) Employee benefits

Short-term employee benefits, including holiday pay and contributions to the defined contribution pension scheme are recognised as an expense in the period in which they are incurred.

The defined benefit scheme closed to future accrual on 31 December 2018 and employees transferred to the defined contribution pension scheme on 1 January 2019. Contributions to 31 December 2018 in respect of the defined benefit scheme are charged to salary costs for respective activities in the statement of financial activities.

The amounts recognised in the statement of financial activities including any actuarial gain or loss are estimated based on the requirements of FRS 102, and are fully explained in note 31.

k) Tangible fixed assets

Depreciation is provided on cost at the following annual rates in order to write off each asset over its estimated useful life:-

Short leasehold land and buildings	over the remaining life of the lease to the lease break point
Computer equipment	33%
Plant, fixtures and equipment	2.9% - 33%

Expenditure on furniture and equipment not exceeding £1,000 in total and all expenditure on repairs and maintenance is written off in the year in which it is incurred.

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2025**

2. ACCOUNTING POLICIES (CONTINUED)

l) Intangible fixed assets

In accordance with FRS 102 software development costs have been recognised as intangible assets as they can be identified with a project anticipated to produce future benefits. On initial recognition, assets are measured at cost and include all costs directly attributable to bringing them into working condition.

Amortisation is provided on cost at the following annual rates in order to write off each asset over its estimated useful life:-

Software development	33%
----------------------	-----

m) Investments

The investment in the subsidiary company is valued at cost.

Fixed asset investments are included in the balance sheet at their market value at the end of the financial period. Realised and unrealised gains and losses are credited or debited to the statement of financial activities in the year in which they arise and are based on brought forward values.

Current asset investments consist of treasury deposits and notice accounts with maturity and notice to withdraw of less than a year.

n) Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the group. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged to the statement of financial activities on a straight line basis over the lease term. The aggregate benefit of any lease incentives are recognised as a reduction to the expense charged over the lease term on a straight line basis.

o) Stocks

Publications stocks are valued at the lower of cost and net realisable value. For printed music, cost is based on the unit cost of production for each publication. Work in progress at printers is valued at the cost of the paper used and is included in paper stocks. In estimating net realisable value, due allowance is made for slow-moving, obsolete, defective and unsaleable items. Origination costs are charged to revenue in the year in which they are incurred.

p) Rates of exchange

Assets and liabilities in foreign currencies are converted into sterling at the rate of exchange ruling at the balance sheet date. All income and expenditure is converted at daily exchange rates. All differences on exchange are dealt with through the net movement in funds for the year.

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2025**

2. ACCOUNTING POLICIES (CONTINUED)

q) Financial Instruments

Basic financial assets and liabilities such as short term debtors, creditors and bank balances are initially recognised at fair value less any impairment and transaction costs and subsequently measured at their settlement value.

Prize Endowment Funds invested in Charinco and Charishare Common Investment Funds are carried at fair value.

r) Deferred income

Examination and course fees received for future sessions after the reporting date are included in creditors as deferred income.

s) Provisions and contingencies

Provisions are recognised when the charitable company has a present legal or constructive obligation as a result of past events where it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably.

The amount recognised is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account any risks and uncertainties surrounding the obligation.

Where the consideration required to settle a present obligation is confirmed, the amount payable is transferred to creditors and any balance released to the statement of financial activities.

Contingent liabilities, arising as a result of past events, are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by future events not within the charitable company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is immaterial.

t) Fund accounting

Unrestricted funds comprise those monies which may be used towards meeting the charitable objectives of the charity at the discretion of the Governors.

Designated funds are unrestricted funds earmarked by the Governors to be used for particular purposes in the future. Transfers are made to designated funds on the basis of approval by the Governors of future plans. Restricted funds are grants or monies raised for a specific purpose or donations subject to donor imposed conditions.

The prize endowment funds represent either permanent capital funds where there is no power to convert the capital into income and which must generally be held indefinitely or expendable funds where capital may be used for the purposes of the fund.

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2025**

2 ACCOUNTING POLICIES (CONTINUED)

u) Taxation

The Associated Board of the Royal Schools of Music is a registered charity and therefore is not liable to UK income tax or corporation tax on income derived from its charitable activities as they fall within the various exemptions available to registered charities.

ABRSM is registered for VAT but is not able to recover the whole of its input tax owing to the partial exemption provisions. Expenditure includes input VAT to the extent it is irrecoverable.

ABRSM's activities are carried out worldwide and are subject to direct and indirect tax in different countries. A provision for ABRSM's tax liabilities in relation to its international operations has been included in note 22.

The provision is reviewed and updated regularly based on professional tax advice received for each country. It is assessed on a country-by-country basis, calculated and classed as a provision or a contingent liability per the criteria in note 2(s).

Significant judgement is needed to determine this provision as ABRSM's international operations have been expanding and there is uncertainty around the risk of exposure to direct and indirect tax in each country. In addition, the calculation of the potential tax liability for each country usually incorporates several elements, for example the type of income, the period during which the tax is due, and the size of any additional interest or penalties due in that country.

The wholly owned subsidiary, The Associated Board of the Royal Schools of Music (Publishing) Limited, is a commercial entity and donates its pre-tax profit to ABRSM under Gift Aid rules.

v) Contributions to four of the Royal Schools of Music

Contributions to four of the Royal Schools of Music (or their associated charitable trusts) are treated as distributions, the Royal Schools being members of the Charity. They are therefore charged to the statement of financial activities in the year in which they are paid and shown as a movement in funds.

w) Government grants

Government grants are accounted for according to the accrual model.

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2025**

3. EXAMINATION REVENUE

	2025 £'000	2024 £'000
Analysis by geographical market:		
United Kingdom and Ireland	16,297	15,247
Overseas	<u>26,007</u>	<u>26,138</u>
Foreign exchange (loss)/gain on overseas revenue	42,304 (186)	41,385 (287)
	<u>42,118</u>	<u>41,098</u>
Total income	45,217	44,137
Less: examination fees received in advance (note 20)	<u>(3,099)</u>	<u>(3,039)</u>
	<u>42,118</u>	<u>41,098</u>

Deferred fee income:

The movement with respect to examination fees received in advance in the year is as follows:

	2025 £'000	2024 £'000
Fees in advance as at 1 February 2024	3,039	2,802
Less fees due for examinations taken in the year	<u>(3,039)</u>	<u>(2,802)</u>
Fees received with respect to future examination periods (note 20)	3,099	3,039
	<u>3,099</u>	<u>3,039</u>

4. TEACHER SUPPORT REVENUE

	2025 £'000	2024 £'000
Analysis by geographical market:		
United Kingdom and Ireland	24	4
Overseas	<u>1</u>	<u>10</u>
Total income	<u>25</u>	<u>14</u>

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2025**

5. INVESTMENT INCOME

	Group		Charity	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Interest receivable from:				
Unrestricted funds	1,216	837	1,168	801
Prize endowment funds	64	58	64	58
	<u>1,280</u>	<u>895</u>	<u>1,232</u>	<u>859</u>

6. NET INCOME OF TRADING SUBSIDIARY

The Associated Board of the Royal Schools of Music owns the entire Issued share capital of The Associated Board of the Royal Schools of Music (Publishing) Limited, a trading company incorporated in the United Kingdom with company number 01910047. This subsidiary undertaking donates its taxable profits to ABRSM under Gift Aid rules.

The activities of the subsidiary undertaking support the examination activities of the parent company by provision of specialist graded repertoire and other materials targeted at specific examination levels.

A summary of the results of the publishing activities for the year (excluding intra-group charges eliminated on consolidation) is given below. Audited accounts of the subsidiary undertaking will be filed with the Registrar of Companies.

	2025 £'000	2024 £'000
Turnover	7,245	6,829
Cost of sales	<u>(1,632)</u>	<u>(1,510)</u>
Gross profit	5,613	5,319
Distribution costs	(933)	(888)
Administration and other operating charges	(1,477)	(1,339)
Interest receivable	48	89
Net Income	<u>3,251</u>	<u>3,181</u>

The aggregate amount of the subsidiary's assets, liabilities and funds as at 31 January 2025, excluding intercompany balances, were as follows:

	2025 £'000	2024 £'000
Total net assets	<u>4,248</u>	<u>3,339</u>

Including intra-group charges and intercompany balances, the subsidiary's results for the year were as follows: turnover £7,256,000 (2024: £6,833,000), net income £319,000 (2024: £807,000) and total net assets £20,000 (2024: £20,000).

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2025

7. ANALYSIS OF EXPENDITURE

	Direct Charitable	Support Costs (Note 8)	Staff Costs (Note 13)	Depreciation & Amortisation	Total 2025	Total 2024
	£'000	£'000	£'000	£'000	£'000	£'000
Charitable activities:						
Examinations	15,039	7,124	8,997	2,243	33,403	32,023
Teacher Support	110	137	218	25	490	441
Scholarship payments	1,258	-	-	-	1,258	1,379
Music education	4,378	-	-	-	4,378	2,291
Publishing	2,953	886	2,723	72	6,634	5,666
	<u>23,738</u>	<u>8,147</u>	<u>11,938</u>	<u>2,340</u>	<u>46,163</u>	<u>41,800</u>
Pension finance charge	-	-	21	-	21	109
	<u>-</u>	<u>-</u>	<u>21</u>	<u>-</u>	<u>21</u>	<u>109</u>
Total	<u><u>23,738</u></u>	<u><u>8,147</u></u>	<u><u>11,959</u></u>	<u><u>2,340</u></u>	<u><u>46,184</u></u>	<u><u>41,909</u></u>

Unrestricted expenditure on Examinations and Teacher Support for the group before the defined benefit pension scheme adjustment was £36,149,000 and £491,000 respectively (2024: £33,879,000 and £442,000). The equivalent figures for the charity were £36,160,000 and £491,000 (2024: £33,821,000 and £442,000).

Included within total expenditure is an adjustment to the defined benefit pension scheme of £2,750,000 (2024: £2,750,000) which has been credited to the pension reserve (see note 31). £2,749,000 has been allocated to Examinations expenditure and £1,000 to Teacher Support. The prior year credit of £2,750,000 was allocated £2,749,000 to Examinations expenditure and £1,000 to Teacher Support. Also included in expenditure are prizes paid from the endowment funds totalling £3,000 (2024: £17,000).

8. SUPPORT COSTS

Support costs including governance (see notes 7 and 11) are analysed as follows:

	Examinations	Teacher Support	Publishing	Total 2025	Total 2024
	£'000	£'000	£'000	£'000	£'000
Exam Support	-	-	-	-	845
IT	2,967	72	429	3,468	3,455
Sales and Marketing	1,051	46	269	1,366	967
Finance	340	-	9	349	(10)
Facilities	1,961	18	160	2,139	2,054
Governance (note 11)	252	-	17	269	147
HR & other management	553	1	2	556	1,650
	<u>7,124</u>	<u>137</u>	<u>886</u>	<u>8,147</u>	<u>9,108</u>

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2025

9. SCHOLARSHIPS

	2025 £'000	2024 £'000
United Kingdom students	226	425
Overseas students	1,032	954
	1,258	1,379

The total number of scholars supported during the year amounted to 82 (2024: 91).

10. MUSIC EDUCATION – Unrestricted funds

	2025 £'000	2024 £'000
DONATIONS		
Trustees of the Royal Academy of Music	1,000	500
Trustees of the Royal College of Music	1,000	500
Trustees of the Royal Northern College of Music Endowment Fund	1,000	500
Trustees of the Royal Conservatoire of Scotland Trust	1,000	500
	4,000	2,000

SPONSORSHIP

Antigua & Barbuda Youth Symphony	8	-
Black Lives in Music	17	27
BLUME Haiti	-	5
Bolton Council	8	-
Commonwealth Resources	-	10
CACEFU-Mocambique	5	-
Compass Children's Charity	5	-
Education Africa	5	5
Harmony Kenya Foundation	-	5
Harmony Project Phoenix	-	5
Hashtag The WRD Limited	-	5
India National Youth Orchestra	6	10
Kunbi's Music Company	-	5
London Music Fund	10	5
Music Children Foundation Ltd	10	-
Music Education Partnership Group	15	16
Music for Youth	24	-
Music in Africa Foundation	5	-
Music Masters	10	5
National Children's Orchestra	23	21
National Concert Band Festival	5	-
National Youth Arts Wales	8	-
National Youth Choirs	15	5
National Youth Jazz Orchestra	15	25
National Youth Orchestra	-	15
Open Up Music	25	10
Royal Philharmonic Society	10	5
Ruben Centre	5	-
School Grounds Sounds	-	6
St Christopher's School (Bahrain)	6	-
Tanglin Trust School	-	5
The British School Al Khubairat	7	-

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2025

10. MUSIC EDUCATION – Unrestricted funds (continued)

SPONSORSHIP (CONTINUED)

The Commonwealth Resounds	10	-
The Hong Kong Virtuoso Chorus Ltd	10	-
The Ivors Academy	11	16
The Rondo Production	10	9
Tri-Borough Music Hub	5	5
The UK Association for Music Education – Music Mark	37	21
Thrive Music Academy Africa Ltd	-	5
University of St Andrews	5	5
Venture Music Asia	5	5
Young Choral Academy Sdn Bhd	8	-
Others	30	35
	<u>378</u>	<u>291</u>

11. GOVERNANCE COSTS – Unrestricted funds

	2025 £'000	2024 £'000
Audit Fees parent company	56	44
Audit Fees Pension scheme	80	19
independent Pension Scheme Chairman	47	33
Non audit services	29	-
Internal Audit	49	48
Governing Body members and Officers Liability insurance	2	1
Pension Fund Trustee Indemnity insurance	6	2
	<u>269</u>	<u>147</u>

12. NET INCOME FOR THE YEAR

	2025 £'000	2024 £'000
Net income for the year is stated after charging/(crediting):		
Fees payable to the company's auditor and its associates for the audit of the charitable company's annual accounts	56	44
Fees payable to the company's auditor and its associates for other services:		
Audit of subsidiary company	3	7
Tax compliance	-	2
Pension scheme audit completed by other audit firms	80	23
Depreciation of owned assets	474	394
Depreciation of assets held under finance lease obligations	-	37
Amortisation of intangible assets	1,867	2,079
Operating lease rentals – leasehold buildings	1,097	1,123
– office equipment	10	13
Dilapidations provision	17	17
Exchange loss/(gain) on overseas revenue	186	287

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2025

13. STAFF COSTS

	2025	2024
	£'000	£'000
Staff costs during the year included:		
Wages and salaries	9,617	8,336
Social security costs	986	859
Employer pension costs	3,378	3,293
Defined Benefit Pension adjustment (see note 31)	(2,750)	(2,750)
Pension finance charge	21	109
Other staff costs	707	526
	<u>11,959</u>	<u>10,373</u>

The number of employees who earned £60,000 or more (including benefits) during the year were as follows:

	2025	2024
	No.	No.
£ 60,001 - £ 70,000	3	8
£ 70,001 - £ 80,000	8	4
£ 80,001 - £ 90,000	3	4
£ 90,001 - £100,000	3	2
£100,001 - £110,000	1	2
£110,001 - £120,000	1	-
£120,001 - £130,000	2	2
£130,001 - £140,000	1	1
£140,001 - £150,000	-	-
£150,001 - £160,000	-	2
£160,001 - £170,000	2	-
£220,001 - £230,000	2	1
£230,001 - £240,000	1	-

During the year £24,168 (2024: £6,752) was paid in redundancy and pay in lieu of notice. These payments are included in the tables above and have been recognised in full in the statement of financial activities.

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2025**

13. STAFF COSTS (continued)

The number of employees who earned £60,000 or more during the year to whom retirement benefits are accruing under pension schemes funded by the company are:-

	2025 No	2024 No.
Defined contribution scheme	24	25

The company made pension contributions of £198,534 (2024: £178,547) in respect of employees noted above.

The defined benefit scheme closed to future accrual on 31 December 2018 and active members elected to transfer to the defined contribution pension scheme from 1 January 2019.

The average number of employees, excluding temporary staff, during the year was as follows:

	2025 No.	2024 No.
Charity	184	177
UK trading subsidiary	13	14
	<u>197</u>	<u>191</u>

The key management personnel of the charity and its wholly owned subsidiary received total employee benefits of £1,194,095 (2024: £1,111,147). The key management personnel are considered to be the individuals noted on page 2.

No Governor received payment for their services in the year (2024: £nil).

Total travelling and subsistence expenses reimbursed by ABRSM to Governors and Alternates in the year, for expenditure necessarily incurred on ABRSM's business, were £1,290 (2024: £708).

No other Governor, nor any person connected with any Governor, received any remuneration in the year ended 31 January 2025 (2024: £nil).

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2025

14. TANGIBLE FIXED ASSETS

Group and Charity	Short leasehold land and buildings £'000	Computer equipment £'000	Furniture, fixtures and equipment £'000	Total £'000
Cost				
At 1 February 2024	2,358	784	853	3,995
Additions	-	311	2	313
Disposals	-	(251)	-	(251)
Transfers	-	-	-	-
At 31 January 2025	<u>2,358</u>	<u>844</u>	<u>855</u>	<u>4,057</u>
Depreciation				
At 1 February 2024	1,439	687	614	2,740
Charge for the year	212	184	76	472
On disposals	-	(258)	-	(258)
At 31 January 2025	<u>1,651</u>	<u>613</u>	<u>690</u>	<u>2,954</u>
Net book values				
At 31 January 2025	<u>707</u>	<u>231</u>	<u>165</u>	<u>1,103</u>
At 31 January 2024	<u>919</u>	<u>97</u>	<u>239</u>	<u>1,255</u>

All assets are used for charitable purposes. The net book value of assets held under finance leases is £nil (2024: £nil).

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2025**

15. INTANGIBLE FIXED ASSETS

Group and Charity	Assets under construction £'000	Software development £'000	Total £'000
Cost			
At 1 February 2024	1,375	11,751	13,126
Additions	-	1,508	1,508
Disposals	-	-	-
Transfers	(850)	850	-
At 31 January 2025	<u>525</u>	<u>14,109</u>	<u>14,634</u>
Amortisation			
At 1 February 2024	-	9,777	9,777
Charge for the year	-	1,867	1,867
At 31 January 2025	<u>-</u>	<u>11,644</u>	<u>11,644</u>
Net book values			
At 31 January 2025	<u>525</u>	<u>2,465</u>	<u>2,990</u>
At 31 January 2024	<u>1,375</u>	<u>1,974</u>	<u>3,349</u>

All assets are used for charitable purposes. The transfer from assets under construction to software development mainly relates to expenditure on roadmaps, digital certificates, and Music Medals.

Roadmaps relate to continuous development on the CRM, in order to help with income recognition. Digital certificates have been rolled out during the year, and offer customers digital certificates rather than physical copies. A new syllabus of Music Medals was developed, alongside the recording of these transactions on the CRM. This was also completed during the year.

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
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16. FIXED ASSET INVESTMENTS

	Subsidiary undertakings £'000	Prize endowment funds £'000	2025 Total £'000	2024 Total £'000
Group				
Prize endowment funds - listed investments at market value				
At 1 February 2024	-	1,666	1,666	1,574
Additions	-	-	-	100
Unrealised gain/(loss) in the year	-	144	144	(8)
At 31 January 2025	<u>-</u>	<u>1,810</u>	<u>1,810</u>	<u>1,666</u>
Charity				
Prize endowment funds - listed investments at market value (as above)				
Investment in subsidiary				
Ordinary shares of £1 each at cost	10	-	10	10
Unsecured loan note	772	-	772	772
	<u>782</u>	<u>1,810</u>	<u>2,592</u>	<u>2,448</u>

The prize endowment funds are invested in Blackrock Charities UK Bond and Equity Common Investment Funds with a cost of £879,000 (2024: £879,000).

The charity's subsidiary undertaking is The Associated Board of the Royal Schools of Music (Publishing) Limited. The charity owns 100% of the company's issued ordinary £1 shares. The principal activity of the company is the production and sale of music publications and recordings.

The charity has given an undertaking to its subsidiary not to demand repayment of the unsecured loan note before 1 July 2025. Interest is chargeable on the unsecured loan note at a rate of 2% over the Bank of England base rate from time to time. No provision is considered necessary against the £10,000 cost of the investment in this subsidiary.

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17. STOCKS

	Group 2025 £'000	Group 2024 £'000
Printed music and recordings	627	616
Paper	83	88
	<u>710</u>	<u>704</u>

18. DEBTORS

	Group		Charity	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Trade debtors	902	1,149	455	655
Overseas representatives	413	522	413	522
Amounts due from subsidiary	-	-	3,455	2,546
Other debtors	535	570	183	160
Prepayments and accrued income	1,143	1,483	1,126	1,438
	<u>2,993</u>	<u>3,724</u>	<u>5,632</u>	<u>5,321</u>

19. CURRENT ASSET INVESTMENTS

	Group		Charity	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Cash held on deposit				
greater than 3 months	16,000	16,750	14,000	15,000
less than 3 months	<u>10,079</u>	<u>5,550</u>	<u>9,079</u>	<u>5,550</u>

Included within the above figure are treasury deposits with an original maturity of 12 months or less. At the balance sheet date the average maturity of these deposits was 6 months for the group (2024: 7 months) and 6 months for the charity (2024: 7 months). The average interest rate was 4.47% (2024: 5.11%) for the group and 4.56% (2024: 5.08%) for the charity.

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20. CREDITORS: amounts falling due within one year

Charity	Group			
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Trade creditors	1,875	1,447	1,748	1,265
Overseas representatives	2,681	2,561	2,681	2,561
Refunds due to customers	-	27	-	27
Deferred Income: exam fees (note 3)	3,099	3,039	3,099	3,039
Other taxes and social security costs	300	426	245	396
Finance lease arrangements	-	-	-	-
Other creditors	676	656	676	226
Accruals and other deferred income	3,016	2,142	2,568	2,126
	<u>11,647</u>	<u>10,298</u>	<u>11,017</u>	<u>9,640</u>

21. CREDITORS: amounts falling due after more than one year

Charity	Group			
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Other creditors	578	561	578	561
	<u>578</u>	<u>561</u>	<u>578</u>	<u>561</u>

FRS 102 requires the full amount of a dilapidation provision to be recognised when the obligation arises. Other creditors represent the estimated inflation indexed dilapidations fund potentially payable on exit from the lease of our current premises, Salters' Hall.

22. PROVISIONS

	Group £'000	Charity £'000
Tax provision at 1 February 2024	2,137	2,137
Total increased	462	462
Total settled	(968)	(968)
Tax provision at 31 January 2025	<u>1,631</u>	<u>1,631</u>

ABRSM continued to seek advice on its taxation position in relation to its international operations and expects that most resulting liabilities will be settled over the course of the next five years with the timescale being partly dependent on the speed of response of the relevant tax authorities. ABRSM has estimate a tax contingent liability of £620,000 (2024: £781,000) for direct and indirect tax in territories where there is uncertainty, continually working with local tax authorities and external tax advisors.

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23. ENDOWMENT FUNDS

	Movement in Funds			At 31 January 2025 £'000
	At 1 February 2024 £'000	Income and gains £'000	Expenditure and losses £'000	
Group and charity				
Permanent prize endowment funds				
Sheila Mossman Prize account	160	19	-	179
Ralph Bassett Prize account	124	15	-	139
Constance Haddon Prize account	141	17	-	158
Winifred Liversidge Prize account	144	17	-	161
Irene Lassen Bequest	527	63	-	590
Weinman/Duraisamy Prize	5	1	-	6
Sundry named prizes and general prizes account	317	38	-	355
	<u>1,418</u>	<u>170</u>	<u>-</u>	<u>1,588</u>
Expendable prize endowment funds				
Gordon Bryan Fund	114	14	-	128
Alan Pickard Prize	27	3	-	30
Taylor White Gibbs Prize	165	21	(3)	183
	<u>306</u>	<u>38</u>	<u>(3)</u>	<u>341</u>
Total endowment funds	<u>1,724</u>	<u>208</u>	<u>(3)</u>	<u>1,929</u>
Interest receivable		63	-	
New prize donation		1	-	
Expenditure on prizes		-	(3)	
Unrealised loss on Investments		<u>144</u>	-	
		<u>208</u>	<u>(3)</u>	
		Income and gains 2024 £'000	Expenditure and losses 2024 £'000	
Interest receivable and sundry income		58	-	
Expenditure on prizes		-	(17)	
Unrealised loss on investments		-	(8)	
		<u>58</u>	<u>(25)</u>	

The endowment funds were established to provide prizes for musical achievements in ABRSM's examinations. For permanent prize endowment funds, unexpended income is accumulated as capital and added to the fund each year. Expendable prize endowment funds comprise unexpended balances of donations held on trust to be applied for specific purposes.

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24. UNRESTRICTED FUNDS

Group	At 1 February 2024 £'000	Income £'000	Expenditure £'000	Transfers In £'000	Transfers out £'000	At 31 January 2025 £'000
Fixed asset fund	4,604	-	-	-	(512)	4,092
Designated funds						
Development funds	3,370	-	(1,172)	1,500	(2,000)	1,698
Examiner fund	1,030	-	-	250	-	1,280
General charitable funds	14,570	50,835	(47,738)	(1,750)	2,512	18,429
Total	<u>23,574</u>	<u>50,835</u>	<u>(48,910)</u>	<u>-</u>	<u>-</u>	<u>25,499</u>
Charity						
Fixed asset fund	4,604	-	-	-	(512)	4,092
Designated funds						
Development funds	3,370	-	(1,172)	1,500	(2,000)	1,698
Examiner fund	1,030	-	-	250	-	1,280
General charitable funds	14,561	44,213	(41,115)	(1,750)	2,512	18,421
Total	<u>23,565</u>	<u>44,213</u>	<u>(42,287)</u>	<u>-</u>	<u>-</u>	<u>25,491</u>

Designated funds represent development funds set aside for the development of ABRSM's digital infrastructure and development of overseas markets, and funds relating to examiner costs.

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25. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances as at 31 January 2025 are represented by:

Group	Unrestricted Funds (Including Pension Reserve) £'000	Prize Endowment Funds £'000	Total 2025 £'000
Tangible fixed assets	1,103	-	1,103
Intangible fixed assets	2,990	-	2,990
Investments	-	1,810	1,810
Current assets	35,231	150	35,381
Current liabilities	(11,616)	(31)	(11,647)
Non-current liabilities	(578)	-	(578)
Provisions	(1,631)	-	(1,631)
Net assets before pension deficit	25,499	1,929	27,428
Pension deficit	-	-	-
Total net assets after pension deficit & provisions	25,499	1,929	27,428
Charity			
Tangible fixed assets	1,103	-	1,103
Intangible fixed assets	2,990	-	2,990
Investments	782	1,810	2,592
Current assets	33,811	150	33,961
Current liabilities	(10,986)	(31)	(11,017)
Non-current liabilities	(578)	-	(578)
Provisions	(1,631)	-	(1,631)
Net assets before pension deficit & provisions	25,491	1,929	27,420
Pension deficit	-	-	-
Total net assets after pension deficit & provisions	25,491	1,929	27,420
Group and Charity			
Unrealised gains included above on investment assets (see note below)	-	931	931
Unrealised gains as at 1 February 2024	-	787	787
Net gain arising from revaluations in the year	-	144	144
Unrealised gains as at 31 January 2025	-	931	931

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26. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2025 £'000	2024 £'000
Net income for the reporting period:	4,859	6,973
Depreciation charge	472	433
Amortisation charge	1,867	2,079
Gain/(loss) on disposal of fixed assets	-	13
Interest received	(1,280)	(895)
Gain/(loss) on investments	(144)	8
Decrease/(increase) in stocks	(6)	127
Decrease/(increase) in debtors	731	440
Increase/(decrease) in creditors	1,366	604
(Decrease) in provisions	(506)	494
Net cash movement in pension deficit	(2,728)	(2,641)
Net cash inflow provided by operating activities	4,631	7,635

27. ANALYSIS OF CHANGES IN NET DEBT

	At 1 February 2024 £'000	Cash flows £'000	At 31 January 2025 £'000
Cash and cash equivalents			
Cash	5,296	303	5,599
Cash equivalents	5,550	4,529	10,079
	10,846	4,832	15,678
Borrowings			
Finance lease	-	-	-
	-	-	-
TOTAL	10,846	4,832	15,678

28. FINANCIAL COMMITMENTS

Scholarships

Scholarships awarded for which no provision has been made in these accounts are expected to become payable as follows:-

	2025 £'000	2024 £'000
Year ending 31 January 2025	-	1,231
Year ending 31 January 2026	1,400	788
Year ending 31 January 2027	895	350
Year ending 31 January 2028	429	200
Year ending 31 January 2029	246	-
	2,970	2,569

All scholarships offered by the balance sheet date for the current academic year are provided in full. Awards for future years are subject to review and authorisation by ABRSM each year and are therefore not included in provisions as at the balance sheet date.

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28. FINANCIAL COMMITMENTS (continued)

Other payments

At 31 January 2025 the group and charity had future total minimum operating lease payments as follows:

	Land and buildings		Other	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
One year	1,207	1,207	10	10
Two to five years	4,169	4,169	24	24
Over five years	-	-	-	-
	5,376	5,376	34	34

The total future minimum finance lease payments as the end of the reporting period are as follows:

Charity	Group			
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Not later than one year	-	-	-	-
Later than one year and not later than five years	-	-	-	-
	-	-	-	-

29. TRANSACTIONS WITH RELATED PARTIES

ABRSM made contributions of £1,000,000 (2024: £500,000) to each of four Royal Schools of Music or their charitable trusts. Two representatives from each of these organisations sit on the Governing Body.

ABRSM was party to a number of financial transactions with its trading subsidiary, ABRSM Publishing during the year as follows:

	2025 £'000	2024 £'000
Charged by ABRSM to ABRSM Publishing:		
Administrative expenses recharged	9	8
Pension costs recharged	385	391
Loan interest	55	53
Management charge	2,592	118
Copyright charge	352	336
Publishing VAT	4	-
Charged by ABRSM Publishing to ABRSM:		
Paper stock recharged	-	-
Printed music and recordings	4	4
Gift aid donation from ABRSM Publishing to ABRSM:	319	807
Balance at the year end:		
Due to ABRSM from ABRSM Publishing	3,455	2,546
Due from ABRSM to ABRSM Publishing	-	-

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29. TRANSACTIONS WITH RELATED PARTIES (continued)

During the year Professor Colin Lawson was due £15 (2024: £0) in royalties by ABRSM (Publishing) Limited on normal commercial terms. The balance outstanding at the year end was £0 (2024: £0).

ABRSM provided examination services to related parties on normal commercial terms as follows:

	2025 £'000	2024 £'000
Charged by ABRSM		
Royal College of Music	1	2
Royal Academy of Music	2	6
Royal Northern College of Music	12	11
Royal Conservatoire of Scotland	14	16
Balance at the year end:		
Royal College of Music	-	-
Royal Academy of Music	-	-
Royal Northern College of Music	-	-
Royal Conservatoire of Scotland	4	4

There have been no other related party transactions during the year.

30. FINANCIAL INSTRUMENTS

ABRSM has the following financial assets which are included at fair value through the statement of financial activities:

	2025 £'000	2024 £'000
Financial assets at fair value through the statement of financial activities:		
Investments	<u>1,810</u>	<u>1,666</u>

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31. PENSION SCHEMES

The charity operates two pension schemes; a group stakeholder pension plan and a defined benefit scheme.

From 1 February 2014, qualifying staff joining ABRSM are auto enrolled into the group stakeholder pension plan provided by Scottish Equitable plc under the brand name Aegon (Financial Services Register number 165548). Contributions are recognised in the Statement of Financial Activities in the year in which they are earned. The minimum employee contribution is 3% of basic salary. ABRSM contributes 5% of basic salary. Each percentage increase in the employee contribution is matched by ABRSM up to a maximum employer contribution of 10%.

The defined benefit scheme was established to provide retirement benefits for the charity's employees based upon final pensionable salaries for those joining before 6 April 2006 or career average salaries for those joining from 6 April 2006. On 1 April 2013 all members of the final salary section of the scheme transferred to the career average section of the scheme. The assets of the scheme are held separately from those of the charity. The scheme closed on 31 December 2018 to future accrual. Active members had the option to join the organisation's group stakeholder pension scheme at 1 January 2019.

Contributions payable are determined on the basis of triennial valuations carried out by a qualified actuary. The charity's contributions are charged as resources and expended in the year in which contributions are made. The charity ceased contributions for the accrual of future benefits from 1 January 2019.

The pension service costs for the year were £nil (2024: £nil). The present value of the scheme liabilities includes £835,000 (2024: £795,000), carried forward from the prior years as an estimate of the past service cost of GMP equalisation.

These accounts reflect the requirements of FRS 102.

The economic assumptions listed below have been calculated by a qualified independent actuary. They are based on market conditions as at 31 January 2025 but have been derived using the methodology set out in FRS 102.

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31. PENSION SCHEMES (continued)

- The discount rate has been derived using a corporate bond yield curve approach as required by FRS 102. The iBoxx over 15-year corporate AA rated bond index had a yield of 5.40% per annum as of 31 January 2025. This index has a duration of around 14.4 years, which is less than the duration of the Scheme's liabilities. The discount rate has been increased by 0.2%, which is similar to the increase in gilt spot yields at 14.5- and 20-years' duration, resulting in a discount rate of 5.6% per annum (to 1 decimal place).
- Retail price inflation (RPI) has been derived from the spot inflation rates published by the Bank of England. At duration of 20 years, the spot rate for inflation is 3.43% per annum as of 31 January 2025. An RPI increase assumption of 3.4% has been used (to 1 decimal place).
- In the prior year it was assumed that Consumer price inflation (CPI) would be 0.6% a year lower than RPI. However, it is expected that the RPI will be calculated in the same way as CPI-H from 2030, so the difference between the two indices should reduce considerably. Nonetheless, until 2030 the two indices will be calculated differently, and it should be noted that a significant proportion of the deferred pensioner liabilities will retire before the indices are aligned. It is proposed that the assumption of the difference between RPI and CPI is reduced to 0.5% (and will reduce by 0.1% each year until 2030). This results in a CPI increase assumption of 2.9%.
- No estimated salary increases due to the scheme closure on 31 December 2018.
- Increases to pensions in payment which are related to price inflation have been taken to increase in line with the RPI assumption or the annual increase cap, whichever is lower.
- Increases to deferred pensions which are related to price inflation have been taken to increase in line with the CPI assumption, or the cap, whichever is the lower.
- Commutation of pension by members estimated at 25%, allowing for an increase in commutation rates since the actuarial valuation. It is also assumed that commutation factors will be increased by 20% and this is reflected in the FRS 102 liabilities.

The principal actuarial assumptions used per annum are:

	2025	2024
Discount Rate	5.6%	5.0%
Retail price inflation	3.4%	3.3%
Consumer price inflation	2.9%	2.7%
Increases to pensionable earnings	n/a	n/a
Increases to pensions in payment		
Earned up to 31 December 2001	5.0%	5.0%
Earned from 1 January 2002 to 5 April 2005	3.4%	3.3%
Earned from 6 April 2005	2.5%	2.5%
Pre-retirement increases for deferred pensions		
Earned before 6 June 2009	2.9%	2.7%
Earned from 6 June 2009	2.5%	2.5%

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31. PENSION SCHEMES (continued)

Reconciliation of funded status to balance sheet

	2025 £'000	2024 £'000
Present value of liabilities	(38,395)	(42,141)
Fair value of plan assets	<u>40,423</u>	<u>40,345</u>
Surplus/(deficit)	2,028	(1,796)
Restriction on recoverable surplus	(2,028)	-
Net defined benefit asset/(liability) to be recognised on balance sheet	<u>-</u>	<u>(1,796)</u>

Assets

	2025 £'000	Weight %	2024 £'000	Weight %
Equities	7,846	19.4	11,835	29.3
Bonds	31,355	77.6	27,384	67.9
Cash (including dividends receivable)	1,222	3.0	1,126	2.8
Total market value of assets	<u>40,423</u>	<u>100.0</u>	<u>40,345</u>	<u>100.0</u>

The amounts recognised in the Statement of Financial Activities are as follows:

	2025 £'000	2024 £'000
Interest expense	2,066	2,051
Interest income	(2,045)	(1,942)
Pension Finance charge	<u>21</u>	<u>109</u>
Employer's deficit contributions	<u>(2,750)</u>	<u>(2,750)</u>
Defined Benefit Pension Adjustment	<u>(2,750)</u>	<u>(2,750)</u>

Changes in the present value of the Defined Benefit Obligation (DBO) during the year are as follows:

Year ending 31 January:	2025 £'000	2024 £'000
Present value of the liabilities as at the start of year	42,141	46,343
Current service cost	-	-
Contributions by the members	-	-
Interest expense	2,066	2,051
Past service cost	-	-
Re-measurement - effect of experience adjustments loss/(gain)	(546)	887
Re-measurement - effect of changes in assumptions (gain)/loss	(3,632)	(5,621)
Benefits paid	(1,634)	(1,519)
Present value of the liabilities as at the end of year	<u>38,395</u>	<u>42,141</u>

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31. PENSION SCHEMES (continued)

Changes in the fair value of assets during the year are as follows:

Year ended 31 January:	2025 £'000	2024 £'000
Fair value of plan assets as at start of year	40,345	42,545
Interest income	2,045	1,942
Re-measurement – return on plan assets excluding interest income	(3,083)	(5,373)
Employer's normal contributions	-	-
Employer's deficit contributions	2,750	2,750
Contributions by the members	-	-
Benefits paid	(1,634)	(1,519)
	<u>40,423</u>	<u>40,345</u>
Actual return on plan assets (loss)/gain	(1,038)	(3,431)

Based on current pensionable earnings and the deficit recovery plan agreed in 2022, the employer's deficit recovery contributions expected to be paid to the Scheme for the year ending 31 January 2026 amounts to £0 (2024: £2,750,000).

Amounts for the current and previous four periods are as follows:

As at 31 January:	2025 £'000	2024 £'000	2023 £'000	2022 £'000	2021 £'000
Present value of the liabilities	(38,395)	(42,141)	(46,343)	(67,033)	(75,661)
Fair value of plan assets	40,423	40,345	42,545	57,867	49,242
	<u>2,028</u>	<u>(1,796)</u>	<u>(3,798)</u>	<u>(9,166)</u>	<u>(26,419)</u>
Surplus/(deficit)					
Re-measurement – Effect of experience adjustment on scheme liabilities (loss)/gain	546	(887)	(2,070)	739	42
Re-measurement – Effect of change in assumption on scheme liabilities gain/(loss)	3,632	5,621	23,004	(7,947)	(6,181)
Re-measurement – Return on plan assets excluding interest income (loss)/gain	(3,083)	(5,373)	(19,041)	(594)	2,835
Effect of asset ceiling	(2,028)	-	-	-	-
	<u>(933)</u>	<u>(639)</u>	<u>1,893</u>	<u>8,092</u>	<u>(3,304)</u>
FRS 102 adjustment					

Volatility of FRS 102

The results disclosed above are inherently volatile. This is because the liabilities have been calculated by discounting the benefits using the yield on a suitable AA-rated corporate bond, whereas the scheme does not invest solely in high quality corporate bonds. To that extent there is, for FRS 102 purposes, a 'mismatch' between the assets and liabilities, which means that the assets and liabilities (and hence the surplus or deficit) can be volatile between different accounting periods, depending on general movements in the market.

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32. CHARITY STATEMENT OF FINANCIAL ACTIVITY

	Notes	Unrestricted Funds £'000	Pension Reserve (note 31) £'000	Restricted & Endowment Funds £'000	Total Funds 2025 £'000	Total Funds 2024 £'000
INCOME & ENDOWMENTS FROM:						
Charitable activities:						
Examinations	3	42,118	-	-	42,118	41,098
Teacher Support	4	25	-	-	25	14
Other trading activities:						
Covenant from subsidiary		319	-	-	319	807
Copyright fees		352	-	-	352	336
investments	5	1,168	-	64	1,232	859
Other		231	-	-	231	54
Total Income		44,213	-	64	44,277	43,168
EXPENDITURE ON:						
Charitable Activities						
Examinations		36,160	(2,749)	3	33,414	31,966
Teacher Support		491	(1)	-	490	441
Scholarships	9	1,258	-	-	1,258	1,379
Music education	10	4,378	-	-	4,378	2,291
		42,287	(2,750)	3	39,540	36,077
Pension finance charge	7	-	21	-	21	109
Total expenditure		42,287	(2,729)	3	39,561	36,186
Net (loss)/gain on investment	16	-	-	144	144	(8)
Net income/(expense)		1,926	2,729	205	4,860	6,974
Other recognised gains/(losses):						
Actuarial gain/ loss on pension scheme	31	-	1095	-	1,095	(639)
Asset Ceiling		-	(2,028)	-	(2,028)	-
Total comprehensive income		1,926	1,796	205	3,927	6,335
RECONCILIATION OF FUNDS:						
Balance brought forward		23,565	(1,796)	1,724	23,493	17,158
Total comprehensive income		1,926	1,796	205	3,927	6,335
Balance carried forward		25,491	-	1,929	27,420	23,493

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2025

33. COMPARATIVE GROUP STATEMENT OF FINANCIAL ACTIVITY FOR YEAR ENDED 31 JANUARY 2024

	Unrestricted Funds £'000	Pension Reserve £'000	Restricted & Endowment Funds £'000	Total Funds 2024 £'000
INCOME & ENDOWMENTS FROM:				
Charitable activities				
Examinations	41,098	-	-	41,098
Teacher Support	14	-	-	14
Other trading activities:				
Publishing sales	6,829	-	-	6,829
Investments	837	-	58	895
Other	54	-	-	54
Total income	48,832	-	58	48,890
EXPENDITURE ON:				
Charitable Activities				
Examinations	34,755	(2,749)	17	32,023
Teacher Support	442	(1)	-	441
Scholarships	1,379	-	-	1,379
Music education	2,291	-	-	2,291
Other trading activities:				
Publishing	5,666	-	-	5,666
	44,533	(2,750)	17	41,800
Pension finance charge		109	-	109
Total expenditure	44,533	(2,641)	17	41,909
Net (loss)/gain on investment			(8)	(8)
Net income/(expenditure)	4,299	2,641	33	6,973
Other recognised gains/(losses):				
Actuarial gain / loss on pension scheme	-	(639)	-	(639)
Total comprehensive income	4,299	2,002	33	6,334
RECONCILIATION OF FUNDS:				
Balance brought forward	19,275	(3,798)	1,691	17,168
Net movement in funds	4,299	2,002	33	6,334
Balance carried forward	23,574	(1,796)	1,724	23,502

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2025

34. COMPARATIVE GROUP ANALYSIS OF EXPENDITURE FOR YEAR ENDED 31 JANUARY 2024

	Direct Charitable £'000	Support Costs £'000	Staff Costs £'000	Depreciation & amortisation £'000	Total 2024 £'000
Charitable activities:					
Examinations	13,561	8,216	7,806	2,440	32,023
Teacher Support	-	214	206	21	441
Scholarship payments	1,379	-	-	-	1,379
Music education	2,291	-	-	-	2,291
Publishing	2,687	678	2,252	49	5,666
	<u>19,918</u>	<u>9,108</u>	<u>10,264</u>	<u>2,510</u>	<u>41,800</u>
Pension finance charge	-	-	109	-	109
	<u>-</u>	<u>-</u>	<u>109</u>	<u>-</u>	<u>109</u>
Total	<u>19,918</u>	<u>9,108</u>	<u>10,373</u>	<u>2,510</u>	<u>41,909</u>

35. COMPARATIVE GROUP ANALYSIS OF SUPPORT COSTS FOR YEAR ENDED 31 JANUARY 2024

	Examinations Restated £'000	Teacher Support £'000	Publishing £'000	Total 2024 £'000
Exam Support	845	-	-	845
IT	3,142	87	226	3,455
Sales and Marketing	812	21	134	967
Finance	(14)	-	4	(10)
Facilities	1,860	23	171	2,054
Governance	147	-	-	147
HR & other management	1,424	83	143	1,650
	<u>8,216</u>	<u>214</u>	<u>678</u>	<u>9,108</u>

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2025

36. COMPARATIVE MOVEMENT OF ENDOWMENT FUNDS FOR YEAR ENDED 31 JANUARY 2024

	At 1 February 2023	Income and gains	Expenditure and losses	At 31 January 2024
	£'000	£'000	£'000	£'000
Group and charity				
Permanent prize endowment funds				
Sheila Mossman Prize account	160	6	(2)	160
Ralph Bassett Prize account	124	4	(1)	124
Constance Haddon Prize account	141	5	(1)	141
Winifred Liversidge Prize account	144	5	(1)	144
Irene Lassen Bequest	527	17	(2)	527
Weinman/Duraisamy Prize	5	-	-	5
Sundry named prizes and general prizes account	317	11	(14)	317
	<u>1,418</u>	<u>48</u>	<u>(21)</u>	<u>1,418</u>
Expendable prize endowment funds				
Gordon Bryan Fund	114	4	(1)	114
Alan Pickard Prize	27	1	(2)	27
Taylor White Gibbs Prize	165	5	(1)	165
	<u>306</u>	<u>10</u>	<u>(4)</u>	<u>306</u>
Total endowment funds	<u>1,724</u>	<u>58</u>	<u>(25)</u>	<u>1,724</u>
Interest receivable		58	-	
Expenditure on prizes		-	(17)	
Unrealised loss on investments		-	(8)	
		<u>58</u>	<u>(25)</u>	

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2025

37. COMPARATIVE MOVEMENT OF UNRESTRICTED FUNDS FOR YEAR ENDED 31 JANUARY 2024

	At 1 February 2023 £'000	Income £'000	Expenditure £'000	Transfers £'000	At 31 January 2024 £'000
Group					
Fixed asset fund	5,043	-	-	(439)	4,604
Designated funds					
Development funds	3,750	-	(1,880)	1,500	3,370
Examiner fund	780	-	-	250	1,030
General charitable funds	9,702	48,832	(42,653)	(1,311)	14,570
Total	<u>19,275</u>	<u>48,832</u>	<u>(44,533)</u>	<u>-</u>	<u>23,574</u>
Charity					
Fixed asset fund	5,043	-	-	(439)	4,604
Designated funds					
Development funds	3,750	-	(1,880)	1,500	3,370
Examiner fund	780	-	-	250	1,030
General charitable funds	9,692	43,110	(36,930)	(1,311)	14,561
Total	<u>19,265</u>	<u>43,110</u>	<u>(38,810)</u>	<u>-</u>	<u>23,565</u>

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2025

38. COMPARATIVE ANALYSIS OF NET ASSETS BETWEEN FUNDS FOR YEAR ENDED 31 JANUARY 2024

Group	Unrestricted Funds (including Pension Reserve) £'000	Prize Endowment Funds £'000	Total 2024 £'000
Tangible fixed assets	1,255	-	1,255
Intangible fixed assets	3,349	-	3,349
Investments	-	1,666	1,666
Current assets	31,935	89	32,024
Current liabilities	(10,267)	(31)	(10,298)
Non-current liabilities	(561)	-	(561)
Provisions	(2,137)	-	(2,137)
Net assets before pension deficit	23,574	1,724	25,298
Pension deficit	(1,796)	-	(1,796)
Total net assets after pension deficit & provisions	21,778	1,724	23,502
Charity			
Tangible fixed assets	1,255	-	1,255
Intangible fixed assets	3,349	-	3,349
Investments	782	1,666	2,448
Current assets	30,486	89	30,575
Current liabilities	(9,609)	(31)	(9,640)
Non-current liabilities	(561)	-	(561)
Provisions	(2,137)	-	(2,137)
Net assets before pension deficit & provisions	23,565	1,724	25,289
Pension deficit	(1,796)	-	(1,796)
Total net assets after pension deficit & provisions	21,769	1,724	23,493
Group and Charity			
Unrealised gains included above on investment assets (see note below)	-	787	787
Unrealised gains as at 1 February 2023	-	795	795
Net gain/(loss) arising from revaluations in the year	-	(8)	(8)
Unrealised gains as at 31 January 2024	-	787	787

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC

England & Wales - Charity number 292182

Accounts

**THE ASSOCIATED BOARD OF THE
ROYAL SCHOOLS OF MUSIC
REPORTS AND ACCOUNTS
FOR THE YEAR ENDED 31 JANUARY 2024**

CHARITY NUMBER (ENGLAND AND WALES):

292182

CHARITY NUMBER (SCOTLAND):

SC043343

COMPANY NUMBER:

01926395

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
REFERENCE AND ADMINISTRATIVE INFORMATION**

PATRON

His Majesty King Charles III

PRESIDENT

His Majesty King Charles III

GOVERNING BODY

Tony Hales, Chair, CBE, BSc

Frances Anderson, M.Soc.Sc (URS), BSc (Econ), FRSA

Abdul Bhanji OBE, FCA

Baroness Fleet CBE

Professor Jonathan Freeman-Attwood CBE, BMus, MPhil, Hon RAM, FKC, FRNCM
(Principal, Royal Academy of Music)

Leslie Kwan

Professor Colin Lawson CBE, MA (Oxon), MA, PhD, D Mus, FRCM, FRNCM, FLCM
(Director, Royal College of Music)

Professor Linda Merrick GRSM, MMus, PhD, FRAM, FRCM, FLCM, FRSA, Hon VCM, FHEA
(Principal, Royal Northern College of Music)

Gavin Reid ALCM, LLCM, GMusRNCM, PPRNCM, FRCS, LVO

Professor Jeffrey Sharkey, MPhil (Cantab)
(Principal, Royal Conservatoire of Scotland)

Bronwyn Syiek, MA (Cantab)

Damian Wisniewski BSc (Eng), ACGI, BFP, FCA, LRAM

CHIEF EXECUTIVE

Chris Cobb BSc, FRSA

DEPUTY CHIEF EXECUTIVE

Penny Milsom, BA

CHIEF OPERATING OFFICER

Helen Coleman BA, MBA

CHIEF DIGITAL OFFICER

James Halliwell BSc, MSc

CHIEF PRODUCT OFFICER

Tom Lee BA

SECRETARY TO THE GOVERNING BODY

Rachael Casstles

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
REFERENCE AND ADMINISTRATIVE INFORMATION**

CHARITY NUMBER (ENGLAND AND WALES):	292182
CHARITY NUMBER (SCOTLAND):	SC043343
COMPANY NUMBER:	01926395
TRADING NAME:	ABRSM
REGISTERED AND PRINCIPAL OFFICE:	4 London Wall Place, London, EC2Y 5AU
TELEPHONE:	+44(0) 20 7636 5400
EMAIL:	abrsm@abrsm.ac.uk
WEBSITE:	www.abrsm.org
ADVISERS:	
External Auditors:	Crowe UK LLP 55 Ludgate Hill, London EC4M 7JW
Internal Auditors:	BDO LLP 55 Baker Street, London W1U 7EU
Bankers:	Barclays Bank PLC Level 27 1 Churchill Place, London E14 5HP Santander UK PLC 3 rd Floor, Santander House 100 Ludgate Hill, London EC3M 7RE Lloyds Bank PLC 25 Gresham Street, London EC2V 7HN
Solicitors:	Farrer & Co 66 Lincoln's Inn Fields, London WC2A 3LH
Pension Scheme Administrators:	Broadstone Pensions and Investments Limited 100 Wood Street, London EC2V 7AN
Pension Scheme Actuary and Investment Advisors:	Lane Clark & Peacock LLP 95 Wigmore Street, London, W1U 1DQ
Investment Managers (Prize Funds):	BlackRock Investment Management (UK) Limited 12 Throgmorton Avenue, London EC2N 2DL

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
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THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
FOR THE YEAR ENDED 31 JANUARY 2024

The members of the Governing Body (the 'Governors'), who are also directors of the company, present their annual report (incorporating the Strategic Report) for the year ended 31 January 2024, together with the audited financial statements for the year in accordance with the Charities Act 1993 as amended by the Charities Act 2011. They confirm that these comply with the requirements of the Companies Act 2006, the Company's Memorandum and Articles of Association and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard in the UK and Republic of Ireland (FRS 102).

STATUS AND ADMINISTRATION

The Associated Board of the Royal Schools of Music (ABRSM) is a registered charity, number 292182 (Charity registered in Scotland number: SC043343), and a company limited by guarantee, registered number 1926395, established by four Royal Schools of Music for the benefit of music education. The company has no share capital and the liability of the members in the event of winding up is limited to £1 per member. The members are the Royal College of Music, the Royal Academy of Music, the Trustees of the Royal Northern College of Music Endowment Fund and the Trustees of the Royal Conservatoire of Scotland Trust.

The charity has a wholly owned subsidiary company, The Associated Board of the Royal Schools of Music (Publishing) Limited (ABRSM Publishing), the results of which are consolidated in these financial statements.

GOVERNING BODY, CHIEF EXECUTIVE AND MANAGEMENT STRUCTURE

For the purposes of the Companies Act 2006 the Governors are the directors of ABRSM. They are also the charity trustees under the Charities Act 2011. The Governing Body is constituted under the Articles of Association of the company as drawn up in 1985 and amended on 26 July 2011. The amendment allows for three additional independent members to join the Governing Body.

Membership of the Governing Body consists of two persons appointed by each of the Royal Academy of Music, the Royal College of Music, the Royal Northern College of Music Endowment Fund and the Royal Conservatoire of Scotland Trust, together with three independent Governors¹ and a Chairman who is appointed by the members.

New Governors are invited to meet Governors, the Chief Executive and other senior staff for their induction. These meetings are tailored to the needs of each Governor depending on their background, experience and expertise. The Governors in office from 1 February 2023 to the date of this report are listed below and, where applicable, their alternate directors ('Alternates').

Governors

Tony Hales CBE, Chair¹
Frances Anderson¹
Abdul Bhanji OBE¹
Professor Jonathan Freeman-Attwood CBE
Nicola Irvine (resigned 14 March 2024)
Leslie Kwan
Professor Colin Lawson CBE
Professor Linda Merrick

Gavin Reid (appointed 14 March 2024)
Professor Jeffrey Sharkey
Bronwyn Syiek¹
Baroness Fleet CBE
Damian Wisniewski, Deputy Chair

Alternates

Karen Di Lorenzo

Kevin Porter
George Whalley (resigned 1 March 2024)
Deborah Harry (appointed 14 March 2024)

¹Tony Hales, Frances Anderson, Abdul Bhanji and Bronwyn Syiek are independent Governors.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2024

GOVERNING BODY, CHIEF EXECUTIVE AND MANAGEMENT STRUCTURE (continued)

Alternates are appointed by the Governor for whom they act. They are entitled to attend, vote and generally act on behalf of the appointing Governor at any Governing Body meeting where that Governor is not present. Alternates are officers of ABRSM, rather than agents of appointing Governors. They are therefore subject to all terms and conditions, other than remuneration, existing with reference to other Governors.

Finance & Business Development Committee Members

Damian Wisniewski, Chair
Tim Barton
Tony Hales CBE
Rachel Harris
Karen Di Lorenzo
Bronwyn Syiek

Audit & Risk Committee Members

Abdul Bhanji OBE, Chair
Frances Anderson
Deborah Harry
Alan Smith

Music Education Advisory Committee

Professor Jeffrey Sharkey, Chair
Natasha Baldwin
Carolyn Baxendale
Francis Cummings
Barry Farrimond
Miranda Francis
Laura Gardiner
Rylan Gleave
Paul Harris
John Hutchins
Gabriel Lee
Tim Plyming
Orphy Robinson
Jimmy Rotherham
Bronwyn Syiek
Simon Toyne
Aled Tudor
Matt Wingfield

Remuneration Committee Members

Bronwyn Syiek, Chair
Baroness Fleet CBE
Professor Jonathan Freeman-Attwood CBE
Tony Hales CBE

Nominations Committee

Tony Hales CBE, Chair
Abdul Bhanji OBE
Professor Colin Lawson CBE
Professor Linda Merrick

Ethics Committee

Frances Anderson

Key Management Personnel

The Governors delegate the day-to-day management of ABRSM to the Chief Executive, and through him to his team of senior executive staff, who comprise the key management personnel:

Chris Cobb, Chief Executive
Penny Milsom, Deputy Chief Executive
Helen Coleman, Chief Operating Officer
Mervyn Cousins, Chair of Chief Examiner Group
James Halliwell, Chief Digital Officer
Tom Lee, Chief Product Officer (appointed 1 March 2023)
Una Quinn, Finance Director (resigned 12 April 2024)

Decision Making

Proposals for developing ABRSM's work are discussed and refined by this senior team. Where appropriate they may be reviewed by one of the specialist committees of the Governing Body, which include the Music Education Advisory Committee. The Chief Executive presents key policy and strategic proposals to the Finance & Business Development Committee, which reviews the financial implications of all proposals, and to the Governing Body for consideration. If agreed, these will be incorporated into the planned activities of ABRSM.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2024

GOVERNORS, CHIEF EXECUTIVE AND MANAGEMENT STRUCTURE (continued)

Decision Making (continued)

All aspects of ABRSM's work in support of its charitable objectives are brought together in a Corporate Plan which, together with financial projections, is monitored by the Senior Management Team and considered by the Finance & Business Development Committee and then the Governing Body. The Corporate Plan sets out the strategic direction for ABRSM in the medium term which is then communicated to all staff.

The Finance & Business Development Committee is also responsible for the review of the forecast, budget and management accounts. It meets four times a year and monitors the finances of ABRSM on behalf of the Governing Body. It exercises oversight of the funding strategy and related policies. The Committee will evaluate business cases for investment and monitor their benefits and RoI. The Finance & Business Development Committee comprises up to six members: The Chair who shall be an ABRSM Trustee; one independent Governor, up to two members co-opted by the members of the committee with relevant skills and experience to support the ABRSM strategy and two Royal Schools of Music Directors of Finance.

The Audit & Risk Committee oversees risk management on behalf of the Governing Body and meets three times a year. It provides assurance to the Governing Body on the effectiveness of risk management, control and governance arrangements. It also meets with both the external and internal auditors to discuss the findings and recommendations from the audit reports. The Audit & Risk Committee comprises four members: two independent Governors and two Directors of Finance from two of the Royal Schools of Music. The Audit & Risk Committee requires that at least one member should have recent audit and/or financial accounting experience.

ABRSM procures its Internal Audit service from BDO LLP. The work of the Internal Audit service is informed by an analysis of risks to which ABRSM is exposed and an annual internal audit plan is based on this analysis. The Audit & Risk Committee approves the internal audit plan. BDO LLP submit regular reports to the Audit & Risk Committee on audits conducted, risks identified and management's response to their findings, as well as their independent opinion on internal control.

The Nominations Committee is responsible for selecting and recommending new appointments to the Governing Body.

The Music Education Advisory Committee is an advisory body which supports the Senior Management Team and Governing Body to assure the musical integrity, quality and relevance of ABRSM's offer in the context of a contemporary global landscape.

The Remuneration Committee is responsible for determining and implementing the remuneration policy of the senior personnel. In doing so it considers remuneration trends across comparable institutions as well as performance. The remuneration of the senior executive staff is determined through the completion of performance related assessments in line with company policy. The level is determined by evaluating a combination of performance and market rate.

The Ethics Committee is an advisory body which supports the Senior Management Team and Governing Body to consider the application of ethical principles to ABRSM's decisions and actions.

ABRSM's governance is structured around the principles of the Charity Governance Code. The Governing Body is committed to reviewing its governance against the Code's principles on a regular basis to ensure the highest standards of governance.

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2024**

GOVERNORS, CHIEF EXECUTIVE AND MANAGEMENT STRUCTURE (continued)

Governors' and Officers' Liability

Governors' liability is included in the combined business insurance policy and is purchased by authority contained within the Memorandum and Articles of Association, as permitted by Section 232(2) of the Companies Act 2006 and with the agreement of the Charity Commission. The total cost of Governors' and Officers' liability insurance was £403 (2023: £388).

CHARITABLE OBJECTIVES

ABRSM has the following aims and objectives set out in its Memorandum and Articles of Association:

- to advance the arts, science and skills of music, speech and drama throughout the UK and overseas; and
- to promote the education and instruction in, and the study and appreciation of music, speech and drama.

During 2021, ABRSM developed and implemented a new 5-year corporate strategy centred around our ongoing mission to enrich lives by inspiring musical achievement around the world. A focus on the needs of our customers is at the core of our strategy, which is also guided by five key themes: educational excellence; collaboration; leadership and advocacy; equality, diversity and inclusion; and sustainability.

Over the next three years, ABRSM aims to be seen by our stakeholders to:

- Value and support our learners and teachers
- Be an innovator in music teaching, learning and assessment
- Support and promote music education globally

By January 2026 we will have grown:

- The number of learners engaging with us
- Our charitable donations
- The breadth of our activities

The following report explains in more detail how our objectives are achieved. Our main measurements of success continue to be the level of candidate numbers and turnover, the delivery of key targets for the launch of new products and services, digitally and in person, and reducing our carbon footprint.

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2024**

STRATEGIC REPORT

PRINCIPAL ACTIVITIES

ABRSM supports the teaching and learning of music, in partnership with four Royal Schools of Music and aims to inspire achievement in music.

We continue to deliver our strategy guided by the three pillars of our business which underpin our mission to enrich lives by inspiring musical achievement around the world:

1. Music Making – Be inspired

We inspire and celebrate music making and performance in our core role as a music education charity, embracing musical diversity and creativity as we help nurture future generations of musicians.

2. Teaching and Learning – Be supported

We support music teachers and learners and value their ongoing learning and development. We are introducing new courses and resources to support excellence in music teaching.

3. Qualifications and Assessments – Be recognised

We continue to grow our portfolio of qualifications to recognise a wide range of musical achievement, embracing increasingly diverse genres, activities and learning settings.

Our 5-year corporate strategy remains focused on supporting teachers and learners, improving services for customers and expanding the diversity of the music we offer. Sustainability continues to be an important theme, with our ongoing objective to reduce our carbon emissions in line with the Paris Agreement.

The Governors believe that these activities continue to meet ABRSM's charitable objectives both in the year under review and into the future.

ABRSM's subsidiary, The Associated Board of the Royal Schools of Music (Publishing) Limited, is engaged in the production and sale of music publications, recordings and digital resources in support of the charitable activities of ABRSM, both of exam related publications, and wider repertoire music and text-books supporting music education.

ACHIEVEMENTS AND PERFORMANCE

Supporting and recognising excellence in music teaching

ABRSM supports teachers worldwide by developing printed and digital resources that complement our exam focussed books, recordings, apps and videos, and through a range of online and face-to-face events and qualifications.

Our Teacher Hub continued to be successful, with 15,108 new registered users and 14 new free resources launched in the year. These include the short RNCM course 'Assessing Progress in Classroom Music' with further such courses to be released this year. We are also currently working on a redesign and a subsequent relaunch of the Teacher Hub.

Expanding and enhancing the ways we support and assess musical progression

The core activity of ABRSM, delivering music exams of a consistently high quality both in the UK and internationally, continued during the year. We continued to develop our offer of alternative and new format online examinations approved by Ofqual to meet our learners' needs both in the UK and internationally. There were 469,000 (2023: 440,000) ABRSM assessments in 2023-24, an increase of 6.6% on the prior year.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2024

ACHIEVEMENTS AND PERFORMANCE (continued)

We launched Teaching Diplomas in January 2024 for first assessment in October 2024; these included a brand new ARSM Level 4 as a fully accessible qualification. A key characteristic of these exciting new qualifications is that they are instrument agnostic. The emphasis is now on Music Teaching, and not instrumental/vocal, which widens their appeal considerably.

Performance Diplomas launched in November 2023 for first assessment in April 2024. These were redesigned to be contemporary in nature and vocationally relevant. Work included completely refreshed repertoire lists across 48 instruments at LRSM and FRSM, a compensatory method of assessment, increased freedom of choice in programme design and a fully accessible offer with written/spoken supporting evidence.

The functionality of the examiner iPad app, Marcato, was updated to improve candidate experience, data security and examiner experience. This app has reached a good level of maturity, as it relates to the current product offer, and development needs are now reducing.

A pilot of digital certificates was conducted and was an important step in the realisation of our sustainability goals. New relationships were developed with research experts in the area of artificial intelligence and its development within the world of music, enabling us to prepare research projects for 2024-25 that will keep ABRSM fully informed about opportunities and ethical questions in this space.

Most of ABRSM's qualifications are formally recognised by the UK qualifications regulators: in England by the Office of Qualifications and Examinations Regulation (Ofqual); in Wales by Qualifications Wales; and in Northern Ireland by Council for the Curriculum, Examinations and Assessment (CCEA Regulation). All our regulated qualifications are listed on Ofqual's Register of Qualifications. The Governing Body is responsible for overseeing ABRSM's compliance with the conditions of recognition as set by the three regulators.

UK and Ireland examinations

During 2023-24 a total of 229,000 (2023: 213,000) assessments were completed for ABRSM's Practical, Performance Grade, Diploma, Theory and Music Medals qualifications in the UK and Ireland, an increase of 7.5% on the prior year. Assessments completed in Scotland make up 2.5% of the total (2023: 2.3%).

As part of our continued rebuilding post-pandemic, we increased the number of UK public exam venues to 246, from 230 in 2023.

We are assisted in delivering our examinations by volunteer Honorary Local Representatives (HLRs) who give their valuable time to help arrange and ensure the smooth running of exams in the UK. At the end of the year we had 175 HLRs supporting our UK customers. In the year we reinstated UK centre visits to support new HLRs, or follow-up visits where we received queries or complaints. These visits will continue in 2024. There was no specific Representative training in 2023, but a programme of events is planned for 2024.

International examinations

During the year a total of 240,000 (2023: 227,000) international assessments were completed for ABRSM's Practical, Performance Grade, Diploma and Theory qualifications, an increase of 5.7% on the prior year.

Significant growth was achieved in Malaysia (an increase of 32% to 37,500 candidates), India (1% to 27,000 candidates), Indonesia (27% to 7,000 candidates) and Thailand (30% to 4,500 candidates). In 2024 we plan to introduce stand-alone visit exams to institutional customers in Europe and add international school visits within public sessions in Indonesia and the Middle East. We also added a new exam centre in the US during 2023-24.

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ACHIEVEMENTS AND PERFORMANCE (continued)

Following the successful pilot of Digital Certificates in two international territories, there will be a global rollout in 2024, along with the addition of more automation to examiner exam scheduling, and the enablement of the earlier release of Digital Theory results for un-proctored candidates. New developments during the year, included Performance Grades Jazz Initial to Grade 5, and Drumkit.

At year end we had 109 (2023: 112) international representatives, covering 76 (2023: 73) countries.

Support for learners of music

This year saw the release of several new syllabuses.

The Bowed Strings syllabus launched in June 2023 at the European String Teachers Association conference in Cardiff. This encompassed new repertoire lists for all four instruments with accompanying Exam Pieces publications. The first assessments took place from January 2024.

Jazz Performance Grades 1-5 syllabus launched in October 2023 for first assessments in January 2024. Jazz performers now have the same qualification opportunities as western classical instrumentalists. The same structure has been utilised, except the free choice fourth piece which is chosen from the published lists.

The Singing for Musical Theatre syllabus also received an update which launched in December 2023 for immediate assessment. This included an additional 50+ pieces being added which had been published during the year, helping to expand the material available for male voices, and recognise the creative peak in composing during the Covid pandemic.

Development of published and digital resources

Publishing turnover for the year (including intra-group charges) was £6,833,000 (2023: £6,750,000). This year saw the release of new Violin and Cello Exam Pieces in June 2023, and associated published and digital resources, including a pilot release of selected Violin repertoire with the interactive sheet music platform Tomplay. Initial Grade products for Viola and Double Bass were also launched in June 2023. Further materials to support theory exams were released in January 2024. The Publishing Company results (including intra-group charges) produced a gift aid payment of £807,000 (2023: £606,000) to ABRSM.

This year saw the continued development and improvement of our range of apps including our Bowed Strings practice partners refresh for Cello and Violin which was released in June 2023. We had to bring all our digital apps and sites in line with the new branding, which required engaging external developers.

Accessibility and Online Resources

We launched our refreshed brand and new website in October 2023, developments that help us project our future-facing identity as a global music education charity that exists to inspire a love of music. The energetic and colourful new visual identity introduced through the new brand connects us to our heritage and established reputation at the same time as enabling us to communicate with broader audiences beyond our traditional exams base and to have more impact in digital environments. Our strapline 'A life with music' captures simply the 'why' behind what we do.

In addition to our examination related on-line tools, we continue to develop our suite of resources for teachers via the website along with face-to-face interaction.

ABRSM's website features localised content for every country in which we operate and responds automatically to each visitor's location in order to provide local exam entry, contact and event information.

ABRSM, working closely with CTech, continues to develop and implement the organisation's ambitious digital transformation programme. Significant work was undertaken during the year on the planning, development and implementation of ABRSM's new Finance system, Unit4 ERPx, including the integration with the CRM system. Unit4 ERPx went live on 2 April 2024.

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ACHIEVEMENTS AND PERFORMANCE (continued)

Partnering strategically to support, deliver and advocate for excellence and participation in music education

During the year, and for the first time since the Covid pandemic, ABRSM made distributions to the four Royal Schools of Music, totalling £2m. After the year end and before the approval of these accounts, another distribution of £1m in total will have been made to the four Royal Schools. ABRSM maintained scholarships for UK-based and international students of the Royal Academy of Music, the Royal College of Music, the Royal Northern College of Music, the Royal Conservatoire of Scotland, the Royal Welsh College of Music and Drama and the Hong Kong Academy of Performing Arts. A total of 87 (2023: 88) scholars benefited from ABRSM funding during the year. Sponsorship and donations for the benefit of music education arising in the year to 31 January 2024 were £2,291,000 (2023: £260,000). Scholarships awarded totalled £1,379,000 (2023: £1,372,000) and included:

Royal Academy of Music

Raj Bhaumik is a first year Bachelor of Music student, studying the clarinet.

With the support of an ABRSM Scholarship, Raj Bhaumik has excelled in his first year at the Royal Academy of Music. This academic year, Raj has played in a Symphony Orchestra conducted by Mark Elder, played Eb clarinet in the first woodwind department concert of the year (Mark-Anthony Turnage's 'A Quick Blast'), and has played in five clarinet master classes so far. He has also successfully auditioned for second-study lessons on historical clarinets and for the University of London Symphony Orchestra.

Raj has established a wind quintet, clarinet and bassoon duo, and a clarinet and piano duo and the quintet, made up entirely of ex-NYOGB-principals, recently played their debut at Nutford House. He is currently preparing to play a full-length solo recital with piano at St Cyprian's Lenzie as part of their regular concert series, and the Brahms Clarinet Quintet at Ardkinglas House, Argyll, in April.

In addition to his performance schedule, Raj is contributing to life at the Academy as an assistant woodwind tutor with the Academy's Widening-Participation department.

Royal College of Music

Amelia Lawson is a third year Bachelor of Music student, studying the French horn.

Amelia has had an excellent year as she continues to explore the hustle and bustle of beginning her career as a professional musician. At the RCM she has enjoyed participating in a number of large orchestral projects, including a very well-received performance of Mahler 1 with the RCM Symphony Orchestra, conducted by Sir Antonio Pappano in January 2024. She has also taken part in various RCM Sparks projects, an initiative whereby all undergraduate students at the RCM help lead sessions with the Community and Outreach team.

Outside of the RCM, she has had significant success with her wind quintet, Aeolian Winds. In December 2023 the ensemble were invited by prestigious wind quintet Ouranos to join them in France for a week of masterclasses, seminars and lessons, finishing the week with a concert.

Many of Amelia's external engagements include significant travel, and she expresses particular thanks to the ABRSM for their support of her studies, which gives her the financial security to take part in these projects without worrying about money.

Royal Northern College of Music

Justine Gormley is studying piano and has had a very successful final year at the RNCM, in which she was invited to the semi-finals of Piano Campus international piano competition in Paris, and she has also booked an upcoming solo tour of England and Ireland including Bechstein centre Manchester, Chester, Dublin, Belfast, and Limerick. Justine also began a placement with Olympias Music Foundation in February which has allowed her to work with children's choirs and orchestras, giving her a great platform to further her professional career.

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ACHIEVEMENTS AND PERFORMANCE (continued)

Partnering strategically to support, deliver and advocate for excellence and participation in music education (continued)

Royal Conservatoire of Scotland

Yenglik Karassartova is an international undergraduate, studying the piano.

Yenglik has developed hugely, both in her technical prowess at the piano and also in her maturity as a musician. She has participated in many important Keyboard Showcase concerts at the RCS and has also put herself forward for masterclasses and competitions. Her tutors are delighted with her progress and speak very highly of her work ethic and her determination to maximize her potential as a pianist and all-round musician.

Other Support for Music Education

We have continued to work closely with partner organisations, policy makers and leaders to champion music education and open up opportunities for more people to access and progress in music.

Following a 2022 review of our partnerships and sponsorship portfolio, 2023 represented the first full year of our rebalanced portfolio that included greater representation from across the UK, more support for grassroots music organisations, and increased sponsorship for organisations outside the UK. We continued to support the work of national youth music organisations, including Open Up Music, National Youth Choir, National Youth Jazz Orchestra, National Youth Orchestra and National Children's Orchestras of Great Britain, and collaborated with Music Mark, Black Lives in Music, the Ivors Academy and Music Education Partnership Group (MEPG) to advocate for a high quality, accessible, diverse and inclusive music education. Our work with the Royal Philharmonic Society celebrated and championed classical music and the creation of new music by living composers, while we collaborated on location- or instrument-specific projects through our work with London Music Fund, Tri-Borough Music Hub, Music Masters and PercWorks.

In 2023 we launched Play On, to succeed and replace our International Sponsorship Fund, with £40,000 in grants awarded to support the work of nine organisations from around the world. Available to non-UK organisations and projects and managed by our partners The Commonwealth Resounds, Play On has been designed to help get innovative music projects up and running. 2023 recipients included a sign language choir in the USA and a youth choir in the Cayman Islands, organisations providing instruments and tuition across Africa, projects in India and Kenya that deliver music making in schools, and a programme giving safe access to music learning opportunities in Haiti.

We established an exciting new partnership with Rondo Production, an innovative and inclusive organisation based in Malaysia that provides opportunities for next generation musicians from across South East Asia to take the next steps in their careers. We supported their annual RondoFest and Malaysian Wind Music Prize initiatives, and collaborated on their Young Composers Initiative. In 2024 we will continue our support for these initiatives, and will partner with Rondo Production to pilot a composer mentoring programme for emerging composers based in South East Asia, as part of RondoFest.

In the programmes space we have evolved our work to support the next generation of musicians. Our flagship composer mentoring programme, Writing for Music Education, supported another six emerging composers explore the world of composing for educational settings, and our focus for the year ahead is to expand the programme to reach composers based outside the UK. Through our partnership with Black Lives in Music, we launched an examiner mentoring programme for musicians and music teachers from the global majority interested in a professional development opportunity to prepare them for our formal examiner training course.

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ACHIEVEMENTS AND PERFORMANCE (continued)

Partnering strategically to support, deliver and advocate for excellence and participation in music education (continued)

One year into our pilot exam discount scheme, managed by Music Mark, we have made some changes to the scheme to promote greater awareness and engagement, and hope to reach more young people during the remainder of the pilot, which runs through to July 2024.

We also launched our inaugural Youth Advisory Board for young musicians based in the UK. Comprising 30 members between the ages of 10 and 25 across Junior, Senior and Young Adults groups, the programme offers young people the opportunity to find out about ABRSM's work up close, contribute their feedback and ideas to inform our products and services, and connect with other musicians from across the UK. In 2024 we plan to launch a Youth Advisory Board for young people based in South East Asia, as we look to further embed the voices of young people within the organisation.

Prize Funds

The endowment funds were established to provide prizes for musical achievement in ABRSM's examinations. All investments have been acquired in accordance with the powers available to the Governors.

Fundraising

The organisation does not engage in fundraising activities. Its income is derived from music examination fees and from sales of associated publications.

Protecting the planet for future generations

We recognise a climate emergency is happening. As a global organisation bringing musical achievement to a young audience, we have committed to engage our staff and the wider ABRSM community to protect the planet for future generations. We are adapting our activities to reduce our impact on the environment. Our long term goal is to cut our GHG emissions in half by 2030 and reduce them to net zero by 2050, tracking the aims of the Paris Agreement on global temperature rise.

During 2022 and 2023 we completed a carbon audit of the full scope of ABRSM's activities, including our print publishing supply chain. We have also introduced Digital Certificates by default with an option to purchase a printed certificate. We continue to carefully plan international tours and the deployment of locally-based examiners to remain on target.

FINANCIAL REVIEW

The consolidated statement of financial activities is given on page 25 of the accounts.

Total turnover of ABRSM and its UK subsidiary from examinations, publications, teacher support and investment income for the year amounted to £48,890,000 (2023: £45,529,000). The increase in turnover mainly arises from increased candidate numbers for our assessments both in the UK and internationally. Turnover for our Publishing subsidiary also increased to £6,833,000 (2023: 6,750,000).

Net income for the year was £6,973,000 (2023: £7,346,000). The performance of the publishing company is set out in note 6 to the accounts.

The net income is stated after charging £2,079,000 (2023: £3,123,000) of amortisation costs in line with ABRSM's policy regarding the capitalisation of software development costs (note 2h). This amortisation relates to continuing development of our CRM system.

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FINANCIAL REVIEW (continued)

We continued to improve our digital offering by investing £2,075,000 (2023: £2,037,000) in our CRM system and the new Finance system, Unit4 ERPx.

Increased cash receipts and higher interest rates have allowed us to increase the level of cash held on deposit to £22,300,000 (2023: £13,050,000). This is held in various accounts with different maturity dates to maximise returns whilst still allowing flexibility.

The level of creditors due within one year has increased to £10,298,000 (2023: £9,744,000). The total amount due to our International Representatives at the year-end has increased to £2,561,000 (2023: £1,639,000), due to timing differences on payments.

The risks associated with our pension fund are well managed, with repayments being made under the deficit recovery plan. The pension deficit has reduced to £1,796,000 (2023: £3,798,000).

Going Concern

The strong performance of the Group during the year ended 31 January 2024 has provided a firm foundation for the forthcoming year.

A budget has been set for the following year which shows the Group generating a surplus for the year. A reforecast to the end of June 2025 has also been prepared based on actual performance in the year to April 2024 and adjustments for any known future changes. Under this reforecast, it is expected that the Group will continue with net positive current assets and total assets, along with sufficient positive cash balances.

The charity has the resources to allow it to continue to invest in its digital programme to meet the changing customer needs.

The trustees therefore have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of approval of these financial statements and are not aware of any other material uncertainties which may adversely affect the organisation. Accordingly, the financial statements continue to be prepared on the going concern basis.

Investment Selection Policy and Performance

On the incorporation of the Associated Board in 1985, it was decided that the publishing business of ABRSM should be transferred to a wholly owned subsidiary, The Associated Board of the Royal Schools of Music (Publishing) Limited. This company granted an unsecured loan note to ABRSM as consideration for the transfer of the publishing business. ABRSM receives interest on this loan note at 2% above the bank base rate. Additionally, the subsidiary company pays royalties to ABRSM on copyrights owned by ABRSM. Finally, it donates its taxable profits to ABRSM under a deed of covenant, which amounted to £807,000 (2023: £606,000). This is a long-term investment held for the benefit of ABRSM and integrated within ABRSM's operations utilising the intellectual property contained in ABRSM's syllabus listings, which are periodically refreshed.

ABRSM occasionally receives sums of money to provide for prizes for candidates performing well in its examinations. In order to maintain the real value of these gifts it invests a significant proportion of the Prize Endowment Funds in Blackrock Charities UK Bond and Equity Common Investment Funds. At 31 January 2024 these had a cost of £879,000 and a market valuation of £1,666,000 (2023: £779,000 and £1,574,000 respectively), reflecting an increase in market value of 5.8% from the prior year, (2023: net decrease of 0.2%).

All other surplus liquid funds held by ABRSM are placed on deposit to safeguard the funds involved and to earn interest until such time as they are needed to meet the expenditure involved in ABRSM's operations. The interest earned on these deposits during the year was £837,000 (2023: £164,000).

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FINANCIAL REVIEW (continued)

Principal Risks and Uncertainties

The Governing Body is responsible for the assessment and control of the risks faced by ABRSM. Consideration of risks is delegated to the Audit and Risk Committee and managed on a day-to-day basis by senior staff. The Governors believe that awareness of the key risks is the single most important element in ensuring that they are controlled. Risks are identified, assessed and controls maintained throughout the year, with a formal review of ABRSM's risk management processes undertaken on an annual basis.

In addition to the risk management and mitigation actions identified in the table below, ABRSM uses the following controls to manage risk:

- formal agendas and minutes for all Governing Body and committee activity;
- clear terms of reference for all committees – Finance & Business Development Committee, Audit & Risk Committee, Remuneration Committee, Nominations Committee and the Music Education Advisory Committee;
- a rolling programme of internal audit
- comprehensive strategic planning, forecasting, budgeting, management accounting and variance analysis;
- an established governance and organisational structure with clear lines of reporting;
- formal written policies, including staff policies readily accessible to all staff;
- hierarchical authorisation and approval levels; and
- review of cashflow forecasts

In addition to the significant business and financial risks which, together with the mitigating actions are referred to in the Financial Review, key risks affecting the charity include:

Risks What are the key risks facing ABRSM?	Management and mitigation What is ABRSM doing to reduce the likelihood or minimise the impact of these risks occurring?
Cyber attack, major incident or technology failure leading to loss of data and business interruption	Business Continuity and Disaster Recovery plans Cyber Essentials Plus Accreditation and external review of systems Mandatory Security training for all staff Testing, scanning and phishing strategy Multifactor Authentication for remote access Automatic 3rd party security patch management Advanced Firewall security Support contract with PwC Designated security roles and responsibilities

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FINANCIAL REVIEW (continued)

Risks What are the key risks facing ABRSM?	Management and mitigation What is ABRSM doing to reduce the likelihood or minimise the impact of these risks occurring?
Changes to educational policy and changes in social attitudes lead to a decline in suitably skilled music teachers and the population of learners who can and want to make music	<p>Involvement of ABRSM's voice in the policy debate</p> <p>Supporting the Department of Education Progression Fund</p> <p>Grants and partnerships with community music hubs and centres of excellence</p> <p>Making Music longitudinal research and publication</p> <p>Scholarships and donations</p> <p>Brand messaging and PR</p> <p>Diversification of music genres in syllabuses</p> <p>Teacher Hub community and CPD programmes and resources</p>
Failure to innovate and move into new market segments, leading to ABRSM products and services becoming less attractive and relevant to the market	<p>Customer and audience insight and engagement</p> <p>Communications strategy</p> <p>Sales and marketing strategy</p> <p>Product development</p>

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THE ABRSM PENSION AND LIFE ASSURANCE SCHEME (THE SCHEME)

ABRSM operates a defined benefit pension scheme which closed to future accrual on 31 December 2018. The notional surplus or deficit on the funding of the Scheme, calculated annually under this standard, is shown in the financial statements as a designated fund entitled "Pension Reserve". This is deducted from Unrestricted Funds in the balance sheet. The approximate actuarial valuation carried out at 31 January 2024, as required by FRS 102, represents the market value of the assets of the Scheme as £40.3 million and the value of the liabilities at that date as £42.1 million (2023: £42.5 million and £46.3 million). The net deficit on the Scheme of £1.8 million (2023: £3.8 million) is a statement of the transient situation at 31 January 2024. Both the Governors and the Trustees of the scheme recognise that such valuations can move significantly in response to market factors and the actuarial assumptions made.

The Governors recognise that the deficit arising under FRS 102 does not have a significant immediate cash-flow impact on the charity. The positive effect of the contributions made by the employer on the FRS 102 liability has been accompanied by a decrease in technical provisions as at 31 January 2024. The disclosure of a pension liability, newly calculated year by year under FRS 102, does not mean that the equivalent amount is already committed and no longer available to the Governors to further the charity's objectives.

The last triennial actuarial valuation was prepared as at 31 December 2021 and showed a deficit of £12.3 million. The Scheme closed to future accrual from 31 December 2018 and had already closed to new entrants, with certain limited exceptions, on 1 February 2014.

A new deficit recovery plan was agreed by the Trustees in 2022. Under the plan, the Employer agreed to pay deficit reduction contributions of £2.75m per annum for a period of 3 years and 4 months from 1 January 2023 to 30 April 2026. The Employer also agreed to pay all costs associated with running the Scheme and to take over responsibility for Life Assurance arrangements with effect from 1 February 2019.

RESERVES

Our reserves comprise unrestricted funds and endowment funds. The endowed funds result from donations and legacies which can only be applied for a purpose specified by the donor and are not available for general purposes. These funds are used to award prizes to examination candidates in accordance with the criteria specified by the donor. Endowed funds total £1.7m at 31 January 2024 (notes 2t, 5 and 23).

The unrestricted funds represent the accumulated surpluses generated from general business activities and are funds that are available for use at the discretion of the Governors. They comprise the fixed assets fund, designated funds and general funds (note 24).

Fixed Assets Fund

The fixed assets fund comprises the funds invested in fixed assets that the Governors consider essential in enabling us to implement effectively our operational strategy. The fund represents the net book value of tangible and intangible fixed assets. The intangible assets arise from investment in our digital transformation programme.

Designated Funds

Designated funds are funds that the Governors have earmarked for specific purposes. As at 31 January 2023, £3.8m of funds remained that were designated for the digital transformation programme, and a further £1.5m was transferred to this fund during 2023. During the year, £1.9m was expended on the CRM and the new Finance system, Unit4 ERPx, with £3.4m remaining at 31 January 2024 to be used for ongoing digital transformation and international development. The £0.8m designated for examiner costs last year has been increased to £1.0m at 31 January 2024.

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RESERVES (continued)

General Funds

In accordance with Charity Commission guidance, the Governors set a target for the level of free reserves, or general funds, that we should maintain to ensure our financial security and funding of our business plan. Free reserves or general funds are defined as total unrestricted funds less fixed assets and designated funds. Since many of ABRSM's costs are directly related to the number of examinations held, it is ABRSM's aim to have sufficient liquid resources and cash balances so that, in the event of a downturn in the demand for its services, its operating costs, excluding costs directly relating to activity (e.g. examiner fees and venue hire), would be met for a period of six months, plus any outstanding liabilities. During this period, other actions to mitigate loss would be implemented. This implies the need for a level of free reserves of £13.2m (2023: £12.1m). As the Charity is wholly reliant on global trading conditions to generate income, the Governors consider that six months represents a realistic and prudent position.

General funds stand at £14.6m at 31 January 2024. This is an increase of £4.9m or 34% on the prior year (2023: £9.7m) and is £1.4m above the minimum level of general reserves, which should ensure that we are able to continue to invest in our ongoing digital transformation programme and international development activities, and meet the short-term growth objectives outlined in our 5-year corporate strategy.

The pension liability represents the present value of the pension liabilities less the fair value of the pension scheme assets, calculated in accordance with FRS 102 (note 31) and does not imply a significant constraint over the use of reserves for the foreseeable future other than to ensure monthly contributions are met, which are budgeted for accordingly.

PLANS FOR FUTURE PERIODS

General objectives

ABRSM will continue to conduct its operations to the highest standards, including all forms of online assessment, recognising that integrity and impartiality are fundamental to ABRSM's continuing success. All developments are evaluated for financial viability to ensure sound cost and budgetary controls and to enable ABRSM to maximise its contribution to music education. ABRSM will continue to use its influence in promoting music education generally, in accordance with its charitable mission and will continue to take steps to protect our environment by operating in ways that reduce our carbon footprint.

Short term objectives:

Our successful outcomes in 2023-24 contributed to the consolidation of our recovery and enabled our investment in foundations for future growth at the mid-point in a five-year strategy. This places us well for work to target growth and prepare new offers in 2024-25 and to begin to realise growth through sales and emerging new products from 2025-26. Our areas of focus in seeking growth continue to be:

1. Identity and changing the narrative – establishing ourselves as a global music education leader and charity, with a broadening product offer alongside a range of partnerships, scholarships and programmes that support the next generation of learners, teachers, creators and collaborators.
2. Product portfolio and our relevance and reach – broadening the appeal of our existing products by expanding and diversifying our repertoire and the musical settings we include, serving our content through new digital channels alongside our valued in-person products, realising new product opportunities to serve new market segments, and building our training and support offer for the global community of music teachers.
3. Organisational capacity – developing our capabilities and organisational expertise in order to be future-facing and responsive while remaining true to our mission within music education, especially in areas such as digital, service delivery, product management, sales, marketing and data.

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PLANS FOR FUTURE PERIODS (continued)

Long Term Plans:

During 2021, ABRSM developed and implemented a new 5-year corporate strategy centred around our ongoing mission to enrich lives by inspiring musical achievement around the world. A focus on the needs of our customers is at the core of our strategy, which is also guided by five key themes; educational excellence; collaboration; leadership and advocacy; equality, diversity and inclusion; and sustainability:

- Create resources and ongoing training opportunities for music teachers in a variety of contexts, supporting their development.
- Build support for excellence in music teaching within schools by recognising high-quality and imaginative music-making.
- Collaborate with partners around the world to promote the benefits of music education for all wherever we operate.
- Develop new assessments and resources that quickly broaden our appeal to a wider and more diverse range of musicians and accelerate our ability to offer products that help learners develop their skills and make progress in music.
- Maintain and innovate our current qualifications and assessments, as well as the publications and digital resources that support them.
- Maintain and develop new partnerships to advocate for the importance of music education and strengthen our ambassadorial network to promote music-making everywhere.
- Make donations to sponsor music education programmes and scholarships in the UK and internationally.
- Set science-based targets that reduce our GHG emissions in line with Paris Agreement goals to keep global warming to within 1.5°C of pre-industrial temperature levels.
- Adapt how we operate in order to reduce our impact on the environment.
- Train and engage staff, contractors, partners and customers in our sustainability agenda.

Our objectives highlight a renewed focus on supporting music teachers with professional development, and the importance of transforming our ways of working to ensure our business is environmentally sustainable. Working in partnership with others in the UK and beyond, we will continue to promote the value of music education, celebrating the achievements of learners and highlighting the importance of progression in music. Our aim is to increase our ability to invest back into music education, both in the UK and internationally.

PUBLIC BENEFIT

The Governors have considered the guidance on Public Benefit published by the Charity Commission. The Governors believe that increasing the skills, knowledge and understanding of music provides benefit since the subject itself is of educational merit. Additionally, they also believe that the processes involved in reaching the particular level of competence tested in one of ABRSM's assessments deliver educational value of themselves. The benefits of increased musical skill are directly related to the charity's aims and no detriment or harm is considered likely to arise from these activities.

The Governors consider the beneficiaries to be a very wide range of people, insofar as the assessments offered by ABRSM are taken up in over 90 different countries throughout the world with many thousands of candidates both in the UK and worldwide. There is no age limit for those entering exams although the vast majority of the candidates are of school age. Comprehensive access arrangements are in place to meet a wide range of needs.

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PUBLIC BENEFIT (continued)

A number of exam fees charged internationally are based on local economic conditions. ABRSM's online services, such as Play On, Aural Trainer Lite and Melody Writer, are available at no charge internationally. ABRSM will continue to support these innovative educational tools and develop additional online tools to support music education. ABRSM also provides public benefit by funding scholarships and bursaries for students at four Royal Schools of Music. Additionally, ABRSM provides sponsorship for other musical organisations in the UK and internationally subject to the availability of funds. ABRSM's Classical 100 resource for schools and the Journeys subscription app were made freely available to all through Play On in 2020. Building on the success of Classroom 100, Classroom 200 was launched in April 2022, and was nominated for the "Outstanding Education Resource" at the Music & Drama Education Awards in 2023.

ABRSM supports the Royal Academy of Music, the Royal College of Music, the Royal Northern College of Music and the Royal Conservatoire of Scotland, which are charities in their own right. It does this through the provision of scholarships and, where possible, through distributions in the form of donations. It also supports the Royal Welsh College of Music and Drama and the Hong Kong Academy of Performing Arts. The public benefit delivered by ABRSM's support for these and other music education organisations is set out on pages 8 to 10.

The Governing Body's Report (incorporating the Strategic Report) demonstrates the way in which ABRSM's strategies support its objectives and provide public benefit.

ENVIRONMENTAL IMPACT

ABRSM is committed to protecting our environment by increasingly operating in ways that reduce our carbon footprint, harnessing technological developments to reach learners around the world.

In compliance with the Streamlined Energy and Carbon Reporting (SECR) requirements ABRSM is reporting on our energy use. ABRSM's total UK energy use and greenhouse gas emissions due to UK energy use is shown below:

	Year ended 31 January 2024	Year ended 31 January 2023
UK energy use (kWh)	876,452	885,303
Associated greenhouse gas emissions (kg CO2 equivalent)	193,442	196,864
Intensity ratio: Emissions (kg CO2 equivalent) per examination	0.41	0.45

The energy and emissions reported above arise from our office at 4 London Wall Place and car fuel. Information regarding our office is derived from information provided by our energy supplier who provided electricity and heating/cooling from a local combined heat and power facility. The amount of car fuel used is based on claims from staff and examiners.

The fit out of 4 London Wall Place achieved the Bronze standard SKA rating; lighting is controlled by infrared sensors and the heating and cooling system is timetabled.

During 2022 and 2023 we completed a carbon audit of the full scope of ABRSM's activities, including our print publishing supply chain. We have also introduced Digital Certificates by default with an option to purchase a printed certificate.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2024

ENVIRONMENTAL IMPACT (continued)

The delivery of Practical and Theory exams in the UK and around the world contributes most significantly to the group's environmental impact. Examiner international tours for practical exams are organised efficiently to reduce air travel to the minimum possible and emissions are monitored. We continue to carefully plan international tours and the deployment of locally-based examiners to remain on target.

Our digital examinations offering of Performance Grades and Online Theory remain popular since their launch in 2020. As examiners do not need to travel for these examinations, our energy use and associated emissions are reduced compared with traditional face to face examinations.

The introduction of automated booking, processing and marking of examinations in 2021 supplanted previous paper-based processes and significantly reduced paper consumption. However, in common with other businesses who have moved their operations online, we are aware that the increased use of technology brings with it increased energy use by our staff, examiners, teachers and learners in the operation of their electronic devices.

Our published books and resources are made from sustainable sources.

DIVERSITY AND INCLUSION

Published in October 2020 and with quarterly Progress Updates available on our website, our Diversity & Inclusion Plan has continued in full strength and is central to decision-making across the organisation.

We ran our third composer mentoring programme in 2023, working with six composers from a wide range of backgrounds to explore the world of writing music for educational settings. We worked with Black Lives in Music, the Ivors Academy and Musicians' Union to recruit the composers, who collaborated with colleagues from ABRSM and some of our partner organisations as they composed music to briefs, including for exam syllabuses and other educational contexts. Composers had the opportunity to work with the National Youth Jazz Orchestra, Open Up Music, National Children's Orchestras of Great Britain, the OHMI Trust and Southbank Sinfonia during the programme, and we hope that some of the music composed during the programme will be workshopped or performed during 2024.

We also delivered a two-part workshop series for composition students at the Royal Welsh College of Music and Drama, setting composers a brief to write for early grade piano and then returning to workshop the pieces and provide feedback. This is part of our wider programme to support next generation composers and broaden the pool of composers we can collaborate with and commission in the future.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2024

SECTION 172(1) STATEMENT

This section, together with those pages incorporated by reference, acts as the ABRSM's Section 172(1) statement.

The Governors have a responsibility to act to promote the success of the group with regard to the following matters (amongst others):

- The likely consequences of any decision in the long term – Page 4 details how plans are prepared and updated. The company's plans for future periods are set out on pages 15 to 16.
- The impact of the company's operations on the community and the environment are set out on Pages 16 to 18.
- The desirability of the company maintaining a reputation for high standards of business conduct: ABRSM is regulated by Ofqual, the Charity Commission and OSCR and faces competition in the markets in which it operates and therefore must ensure that it maintains the highest standards consistent with its reputation and history.
- The need to act fairly as between members of the company: Representatives of each of the four members sit as Governors on the Governing Body, thus each member has the opportunity to be fully engaged in the decisions of the Governing Body.

The Governors recognise that in addition to ABRSM's members, they have a responsibility to engage with other stakeholders. The Governors consider other main stakeholders to be candidates and their parents, music teachers, examiners, representatives, volunteers and employees. The Governors engage with these stakeholders via the senior leadership in a variety of ways as follows:

- Candidates and their parents – We engage customers through emails and social media and maintain information on upcoming exam sessions and new products and services on the website. We run regular surveys to seek customer feedback.
- Music teachers – In addition to our communication channels for candidates and their parents, ABRSM provides separate resources on its website to support teachers. Specialist courses and events are regularly held for teachers.
- Examiners – A dedicated team engage examiners in policy and other continuous professional development events, as well as town hall style discussions. Examiner online conferences are also held annually, allowing examiners to engage with their peers and ABRSM.
- Representatives and volunteers – Contact is maintained through a dedicated ABRSM team and newsletters, training events and, webinars.
- Employees – The staff forum meets each week to discuss matters directly affecting staff. This group meets with the Chief Executive and HR director on a quarterly basis to provide feedback. An all staff meeting is held quarterly, to allow the senior leadership and others to provide an update on ongoing projects and current issues that affect them and ABRSM.

The Governing Body's Report (incorporating the Strategic Report) has been approved by the Governors on 27 June 2024 and signed on their behalf by:



Tony Hales CBE
Chairman of the Governors

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC STATEMENT OF THE GOVERNING BODY'S RESPONSIBILITIES

The Governors (who are also directors of The Associated Board of the Royal Schools of Music for the purposes of company law) are responsible for preparing the **Governing Body's Report** (incorporating the Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the Governors to prepare financial statements for each financial year. Under that law the Governors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgments and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain **the charitable company's and group's** transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the trust deed. The Governors are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Governors confirm that:

- so far as each Governor is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Governors have taken all the steps that they ought to have taken as Governors in order to make **themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.**

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND GOVERNORS OF THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC

REGISTERED CHARITY NUMBER: 292182

CHARITY REGISTERED IN SCOTLAND NUMBER: SC043343

COMPANY NUMBER: 01926395

Opinion

We have audited the financial statements of the Associated Board of the Royal Schools of Music ('the charitable company') and its subsidiary ('the group') for the year ended 31 January 2024 which comprise the Consolidated Statement of Financial Activities, the Group and Charity Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including 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's and the charitable company's affairs as at 31 January 2024 and of the group's and the charitable company's income and expenditure, 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 Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (amended).

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 charitable company and 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 trustee's 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 charitable company's or 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 trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND GOVERNORS OF THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC (CONTINUED)

REGISTERED CHARITY NUMBER: 292182

CHARITY REGISTERED IN SCOTLAND NUMBER: SC043343

COMPANY NUMBER: 01926395

Opinion on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 20, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND GOVERNORS OF THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC (CONTINUED)

REGISTERED CHARITY NUMBER: 292182

CHARITY REGISTERED IN SCOTLAND NUMBER: SC043343

COMPANY NUMBER: 01926395

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 and The Charities and Trustee Investment (Scotland) Act 2005 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR), OFQUAL compliance and Health and safety legislation. We also considered compliance with local legislation for the group's overseas operating segments.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of exam fee income, the estimation of tax provisions and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit, legal counsel and the Audit & Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND GOVERNORS OF
THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC (CONTINUED)**

REGISTERED CHARITY NUMBER: 292182

CHARITY REGISTERED IN SCOTLAND NUMBER: SC043343

COMPANY NUMBER: 01926395

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

N. Hashemi

Naziar Hashemi
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor

London 3 July 2024

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 JANUARY 2024

	Notes	Unrestricted Funds £'000	Pension Reserve (note 31) £'000	Endowment Funds £'000	Total Funds 2024 £'000	Total Funds 2023 £'000
INCOME & ENDOWMENTS FROM:						
Charitable activities						
Examinations	3	41,098	-	-	41,098	38,546
Teacher Support	4	14	-	-	14	3
Other trading activities:						
Publishing sales	6	6,829	-	-	6,829	6,746
Investments	5	837	-	58	895	218
Other		54	-	-	54	16
Total income		48,832	-	58	48,890	45,529
EXPENDITURE ON:						
Charitable Activities						
Examinations	7	34,755	(2,749)	17	32,023	30,238
Teacher Support	7	442	(1)	-	441	390
Scholarships	7,9	1,379	-	-	1,379	1,372
Music education	7,10	2,291	-	-	2,291	260
Other trading activities:						
Publishing	7	5,666	-	-	5,666	5,750
		44,533	(2,750)	17	41,800	38,010
Pension finance charge	7	-	109	-	109	169
Total expenditure	7	44,533	(2,641)	17	41,909	38,179
Net (loss)/gain on investment	16	-	-	(8)	(8)	(4)
Net income/(expenditure)		4,299	2,641	33	6,973	7,346
Other recognised gains/(losses):						
Actuarial (loss)/gain on pension scheme	31	-	(639)	-	(639)	1,893
Net movement in funds		4,299	2,002	33	6,334	9,239
RECONCILIATION OF FUNDS:						
Balance brought forward		19,275	(3,798)	1,691	17,168	7,929
Net movement in funds		4,299	2,002	33	6,334	9,239
Fund balances carried forward, including pension reserve	23,24	23,574	(1,796)	1,724	23,502	17,168

For Companies Act purposes, consolidated gross income for the financial year was £48,832,000 (2023: £45,475,000), consolidated gross expenditure was £41,892,000 (2023: £38,176,000) and net profit was £6,940,000 (2023: £7,299,000).

All income is derived from continuing operations

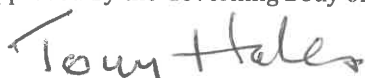
The notes on pages 28 to 61 form part of these accounts

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
BALANCE SHEETS
AS AT 31 JANUARY 2024

	Notes	Group		Charity	
		2024 £'000	2023 £'000	2024 £'000	2023 £'000
FIXED ASSETS					
Tangible assets	14	1,255	1,677	1,255	1,677
Intangible assets	15	3,349	3,366	3,349	3,366
Investments	16	1,666	1,574	2,448	2,356
		<u>6,270</u>	<u>6,617</u>	<u>7,052</u>	<u>7,399</u>
CURRENT ASSETS					
Stocks	17	704	831	-	-
Debtors	18	3,724	4,164	5,321	5,549
Investments	19	22,300	13,050	20,550	12,050
Cash at bank and in hand		5,296	8,235	4,704	7,276
		<u>32,024</u>	<u>26,280</u>	<u>30,575</u>	<u>24,875</u>
CREDITORS: amounts falling due within one year	20	<u>(10,298)</u>	<u>(9,744)</u>	<u>(9,640)</u>	<u>(9,131)</u>
NET CURRENT ASSETS		<u>21,726</u>	<u>16,536</u>	<u>20,935</u>	<u>15,744</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		27,996	23,153	27,987	23,143
CREDITORS: amounts falling due after more than one year	21	(561)	(544)	(561)	(544)
PROVISIONS	22	(2,137)	(1,643)	(2,137)	(1,643)
NET ASSETS EXCLUDING PENSION LIABILITIES		25,298	20,966	25,289	20,956
PENSION FUND DEFICIT	31	(1,796)	(3,798)	(1,796)	(3,798)
TOTAL NET ASSETS		<u>23,502</u>	<u>17,168</u>	<u>23,493</u>	<u>17,158</u>
THE FUNDS OF THE GROUP/CHARITY:					
Endowment funds	23	1,724	1,691	1,724	1,691
Unrestricted funds	24	23,574	19,275	23,565	19,265
Pension reserve	31	(1,796)	(3,798)	(1,796)	(3,798)
TOTAL FUNDS	25	<u>23,502</u>	<u>17,168</u>	<u>23,493</u>	<u>17,158</u>

The net income of the charity for the year was £6,974,000 (2023: £7,347,000)

Approved by the Governing Body on 27 June 2024.



Tony Hales CBE
Chairman of the Governors

Registered Charity Number 292182
Charity Registered in Scotland Number SC043343
Company Number 01926395

The notes on pages 28 to 61 form part of these accounts

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JANUARY 2024

	Notes	2024 £'000	2023 £'000
Cash flows from operating activities	26	7,635	6,547
Cash flows from investing activities			
Interest income	5	895	218
Purchases of fixed assets	14,15	(2,086)	(2,339)
Purchase of fixed asset investments		(100)	-
Purchase of current asset investments (with maturity greater than 3 months)		(9,750)	(2,562)
Net cash used in investing activities		<u>(11,041)</u>	<u>(4,683)</u>
Cash flows from financing activities			
New finance lease obligations		-	-
Repayment of finance lease obligations		(33)	(66)
Net cash used in financing activities		<u>(33)</u>	<u>(66)</u>
Net increase/(decrease) in cash and cash equivalents		(3,439)	(1,798)
Cash and cash equivalents at 1 February 2023		<u>14,285</u>	<u>12,487</u>
Cash and cash equivalents at 31 January 2024	27	<u>10,846</u>	<u>14,285</u>
Analysis of cash and cash equivalents:			
Cash in bank and in hand		5,296	8,235
Deposits and notice accounts (less than 3 months)		<u>5,550</u>	<u>6,050</u>
Total cash and cash equivalents	27	<u>10,846</u>	<u>14,285</u>

The notes on pages 28 to 61 form part of these accounts

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 JANUARY 2024

1. COMPANY INFORMATION

ABRSM is a charitable company incorporated in England and Wales with registration number 01926395. Its registered office is 4 London Wall Place, London, EC2Y 5AU.

2. ACCOUNTING POLICIES

The principal accounting policies adopted, judgements and key sources of estimation in the preparation of the financial statements are as follows:

a) Basis of preparation

The financial statements have been prepared in accordance with the current Statement of Recommended Practice "Accounting and Reporting by Charities" (the Charities SORP (FRS 102) issued in October 2019, the Financial Reporting Standard in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The presentational and functional currency is Sterling (£).

ABRSM meets the definition of a public benefit entity under FRS 102. The financial statements have been prepared under the historical cost convention, with the exception of investments, which are included at market value.

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made are listed below:

Significant judgements or estimates	Policy reference	Note reference
The following are considered to be significant estimates in the preparation of the financial statements:		
Amortisation	l	15
Tax Provision	u	22
Scholarships commitments	i	28
Defined Benefit Pension Scheme	j	31

Explanations of the estimates relating to the above items are given in the relevant policy.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2024

2. ACCOUNTING POLICIES (CONTINUED)

b) Going Concern

The strong performance of the Group during the year ended 31 January 2024 has provided a firm foundation for the forthcoming year.

A budget has been set for the following year which shows the Group generating a surplus for the year. A reforecast to the end of June 2025 has also been prepared based on actual performance in the year to April 2024 and adjustments for any known future changes. Under this reforecast, it is expected that the Group will continue with net positive current assets and total assets, along with sufficient positive cash balances.

The charity has the resources to allow it to invest in its digital programme to continue to meet customer needs.

The trustees therefore have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of approval of these financial statements, and are not aware of any other material uncertainties which may adversely affect the organisation. Accordingly, the financial statements continue to be prepared on the going concern basis.

c) Group financial statements

The consolidated accounts incorporate the accounts of the charitable company and its subsidiary (together, "the group") made up to 31 January each year.

The results of the trading subsidiary company are presented in the consolidated SOFA by disclosing the income and expenditure derived from its trading activities carried out separately from those of the charity. A summary profit and loss account for the subsidiary is shown in note 6. The subsidiary company's assets and liabilities are consolidated in the balance sheet on a line by line basis.

d) UK examination fees and expenses

Examination fees and expenses arising in the UK are credited or charged in the statement of financial activities during the accounting period in which such examinations take place.

e) International examinations

Where examinations take place online examination fees and expenses incurred in the UK are credited or charged in the statement of financial activities during the accounting period in which such examinations take place. Commissions due to local representatives in respect of online examinations are included in their representative returns as detailed below.

Where examinations are held locally these results are prepared from returns and annual accounts submitted by ABRSM's local representatives, which are not necessarily made up to 31 January each year but the effect of differing accounting dates is not considered by the Governors to be significant. In the rare case that the amounts owed cannot be recovered a bad debt provision is made.

f) Teacher support

Training course fees and expenses are credited or charged in the statement of financial activities during the accounting period in which such courses take place.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2024

2. ACCOUNTING POLICIES (CONTINUED)

g) Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. Overheads are apportioned either on headcount, turnover, staff occupancy of accommodation area or usage basis as considered most appropriate. Expenditure includes input VAT to the extent that it is irrecoverable.

Direct charitable expenditure comprises services identifiable as wholly or mainly in support of ABRSM's charitable and operational work. These costs are regarded as an integral part of carrying out the direct charitable objectives of ABRSM and include an appropriate proportion of overhead costs.

Governance costs are those incurred in connection with the administration of the charity and compliance with constitutional and statutory requirements. These costs have been apportioned across expenditure on charitable activities based on turnover except where the cost can be attributed to a specific activity.

h) Computer software development

Expenditure on computer software development is capitalised and amortised over a 3 year period.

i) Scholarship awards

All scholarships offered by the balance sheet date for the current academic year are provided in full. Awards for future years are subject to review and authorisation by ABRSM each year and are disclosed as commitments in note 28. The future commitments are estimated based on continued funding of the current students in receipt of a scholarship to the end of their academic studies plus new students starting their studies based on current funding patterns.

j) Employee benefits

Short-term employee benefits, including holiday pay and contributions to the defined contribution pension scheme are recognised as an expense in the period in which they are incurred.

The defined benefit scheme closed to future accrual on 31 December 2018 and employees transferred to the defined contribution pension scheme on 1 January 2019. Contributions to 31 December 2018 in respect of the defined benefit scheme are charged to salary costs for respective activities in the statement of financial activities.

The amounts recognised in the statement of financial activities including any actuarial gain or loss are estimated based on the requirements of FRS 102, and are fully explained in note 31.

k) Tangible fixed assets

Depreciation is provided on cost at the following annual rates in order to write off each asset over its estimated useful life:-

Short leasehold land and buildings	over the remaining life of the lease to the lease break point
Computer equipment	33%
Plant, fixtures and equipment	2.9% - 33%

Expenditure on furniture and equipment not exceeding £1,000 in total and all expenditure on repairs and maintenance is written off in the year in which it is incurred.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2024

2. ACCOUNTING POLICIES (CONTINUED)

l) Intangible fixed assets

In accordance with FRS 102 software development costs have been recognised as intangible assets as they can be identified with a project anticipated to produce future benefits. On initial recognition, assets are measured at cost and include all costs directly attributable to bringing them into working condition.

Amortisation is provided on cost at the following annual rates in order to write off each asset over its estimated useful life:-

Software development	33%
----------------------	-----

m) Investments

The investment in the subsidiary company is valued at cost.

Fixed asset investments are included in the balance sheet at their market value at the end of the financial period. Realised and unrealised gains and losses are credited or debited to the statement of financial activities in the year in which they arise and are based on brought forward values.

Current asset investments consist of treasury deposits and notice accounts with maturity and notice to withdraw of less than a year.

n) Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the group. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged to the statement of financial activities on a straight line basis over the lease term. The aggregate benefit of any lease incentives are recognised as a reduction to the expense charged over the lease term on a straight line basis.

o) Stocks

Publications stocks are valued at the lower of cost and net realisable value. For printed music, cost is based on the unit cost of production for each publication. Work in progress at printers is valued at the cost of the paper used and is included in paper stocks. In estimating net realisable value, due allowance is made for slow-moving, obsolete, defective and unsaleable items. Origination costs are charged to revenue in the year in which they are incurred.

p) Rates of exchange

Assets and liabilities in foreign currencies are converted into sterling at the rate of exchange ruling at the balance sheet date. All income and expenditure is converted at daily exchange rates. All differences on exchange are dealt with through the net movement in funds for the year.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2024

2. ACCOUNTING POLICIES (CONTINUED)

q) Financial instruments

Basic financial assets and liabilities such as short term debtors, creditors and bank balances are initially recognised at fair value less any impairment and transaction costs and subsequently measured at their settlement value.

Prize Endowment Funds invested in Charinco and Charishare Common Investment Funds are carried at fair value.

r) Deferred income

Examination and course fees received for future sessions after the reporting date are included in creditors as deferred income.

s) Provisions and contingencies

Provisions are recognised when the charitable company has a present legal or constructive obligation as a result of past events where it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably.

The amount recognised is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account any risks and uncertainties surrounding the obligation.

Where the consideration required to settle a present obligation is confirmed, the amount payable is transferred to creditors and any balance released to the statement of financial activities.

Contingent liabilities, arising as a result of past events, are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by future events not within the charitable company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is immaterial.

t) Fund accounting

Unrestricted funds comprise those monies which may be used towards meeting the charitable objectives of the charity at the discretion of the Governors.

Designated funds are unrestricted funds earmarked by the Governors to be used for particular purposes in the future. Transfers are made to designated funds on the basis of approval by the Governors of future plans. Restricted funds are grants or monies raised for a specific purpose or donations subject to donor imposed conditions.

The prize endowment funds represent either permanent capital funds where there is no power to convert the capital into income and which must generally be held indefinitely or expendable funds where capital may be used for the purposes of the fund.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2024

2. ACCOUNTING POLICIES (CONTINUED)

u) Taxation

The Associated Board of the Royal Schools of Music is a registered charity and therefore is not liable to UK income tax or corporation tax on income derived from its charitable activities as they fall within the various exemptions available to registered charities.

ABRSM is registered for VAT but is not able to recover the whole of its input tax owing to the partial exemption provisions. Expenditure includes input VAT to the extent it is irrecoverable.

ABRSM's activities are carried out worldwide and are subject to direct and indirect tax in different countries. A provision for ABRSM's tax liabilities in relation to its international operations has been included in note 22.

The provision is reviewed and updated regularly based on professional tax advice received for each country. It is assessed on a country-by-country basis, calculated and classed as a provision or a contingent liability per the criteria in note 2(s).

Significant judgement is needed to determine this provision as ABRSM's international operations have been expanding and there is uncertainty around the risk of exposure to direct and indirect tax in each country. In addition, the calculation of the potential tax liability for each country usually incorporates several elements, for example the type of income, the period during which the tax is due, and the size of any additional interest or penalties due in that country.

The wholly owned subsidiary, The Associated Board of the Royal Schools of Music (Publishing) Limited, is a commercial entity and donates its pre-tax profit to ABRSM under Gift Aid rules.

v) Contributions to four of the Royal Schools of Music

Contributions to four of the Royal Schools of Music (or their associated charitable trusts) are treated as distributions, the Royal Schools being members of the Charity. They are therefore charged to the statement of financial activities in the year in which they are paid and shown as a movement in funds.

w) Government grants

Government grants are accounted for according to the accrual model.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2024

3. EXAMINATION REVENUE

	2024	2023
	£'000	£'000
Analysis by geographical market:		
United Kingdom and Ireland	15,247	13,413
Overseas	<u>26,138</u>	<u>25,034</u>
	41,385	38,447
Foreign exchange (loss)/gain on overseas revenue	<u>(287)</u>	<u>99</u>
	<u>41,098</u>	<u>38,546</u>
Total income	44,137	41,348
Less: examination fees received in advance (note 20)	<u>(3,039)</u>	<u>(2,802)</u>
	<u>41,098</u>	<u>38,546</u>

Deferred fee income:

The movement with respect to examination fees received in advance in the year is as follows:

	2024	2023
	£'000	£'000
Fees in advance as at 1 February 2023	2,802	3,069
Less fees due for examinations taken in the year	<u>(2,802)</u>	<u>(3,069)</u>
Fees received with respect to future examination periods (note 20)	3,039	2,802
	<u>3,039</u>	<u>2,802</u>

4. TEACHER SUPPORT REVENUE

	2024	2023
	£'000	£'000
Analysis by geographical market:		
United Kingdom and Ireland	4	-
Overseas	<u>10</u>	<u>3</u>
	14	3
Total income	<u>14</u>	<u>3</u>

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2024

5. INVESTMENT INCOME

	Group		Charity	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Interest receivable from:				
Unrestricted funds	837	164	801	172
Prize endowment funds	58	54	58	54
	<u>895</u>	<u>218</u>	<u>859</u>	<u>226</u>

6. NET INCOME OF TRADING SUBSIDIARY

The Associated Board of the Royal Schools of Music owns the entire issued share capital of The Associated Board of the Royal Schools of Music (Publishing) Limited, a trading company incorporated in the United Kingdom with company number 01910047. This subsidiary undertaking donates its taxable profits to ABRSM under Gift Aid rules.

The activities of the subsidiary undertaking support the examination activities of the parent company by provision of specialist graded repertoire and other materials targeted at specific examination levels.

A summary of the results of the publishing activities for the year (excluding intra-group charges eliminated on consolidation) is given below. Audited accounts of the subsidiary undertaking will be filed with the Registrar of Companies.

	2024 £'000	2023 £'000
Turnover	6,829	6,746
Cost of sales	<u>(1,510)</u>	<u>(1,499)</u>
Gross profit	5,319	5,247
Distribution costs	(888)	(850)
Administration and other operating charges	(1,339)	(1,361)
Interest receivable	89	21
Net income	<u>3,181</u>	<u>3,057</u>

The aggregate amount of the subsidiary's assets, liabilities and funds as at 31 January 2024, excluding intercompany balances, were as follows:

	2024 £'000	2023 £'000
Total net assets	<u>3,339</u>	<u>3,259</u>

Including intra-group charges and intercompany balances, the subsidiary's results for the year were as follows; turnover £6,833,000 (2023: £6,750,000), net income £807,000 (2023: £605,000) and total net assets £20,000 (2023: £20,000).

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2024

7. ANALYSIS OF EXPENDITURE

	Direct Charitable £'000	Support Costs (Note 8) £'000	Staff Costs (Note 13) £'000	Depreciation & Amortisation £'000	Total 2024 £'000	Total 2023 £'000
Charitable activities:						
Examinations	13,561	8,216	7,806	2,440	32,023	30,238
Teacher Support	-	214	206	21	441	390
Scholarship payments	1,379	-	-	-	1,379	1,372
Music education	2,291	-	-	-	2,291	260
Publishing	2,687	678	2,252	49	5,666	5,750
	<u>19,918</u>	<u>9,108</u>	<u>10,264</u>	<u>2,510</u>	<u>41,800</u>	<u>38,010</u>
Pension finance charge	-	-	109	-	109	169
Total	<u><u>19,918</u></u>	<u><u>9,108</u></u>	<u><u>10,373</u></u>	<u><u>2,510</u></u>	<u><u>41,909</u></u>	<u><u>38,179</u></u>

Unrestricted expenditure on Examinations and Teacher Support for the group before the defined benefit pension scheme adjustment was £34,755,000 and £442,000 respectively (2023: £33,879,000 and £390,000). The equivalent figures for the charity were £34,698,000 and £442,000 (2023: £33,815,000 and £390,000).

Included within total expenditure is an adjustment to the defined benefit pension scheme of £2,750,000 (2023: £3,644,000) which has been credited to the pension reserve (see note 31). £2,749,000 has been allocated to Examinations expenditure and £1,000 to Teacher Support. The prior year credit of £3,644,000 was allocated to Examinations. Also included in expenditure are prizes paid from the endowment funds totalling £17,000 (2023: £3,000).

8. SUPPORT COSTS

Support costs including governance (see notes 7 and 11) are analysed as follows:

	Examinations £'000	Teacher Support £'000	Publishing £'000	Total 2024 £'000	Total 2023 £'000
Exam Support	845	-	-	845	424
IT	3,142	87	226	3,455	3,084
Sales and Marketing	812	21	134	967	921
Finance	(14)	-	4	(10)	83
Facilities	1,860	23	171	2,054	2,013
Governance (note 11)	147	-	-	147	180
HR & other management	1,424	83	143	1,650	1,234
	<u>8,216</u>	<u>214</u>	<u>678</u>	<u>9,108</u>	<u>7,939</u>

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2024

9. SCHOLARSHIPS

	2024	2023
	£'000	£'000
United Kingdom students	425	259
Overseas students	954	1,113
	1,379	1,372
	1,379	1,372

The total number of scholars supported during the year amounted to 91 (2023: 119).

10. MUSIC EDUCATION – Unrestricted funds

	2024	2023
	£'000	£'000
DONATIONS		
Trustees of the Royal Academy of Music	500	-
Trustees of the Royal College of Music	500	-
Trustees of the Royal Northern College of Music Endowment Fund	500	-
Trustees of the Royal Conservatoire of Scotland Trust	500	-
	2,000	-
	2,000	-
SPONSORSHIP		
The Benedetti Foundation	-	10
Black Lives in Music	27	15
BLUME Haiti	5	-
Commonwealth Resources	10	13
Education Africa	5	-
Harmony Kenya Foundation	5	-
Harmony Project Phoenix	5	-
Hashtag The WRD Limited	5	-
India National Youth Orchestra	10	-
The Ivors Academy	16	8
Kunbi's Music Company	5	-
London Music Fund	5	15
Music Education Partnership Group	16	15
Music Masters	5	-
National Children's Orchestra	21	18
National Youth Choir	5	15
National Youth Jazz Orchestra	25	30
National Youth Orchestra	15	26
Openup Music	10	15
School Grounds Sounds	6	-
Tanglin Trust School	5	-
The Rondo Production	9	3
Royal Philharmonic Society	-	7
Tri-Borough Music Hub	5	10
The UK Association for Music Education – Music Mark	21	24
Thrive Music Academy Africa Ltd	5	-
University of St Andrews	5	-
Venture Music Asia	5	5
Others	35	31
	291	260
	291	260

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2024

11. GOVERNANCE COSTS – Unrestricted funds

	2024	2023
	£'000	£'000
Audit Fees parent company	44	47
Audit Fees Pension scheme	19	16
Independent Pension Scheme Chairman	33	20
Internal Audit	48	89
Trustees and Officers Liability insurance	1	1
Pension Fund Trustee Indemnity insurance	2	9
	147	182
	147	182

12. NET INCOME FOR THE YEAR

	2024	2023
	£'000	£'000
Net income for the year is stated after charging/(crediting):		
Fees payable to the company's auditor and its associates for the audit of the charitable company's annual accounts	44	47
Fees payable to the company's auditor and its associates for other services:		
Audit of subsidiary company	7	9
Tax compliance	2	2
Pension scheme audit completed by other audit firms	23	16
Depreciation of owned assets	394	336
Depreciation of assets held under finance lease obligations	37	75
Amortisation of intangible assets	2,079	3,123
Operating lease rentals – leasehold buildings	1,123	1,171
– office equipment	13	167
Dilapidations provision	17	16
Exchange loss/(gain) on overseas revenue	287	(99)

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2024

13. STAFF COSTS

	2024	2023
	£'000	£'000
Staff costs during the year included:		
Wages and salaries	8,336	7,762
Social security costs	859	825
Employer pension costs	3,293	4,084
Defined Benefit Pension adjustment (see note 31)	(2,750)	(3,644)
Pension finance charge	109	169
Other staff costs	526	474
	10,373	9,670
	10,373	9,670

The number of employees who earned £60,000 or more (including benefits) during the year were as follows:

	2024	2023
	No.	No.
£ 60,001 - £ 70,000	8	6
£ 70,001 - £ 80,000	4	5
£ 80,001 - £ 90,000	4	1
£ 90,001 - £100,000	2	4
£100,001 - £110,000	2	1
£110,001 - £120,000	-	1
£120,001 - £130,000	2	1
£130,001 - £140,000	1	-
£140,001 - £150,000	-	1
£150,001 - £160,000	2	-
£190,001 - £200,000	-	1
£210,001 - £220,000	1	-

During the year £6,752 (2023: £3,200) was paid in redundancy and pay in lieu of notice. These payments are included in the tables above and have been recognised in full in the statement of financial activities.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2024

13. STAFF COSTS (continued)

The number of employees who earned £60,000 or more during the year to whom retirement benefits are accruing under pension schemes funded by the company are:-

	2024	2023
	No	No.
Defined contribution scheme	25	20

The company made pension contributions of £178,547 (2023: £133,416) in respect of employees noted above.

The defined benefit scheme closed to future accrual on 31 December 2018 and active members elected to transfer to the defined contribution pension scheme from 1 January 2019.

The average number of employees, excluding temporary staff, during the year was as follows:

	2024	2023
	No.	No.
Charity	177	168
UK trading subsidiary	14	14
	<u>191</u>	<u>182</u>

The key management personnel of the charity and its wholly owned subsidiary received total employee benefits of £1,111,147 (2023: £883,333). The key management personnel are considered to be the individuals noted on page 2.

No Governor received payment for their services in the year (2023: £nil).

Total travelling and subsistence expenses reimbursed by ABRSM to Governors and Alternates in the year, for expenditure necessarily incurred on ABRSM's business, were £708 (2023: £nil).

No other Governor, nor any person connected with any Governor, received any remuneration in the year ended 31 January 2024 (2023: £nil).

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2024

14. TANGIBLE FIXED ASSETS

Group and Charity	Short leasehold land and buildings £'000	Computer equipment £'000	Furniture, fixtures and equipment £'000	Total £'000
Cost				
At 1 February 2023	2,352	837	853	4,042
Additions	6	5	-	11
Disposals	-	(58)	-	(58)
Transfers	-	-	-	-
At 31 January 2024	<u>2,358</u>	<u>784</u>	<u>853</u>	<u>3,995</u>
Depreciation				
At 1 February 2023	1,231	594	540	2,365
Charge for the year	208	151	74	433
On disposals	-	(58)	-	(58)
At 31 January 2024	<u>1,439</u>	<u>687</u>	<u>614</u>	<u>2,740</u>
Net book values				
At 31 January 2024	<u><u>919</u></u>	<u><u>97</u></u>	<u><u>239</u></u>	<u><u>1,255</u></u>
At 31 January 2023	<u><u>1,121</u></u>	<u><u>243</u></u>	<u><u>313</u></u>	<u><u>1,677</u></u>

All assets are used for charitable purposes. The net book value of assets held under finance leases is £nil (2023: £37,000).

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2024

15. INTANGIBLE FIXED ASSETS

Group and Charity	Assets under construction £'000	Software development £'000	Total £'000
Cost			
At 1 February 2023	147	10,917	11,064
Additions	1,994	81	2,075
Disposals	(13)	-	(13)
Transfers	(753)	753	-
At 31 January 2024	<u>1,375</u>	<u>11,751</u>	<u>13,126</u>
Amortisation			
At 1 February 2023	-	7,698	7,698
Charge for the year	-	2,079	2,079
At 31 January 2024	<u>-</u>	<u>9,777</u>	<u>9,777</u>
Net book values			
At 31 January 2024	<u><u>1,375</u></u>	<u><u>1,974</u></u>	<u><u>3,349</u></u>
At 31 January 2023	<u><u>147</u></u>	<u><u>3,219</u></u>	<u><u>3,366</u></u>

All assets are used for charitable purposes. The transfer from assets under construction to software development mainly relates to expenditure on roadmaps, digital certificates, and Music Medals.

Roadmaps relate to continuous development on the CRM, in order to help with income recognition. Digital certificates have been rolled out during the year, and offer customers digital certificates rather than physical copies. A new syllabus of Music Medals was developed, alongside the recording of these transactions on the CRM. This was also completed during the year.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2024

16. FIXED ASSET INVESTMENTS

	Subsidiary undertakings £'000	Prize endowment funds £'000	2024 Total £'000	2023 Total £'000
Group				
Prize endowment funds – listed investments at market value				
At 1 February 2023	-	1,574	1,574	1,578
Additions		100	100	-
Unrealised (loss)/gain in the year	-	(8)	(8)	(4)
At 31 January 2024	<u>-</u>	<u>1,666</u>	<u>1,666</u>	<u>1,574</u>
Charity				
Prize endowment funds - listed investments at market value (as above)				
Investment in subsidiary				
Ordinary shares of £1 each at cost	10	-	10	10
Unsecured loan note	772	-	772	772
	<u>782</u>	<u>1,666</u>	<u>2,448</u>	<u>2,356</u>

The prize endowment funds are invested in Blackrock Charities UK Bond and Equity Common Investment Funds with a cost of £879,000 (2023: £779,000).

The charity's subsidiary undertaking is The Associated Board of the Royal Schools of Music (Publishing) Limited. The charity owns 100% of the company's issued ordinary £1 shares. The principal activity of the company is the production and sale of music publications and recordings.

The charity has given an undertaking to its subsidiary not to demand repayment of the unsecured loan note before 1 July 2025. Interest is chargeable on the unsecured loan note at a rate of 2% over the Bank of England base rate from time to time. No provision is considered necessary against the £10,000 cost of the investment in this subsidiary.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2024

17. STOCKS

	Group	Group
	2024	2023
	£'000	£'000
Printed music and recordings	616	696
Paper	88	135
	<u>704</u>	<u>831</u>

18. DEBTORS

	Group		Charity	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Trade debtors	1,149	1,487	655	875
Overseas representatives	522	1,030	522	1,030
Amounts due from subsidiary	-	-	2,546	2,467
Other debtors	570	614	160	184
Prepayments and accrued income	1,483	1,033	1,438	993
	<u>3,724</u>	<u>4,164</u>	<u>5,321</u>	<u>5,549</u>

19. CURRENT ASSET INVESTMENTS

	Group		Charity	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Cash held on deposit				
greater than 3 months	16,750	7,000	15,000	6,000
less than 3 months	5,550	6,050	5,550	6,050
	<u>5,550</u>	<u>6,050</u>	<u>5,550</u>	<u>6,050</u>

Included within the above figure are treasury deposits with an original maturity of 12 months or less. At the balance sheet date the average maturity of these deposits was 7 months for the group (2023: 7 months) and 7 months for the charity (2023: 7 months). The average interest rate was 5.11% (2023: 3.69%) for the group and 5.08% (2023: 3.60%) for the charity.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2024

20. CREDITORS: amounts falling due within one year

	Group		Charity	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Trade creditors	1,447	1,729	1,265	1,490
Overseas representatives	2,561	1,639	2,561	1,639
Refunds due to customers	27	167	27	167
Deferred Income: exam fees (note 3)	3,039	2,802	3,039	2,802
Other taxes and social security costs	426	340	396	310
Finance lease arrangements	-	33	-	33
Other creditors	656	618	226	280
Accruals and other deferred income	2,142	2,416	2,126	2,410
	<u>10,298</u>	<u>9,744</u>	<u>9,640</u>	<u>9,131</u>

21. CREDITORS: amounts falling due after more than one year

	Group		Charity	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Other creditors	561	544	561	544
	<u>561</u>	<u>544</u>	<u>561</u>	<u>544</u>

FRS 102 requires the full amount of a dilapidation provision to be recognised when the obligation arises. Other creditors represent the estimated inflation indexed dilapidations fund potentially payable on exit from the lease of our current premises, Salters' Hall.

22. PROVISIONS

	Group £'000	Charity £'000
Tax provision at 1 February 2023	1,643	1,643
Total increased	1,070	1,070
Total settled	(576)	(576)
Tax provision at 31 January 2024	<u>2,137</u>	<u>2,137</u>

ABRSM continued to seek advice on its taxation position in relation to its international operations and expects that most resulting liabilities will be settled over the course of the next five years with the timescale being partly dependent on the speed of response of the relevant tax authorities.

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23. ENDOWMENT FUNDS

	Movement in Funds			At 31 January 2024 £'000
	At 1 February 2023 £'000	Income and gains £'000	Expenditure and losses £'000	
Group and charity				
Permanent prize endowment funds				
Sheila Mossman Prize account	156	6	(2)	160
Ralph Bassett Prize account	121	4	(1)	124
Constance Haddon Prize account	137	5	(1)	141
Winifred Liversidge Prize account	140	5	(1)	144
Irene Lassen Bequest	512	17	(2)	527
Weinman/Duraisamy Prize	5	-	-	5
Sundry named prizes and general prizes account	320	11	(14)	317
	<u>1,391</u>	<u>48</u>	<u>(21)</u>	<u>1,418</u>
Expendable prize endowment funds				
Gordon Bryan Fund	111	4	(1)	114
Alan Pickard Prize	28	1	(2)	27
Taylor White Gibbs Prize	161	5	(1)	165
	<u>300</u>	<u>10</u>	<u>(4)</u>	<u>306</u>
Total endowment funds	<u>1,691</u>	<u>58</u>	<u>(25)</u>	<u>1,724</u>
Interest receivable		58	-	
Expenditure on prizes		-	(17)	
Unrealised loss on investments		-	(8)	
		<u>58</u>	<u>(25)</u>	
		Income and gains 2023 £'000	Expenditure and losses 2023 £'000	
Interest receivable and sundry income		54	-	
Expenditure on prizes		-	(3)	
Unrealised loss on investments		-	(4)	
		<u>54</u>	<u>(7)</u>	

The endowment funds were established to provide prizes for musical achievements in ABRSM's examinations. For permanent prize endowment funds, unexpended income is accumulated as capital and added to the fund each year. Expendable prize endowment funds comprise unexpended balances of donations held on trust to be applied for specific purposes.

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24. UNRESTRICTED FUNDS

Group	At 1 February 2023 £'000	Income £'000	Expenditure £'000	Transfers £'000	At 31 January 2024 £'000
Fixed asset fund	5,043	-	-	(439)	4,604
Designated funds					
Development funds	3,750	-	(1,880)	1,500	3,370
Examiner fund	780	-	-	250	1,030
General charitable funds	9,702	48,832	(42,653)	(1,311)	14,570
Total	<u>19,275</u>	<u>48,832</u>	<u>(44,533)</u>	<u>-</u>	<u>23,574</u>
Charity					
Fixed asset fund	5,043	-	-	(439)	4,604
Designated funds					
Development funds	3,750	-	(1,880)	1,500	3,370
Examiner fund	780	-	-	250	1,030
General charitable funds	9,692	43,110	(36,930)	(1,311)	14,561
Total	<u>19,265</u>	<u>43,110</u>	<u>(38,810)</u>	<u>-</u>	<u>23,565</u>

Designated funds represent development funds set aside for the development of ABRSM's digital infrastructure and development of overseas markets, and funds relating to examiner costs.

After the year end but before the date of approval of these accounts, distributions of £1m in total were made to members.

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25. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances as at 31 January 2024 are represented by:

Group	Unrestricted Funds (including Pension Reserve) £'000	Prize Endowment Funds £'000	Total 2024 £'000
Tangible fixed assets	1,255	-	1,255
Intangible fixed assets	3,349	-	3,349
Investments	-	1,666	1,666
Current assets	31,935	89	32,024
Current liabilities	(10,267)	(31)	(10,298)
Non-current liabilities	(561)	-	(561)
Provisions	(2,137)	-	(2,137)
Net assets before pension deficit	23,574	1,724	25,298
Pension deficit	(1,796)	-	(1,796)
Total net assets after pension deficit & provisions	21,778	1,724	23,502
Charity			
Tangible fixed assets	1,255	-	1,255
Intangible fixed assets	3,349	-	3,349
Investments	782	1,666	2,448
Current assets	30,486	89	30,575
Current liabilities	(9,609)	(31)	(9,640)
Non-current liabilities	(561)	-	(561)
Provisions	(2,137)	-	(2,137)
Net assets before pension deficit & provisions	23,565	1,724	25,289
Pension deficit	(1,796)	-	(1,796)
Total net assets after pension deficit & provisions	21,769	1,724	23,493
Group and Charity			
Unrealised gains included above on investment assets (see note below)	-	787	787
Unrealised gains as at 1 February 2023	-	795	795
Net (loss) arising from revaluations in the year	-	(8)	(8)
Unrealised gains as at 31 January 2024	-	787	787

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26. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2024	2023
	£'000	£'000
Net income for the reporting period:	6,973	7,346
Depreciation charge	433	416
Amortisation charge	2,079	3,123
Loss on disposal of fixed assets	13	-
Interest received	(895)	(218)
Loss/(gain) on investments	8	4
Decrease in stocks	127	9
(Increase)/decrease in debtors	440	(444)
(Decrease)/increase in creditors	604	(435)
Increase in provisions	494	221
Net cash movement in pension deficit	(2,641)	(3,475)
Net cash inflow provided by operating activities	7,635	6,547

27. ANALYSIS OF CHANGES IN NET DEBT

	At 1 February 2023 £'000	Cash flows £'000	At 31 January 2024 £'000
Cash and cash equivalents			
Cash	8,235	(2,939)	5,296
Cash equivalents	6,050	(500)	5,550
	14,285	(3,439)	10,846
Borrowings			
Finance lease	(33)	33	-
	(33)	33	-
TOTAL	14,252	(3,406)	10,846

28. FINANCIAL COMMITMENTS

Scholarships

Scholarships awarded for which no provision has been made in these accounts are expected to become payable as follows:-

	2024	2023
	£'000	£'000
Year ending 31 January 2024	-	1,230
Year ending 31 January 2025	1,231	832
Year ending 31 January 2026	788	369
Year ending 31 January 2027	350	193
Year ending 31 January 2028	200	-
	2,569	2,624

All scholarships offered by the balance sheet date for the current academic year are provided in full. Awards for future years are subject to review and authorisation by ABRSM each year and are therefore not included in provisions as at the balance sheet date.

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28. FINANCIAL COMMITMENTS (continued)

Other Financial Commitments

At 31 January 2024 the group and charity had future total minimum operating lease payments as follows:

	Land and buildings		Other	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
One year	1,207	1,207	10	11
Two to five years	4,169	4,827	24	34
Over five years	-	549	-	-
	<u>5,376</u>	<u>6,583</u>	<u>34</u>	<u>45</u>

The total future minimum finance lease payments as the end of the reporting period are as follows:

	Group		Charity	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Not later than one year	-	33	-	33
Later than one year and not later than five years	-	-	-	-
	<u>-</u>	<u>33</u>	<u>-</u>	<u>33</u>

29. TRANSACTIONS WITH RELATED PARTIES

ABRSM made contributions of £500,000 (2023: £nil) to each of four Royal Schools of Music or their charitable trusts. Two representatives from each of these organisations sit on the Governing Body.

ABRSM was party to a number of financial transactions with its trading subsidiary, ABRSM Publishing during the year as follows:

	2024 £'000	2023 £'000
Charged by ABRSM to ABRSM Publishing:		
Administrative expenses recharged	8	18
Pension costs recharged	391	565
Loan interest	53	29
Management charge	118	2,108
Copyright charge	336	319
Charged by ABRSM Publishing to ABRSM:		
Paper stock recharged	-	-
Printed music and recordings	4	3
Gift aid donation from ABRSM Publishing to ABRSM:	807	606
Balance at the year end:		
Due to ABRSM from ABRSM Publishing	2,546	2,467
Due from ABRSM to ABRSM Publishing	-	-

During the year Profession Colin Lawson was due £0 (2023: £3) in royalties by ABRSM (Publishing) Limited on normal commercial terms. The balance outstanding at the year end was £0 (2023: £8).

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29. TRANSACTIONS WITH RELATED PARTIES (continued)

ABRSM provided examination services to related parties on normal commercial terms as follows:

	2024	2023
	£'000	£'000
Charged by ABRSM		
Royal College of Music	2	2
Royal Academy of Music	6	5
Royal Northern College of Music	11	7
Royal Conservatoire of Scotland	16	13
Balance at the year end:		
Royal College of Music	-	-
Royal Academy of Music	-	-
Royal Northern College of Music	-	-
Royal Conservatoire of Scotland	4	-

There have been no other related party transactions during the year.

30. FINANCIAL INSTRUMENTS

ABRSM has the following financial assets which are included at fair value through the statement of financial activities:

	2024	2023
	£'000	£'000
Financial assets at fair value through the statement of financial activities:		
Investments	<u>1,666</u>	<u>1,574</u>

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31. PENSION SCHEMES

The charity operates two pension schemes; a group stakeholder pension plan and a defined benefit scheme.

From 1 February 2014, qualifying staff joining ABRSM are auto enrolled into the group stakeholder pension plan provided by Scottish Equitable plc under the brand name Aegon (Financial Services Register number 165548). Contributions are recognised in the Statement of Financial Activities in the year in which they are earned. The minimum employee contribution is 3% of basic salary. ABRSM contributes 5% of basic salary. Each percentage increase in the employee contribution is matched by ABRSM up to a maximum employer contribution of 10%.

The defined benefit scheme was established to provide retirement benefits for the charity's employees based upon final pensionable salaries for those joining before 6 April 2006 or career average salaries for those joining from 6 April 2006. On 1 April 2013 all members of the final salary section of the scheme transferred to the career average section of the scheme. The assets of the scheme are held separately from those of the charity. The scheme closed on 31 December 2018 to future accrual. Active members had the option to join the organisation's group stakeholder pension scheme at 1 January 2019.

Contributions payable are determined on the basis of triennial valuations carried out by a qualified actuary. The charity's contributions are charged as resources and expended in the year in which contributions are made. The charity ceased contributions for the accrual of future benefits from 1 January 2019.

The pension service costs for the year were £nil (2023: £nil). The present value of the scheme liabilities includes £795,000 (2023: £761,000), carried forward from the prior years as an estimate of the past service cost of GMP equalisation.

These accounts reflect the requirements of FRS 102.

The economic assumptions listed below have been calculated by a qualified independent actuary. They are based on market conditions as at 31 January 2024 but have been derived using the methodology set out in FRS 102.

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31. PENSION SCHEMES (continued)

- The discount rate has been derived using a corporate bond yield curve approach as required by FRS 102. The iBoxx over 15 year corporate AA rated bond index had a yield of 4.82% per annum as at 31 January 2024. This index has a duration of around 14.8 years, which is less than the duration of the Scheme's liabilities. The discount rate has been increased by 0.2%, which is similar to the increase in gilt spot yields at 15 and 20 years' duration, resulting in a discount rate of 5.0% per annum (to 1 decimal place).
- Retail price inflation (RPI) has been derived from the spot inflation rates published by the Bank of England. At duration of 20 years, the spot rate for inflation is 3.34% per annum as at 31 January 2024. An RPI increase assumption of 3.3% has been used (to 1 decimal place).
- In the prior year it was assumed that Consumer price inflation (CPI) would be 0.6% a year lower than RPI. However, it is expected that the RPI will be calculated in the same way as CPI-H from 2030, so the difference between the two indices should reduce considerably. Nonetheless, until 2030 the two indices will be calculated differently and it should be noted that a significant proportion of the deferred pensioner liabilities will retire before the indices are aligned. It is proposed that the assumption of the difference between RPI and CPI remains at 0.6%. This results in a CPI increase assumption of 2.7%.
- No estimated salary increases due to the scheme closure at 31 December 2018.
- Increases to pensions in payment which are related to price inflation have been taken to increase in line with the RPI assumption or the annual increase cap, whichever is lower.
- Increases to deferred pensions which are related to price inflation have been taken to increase in line with the CPI assumption, or the cap, whichever is the lower.
- Commutation of pension by members estimated at 25%, allowing for an increase in commutation rates since the actuarial valuation. It is also assumed that commutation factors will be increased by 20% and this is reflected in the FRS 102 liabilities.

The principal actuarial assumptions used per annum are:

	2024	2023
Discount Rate	5.0%	4.5%
Retail price inflation	3.3%	3.5%
Consumer price inflation	2.7%	2.9%
Increases to pensionable earnings	n/a	n/a
Increases to pensions in payment		
Earned up to 31 December 2001	5.0%	5.0%
Earned from 1 January 2002 to 5 April 2005	3.3%	3.5%
Earned from 6 April 2005	2.5%	2.5%
Pre-retirement increases for deferred pensions		
Earned before 6 June 2009	2.7%	2.9%
Earned from 6 June 2009	2.5%	2.5%

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31. PENSION SCHEMES (continued)

Reconciliation of funded status to balance sheet

	2024 £'000	2023 £'000
Present value of liabilities	(42,141)	(46,343)
Fair value of plan assets	40,345	42,545
Deficit	<u>(1,796)</u>	<u>(3,798)</u>

Assets

	2024 £'000	Weight %	2023 £'000	Weight %
Equities	11,835	29.3	20,820	48.9
Bonds	27,384	67.9	20,842	49.0
Cash (including dividends receivable)	1,126	2.8	883	2.1
Total market value of assets	<u>40,345</u>	<u>100.0</u>	<u>42,545</u>	<u>100.0</u>

The amounts recognised in the Statement of Financial Activities are as follows:

	2024 £'000	2023 £'000
Interest expense	2,051	1,527
Interest income	(1,942)	(1,358)
Pension Finance charge	<u>109</u>	<u>169</u>
Employer's deficit contributions	<u>(2,750)</u>	<u>(3,644)</u>
Defined Benefit Pension Adjustment	<u>(2,750)</u>	<u>(3,644)</u>

Changes in the present value of the Defined Benefit Obligation (DBO) during the year are as follows:

Year ending 31 January:	2024 £'000	2023 £'000
Present value of the liabilities as at the start of year	46,343	67,033
Current service cost	-	-
Contributions by the members	-	-
Interest expense	2,051	1,527
Past service cost	-	-
Re-measurement – effect of experience adjustments loss/(gain)	887	2,070
Re-measurement – effect of changes in assumptions (gain)/loss	(5,621)	(23,004)
Benefits paid	(1,519)	(1,283)
Present value of the liabilities as at the end of year	<u>42,141</u>	<u>46,343</u>

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31. PENSION SCHEMES (continued)

Changes in the fair value of assets during the year are as follows:

Year ended 31 January:	2024	2023
	£'000	£'000
Fair value of plan assets as at start of year	42,545	57,867
Interest income	1,942	1,358
Re-measurement – return on plan assets excluding interest income	(5,373)	(19,041)
Employer's normal contributions	-	-
Employer's deficit contributions	2,750	3,644
Contributions by the members	-	-
Benefits paid	(1,519)	(1,283)
	<u>40,345</u>	<u>42,545</u>
Actual return on plan assets (loss)/gain	(3,431)	(17,683)

Based on current pensionable earnings and the deficit recovery plan agreed in 2022, the employer's deficit recovery contributions expected to be paid to the Scheme for the year ending 31 January 2025 amounts to £2,750,000 (2024: £2,750,000).

Amounts for the current and previous four periods are as follows:

As at 31 January:	2024	2023	2022	2021	2020
	£'000	£'000	£'000	£'000	£'000
Present value of the liabilities	(42,141)	(46,343)	(67,033)	(75,661)	(69,209)
Fair value of plan assets	40,345	42,545	57,867	49,242	43,090
Deficit	<u>(1,796)</u>	<u>(3,798)</u>	<u>(9,166)</u>	<u>(26,419)</u>	<u>(26,119)</u>
Re-measurement – Effect of experience adjustment on scheme liabilities (loss)/gain	(887)	(2,070)	739	42	(1,192)
Re-measurement – Effect of change in assumption on scheme liabilities gain/(loss)	5,621	23,004	(7,947)	(6,181)	9,073
Re-measurement – Return on plan assets excluding interest income (loss)/gain	(5,373)	(19,041)	(594)	2,835	3,821
FRS 102 adjustment	<u>(639)</u>	<u>1,893</u>	<u>8,092</u>	<u>(3,304)</u>	<u>(6,444)</u>

Volatility of FRS 102

The results disclosed above are inherently volatile. This is because the liabilities have been calculated by discounting the benefits using the yield on a suitable AA-rated corporate bond, whereas the scheme does not invest solely in high quality corporate bonds. To that extent there is, for FRS 102 purposes, a 'mismatch' between the assets and liabilities, which means that the assets and liabilities (and hence the surplus or deficit) can be volatile between different accounting periods, depending on general movements in the market.

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32. CHARITY STATEMENT OF FINANCIAL ACTIVITY

	Notes	Unrestricted Funds £'000	Pension Reserve (note 31) £'000	Restricted & Endowment Funds £'000	Total Funds 2024 £'000	Total Funds 2023 £'000
INCOME & ENDOWMENTS FROM:						
Charitable activities:						
Examinations	3	41,098	-	-	41,098	38,546
Teacher Support	4	14	-	-	14	3
Other trading activities:						
Covenant from subsidiary		807	-	-	807	606
Copyright fees		336	-	-	336	319
Investments	5	801	-	58	859	226
Other		54	-	-	54	16
Total income		<u>43,110</u>	<u>-</u>	<u>58</u>	<u>43,168</u>	<u>39,716</u>
EXPENDITURE ON:						
Charitable Activities						
Examinations		34,698	(2,749)	17	31,966	30,174
Teacher Support		442	(1)	-	441	390
Scholarships	9	1,379	-	-	1,379	1,372
Music education	10	2,291	-	-	2,291	260
		<u>38,810</u>	<u>(2,750)</u>	<u>17</u>	<u>36,077</u>	<u>32,196</u>
Pension finance charge	7	-	109	-	109	169
Total expenditure		<u>38,810</u>	<u>(2,641)</u>	<u>17</u>	<u>36,186</u>	<u>32,365</u>
Net (loss)/gain on investment	16	-	-	(8)	(8)	(4)
Net income/(expense)		4,300	2,641	33	6,974	7,347
Other recognised gains:						
Actuarial gain on pension scheme	31	-	(639)	-	(639)	1,893
Total comprehensive income		4,300	2,002	33	6,335	9,240
RECONCILIATION OF FUNDS:						
Balance brought forward		19,265	(3,798)	1,691	17,158	7,918
Total comprehensive income		4,300	2,002	33	6,335	9,240
Balance carried forward		<u>23,565</u>	<u>(1,796)</u>	<u>1,724</u>	<u>23,493</u>	<u>17,158</u>

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33. COMPARATIVE GROUP STATEMENT OF FINANCIAL ACTIVITY FOR YEAR ENDED 31 JANUARY 2023

	Unrestricted Funds £'000	Pension Reserve £'000	Restricted & Endowment Funds £'000	Total Funds 2023 £'000
INCOME & ENDOWMENTS FROM:				
Charitable activities				
Examinations	38,546	-	-	38,546
Teacher Support	3	-	-	3
Other trading activities:				
Publishing sales	6,746	-	-	6,746
Investments	164	-	54	218
Other	16	-	-	16
Total income	45,475	-	54	45,529
EXPENDITURE ON:				
Charitable Activities				
Examinations	33,879	(3,644)	3	30,238
Teacher Support	390	-	-	390
Scholarships	1,372	-	-	1,372
Music education	260	-	-	260
Other trading activities:				
Publishing	5,750	-	-	5,750
	41,651	(3,644)	3	38,010
Pension finance charge	-	169	-	169
Total expenditure	41,651	(3,475)	3	38,179
Net (loss)/gain on investment	-	-	(4)	(4)
Net income/(expenditure)	3,824	3,475	47	7,346
Other recognised gains/(losses):				
Actuarial gain on pension scheme	-	1,893	-	1,893
Total comprehensive income	3,824	5,368	47	9,239
RECONCILIATION OF FUNDS:				
Balance brought forward	15,451	(9,166)	1,644	7,929
Net movement in funds	3,824	5,368	47	9,239
Balance carried forward	19,275	(3,798)	1,691	17,168

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34. COMPARATIVE GROUP ANALYSIS OF EXPENDITURE FOR YEAR ENDED 31 JANUARY 2023

	Direct Charitable £'000	Support Costs £'000	Staff Costs £'000	Depreciation & amortisation £'000	Total 2023 £'000
Charitable activities:					
Examinations	12,921	6,908	6,956	3,453	30,238
Teacher Support	-	141	222	27	390
Scholarship payments	1,372	-	-	-	1,372
Music education	260	-	-	-	260
Publishing	2,482	890	2,323	55	5,750
	<u>17,035</u>	<u>7,939</u>	<u>9,501</u>	<u>3,535</u>	<u>38,010</u>
Pension finance charge	-	-	169	-	169
	<u>-</u>	<u>-</u>	<u>169</u>	<u>-</u>	<u>169</u>
Total	<u><u>17,035</u></u>	<u><u>7,939</u></u>	<u><u>9,670</u></u>	<u><u>3,535</u></u>	<u><u>38,179</u></u>

35. COMPARATIVE GROUP ANALYSIS OF SUPPORT COSTS FOR YEAR ENDED 31 JANUARY 2023

	Examinations Restated £'000	Teacher Support £'000	Publishing £'000	Total 2023 £'000
Exam Support	424	-	-	424
IT	2,539	116	429	3,084
Sales and Marketing	779	5	137	921
Finance	72	-	11	83
Facilities	1,832	20	161	2,013
Governance	176	-	4	180
HR & other management	1,086	-	148	1,234
	<u>6,908</u>	<u>141</u>	<u>890</u>	<u>7,939</u>

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2024

36. COMPARATIVE MOVEMENT OF ENDOWMENT FUNDS FOR YEAR ENDED 31 JANUARY 2023

	At 1 February 2022 £'000	Income and gains £'000	Expenditure and losses £'000	At 31 January 2023 £'000
Group and charity				
Permanent prize endowment funds				
Sheila Mossman Prize account	151	5	-	156
Ralph Bassett Prize account	118	4	(1)	121
Constance Haddon Prize account	133	4	-	137
Winifred Liversidge Prize account	136	5	(1)	140
Irene Lassen Bequest	497	16	(1)	512
Weinman/Duraisamy Prize	5	-	-	5
Sundry named prizes and general prizes account	310	11	(1)	320
	<u>1,350</u>	<u>45</u>	<u>(4)</u>	<u>1,391</u>
Expendable prize endowment funds				
Gordon Bryan Fund	108	3	-	111
Alan Pickard Prize	27	1	-	28
Taylor White Gibbs Prize	159	5	(3)	161
	<u>294</u>	<u>9</u>	<u>(3)</u>	<u>300</u>
Total endowment funds	<u>1,644</u>	<u>54</u>	<u>(7)</u>	<u>1,691</u>
Interest receivable		54	-	
Expenditure on prizes		-	(3)	
Unrealised loss on investments		-	(4)	
		<u>54</u>	<u>(7)</u>	

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2024

37. COMPARATIVE MOVEMENT OF UNRESTRICTED FUNDS FOR YEAR ENDED 31 JANUARY 2023

Group	At 1 February 2022 £'000	Income £'000	Expenditure £'000	Transfers £'000	At 31 January 2023 £'000
Fixed asset fund	6,243	-	-	(1,200)	5,043
Designated funds					
Development funds	3,946	-	(1,696)	1,500	3,750
Examiner fund	530	-	-	250	780
General charitable funds	4,732	45,475	(39,955)	(550)	9,702
Total	<u>15,451</u>	<u>45,475</u>	<u>(41,651)</u>	<u>-</u>	<u>19,275</u>
Charity					
Fixed asset fund	6,243	-	-	(1,200)	5,043
Designated funds					
Development funds	3,946	-	(1,696)	1,500	3,750
Examiner fund	530	-	-	250	780
General charitable funds	4,721	39,662	(34,141)	(550)	9,692
Total	<u>15,440</u>	<u>39,662</u>	<u>(35,837)</u>	<u>-</u>	<u>19,265</u>

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2024

38. COMPARATIVE ANALYSIS OF NET ASSETS BETWEEN FUNDS FOR YEAR ENDED 31 JANUARY 2023

Group	Unrestricted Funds (including Pension Reserve) £'000	Prize Endowment Funds £'000	Total 2023 £'000
Tangible fixed assets	1,677	-	1,677
Intangible fixed assets	3,366	-	3,366
Investments	-	1,574	1,574
Current assets	26,145	135	26,280
Current liabilities	(9,726)	(18)	(9,744)
Non-current liabilities	(544)	-	(544)
Provisions	(1,643)	-	(1,643)
Net assets before pension deficit	19,275	1,691	20,966
Pension deficit	(3,798)	-	(3,798)
Total net assets after pension deficit & provisions	15,477	1,691	17,168
Charity			
Tangible fixed assets	1,677	-	1,677
Intangible fixed assets	3,366	-	3,366
Investments	782	1,574	2,356
Current assets	24,740	135	24,875
Current liabilities	(9,113)	(18)	(9,131)
Non-current liabilities	(544)	-	(544)
Provisions	(1,643)	-	(1,643)
Net assets before pension deficit & provisions	19,265	1,691	20,956
Pension deficit	(3,798)	-	(3,798)
Total net assets after pension deficit & provisions	15,467	1,691	17,158
Group and Charity			
Unrealised gains included above on investment assets (see note below)	-	795	795
Unrealised gains as at 1 February 2022	-	799	799
Net gain/(loss) arising from revaluations in the year	-	(4)	(4)
Unrealised gains as at 31 January 2023	-	795	795

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC

England & Wales - Charity number 292182

Accounts

**THE ASSOCIATED BOARD OF THE
ROYAL SCHOOLS OF MUSIC
REPORTS AND ACCOUNTS
FOR THE YEAR ENDED 31 JANUARY 2023**

CHARITY NUMBER (ENGLAND AND WALES):	292182
CHARITY NUMBER (SCOTLAND):	SC043343
COMPANY NUMBER:	01926395

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
REFERENCE AND ADMINISTRATIVE INFORMATION**

PATRON

Her Majesty Queen Elizabeth II

PRESIDENT

His Majesty King Charles III

GOVERNING BODY

Tony Hales, Chair, CBE, BSc

Frances Anderson, M.SOC.SC(URS), BSC (ECON), FRSA

Abdul Bhanji OBE, FCA

Baroness Fleet CBE

Professor Jonathan Freeman-Attwood CBE, BMus, MPhil, Hon RAM, FKC, FRNCM
(Principal, Royal Academy of Music)

Nicola Irvine

Leslie Kwan

Professor Colin Lawson CBE, MA (Oxon), MA, PhD, D Mus, FRCM, FRNCM, FLCM
(Director, Royal College of Music)

Professor Linda Merrick GRSM, MMus, PhD, FRAM, FRCM, FLCM, FRSA, Hon VCM, FHEA
(Principal, Royal Northern College of Music)

Professor Jeffrey Sharkey, MPhil (Cantab)
(Principal, Royal Conservatoire of Scotland)

Bronwyn Syiek, MA (Cantab)

Damian Wisniewski BSc (Eng), ACGI, BFP, FCA, LRAM

CHIEF EXECUTIVE

Chris Cobb BSc, FRSA

DEPUTY CHIEF EXECUTIVE

Penny Milsom, BA

CHIEF OPERATING OFFICER

Helen Coleman BA, MBA

CHIEF DIGITAL OFFICER

James Halliwell BSc, MSc

CHIEF PRODUCT OFFICER

Tom Lee BA

SECRETARY TO THE GOVERNING BODY

Rachael Castles

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
REFERENCE AND ADMINISTRATIVE INFORMATION**

CHARITY NUMBER (ENGLAND AND WALES):	292182
CHARITY NUMBER (SCOTLAND):	SC043343
COMPANY NUMBER:	01926395
TRADING NAME:	ABRSM
REGISTERED AND PRINCIPAL OFFICE:	4 London Wall Place, London, EC2Y 5AU
TELEPHONE:	+44(0) 20 7636 5400
EMAIL:	abrsm@abrsm.ac.uk
WEBSITE:	www.abrsm.org
ADVISERS:	
External Auditors:	Crowe UK LLP 55 Ludgate Hill, London EC4M 7JW
Internal Auditors:	BDO LLP 55 Baker Street, London W1U 7EU
Bankers:	Barclays Bank PLC Level 27 1 Churchill Place, London E14 5HP Santander UK PLC 3 rd Floor, Santander House 100 Ludgate Hill, London EC3M 7RE Lloyds Bank PLC 25 Gresham Street, London EC2V 7HN
Solicitors:	Farrer & Co 66 Lincoln's Inn Fields, London WC2A 3LH
Pension Scheme Administrators:	Broadstone Pensions and Investments Limited 100 Wood Street, London EC2V 7AN
Pension Scheme Actuary and Investment Advisors:	Lane Clark & Peacock LLP 95 Wigmore Street, London, W1U 1DQ
Investment Managers (Prize Funds):	BlackRock Investment Management (UK) Limited 12 Throgmorton Avenue, London EC2N 2DL

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
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**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
FOR THE YEAR ENDED 31 JANUARY 2023**

The members of the Governing Body (the 'Governors'), who are also directors of the company, present their annual report (incorporating the Strategic Report) for the year ended 31 January 2023, together with the audited financial statements for the year in accordance with the Charities Act 1993 as amended by the Charities Act 2011. They confirm that these comply with the requirements of the Companies Act 2006, the Company's Memorandum and Articles of Association and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard in the UK and Republic of Ireland (FRS102).

STATUS AND ADMINISTRATION

The Associated Board of the Royal Schools of Music (ABRSM) is a registered charity, number 292182 (Charity registered in Scotland number: SC043343), and a company limited by guarantee, registered number 1926395, established by four Royal Schools of Music for the benefit of music education. The company has no share capital and the liability of the members in the event of winding up is limited to £1 per member. The members are the Royal College of Music, the Royal Academy of Music, the Trustees of the Royal Northern College of Music Endowment Fund and the Trustees of the Royal Conservatoire of Scotland Trust.

The charity has a wholly owned subsidiary company, The Associated Board of the Royal Schools of Music (Publishing) Limited (ABRSM Publishing), the results of which are consolidated in these financial statements.

GOVERNING BODY, CHIEF EXECUTIVE AND MANAGEMENT STRUCTURE

For the purposes of the Companies Act 2006 the Governors are the directors of ABRSM. They are also the charity trustees under the Charities Act 2011. The Governing Body is constituted under the Articles of Association of the company as drawn up in 1985 and amended on 26 July 2011. The amendment allows for three additional independent members to join the Governing Body.

Membership of the Governing Body consists of two persons appointed by each of the Royal Academy of Music, the Royal College of Music, the Royal Northern College of Music Endowment Fund and the Royal Conservatoire of Scotland Trust, together with three independent Governors¹ and a Chairman who is appointed by the members.

New Governors are invited to meet Governors, the Chief Executive and other senior staff for their induction. These meetings are tailored to the needs of each Governor depending on their background, experience and expertise. The Governors in office from 1 February 2022 to the date of this report are listed below and, where applicable, their alternate directors ('Alternates').

Governors

Tony Hales CBE, Chair
Frances Anderson¹
Abdul Bhanji OBE¹
Professor Jonathan Freeman-Attwood CBE
Nicola Irvine
Leslie Kwan
Professor Colin Lawson CBE
Professor Linda Merrick
Professor Jeffrey Sharkey
Bronwyn Syiek¹
Baroness Fleet CBE
Damian Wisniewski, Deputy Chair

Alternates

Karen Di Lorenzo

Kevin Porter
George Whalley

¹Frances Anderson, Abdul Bhanji and Bronwyn Syiek are independent Governors.

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023**

GOVERNING BODY, CHIEF EXECUTIVE AND MANAGEMENT STRUCTURE (continued)

Finance & Business Development Committee Members

Damian Wisniewski, Chair
Tim Barton
Tony Hales CBE
Rachel Harris
Karen Di Lorenzo
Bronwyn Syiek

Audit & Risk Committee Members

Abdul Bhanji OBE, Chair
Frances Anderson
Alan Smith
George Whalley

Music Education Advisory Committee

Professor Jeffrey Sharkey, Chair
Tony Hales CBE
Natasha Baldwin
Carolyn Baxendale
Frances Cummings
Barry Farrimond
Mirander Francis
Laura Gardiner
Rylan Gleave
Paul Harris
Karen Humphreys
John Hutchins
Gabriel Lee
Tim Plyming
Orphy Robinson
Jimmy Rotherham
Simon Toyne
Matt Wingfield

Remuneration Committee Members

Bronwyn Syiek, Chair
Baroness Fleet CBE
Professor Jonathan Freeman-Attwood CBE
Tony Hales CBE

Nominations Committee

Tony Hales CBE, Chair
Abdul Bhanji OBE
Professor Colin Lawson CBE
Professor Linda Merrick

Ethics Committee

Frances Anderson
Nicola Irvine

Alternates are appointed by the Governor for whom they act. They are entitled to attend, vote and generally act on behalf of the appointing Governor at any Governing Body meeting where that Governor is not present. Alternates are officers of ABRSM, rather than agents of appointing Governors. They are therefore subject to all terms and conditions, other than remuneration, existing with reference to other Governors.

Key Personnel

The Governors delegate the day-to-day management of ABRSM to the Chief Executive, and through him to his team of senior executive staff, who comprise the key management personnel:

Chris Cobb, Chief Executive
Penny Milsom, Deputy Chief Executive
Prof. Lincoln Abbotts, Executive Director of Strategic Development (Transferred to another role 01/02/2023)
Helen Coleman, Chief Operating Officer
James Halliwell, Chief Digital Officer
Prof. John Holmes, Chief Examiner (Resigned 31/08/2022)
Tom Lee, Chief Product Officer (Appointed 01/03/2023)

Decision Making

Proposals for developing ABRSM's work are discussed and refined by this senior team. Where appropriate they may be reviewed by one of the specialist committees of the Governing Body, which include the Music Education Advisory Committee. The Chief Executive presents key policy and strategic proposals to the Finance & Business Development Committee, which reviews the financial implications of all proposals, and to the Governing Body for consideration. If agreed, these will be incorporated into the planned activities of ABRSM.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023

GOVERNORS, CHIEF EXECUTIVE AND MANAGEMENT STRUCTURE (continued)

Decision Making (continued)

All aspects of ABRSM's work in support of its charitable objectives are brought together in a Corporate Plan which, together with financial projections, is monitored by the Senior Management Team and considered by the Finance & Business Development Committee and then the Governing Body. The Corporate Plan sets out the strategic direction for ABRSM in the medium term which is then communicated to all staff.

The Finance & Business Development Committee is also responsible for the review of the forecast, budget and management accounts. It meets four times a year and monitors the finances of ABRSM on behalf of the Governing Body. It exercises oversight of the funding strategy and related policies. The Committee will evaluate business cases for investment and monitor their benefits and RoI. The Finance & Business Development Committee comprises up to six members: The Chair who shall be an ABRSM Trustee; one independent Governor, up to two members co-opted by the members of the committee with relevant skills and experience to support the ABRSM strategy and two Royal Schools of Music Directors of Finance.

The Audit & Risk Committee oversees risk management on behalf of the Governing Body and meets three times a year. It provides assurance to the Governing Body on the effectiveness of risk management, control and governance arrangements. It also meets with both the external and internal auditors to discuss the findings and recommendations from the audit reports. The Audit & Risk Committee comprises four members: two independent Governors and two Directors of Finance from two of the Royal Schools of Music. The Audit & Risk Committee requires that at least one member should have recent audit and/or financial accounting experience.

ABRSM procures its Internal Audit service from BDO LLP. The work of the Internal Audit service is informed by an analysis of risks to which ABRSM is exposed and an annual internal audit plan is based on this analysis. The Audit & Risk Committee approves the internal audit plan. BDO LLP submit regular reports to the Audit & Risk Committee on audits conducted, risks identified and management's response to their findings, as well as their independent opinion on internal control.

The Nominations Committee is responsible for selecting and recommending new appointments to the Governing Body.

The Music Education Advisory Committee is an advisory body which supports the Senior Management Team and Governing Body to assure the musical integrity, quality and relevance of ABRSM's offer in the context of a contemporary global landscape.

The Remuneration Committee is responsible for determining and implementing the remuneration policy of the senior personnel. In doing so it considers remuneration trends across comparable institutions as well as performance. The remuneration of the senior executive staff is determined through the completion of performance related assessments in line with company policy. The level is determined by evaluating a combination of performance and market rate.

The Ethics Committee is an advisory body which supports the Senior Management Team and Governing Body to consider the application of ethical principles to ABRSM's decisions and actions.

ABRSM's governance is structured around the principles of the Charity Governance Code. The Governing Body is committed to reviewing its governance against the Code's principles on a regular basis to ensure the highest standards of governance.

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023**

GOVERNORS, CHIEF EXECUTIVE AND MANAGEMENT STRUCTURE (continued)

Governors' and Officers' Liability

Governors' liability is included in the combined business insurance policy and is purchased by authority contained within the Memorandum and Articles of Association, as permitted by Section 232(2) of the Companies Act 2006 and with the agreement of the Charity Commission. The total cost of Governors' and Officers' liability insurance was £388 (2022: £2,100).

CHARITABLE OBJECTIVES

ABRSM has the following aims and objectives set out in its Memorandum and Articles of Association:

- to advance the arts, science and skills of music, speech and drama throughout the UK and overseas; and
- to promote the education and instruction in, and the study and appreciation of music, speech and drama.

During 2021, ABRSM developed and implemented a new 5-year corporate strategy centred around our ongoing mission to enrich lives by inspiring musical achievement around the world. A focus on the needs of our customers is at the core of our strategy, which is also guided by five key themes: educational excellence; collaboration; leadership and advocacy; equality, diversity and inclusion; and, sustainability.

Over the next three years, ABRSM aims to be seen by our stakeholders to:

- Value and support our learners and teachers
- Be an innovator in music teaching, learning and assessment
- Support and promote music education globally

By January 2026 we will have grown:

- The number of learners engaging with us
- Our charitable donations
- The breadth of our activities

The following report explains in more detail how our objectives are achieved. Our main measurements of success continue to be the level of candidate numbers and turnover, the delivery of key targets for the launch of new products and services, digitally and in person, and reducing our carbon footprint.

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023**

STRATEGIC REPORT

PRINCIPAL ACTIVITIES

ABRSM supports the teaching and learning of music, in partnership with four Royal Schools of Music and aims to inspire achievement in music.

We continue to deliver our strategy guided by the three pillars of our business which underpin our mission to enrich lives by inspiring musical achievement around the world:

1. Music Making – Be inspired

We inspire and celebrate music making and performance in our core role as a music education charity, embracing musical diversity and creativity as we help nurture future generations of musicians.

2. Teaching and Learning – Be supported

We support music teachers and learners and value their ongoing learning and development. We are introducing new courses and resources to support excellence in music teaching.

3. Qualifications and Assessments – Be recognised

We continue to grow our portfolio of qualifications to recognise a wide range of musical achievement, embracing increasingly diverse genres, activities and learning settings.

Our 5-year corporate strategy remains focused on supporting teachers and learners, improving services for customers and expanding the diversity of the music we offer. Sustainability continues to be an important theme, with our ongoing objective to reduce our carbon emissions in line with the Paris Agreement.

The Governors believe that these activities continue to meet ABRSM's charitable objectives both in the year under review and into the future.

ABRSM's subsidiary, The Associated Board of the Royal Schools of Music (Publishing) Limited, is engaged in the production and sale of music publications, recordings and digital resources in support of the charitable activities of ABRSM, both of exam related publications, and wider repertoire music and text-books supporting music education.

During 2022 ABRSM engaged with a consultant, to help put music, performance and the joy and enrichment they bring at the centre of our thinking as we develop our strategic activities to inspire musical achievement for the widest possible range of learners across our three strategic pillars. We were delighted to appoint pioneering musician Alexis Ffrench as our inaugural consultant supporting us with our artistic goals, bringing to ABRSM his formidable musical talent and belief in the power of music and helping give significant voice to the values and core purpose of enriching lives through musical achievement around the world. He assumed his role formally in January 2023.

ACHIEVEMENTS AND PERFORMANCE

Supporting and recognising excellence in music teaching

ABRSM supports teachers worldwide by developing printed and digital resources that complement our exam focussed books, recordings, apps and videos, and through a range of online and face-to-face events and qualifications.

During the year, 27 bespoke presentations and INSET sessions curated and delivered for partner organisations, schools and music services around the world, reached over 600 teachers.

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023**

ACHIEVEMENTS AND PERFORMANCE (continued)

We launched our Teacher Hub in November 2022, a digital platform designed to be the “go to” resource for music teachers. It includes online courses and a community forum for music teachers to learn and share new ideas. This fantastic resource exceeded expectations, with now over 10,500 subscribers across the globe (nearly twice our expected target). There have already been over 125,000 logged sessions and over 420,000-page views, which means that approximately 300,000 pupils have benefitted from the platform. So far one free course has been launched; Reflecting on Your Practice, along with three paid for courses; Troubleshooting Your Teaching, Becoming a Music Teacher, and Approaching Musicianship with Confidence. There are additional free articles, films and resources available in the community resources area with new content uploaded regularly.

Further courses under development include; a Royal Northern College of Music course to be launched later this year, a Music Medals training course, and work in partnership with The Voices Foundation to deliver a course to find your voice. Other future plans include researching teachers' views on the Teacher Hub and the feasibility of a Teacher Conference, and publishing a timetable of face to face sessions, either live or online.

Expanding and enhancing the ways we support and assess musical progression

The core activity of ABRSM, delivering music exams of a consistently high quality both in the UK and internationally, continued during the year. We continued to develop our offer of alternative and new format online examinations approved by Ofqual to meet our learners' needs both in the UK and internationally. There were 440,000 (2022: 425,000) ABRSM assessments in 2022-23, an increase of 3.5% on the prior year.

A fully on-demand model for candidates taking their Performance Grades launched successfully on 1 August 2022, on schedule and within budget. As an agreed strategic priority for 2022, the Performance Grade on Demand (POD) project, was mobilised to deliver a scalable on-demand solution for UK and International candidates as well as to provide a core platform to deliver future on-demand products. By January 2023 more than 500,000 candidates had completed a Performance Grade exam, with more than 100,000 candidates using the on-demand model. The half a million mark would fill the Royal Albert Hall 94 times!

We have broadened out the leadership of the examiner panel with the establishment of the new Chief Examiner Group. This will enable greater capacity for involvement in exam design as well as training and quality assurance.

Most of ABRSM's qualifications are formally recognised by the UK qualifications regulators: in England by the Office of Qualifications and Examinations Regulation (Ofqual); in Wales by Qualifications Wales; and in Northern Ireland by Council for the Curriculum, Examinations and Assessment (CCEA Regulation). All our regulated qualifications are listed on Ofqual's Register of Qualifications. The Governing Body is responsible for overseeing ABRSM's compliance with the conditions of recognition as set by the three regulators.

UK and Ireland examinations

During 2022-23 a total of 213,000 (2022: 204,000) assessments were completed for ABRSM's Practical, Performance Grade, Diploma, Theory and Music Medals qualifications in the UK and Ireland, an increase of 4.4% on the prior year. Assessments completed in Scotland make up 2.3% of the total (2022: 2.6%).

In 2022 we were pleased to have been able to increase the offer of public exams from 200 venues in 2021 to 230 venues by the end of the year.

We aim to retain and attract candidates through a variety of corporate strategies including the release of new and refreshed qualifications and increasing customer engagement capacity along with new publications and digital learning apps.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
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FOR THE YEAR ENDED 31 JANUARY 2023

ACHIEVEMENTS AND PERFORMANCE (continued)

We are assisted in delivering our examinations by volunteer Honorary Local Representatives (HLRs) who give their valuable time to help arrange and ensure the smooth running of exams in the UK. At the end of the year we had 192 HLRs supporting our UK customers; recruitment is prioritised to focus on locations where there is the most need. 2023 will see a return to face to face seminars and celebration and long service events for our HLRs in the summer.

International examinations

During the year a total of 227,000 (2022: 221,000) international assessments were completed for ABRSM's Practical, Performance Grade, Diploma and Theory qualifications, an increase of 2.7% on prior year.

Internationally we returned to face to face examining in 2022 in 27 countries including 12 in Europe, Singapore, Malaysia and Hong Kong, Indonesia, Australasia, USA, India and the Middle East. We remain in the recovery phase of our strategy. However, a number of our previously identified growth markets, including the USA, New Zealand and South Korea, are recovering faster than others.

In March and April 2022, we opened booking for both Performance Grades and Online Theory exams in China, enabling us to resume a digital-only exam offer in this market.

At year end we had 112 (2022: 129) international representatives, covering 73 countries.

Support for learners of music

This year saw the release of a new Piano syllabus, published in June 2022 for use from January 2023. The syllabus covers all grades from initial grade to grade 8, with the audio product including a download code for all 39 audio tracks on the syllabus for that grade. The new syllabus includes the addition of three new pieces per list per grade from underrepresented composer groups as well as introducing different genres. To support the new syllabus, our Piano Practice Partner App was refreshed in June 2022 to include the new repertoire.

A new Brass syllabus covering all instruments was also published in June 2022 for use from January 2023. The new syllabus introduces co-teachable material across instruments up to grade 5 to support Whole Group Instrumental Teaching, and candidates who learn in the Brass Band world. It includes improved diversity of pieces, duets, and embedded transposition within sight-reading tests. Supporting publications including Brass Mix, Scale and Specimen test books were published in autumn 2022.

Our Singing for Musical Theatre repertoire was updated to refresh and expand the syllabus lists, increasing choice for candidates. This ensured the offer was entirely contemporary in nature, with new shows and soundtracks being represented, and allowed us to consistently work towards diversifying the composer representation. Over 25 new songs have been added across grades 1 to 8, in addition to the 1000+ selections already on the syllabus. This is a 'living list' with pieces being removed by exception.

Development of published and digital resources

Publishing turnover for the year (including intra-group charges) was £6,750,000 (2022: £6,833,000). The small decrease in turnover compared with the prior year, despite the release of a Piano syllabus in June 2022, is due to the increased uptake of Performance Grades which do not require technical tests and therefore fewer supporting publications are needed to sit an exam. The Publishing Company results (including intra-group charges) produced a gift aid payment of £606,000 (2022: £755,000) to ABRSM.

This year saw the continued development and improvement of our range of apps including new syllabus repertoire added to our Piano and Brass Practice Partner Apps. Total app sales for the year came to £149,000 (2022: £150,000) with total downloads of 85,000 (2022: 77,000).

Accessibility and Online Resources

In addition to our examination related on-line tools, we continue to develop our suite of resources for teachers via the website along with face-to-face interaction.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
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ACHIEVEMENTS AND PERFORMANCE (continued)

Our new Classroom 200 site was released on time and on budget in April 2022, in time to be referenced by the National Plan for schools. The site has been very successful so far and we surpassed our target of 10,000 sign-ups well before the end of the year.

ABRSM's website features localised content for every country in which we operate and responds automatically to each visitor's location in order to provide local exam entry, contact and event information. During the year to 31 January 2023 we had over 7,415,000 (2022: 8,687,000) visits from over 3,698,000 (2022: 4,269,000) unique visitors.

ABRSM, working closely with PwC, continues to develop and implement the organisation's ambitious digital transformation programme.

The next phase of development and continuous improvement work, including planned CRM development, together with improvements to website content and design, were implemented to improve the customer experience as well as reduce the volume of customer enquiries.

Partnering strategically to support, deliver and advocate for excellence and participation in music education

Due to its financial situation, ABRSM was not able to make substantial charitable contributions during the year to support the work of four Royal Schools of Music. After the year end but before the date of approval of these accounts, distributions of £1m in total were made to four Royal Schools of Music. ABRSM maintained scholarships for UK-based and international students of the Royal Academy of Music, the Royal College of Music, the Royal Northern College of Music, the Royal Conservatoire of Scotland, the Royal Welsh College of Music and Drama and the Hong Kong Academy of Performing Arts. A total of 88 (2022: 89) scholars benefited from ABRSM funding during the year. Sponsorship and donations for the benefit of music education arising in the year to 31 January 2023 were £260,000 (2022: £201,000). Scholarships awarded totalled £1,372,000 (2022: £1,086,000) and included:

Royal Academy of Music

Supported by an ABRSM Scholarship, Gerard Flotats studies cello at the Royal Academy of Music with Hannah Roberts and Andrew Skidmore. Gerard currently plays a Francesco Rugeri cello made in Cremona in 1689, on loan from the Academy. In 2022, Gerard performed in masterclasses with Mischa Maisky at the Stauffer Academy and with Gary Hoffman and Frans Helmerson at Verao Classico Lisboa. He has also worked in chamber groups with Brett Dean, Hilel Zori, Sheku Kanneh-Mason and Rodovan Vlatkovic, and played in renowned venues including the Southbank Centre. Gerard is currently the principal cellist of the European Union Youth Orchestra. He also recently led the Royal Academy of Music Orchestra. As a member of the Edenis Quartet, he recently played the solo quartet of Elgar's Introduction and Allegro and has been invited to play at the Hatfield Chamber Music Festival in 2023. Gerard is incredibly grateful to receive support from ABRSM and would like to pass on the following message of thanks: "I grew up in a small village outside Barcelona and coming to London to study what I love most at the Academy is a dream come true. I feel extremely lucky to have this opportunity, made possible by my ABRSM Scholarship, and I will make the most of it. To have the backing of such a renowned organisation is a real motivator for my studies and career. Thank you."

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ACHIEVEMENTS AND PERFORMANCE (continued)

Partnering strategically to support, deliver and advocate for excellence and participation in music education (continued)

Royal College of Music

Japanese-born British violinist Coco Inman is currently a Masters student in her final year at the RCM as an ABRSM scholar. Her studies this year have acted as a springboard to prepare Coco for life as a professional musician outside of education. In her orchestral module, she has gained invaluable experience in preparing for professional orchestral auditions, as well as how to play within the body of an orchestra and the nuances of playing as part of a team. She has successfully obtained two trials with the Manchester Camerata and the CBSO and is a regular extra player with the Philharmonia and Britten Sinfonia. At the beginning of this academic year, Coco joined the Salomé Quartet (formed in 2016 at RCM) as second violinist. Studying at the RCM has given the group the privilege of access to unlimited chamber coaching, essential to their growth. Since Coco joined, the Salomé Quartet have been appointed members of the Britten Pears Young Artist Programme and Musethica Sessions, and are the recipients of a Tunnel Trust Award with a Scotland tour taking place in 2024. Without her scholarship, Coco's Masters may not have been possible and she would not have had the opportunity to study the core and essential skills she has learnt from the professors, classes and community at the RCM. Coco would like to thank the ABRSM for its unequalled support, which has made a tremendous difference in enabling her studies, allowing her to develop as a musician and follow her dreams.

Royal Northern College of Music

Supported by an ABRSM Scholarship, Ben Norris studies viola at the Royal Northern College of Music (RNCM). Ben has enjoyed success after success and is now approaching his final year of undergraduate study at the RNCM. Outside of his studies, he is currently working with the Bournemouth Symphony Orchestra and BBC National Orchestra of Wales. He also became a core member of Sinfonia Cymru in September 2022 – undertaking Principal Viola for a recent tour with them and playing solo in Wagner's Siegfried Idyll, which was broadcast on Radio 3.

Royal Conservatoire of Scotland

Rachel McLean is a final year MPerf student studying Vocal Studies at the Royal Conservatoire of Scotland. Rachel has made tremendous progress, both technically and dramatically. She is an exemplary student and always prepares her repertoire well, is extremely organised and is a most empathetic young lady. Her voice is going from strength to strength and she has had several positive outcomes from the auditions she has done this year. She is a most dedicated student and is very appreciative of the support from the ABRSM which enables her to continue her studies. She recently won the Tanya and Tony Webster Russian song Prize at RCS and is looking forward to singing Donna Anna in the Weimar Opera Summer Studio in the summer of 2023.

Other Support for Music Education

We have continued to work closely with partner organisations, policy makers and leaders to champion music education and open up opportunities for more people to access and progress in music.

2022 saw the start of a rebalancing of our partnerships and sponsorship portfolio as part of a commitment to broaden both the reach and impact of our funding, as well as the diversity of organisations and programmes we support. In the UK we continued to collaborate with longstanding partners such as Music Mark, Open Up Music, National Youth Choirs of Great Britain, National Youth Jazz Orchestra, Royal Philharmonic Society, National Children's Orchestras of Great Britain, National Youth Orchestra and London Music Fund, and we established exciting new partnerships with Black Lives in Music, the Ivors Academy, Tri-Borough Music Hub and Music Education Partnership Group (MEPG).

Our support for MEPG's We Make Music Scotland Instrument Libraries programme is helping to place musical instruments in libraries across Scotland, giving learners the opportunity to take out instruments for free just as they would a book. This initiative complements the Scottish Government's commitment to providing free instrumental and vocal tuition for learners across the country. Our partnership with Black Lives in Music supports our shared aims to contribute to an ever more diverse, inclusive and accessible industry, while our work with the Ivors Academy builds on the last two years of our composer mentoring programme, which supports emerging composers from diverse backgrounds looking to write music for educational settings.

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ACHIEVEMENTS AND PERFORMANCE (continued)

Partnering strategically to support, deliver and advocate for excellence and participation in music education (continued)

In November 2022 we launched an exam discount scheme to contribute to tackling some of the financial barriers that many learners and families face in accessing music education, including our exams. The scheme is managed by our partners Music Mark, and is available to learners via their local music service, ensuring that the support is targeted at the local level to where it is needed most.

Outside the UK we continued our support for grassroots music programmes, teacher development and performance opportunities through our International Sponsorship Fund (ISF). The 2022 recipients were Ashram Gandhi School (India), Education Africa (South Africa) and La Escuela Paralela (Dominican Republic). Launched a decade earlier, the ISF has provided funding to more than 50 organisations from 31 countries around the world, helping an estimated 5,000 music learners engage with a range of programmes. We published a 10-Year Impact Report to highlight some of the stories from over the years, and announced a new, enhanced sponsorship programme, Play On, to succeed the ISF from 2023. Play On will be managed by our partners The Commonwealth Resounds, and we hope to reach more people than ever before.

We were also pleased to present the 7th Global High Scorers' Concert in May 2022, featuring young performers from 24 countries. Initially established in response to the pandemic, these online events continue to be popular with our audiences and we received more than 2,000 applications from performers.

Partnership is central to our work as a music education charity and so we have looked to increase the visibility of this work on our website and social channels. We launched a new blog series, Spotlight on Partnerships, to showcase our partners, share good news stories of music from around the world, and demonstrate the impact of our support and funding on their work.

Classroom 200 – our free online resource for school teachers working with students up to the age of 14 – continues to play a part in bringing music to life in more than 12,000 schools worldwide. With access to recordings and step-by-step lesson plans, this resource flows from our previous work on the Model Music Curriculum and complements the growing suite of offers available to instrumental and classroom teachers via our Teacher Hub.

Prize Funds

The endowment funds were established to provide prizes for musical achievement in ABRSM's examinations. All investments have been acquired in accordance with the powers available to the Governors.

Fundraising

The organisation does not engage in fundraising activities. Its income is derived from music examination fees and from sales of associated publications.

Protecting the planet for future generations

We recognise a climate emergency is happening. As a global organisation bringing musical achievement to a young audience, we will engage our staff and the wider ABRSM community to protect the planet for future generations. We will adapt how we operate to reduce our impact on the environment and our long term goal is to cut our carbon emissions in half by 2030 and reduce them to net zero by 2050.

In 2021 we carried out a carbon audit of our activities and began to plan a series of projects over the next three years that will help us to manage our GHG emissions against targets that track the aims of the Paris Agreement on global temperature rise.

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FINANCIAL REVIEW

The consolidated statement of financial activities is given on page 27 of the accounts.

Total turnover of ABRSM and its UK subsidiary from examinations, publications, teacher support and investment income for the year amounted to £45,529,000 (2022: £42,498,000). The increase in turnover mainly arises from increased candidate numbers for our assessments both in the UK and internationally. Uptake of our Practical examinations has increased as travel and social distancing regulations have eased around the world. This is partially offset by a slight fall in turnover for our Publications subsidiary.

The operating profit for the year was £7,346,000 (2022: £7,428,000). The performance of the publishing company is set out in note 6 to the accounts.

The profit is stated after charging £3,123,000 (2022: £2,722,000) of amortisation costs in line with ABRSM's policy regarding the capitalisation of software development costs (note 2h). This amortisation relates to development of our CRM system, which has allowed customers to manage their bookings directly and also brought many of our internal processes online.

We continued to improve our digital offering by investing £2,037,000 (2022: £1,709,000) in our CRM system. A significant proportion of this related to the introduction of an on demand model for our Performance grade assessments.

The increased cash receipts and improved financial stability have allowed us to increase the level of cash held on deposit to £13,050,000 (2022: £6,988,000). This is held in various accounts with different maturity dates to maximise returns whilst still allowing flexibility.

The level of creditors due within one year have reduced to £9,744,000 (2022: £10,227,000). We make commission payments to our International Representatives after the year end and the amount due has reduced to £1,639,000 (2022: £2,057,000).

The risks associated with our pension fund are now under control, with much reduced deficit and a revised repayment plan.

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FINANCIAL REVIEW (continued)

Going Concern

The strong performance of the Group during the year ended 31 January 2023 has provided a firm foundation for the forthcoming year.

A budget has been set for the following year which shows the Group generating a surplus for the year. Reforecasts to the end of June 2024 have also been prepared based on likely and worst case scenarios. In both of these situations it is expected that the Group will continue with net positive current assets and total assets, along with sufficient positive cash balances. In the likely case a surplus is to be generated by the Group. These forecasts have been prepared taking account of recent cost of living rises and increases in global prices for energy such as gas and raw materials such as paper.

The charity has the resources to allow it to invest in its digital programme to continue to meet customer needs.

The trustees therefore have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of approval of these financial statements, and are not aware of any other material uncertainties which may adversely affect the organisation. Accordingly, the financial statements continue to be prepared on the going concern basis.

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FINANCIAL REVIEW (continued)

Investment Selection Policy and Performance

On the incorporation of the Associated Board in 1985, it was decided that the publishing business of ABRSM should be transferred to a wholly owned subsidiary, The Associated Board of the Royal Schools of Music (Publishing) Limited. This company granted an unsecured loan note to ABRSM as consideration for the transfer of the publishing business. ABRSM receives interest on this loan note at 2% above the bank base rate. Additionally, the subsidiary company pays royalties to ABRSM on copyrights owned by ABRSM. Finally, it donates its taxable profits to ABRSM under a deed of covenant, which amounted to £606,000 (2022: £755,000). This is a long-term investment held for the benefit of ABRSM and integrated within ABRSM's operations utilising the intellectual property contained in ABRSM's syllabus listings, which are periodically refreshed.

ABRSM occasionally receives sums of money to provide for prizes for candidates performing well in its examinations. In order to maintain the real value of these gifts it invests a significant proportion of the Prize Endowment Funds in Blackrock Charities UK Bond and Equity Common Investment Funds. At 31 January 2023 these had a cost of £779,000 and a market valuation of £1,574,000 (2022: £779,000 and £1,578,000 respectively), reflecting a decrease in market values of 0.2% from the prior year, (2022: net increase of 8.9%).

All other surplus liquid funds held by ABRSM are placed on deposit to safeguard the funds involved and to earn interest until such time as they are needed to meet the expenditure involved in ABRSM's operations. The interest earned on these deposits during the year was £164,000 (2022: £8,000).

Principal Risks and Uncertainties

The Governing Body is responsible for the assessment and control of the risks faced by ABRSM. Consideration of risks is delegated to the Audit and Risk Committee and managed on a day-to-day basis by senior staff. The Governors believe that awareness of the key risks is the single most important element in ensuring that they are controlled. Risks are identified, assessed and controls maintained throughout the year, with a formal review of ABRSM's risk management processes undertaken on an annual basis.

In addition to the risk management and mitigation actions identified in the table below, ABRSM uses the following controls to manage risk:

- formal agendas and minutes for all Governing Body and committee activity;
- clear terms of reference for all committees – Finance & Business Development Committee, Audit & Risk Committee, Remuneration Committee, Nominations Committee and the Music Education Advisory Committee;
- a rolling programme of internal audit
- comprehensive strategic planning, forecasting, budgeting, management accounting and variance analysis;
- an established governance and organisational structure with clear lines of reporting;
- formal written policies, including staff policies readily accessible to all staff;
- hierarchical authorisation and approval levels; and
- review of cashflow forecasts

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FINANCIAL REVIEW (continued)

In addition to the significant business and financial risks which, together with the mitigating actions are referred to in the Financial Review, key risks affecting the charity include:

Risks What are the key risks facing ABRSM?	Management and mitigation What is ABRSM doing to reduce the likelihood or minimise the impact of these risks occurring?
Cyber attack, major incident or technology failure leading to loss of data and business interruption	<p>Management regularly seeks and acts on external advice to ensure it remains up to date with the possible causes and best mitigating actions to address this risk. The mitigating actions include:</p> <p>Business Continuity and Disaster Recovery plans in place.</p> <p>Cyber Essentials Plus Accreditation renewed annually.</p> <p>Mandatory Security Awareness training for all staff</p> <p>Dual Authentication for remote access</p> <p>Automatic 3rd party security patch management</p> <p>Advanced Firewall security</p> <p>Support contract in place with PwC</p>
Adverse movements in financial markets leading to growth in pension liabilities, or an adverse assessment of ABRSM's covenant Economic decisions affecting Employer covenant 'covenant leakage'.	<p>Agreed deficit recovery plan signed in October 2022</p> <p>Annual Governing Body review with Chairman of the Pension Fund</p> <p>Rebalancing proportion of growth v matching assets</p> <p>Quarterly monitoring by Pension Scheme Trustees</p> <p>Quarterly reporting by Director of Finance to Finance and Business Development Committee</p> <p>Professional actuarial, investment management and legal advice</p> <p>Investment strategy is to hedge against inflation and interest rate risk using LDIs</p>
Inadequate procedures for maintaining critical business services and oversight of incident management plans.	<p>Business Continuity and Disaster Recovery policy and plans in place</p> <p>Checked business continuity plans of critical suppliers</p>

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THE ABRSM PENSION AND LIFE ASSURANCE SCHEME (THE SCHEME)

ABRSM operates a defined benefit pension scheme which closed to future accrual on 31 December 2018. The notional surplus or deficit on the funding of the Scheme, calculated annually under this standard, is shown in the financial statements as a designated fund entitled "Pension Reserve". This is deducted from Unrestricted Funds in the balance sheet. The approximate actuarial valuation carried out at 31 January 2023, as required by FRS 102, represents the market value of the assets of the Scheme as £42.5 million and the value of the liabilities at that date as £46.3 million (2022: £57.9 million and £67.0 million). The net deficit on the Scheme of £3.8 million (2022: £9.2 million) is a statement of the transient situation at 31 January 2023. Both the Governors and the Trustees of the scheme recognise that such valuations can move significantly in response to market factors and the actuarial assumptions made.

The Governors recognise that the deficit arising under FRS 102 does not have a significant immediate cash-flow impact on the charity. The positive effect of the contributions made by the employer on the FRS 102 liability has been accompanied by a decrease in technical provisions as at 31 January 2023. The disclosure of a pension liability, newly calculated year by year under FRS 102, does not mean that the equivalent amount is already committed and no longer available to the Governors to further the charity's objectives.

The last triennial actuarial valuation was prepared as at 31 December 2021 and showed a deficit of £12.3 million. The Scheme closed to future accrual from 31 December 2018 and had already closed to new entrants, with certain limited exceptions, on 1 February 2014.

A new deficit recovery plan was agreed by the Trustees in 2022. Under the plan, the Employer agreed to pay deficit reduction contributions of £2.75m per annum for a period of 3 years and 3 months from 1 January 2023 to 30 April 2026. The Employer also agreed to pay all costs associated with running the Scheme and to take over responsibility for Life Assurance arrangements with effect from 1 February 2019.

RESERVES

Our reserves comprise unrestricted funds and endowment funds. The endowed funds result from donations and legacies which can only be applied for a purpose specified by the donor and are not available for general purposes. These funds are used to award prizes to examination candidates in accordance with the criteria specified by the donor. Endowed funds total £1.7m at 31 January 2023 (notes 2t, 5 and 24).

The unrestricted funds represent the accumulated surpluses generated from general business activities and are funds that are available for use at the discretion of the Governors. They comprise the fixed assets fund, designated funds and general funds.

Fixed Assets Fund

The fixed assets fund comprises the funds invested in fixed assets that the Governors consider essential in enabling us to implement effectively our operational strategy. The fund represents the net book value of tangible and intangible fixed assets. The intangible assets arise from investment in our digital transformation programme.

Designated Funds

Designated funds are funds that the Governors have earmarked for specific purposes. Since 2014 and prior to this year a total of £15.9m of general funds had been designated to be held for specific purposes, in particular the digital transformation programme. As at 31 January 2023 £13.1m of these funds have been expended. A total of £3.8m remains at 31 January 2023 in respect of ongoing digital transformation and international development, and £0.8m for examiner costs.

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RESERVES (continued)

General Funds

In accordance with Charity Commission guidance, the Governors set a target for the level of free reserves, or general funds, that we should maintain to ensure our financial security and funding of our business plan. Free reserves or general funds are defined as total unrestricted funds less fixed assets and designated funds. Since many of ABRSM's costs are directly related to the number of examinations held, it is ABRSM's aim to have sufficient liquid resources and cash balances so that, in the event of a downturn in the demand for its services, its operating costs, excluding costs directly relating to activity (e.g. examiner fees and venue hire), would be met for a period of six months, plus any outstanding liabilities. During this period, other actions to mitigate loss would be implemented. This implies the need for a level of free reserves of £12.1m (2022: £11.1m). As the Charity is wholly reliant on global trading conditions to generate income, the Governors consider that six months represents a realistic and prudent position.

General funds stand at £9.7m at 31 January 2023. This is an increase of £5.0m or 106% on the prior year (2022: £4.7m) and is £2.4m below the minimum level of general reserves set out in the preceding paragraph.

Included in designated funds are development funds of £3.8m (2022: £3.9m). These funds have been set aside to fund future long term projects but if necessary could be used to fund more immediate needs. The combined general and development funds amount to £13.5m (2022: £8.6m). The group had a cash balance of £8.2m (2022: £9.9m) to cover short term requirements.

The pension liability represents the present value of the pension liabilities less the fair value of the pension scheme assets, calculated in accordance with FRS102 (note 32) and does not imply a significant constraint over the use of reserves for the foreseeable future other than to ensure monthly contributions are met, which are budgeted for accordingly.

PLANS FOR FUTURE PERIODS

General objectives

ABRSM will continue to conduct its operations to the highest standards, including all forms of online assessment, recognising that integrity and impartiality are fundamental to ABRSM's continuing success. All developments are evaluated for financial viability to ensure sound cost and budgetary controls and to enable ABRSM to maximise its contribution to music education. ABRSM will continue to use its influence in promoting music education generally, in accordance with its charitable mission and will continue to take steps to protect our environment by operating in ways that reduce our carbon footprint.

Short term objectives:

Our short term objectives are to use digital first solutions to strengthen our core assessment activity and to develop qualifications and supporting resources that appeal to a more diverse range of learners.

Key projects in 2023/24 will include:

- Diversifying our partnerships with the aim of rebalancing the portfolio of partners we work with to cover more of the UK and our international markets.
- Deliver the first year of our new funding programme Play On.
- Continue to focus on the diversity of our syllabuses and publications.
- Publish the specifications for the first of our new diploma qualifications.
- Moving Music Medals onto our booking portal and make them available to customers worldwide.
- Identify ways of improving our services for customers and we will be investing in our data and technology infrastructure.

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PLANS FOR FUTURE PERIODS (continued)

We are also planning to implement the results of a brand review this year. Customers will start to see both aesthetic and stylistic changes in the way we present ourselves. Our communications and branding will reflect our three pillars, and the values and excellence we continue to hold at the heart of our organisation.

Long Term Plans:

During 2021, ABRSM developed and implemented a new 5-year corporate strategy centred around our ongoing mission to enrich lives by inspiring musical achievement around the world. A focus on the needs of our customers is at the core of our strategy, which is also guided by five key themes; educational excellence; collaboration; leadership and advocacy; equality, diversity and inclusion; and, sustainability:

- Create resources and ongoing training opportunities for music teachers in a variety of contexts, supporting their development.
- Build support for excellence in music teaching within schools by recognising high-quality and imaginative music-making.
- Collaborate with partners around the world to promote the benefits of music education for all wherever we operate.
- Develop new assessments and resources that quickly broaden our appeal to a wider and more diverse range of musicians and accelerate our ability to offer products that help learners develop their skills and make progress in music.
- Maintain and innovate our current qualifications and assessments, as well as the publications and digital resources that support them.
- Maintain and develop new partnerships to advocate for the importance of music education and strengthen our ambassadorial network to promote music-making everywhere.
- Make donations to sponsor music education programmes and scholarships in the UK and internationally.
- Set science-based targets that reduce our GHG emissions in line with Paris Agreement goals to keep global warming to within 1.5°C of pre-industrial temperature levels.
- Adapt how we operate in order to reduce our impact on the environment.
- Train and engage staff, contractors, partners and customers in our sustainability agenda.

Our objectives highlight a renewed focus on supporting music teachers with professional development, and the importance of transforming our ways of working to ensure our business is environmentally sustainable. Working in partnership with others in the UK and beyond, we will continue to promote the value of music education, celebrating the achievements of learners and highlighting the importance of progression in music. Our aim is to increase our ability to invest back into music education, both in the UK and internationally.

PUBLIC BENEFIT

The Governors have considered the guidance on Public Benefit published by the Charity Commission. The Governors believe that increasing the skills, knowledge and understanding of music provides benefit since the subject itself is of educational merit. Additionally, they also believe that the processes involved in reaching the particular level of competence tested in one of ABRSM's assessments deliver educational value of themselves. The benefits of increased musical skill are directly related to the charity's aims and no detriment or harm is considered likely to arise from these activities.

The Governors consider the beneficiaries to be a very wide range of people, insofar as the assessments offered by ABRSM are taken up in over 90 different countries throughout the world with many thousands of candidates both in the UK and worldwide. There is no age limit for those entering exams although the vast majority of the candidates are of school age. Comprehensive access arrangements are in place to meet a wide range of needs.

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PUBLIC BENEFIT (continued)

A number of exam fees charged internationally are based on local economic conditions. ABRSM's online services, such as Play On, Aural Trainer Lite and Melody Writer, are available at no charge internationally. ABRSM will continue to support these innovative educational tools and develop additional online tools to support music education. ABRSM also provides public benefit by funding scholarships and bursaries for students at four Royal Schools of Music. Additionally, ABRSM provides sponsorship for other musical organisations in the UK and internationally subject to the availability of funds. ABRSM's Classical 100 resource for schools and the Journeys subscription app were made freely available to all through Play On in 2020. Building on the success of Classroom 100, Classroom 200 was launched in April 2022, and was nominated for the "Outstanding Education Resource" at the Music & Drama Education Awards in 2023.

ABRSM supports the Royal Academy of Music, the Royal College of Music, the Royal Northern College of Music and the Royal Conservatoire of Scotland, which are charities in their own right. It does this through the provision of scholarships and, where possible, through distributions in the form of donations. It also supports the Royal Welsh College of Music and Drama and the Hong Kong Academy of Performing Arts. The public benefit delivered by ABRSM's support for these and other music education organisations is set out on pages 8 to 10.

The Governing Body's Report (incorporating the Strategic Report) demonstrates the way in which ABRSM's strategies support its objectives and provide public benefit.

ENVIRONMENTAL IMPACT

ABRSM is committed to protecting our environment by increasingly operating in ways that reduce our carbon footprint, harnessing technological developments to reach learners around the world.

In compliance with the Streamlined Energy and Carbon Reporting (SECR) requirements ABRSM is reporting on our energy use. ABRSM's total UK energy use and greenhouse gas emissions due to UK energy use is shown below:

	Year ended 31 January 2023	Year ended 31 January 2022
UK energy use (kWh)	885,303	698,673
Associated greenhouse gas emissions (kg CO ₂ equivalent)	196,864	156,140
Intensity ratio: Emissions (kg CO ₂ equivalent) per examination	0.45	0.37

The energy and emissions reported above arise from our office at 4 London Wall Place and car fuel. Information regarding our office is derived from information provided by our energy supplier who provided electricity and heating/cooling from a local combined heat and power facility. The amount of car fuel used is based on claims from staff and examiners.

Due to the increase in face to face examinations in the UK in the year, the consumption of car fuel increased.

The fit out of 4 London Wall Place achieved the Bronze standard SKA rating; lighting is controlled by infrared sensors and the heating and cooling system is timetabled.

Staff are engaged through the departmental representation of a Sustainability Working Group, which completed a carbon audit in 2021, and instigated a two year workplan to drive change and a culture of environmental awareness and responsibility. The Carbon Reduction programme has been established and a second carbon audit has been completed, tracking 2021 to compare against the 2019 data. Additionally, a supply chain audit is currently underway in collaboration with our partner Green Element.

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ENVIRONMENTAL IMPACT (continued)

The delivery of Practical and Theory exams in the UK and around the world contributes most significantly to the group's environmental impact. Examiner international tours for practical exams are organised efficiently to reduce air travel to the minimum possible and emissions are monitored.

Our digital examinations offering of Performance Grades and Online Theory remain popular since their launch in 2020. As examiners do not need to travel for these examinations, our energy use and associated emissions are reduced compared with traditional face to face examinations.

We aspire to reduce our energy use and associated emission further by using more locally trained examiners.

The introduction of automated booking, processing and marking of examinations in 2021 supplanted previous paper-based processes and significantly reduced paper consumption. However, in common with other businesses who have moved their operations online, we are aware that the increased use of technology brings with it increased energy use by our staff, examiners, teachers and learners in the operation of their electronic devices.

Our published books and resources are made from sustainable sources.

DIVERSITY AND INCLUSION

Published in October 2020 and with quarterly Progress Updates available on our website, our Diversity & Inclusion Plan is firmly established and continues to play a central role in decision making across ABRSM. The Plan sets out key goals, supported by measurable targets, to broaden the music we promote, commission and publish, as we recognise and celebrate the richness of diversity that music offers.

The Plan sets out five key strands of ABRSM's work that help us to become an ever more diverse, inclusive and accessible organisation:

Active commissioning

Our active commissioning programme seeks to identify composers, arrangers and works that are new to us, our audiences and the world of music education so that we can increase the diversity and breadth of our repertoire by drawing on new sources of quality music from composers. We have commissioned new material by composers from underrepresented backgrounds to feature in our publications and syllabuses, many of whom have been published by ABRSM for the first time.

Transforming syllabuses

Through our active commissioning programme, and by working with a range of collaborators and partner organisations to identify previously unpublished or lost works by underrepresented composers, we continue to transform the repertoire that features in our syllabuses. Over the last year we have made significant improvements in the diversity of composers and music featured in our latest Woodwind, Piano, Brass and Singing for Musical Theatre syllabuses, as well as supporting publications, including the Brass Mix series. Further details – including more in-depth statistics related to syllabus content – can be found in our Progress Updates on our website.

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023**

DIVERSITY AND INCLUSION (continued)

Mentorship and development programme for composers

We ran our second composer mentoring programme in 2022, collaborating with six composers from diverse backgrounds looking to explore the world of writing for music education. The programme featured collaborations with a wide range of our partner organisations, including Black Lives in Music, the Ivors Academy, Musicians' Union, National Youth Jazz Orchestra, National Open Youth Orchestra, National Children's Orchestras of Great Britain, London Music Fund and National Youth Choirs of Great Britain. Composers undertook a variety of compositional tasks around writing for different educational contexts and our intention is that some of the music written during the programme will feature in future ABRSM syllabuses. The Piano 2023/24 syllabus featured two composers from the previous year's cohort, Kristina Arakelyan and Shruthi Rajasekar.

We also delivered an online workshop for the University of York Music Press composers and their networks about writing to a brief, and this format will be developed further in 2023 to open up opportunities for more composers to engage with ABRSM.

Developing partnerships and advocacy

Our partnerships portfolio continues to evolve and a core tenet of all new partnership agreements is around a shared commitment to diversity and inclusion. This ensures that any partnership we establish is working towards the same aim of making music education and the music industry increasingly open, accessible, diverse and inclusive. We are also broadening the range of organisations we work with, and are actively developing a youth voice programme to launch in 2023.

Transforming the organisation

Our Music Education Advisory Committee (MEAC) meets on a termly basis and brings a diverse set of voices to both current and future-facing products, themes and opportunities. Chaired by Jeff Sharkey, Principal of Royal Conservatoire Scotland, MEAC represents a breadth of demographic, cultural and global experience in teaching, learning and performance.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023

SECTION 172(1) STATEMENT

This section, together with those pages incorporated by reference, acts as the ABRSM's Section 172(1) statement.

The Governors have a responsibility to act to promote the success of the group with regard to the following matters (amongst others):

- The likely consequences of any decision in the long term – Page 4 details how plans are prepared and updated.
- The impact of the company's operations on the community and the environment are set out on Pages 17 to 19.
- The desirability of the company maintaining a reputation for high standards of business conduct: ABRSM is regulated by Ofqual, the Charity Commission and OSCR and faces competition in the markets in which it operates and therefore must ensure that it maintains the highest standards consistent with its reputation and history.
- The need to act fairly as between members of the company: Representatives of each of the four members sit as Governors on the Governing Body, thus each member has the opportunity to be fully engaged in the decisions of the Governing Body.

The Governors recognise that in addition to ABRSM's members, they have a responsibility to engage with other stakeholders. The Governors consider other main stakeholders to be candidates and their parents, music teachers, examiners, representatives, volunteers and employees. The Governors engage with these stakeholders via the senior leadership in a variety of ways as follows:

- Candidates and their parents – We engage customers through emails and social media and maintain information on upcoming exam sessions and new products and services on the website. We run regular surveys to seek customer feedback.
- Music teachers – In addition to our communication channels for candidates and their parents, ABRSM provides separate resources on its website to support teachers. Specialist courses and events are regularly held for teachers.
- Examiners – A dedicated team engage examiners in policy and other continuous professional development events, as well as town hall style discussions. Examiner online conferences are also held annually, allowing examiners to engage with their peers and ABRSM.
- Representatives and volunteers – Contact is maintained through a dedicated ABRSM team and newsletters, training events and, webinars.
- Employees – The staff forum meets each week to discuss matters directly affecting staff. This group meets with the Chief Executive and HR director on a quarterly basis to provide feedback. An all staff meeting is held quarterly, to allow the senior leadership and others to provide an update on ongoing projects and current issues that affect them and ABRSM.

The Governing Body's Report (incorporating the Strategic Report) has been approved by the Governors on 22 June 2023 and signed on their behalf by:



Tony Hales CBE
Chairman of the Governors

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC

STATEMENT OF THE GOVERNING BODY'S RESPONSIBILITIES

Governing Body's Responsibilities Statement

The Governors (who are also directors of The Associated Board of the Royal Schools of Music for the purposes of company law) are responsible for preparing the Governing Body's Report (incorporating the Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the Governors to prepare financial statements for each financial year. Under that law the Governors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgments and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's and group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the trust deed. The Governors are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Governors confirm that:

- so far as each Governor is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Governors have taken all the steps that they ought to have taken as Governors in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND GOVERNORS OF THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC

REGISTERED CHARITY NUMBER: 292182

CHARITY REGISTERED IN SCOTLAND NUMBER: SC043343

COMPANY NUMBER: 01926395

Opinion

We have audited the financial statements of the Associated Board of the Royal Schools of Music ('the charitable company') and its subsidiary ('the group') for the year ended 31 January 2023 which comprise the Consolidated Statement of Financial Activities, the Group and Charity Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including 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's and the charitable company's affairs as at 31 January 2023 and of the group's and the charitable company's income and expenditure, 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 Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (amended).

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 charitable company and 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 trustee's 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 charitable company's or 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 trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND GOVERNORS OF THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC (CONTINUED)

REGISTERED CHARITY NUMBER: 292182

CHARITY REGISTERED IN SCOTLAND NUMBER: SC043343

COMPANY NUMBER: 01926395

Opinion on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 22, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND GOVERNORS OF THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC (CONTINUED)

REGISTERED CHARITY NUMBER: 292182

CHARITY REGISTERED IN SCOTLAND NUMBER: SC043343

COMPANY NUMBER: 01926395

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 and The Charities and Trustee Investment (Scotland) Act 2005 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR), OFQUAL compliance and Health and safety legislation. We also considered compliance with local legislation for the group's overseas operating segments.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of exam fee income, the estimation of tax provisions and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit, legal counsel and the Audit & Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND GOVERNORS OF THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC (CONTINUED)

REGISTERED CHARITY NUMBER: 292182

CHARITY REGISTERED IN SCOTLAND NUMBER: SC043343

COMPANY NUMBER: 01926395

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

N. Hashemi

Naziar Hashemi
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor

London

Date: 23 June 2023

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 JANUARY 2023

	Notes	Unrestricted Funds £'000	Pension Reserve (note 32) £'000	Endowment Funds £'000	Total Funds 2023 £'000	Total Funds 2022 £'000
INCOME & ENDOWMENTS FROM:						
Charitable activities						
Examinations	3	38,546	-	-	38,546	35,564
Teacher Support	4	3	-	-	3	11
Other trading activities:						
Publishing sales	6	6,746	-	-	6,746	6,829
Investments	5	164	-	54	218	53
Other	7	16	-	-	16	41
Total income		<u>45,475</u>	<u>-</u>	<u>54</u>	<u>45,529</u>	<u>42,498</u>
EXPENDITURE ON:						
Charitable Activities						
Examinations	8	33,879	(3,644)	3	30,238	27,685
Teacher Support	8	390	-	-	390	212
Scholarships	8,10	1,372	-	-	1,372	1,086
Music education	8,11	260	-	-	260	201
Other trading activities:						
Publishing	8	5,750	-	-	5,750	5,679
		<u>41,651</u>	<u>(3,644)</u>	<u>3</u>	<u>38,010</u>	<u>34,863</u>
Pension finance charge	8	-	169	-	169	325
Total expenditure	8	<u>41,651</u>	<u>(3,475)</u>	<u>3</u>	<u>38,179</u>	<u>35,188</u>
Net (loss)/gain on investment	17	-	-	(4)	(4)	118
Net income/(expenditure)		3,824	3,475	47	7,346	7,428
Other recognised gains/(losses):						
Actuarial gain on pension scheme	32	-	1,893	-	1,893	8,092
Net movement in funds		3,824	5,368	47	9,239	15,520
RECONCILIATION OF FUNDS:						
Balance brought forward		15,451	(9,166)	1,644	7,929	(7,591)
Net movement in funds		3,824	5,368	47	9,239	15,520
Fund balances carried forward, including pension reserve		<u>19,275</u>	<u>(3,798)</u>	<u>1,691</u>	<u>17,168</u>	<u>7,929</u>

For Companies Act purposes, consolidated gross income for the financial year was £45,475,000 (2022: £42,453,000), consolidated gross expenditure was £38,176,000 (2022: £35,176,000) and net profit was £7,299,000 (2022: £7,277,000).

All income is derived from continuing operations

The notes on pages 30 to 62 form part of these accounts

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
BALANCE SHEETS
AS AT 31 JANUARY 2023

	Notes	Group		Charity	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000
FIXED ASSETS					
Tangible assets	15	1,677	1,791	1,677	1,791
Intangible assets	16	3,366	4,452	3,366	4,452
Investments	17	1,574	1,578	2,356	2,360
		<u>6,617</u>	<u>7,821</u>	<u>7,399</u>	<u>8,603</u>
CURRENT ASSETS					
Stocks	18	831	840	-	-
Debtors	19	4,164	3,720	5,549	5,248
Investments	20	13,050	6,988	12,050	5,550
Cash at bank and in hand		8,235	9,937	7,276	9,345
		<u>26,280</u>	<u>21,485</u>	<u>24,875</u>	<u>20,143</u>
CREDITORS: amounts falling due within one year	21	<u>(9,744)</u>	<u>(10,227)</u>	<u>(9,131)</u>	<u>(9,678)</u>
NET CURRENT ASSETS		<u>16,536</u>	<u>11,258</u>	<u>15,744</u>	<u>10,465</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		23,153	19,079	23,143	19,068
CREDITORS: amounts falling due after more than one year	22	(544)	(562)	(544)	(562)
PROVISIONS	23	(1,643)	(1,422)	(1,643)	(1,422)
NET ASSETS EXCLUDING PENSION LIABILITIES		20,966	17,095	20,956	17,084
PENSION FUND DEFICIT	32	(3,798)	(9,166)	(3,798)	(9,166)
TOTAL NET ASSETS		<u>17,168</u>	<u>7,929</u>	<u>17,158</u>	<u>7,918</u>
THE FUNDS OF THE GROUP/CHARITY:					
Endowment funds	24	1,691	1,644	1,691	1,644
Unrestricted funds	25	19,275	15,451	19,265	15,440
Pension reserve	32	(3,798)	(9,166)	(3,798)	(9,166)
TOTAL FUNDS	26	<u>17,168</u>	<u>7,929</u>	<u>17,158</u>	<u>7,918</u>

The net income of the charity for the year was £7,347,000 (2022: £7,428,000)

Approved by the Governing Body on 22 June 2023.



Tony Hales CBE
Chairman of the Governors

Registered Charity Number 292182
Charity Registered in Scotland Number SC043343
Company Number 01926395

The notes on pages 30 to 62 form part of these accounts

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JANUARY 2023

	Notes	2023 £'000	2022 £'000
Cash flows from operating activities	27	6,547	4,891
Cash flows from investing activities			
Interest income	5	218	53
Purchases of fixed assets	15,16	(2,339)	(1,738)
Purchase of fixed asset investments		-	(124)
Purchase of current asset investments (with maturity greater than 3 months)		(2,562)	(4,438)
Net cash used in investing activities		(4,683)	(6,247)
Cash flows from financing activities			
New finance lease obligations		-	-
Repayment of finance lease obligations		(66)	(66)
Net cash used in financing activities		(66)	(66)
Net increase/(decrease) in cash and cash equivalents		1,798	(1,422)
Cash and cash equivalents at 1 February 2022		12,487	13,909
Cash and cash equivalents at 31 January 2023	28	14,285	12,487
Analysis of cash and cash equivalents:			
Cash in bank and in hand		8,235	9,937
Deposits and notice accounts (less than 3 months)		6,050	2,550
Total cash and cash equivalents	28	14,285	12,487

The notes on pages 30 to 62 form part of these accounts

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 JANUARY 2023

1. COMPANY INFORMATION

ABRSM is a charitable company incorporated in England and Wales with registration number 01926395. Its registered office is 4 London Wall Place, London, EC2Y 5AU.

2. ACCOUNTING POLICIES

The principal accounting policies adopted, judgements and key sources of estimation in the preparation of the financial statements are as follows:

a) Basis of preparation

The financial statements have been prepared in accordance with the current Statement of Recommended Practice "Accounting and Reporting by Charities" (the Charities SORP (FRS102) issued in October 2019, the Financial Reporting Standard in the UK and Republic of Ireland (FRS102) and the Companies Act 2006. The presentational and functional currency is Sterling (£).

ABRSM meets the definition of a public benefit entity under FRS102. The financial statements have been prepared under the historical cost convention, with the exception of investments, which are included at market value.

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made are listed below:

Significant judgements or estimates	Policy reference	Note reference
The following are considered to be significant estimates in the preparation of the financial statements:		
Depreciation	k	15
Amortisation	l	16
Dilapidations	s	22
Tax Provision	u	23
Scholarships commitments	i	29
Defined Benefit Pension Scheme	j	32

Explanations of the estimates relating to the above items are given in the relevant policy.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023

2. ACCOUNTING POLICIES (CONTINUED)

b) Going Concern

The strong performance of the Group during the year ended 31 January 2023 has provided a firm foundation for the forthcoming year.

A budget has been set for the following year which shows the Group generating a surplus for the year. Reforecasts to the end of June 2024 have also been prepared based on likely and worst case scenarios. In both of these situations it is expected that the Group will continue with net positive current assets and total assets, along with sufficient positive cash balances. In the likely case a surplus is to be generated by the Group. These forecasts have been prepared taking account of recent cost of living rises and increases in global prices for energy such as gas and raw materials such as paper.

The charity has the resources to allow it to invest in its digital programme to continue to meet customer needs.

The trustees therefore have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of approval of these financial statements, and are not aware of any other material uncertainties which may adversely affect the organisation. Accordingly, the financial statements continue to be prepared on the going concern basis.

c) Group financial statements

The consolidated accounts incorporate the accounts of the charitable company and its subsidiary (together, "the group") made up to 31 January each year.

The results of the trading subsidiary company are presented in the consolidated SOFA by disclosing the income and expenditure derived from its trading activities carried out separately from those of the charity. A summary profit and loss account for the subsidiary is shown in note 6. The subsidiary company's assets and liabilities are consolidated in the balance sheet on a line by line basis.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023

2. ACCOUNTING POLICIES (CONTINUED)

d) UK examination fees and expenses

Examination fees and expenses arising in the UK are credited or charged in the statement of financial activities during the accounting period in which such examinations take place.

e) International examinations

Where examinations take place online examination fees and expenses incurred in the UK are credited or charged in the statement of financial activities during the accounting period in which such examinations take place. Commissions due to local representatives in respect of online examinations are included in their representative returns as detailed below.

Where examinations are held locally these results are prepared from returns and annual accounts submitted by ABRSM's local representatives, which are not necessarily made up to 31 January each year but the effect of differing accounting dates is not considered by the Governors to be significant. In the rare case that the amounts owed cannot be recovered a bad debt provision is made.

f) Teacher support

Training course fees and expenses are credited or charged in the statement of financial activities during the accounting period in which such courses take place.

g) Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. Overheads are apportioned either on headcount, turnover, staff occupancy of accommodation area or usage basis as considered most appropriate. Expenditure includes input VAT to the extent that it is irrecoverable.

Direct charitable expenditure comprises services identifiable as wholly or mainly in support of ABRSM's charitable and operational work. These costs are regarded as an integral part of carrying out the direct charitable objectives of ABRSM and include an appropriate proportion of overhead costs.

Governance costs are those incurred in connection with the administration of the charity and compliance with constitutional and statutory requirements. These costs have been apportioned across expenditure on charitable activities based on turnover except where the cost can be attributed to a specific activity.

h) Computer software development

Expenditure on computer software development is capitalised and amortised over a 3 year period.

i) Scholarship awards

All scholarships offered by the balance sheet date for the current academic year are provided in full. Awards for future years are subject to review and authorisation by ABRSM each year and are disclosed as commitments in note 29. The future commitments are estimated based on continued funding of the current students in receipt of a scholarship to the end of their academic studies plus new students starting their studies based on current funding patterns.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023

2. ACCOUNTING POLICIES (CONTINUED)

j) Employee benefits

Short-term employee benefits, including holiday pay and contributions to the defined contribution pension scheme are recognised as an expense in the period in which they are incurred.

The defined benefit scheme closed to future accrual on 31 December 2018 and employees transferred to the defined contribution pension scheme on 1 January 2019. Contributions to 31 December 2018 in respect of the defined benefit scheme are charged to salary costs for respective activities in the statement of financial activities.

The amounts recognised in the statement of financial activities including any actuarial gain or loss are estimated based on the requirements of FRS102, and are fully explained in note 32.

k) Tangible fixed assets

Depreciation is provided on cost at the following annual rates in order to write off each asset over its estimated useful life:-

Short leasehold land and buildings	over the remaining life of the lease to the lease break point
Computer equipment	33%
Plant, fixtures and equipment	2.9% - 33%

Expenditure on furniture and equipment not exceeding £1,000 in total and all expenditure on repairs and maintenance is written off in the year in which it is incurred.

l) Intangible fixed assets

In accordance with FRS 102 software development costs have been recognised as intangible assets as they can be identified with a project anticipated to produce future benefits. On initial recognition, assets are measured at cost and include all costs directly attributable to bringing them into working condition.

Amortisation is provided on cost at the following annual rates in order to write off each asset over its estimated useful life:-

Software development	33%
----------------------	-----

m) Investments

The investment in the subsidiary company is valued at cost.

Fixed asset investments are included in the balance sheet at their market value at the end of the financial period. Realised and unrealised gains and losses are credited or debited to the statement of financial activities in the year in which they arise and are based on brought forward values.

Current asset investments consist of treasury deposits and notice accounts with maturity and notice to withdraw of less than a year.

n) Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the group. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023

2. ACCOUNTING POLICIES (CONTINUED)

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged to the statement of financial activities on a straight line basis over the lease term. The aggregate benefit of any lease incentives are recognised as a reduction to the expense charged over the lease term on a straight line basis.

o) Stocks

Publications stocks are valued at the lower of cost and net realisable value. For printed music, cost is based on the unit cost of production for each publication. Work in progress at printers is valued at the cost of the paper used and is included in paper stocks. In estimating net realisable value, due allowance is made for slow-moving, obsolete, defective and unsaleable items. Origination costs are charged to revenue in the year in which they are incurred.

p) Rates of exchange

Assets and liabilities in foreign currencies are converted into sterling at the rate of exchange ruling at the balance sheet date. All income and expenditure is converted at daily exchange rates. All differences on exchange are dealt with through the net movement in funds for the year.

q) Financial instruments

Basic financial assets and liabilities such as short term debtors, creditors and bank balances are initially recognised at fair value less any impairment and transaction costs and subsequently measured at their settlement value.

Prize Endowment Funds invested in Charinco and Charishare Common Investment Funds are carried at fair value.

r) Deferred income

Examination and course fees received for future sessions after the reporting date are included in creditors as deferred income.

s) Provisions and contingencies

Provisions are recognised when the charitable company has a present legal or constructive obligation as a result of past events where it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably.

The amount recognised is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account any risks and uncertainties surrounding the obligation.

Where the consideration required to settle a present obligation is confirmed, the amount payable is transferred to creditors and any balance released to the statement of financial activities.

Contingent liabilities, arising as a result of past events, are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by future events not within the charitable company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is immaterial.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023

2. ACCOUNTING POLICIES (CONTINUED)

t) Fund accounting

Unrestricted funds comprise those monies which may be used towards meeting the charitable objectives of the charity at the discretion of the Governors.

Designated funds are unrestricted funds earmarked by the Governors to be used for particular purposes in the future. Transfers are made to designated funds on the basis of approval by the Governors of future plans. Restricted funds are grants or monies raised for a specific purpose or donations subject to donor imposed conditions.

The prize endowment funds represent either permanent capital funds where there is no power to convert the capital into income and which must generally be held indefinitely or expendable funds where capital may be used for the purposes of the fund.

u) Taxation

The Associated Board of the Royal Schools of Music is a registered charity and therefore is not liable to UK income tax or corporation tax on income derived from its charitable activities as they fall within the various exemptions available to registered charities.

ABRSM is registered for VAT but is not able to recover the whole of its input tax owing to the partial exemption provisions. Expenditure includes input VAT to the extent it is irrecoverable.

A provision for tax payable in relation to international operations has been included in note 23 having regard to professional advice.

The wholly owned subsidiary, The Associated Board of the Royal Schools of Music (Publishing) Limited, is a commercial entity and donates its pre-tax profit to ABRSM under Gift Aid rules.

v) Contributions to four of the Royal Schools of Music

Contributions to four of the Royal Schools of Music (or their associated charitable trusts) are treated as distributions, the Royal Schools being members of the Charity. They are therefore charged to the statement of financial activities in the year in which they are paid and shown as a movement in funds.

v) Government grants

Government grants are accounted for according to the accrual model.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023

3. EXAMINATION REVENUE

	2023	2022
	£'000	£'000
Analysis by geographical market:		
United Kingdom and Ireland	13,413	12,063
Overseas	25,034	23,754
	38,447	35,817
Foreign exchange gain/(loss) on overseas revenue	99	(253)
	38,546	35,564
Total income	41,348	38,633
Less: examination fees received in advance (note 21)	(2,802)	(3,069)
	38,546	35,564

Deferred fee income:

The movement with respect to examination fees received in advance in the year is as follows:

	2023	2022
	£'000	£'000
Fees in advance as at 1 February 2022	3,069	1,847
Less fees due for examinations taken in the year	(3,069)	(1,847)
Fees received with respect to future examination periods (note 21)	2,802	3,069
	2,802	3,069

4. TEACHER SUPPORT REVENUE

	2023	2022
	£'000	£'000
Analysis by geographical market:		
United Kingdom and Ireland	-	-
Overseas	3	11
	3	11

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023

5. INVESTMENT INCOME

	Group		Charity	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Interest receivable from:				
Unrestricted funds	164	8	172	24
Prize endowment funds	54	45	54	45
	<u>218</u>	<u>53</u>	<u>226</u>	<u>69</u>

6. NET INCOME OF TRADING SUBSIDIARY

The Associated Board of the Royal Schools of Music owns the entire issued share capital of The Associated Board of the Royal Schools of Music (Publishing) Limited, a trading company incorporated in the United Kingdom with company number 01910047. This subsidiary undertaking donates its taxable profits to ABRSM under Gift Aid rules.

The activities of the subsidiary undertaking support the examination activities of the parent company by provision of specialist graded repertoire and other materials targeted at specific examination levels.

A summary of the results of the publishing activities for the year (excluding intra-group charges eliminated on consolidation) is given below. Audited accounts of the subsidiary undertaking will be filed with the Registrar of Companies.

	2023	2022
	£'000	£'000
Turnover	6,746	6,829
Cost of sales	(1,499)	(1,456)
Gross profit	5,247	5,373
Distribution costs	(850)	(854)
Administration and other operating charges	(1,361)	(1,347)
Interest receivable	21	1
Net income	<u>3,057</u>	<u>3,173</u>

The aggregate amount of the subsidiary's assets, liabilities and funds as at 31 January 2023, excluding intercompany balances, were as follows:

	2023	2022
	£'000	£'000
Total net assets	<u>3,259</u>	<u>3,396</u>

Including intra-group charges and intercompany balances, the subsidiary's results for the year were as follows; turnover £6,750,000 (2022: £6,833,000), net income £605,000 (2022: £755,000) and total net assets £20,000 (2022: £21,000).

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023

7. OTHER INCOME

Other income includes a government grant totalling £nil (2022: £17,000) in respect of the Coronavirus Job Retention Scheme.

8. ANALYSIS OF EXPENDITURE

	Direct Charitable £'000	Support Costs (Note 9) £'000	Staff Costs (Note 14) £'000	Depreciation & Amortisation £'000	Total 2023 £'000	Total 2022 £'000
Charitable activities:						
Examinations	12,921	6,908	6,956	3,453	30,238	27,685
Teacher Support	-	141	222	27	390	212
Scholarship payments	1,372	-	-	-	1,372	1,086
Music education	260	-	-	-	260	201
Publishing	2,482	890	2,323	55	5,750	5,679
	<u>17,035</u>	<u>7,939</u>	<u>9,501</u>	<u>3,535</u>	<u>38,010</u>	<u>34,863</u>
Pension finance charge	-	-	169	-	169	325
	<u>17,035</u>	<u>7,939</u>	<u>9,670</u>	<u>3,535</u>	<u>38,179</u>	<u>35,188</u>
Total	<u><u>17,035</u></u>	<u><u>7,939</u></u>	<u><u>9,670</u></u>	<u><u>3,535</u></u>	<u><u>38,179</u></u>	<u><u>35,188</u></u>

Unrestricted expenditure on Examinations and Teacher Support for the group before the defined benefit pension scheme adjustment was £33,879,000 and £390,000 respectively (2022: £31,158,000 and £213,000). The equivalent figures for the charity were £33,815,000 and £390,000 (2022: £31,101,000 and £213,000).

Included within total expenditure and allocated to Examinations expenditure is an adjustment to the defined benefit pension scheme of £3,644,000 (2022: £3,486,000) which has been credited to the pension reserve (see note 32). The prior year apportionment was a credit of £3,485,000 to Examinations and £1,000 to Teacher Support. Also included in expenditure are prizes paid from the endowment funds totalling £3,000 (2022: £12,000).

9. SUPPORT COSTS

Support costs including governance (see notes 8 and 12) are analysed as follows:

	Examinations £'000	Teacher Support £'000	Publishing £'000	Total 2023 £'000	Total 2022 £'000
Exam Support	424	-	-	424	291
IT	2,539	116	429	3,084	3,146
Sales and Marketing	779	5	137	921	647
Finance	72	-	11	83	286
Facilities	1,832	20	161	2,013	1,867
Governance	176	-	4	180	97
HR & other management	1,086	-	148	1,234	1,287
	<u>6,908</u>	<u>141</u>	<u>890</u>	<u>7,939</u>	<u>7,621</u>
	<u><u>6,908</u></u>	<u><u>141</u></u>	<u><u>890</u></u>	<u><u>7,939</u></u>	<u><u>7,621</u></u>

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023

10. SCHOLARSHIPS

	2023	2022
	£'000	£'000
United Kingdom students	259	207
Overseas students	1,113	879
	<u>1,372</u>	<u>1,086</u>

The total number of scholars supported during the year amounted to 119 (2022: 89).

11. MUSIC EDUCATION – Unrestricted funds

	2023	2022
	£'000	£'000
SPONSORSHIP		
Band Directors' Association (Singapore)	-	5
The Benedetti Foundation	10	-
Black Lives in Music	15	-
Commonwealth Resources	13	-
The Ivors Academy	8	-
London Music Fund	15	20
Music Education Partnership Group	15	-
National Children's Orchestra	18	18
National Youth Choir	15	20
National Youth Jazz Orchestra	30	30
National Youth Orchestra	26	26
Openup Music	15	25
Royal Philharmonic Society	7	11
Tri-Borough Music Hub	10	-
The UK Association for Music Education – Music Mark	24	12
Venture Music Asia	5	-
Others	34	34
	<u>260</u>	<u>201</u>

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023

12. GOVERNANCE COSTS – Unrestricted funds

	2023	2022
	£'000	£'000
Audit Fees parent company	47	39
Audit Fees Pension scheme	16	14
Independent Pension Scheme Chairman	20	19
Internal Audit	89	35
Trustees and Officers Liability insurance	1	2
Pension Fund Trustee Indemnity insurance	9	4
	<u>182</u>	<u>113</u>

13. NET INCOME FOR THE YEAR

	2023	2022
	£'000	£'000
Net income for the year is stated after charging/(crediting):		
Fees payable to the company's auditor and its associates for the audit of the charitable company's annual accounts	47	39
Fees payable to the company's auditor and its associates for other services:		
Audit of subsidiary company	9	7
Tax compliance	2	2
Pension scheme audit completed by other audit firms	16	14
Depreciation of owned assets	336	310
Depreciation of assets held under finance lease obligations	75	75
Amortisation of intangible assets	3,123	2,722
Operating lease rentals – leasehold buildings	1,171	1,171
– office equipment	167	222
Dilapidations provision	16	16
Exchange (gain)/loss on overseas revenue	(99)	253

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023

14. STAFF COSTS

	2023	2022
	£'000	£'000
Staff costs during the year included:		
Wages and salaries	7,762	7,197
Social security costs	825	719
Employer pension costs	4,084	3,949
Defined Benefit Pension adjustment (see note 32)	(3,644)	(3,486)
Pension finance charge	169	325
Other staff costs	474	387
	9,670	9,091
	9,670	9,091

The number of employees who earned £60,000 or more (including benefits) during the year were as follows:

	2023	2022
	No.	No.
£ 60,001 - £ 70,000	6	5
£ 70,001 - £ 80,000	5	1
£ 80,001 - £ 90,000	1	3
£ 90,001 - £100,000	4	3
£100,001 - £110,000	1	-
£110,001 - £120,000	1	2
£120,001 - £130,000	1	1
£140,001 - £150,000	1	-
£170,001 - £180,000	-	1
£190,001 - £200,000	1	1

During the year £3,200 (2022: £130,368) was paid in redundancy and pay in lieu of notice. These payments are included in the tables above and have been recognised in full in the statement of financial activities.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023

14. STAFF COSTS (continued)

The number of employees who earned £60,000 or more during the year to whom retirement benefits are accruing under pension schemes funded by the company are:-

	2023	2022
	No	No.
Defined contribution scheme	20	15

The company made pension contributions of £133,416 (2022: £105,500) in respect of employees noted above.

The defined benefit scheme closed to future accrual on 31 December 2018 and active members elected to transfer to the defined contribution pension scheme from 1 January 2019.

The average number of employees, excluding temporary staff, during the year was as follows:

	2023	2022
	No.	No.
Charity	168	164
UK trading subsidiary	14	14
	<u>182</u>	<u>178</u>

The key management personnel of the charity and its wholly owned subsidiary received total employee benefits of £883,333 (2022: £1,054,058). The key management personnel are considered to be the individuals noted on page 2.

No Governor received payment for their services in the year (2022: £nil). Travelling and subsistence expenses reimbursed by ABRSM to no Governors or Alternates (2022: £nil) for expenditure necessarily incurred on ABRSM's business amounted to £nil (2022: £nil). No other Governor, nor any person connected with any Governor, received any remuneration in the year ended 31 January 2023 (2022: £nil).

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023

15. TANGIBLE FIXED ASSETS

Group and Charity	Assets under construction £'000	Short leasehold land and buildings £'000	Computer equipment £'000	Furniture, fixtures and equipment £'000	Total £'000
Cost					
At 1 February 2022	13	2,324	710	918	3,965
Additions	-	28	228	46	302
Disposals	-	-	(101)	(124)	(225)
Transfers	(13)	-	-	13	-
At 31 January 2023	<u>-</u>	<u>2,352</u>	<u>837</u>	<u>853</u>	<u>4,042</u>
Depreciation					
At 1 February 2022	-	1,027	568	579	2,174
Charge for the year	-	204	127	85	416
On disposals	-	-	(101)	(124)	(225)
At 31 January 2023	<u>-</u>	<u>1,231</u>	<u>594</u>	<u>540</u>	<u>2,365</u>
Net book values					
At 31 January 2023	<u>-</u>	<u>1,121</u>	<u>243</u>	<u>313</u>	<u>1,677</u>
At 31 January 2022	<u>13</u>	<u>1,297</u>	<u>142</u>	<u>339</u>	<u>1,791</u>

All assets are used for charitable purposes. The net book value of assets held under finance leases is £37,000 (2022: £112,000)

16. INTANGIBLE FIXED ASSETS

Group and Charity	Assets under construction £'000	Software development £'000	Total £'000
Cost			
At 1 February 2022	175	8,852	9,027
Additions	1,367	670	2,037
Transfers	(1,395)	1,395	-
At 31 January 2023	<u>147</u>	<u>10,917</u>	<u>11,064</u>
Amortisation			
At 1 February 2022	-	4,575	4,575
Charge for the year	-	3,123	3,123
At 31 January 2023	<u>-</u>	<u>7,698</u>	<u>7,698</u>
Net book values			
At 31 January 2023	<u>147</u>	<u>3,219</u>	<u>3,366</u>
At 31 January 2022	<u>175</u>	<u>4,277</u>	<u>4,452</u>

All assets are used for charitable purposes. The transfer from assets under construction to software development mainly relates to expenditure on our Performance Grade On Demand project, which went live in August 2022.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023

17. FIXED ASSET INVESTMENTS

Group	Subsidiary undertakings £'000	Prize endowment funds £'000	2023 Total £'000	2022 Total £'000
Prize endowment funds – listed investments at market value				
At 1 February 2022	-	1,578	1,578	1,336
Additions	-	-	-	124
Unrealised (loss)/gain in the year	-	(4)	(4)	118
At 31 January 2023	<u>-</u>	<u>1,574</u>	<u>1,574</u>	<u>1,578</u>
Charity				
Prize endowment funds - listed investments at market value (as above)	-	1,574	1,574	1,578
Investment in subsidiary				
Ordinary shares of £1 each at cost	10	-	10	10
Unsecured loan note	772	-	772	772
	<u>782</u>	<u>1,574</u>	<u>2,356</u>	<u>2,360</u>

The prize endowment funds are invested in Blackrock Charities UK Bond and Equity Common Investment Funds with a cost of £779,000 (2022: £779,000).

The charity's subsidiary undertaking is The Associated Board of the Royal Schools of Music (Publishing) Limited. The charity owns 100% of the company's issued ordinary £1 shares. The principal activity of the company is the production and sale of music publications and recordings.

The charity has given an undertaking to its subsidiary not to demand repayment of the unsecured loan note before 1 July 2024. Interest is chargeable on the unsecured loan note at a rate of 2% over the Bank of England base rate from time to time. No provision is considered necessary against the £10,000 cost of the investment in this subsidiary.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023

18. STOCKS

	Group	Group
	2023	2022
	£'000	£'000
Printed music and recordings	696	666
Paper	135	174
	831	840
	831	840

19. DEBTORS

	Group		Charity	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Trade debtors	1,487	999	875	445
Overseas representatives	1,030	1,136	1,030	1,136
Amounts due from subsidiary	-	-	2,467	2,603
Other debtors	614	622	184	139
Prepayments and accrued income	1,033	963	993	925
	4,164	3,720	5,549	5,248
	4,164	3,720	5,549	5,248

20. CURRENT ASSET INVESTMENTS

	Group		Charity	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Cash held on deposit				
greater than 3 months	7,000	4,438	6,000	3,000
less than 3 months	6,050	2,550	6,050	2,550
	6,050	2,550	6,050	2,550
	6,050	2,550	6,050	2,550

Included within the above figure are treasury deposits with an original maturity of 12 months or less. At the balance sheet date the average maturity of these deposits was 7 months for the group (2022: 5 months) and 7 months for the charity (2022: 4 months). The average interest rate was 3.69% (2022: 0.36%) for the group and 3.60% (2022: 0.28%) for the charity.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023

21. CREDITORS: amounts falling due within one year

	Group		Charity	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Trade creditors	1,729	1,350	1,490	1,197
Overseas representatives	1,639	2,057	1,639	2,057
Refunds due to customers	167	516	167	516
Deferred Income: exam fees (note 3)	2,802	3,069	2,802	3,069
Other taxes and social security costs	340	231	310	211
Finance lease arrangements	33	66	33	66
Other creditors	618	507	280	143
Accruals and other deferred income	2,416	2,431	2,410	2,419
	9,744	10,227	9,131	9,678

22. CREDITORS: amounts falling due after more than one year

	Group		Charity	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Finance lease arrangements	-	33	-	33
Other creditors	544	529	544	529
	544	562	544	562

The finance lease is secured against the computer equipment to which it relates. No interest is payable.

FRS102 requires the full amount of a dilapidation provision to be recognised when the obligation arises. Other creditors represent the estimated inflation indexed dilapidations fund potentially payable on exit from the lease of our current premises, Salters' Hall.

23. PROVISIONS

	Group	Charity
	£'000	£'000
At 1 February 2022	1,422	1,422
Movement in tax provisions	221	221
At 31 January 2023	1,643	1,643

ABRSM continued to seek advice on its taxation position in relation to its international operations and expects that most resulting liabilities will be settled over the course of the next five years with the timescale being partly dependent on the speed of response of the relevant tax authorities.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
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24. ENDOWMENT FUNDS

	Movement in Funds			At 31 January 2023 £'000
	At 1 February 2022 £'000	Income and gains £'000	Expenditure and losses £'000	
Group and charity				
Permanent prize endowment funds				
Sheila Mossman Prize account	151	5	-	156
Ralph Bassett Prize account	118	4	(1)	121
Constance Haddon Prize account	133	4	-	137
Winifred Liversidge Prize account	136	5	(1)	140
Irene Lassen Bequest	497	16	(1)	512
Weinman/Duraisamy Prize	5	-	-	5
Sundry named prizes and general prizes account	310	11	(1)	320
	1,350	45	(4)	1,391
	1,350	45	(4)	1,391
Expendable prize endowment funds				
Gordon Bryan Fund	108	3	-	111
Alan Pickard Prize	27	1	-	28
Taylor White Gibbs Prize	159	5	(3)	161
	294	9	(3)	300
	294	9	(3)	300
Total endowment funds	1,644	54	(7)	1,691
Interest receivable		54	-	
Expenditure on prizes		-	(3)	
Unrealised loss on investments		-	(4)	
		54	(7)	
		54	(7)	
		Income and gains 2022 £'000	Expenditure and losses 2022 £'000	
Interest receivable and sundry income		45	-	
Expenditure on prizes		-	(12)	
Unrealised gain on investments		118	-	
		163	(12)	
		163	(12)	

The endowment funds were established to provide prizes for musical achievements in ABRSM's examinations. For permanent prize endowment funds, unexpended income is accumulated as capital and added to the fund each year. Expendable prize endowment funds comprise unexpended balances of donations held on trust to be applied for specific purposes.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
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25. UNRESTRICTED FUNDS

Group	At 1 February 2022 £'000	Income £'000	Expenditure £'000	Transfers £'000	At 31 January 2023 £'000
Fixed asset fund	6,243	-	-	(1,200)	5,043
Designated funds					
Development funds	3,946	-	(1,696)	1,500	3,750
Examiner fund	530	-	-	250	780
General charitable funds	4,732	45,475	(39,955)	(550)	9,702
Total	<u>15,451</u>	<u>45,475</u>	<u>(41,651)</u>	<u>-</u>	<u>19,275</u>
Charity					
Fixed asset fund	6,243	-	-	(1,200)	5,043
Designated funds					
Development funds	3,946	-	(1,696)	1,500	3,750
Examiner fund	530	-	-	250	780
General charitable funds	4,721	39,662	(34,141)	(550)	9,692
Total	<u>15,440</u>	<u>39,662</u>	<u>(35,837)</u>	<u>-</u>	<u>19,265</u>

Designated funds represent development funds set aside for the development of ABRSM's digital infrastructure and development of overseas markets, and funds relating to examiner costs.

After the year end but before the date of approval of these accounts, distributions of £1m were made to members in total.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
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26. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances as at 31 January 2023 are represented by:

Group	Unrestricted Funds (including Pension Reserve) £'000	Prize Endowment Funds £'000	Total 2023 £'000
Tangible fixed assets	1,677	-	1,677
Intangible fixed assets	3,366	-	3,366
Investments	-	1,574	1,574
Current assets	26,145	135	26,280
Current liabilities	(9,726)	(18)	(9,744)
Non-current liabilities	(544)	-	(544)
Provisions	(1,643)	-	(1,643)
Net assets before pension deficit	19,275	1,691	20,966
Pension deficit	(3,798)	-	(3,798)
Total net assets after pension deficit & provisions	15,477	1,691	17,168
Charity			
Tangible fixed assets	1,677	-	1,677
Intangible fixed assets	3,366	-	3,366
Investments	782	1,574	2,356
Current assets	24,740	135	24,875
Current liabilities	(9,113)	(18)	(9,131)
Non-current liabilities	(544)	-	(544)
Provisions	(1,643)	-	(1,643)
Net assets before pension deficit & provisions	19,265	1,691	20,956
Pension deficit	(3,798)	-	(3,798)
Total net assets after pension deficit & provisions	15,467	1,691	17,158
Group and Charity			
Unrealised gains included above on investment assets (see note below)	-	795	795
Unrealised gains as at 1 February 2022	-	799	799
Net (loss) arising from revaluations in the year	-	(4)	(4)
Unrealised gains as at 31 January 2023	-	795	795

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NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
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27. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2023	2022
	£'000	£'000
Net income for the reporting period:	7,346	7,428
Depreciation charge	416	393
Amortisation charge	3,123	2,722
Loss on disposal of fixed assets	-	132
Interest received	(218)	(53)
Loss/(gain) on investments	4	(118)
Decrease in stocks	9	33
(Increase)/decrease in debtors	(444)	542
(Decrease)/increase in creditors	(435)	2,248
Increase in provisions	221	725
Net cash movement in pension deficit	(3,475)	(9,161)
Net cash inflow provided by operating activities	6,547	4,891

28. ANALYSIS OF CHANGES IN NET DEBT

	At 1 February	Cash flows	At 31 January
	2022	£'000	2023
	£'000	£'000	£'000
Cash and cash equivalents			
Cash	9,937	(1,702)	8,235
Cash equivalents	2,550	3,500	6,050
	12,487	1,798	14,285
Borrowings			
Finance lease	(99)	66	(33)
	(99)	66	(33)
TOTAL	12,388	1,864	14,252

29. FINANCIAL COMMITMENTS

Scholarships

Scholarships awarded for which no provision has been made in these accounts are expected to become payable as follows:-

	2023	2022
	£'000	£'000
Year ending 31 January 2023	-	1,224
Year ending 31 January 2024	1,230	796
Year ending 31 January 2025	832	357
Year ending 31 January 2026	369	180
Year ending 31 January 2027	193	-
	2,624	2,557

All scholarships offered by the balance sheet date for the current academic year are provided in full. Awards for future years are subject to review and authorisation by ABRSM each year and are therefore not included in provisions as at the balance sheet date.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023

29. FINANCIAL COMMITMENTS (continued)

Other Financial Commitments

At 31 January 2023 the group and charity had future total minimum operating lease payments as follows:

	Land and buildings		Other	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
One year	1,207	1,207	11	150
Two to five years	4,827	4,827	34	-
Over five years	549	1,756	-	-
	<u>6,583</u>	<u>7,790</u>	<u>45</u>	<u>150</u>

The total future minimum finance lease payments as the end of the reporting period are as follows:

	Group		Charity	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Not later than one year	33	66	33	66
Later than one year and not later than five years	-	33	-	33
	<u>33</u>	<u>99</u>	<u>33</u>	<u>99</u>

30. TRANSACTIONS WITH RELATED PARTIES

ABRSM was party to a number of financial transactions with its trading subsidiary, ABRSM Publishing during the year as follows:

	2023	2022
	£'000	£'000
Charged by ABRSM to ABRSM Publishing:		
Administrative expenses recharged	18	21
Pension costs recharged	565	488
Loan interest	29	17
Management charge	2,108	2,081
Copyright charge	319	324
Charged by ABRSM Publishing to ABRSM:		
Paper stock recharged	-	-
Printed music and recordings	3	2
Gift aid donation from ABRSM Publishing to ABRSM:	606	755
Balance at the year end:		
Due to ABRSM from ABRSM Publishing	2,467	2,603
Due from ABRSM to ABRSM Publishing	-	-

During the year Profession Colin Lawson was due £3 (2022: £5) in royalties by ABRSM (Publishing) Limited on normal commercial terms. The balance outstanding at the year end was £8 (2022: £5).

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
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30. TRANSACTIONS WITH RELATED PARTIES (continued)

ABRSM provided examination services to related parties on normal commercial terms as follows:

	2023	2022
	£'000	£'000
Charged by ABRSM		
Royal College of Music	2	1
Royal Academy of Music	5	5
Royal Northern College of Music	7	2
Royal Conservatoire of Scotland	13	13
Balance at the year end:		
Royal College of Music	-	-
Royal Academy of Music	-	-
Royal Northern College of Music	-	-
Royal Conservatoire of Scotland	-	3

ABRSM was charged £900 by the Royal Northern College of Music for sponsorship of their Festival of Brass. The amount outstanding at the year end was £900.

There have been no other related party transactions during the year.

31. FINANCIAL INSTRUMENTS

ABRSM has the following financial assets which are included at fair value through the statement of financial activities:

	2023	2022
	£'000	£'000
Financial assets at fair value through the statement of financial activities:		
Investments	<u>1,574</u>	<u>1,578</u>

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
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32. PENSION SCHEMES

The charity operates two pension schemes; a group stakeholder pension plan and a defined benefit scheme.

From 1 February 2014, qualifying staff joining ABRSM are auto enrolled into the group stakeholder pension plan provided by Scottish Equitable plc under the brand name Aegon (Financial Services Register number 165548). Contributions are recognised in the Statement of Financial Activities in the year in which they are earned. The minimum employee contribution is 3% of basic salary. ABRSM contributes 5% of basic salary. Each percentage increase in the employee contribution is matched by ABRSM up to a maximum employer contribution of 10%.

The defined benefit scheme was established to provide retirement benefits for the charity's employees based upon final pensionable salaries for those joining before 6 April 2006 or career average salaries for those joining from 6 April 2006. On 1 April 2013 all members of the final salary section of the scheme transferred to the career average section of the scheme. The assets of the scheme are held separately from those of the charity. The scheme closed on 31 December 2018 to future accrual. Active members had the option to join the organisation's group stakeholder pension scheme at 1 January 2019.

Contributions payable are determined on the basis of triennial valuations carried out by a qualified actuary. The charity's contributions are charged as resources and expended in the year in which contributions are made. The charity ceased contributions for the accrual of future benefits from 1 January 2019.

The pension service costs for the year were £nil (2022: £nil). The present value of the scheme liabilities includes £761,000 (2022: £744,000), carried forward from the prior years as an estimate of the past service cost of GMP equalisation.

These accounts reflect the requirements of FRS102.

The economic assumptions listed below have been calculated by a qualified independent actuary. They are based on market conditions as at 31 January 2023 but have been derived using the methodology set out in FRS102.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
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32. PENSION SCHEMES (continued)

- The discount rate has been derived using a corporate bond yield curve approach as required by FRS102. The iBoxx over 15 year corporate AA rated bond index had a yield of 4.44% per annum as at 31 January 2023. This index has a duration of around 15.7 years, which is less than the duration of the Scheme's liabilities. The discount rate has been increased by 0.1%, which is similar to the increase in gilt spot yields at 15.5 and 20 years' duration, resulting in a discount rate of 4.5% per annum (to 1 decimal place).
- Retail price inflation (RPI) has been derived from the spot inflation rates published by the Bank of England. At duration of 20 years, the spot rate for inflation is 3.46% per annum as at 31 January 2023. An RPI increase assumption of 3.5% has been used (to 1 decimal place).
- In the prior year it was assumed that Consumer price inflation (CPI) would be 0.7% a year lower than RPI. However, it is expected that the RPI will be calculated in the same way as CPI-H from 2030, so the difference between the two indices should reduce considerably. Nonetheless, until 2030 the two indices will be calculated differently and it should be noted that a significant proportion of the deferred pensioner liabilities will retire before the indices are aligned. It is proposed that the assumption of the difference between RPI and CPI reduces to 0.6%. This results in a CPI increase assumption of 2.9%.
- No estimated salary increases due to the scheme closure at 31 December 2018.
- Increases to pensions in payment which are related to price inflation have been taken to increase in line with the RPI assumption or the annual increase cap, whichever is lower.
- Increases to deferred pensions which are related to price inflation have been taken to increase in line with the CPI assumption, or the cap, whichever is the lower.
- Commutation of pension by members estimated at 25%, allowing for an increase in commutation rates since the actuarial valuation.

The principal actuarial assumptions used per annum are:

	2023	2022
Discount Rate	4.5%	2.3%
Retail price inflation	3.5%	3.8%
Consumer price inflation	2.9%	3.1%
Increases to pensionable earnings	n/a	n/a
Increases to pensions in payment		
Earned up to 31 December 2001	5.0%	5.0%
Earned from 1 January 2002 to 5 April 2005	3.5%	3.8%
Earned from 6 April 2005	2.5%	2.5%
Pre-retirement increases for deferred pensions		
Earned before 6 June 2009	2.9%	3.1%
Earned from 6 June 2009	2.5%	2.5%

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
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32. PENSION SCHEMES (continued)

Reconciliation of funded status to balance sheet

	2023	2022
	£'000	£'000
Present value of liabilities	(46,343)	(67,033)
Fair value of plan assets	42,545	57,867
Deficit	<u>(3,798)</u>	<u>(9,166)</u>

Assets

	2023	Weight	2022	Weight
	£'000	%	£'000	%
Equities	20,820	48.9	35,462	61.3
Bonds	20,842	49.0	20,948	36.2
Cash (including dividends receivable)	883	2.1	1,457	2.5
Total market value of assets	<u>42,545</u>	<u>100.0</u>	<u>57,867</u>	<u>100.0</u>

The amounts recognised in the Statement of Financial Activities are as follows:

	2023	2022
	£'000	£'000
Interest expense	1,527	1,127
Interest income	(1,358)	(802)
Pension Finance charge	<u>169</u>	<u>325</u>
Employer's deficit contributions	<u>(3,644)</u>	<u>(9,486)</u>
Defined Benefit Pension Adjustment	<u>(3,644)</u>	<u>(9,486)</u>

Changes in the present value of the Defined Benefit Obligation (DBO) during the year are as follows:

Year ending 31 January:	2023	2022
	£'000	£'000
Present value of the liabilities as at the start of year	67,033	75,661
Current service cost	-	-
Contributions by the members	-	-
Interest expense	1,527	1,127
Past service cost	-	-
Re-measurement – effect of experience adjustments loss/(gain)	2,070	(739)
Re-measurement – effect of changes in assumptions (gain)/loss	(23,004)	(7,947)
Benefits paid	(1,283)	(1,069)
Present value of the liabilities as at the end of year	<u>46,343</u>	<u>67,033</u>

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32. PENSION SCHEMES (continued)

Changes in the fair value of assets during the year are as follows:

Year ending 31 January:	2023	2022
	£'000	£'000
Fair value of plan assets as at start of year	57,867	49,242
Interest income	1,358	802
Re-measurement – return on plan assets excluding interest income	(19,041)	(594)
Employer's normal contributions	-	-
Employer's deficit contributions	3,644	9,486
Contributions by the members	-	-
Benefits paid	(1,283)	(1,069)
	<hr/>	<hr/>
Fair value of plan assets as at end of year	42,545	57,867
	<hr/>	<hr/>
Actual return on plan assets (loss)/gain	(17,683)	208

Based on current pensionable earnings and the deficit recovery plan agreed in 2022, the employer's deficit recovery contributions expected to be paid to the Scheme for the year ending 31 January 2024 amounts to £2,750,000 (2023: £3,644,000).

Amounts for the current and previous four periods are as follows:

As at 31 January:	2023	2022	2021	2020	2019
	£'000	£'000	£'000	£'000	£'000
Present value of the liabilities	(46,343)	(67,033)	(75,661)	(69,209)	(58,348)
Fair value of plan assets	42,545	57,867	49,242	43,090	35,886
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Deficit	(3,798)	(9,166)	(26,419)	(26,119)	(22,462)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Re-measurement – Effect of experience adjustment on scheme liabilities (loss)/gain	(2,070)	739	42	(1,192)	(18)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Re-measurement – Effect of change in assumption on scheme liabilities gain/(loss)	23,004	7,947	(6,181)	(9,073)	330
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Re-measurement – Return on plan assets excluding interest income (loss)/gain	(19,041)	(594)	2,835	3,821	(1,548)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
FRS102 adjustment	1,893	8,092	(3,304)	(6,444)	(1,236)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Volatility of FRS102

The results disclosed above are inherently volatile. This is because the liabilities have been calculated by discounting the benefits using the yield on a suitable AA-rated corporate bond, whereas the scheme does not invest solely in high quality corporate bonds. To that extent there is, for FRS102 purposes, a 'mismatch' between the assets and liabilities, which means that the assets and liabilities (and hence the surplus or deficit) can be volatile between different accounting periods, depending on general movements in the market.

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FOR THE YEAR ENDED 31 JANUARY 2023

33. CHARITY STATEMENT OF FINANCIAL ACTIVITY

	Notes	Unrestricted Funds £'000	Pension Reserve (note 32) £'000	Restricted & Endowment Funds £'000	Total Funds 2023 £'000	Total Funds 2022 £'000
INCOME & ENDOWMENTS FROM:						
Charitable activities:						
Examinations	3	38,546	-	-	38,546	35,564
Teacher Support	4	3	-	-	3	11
Other trading activities:						
Covenant from subsidiary		606	-	-	606	755
Copyright fees		319	-	-	319	322
Investments	5	172	-	54	226	69
Other		16	-	-	16	41
Total income		<u>39,662</u>	<u>-</u>	<u>54</u>	<u>39,716</u>	<u>36,762</u>
EXPENDITURE ON:						
Charitable Activities						
Examinations		33,815	(3,644)	3	30,174	27,628
Teacher Support		390	-	-	390	212
Scholarships	10	1,372	-	-	1,372	1,086
Music education	11	260	-	-	260	201
		<u>35,837</u>	<u>(3,644)</u>	<u>3</u>	<u>32,196</u>	<u>29,127</u>
Pension finance charge	8	-	169	-	169	325
Total expenditure		<u>35,837</u>	<u>(3,475)</u>	<u>3</u>	<u>32,365</u>	<u>29,452</u>
Net (loss)/gain on investment	17	-	-	(4)	(4)	118
Net income/(expense)		3,825	3,475	47	7,347	7,428
Other recognised gains:						
Actuarial gain on pension scheme	32	-	1,893	-	1,893	8,092
Total comprehensive income		<u>3,825</u>	<u>5,368</u>	<u>47</u>	<u>9,240</u>	<u>15,520</u>
RECONCILIATION OF FUNDS:						
Balance brought forward		15,440	(9,166)	1,644	7,918	(7,602)
Total comprehensive income		3,825	5,368	47	9,240	15,520
Balance carried forward		<u><u>19,265</u></u>	<u><u>(3,798)</u></u>	<u><u>1,691</u></u>	<u><u>17,158</u></u>	<u><u>7,918</u></u>

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
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FOR THE YEAR ENDED 31 JANUARY 2023

34. COMPARATIVE GROUP STATEMENT OF FINANCIAL ACTIVITY FOR YEAR ENDED 31 JANUARY 2022

	Unrestricted Funds £'000	Pension Reserve £'000	Restricted & Endowment Funds £'000	Total Funds 2022 £'000
INCOME & ENDOWMENTS FROM:				
Charitable activities				
Examinations	35,564	-	-	35,564
Teacher Support	11	-	-	11
Other trading activities:				
Publishing sales	6,829	-	-	6,829
Investments	8	-	45	53
Other	41	-	-	41
Total income	<u>42,453</u>	<u>-</u>	<u>45</u>	<u>42,498</u>
EXPENDITURE ON:				
Charitable Activities				
Examinations	31,158	(3,485)	12	27,685
Teacher Support	213	(1)	-	212
Scholarships	1,086	-	-	1,086
Music education	201	-	-	201
Other trading activities:				
Publishing	5,679	-	-	5,679
	<u>38,337</u>	<u>(3,486)</u>	<u>12</u>	<u>34,863</u>
Pension finance charge	-	325	-	325
Total expenditure	<u>38,337</u>	<u>(3,161)</u>	<u>12</u>	<u>35,188</u>
Net gain/(loss) on investment	-	-	118	118
Net income/(expenditure)	4,116	3,161	151	7,428
Transfer between reserves	(6,000)	6,000	-	-
Other recognised gains/(losses):				
Actuarial gain on pension scheme	-	8,092	-	8,092
Total comprehensive income	<u>(1,884)</u>	<u>17,253</u>	<u>151</u>	<u>15,520</u>
RECONCILIATION OF FUNDS:				
Balance brought forward	17,335	(26,419)	1,493	(7,591)
Net movement in funds	(1,884)	17,253	151	15,520
Balance carried forward	<u><u>15,451</u></u>	<u><u>(9,166)</u></u>	<u><u>1,644</u></u>	<u><u>7,929</u></u>

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
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FOR THE YEAR ENDED 31 JANUARY 2023

35. COMPARATIVE GROUP ANALYSIS OF EXPENDITURE FOR YEAR ENDED 31 JANUARY 2022

	Direct Charitable £'000	Support Costs £'000	Staff Costs £'000	Depreciation & amortisation £'000	Total 2022 £'000
Charitable activities:					
Examinations	11,541	6,707	6,408	3,029	27,685
Teacher Support	-	76	112	24	212
Scholarship payments	1,086	-	-	-	1,086
Music education	201	-	-	-	201
Publishing	2,540	838	2,246	55	5,679
	<u>15,368</u>	<u>7,621</u>	<u>8,766</u>	<u>3,108</u>	34,863
Pension finance charge	-	-	325	-	325
	<u>-</u>	<u>-</u>	<u>325</u>	<u>-</u>	325
Total	<u>15,368</u>	<u>7,621</u>	<u>9,091</u>	<u>3,108</u>	35,188

36. COMPARATIVE GROUP ANALYSIS OF SUPPORT COSTS FOR YEAR ENDED 31 JANUARY 2022

	Examinations Restated £'000	Teacher Support £'000	Publishing £'000	Total 2022 £'000
Exam Support	291	-	-	291
IT including software development	2,674	29	443	3,146
Sales and Marketing	518	30	99	647
Finance	262	-	24	286
Facilities	1,682	17	168	1,867
Governance	93	-	4	97
HR & other management	1,187	-	100	1,287
	<u>6,707</u>	<u>76</u>	<u>838</u>	7,621

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023

37. COMPARATIVE MOVEMENT OF ENDOWMENT FUNDS FOR YEAR ENDED 31 JANUARY 2022

	At 1 February 2021 £'000	Income and gains £'000	Expenditure and losses £'000	At 31 January 2022 £'000
Group and charity				
Permanent prize endowment funds				
Sheila Mossman Prize account	137	16	(2)	151
Ralph Bassett Prize account	107	11	-	118
Constance Haddon Prize account	121	14	(2)	133
Winifred Liversidge Prize account	123	14	(1)	136
Irene Lassen Bequest	449	49	(1)	497
Weinman/Duraisamy Prize	5	-	-	5
Sundry named prizes and general prizes account	282	31	(3)	310
	<u>1,224</u>	<u>135</u>	<u>(9)</u>	<u>1,350</u>
Expendable prize endowment funds				
Jardine Matheson Music scholarships	-	-	-	-
Gordon Bryan Fund	98	10	-	108
Alan Pickard Prize	24	3	-	27
Taylor White Gibbs Prize	147	15	(3)	159
	<u>269</u>	<u>28</u>	<u>(3)</u>	<u>294</u>
Total endowment funds	<u>1,493</u>	<u>163</u>	<u>(12)</u>	<u>1,644</u>
Interest receivable		45	-	
Expenditure on prizes		-	(12)	
Unrealised loss on investments		118	-	
		<u>163</u>	<u>(12)</u>	

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023

38. COMPARATIVE MOVEMENT OF UNRESTRICTED FUNDS FOR YEAR ENDED 31 JANUARY 2022

Group	At 1 February 2021 £'000	Income £'000	Expenditure £'000	Transfers £'000	At 31 January 2022 £'000
Fixed asset fund	7,752	-	-	(1,509)	6,243
Designated funds					
Development funds	3,818	-	(1,272)	1,400	3,946
Examiner fund	-	-	-	530	530
General charitable funds	5,765	42,453	(37,065)	(6,421)	4,732
Total	17,335	42,453	(38,337)	(6,000)	15,451
Charity					
Fixed asset fund	7,752	-	-	(1,509)	6,243
Designated funds					
Development funds	3,818	-	(1,272)	1,400	3,946
Examiner fund	-	-	-	530	530
General charitable funds	5,754	36,717	(31,329)	(6,421)	4,721
Total	17,324	36,717	(32,601)	(6,000)	15,440

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023

39. COMPARATIVE ANALYSIS OF NET ASSETS BETWEEN FUNDS FOR YEAR ENDED 31 JANUARY 2022

Group	Unrestricted Funds (including Pension Reserve) £'000	Prize Endowment Funds £'000	Total 2022 £'000
Tangible fixed assets	1,791	-	1,791
Intangible fixed assets	4,452	-	4,452
Investments	-	1,578	1,578
Current assets	21,399	86	21,485
Current liabilities	(10,207)	(20)	(10,227)
Non-current liabilities	(562)	-	(562)
Provisions	(1,422)	-	(1,422)
	<hr/>	<hr/>	<hr/>
Net assets before pension deficit	15,451	1,644	17,095
Pension deficit	(9,166)	-	(9,166)
	<hr/>	<hr/>	<hr/>
Total net assets after pension deficit & provisions	6,285	1,644	7,929
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Charity			
Tangible fixed assets	1,791	-	1,791
Intangible fixed assets	4,452	-	4,452
Investments	782	1,578	2,360
Current assets	20,057	86	20,143
Current liabilities	(9,658)	(20)	(9,678)
Non-current liabilities	(562)	-	(562)
Provisions	(1,422)	-	(1,422)
	<hr/>	<hr/>	<hr/>
Net assets before pension deficit & provisions	15,440	1,644	17,084
Pension deficit	(9,166)	-	(9,166)
	<hr/>	<hr/>	<hr/>
Total net assets after pension deficit & provisions	6,274	1,644	7,918
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Group and Charity			
Unrealised gains included above on investment assets (see note below)	-	799	799
	<hr/>	<hr/>	<hr/>
Unrealised gains as at 1 February 2021	-	681	681
Net gain/(loss) arising from revaluations in the year	-	118	118
	<hr/>	<hr/>	<hr/>
Unrealised gains as at 31 January 2022	-	799	799
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC

England & Wales - Charity number 292182

Accounts

**THE ASSOCIATED BOARD OF THE
ROYAL SCHOOLS OF MUSIC
REPORTS AND ACCOUNTS
FOR THE YEAR ENDED 31 JANUARY 2022**

CHARITY NUMBER (ENGLAND AND WALES):

292182

CHARITY NUMBER (SCOTLAND):

SC043343

COMPANY NUMBER:

01926395

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
REFERENCE AND ADMINISTRATIVE INFORMATION

PATRON

HER MAJESTY THE QUEEN

PRESIDENT

H R H The Prince of Wales

GOVERNING BODY

Tony Hales, Chair, CBE, BSc

Frances Anderson, M.SOC.SC(URS), BSC (ECON), FRSA

Abdul Bhanji OBE, FCA

Baroness Fleet CBE

Professor Jonathan Freeman-Attwood CBE, BMus, MPhil, Hon RAM, FKC, FRNCM
(Principal, Royal Academy of Music)

Nicola Irvine

Leslie Kwan

Professor Colin Lawson CBE, MA (Oxon), MA, PhD, D Mus, FRCM, FRNCM, FLCM
(Director, Royal College of Music)

Professor Linda Merrick GRSM, MMus, PhD, FRAM, FRCM, FLCM, FRSA, Hon VCM, FHEA
(Principal, Royal Northern College of Music)

Professor Jeffrey Sharkey, MPhil (Cantab)
(Principal, Royal Conservatoire of Scotland)

Bronwyn Syiek, MA (Cantab)

Damian Wisniewski BSc (Eng), ACGI, BFP, FCA, LRAM

CHIEF EXECUTIVE

Chris Cobb BSc, FRSA

DEPUTY CHIEF EXECUTIVE

Penny Milsom, BA

EXECUTIVE DIRECTOR: STRATEGIC DEVELOPMENT

Professor Lincoln Abbotts FRSA, MBA, AdvCert (PCS), BMus, LTCL

CHIEF OPERATING OFFICER

Helen Coleman BA, MBA

CHIEF EXAMINER

Professor John Holmes MA, LRAM, Cert. Ed.

CHIEF DIGITAL OFFICER

James Halliwell BSc, MSc

SECRETARY TO THE GOVERNING BODY

Rachael Casstles

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
REFERENCE AND ADMINISTRATIVE INFORMATION**

CHARITY NUMBER (ENGLAND AND WALES):	292182
CHARITY NUMBER (SCOTLAND):	SC043343
COMPANY NUMBER:	01926395
TRADING NAME:	ABRSM
REGISTERED AND PRINCIPAL OFFICE:	4 London Wall Place, London, EC2Y 5AU
TELEPHONE:	+44(0) 20 7636 5400
EMAIL:	abrsm@abrsm.ac.uk
WEBSITE:	www.abrsm.org
ADVISERS:	
External Auditors:	Crowe UK LLP 55 Ludgate Hill, London EC4M 7JW
Internal Auditors:	BDO LLP 55 Baker Street, London W1U 7EU
Bankers:	Barclays Bank PLC Level 27 1 Churchill Place, London E14 5HP Santander UK PLC 3 rd Floor, Santander House 100 Ludgate Hill, London EC3M 7RE Lloyds Bank PLC 25 Gresham Street, London EC2V 7HN
Solicitors:	Farrer & Co 66 Lincoln's Inn Fields, London WC2A 3LH
Pension Scheme Administrators:	Broadstone Pensions and Investments Limited 100 Wood Street, London EC2V 7AN
Pension Scheme Actuary and Investment Advisors:	Lane Clark & Peacock LLP 95 Wigmore Street, London, W1U 1DQ
Investment Managers (Prize Funds):	BlackRock Investment Management (UK) Limited 12 Throgmorton Avenue, London EC2N 2DL

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC

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THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
FOR THE YEAR ENDED 31 JANUARY 2022

The members of the Governing Body (the 'Governors'), who are also directors of the company, present their annual report (incorporating the Strategic Report) for the year ended 31 January 2022, together with the audited financial statements for the year in accordance with the Charities Act 1993 as amended by the Charities Act 2011. They confirm that these comply with the requirements of the Companies Act 2006, the Company's Memorandum and Articles of Association and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard in the UK and Republic of Ireland (FRS102).

STATUS AND ADMINISTRATION

The Associated Board of the Royal Schools of Music (ABRSM) is a registered charity, number 292182 (Charity registered in Scotland number: SC043343), and a company limited by guarantee, registered number 1926395, established by four Royal Schools of Music for the benefit of music education. The company has no share capital and the liability of the members in the event of winding up is limited to £1 per member. The members are the Royal College of Music, the Royal Academy of Music, the Trustees of the Royal Northern College of Music Endowment Fund and the Trustees of the Royal Conservatoire of Scotland Trust.

The charity has a wholly owned subsidiary company, The Associated Board of the Royal Schools of Music (Publishing) Limited (ABRSM Publishing), the results of which are consolidated in these financial statements.

GOVERNING BODY, CHIEF EXECUTIVE AND MANAGEMENT STRUCTURE

For the purposes of the Companies Act 2006 the Governors are the directors of ABRSM. They are also the charity trustees under the Charities Act 2011. The Governing Body is constituted under the Articles of Association of the company as drawn up in 1985 and amended on 26 July 2011. The amendment allows for three additional independent members to join the Governing Body.

Membership of the Governing Body consists of two persons appointed by each of the Royal Academy of Music, the Royal College of Music, the Royal Northern College of Music Endowment Fund and the Royal Conservatoire of Scotland Trust, together with three independent Governors¹ and a Chairman who is appointed by the members.

New Governors are invited to meet Governors, the Chief Executive and other senior staff for their induction. These meetings are tailored to the needs of each Governor depending on their background, experience and expertise. The Governors in office from 1 February 2021 to the date of this report are listed below and, where applicable, their alternate directors ('Alternates').

Governors

Tony Hales CBE, Chair
Frances Anderson¹
Abdul Bhanji OBE¹ (appointed 24 November 2021)
Professor Jonathan Freeman-Attwood CBE

Jeremy Heap¹ (resigned 24 November 2021)
Nicola Irvine (appointed 18 March 2021)
Leslie Kwan (appointed 2 January 2022)
Professor Colin Lawson CBE
Professor Linda Merrick
David Roper, Deputy Chair (resigned 24 November 2021)
Professor Jeffrey Sharkey
Bronwyn Syiek¹
Baroness Fleet CBE
Damian Wisniewski, Deputy Chair

Alternates

Judith Barber (resigned 20 September 2021)
Karen Di Lorenzo (appointed 5 November 2021)

Kevin Porter
George Whalley

¹Frances Anderson, Abdul Bhanji and Bronwyn Syiek are independent Governors. Jeremy Heap was an independent Governor.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

GOVERNING BODY, CHIEF EXECUTIVE AND MANAGEMENT STRUCTURE (continued)

Finance & Business Development Committee Members

Damian Wisniewski, Chair (appointed 24 November 2021)
Tim Barton
Jeremy Heap, Chair (resigned 24 November 2021)
Alan Smith
Bronwyn Syiek
George Whalley

Audit & Risk Committee Members

David Roper, Chair (resigned 24 November 2021)
Abdul Bhanji, Chair (appointed 24 November 2021)
Sue Baines
Judith Barber (resigned 20 September 2021)
Karen Di Lorenzo (appointed 5 November 2021)
Eileen Mackay (resigned 10 June 2021)
John MacLeod (appointed 5 November 2021)
Rachel Harris
Frances Anderson

Music Education Advisory Committee

Professor Jeffrey Sharkey, Chair
Tony Hales CBE
Natasha Baldwin
Carolyn Baxendale
Frances Cummings
Barry Farrimond
Mirander Francis
Laura Gardiner
Rylan Gleave
Paul Harris
Karen Humphreys
John Hutchins
Gabriel Lee
Tim Plyming
Orphy Robinson
Jimmy Rotherham
Simon Toyne
Matt Wingfield

Remuneration Committee Members

Bronwyn Syiek, Chair
Tony Hales CBE
Professor Jonathan Freeman-Attwood
Baroness Fleet CBE

Nominations Committee

Tony Hales CBE, Chair
Abdul Bhanji OBE
Professor Colin Lawson
Professor Linda Merrick

Alternates are appointed by the Governor for whom they act. They are entitled to attend, vote and generally act on behalf of the appointing Governor at any Governing Body meeting where that Governor is not present. Alternates are officers of ABRSM, rather than agents of appointing Governors. They are therefore subject to all terms and conditions, other than remuneration, existing with reference to other Governors.

Key Personnel

The Governors delegate the day-to-day management of ABRSM to the Chief Executive, and through him to his team of senior executive staff, who comprise the key management personnel:

Chris Cobb, Chief Executive
Penny Milsom, Deputy Chief Executive
Professor Lincoln Abbotts, Executive Director: Strategic Development
Sue Cambridge, Executive Director: Finance & Corporate Services (Resigned 30 June 2021)
Helen Coleman, Chief Operating Officer
James Halliwell, Chief Digital Officer (Appointed 6 April 2021)
Professor John Holmes, Chief Examiner

Decision Making

Proposals for developing ABRSM's work are discussed and refined by this senior team. Where appropriate they may be reviewed by one of the specialist committees of the Governing Body, which include the Music Education Advisory Committee. The Chief Executive presents key policy and strategic proposals to the Finance & Business Development Committee, which reviews the financial implications of all proposals, and to the Governing Body for consideration. If agreed, these will be incorporated into the planned activities of ABRSM.

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022**

GOVERNORS, CHIEF EXECUTIVE AND MANAGEMENT STRUCTURE (continued)

Decision Making (continued)

All aspects of ABRSM's work in support of its charitable objectives are brought together in a Corporate Plan which, together with financial projections, is monitored by the Senior Management Team and considered by the Finance & Business Development Committee and then the Governing Body. The Corporate Plan sets out the strategic direction for ABRSM in the medium term which is then communicated to all staff.

The Finance & Business Development Committee is also responsible for the review of the forecast, budget and management accounts. It meets four times a year and monitors the finances of ABRSM on behalf of the Governing Body. It exercises oversight of the funding strategy and related policies. The Committee will evaluate business cases for investment and monitor their benefits and RoI. The Finance & Business Development Committee comprises up to six members: The Chair who shall be an ABRSM Trustee; one independent Governor, up to two members co-opted by the members of the committee with relevant skills and experience to support the ABRSM strategy and two Royal Schools of Music Directors of Finance. One of the posts on the Finance & Business Development Committee is currently vacant.

The Audit & Risk Committee oversees risk management on behalf of the Governing Body and meets three times a year. It provides assurance to the Governing Body on the effectiveness of risk management, control and governance arrangements. It also meets with both the external and internal auditors to discuss the findings and recommendations from the audit reports. The Audit & Risk Committee comprises six members: two independent Governors, two ABRSM Governors from two of the Royal Schools and two Directors of Finance from the other two Royal Schools of Music. The Audit & Risk Committee requires that at least one member should have recent audit and/or financial accounting experience.

ABRSM procures its Internal Audit service from BDO LLP. The work of the Internal Audit service is informed by an analysis of risks to which ABRSM is exposed and an annual internal audit plan is based on this analysis. The Audit & Risk Committee approves the internal audit plan. BDO LLP submit regular reports to the Audit & Risk Committee on audits conducted, risks identified and management's response to their findings, as well as their independent opinion on internal control.

The Nominations Committee is responsible for advising the Governing Body on the appointment of its members and its committees.

The Music Education Advisory Committee is responsible for advising the Senior Management Team and Governing Body on the direction of ABRSM's educational programmes and impact and for assisting ABRSM in ensuring the musical integrity, quality and relevance of ABRSM's offer in the context of a contemporary global landscape.

The Remuneration Committee is responsible for determining and implementing the remuneration policy of the senior personnel. In doing so it considers remuneration trends across comparable institutions as well as performance. The remuneration of the senior executive staff is determined through the completion of performance related assessments in line with company policy. The level is determined by evaluating a combination of performance and market rate.

ABRSM's governance is structured around the principles of the Charity Governance Code. The Governing Body is committed to reviewing its governance against the Code's principles on a regular basis to ensure the highest standards of governance.

Governors' and Officers' Liability

Governors' liability is included in the combined business insurance policy and is purchased by authority contained within the Memorandum and Articles of Association, as permitted by Section 232(2) of the Companies Act 2006 and with the agreement of the Charity Commission. The total cost of Governors' and Officers' liability insurance was £2,100 (2021: £2,100).

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

CHARITABLE OBJECTIVES

ABRSM has the following aims and objectives set out in its Memorandum and Articles of Association:

- to advance the arts, science and skills of music, speech and drama throughout the UK and overseas; and
- to promote the education and instruction in, and the study and appreciation of music, speech and drama.

During 2021, ABRSM developed and implemented a new 5-year corporate strategy centred around our ongoing mission to enrich lives by inspiring musical achievement around the world. A focus on the needs of our customers is at the core of our strategy, which is also guided by five key themes: educational excellence; collaboration; leadership and advocacy; equality, diversity and inclusion; and, sustainability.

Over the next five years, ABRSM aims to be seen by our stakeholders to:

- Value and support our learners and teachers
- Be an innovator in music teaching, learning and assessment
- Support and promote music education globally

By January 2026 we will have grown:

- The number of learners engaging with us
- Our charitable donations
- The breadth of our activities

The following report explains in more detail how our objectives are achieved. Our main measurements of success continue to be the level of candidate numbers and turnover, the delivery of key targets for the launch of new products and services, digitally and in person, and reducing our carbon footprint. Additionally, the impact of the global pandemic in 2020 resulted in an increased focus on restoring the company's cash reserves and strengthening its resilience.

STRATEGIC REPORT

PRINCIPAL ACTIVITIES

ABRSM supports the teaching and learning of music, in partnership with four Royal Schools of Music and aims to inspire achievement in music.

The strategies adopted by ABRSM to meet its charitable objectives and thereby provide public benefit focus on four main areas of activity are:

1. To support and recognise excellence in music teaching;
2. To expand and enhance the ways we support and assess musical progression;
3. To partner strategically to support, deliver and advocate for excellence and participation in music education;
4. To protect the planet for future generations.

The Governors believe that these activities continue to meet ABRSM's charitable objectives both in the year under review and into the future.

ABRSM's subsidiary, The Associated Board of the Royal Schools of Music (Publishing) Limited, is engaged in the production and sale of music publications, recordings and digital resources in support of the charitable activities of ABRSM, both of exam related publications, and wider repertoire music and text-books supporting music education.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

STRATEGIC REPORT (continued)

ACHIEVEMENTS AND PERFORMANCE

Supporting and recognising excellence in music teaching

ABRSM supports teachers worldwide by developing printed and digital resources that complement our exam focussed books, recordings, apps and videos, and through a range of online and face-to-face events and qualifications.

A calendar of webinar activity was delivered throughout the year, reaching over 10,000 people, focussing on introducing the Performance Grades and ARSM in 18 webinars. Another 25 bespoke presentations and INSET sessions were curated and delivered for partner organisations, schools and music services around the world.

Since identifying teacher development as a priority area, the Academic Director and Teacher Development Executive have collaborated to establish an ABRSM-customised Moodle site, with a virtual café and gallery space designed to foster a sense of community acting as a notional entry space to the learning area, where a variety of CPD courses will be available. Further development plans in 2022-23 are currently underway in collaboration with Commercial Team colleagues to bring the Moodle site to a wider audience.

This year also saw the design and build of a second Future Learn course based around post-pandemic reflection, to provide progression for the 28,000 learners from over 170 markets who engaged with the first Future Learn course, and potentially a bridge to our own Teacher Development Programme in the future. A pilot of a module in reflective practice was developed on our sandbox Moodle site, with partner Titus Learning. This was successful, with content built, delivered and evaluated and with good feedback.

Expanding and enhancing the ways we support and assess musical progression

The core activity of ABRSM, delivering music exams of a consistently high quality both in the UK and internationally, continued to be affected due to restrictions put in place as a result of Covid-19. During the year we continued to expand our offer of alternative and new format online examinations approved by Ofqual to meet our learners' needs both in the UK and internationally. There were 425,000 (2021: 218,000) ABRSM assessments in 2021-22, an increase of 95.0% on the prior year.

Although we were able to offer face to face practical and in person theory exams in the UK, we were unable to offer a significant number of these internationally due to government restrictions. However, we were able to offer our new suite of regulated examinations, the Performance Grades, launched in 2020, and available for all existing subjects from Grades 1-8. For these examinations learners make a video recording of themselves playing, which is then uploaded to a secure website and marked remotely by an ABRSM examiner. Performance Grades are equivalent in level of rigour and difficulty to Practical Grades and learners can switch between the two to progress through grades. In addition to this, a fully 'On Demand' model for candidates taking their Grades 1-5 Music Theory launched successfully in August 2021, on schedule and within budget. As an agreed strategic priority for 2021, the Theory On Demand (TOD) project, was mobilised to deliver a scalable On Demand solution for UK and International candidates as well as to provide a core platform to deliver future on demand products.

Most of ABRSM's qualifications are formally recognised by the UK qualifications regulators: in England by the Office of Qualifications and Examinations Regulation (Ofqual); in Wales by Qualifications Wales; and in Northern Ireland by Council for the Curriculum, Examinations and Assessment (CCEA Regulation). All our regulated qualifications are listed on Ofqual's Register of Qualifications. The Governing Body is responsible for overseeing ABRSM's compliance with the conditions of recognition as set by the three regulators.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

ACHIEVEMENTS AND PERFORMANCE (continued)

UK and Ireland examinations

During 2021-22 a total of 204,000 (2021: 128,000) assessments were completed for ABRSM's Practical, Performance Grade, Diploma, Theory and Music Medals qualifications in the UK and Ireland, an increase of 59.4% on the prior year.

Due to Covid-19 restrictions the UK 2021 session for face-to-face Practical grades between January and March 2021 was cancelled, and Private Visits were reduced. Sessions later in the year were able to go ahead, albeit with a slightly reduced number of Public Venues. Online Theory Grades 1-5 were available to candidates on three selected dates in March 2021 and then an On Demand exam window opened successfully on 26 May and ran until 23 June. Paper-based Grade 6-8 Theory exams were delivered on selected dates in 2021. On 2 August 2021 a fully 'On Demand' model for candidates taking their Grades 1-5 Music Theory launched and is now the main route for these exams.

Assessments completed in Scotland make up 2.6% of the total (2021: 4.4%).

We aim to retain and attract candidates through a variety of corporate strategies including the release of new and refreshed qualifications and increasing customer engagement capacity along with new publications and digital learning apps.

We are assisted in delivering our examinations by volunteer Honorary Local Representatives (HLRs) who give their valuable time to help arrange and ensure the smooth running of exams in the UK. At the end of the year we had 194 HLRs assisting us in these roles. During the year 59 HLRs stepped down and 17 HLRs were newly recruited.

International examinations

During the year a total of 221,000 (2021: 90,000) international assessments were completed for ABRSM's Practical, Performance Grade, Diploma and Theory qualifications, an increase of 145.6% on prior year.

Covid-19 continued to impact on the delivery of face-to-face exams in international markets. We were able to run Practical Grades in a limited number of markets including Spain and Italy in November and December 2021.

A small cohort of candidates took Practical exams in Malaysia in January 2022 using a newly developed Facilitated Examiner model. Six Locally Trained examiners in Hong Kong and Singapore examined 415 candidates in December 2021 and January 2022.

Performance Grade exams first offered to our international markets in January 2021, have proved to be particularly popular during the year, as an alternative to the face to face exams.

Online Theory Grades 1-5 were available for the same window as for UK candidates between 26 May and ran until 23 June. This offer was for all territories except China and there were some capacity limits. From August 2021, in line with the UK, International Candidates now access the 'On Demand' model for candidates taking their Grades 1-5 Music Theory.

Paper-based Grade 6-8 Theory exams were delivered to most territories on selected dates in 2021.

At year end we had 129 (2021: 117) international representatives, covering 76 countries.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

ACHIEVEMENTS AND PERFORMANCE (continued)

Support for learners of music

This year saw the release of a new Woodwind syllabus, published in July 2021 for use from January 2022. The syllabus contains more pieces by composers from underrepresented groups, duets, removal of solo requirement and realigning of lists.

Our Singing for Musical Theatre suite was completed in January 2022, with aural tests and sight-singing specifically designed for Musical Theatre singers completing the suite of both Performance and Practical Grades up to Grade 8. The repertoire lists have once again been extended, this time with a specific focus on diversity in both composer background and on-stage personae.

Development of published and digital resources

Following the introduction of Online Theory in August 2020, we began to offer these exams partially on demand in May 2021, and then fully on demand from August 2021. This included translation of papers into 6 languages, devising a new bulk upload process to support this function, and developing new content with amended questions.

Publishing turnover for the year (including intra-group charges) was £6,833,000 (2021: £7,618,000). The decrease in turnover compared with the prior year related to the new piano syllabus released in 2020. The Publishing Company results (including intra-group charges) produced a gift aid payment of £755,000 (2021: £1,309,000) to ABRSM.

This year saw the continued development and improvement of our range of apps including:

- An Aural Trainer App update to top up content at Grades 1–5;
- New syllabus repertoire added to our Flute, Clarinet, and Saxophone Practice Partner Apps;
- Violin Scales Trainer App redesigned to match our Piano Scales Trainer App

Accessibility and Online Resources

In addition to our examination related on-line tools, we continue to develop our suite of resources for teachers via the website along with face-to-face interaction.

ABRSM's website features localised content for every country in which we operate and responds automatically to each visitor's location in order to provide local exam entry, contact and event information. During the year to 31 January 2022 we had over 8,687,000 (2021: 6,716,000) visits from over 4,269,000 (2021: 3,100,000) unique visitors.

ABRSM, working closely with PwC, continues to develop and implement the organisation's ambitious digital transformation programme.

The next phase of development and continuous improvement work, including planned CRM development, together with improvements to website content and design, were implemented to improve the customer experience as well as reduce the volume of customer enquiries.

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ACHIEVEMENTS AND PERFORMANCE (continued)

Partnering strategically to support, deliver and advocate for excellence and participation in music education

Due to its financial situation, ABRSM was not able to make substantial charitable contributions to support the work of four Royal Schools of Music as it had done in prior years. Nevertheless, ABRSM maintained scholarships for UK-based and international students of the Royal Academy of Music, the Royal College of Music, the Royal Northern College of Music, the Royal Conservatoire of Scotland, the Royal Welsh College of Music and Drama and the Hong Kong Academy of Performing Arts. A total of 89 (2021: 91) scholars benefited from ABRSM funding during the year. Sponsorship and donations for the benefit of music education arising in the year to 31 January 2022 were £201,000 (2021: £244,000). Scholarships awarded totalled £1,086,000 (2021: £1,048,000) and included:

Royal Academy of Music

Supported by an ABRSM Scholarship, Annemarie Federle studies the French Horn at the Royal Academy of Music with Richard Watkins, David Pyatt and Martin Owen. At the age of 17, Annemarie won the Brass Category Final of the BBC Young Musician competition. In 2021, she won joint first prize at the Gianni Bergamo Classic Music Award and was a semi-finalist at the ARD International Music Competition in Munich, performing Mozart Horn Concerto No. 4 with the Munich Chamber Orchestra. Other recent highlights include performances at Lichfield Festival and as soloist with the National Youth Orchestra of Great Britain at Royal Festival Hall, as well as recording chamber music with Three World Records. Throughout 2021, Annemarie performed recitals across the UK as well as concertos with European Union Chamber Orchestra, London Repertoire Orchestra, among others. Annemarie is grateful for ABRSM's generous support and says, 'I have had an incredible time at the Academy so far and I am really looking forward to the rest of my years here. The Academy has really helped me to improve as a player, leading to opportunities such as playing in a patch with the Aurora Orchestra on Principal Horn in Beethoven 7, or playing Third Horn with the London Symphony Orchestra in December 2021. I would like to thank ABRSM for supporting the Academy and individuals like myself and enabling our generation to continue the music industry!'

Royal College of Music

Alim Beisembayev is a Master of Performance piano student currently in his second year at the Royal College of Music (RCM). In September 2021, Alim won the First Prize at the prestigious Leeds International Piano Competition. In Alim's words: 'Although many stars had to be aligned to reach this success, I believe my significant ABRSM funding played a big role in my achievement. ABRSM's financial help enabled me to support myself in London, which allowed me to completely focus on my studies, and I strongly believe this contributed to my success.' Since his competition success, Alim has had an exciting time being taken on by management company Askonas Holt, and an EP with Warner Classics was released soon after. Following his success, Alim played concertos with the Royal Liverpool Philharmonic, BBC Symphony Orchestra and most recently SWR Symphony Orchestra in Stuttgart. Alim also took on other engagements such as Mozart's C minor piano concerto with the BBC Symphony Orchestra with a week's notice, as well as stepping in to perform a lunchtime recital at the Wigmore Hall in December. In January 2022, Alim performed with Sir Antonio Pappano and the RCM Symphony Orchestra Ravel's piano concerto in G major. Alim has been able to rise to the challenges of combining a full performance schedule with full-time studies with support from the ABRSM and RCM, which he feels lucky to have at this important stage in his professional development. Alim thanks the ABRSM for its huge generosity, as this allowed him to chase his dreams of becoming a concert pianist.

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ACHIEVEMENTS AND PERFORMANCE (continued)

Partnering strategically to support, deliver and advocate for excellence and participation in music education (continued)

Royal Northern College of Music

Aaron Peters is a first-year BMus vocal and opera scholar from the UK who has immersed himself in all areas of study with great enthusiasm. He has taken part in performance classes at every opportunity and was fortunate to attend a masterclass given by Sir John Tomlinson. During the course of his singing lessons he has consistently improved his vocal technique and accumulated a variety of new repertoire, and has a bright future ahead of him. Marcelo Rodrigues is another first-year scholar, who came to the UK from Brazil with very limited financial resources to study the double bass at the RNCM. He has scored highly in his assessments to date and has made strong strides forwards under the guidance of his tutor, eager to make the very most of his ABRSM scholarship.

Royal Conservatoire of Scotland

Dominika Dawidowska is a classical guitarist from Poland currently enrolled in the fourth year of BMus at the Royal Conservatoire of Scotland. Dominika has been able to experience a varied student life surrounded by a team of great teachers and her talented classmates. She has performed in many solo and chamber music events during the past four years, highlights have included playing at the COP 26 conference when it was in Glasgow in 2021; she also worked with many distinguished musicians. ABRSM funding has enabled Dominika develop into an excellent young artist who has flourished, despite the interruption of the pandemic and one who looks forward to a life on the world's concert stages.

Other Support for Music Education

We have continued to work closely with partners, policy and decision makers to support the place and purpose of music, and of progression within music education during a very challenging year for teachers, learners and musicians generally.

We continued our research into the state of music making and learning culminating in the publication of our Making Music research report in November 2021.

Working to a brief from the Department for Education and directed by its Expert Panel of teachers, academics and music education specialists, we fulfilled our role as drafters of the Model Music Curriculum for England, a non-statutory guide to school music learning for all pupils between 5 and 14 years of age.

Initiatives funded by our Elevate Fund were stalled by the pandemic but restarted in January 2021. Informed by the findings of The Music Commission (published in 2019) they will further develop our network and institutional knowledge of ways to support progression in the most effective way.

We have continued to deliver against the commitments made in our Diversity & Inclusion Plan (published in October 2020) which sets out explicit goals, supported by measurable targets, to broaden the music we promote, commission, and publish, in order to recognise the richness of diverse music and our global identity, to acknowledge cultural diversity, and include composers from every section of society.

Despite the various lockdowns and ban on international travel, we found ways to collaborate to make music and bring the joy of music to our audiences. We offered inspiration and advice for learners, teachers and parents through the Play On platform on our website and our Global High Scorers Concerts have brought together performers from across the globe. We celebrated Make Music Day through a newly commissioned film celebrating the power of music to bring joy and to unite communities.

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ACHIEVEMENTS AND PERFORMANCE (continued)

Partnering strategically to support, deliver and advocate for excellence and participation in music education (continued)

We continued to support organisations through the pandemic. During the year we continued our partnerships with the National Youth Orchestra, the National Youth Choirs of Great Britain, the Royal Philharmonic Society, the London Music Fund, National Youth Jazz Orchestra, National Children's Orchestra of Great Britain and the National Open Youth Orchestra. Our sponsorship portfolio continues to reach a diverse range of music learners as we look to expand our geographical and social reach. We also continued to support the Commonwealth Resounds, the Commonwealth International Composition Award, which seeks to promote composition across the globe for under 18's.

Our International Sponsorship Fund supported organisations and projects in Haiti, Kenya, Mexico, the USA and Brazil. The ongoing challenges of the pandemic resulted in some changes to planned activity, including timeframes, but all programmes have been able to use the funding to provide opportunities for children, young people and adults to make, and progress, in music. Activities included a joint teacher training programme between organisations in the USA and Brazil, serving more than 100 string teachers in Rio de Janeiro state, as well as a scholarships programme for women musicians in Kenya attending conservatoire.

Prize Funds

The endowment funds were established to provide prizes for musical achievement in ABRSM's examinations. All investments have been acquired in accordance with the powers available to the Governors.

Fundraising

The organisation does not engage in fundraising activities. Its income is derived from music examination fees and from sales of associated publications.

Protecting the planet for future generations

We recognise a climate emergency is happening. As a global organisation bringing musical achievement to a young audience, we will engage our staff and the wider ABRSM community to protect the planet for future generations. We will adapt how we operate to reduce our impact on the environment and our long term goal is to cut our carbon emissions in half by 2030 and reduce them to net zero by 2050.

In 2021 we carried out a carbon audit of our activities and began to plan a series of projects over the next three years that will help us to manage our GHG emissions against targets that track the aims of the Paris Agreement on global temperature rise.

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FINANCIAL REVIEW

The consolidated statement of financial activities is given on page 27 of the accounts.

Total turnover of ABRSM and its UK subsidiary from examinations, publications, teacher support and investment income for the year amounted to £42,498,000 (2021: £23,397,000).

The operating profit for the year was £7,428,000 (2021 Restated: deficit of £6,099,000). The increase is due to the partial lifting of restrictions on face to face examinations as a result of Covid-19 and the continued success of our online examinations. The performance of the publishing company is set out in note 6 to the accounts.

The profit is stated after charging £2,722,000 (2021 Restated: £2,002,000) of amortisation costs in line with ABRSM's policy regarding the capitalisation of software development costs (note 2i). The digital transformation programme enabled ABRSM to deliver customer self-service in addition to offering both practical and theory examinations online, thereby considerably mitigating the potential impact of Covid-19 on the financial strength and future performance of the Group. Expenditure on the digital transformation programme had been treated as expenses when incurred in previous years but the accounting policy has been changed and a prior year adjustment has been included in this year's accounts the details of which are set out in note 40.

The Covid-19 pandemic continued during 2021 with restrictions on travel and indoor gatherings still in place in numerous countries across the world. Global travel restrictions reduced the ability of examiners to travel to the vast majority of international territories, including ABRSM's major markets. However, the Group was able to recover its income levels in 2021 to 74% of pre pandemic levels and return our annual results to a profit by delivering the following actions:

- Development of our online assessments has continued at pace, with On Demand Theory exams offered from May 2021 and On Demand Performance Grades currently under development.
- The international roll-out of the new online booking service and related IGME systems, continued in 2021 with customers in all target countries, apart from China, using the new online service by April.
- ABRSM continued, on a limited basis, to participate in the Government's Job Retention Scheme for staff roles relating to ABRSM's office space.
- ABRSM's offices were closed through to June 2021 and staff and the wider workforce of examiners, contributors, representatives and volunteers continued to work effectively online when necessary.

There is strong demand for the new digital assessments: Performance Grades and Online Theory. Practical examinations are now being offered in the UK together with practical examination visits which have been taking place throughout the year.

The improving financial position of ABRSM, reflecting our continued recovery from Covid, and the changing operational model introduced with the international online booking system, can be seen in the results in the balance sheet at 31 January 2022.

With the introduction of the online booking system and related receipt of income to the UK, international debtor levels from Representatives continue to reduce £1,136,000 (2021 £2,130,000). The increased cash receipts and improved financial stability have allowed us to increase the level of cash held on deposit to £6,988,000 (2021 £1,631,000).

During the year ABRSM made a payment on account of £6m to the ABRSM pension scheme. The pension scheme is able to earn a higher level of return on investment than ABRSM can achieve so this will support the future reduction of the pension deficit. Having taken this into account, the liquidity of the charity has nonetheless improved with cash at 31 January 2022 being £2m higher than forecast in November 2021, reflecting the improved outturn and enabling the charity to continue investing in its digital infrastructure and international development.

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FINANCIAL REVIEW (continued)

The level of creditors due within one year have increased to £10,227,000 (2021 £7,995,000). As a result of the changing examination booking process, ABRSM is now required to make commission payments to our International Representatives after the year end and the amount due has risen in line with income to £2,057,000 (2021 £1,185,000).

Further evidence of the lifting of restrictions on face to face examinations in the UK and the continued success of our online booking system worldwide is reflected in deferred income. This is income received from examination bookings relating to a period after the year end date and has risen to £3,069,000 (2021 £1,847,000).

Going Concern

The strong performance of the Group during the year ended 31 January 2022 has provided a firm foundation for the forthcoming year.

A budget has been set for the following year which shows the Group generating a surplus for the year. Reforecasts to the end of June 2023 have also been prepared based on likely and worst case scenarios. In both of these situations it is expected that the Group will continue with net positive current assets and total assets, along with sufficient positive cash balances. In the likely case a surplus is to be generated by the Group. These forecasts have been prepared taking account of recent cost of living rises and increases in global prices for energy such as gas and raw materials such as paper.

The charity is no longer solely reliant on the delivery of face to face examinations, having successfully developed and rolled out online alternatives of equal rigour and value which have been welcomed by its candidates. It is now much better placed to withstand any future travel disruptions as it is able to offer online assessments worldwide. Now that travel restrictions are easing, the charity is returning to offering face to face examinations worldwide together with online assessments, thereby offering more choice to candidates and appealing to a wider base of learners. While international travel remains limited this is not expected to significantly affect our ability to continue as a going concern due to the availability of our digital assessments.

Further actions are planned to increase resilience and reduce reliance on international travel by recruiting and training facilitators and examiners based in the country where the examinations take place.

The charity has the resources to allow it to invest in its digital programme to continue to meet customer needs.

The introduction of customer self-service means that examination fees are received sooner from international territories, reducing the amount of cash tied up in debtors, thereby improving the Group's cashflow and reducing its exposure to doubtful debts.

The trustees therefore have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of approval of these financial statements, and are not aware of any other material uncertainties which may adversely affect the organisation. Accordingly, the financial statements continue to be prepared on the going concern basis.

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FINANCIAL REVIEW (continued)

Investment Selection Policy and Performance

On the incorporation of the Associated Board in 1985, it was decided that the publishing business of ABRSM should be transferred to a wholly owned subsidiary, The Associated Board of the Royal Schools of Music (Publishing) Limited. This company granted an unsecured loan note to ABRSM as consideration for the transfer of the publishing business. ABRSM receives interest on this loan note at 2% above the bank base rate. Additionally, the subsidiary company pays royalties to ABRSM on copyrights owned by ABRSM. Finally, it donates its taxable profits to ABRSM under a deed of covenant, which amounted to £755,000 (2021: £1,309,000). This is a long-term investment held for the benefit of ABRSM and integrated within ABRSM's operations utilising the intellectual property contained in ABRSM's syllabus listings, which are periodically refreshed.

ABRSM occasionally receives sums of money to provide for prizes for candidates performing well in its examinations. In order to maintain the real value of these gifts it invests a significant proportion of the Prize Endowment Funds in Blackrock Charities UK Bond and Equity Common Investment Funds. At 31 January 2022 these had a cost of £779,000 and a market valuation of £1,578,000 (2021: £655,000 and £1,336,000 respectively), reflecting an increase in market values of 8.9% over the prior year, (2021: net decrease of 4.3%).

All other surplus liquid funds held by ABRSM are placed on deposit to safeguard the funds involved and to earn interest until such time as they are needed to meet the expenditure involved in ABRSM's operations. The interest earned on these deposits during the year was £8,000 (2021: £27,000).

Principal Risks and Uncertainties

The Governing Body is responsible for the assessment and control of the risks faced by ABRSM. Consideration of risks is delegated to the Audit and Risk Committee and managed on a day-to-day basis by senior staff. The Governors believe that awareness of the key risks is the single most important element in ensuring that they are controlled. Risks are identified, assessed and controls maintained throughout the year, with a formal review of ABRSM's risk management processes undertaken on an annual basis. A thorough review reflecting our changing operations is currently underway.

In addition to the risk management and mitigation actions identified in the table below, ABRSM used the following controls to manage risk:

- formal agendas and minutes for all Governing Body and committee activity;
- clear terms of reference for all committees – Finance & Business Development Committee, Audit & Risk Committee, Remuneration Committee, Nominations Committee and the Music Education Advisory Committee;
- a rolling programme of internal audit
- comprehensive strategic planning, forecasting, budgeting, management accounting and variance analysis;
- an established governance and organisational structure with clear lines of reporting;
- formal written policies, including staff policies readily accessible to all staff;
- hierarchical authorisation and approval levels; and
- review of cashflow forecasts

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FINANCIAL REVIEW (continued)

In addition to the significant business and financial risks which, together with the mitigating actions are referred to in the Financial Review, key risks affecting the charity include:

Risks What are the key risks facing ABRSM?	Management and mitigation What is ABRSM doing to reduce the likelihood or minimise the impact of these risks occurring?
Cyber attack, major incident or technology failure leading to loss of data and business interruption	<p>Management regularly seeks and acts on external advice to ensure it remains up to date with the possible causes and best mitigating actions to address this risk. The mitigating actions include:</p> <p>Business Continuity and Disaster Recovery plans in place.</p> <p>Cyber Essentials Plus Accreditation renewed annually.</p> <p>Mandatory Security Awareness training for all staff</p> <p>Dual Authentication for remote access</p> <p>Automatic 3rd party security patch management</p> <p>Advanced Firewall security</p> <p>Support contract in place with PwC</p>
Changes to UK and relevant overseas legislation and regulatory conditions leading to curtailment of activities, reputational damage and/or financial penalties.	<p>Annual reviews of tax legislation in major territories performed by expert advisors.</p> <p>Prompt action taken when concerns raised by local representatives.</p> <p>Compliance specialist and governance in place to ensure compliance with Ofqual, CCEA and Quals Wales regulations.</p> <p>Mandatory GDPR training and policies are in place and procedures reviewed for fitness for purpose.</p>
The effective supervision and controls around working in an educational setting with children, including remote proctoring of recorded assessments which involve supplier staff, examiners and ABRSM staff reviewing candidates and their environment.	<p>ABRSM considers safeguarding to be of the utmost importance and maintains a zero-tolerance approach to dealing with safeguarding issues. It maintains a culture of vigilance throughout its activities. Mitigating actions include:</p> <p>Trained Designated Safeguarding Person and deputies on constant cover reporting to CEO and an organisation-wide safeguarding review committee</p> <p>Safer recruitment in education framework followed, DBS checks and cycle of renewal</p> <p>All staff and Trustee training</p> <p>Safeguarding and child protection policies reviewed by specialists</p> <p>Regular internal audit of safeguarding policies and practice</p> <p>Procedures for reporting and escalation</p> <p>Data protection policy and procedures</p> <p>Safeguarding built into design of assessment and due diligence conducted on third party suppliers</p>

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THE ABRSM PENSION AND LIFE ASSURANCE SCHEME (THE SCHEME)

ABRSM operates a defined benefit pension scheme which closed to future accrual on 31 December 2018. The notional surplus or deficit on the funding of the Scheme, calculated annually under this standard, is shown in the financial statements as a designated fund entitled "Pension Reserve". This is deducted from Unrestricted Funds in the balance sheet. The approximate actuarial valuation carried out at 31 January 2022, as required by FRS 102, represents the market value of the assets of the Scheme as £57.9 million and the value of the liabilities at that date as £67.0 million (2021: £49.2 million and £75.7 million). During the year ABRSM made an additional payment of £6.0m to the pension scheme. This contribution is treated as a rolling commitment while ABRSM continues to make payments each month as required by the current Statement of Contributions. The consequent net deficit on the Scheme of £9.2 million (2021: £26.4 million) is a statement of the transient situation at 31 January 2022. Both the Governors and the Trustees of the scheme recognise that such valuations can move significantly in response to market factors and the actuarial assumptions made.

The Governors recognise that the deficit arising under FRS 102 does not have a significant immediate cash-flow impact on the charity. The positive effect of the contributions made by the employer on the FRS 102 liability has been accompanied by a decrease in technical provisions as at 31 January 2022. The disclosure of a pension liability, newly calculated year by year under FRS 102, does not mean that the equivalent amount is already committed and no longer available to the Governors to further the charity's objectives.

The last triennial actuarial valuation was prepared as at 31 December 2018 and showed a deficit of £25.6 million. The Scheme closed to future accrual from 31 December 2018 and had already closed to new entrants, with certain limited exceptions, on 1 February 2014.

A new deficit recovery plan was agreed by the Trustees in 2019. Under the plan, the Employer agreed to pay deficit reduction contributions of £3.37m per annum, increasing in line with RPI (with the first increase applicable on 1 February 2020), for a period of 7 years and 3 months from 1 January 2019 to 30 April 2026. The Employer also agreed to pay all costs associated with running the Scheme and to take over responsibility for Life Assurance arrangements with effect from 1 February 2019.

RESERVES

Our reserves comprise unrestricted funds and endowment funds. The endowed funds result from donations and legacies which can only be applied for a purpose specified by the donor and are not available for general purposes. These funds are used to award prizes to examination candidates in accordance with the criteria specified by the donor. Endowed funds total £1.6m at 31 January 2022 (notes 2u, 5 and 24).

The unrestricted funds represent the accumulated surpluses generated from general business activities and are funds that are available for use at the discretion of the Governors. They comprise the fixed assets fund, designated funds and general funds.

Fixed Assets Fund

The fixed assets fund comprises the funds invested in fixed assets that the Governors consider essential in enabling us to implement effectively our operational strategy. The fund represents the net book value of tangible and intangible fixed assets. The intangible assets arise from investment in our digital transformation programme. In prior years related costs were treated as expenses when incurred but the accounting policy has been changed and a prior year adjustment has arisen (note 40). We held £6.2m in the fixed assets fund at 31 January 2022 (2021 Restated: £7.8m).

Designated Funds

Designated funds are funds that the Governors have earmarked for specific purposes. Since 2014 and prior to this year a total of £14.0m of general funds had been designated to be held for specific purposes, in particular the digital transformation programme. As at 31 January 2022 £11.5m of these funds have been expended. A total of £3.9m remains at 31 January 2022 in respect of ongoing digital transformation and international development, and £0.5m for examiner costs.

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RESERVES (continued)

General Funds

In accordance with Charity Commission guidance, the Governors set a target for the level of free reserves, or general funds, that we should maintain to ensure our financial security and funding of our business plan. Free reserves or general funds are defined as total unrestricted funds less fixed assets and designated funds. Since many of ABRSM's costs are directly related to the number of examinations held, it is ABRSM's aim to have sufficient liquid resources and cash balances so that, in the event of a downturn in the demand for its services, its operating costs, excluding costs directly relating to activity (e.g. examiner fees and venue hire), would be met for a period of six months, plus any outstanding liabilities. During this period, other actions to mitigate loss would be implemented. This implies the need for a level of free reserves of £11.1m (2021: £9.6m). As the Charity is wholly reliant on global trading conditions to generate income, the Governors consider that six months represents a realistic and prudent position.

General funds stand at £4.7m at 31 January 2022. This is a decrease of £1.1m or 19% on the prior year restated (2021 Restated: £5.8m) and is £6.4m below the minimum level of general reserves set out in the preceding paragraph; £6m of this being the funds transferred from the General funds to the Pension funds during the year. The global pandemic resulted in a reduction in face to face exams in 2021 and 2022 both in the UK and internationally. Details of the impact are set out above in the paragraphs under the Going Concern heading which outline the highly effective measures taken and further actions planned to increase resilience, reduce reliance on international travel and build free reserves back to the level set out in the preceding paragraph.

Included in designated funds are development funds of £3.9m (2021: £3.8m). These funds have been set aside to fund future long term projects but if necessary could be used to fund more immediate needs. The combined general and development funds amount to £8.6m (2021 Restated: £9.6m). The group had a cash balance of £9.9m (2021: £12.3m) to cover short term requirements.

The pension liability represents the present value of the pension liabilities less the fair value of the pension scheme assets, taking into account the £6m advance payment, calculated in accordance with FRS102 (note 32) and does not imply a significant constraint over the use of reserves for the foreseeable future other than to ensure monthly contributions are met, which are budgeted for accordingly.

PLANS FOR FUTURE PERIODS

General objectives

ABRSM will continue to conduct its operations to the highest standards, including all forms of online assessment, recognising that integrity and impartiality are fundamental to ABRSM's continuing success. All developments are evaluated for financial viability to ensure sound cost and budgetary controls and to enable ABRSM to maximise its contribution to music education. ABRSM will continue to use its influence in promoting music education generally, in accordance with its charitable mission and will continue to take steps to protect our environment by operating in ways that reduce our carbon footprint.

Short term objectives:

In a context where education, social contact and travel may continue to be disrupted, our short term objectives are to use digital first solutions to strengthen our core assessment activity and to develop qualifications and supporting resources that appeal to a more diverse range of learners.

During 2021, ABRSM continued to develop online options to allow learners to take assessments at times and in ways which are convenient for them. We will continue to improve and simplify the customer journey. Practical exams are now being offered in the UK and internationally, however, we will continue to seek opportunities to reduce our carbon footprint by maximising alternative solutions.

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PLANS FOR FUTURE PERIODS (continued)

Long Term Plans:

During 2021, ABRSM developed and implemented a new 5-year corporate strategy centred around our ongoing mission to enrich lives by inspiring musical achievement around the world. A focus on the needs of our customers is at the core of our strategy, which is also guided by five key themes; educational excellence; collaboration; leadership and advocacy; equality, diversity and inclusion; and, sustainability:

- Create resources and ongoing training opportunities for music teachers in a variety of contexts, supporting their development.
- Build support for excellence in music teaching within schools by recognising high-quality and imaginative music-making.
- Collaborate with partners around the world to promote the benefits of music education for all wherever we operate.
- Develop new assessments and resources that quickly broaden our appeal to a wider and more diverse range of musicians and accelerate our ability to offer products that help learners develop their skills and make progress in music.
- Maintain and innovate our current qualifications and assessments, as well as the publications and digital resources that support them.
- Maintain and develop new partnerships to advocate for the importance of music education and strengthen our ambassadorial network to promote music-making everywhere.
- Make donations to sponsor music education programmes and scholarships in the UK and internationally.
- Set science-based targets that reduce our GHG emissions in line with Paris Agreement goals to keep global warming to within 1.5°C of pre-industrial temperature levels.
- Adapt how we operate in order to reduce our impact on the environment.
- Train and engage staff, contractors, partners and customers in our sustainability agenda.

Our objectives highlight a renewed focus on supporting music teachers with professional development, and the importance of transforming our ways of working to ensure our business is environmentally sustainable. Working in partnership with others in the UK and beyond, we will continue to promote the value of music education, celebrating the achievements of learners and highlighting the importance of progression in music. The strategy includes targets for our recovery from the effects of the pandemic as well as long term growth. Our aim is to increase our ability to invest back into music education, both in the UK and internationally.

PUBLIC BENEFIT

The Governors have considered the guidance on Public Benefit published by the Charity Commission. The Governors believe that increasing the skills, knowledge and understanding of music provides benefit since the subject itself is of educational merit. Additionally, they also believe that the processes involved in reaching the particular level of competence tested in one of ABRSM's assessments deliver educational value of themselves. The benefits of increased musical skill are directly related to the charity's aims and no detriment or harm is considered likely to arise from these activities.

The Governors consider the beneficiaries to be a very wide range of people, insofar as the assessments offered by ABRSM are taken up in over 90 different countries throughout the world with many thousands of candidates both in the UK and worldwide. With the launch of online assessments and digital downloads ABRSM's services can continue to reach audiences around the world despite the restrictions on movement resulting from the global pandemic. There is no age limit for those entering exams although the vast majority of the candidates are of school age. Comprehensive access arrangements are in place to meet a wide range of needs.

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PUBLIC BENEFIT (continued)

A number of exam fees charged internationally are based on local economic conditions. ABRSM's online services, such as Play On, Aural Trainer Lite and Melody Writer, are available at no charge internationally. ABRSM will continue to support these innovative educational tools and develop additional online tools to support music education. ABRSM also provides public benefit by funding scholarships and bursaries for students at four Royal Schools of Music. Additionally, ABRSM provides sponsorship for other musical organisations in the UK and internationally subject to the availability of funds. ABRSM's Classical 100 resource for schools and the Journeys subscription app were made freely available to all through Play On during the lockdowns.

ABRSM supports the Royal Academy of Music, the Royal College of Music, the Royal Northern College of Music and the Royal Conservatoire of Scotland, which are charities in their own right. It does this through the provision of scholarships and, where possible, through distributions in the form of donations. It also supports the Royal Welsh College of Music and Drama and the Hong Kong Academy of Performing Arts. The public benefit delivered by ABRSM's support for these and other music education organisations is set out on pages 8 to 10.

The Governing Body's Report (incorporating the Strategic Report) demonstrates the way in which ABRSM's strategies support its objectives and provide public benefit.

ENVIRONMENTAL IMPACT

ABRSM is committed to protecting our environment by increasingly operating in ways that reduce our carbon footprint, harnessing technological developments to reach learners around the world.

In compliance with the Streamlined Energy and Carbon Reporting (SECR) requirements ABRSM is reporting on our energy use. ABRSM's total UK energy use and greenhouse gas emissions due to UK energy use is shown below:

	Year ended 31 January 2022	Year ended 31 January 2021
UK energy use (kWh)	698,673	515,107
Associated greenhouse gas emissions (kg CO ₂ equivalent)	156,140	111,814
Intensity ratio: Emissions (kg CO ₂ equivalent) per examination	0.37	0.51

The energy and emissions reported above arise from our office at 4 London Wall Place and car fuel. Information regarding our office is derived from information provided by our energy supplier who provided electricity and heating/cooling from a local combined heat and power facility. The amount of car fuel used is based on claims from staff and examiners.

Due to the loosening of Covid-19 restrictions in 2021, staff began to increase their time spent working at 4 London Wall Place whilst still spending a significant part of their working week working from home. As a result, energy use at 4 London Wall Place increased slightly year on year.

The fit out of 4 London Wall Place achieved the Bronze standard SKA rating; lighting is controlled by infrared sensors and the heating and cooling system is timetabled.

Staff are engaged through the departmental representation on a Sustainability Working Group, which completed a carbon audit in 2021, and instigated a two year workplan to drive change and a culture of environmental awareness and responsibility.

The delivery of Practical and Theory exams in the UK and around the world contributes most significantly to the group's environmental impact. Examiner international tours for practical exams are organised efficiently to reduce air travel to the minimum possible and emissions are monitored.

During the Covid-19 pandemic many tours were cancelled and so examiners travelled far less than in previous years. In order to continue to provide services to learners, Performance Grade online examinations were introduced along with Online Theory examinations. As examiners did not need to travel for these examinations, our energy use and associated emissions were significantly reduced.

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022**

ENVIRONMENTAL IMPACT (continued)

We aspire to reduce our energy use and associated emission further by using more locally trained examiners.

The introduction of automated booking, processing and marking of examinations in 2021 supplanted previous paper-based processes and significantly reduced paper consumption. However, in common with other businesses who have moved their operations online, we are aware that the increased use of technology brings with it increased energy use by our staff, examiners, teachers and learners in the operation of their electronic devices.

Our published books and resources are made from sustainable sources.

DIVERSITY AND INCLUSION

ABRSM's commitment to diversity and inclusion has progressed into significant action and now forms a distinct strand in our organisational strategy. A Diversity Plan was launched publicly in October 2020 and the group reports regularly on progress via the website.

Five key areas of ABRSM's operations and organisation have been identified as key to promoting greater diversity and inclusion:

Active commissioning

We are constantly seeking to increase the diversity and breadth of our repertoire by drawing on new sources of quality music from composers, and wider styles and influences. As a result of active work in this area, a significant proportion of new pieces in the new woodwind syllabus have been commissioned from black, brown, indigenous and people of colour ("BBIPOC") composers and we have increased the representation of female composers. ABRSM is raising awareness of the new more diverse repertoire with existing partners in order to encourage them to integrate new commissioning programmes into their work. ABRSM staged a successful 'Writing for Music Education' workshop for 100 potential composers as part of our commitment towards open-source guides and opening up composition for music education. As we progress our Active Commissioning Programme it is our aim that, each year, we will commission a minimum of 20 new compositions or arrangements from underrepresented composers that may qualify for inclusion on future syllabus lists.

Transforming syllabuses

In addition to increasing the proportion of syllabus pieces by BBIPOC composers, in the new woodwind syllabus, the syllabus advisory team now holds regular meetings with external partners, to receive advice, share plans and offer support in this specialist area. Additionally, the group is working closely with five BBIPOC composers to contribute additional compositions for digital publication only, primarily to support the creation of a diverse portfolio of additional repertoire for 'fourth piece' selection of the new Performance Grade.

Mentorship and development programme for composers

In January 2021 we launched a new mentoring and development scheme to support the careers and work of Black and ethnically diverse composers and other composers from underrepresented groups. Our aim is that by 2030 there will be a minimum of 100 new composers from underrepresented groups who have been on the Programme. We have successfully completed the pilot programme of our composer mentoring scheme with six young composers working alongside colleagues at ABRSM to learn the craft of writing for music education. This scheme will continue in partnership with the Ivors Academy as well as with Black Lives in Music and the Musicians Union.

Developing partnerships and advocacy

ABRSM will continue to harness the power of sponsorship relationships with current partners and a range of new, grass roots initiatives to set specific diversity and inclusion targets covering numbers of participants, range of voices and good practice dissemination.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

DIVERSITY AND INCLUSION (continued)

Transforming the organisation

The Governors are committed to bringing a range of voices, backgrounds and perspectives to ABRSM's staff, representatives, advisers and decision-making structures. We conducted a diversity survey of ABRSM's examiners, supported by Musicians Union, to better understand diversity and future priorities. A cross organisational Diversity & Inclusion Resource Group harnesses ideas and feedback from staff to help develop strategies to drive culture change, ownership and collaboration on systemic change across and beyond the organisation.

SECTION 172(1) STATEMENT

This section, together with those pages incorporated by reference, acts as the ABRSM's Section 172(1) statement.

The Governors have a responsibility to act to promote the success of the group with regard to the following matters (amongst others):

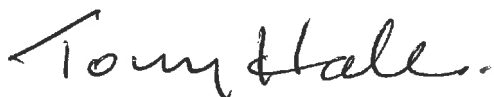
- The likely consequences of any decision in the long term – Page 4 details how plans are prepared and updated.
- The impact of the company's operations on the community and the environment are set out on Pages 17 to 19.
- The desirability of the company maintaining a reputation for high standards of business conduct: ABRSM is regulated by Ofqual, the Charity Commission and OSCR and faces competition in the markets in which it operates and therefore must ensure that it maintains the highest standards consistent with its reputation and history.
- The need to act fairly as between members of the company: Representatives of each of the four members sit as Governors on the Governing Body, thus each member has the opportunity to be fully engaged in the decisions of the Governing Body.

The Governors recognise that in addition to ABRSM's members, they have a responsibility to engage with other stakeholders. The Governors consider other main stakeholders to be candidates and their parents, music teachers, examiners, representatives, volunteers and employees. The Governors engage with these stakeholders via the senior leadership in a variety of ways as follows:

- Candidates and their parents – We engage customers through emails and social media and maintain information on upcoming exam sessions and new products and services on the website. We run regular surveys to seek customer feedback.
- Music teachers – In addition to our communication channels for candidates and their parents, ABRSM provides separate resources on its website to support teachers. Specialist courses and events are regularly held for teachers.
- Examiners – A dedicated team engage examiners in policy and other continuous professional development events, as well as town hall style discussions. Examiner online conferences are also held annually, allowing examiners to engage with their peers and ABRSM.
- Representatives and volunteers – Contact is maintained through a dedicated ABRSM team and newsletters, training events and, webinars.
- Employees – The staff forum meets each week to discuss matters directly affecting staff. This group meets with the Chief Executive and HR director on a quarterly basis to provide feedback. An all staff meeting is held monthly, alongside quarterly departmental discussions, to allow the senior leadership and others to provide an update on ongoing projects and current issues that affect them and ABRSM.

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022**

The Governing Body's Report (incorporating the Strategic Report) has been approved by the Governors on 21 June 2022 and signed on their behalf by:

A handwritten signature in black ink that reads "Tony Hales". The signature is written in a cursive style with a large initial 'T' and a long horizontal stroke.

Tony Hales CBE
Chairman of the Governors

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC

STATEMENT OF THE GOVERNING BODY'S RESPONSIBILITIES

Governing Body's Responsibilities Statement

The Governors (who are also directors of The Associated Board of the Royal Schools of Music for the purposes of company law) are responsible for preparing the Governing Body's Report (incorporating the Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the Governors to prepare financial statements for each financial year. Under that law the Governors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgments and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's and group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the trust deed. The Governors are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Governors confirm that:

- so far as each Governor is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Governors have taken all the steps that they ought to have taken as Governors in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND GOVERNORS OF THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC

REGISTERED CHARITY NUMBER: 292182

CHARITY REGISTERED IN SCOTLAND NUMBER: SC043343

COMPANY NUMBER: 01926395

Opinion

We have audited the financial statements of the Associated Board of the Royal Schools of Music ('the charitable company') and its subsidiary ('the group') for the year ended 31 January 2022 which comprise the Consolidated Statement of Financial Activities, the Group and Charity Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including 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's and the charitable company's affairs as at 31 January 2022 and of the group's and the charitable company's income and expenditure, 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 Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (amended).

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 charitable company and 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 trustee's 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 charitable company's or 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 trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND GOVERNORS OF THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC (CONTINUED)

REGISTERED CHARITY NUMBER: 292182

CHARITY REGISTERED IN SCOTLAND NUMBER: SC043343

COMPANY NUMBER: 01926395

Opinion on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 22, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND GOVERNORS OF THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC (CONTINUED)

REGISTERED CHARITY NUMBER: 292182

CHARITY REGISTERED IN SCOTLAND NUMBER: SC043343

COMPANY NUMBER: 01926395

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 and The Charities and Trustee Investment (Scotland) Act 2005 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR), OFQUAL compliance and Health and safety legislation. We also considered compliance with local legislation for the group's overseas operating segments.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of exam fee income, the estimation of tax provisions and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit, legal counsel and the Audit & Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND GOVERNORS OF THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC (CONTINUED)

REGISTERED CHARITY NUMBER: 292182

CHARITY REGISTERED IN SCOTLAND NUMBER: SC043343

COMPANY NUMBER: 01926395

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

N. Hashemi

Naziar Hashemi
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor

London

Date: 24th June 2022

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 JANUARY 2022

	Notes	Unrestricted Funds £'000	Pension Reserve (note 32) £'000	Endowment Funds £'000	Total Funds 2022 £'000	Total Funds 2021 Restated £'000
INCOME & ENDOWMENTS FROM:						
Charitable activities						
Examinations	3	35,564	-	-	35,564	15,349
Teacher Support	4	11	-	-	11	42
Other trading activities:						
Publishing sales	6	6,829	-	-	6,829	7,612
Investments	5	8	-	45	53	66
Other	7	41	-	-	41	328
Total income		<u>42,453</u>	<u>-</u>	<u>45</u>	<u>42,498</u>	<u>23,397</u>
EXPENDITURE ON:						
Charitable Activities						
Examinations	8	31,158	(3,485)	12	27,685	21,577
Teacher Support	8	213	(1)	-	212	234
Scholarships	8,10	1,086	-	-	1,086	1,048
Music education	8,11	201	-	-	201	244
Other trading activities:						
Publishing	8	5,679	-	-	5,679	5,857
		<u>38,337</u>	<u>(3,486)</u>	<u>12</u>	<u>34,863</u>	<u>28,960</u>
Pension finance charge	8	-	325	-	325	439
Total expenditure	8	<u>38,337</u>	<u>(3,161)</u>	<u>12</u>	<u>35,188</u>	<u>29,399</u>
Net gain/(loss) on investment	17	-	-	118	118	(97)
Net income/(expenditure)		<u>4,116</u>	<u>3,161</u>	<u>151</u>	<u>7,428</u>	<u>(6,099)</u>
Transfer between reserves		(6,000)	6,000	-	-	-
Other recognised gains/(losses):						
Actuarial gain/(loss) on pension scheme	32	-	8,092	-	8,092	(3,304)
(Loss)/gain on forward contract revaluation		-	-	-	-	(115)
Net movement in funds		<u>(1,884)</u>	<u>17,253</u>	<u>151</u>	<u>15,520</u>	<u>(9,518)</u>
RECONCILIATION OF FUNDS:						
Balance brought forward		11,738	(26,419)	1,493	(13,188)	(1,717)
Prior period adjustment	40	5,597	-	-	5,597	3,644
Balance brought forward (2021: Restated)		17,335	(26,419)	1,493	(7,591)	1,927
Net movement in funds		<u>(1,884)</u>	<u>17,253</u>	<u>151</u>	<u>15,520</u>	<u>(9,518)</u>
Fund balances carried forward, including pension reserve		<u>15,451</u>	<u>(9,166)</u>	<u>1,644</u>	<u>7,929</u>	<u>(7,591)</u>

For Companies Act purposes, consolidated gross income for the financial year was £42,453,000 (2021: £23,358,000), consolidated gross expenditure was £35,176,000 (2021 Restated: £29,391,000) and net profit was £7,277,000 (2021 Restated: net loss of £6,033,000).

All income is derived from continuing operations

The notes on pages 30 to 63 form part of these accounts

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
BALANCE SHEETS
AS AT 31 JANUARY 2022

	Notes	Group		Charity	
		2022 £'000	2021 Restated £'000	2022 £'000	2021 Restated £'000
FIXED ASSETS					
Tangible assets	15	1,791	2,155	1,791	2,155
Intangible assets	16	4,452	5,597	4,452	5,597
Investments	17	1,578	1,336	2,360	2,118
		<u>7,821</u>	<u>9,088</u>	<u>8,603</u>	<u>9,870</u>
CURRENT ASSETS					
Stocks	18	840	873	-	-
Debtors	19	3,720	4,262	5,248	7,440
Investments	20	6,988	1,631	5,550	1,631
Cash at bank and in hand		9,937	12,278	9,345	8,743
		<u>21,485</u>	<u>19,044</u>	<u>20,143</u>	<u>17,814</u>
CREDITORS: amounts falling due within one year	21	<u>(10,227)</u>	<u>(7,995)</u>	<u>(9,678)</u>	<u>(7,558)</u>
NET CURRENT ASSETS		<u>11,258</u>	<u>11,049</u>	<u>10,465</u>	<u>10,256</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>19,079</u>	<u>20,137</u>	<u>19,068</u>	<u>20,126</u>
CREDITORS: amounts falling due after more than one year	22	<u>(562)</u>	<u>(612)</u>	<u>(562)</u>	<u>(612)</u>
PROVISIONS	23	<u>(1,422)</u>	<u>(697)</u>	<u>(1,422)</u>	<u>(697)</u>
NET ASSETS EXCLUDING PENSION LIABILITIES		<u>17,095</u>	<u>18,828</u>	<u>17,084</u>	<u>18,817</u>
PENSION FUND DEFICIT	32	<u>(9,166)</u>	<u>(26,419)</u>	<u>(9,166)</u>	<u>(26,419)</u>
TOTAL NET ASSETS/(LIABILITIES)		<u>7,929</u>	<u>(7,591)</u>	<u>7,918</u>	<u>(7,602)</u>
THE FUNDS OF THE GROUP/CHARITY:					
Endowment funds	24	1,644	1,493	1,644	1,493
Unrestricted funds	25	15,451	17,335	15,440	17,324
Pension reserve	32	(9,166)	(26,419)	(9,166)	(26,419)
		<u>7,929</u>	<u>(7,591)</u>	<u>7,918</u>	<u>(7,602)</u>
TOTAL FUNDS	26	<u>7,929</u>	<u>(7,591)</u>	<u>7,918</u>	<u>(7,602)</u>

The net income of the charity for the year was £7,428,000 (2021 Restated: net expenditure of £6,099,000)

Approved by the Governing Body on 21 June 2022.



Tony Hales CBE
Chairman of the Governors

Registered Charity Number 292182
Charity Registered in Scotland Number SC043343
Company Number 01926395

The notes on pages 30 to 63 form part of these accounts

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JANUARY 2022

		2022	2021
	Notes	£'000	Restated £'000
Cash flows from operating activities	27	4,891	1,359
Cash flows from investing activities			
Interest income	5	53	66
Purchases of fixed assets	15,16	(1,738)	(3,982)
Purchase of fixed asset investments		(124)	-
Sale/purchase of current asset investments (with maturity greater than 3 months)		(4,438)	2,734
Net cash used in investing activities		(6,247)	(1,182)
Cash flows from financing activities			
New finance lease obligations		-	224
Repayment of finance lease obligations		(66)	(59)
Net cash used in financing activities		(66)	165
Net (decrease)/increase in cash and cash equivalents		(1,422)	342
Cash and cash equivalents at 1 February 2021		13,909	13,567
Cash and cash equivalents at 31 January 2022	28	12,487	13,909
Analysis of cash and cash equivalents:			
Cash in bank and in hand		9,937	12,278
Deposits and notice accounts (less than 3 months)		2,550	1,631
Total cash and cash equivalents	28	12,487	13,909

The notes on pages 30 to 63 form part of these accounts

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 JANUARY 2022

1. COMPANY INFORMATION

ABRSM is a charitable company incorporated in England and Wales. Its registered office is 4 London Wall Place, London, EC2Y 5AU.

2. ACCOUNTING POLICIES

The principal accounting policies adopted, judgements and key sources of estimation in the preparation of the financial statements are as follows:

a) Basis of preparation

The financial statements have been prepared in accordance with the current Statement of Recommended Practice "Accounting and Reporting by Charities" (the Charities SORP (FRS102) issued in October 2019, the Financial Reporting Standard in the UK and Republic of Ireland (FRS102) and the Companies Act 2006. The presentational and functional currency is Sterling (£).

ABRSM meets the definition of a public benefit entity under FRS102. The financial statements have been prepared under the historical cost convention, with the exception of investments, which are included at market value.

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made are listed below:

Significant judgements or estimates	Policy reference	Note reference
The following are considered to be significant estimates in the preparation of the financial statements:		
Depreciation	l	15
Amortisation	m	16
Dilapidations	t	22
Tax Provision	v	23
Scholarships commitments	j	29
Defined Benefit Pension Scheme	k	32

Explanation of the estimates relating to the above items are explained in the relevant policy.

Prior year adjustment

A prior year adjustment has been made during the year relating to the capitalisation of software development costs, the details of which are set out in note 16 and the updated policy is set out in note 2i below. In prior years expenditure relating to the digital transformation programme was expensed as incurred. Given the continued investment in this programme the accounting policy has been changed to capitalise such costs and amortise them over a three-year period as it was considered that this treatment would better match costs against revenues (note 40).

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

2. ACCOUNTING POLICIES (CONTINUED)

b) Going Concern

The strong performance of the Group during the year ended 31 January 2022 has provided a firm foundation for the forthcoming year.

A budget has been set for the following year which shows the Group generating a surplus for the year. Reforecasts to the end of June 2023 have also been prepared based on likely and worst case scenarios. In both of these situations it is expected that the Group will continue with net positive current assets and total assets, along with sufficient positive cash balances. In the likely case a surplus is to be generated by the Group. These forecasts have been prepared taking account of recent cost of living rises and increases in global prices for energy such as gas and raw materials such as paper.

The charity is no longer solely reliant on the delivery of face to face examinations, having successfully developed and rolled out online alternatives of equal rigour and value which have been welcomed by its candidates. It is now much better placed to withstand any future travel disruptions as it is able to offer online assessments worldwide. Now that travel restrictions are easing, the charity is returning to offering face to face examinations worldwide together with online assessments, thereby offering more choice to candidates and appealing to a wider base of learners. While international travel remains limited this is not expected to significantly affect our ability to continue as a going concern due to the availability of our digital assessments.

Further actions are planned to increase resilience and reduce reliance on international travel by recruiting and training facilitators and examiners based in the country where the examinations take place.

The charity has the resources to allow it to invest in its digital programme to continue to meet customer needs.

The introduction of customer self-service means that examination fees are received sooner from international territories, reducing the amount of cash tied up in debtors, thereby improving the Group's cashflow and reducing its exposure to doubtful debts.

The trustees therefore have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of approval of these financial statements, and are not aware of any other material uncertainties which may adversely affect the organisation. Accordingly, the financial statements continue to be prepared on the going concern basis.

c) Group financial statements

The consolidated accounts incorporate the accounts of the charitable company and its subsidiary (together, "the group") made up to 31 January each year.

The results of the trading subsidiary company are presented in the consolidated SOFA by disclosing the income and expenditure derived from its trading activities carried out separately from those of the charity. A summary profit and loss account for the subsidiary is shown in note 6. The subsidiary company's assets and liabilities are consolidated in the balance sheet on a line by line basis.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

2. ACCOUNTING POLICIES (CONTINUED)

d) UK examination fees and expenses

Examination fees and expenses arising in the UK are credited or charged in the statement of financial activities during the accounting period in which such examinations take place.

e) International examinations

Where examinations take place online examination fees and expenses incurred in the UK are credited or charged in the statement of financial activities during the accounting period in which such examinations take place. Commissions due to local representatives in respect of online examinations are included in their representative returns as detailed below.

Where examinations are held locally these results are prepared from returns and annual accounts submitted by ABRSM's local representatives, which are not necessarily made up to 31 January each year but the effect of differing accounting dates is not considered by the Governors to be significant. In the rare case that the amounts owed cannot be recovered a bad debt provision is made.

f) Teacher support

Training course fees and expenses are credited or charged in the statement of financial activities during the accounting period in which such courses take place.

g) Subscriptions

Subscription revenue is presented net of any applicable taxes which have been collected and passed on to the relevant governmental authorities. Members are billed in advance of the start of their monthly membership, monthly subscriptions are recognised in the month received, annual subscriptions are recognised on a straight-line basis over the life of the subscription

h) Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. Overheads are apportioned either on headcount, turnover, staff occupancy of accommodation area or usage basis as considered most appropriate. Expenditure includes input VAT to the extent that it is irrecoverable.

Direct charitable expenditure comprises services identifiable as wholly or mainly in support of ABRSM's charitable and operational work. These costs are regarded as an integral part of carrying out the direct charitable objectives of ABRSM and include an appropriate proportion of overhead costs.

Governance costs are those incurred in connection with the administration of the charity and compliance with constitutional and statutory requirements. These costs have been apportioned across expenditure on charitable activities based on turnover except where the cost can be attributed to a specific activity.

i) Computer software development

Expenditure on computer software development is capitalised and amortised over a 3 year period.

j) Scholarship awards

All scholarships offered by the balance sheet date for the current academic year are provided in full. Awards for future years are subject to review and authorisation by ABRSM each year and are disclosed as commitments in note 29. The future commitments are estimated based on continued funding of the current students in receipt of a scholarship to the end of their academic studies plus new students starting their studies based on current funding patterns.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

2. ACCOUNTING POLICIES (CONTINUED)

k) Employee benefits

Short-term employee benefits, including holiday pay and contributions to the defined contribution pension scheme are recognised as an expense in the period in which they are incurred.

The defined benefit scheme closed to future accrual on 31 December 2018 and employees transferred to the defined contribution pension scheme on 1 January 2019. Contributions to 31 December 2018 in respect of the defined benefit scheme are charged to salary costs for respective activities in the statement of financial activities.

The amounts recognised in the statement of financial activities including any actuarial gain or loss are estimated based on the requirements of FRS102, and are fully explained in note 32.

l) Tangible fixed assets

Depreciation is provided on cost at the following annual rates in order to write off each asset over its estimated useful life:-

Short leasehold land and buildings	over the remaining life of the lease to the lease break point
Computer equipment	33%
Plant, fixtures and equipment	2.9% - 33%

Expenditure on furniture and equipment not exceeding £1,000 in total and all expenditure on repairs and maintenance is written off in the year in which it is incurred.

m) Intangible fixed assets

In accordance with FRS 102 software development costs have been recognised as intangible assets as they can be identified with a project anticipated to produce future benefits. On initial recognition, assets are measured at cost and include all costs directly attributable to bringing them into working condition.

A prior year adjustment has been made in respect of software development costs (note 40).

Amortisation is provided on cost at the following annual rates in order to write off each asset over its estimated useful life:-

Software development	33%
----------------------	-----

n) Investments

The investment in the subsidiary company is valued at cost.

Fixed asset investments are included in the balance sheet at their market value at the end of the financial period. Realised and unrealised gains and losses are credited or debited to the statement of financial activities in the year in which they arise and are based on brought forward values.

Current asset investments consist of treasury deposits and notice accounts with maturity and notice to withdraw of less than a year.

o) Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the group. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

2. ACCOUNTING POLICIES (CONTINUED)

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged to the statement of financial activities on a straight line basis over the lease term. The aggregate benefit of any lease incentives are recognised as a reduction to the expense charged over the lease term on a straight line basis.

p) Stocks

Publications stocks are valued at the lower of cost and net realisable value. For printed music, cost is based on the unit cost of production for each publication. Work in progress at printers is valued at the cost of the paper used and is included in paper stocks. In estimating net realisable value, due allowance is made for slow-moving, obsolete, defective and unsaleable items. Origination costs are charged to revenue in the year in which they are incurred.

q) Rates of exchange

Assets and liabilities in foreign currencies are converted into sterling at the rate of exchange ruling at the balance sheet date. All income and expenditure is converted at daily exchange rates. All differences on exchange are dealt with through the net movement in funds for the year.

r) Financial instruments

Basic financial assets and liabilities such as short term debtors, creditors and bank balances are initially recognised at fair value less any impairment and transaction costs and subsequently measured at their settlement value.

Prize Endowment Funds invested in Charinco and Charishare Common Investment Funds are carried at fair value.

s) Deferred income

Examination and course fees received for future sessions after the reporting date are included in creditors as deferred income.

t) Provisions and contingencies

Provisions are recognised when the charitable company has a present legal or constructive obligation as a result of past events where it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably.

The amount recognised is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account any risks and uncertainties surrounding the obligation.

Where the consideration required to settle a present obligation is confirmed, the amount payable is transferred to creditors and any balance released to the Statement of Financial Activities.

Contingent liabilities, arising as a result of past events, are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by future events not within the charitable company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is immaterial.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

2. ACCOUNTING POLICIES (CONTINUED)

u) Fund accounting

Unrestricted funds comprise those monies which may be used towards meeting the charitable objectives of the charity at the discretion of the Governors.

Designated funds are unrestricted funds earmarked by the Governors to be used for particular purposes in the future. Transfers are made to designated funds on the basis of approval by the Governors of future plans. Restricted funds are grants or monies raised for a specific purpose or donations subject to donor imposed conditions.

The prize endowment funds represent either permanent capital funds where there is no power to convert the capital into income and which must generally be held indefinitely or expendable funds where capital may be used for the purposes of the fund.

v) Taxation

The Associated Board of the Royal Schools of Music is a registered charity and therefore is not liable to UK income tax or corporation tax on income derived from its charitable activities as they fall within the various exemptions available to registered charities.

ABRSM is registered for VAT but is not able to recover the whole of its input tax owing to the partial exemption provisions. Expenditure includes input VAT to the extent it is irrecoverable.

A provision for tax payable in relation to international operations has been included in note 23 having regard to professional advice.

The wholly owned subsidiary, The Associated Board of the Royal Schools of Music (Publishing) Limited, is a commercial entity and donates its pre-tax profit to ABRSM under Gift Aid rules.

w) Contributions to four of the Royal Schools of Music

Contributions to four of the Royal Schools of Music (or their associated charitable trusts) are treated as distributions, the Royal Schools being members of the Charity. They are therefore charged to the statement of financial activities in the year in which they are paid and shown as a movement in funds.

x) Government grants

Government grants are accounted for according to the accrual model.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

3. EXAMINATION REVENUE

	2022 £'000	2021 £'000
Analysis by geographical market:		
United Kingdom and Ireland	12,063	7,020
Overseas	<u>23,754</u>	<u>8,287</u>
	35,817	15,307
Foreign exchange (loss)/gain on overseas revenue	(253)	42
	<u><u>35,564</u></u>	<u><u>15,349</u></u>
Total income	38,633	17,196
Less: examination fees received in advance (note 21)	<u>(3,069)</u>	<u>(1,847)</u>
	<u><u>35,564</u></u>	<u><u>15,349</u></u>

Deferred fee income:

The movement with respect to examination fees received in advance in the year is as follows:

	2022 £'000	2021 £'000
Fees in advance as at 1 February 2021	1,847	3,228
Less fees due for examinations taken in the year	(1,847)	(3,228)
Fees received with respect to future examination periods (note 21)	3,069	1,847
	<u><u>3,069</u></u>	<u><u>1,847</u></u>

4. TEACHER SUPPORT REVENUE

	2022 £'000	2021 £'000
Analysis by geographical market:		
United Kingdom and Ireland	-	39
Overseas	<u>11</u>	<u>3</u>
	11	42
Total income	<u><u>11</u></u>	<u><u>42</u></u>

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

5. INVESTMENT INCOME

	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Interest receivable from:				
Unrestricted funds	8	27	24	40
Prize endowment funds	45	39	45	39
	<u>53</u>	<u>66</u>	<u>69</u>	<u>79</u>

6. NET INCOME OF TRADING SUBSIDIARY

The Associated Board of the Royal Schools of Music owns the entire issued share capital of The Associated Board of the Royal Schools of Music (Publishing) Limited, a trading company incorporated in the United Kingdom with company number 01910047. This subsidiary undertaking donates its taxable profits to ABRSM under Gift Aid rules.

The activities of the subsidiary undertaking support the examination activities of the parent company by provision of specialist graded repertoire and other materials targeted at specific examination levels.

A summary of the results of the publishing activities for the year (excluding intra-group charges eliminated on consolidation) is given below. Audited accounts of the subsidiary undertaking will be filed with the Registrar of Companies.

	2022 £'000	2021 £'000
Turnover	6,829	7,612
Cost of sales	(1,456)	(1,528)
Gross profit	5,373	6,084
Distribution costs	(854)	(992)
Administration and other operating charges	(1,347)	(1,317)
Interest receivable	1	4
Net income	<u>3,173</u>	<u>3,779</u>

The aggregate amount of the subsidiary's assets, liabilities and funds as at 31 January 2022, excluding intercompany balances, were as follows:

	2022 £'000	2021 £'000
Total net assets	<u>3,396</u>	<u>4,643</u>

Including intra-group charges and intercompany balances, the subsidiary's results for the year were as follows; turnover £6,833,000 (2021: £7,618,000), net income £755,000 (2021: £1,309,000) and total net assets £21,000 (2021: £21,000).

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

7. OTHER INCOME

Other income includes a government grant totalling £17,000 (2021: £323,000) in respect of the Coronavirus Job Retention Scheme.

8. ANALYSIS OF EXPENDITURE

	Direct Charitable £'000	Support Costs (Note 9) £'000	Staff Costs (Note 14) £'000	Depreciation & Amortisation £'000	Total 2022 £'000	Total 2021 Restated £'000
Charitable activities:						
Examinations	11,541	6,707	6,408	3,029	27,685	21,577
Teacher Support	-	76	112	24	212	234
Scholarship payments	1,086	-	-	-	1,086	1,048
Music education	201	-	-	-	201	244
Publishing	2,540	838	2,246	55	5,679	5,857
	<u>15,368</u>	<u>7,621</u>	<u>8,766</u>	<u>3,108</u>	<u>34,863</u>	<u>28,960</u>
Pension finance charge	-	-	325	-	325	439
	<u>-</u>	<u>-</u>	<u>325</u>	<u>-</u>	<u>325</u>	<u>439</u>
Total	<u>15,368</u>	<u>7,621</u>	<u>9,091</u>	<u>3,108</u>	<u>35,188</u>	<u>29,399</u>

Unrestricted expenditure on Examinations and Teacher Support for the group before the defined benefit pension scheme adjustment was £31,158,000 and £213,000 respectively (2021 Restated: £25,003,000 and £243,000). The equivalent figures for the charity were £31,101,000 and £213,000 (2021 Restated: £24,948,000 and £243,000).

Included within total expenditure is an adjustment to the defined benefit pension scheme of £3,486,000 (2021: £3,443,000) which has been credited to the pension reserve (see note 32). £3,485,000 has been allocated to Examinations expenditure and £1,000 to Teacher Support. The prior year apportionment was a credit of £3,434,000 to Examinations and £9,000 to Teacher Support. Also included in expenditure are prizes paid from the endowment funds totalling £12,000 (2021: £8,000).

9. SUPPORT COSTS

Support costs including governance (see notes 8 and 12) are analysed as follows:

	Examinations £'000	Teacher Support £'000	Publishing £'000	Total 2022 £'000	Total 2021 Restated £'000
Exam Support	291	-	-	291	358
IT	2,674	29	443	3,146	3,102
Sales and Marketing	518	30	99	647	443
Finance	262	-	24	286	20
Facilities	1,682	17	168	1,867	1,823
Governance	93	-	4	97	179
HR & other management	1,187	-	100	1,287	573
	<u>6,707</u>	<u>76</u>	<u>838</u>	<u>7,621</u>	<u>6,498</u>

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

10. SCHOLARSHIPS

	2022	2021
	£'000	£'000
United Kingdom students	207	207
Overseas students	879	839
Macklin Bursary	-	2
	1,086	1,048
	1,086	1,048

The total number of scholars supported during the year amounted to 89 (2021: 91).

11. MUSIC EDUCATION – Unrestricted funds

	2022	2021
	£'000	£'000
SPONSORSHIP		
Band Directors' Association (Singapore)	5	6
Bangkok Opera Foundation	-	5
Commonwealth Resounds	-	12
Dhow Countries	-	6
London Music Fund	20	-
MA Exhibitions	-	6
The Mayor of London's Fund for Young Musicians	-	20
National Children's Orchestra	18	18
National Youth Choir	20	20
National Youth Jazz Orchestra	30	30
National Youth Orchestra	26	26
Openup Music	25	25
Royal Philharmonic Society	11	11
Serious Events	-	18
Singapore Symphony Orchestra	-	10
The UK Association for Music Education – Music Mark	12	12
Others	34	19
	201	244
	201	244

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

12. GOVERNANCE COSTS – Unrestricted funds

	2022	2021
	£'000	£'000
Governing Body Costs	-	-
Audit Fees parent company	39	57
Audit Fees Pension scheme	14	13
Fees payable to auditor for non audit services	-	4
Company Secretarial	-	58
Independent Pension Scheme Chairman	19	26
Internal Audit	35	10
Trustees and Officers Liability insurance	2	2
Pension Fund Trustee Indemnity insurance	4	9
	<u>113</u>	<u>179</u>

13. NET INCOME FOR THE YEAR

	2022	2021
	£'000	Restated £'000
Net income for the year is stated after charging/(crediting):		
Fees payable to the company's auditor and its associates for the audit of the charitable company's annual accounts	39	57
Fees payable to the company's auditor and its associates for other services:		
Audit of subsidiary company	7	7
Tax compliance	2	5
Fees payable to secondary auditors	-	-
Pension scheme audit completed by other audit firms	14	13
Depreciation of owned assets	310	322
Depreciation of assets held under finance lease obligations	75	37
Amortisation of intangible assets	2,722	1,805
Operating lease rentals – leasehold buildings	1,171	1,121
– office equipment	222	225
Dilapidations provision	16	15
Exchange loss/(gain) on overseas revenue	253	(42)
Loss on fair value of derivatives	-	115

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

14. STAFF COSTS

	2022	2021
	£'000	Restated £'000
Staff costs during the year included:		
Wages and salaries	7,197	7,267
Social security costs	719	704
Employer pension costs	3,949	3,923
Defined Benefit Pension adjustment (see note 32)	(3,486)	(3,443)
Pension finance charge	325	439
Other staff costs	387	266
	9,091	9,156
	9,091	9,156

The number of employees who earned £60,000 or more (including benefits) during the year were as follows:

	2022	2021
	No.	No.
£ 60,001 - £ 70,000	5	4
£ 70,001 - £ 80,000	1	3
£ 80,001 - £ 90,000	3	3
£ 90,001 - £100,000	3	2
£100,001 - £110,000	-	1
£110,001 - £120,000	2	1
£120,001 - £130,000	1	1
£150,001 - £160,000	-	1
£170,001 - £180,000	1	-
£190,001 - £200,000	1	-
£290,001 - £300,000	-	1

During the year £130,368 (2021: £213,957) was paid in redundancy and pay in lieu of notice. These payments are included in the tables above and have been recognised in full in the statement of financial activities.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

14. STAFF COSTS (continued)

The number of employees who earned £60,000 or more during the year to whom retirement benefits are accruing under pension schemes funded by the company are:-

	2022	2021
	No	No.
Defined contribution scheme	15	16

The company made pension contributions of £105,500 (2021: £111,688) in respect of employees noted above.

The defined benefit scheme closed to future accrual on 31 December 2018 and active members elected to transfer to the defined contribution pension scheme from 1 January 2019.

The average number of employees, excluding temporary staff, during the year was as follows:

	2022	2021
	No.	No.
Charity	164	160
UK trading subsidiary	14	14
	<u>178</u>	<u>174</u>

The key management personnel of the charity and its wholly owned subsidiary received total employee benefits of £1,054,058 (2021: £1,242,457). The key management personnel are considered to be the individuals noted on page 2 together with the directors of the subsidiary who receive employment benefits directly from the subsidiary.

No Governor received payment for their services in the year (2021: £nil). Travelling and subsistence expenses reimbursed by ABRSM to no Governors or Alternates (2021: 3) for expenditure necessarily incurred on ABRSM's business amounted to £nil (2021: £62). No other Governor, nor any person connected with any Governor, received any remuneration in the year ended 31 January 2022 (2021: £nil).

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

15. TANGIBLE FIXED ASSETS

Group and Charity	Assets under construction £'000	Short leasehold land and buildings £'000	Computer equipment £'000	Furniture, fixtures and equipment £'000	Total £'000
Cost					
At 1 February 2021	-	2,324	694	918	3,936
Additions	13	-	16	-	29
At 31 January 2022	<u>13</u>	<u>2,324</u>	<u>710</u>	<u>918</u>	<u>3,965</u>
Depreciation					
At 1 February 2021	-	825	465	491	1,781
Charge for the year	-	202	103	88	393
At 31 January 2022	<u>-</u>	<u>1,027</u>	<u>568</u>	<u>579</u>	<u>2,174</u>
Net book values					
At 31 January 2022	<u><u>13</u></u>	<u><u>1,297</u></u>	<u><u>142</u></u>	<u><u>339</u></u>	<u><u>1,791</u></u>
At 31 January 2021	<u><u>-</u></u>	<u><u>1,499</u></u>	<u><u>229</u></u>	<u><u>427</u></u>	<u><u>2,155</u></u>

All assets are used for charitable purposes.

The net book value of assets held under finance leases is £112,000 (2021: £187,000)

16. INTANGIBLE FIXED ASSETS

Group and Charity	Assets under construction £'000	Software development £'000	Total £'000
Cost			
At 1 February 2021	20	7,579	7,599
Additions	175	1,534	1,709
Disposals	-	(281)	(281)
Transfers	(20)	20	-
At 31 January 2022	<u>175</u>	<u>8,852</u>	<u>9,027</u>
Amortisation			
At 1 February 2021	-	2,002	2,002
Charge for the year	-	2,722	2,722
On disposals	-	(149)	(149)
At 31 January 2022	<u>-</u>	<u>4,575</u>	<u>4,575</u>
Net book values			
At 31 January 2022	<u><u>175</u></u>	<u><u>4,277</u></u>	<u><u>4,452</u></u>
At 31 January 2021	<u><u>20</u></u>	<u><u>5,577</u></u>	<u><u>5,597</u></u>

All assets are used for charitable purposes.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
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17. FIXED ASSET INVESTMENTS

	Subsidiary undertakings £'000	Prize endowment funds £'000	2022 Total £'000	2021 Total £'000
Group				
Prize endowment funds – listed investments at market value				
At 1 February 2021	-	1,336	1,336	1,433
Additions		124	124	-
Unrealised gain/(loss) in the year	-	118	118	(97)
At 31 January 2022	<u>-</u>	<u>1,578</u>	<u>1,578</u>	<u>1,336</u>
Charity				
Prize endowment funds - listed investments at market value (as above)				
Investment in subsidiary				
Ordinary shares of £1 each at cost	10	-	10	10
Unsecured loan note	772	-	772	772
	<u>782</u>	<u>1,578</u>	<u>2,360</u>	<u>2,118</u>

The prize endowment funds are invested in Blackrock Charities UK Bond and Equity Common Investment Funds with a cost of £779,000 (2021: £655,000).

The charity's subsidiary undertaking is The Associated Board of the Royal Schools of Music (Publishing) Limited. The charity owns 100% of the company's issued ordinary £1 shares. The principal activity of the company is the production and sale of music publications and recordings.

The charity has given an undertaking to its subsidiary not to demand repayment of the unsecured loan note before 1 July 2023. Interest is chargeable on the unsecured loan note at a rate of 2% over the Bank of England base rate from time to time. No provision is considered necessary against the £10,000 cost of the investment in this subsidiary.

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FOR THE YEAR ENDED 31 JANUARY 2022

18. STOCKS

	Group 2022 £'000	Group 2021 £'000
Printed music and recordings	666	721
Paper	174	152
	840	873

19. DEBTORS

	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade debtors	999	761	445	287
Overseas representatives	1,136	2,130	1,136	2,130
Amounts due from subsidiary	-	-	2,603	3,849
Other debtors	622	403	139	231
Prepayments and accrued income	963	968	925	943
	3,720	4,262	5,248	7,440

20. CURRENT ASSET INVESTMENTS

	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Cash held on deposit				
greater than 3 months	4,438	-	3,000	-
less than 3 months	2,550	1,631	2,550	1,631

Included within the above figure are treasury deposits with an original maturity of 12 months or less. At the balance sheet date the average maturity of these deposits was 5 months for the group (2021: nil months) and 4 months for the charity (2021: nil months). The average interest rate was 0.36% (2021: nil%) for the group and 0.28% (2021: nil%) for the charity.

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21. CREDITORS: amounts falling due within one year

	Group		Charity	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade creditors	1,350	1,140	1,197	1,003
Overseas representatives	2,057	1,185	2,057	1,185
Refunds due to customers	516	482	516	482
Deferred Income: exam fees (note 3)	3,069	1,847	3,069	1,846
Other taxes and social security costs	231	243	211	228
Finance lease arrangements	66	66	66	66
Other creditors	507	377	143	102
Accruals and other deferred income	2,431	2,655	2,419	2,646
	10,227	7,995	9,678	7,558

22. CREDITORS: amounts falling due after more than one year

	Group		Charity	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Finance lease arrangements	33	99	33	99
Other creditors	529	513	529	513
	562	612	562	612

The finance lease is secured against the computer equipment to which it relates. No interest is payable.

FRS102 requires the full amount of a dilapidation provision to be recognised when the obligation arises. Other creditors represent the estimated inflation indexed dilapidations fund potentially payable on exit from the lease of our current premises, Salters' Hall.

23. PROVISIONS

	Group	Charity
	£'000	£'000
At 1 February 2021	697	697
Movement in tax provisions	725	725
At 31 January 2022	1,422	1,422

ABRSM continued to seek advice on its taxation position in relation to its international operations and expects that most resulting liabilities will be settled over the course of the next five years with the timescale being partly dependent on the speed of response of the relevant tax authorities.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
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24. ENDOWMENT FUNDS

	Movement in Funds			At 31 January 2022 £'000
	At 1 February 2021 £'000	Income and gains £'000	Expenditure and losses £'000	
Group and charity				
Permanent prize endowment funds				
Sheila Mossman Prize account	137	16	(2)	151
Ralph Bassett Prize account	107	11	-	118
Constance Haddon Prize account	121	14	(2)	133
Winifred Liversidge Prize account	123	14	(1)	136
Irene Lassen Bequest	449	49	(1)	497
Weinman/Duraisamy Prize	5	-	-	5
Sundry named prizes and general prizes account	282	31	(3)	310
	<u>1,224</u>	<u>135</u>	<u>(9)</u>	<u>1,350</u>
Expendable prize endowment funds				
Jardine Matheson Music scholarships	-	-	-	-
Gordon Bryan Fund	98	10	-	108
Alan Pickard Prize	24	3	-	27
Taylor White Gibbs Prize	147	15	(3)	159
	<u>269</u>	<u>28</u>	<u>(3)</u>	<u>294</u>
Total endowment funds	<u>1,493</u>	<u>163</u>	<u>(12)</u>	<u>1,644</u>
Interest receivable		45	-	
Expenditure on prizes		-	(12)	
Unrealised gain on investments		118	-	
		<u>163</u>	<u>(12)</u>	
		Income and gains 2021 £'000	Expenditure and losses 2021 £'000	
Interest receivable and sundry income		39	-	
Expenditure on prizes		-	(8)	
Unrealised loss on investments		-	(97)	
		<u>39</u>	<u>(105)</u>	

The endowment funds were established to provide prizes for musical achievements in ABRSM's examinations. For permanent prize endowment funds, unexpended income is accumulated as capital and added to the fund each year. Expendable prize endowment funds comprise unexpended balances of donations held on trust to be applied for specific purposes.

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25. UNRESTRICTED FUNDS

Group	At 1 February 2021 Restated £'000	Income £'000	Expenditure £'000	Transfers £'000	Contributions £'000	At 31 January 2022 £'000
Fixed asset fund	7,752	-	-	(1,509)	-	6,243
Designated funds						
Development funds	3,818	-	(1,272)	1,400	-	3,946
Examiner fund	-	-	-	530	-	530
General charitable funds	5,765	42,453	(37,065)	(6,421)	-	4,732
Total	<u>17,335</u>	<u>42,453</u>	<u>(38,337)</u>	<u>(6,000)</u>	<u>-</u>	<u>15,451</u>
Charity						
Fixed asset fund	7,752	-	-	(1,509)	-	6,243
Designated funds						
Development funds	3,818	-	(1,272)	1,400	-	3,946
Examiner fund	-	-	-	530	-	530
General charitable funds	5,754	36,717	(31,329)	(6,421)	-	4,721
Total	<u>17,324</u>	<u>36,717</u>	<u>(32,601)</u>	<u>(6,000)</u>	<u>-</u>	<u>15,440</u>

Designated funds represent development funds set aside for the development of ABRSM's digital infrastructure and development of overseas markets, and funds relating to examiner costs.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
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26. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances as at 31 January 2022 are represented by:

Group	Unrestricted Funds (including Pension Reserve) £'000	Prize Endowment Funds £'000	Total 2022 £'000
Tangible fixed assets	1,791	-	1,791
Intangible fixed assets	4,452	-	4,452
Investments	-	1,578	1,578
Current assets	21,399	86	21,485
Current liabilities	(10,207)	(20)	(10,227)
Non-current liabilities	(562)	-	(562)
Provisions	(1,422)	-	(1,422)
Net assets before pension deficit	15,451	1,644	17,095
Pension deficit	(9,166)	-	(9,166)
Total net assets after pension deficit & provisions	6,285	1,644	7,929
Charity			
Tangible fixed assets	1,791	-	1,791
Intangible fixed assets	4,452	-	4,452
Investments	782	1,578	2,360
Current assets	20,057	86	20,143
Current liabilities	(9,658)	(20)	(9,678)
Non-current liabilities	(562)	-	(562)
Provisions	(1,422)	-	(1,422)
Net assets before pension deficit & provisions	15,440	1,644	17,084
Pension deficit	(9,166)	-	(9,166)
Total net assets after pension deficit & provisions	6,274	1,644	7,918
Group and Charity			
Unrealised gains included above on investment assets (see note below)	-	799	799
Unrealised gains as at 1 February 2021	-	681	681
Net gain/(loss) arising from revaluations in the year	-	118	118
Unrealised gains as at 31 January 2022	-	799	799

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27. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2022	2021
	£'000	Restated £'000
Net income/(deficit) for the reporting period:	7,428	(6,099)
Depreciation charge	393	359
Amortisation charge	2,722	1,805
Loss on disposal of fixed assets	132	-
Interest received	(53)	(66)
(Gain)/loss on investments	(118)	97
Decrease/(increase) in stocks	33	(24)
Decrease in debtors	542	8,774
Increase/(decrease) in creditors	2,248	(426)
Increase/(decrease) in provisions	725	(57)
Net cash movement in pension deficit	(9,161)	(3,004)
Net cash inflow provided by operating activities	4,891	1,359

28. ANALYSIS OF CHANGES IN NET DEBT

	At 1 February 2021 £'000	Cash flows £'000	At 31 January 2022 £'000
Cash and cash equivalents			
Cash	12,278	(2,341)	9,937
Cash equivalents	1,631	919	2,550
	13,909	(1,422)	12,487
Borrowings			
Finance lease	(165)	66	(99)
	(165)	66	(99)
TOTAL	13,744	(1,356)	12,388

29. FINANCIAL COMMITMENTS

Scholarships

Scholarships awarded for which no provision has been made in these accounts are expected to become payable as follows:-

	2022	2021
	£'000	£'000
Year ending 31 January 2022	-	1,072
Year ending 31 January 2023	1,224	725
Year ending 31 January 2024	796	352
Year ending 31 January 2025	357	177
Year ending 31 January 2026	180	-
	2,557	2,326

All scholarships offered by the balance sheet date for the current academic year are provided in full. Awards for future years are subject to review and authorisation by ABRSM each year and are therefore not included in provisions as at the balance sheet date.

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29. FINANCIAL COMMITMENTS (continued)

Other Financial Commitments

At 31 January 2022 the group and charity had future total minimum operating lease payments as follows:

	Land and buildings		Other	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
One year	1,207	1,207	150	219
Two to five years	4,827	4,827	-	150
Over five years	1,756	2,962	-	-
	<u>7,790</u>	<u>8,996</u>	<u>150</u>	<u>369</u>

The total future minimum finance lease payments as the end of the reporting period are as follows:

	Group		Charity	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Not later than one year	66	66	66	66
Later than one year and not later than five years	33	99	33	99
	<u>99</u>	<u>165</u>	<u>99</u>	<u>165</u>

30. TRANSACTIONS WITH RELATED PARTIES

ABRSM was party to a number of financial transactions with its trading subsidiary, ABRSM Publishing during the year as follows:

	2022	2021
	£'000	£'000
Charged by ABRSM to ABRSM Publishing:		
Administrative expenses recharged	21	13
Pension costs recharged	488	483
Loan interest	17	17
Management charge	2,081	2,082
Copyright charge	324	378
Charged by ABRSM Publishing to ABRSM:		
Paper stock recharged	-	-
Printed music and recordings	2	6
Gift aid donation from ABRSM Publishing to ABRSM:	755	1,309
Balance at the year end:		
Due to ABRSM from ABRSM Publishing	2,603	3,853
Due from ABRSM to ABRSM Publishing	-	4

During the year Profession Colin Lawson was due £10 (2021: £nil) in royalties by ABRSM (Publishing) Limited on normal commercial terms. The balance outstanding at the year end was £10 (2021: £nil).

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30. TRANSACTIONS WITH RELATED PARTIES (continued)

ABRSM provided examination services to related parties on normal commercial terms as follows:

	2022	2021
	£'000	£'000
Charged by ABRSM		
Royal College of Music	1	-
Royal Academy of Music	5	-
Royal Northern College of Music	2	-
Royal Conservatoire of Scotland	13	6
Balance at the year end:		
Royal College of Music	-	-
Royal Academy of Music	-	-
Royal Northern College of Music	-	-
Royal Conservatoire of Scotland	3	-

There have been no other related party transactions during the year.

31. FINANCIAL INSTRUMENTS

ABRSM has the following financial assets which are included at fair value through the statement of financial activities:

	2022	2021
	£'000	£'000
Financial assets at fair value through the statement of financial activities:		
Investments	<u>1,578</u>	<u>1,336</u>

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32. PENSION SCHEMES

The charity operates two pension schemes; a group stakeholder pension plan and a defined benefit scheme.

From 1 February 2014, qualifying staff joining ABRSM are auto enrolled into the group stakeholder pension plan provided by Scottish Equitable plc under the brand name Aegon (Financial Services Register number 165548). Contributions are recognised in the Statement of Financial Activities in the year in which they are earned. The minimum employee contribution is 3% of basic salary. ABRSM contributes 5% of basic salary. Each percentage increase in the employee contribution is matched by ABRSM up to a maximum employer contribution of 10%.

The defined benefit scheme was established to provide retirement benefits for the charity's employees based upon final pensionable salaries for those joining before 6 April 2006 or career average salaries for those joining from 6 April 2006. On 1 April 2013 all members of the final salary section of the scheme transferred to the career average section of the scheme. The assets of the scheme are held separately from those of the charity. The scheme closed on 31 December 2018 to future accrual. Active members had the option to join the organisation's group stakeholder pension scheme at 1 January 2019.

Contributions payable are determined on the basis of triennial valuations carried out by a qualified actuary. The charity's contributions are charged as resources and expended in the year in which contributions are made. The charity ceased contributions for the accrual of future benefits from 1 January 2019.

The pension service costs for the year were £nil (2021: £nil). The present value of the scheme liabilities includes £744,000 (2021: £733,000), carried forward from the prior years as an estimate of the past service cost of GMP equalisation.

These accounts reflect the requirements of FRS102.

The economic assumptions listed below have been calculated by a qualified independent actuary. They are based on market conditions as at 31 January 2022 but have been derived using the methodology set out in FRS102.

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32. PENSION SCHEMES (continued)

- The discount rate has been derived using a corporate bond yield curve approach as required by FRS102. The iBoxx over 15 year corporate AA rated bond index had a yield of 2.27% per annum as at 31 January 2022. This index has a duration of around 20.1 years, which is similar to the duration of the Scheme's liabilities. As the duration of the scheme liabilities and the index is similar it is not considered necessary to make any further adjustment to the index.
- Retail price inflation (RPI) has been derived from the spot inflation rates published by the Bank of England. At duration of 21.5 years, the spot rate for inflation is 3.81% per annum as at 31 January 2022. An RPI increase assumption of 3.8% has been used.
- In the prior year it was assumed that Consumer price inflation would be 0.7% a year lower than RPI. However, it is expected that the RPI will be calculated in the same way as CPI-H from 2030, so the difference between the two indices is expected to reduce to approximately 0.5% a year. Nonetheless, until 2030 the two indices will be calculated differently and it should be noted that a significant proportion of the deferred pensioner liabilities will retire based on the current RPI definition (on which we have a market determined inflationary value). It is proposed that the assumption of the difference between RPI and CPI remains at 0.7% (with the expectation that this difference is gradually reduced to 0.5% by around 2030). This results in a CPI increase assumption of 3.1%.
- No estimated salary increases due to the scheme closure at 31 December 2018.
- Increases to pensions in payment which are related to price inflation have been taken to increase in line with the RPI assumption or the annual increase cap, whichever is lower.
- Increases to deferred pensions which are related to price inflation have been taken to increase in line with the CPI assumption, or the cap, whichever is the lower.
- Commutation of pension by members estimated at 25%, allowing for an increase in commutation rates since the actuarial valuation.

The principal actuarial assumptions used per annum are:

	2022	2021
Discount Rate	2.3%	1.5%
Retail price inflation	3.8%	3.3%
Consumer price inflation	3.1%	2.6%
Increases to pensionable earnings	n/a	n/a
Increases to pensions in payment		
Earned up to 31 December 2001	5.0%	5.0%
Earned from 1 January 2002 to 5 April 2005	3.8%	3.3%
Earned from 6 April 2005	2.5%	2.5%
Pre-retirement increases for deferred pensions		
Earned before 6 June 2009	3.1%	2.6%
Earned from 6 June 2009	2.5%	2.5%

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32. PENSION SCHEMES (continued)

Reconciliation of funded status to balance sheet

	2022	2021
	£'000	£'000
Present value of liabilities	(67,033)	(75,661)
Fair value of plan assets	57,867	49,242
Deficit	<u>(9,166)</u>	<u>(26,419)</u>

Assets

	2022	Weight	2021	Weight
	£'000	%	£'000	%
Equities	35,462	61.3	29,211	59.3
Bonds	20,948	36.2	18,776	38.1
Cash (including dividends receivable)	1,457	2.5	1,255	2.6
Total market value of assets	<u>57,867</u>	<u>100.0</u>	<u>49,242</u>	<u>100.0</u>

The amounts recognised in the Statement of Financial Activities are as follows:

	2022	2021
	£'000	£'000
Interest expense	1,127	1,237
Interest income	(802)	(798)
Pension Finance charge	<u>325</u>	<u>439</u>
Employer's deficit contributions	<u>(9,486)</u>	<u>(3,443)</u>
Defined Benefit Pension Adjustment	<u>(9,486)</u>	<u>(3,443)</u>

Changes in the present value of the Defined Benefit Obligation (DBO) during the year are as follows:

Year ending 31 January:	2022	2021
	£'000	£'000
Present value of the liabilities as at the start of year	75,661	69,209
Current service cost	-	-
Contributions by the members	-	-
Interest expense	1,127	1,237
Past service cost	-	-
Re-measurement – effect of experience adjustments loss/(gain)	(739)	(42)
Re-measurement – effect of changes in assumptions loss/(gain)	(7,947)	6,181
Benefits paid	(1,069)	(924)
Present value of the liabilities as at the end of year	<u>67,033</u>	<u>75,661</u>

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32. PENSION SCHEMES (continued)

Changes in the fair value of assets during the year are as follows:

Year ending 31 January:	2022	2021
	£'000	£'000
Fair value of plan assets as at start of year	49,242	43,090
Interest income	802	798
Re-measurement – return on plan assets excluding interest income	(594)	2,835
Employer's normal contributions	-	-
Employer's deficit contributions	9,486	3,443
Contributions by the members	-	-
Benefits paid	(1,069)	(924)
	<u>57,867</u>	<u>49,242</u>
 Actual return on plan assets gain/(loss)	 208	 3,633

Based on current pensionable earnings and the deficit recovery plan agreed in 2019, the employer's deficit recovery contributions expected to be paid to the Scheme for the year ending 31 January 2022 amounts to £3,658,000 (2021: £3,489,000).

Amounts for the current and previous four periods are as follows:

As at 31 January:	2022	2021	2020	2019	2018
	£'000	£'000	£'000	£'000	£'000
Present value of the liabilities	(67,033)	(75,661)	(69,209)	(58,348)	(57,177)
Fair value of plan assets	57,867	49,242	43,090	35,886	35,986
Deficit	<u>(9,166)</u>	<u>(26,419)</u>	<u>(26,119)</u>	<u>(22,462)</u>	<u>(21,191)</u>
Re-measurement – Effect of experience adjustment on scheme liabilities gain/(loss)	739	42	(1,192)	(18)	(147)
Re-measurement – Effect of change in assumption on scheme liabilities gain/(loss)	7,947	(6,181)	(9,073)	330	(879)
Re-measurement – Return on plan assets excluding interest income (loss)/gain	(594)	2,835	3,821	(1,548)	1,344
FRS102 adjustment	<u>8,092</u>	<u>(3,304)</u>	<u>(6,444)</u>	<u>(1,236)</u>	<u>318</u>

Volatility of FRS102

The results disclosed above are inherently volatile. This is because the liabilities have been calculated by discounting the benefits using the yield on a suitable AA-rated corporate bond, whereas the scheme does not invest solely in high quality corporate bonds. To that extent there is, for FRS102 purposes, a 'mismatch' between the assets and liabilities, which means that the assets and liabilities (and hence the surplus or deficit) can be volatile between different accounting periods, depending on general movements in the market.

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33. CHARITY STATEMENT OF FINANCIAL ACTIVITY

	Notes	Unrestricted Funds £'000	Pension Reserve (note 32) £'000	Restricted & Endowment Funds £'000	Total Funds 2022 £'000	Total Funds 2021 £'000
INCOME & ENDOWMENTS FROM:						
Charitable activities:						
Examinations	3	35,564	-	-	35,564	15,349
Teacher Support	4	11	-	-	11	42
Other trading activities:						
Covenant from subsidiary		755	-	-	755	1,309
Copyright fees		322	-	-	322	378
Investments	5	24	-	45	69	79
Other		41	-	-	41	328
Total income		<u>36,717</u>	<u>-</u>	<u>45</u>	<u>36,762</u>	<u>17,485</u>
EXPENDITURE ON:						
Charitable Activities						
Examinations		31,101	(3,485)	12	27,628	21,522
Teacher Support		213	(1)	-	212	234
Scholarships	10	1,086	-	-	1,086	1,048
Music education	11	201	-	-	201	244
		<u>32,601</u>	<u>(3,486)</u>	<u>12</u>	<u>29,127</u>	<u>23,048</u>
Pension finance charge	8	-	325	-	325	439
Total expenditure		<u>32,601</u>	<u>(3,161)</u>	<u>12</u>	<u>29,452</u>	<u>23,487</u>
Net gain/(loss) on investment	17	-	-	118	118	(97)
Net income/(expense)		4,116	3,161	151	7,428	(6,099)
Transfer between reserves		(6,000)	6,000	-	-	-
Other recognised gains/(losses):						
Actuarial loss on pension scheme	32	-	8,092	-	8,092	(3,304)
(Loss)/gain on forward contract revaluation		-	-	-	-	(115)
Total comprehensive income		<u>(1,884)</u>	<u>17,253</u>	<u>151</u>	<u>15,520</u>	<u>(9,518)</u>
RECONCILIATION OF FUNDS:						
Balance brought forward		11,727	(26,419)	1,493	(13,199)	(1,728)
Prior period adjustment	40	5,597	-	-	5,597	3,644
Total comprehensive income		<u>(1,884)</u>	<u>17,253</u>	<u>151</u>	<u>15,520</u>	<u>(9,518)</u>
Balance carried forward		<u><u>15,440</u></u>	<u><u>(9,166)</u></u>	<u><u>1,644</u></u>	<u><u>7,918</u></u>	<u><u>(7,602)</u></u>

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

34. COMPARATIVE GROUP STATEMENT OF FINANCIAL ACTIVITY FOR YEAR ENDED 31 JANUARY 2021

	Unrestricted Funds Restated £'000	Pension Reserve £'000	Restricted & Endowment Funds £'000	Total Funds 2021 Restated £'000
INCOME & ENDOWMENTS FROM:				
Charitable activities				
Examinations	15,349	-	-	15,349
Teacher Support	42	-	-	42
Other trading activities:				
Publishing sales	7,612	-	-	7,612
Investments	27	-	39	66
Other	328	-	-	328
Total income	<u>23,358</u>	<u>-</u>	<u>39</u>	<u>23,397</u>
EXPENDITURE ON:				
Charitable Activities				
Examinations	25,003	(3,434)	8	21,577
Teacher Support	243	(9)	-	234
Scholarships	1,048	-	-	1,048
Music education	244	-	-	244
Other trading activities:				
Publishing	5,857	-	-	5,857
	<u>32,395</u>	<u>(3,443)</u>	<u>8</u>	<u>28,960</u>
Pension finance charge	-	439	-	439
Total expenditure	<u>32,395</u>	<u>(3,004)</u>	<u>8</u>	<u>29,399</u>
Net gain/(loss) on investment	-	-	(97)	(97)
Net income/(expenditure)	<u>(9,037)</u>	<u>3,004</u>	<u>(66)</u>	<u>(6,099)</u>
Other recognised gains/(losses):				
Actuarial loss on pension scheme	-	(3,304)	-	(3,304)
Gain/(loss) on forward contract revaluation	(115)	-	-	(115)
Total comprehensive income	<u>(9,152)</u>	<u>(300)</u>	<u>(66)</u>	<u>(9,518)</u>
RECONCILIATION OF FUNDS:				
Balance brought forward	22,843	(26,119)	1,559	(1,717)
Prior period adjustment	3,644	-	-	3,644
Total comprehensive income	(9,152)	(300)	(66)	(9,518)
Balance carried forward	<u><u>17,335</u></u>	<u><u>(26,419)</u></u>	<u><u>1,493</u></u>	<u><u>(7,591)</u></u>

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

35. COMPARATIVE GROUP ANALYSIS OF EXPENDITURE FOR YEAR ENDED 31 JANUARY 2021

	Direct Charitable Restated £'000	Support Costs Restated £'000	Staff Costs Restated £'000	Depreciation & amortisation Restated £'000	Total 2021 Restated £'000
Charitable activities:					
Examinations	7,643	5,466	6,354	2,114	21,577
Teacher Support	-	100	117	17	234
Scholarship payments	1,048	-	-	-	1,048
Music education	244	-	-	-	244
Publishing	2,646	932	2,246	33	5,857
	<u>11,581</u>	<u>6,498</u>	<u>8,717</u>	<u>2,164</u>	<u>28,960</u>
Pension finance charge	-	-	439	-	439
Total	<u><u>11,581</u></u>	<u><u>6,498</u></u>	<u><u>9,156</u></u>	<u><u>2,164</u></u>	<u><u>29,399</u></u>

36. COMPARATIVE GROUP ANALYSIS OF SUPPORT COSTS FOR YEAR ENDED 31 JANUARY 2021

	Examinations Restated £'000	Teacher Support Restated £'000	Publishing £'000	Total 2021 Restated £'000
Exam Support	358	-	-	358
IT including software development	2,462	33	607	3,102
Sales and Marketing	341	44	58	443
Finance	18	-	2	20
Facilities	1,635	21	167	1,823
Governance	166	-	13	179
HR & other management	486	2	85	573
	<u>5,466</u>	<u>100</u>	<u>932</u>	<u>6,498</u>

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

37. COMPARATIVE MOVEMENT OF ENDOWMENT FUNDS FOR YEAR ENDED 31 JANUARY 2021

	At 1 February 2020 £'000	Income and gains £'000	Expenditure and losses £'000	At 31 January 2021 £'000
Group and charity				
Permanent prize endowment funds				
Sheila Mossman Prize account	144	3	(10)	137
Ralph Bassett Prize account	111	3	(7)	107
Constance Haddon Prize account	127	3	(9)	121
Winifred Liversidge Prize account	128	3	(8)	123
Irene Lassen Bequest	468	12	(31)	449
Weinman/Duraisamy Prize	5	-	-	5
Sundry named prizes and general prizes account	294	7	(19)	282
	<u>1,277</u>	<u>31</u>	<u>(84)</u>	<u>1,224</u>
Expendable prize endowment funds				
Jardine Matheson Music scholarships	-	-	-	-
Gordon Bryan Fund	101	3	(6)	98
Alan Pickard Prize	25	1	(2)	24
Taylor White Gibbs Prize	156	4	(13)	147
	<u>282</u>	<u>8</u>	<u>(21)</u>	<u>269</u>
Total endowment funds	<u>1,559</u>	<u>39</u>	<u>(105)</u>	<u>1,493</u>
Interest receivable		39	-	
Expenditure on prizes		-	(8)	
Unrealised loss on investments		-	(97)	
		<u>39</u>	<u>(105)</u>	

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

38. COMPARATIVE MOVEMENT OF UNRESTRICTED FUNDS FOR YEAR ENDED 31 JANUARY 2021

Group	At 1 February 2020 Restated £'000	Income £'000	Expenditure Restated £'000	Transfers £'000	At 31 January 2021 Restated £'000
Fixed asset fund	5,934	-	-	1,818	7,752
Designated funds					
Development funds	6,871	-	(4,053)	1,000	3,818
General charitable funds	13,682	23,243	(28,342)	(2,818)	5,765
Total	<u>26,487</u>	<u>23,243</u>	<u>(32,395)</u>	<u>-</u>	<u>17,335</u>
Charity					
Fixed asset fund	5,934	-	-	1,818	7,752
Designated funds					
Development funds	6,871	-	(4,053)	1,000	3,818
General charitable funds	13,671	17,331	(22,430)	(2,818)	5,754
Total	<u>26,476</u>	<u>17,331</u>	<u>(26,483)</u>	<u>-</u>	<u>17,324</u>

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

39. COMPARATIVE ANALYSIS OF NET ASSETS BETWEEN FUNDS FOR YEAR ENDED 31 JANUARY 2021

Group	Unrestricted Funds (including Pension Reserve) Restated £'000	Prize Endowment Funds £'000	Total 2021 Restated £'000
Tangible fixed assets	2,155	-	2,155
Intangible fixed assets	5,597	-	5,597
Investments	-	1,336	1,336
Current assets	18,878	166	19,044
Current liabilities	(7,986)	(9)	(7,995)
Non-current liabilities	(612)	-	(612)
Provisions	(697)	-	(697)
Net assets before pension deficit	17,335	1,493	18,828
Pension deficit	(26,419)	-	(26,419)
Total net (liabilities)/assets after pension deficit & provisions	(9,084)	1,493	(7,591)
Charity			
Tangible fixed assets	2,155	-	2,155
Intangible fixed assets	5,597	-	5,597
Investments	782	1,336	2,118
Current assets	17,648	166	17,814
Current liabilities	(7,549)	(9)	(7,558)
Non-current liabilities	(612)	-	(612)
Provisions	(697)	-	(697)
Net assets before pension deficit & provisions	17,324	1,493	18,817
Pension deficit	(26,419)	-	(26,419)
Total net (liabilities)/assets after pension deficit & provisions	(9,095)	1,493	(7,602)
Group and Charity			
Unrealised gains included above on investment assets (see note below)	-	681	681
Unrealised gains as at 1 February 2020	-	778	778
Net gain/(loss) arising from reevaluations in the year	-	(97)	(97)
Unrealised gains as at 31 January 2021	-	681	681

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

40. PRIOR YEAR ADJUSTMENT

The Directors have made the decision to capitalise software development costs associated with our new CRM. The revised accounting policy is to capitalise any software development costs as an intangible asset, and to amortise the capitalised costs over a 3 year period. Software development costs were previously disclosed as expenditure on charitable activities.

Set out below is the impact of the change in accounting policy, in accordance with FRS102, paragraph 10.14.

Restated fund balances:

	Group 31 January 2021 £'000	Group 1 February 2020 £'000	Charity 31 January 2021 £'000	Charity 1 February 2020 £'000
Fund balances as previously stated	(13,188)	(1,717)	(13,199)	(1,728)
Software development costs capitalised	7,599	3,841	7,599	3,841
Amortisation costs	(2,002)	(197)	(2,002)	(197)
	<u>(7,591)</u>	<u>1,927</u>	<u>(7,602)</u>	<u>1,916</u>

Restated unrestricted net movement in funds for the year ended 31 January 2021:

	Group 31 January 2021 £'000	Charity 31 January 2021 £'000
Original net income	(11,105)	(11,105)
Software development costs capitalised	3,757	3,757
Amortisation costs	(1,804)	(1,804)
	<u>(9,152)</u>	<u>(9,152)</u>

41. POST BALANCE SHEET EVENT

After the balance sheet date the Directors entered into contracts to continue to develop the CRM system. The value of these contracts was £1.1m.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC

England & Wales - Charity number 292182

Accounts

**THE ASSOCIATED BOARD OF THE
ROYAL SCHOOLS OF MUSIC
REPORTS AND ACCOUNTS
FOR THE YEAR ENDED 31 JANUARY 2021**

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
REFERENCE AND ADMINISTRATIVE INFORMATION**

PATRON

HER MAJESTY THE QUEEN

PRESIDENT

H R H The Prince of Wales

GOVERNING BODY

Tony Hales, Chair, CBE, BSc

Frances Anderson, M.SOC.SC(URS); BSc (ECON)

Baroness Fleet CBE

Professor Jonathan Freeman-Attwood CBE, BMus, MPhil, Hon RAM, FKC, FRNCM
(Principal, Royal Academy of Music)

Jeremy Heap, MA, ACA

Nicola Irvine

Professor Colin Lawson CBE, MA (Oxon), MA, PhD, D Mus, FRCM, FRNCM, FLCM
(Director, Royal College of Music)

Professor Linda Merrick GRSM, MMus, PhD, ARAM, FLCM, FRSA, Hon VCM, FHEA
(Principal, Royal Northern College of Music)

David Roper MA, FCA

Professor Jeffrey Sharkey, MPhil (Cantab)
(Principal, Royal Conservatoire of Scotland)

Bronwyn Syiek, MA (Cantab)

Damian Wisniewski BSc (Eng), ACGI, ACA, LRAM

CHIEF EXECUTIVE

Chris Cobb BSc, FRSA

DEPUTY CHIEF EXECUTIVE

Penny Milsom, BA

EXECUTIVE DIRECTOR: STRATEGIC DEVELOPMENT

Professor Lincoln Abbotts FRSA, MBA, AdvCert (PCS), BMus, LTCL

EXECUTIVE DIRECTOR: FINANCE & CORPORATE SERVICES

Sue Cambridge BA, ACA

GLOBAL OPERATIONS DIRECTOR

Helen Coleman BA, MBA

CHIEF EXAMINER

Professor John Holmes MA, LRAM, Cert. Ed.

CHIEF DIGITAL OFFICER

James Halliwell BSc, MSc

SECRETARY TO THE GOVERNING BODY

Rachael Casstles

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
REFERENCE AND ADMINISTRATIVE INFORMATION**

CHARITY NUMBER (ENGLAND AND WALES):	292182
CHARITY NUMBER (SCOTLAND):	SC043343
COMPANY NUMBER:	01926395
TRADING NAME:	ABRSM
REGISTERED AND PRINCIPAL OFFICE:	4 London Wall Place, London, EC2Y 5AU
TELEPHONE:	+44(0) 20 7636 5400
EMAIL:	abrsms@abrsms.ac.uk
WEBSITE:	www.abrsms.org
ADVISERS:	
External Auditors:	Crowe UK LLP 55 Ludgate Hill, London EC4M 7JW
Internal Auditors:	BDO LLP 55 Baker Street, London W1U 7EU
Bankers:	Barclays Bank PLC Level 27 1 Churchill Place, London E14 5HP Santander UK PLC 3 rd Floor, Santander House 100 Ludgate Hill, London EC3M 7RE Lloyds Bank PLC 25 Gresham Street, London EC2V 7HN
Solicitors:	Farrer & Co 66 Lincoln's Inn Fields, London WC2A 3LH
Pension Scheme Administrators:	Broadstone Pensions and Investments Limited 100 Wood Street, London EC2V 7AN
Pension Scheme Actuary and Investment Advisors:	Lane Clark & Peacock LLP 95 Wigmore Street, London, W1U 1DQ
Investment Managers (Prize Funds):	BlackRock Investment Management (UK) Limited 12 Throgmorton Avenue, London EC2N 2DL

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
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**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
FOR THE YEAR ENDED 31 JANUARY 2021**

The members of the Governing Body (the 'Governors'), who are also directors of the company, present their annual report (incorporating the Strategic Report) for the year ended 31 January 2021, together with the audited financial statements for the year in accordance with the Charities Act 1993 as amended by the Charities Act 2011. They confirm that these comply with the requirements of the Companies Act 2006, the Company's Memorandum and Articles of Association and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard in the UK and Republic of Ireland (FRS102).

STATUS AND ADMINISTRATION

The Associated Board of the Royal Schools of Music (ABRSM) is a registered charity, number 292182 (Charity registered in Scotland number: SC043343), and a company limited by guarantee, registered number 1926395, established by four Royal Schools of Music for the benefit of music education. The company has no share capital and the liability of the members in the event of winding up is limited to £1 per member. The members are the Royal College of Music, the Royal Academy of Music, the Trustees of the Royal Northern College of Music Endowment Fund and the Trustees of the Royal Conservatoire of Scotland Trust.

The charity has a wholly owned subsidiary company, The Associated Board of the Royal Schools of Music (Publishing) Limited (ABRSM Publishing), the results of which are consolidated in these financial statements.

GOVERNING BODY, CHIEF EXECUTIVE AND MANAGEMENT STRUCTURE

For the purposes of the Companies Act 2006 the Governors are the directors of ABRSM. They are also the charity trustees under the Charities Act 2011. The Governing Body is constituted under the Articles of Association of the company as drawn up in 1985 and amended on 26 July 2011. The amendment allows for three additional independent members to join the Governing Body.

Membership of the Governing Body consists of two persons appointed by each of the Royal Academy of Music, the Royal College of Music, the Royal Northern College of Music Endowment Fund and the Royal Conservatoire of Scotland Trust, together with three independent Governors¹ and a Chairman who is appointed by the members.

New Governors are invited to meet Governors, the Chief Executive and other senior staff for their induction. These meetings are tailored to the needs of each Governor depending on their background, experience and expertise. The Governors in office from 1 February 2020 to the date of this report are listed below and, where applicable, their alternate directors ('Alternates').

Governors

Tony Hales CBE, Chairman
Frances Anderson¹
Professor Jonathan Freeman-Attwood CBE
Jeremy Heap¹
Nicola Irvine (appointed 18 March 2021)
Professor Colin Lawson CBE
Professor Linda Merrick

David Roper, Deputy Chair

Professor Jeffrey Sharkey
Alan Smith (resigned 13 March 2020)
Nicola Taylor (appointed 13 March 2020 resigned 31 July 2020)
Bronwyn Syiek¹
Baroness Fleet CBE (appointed 25 June 2020)
Damian Wisniewski

Alternates

Judith Barber

Kevin Porter
John Cunningham (resigned 4 March 2020)
George Whalley (appointed 13 March 2020)
John Cunningham (resigned 4 March 2020)
George Whalley (appointed 13 March 2020)

¹Jeremy Heap, Frances Anderson and Bronwyn Syiek are independent Governors

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021

GOVERNING BODY, CHIEF EXECUTIVE AND MANAGEMENT STRUCTURE (continued)

Finance Committee Members

Jeremy Heap, Chair
John Cunningham (resigned 4 March 2020)
George Whalley (appointed 13 March 2020)
Alan Smith
Damian Wisniewski

Audit & Risk Committee Members

David Roper, Chair
Sue Baines
Judith Barber
Eileen Mackay
Rachel Harris (appointed 5 February 2020)
Bronwyn Syiek (appointed 28 October 2020)
Frances Anderson (appointed 28 October 2020)

Music Education Advisory Committee

Jeffrey Sharkey (appointed chair 26 November 2020)
Tony Hales CBE
Carolyn Baxendale
Sally Cathcart
Linda Merrick (stepped down as chair 26 November 2020)
Mark Messenger
Gordon Munro
Paul Roberts
Andy Stott
Jeffrey Sharkey
Lesley Ann Thomson
Claire Whitaker

Remuneration Committee Members

David Roper (Chair)
Tony Hales CBE
Jeremy Heap
Professor Colin Lawson
Alan Smith (resigned 13 March 2020)

Nominations Committee

Tony Hales CBE, Chair
Professor Colin Lawson
Linda Merrick
David Roper

Alternates are appointed by the Governor for whom they act. They are entitled to attend, vote and generally act on behalf of the appointing Governor at any Governing Body meeting where that Governor is not present. Alternates are officers of ABRSM, rather than agents of appointing Governors. They are therefore subject to all terms and conditions, other than remuneration, existing with reference to other Governors.

Key Personnel

The Governors delegate the day-to-day management of ABRSM to the Chief Executive, and through him to his team of senior executive staff, who comprise the key management personnel:

Chris Cobb, Chief Executive (Appointed 1 January 2021)
Michael Elliott, Chief Executive (Resigned 31 December 2020)
Penny Milsom, Deputy Chief Executive
Professor Lincoln Abbotts, Executive Director: Strategic Development
Tim Arnold, Executive Director: Global Operations (Resigned 30 April 2020)
Sue Cambridge, Executive Director: Finance & Corporate Services
Helen Coleman, Director Global Operations (Appointed 1 May 2020)
James Halliwell, Chief Digital Officer (Appointed 6 April 2021)
Professor John Holmes, Chief Examiner
Jeremy Phillips, Executive Director: Commercial (Resigned 22 May 2020)

Decision Making

Proposals for developing ABRSM's work are discussed and refined by this senior team. Where appropriate they may be reviewed by one of the specialist committees of the Governing Body, which include the Music Education Advisory Committee. The Chief Executive, with the Executive Director: Finance and Corporate Services, presents key policy and strategic proposals to the Finance Committee, which reviews the financial implications of all proposals, and to the Governing Body for consideration. If agreed, these will be incorporated into the planned activities of ABRSM.

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021**

GOVERNORS, CHIEF EXECUTIVE AND MANAGEMENT STRUCTURE (continued)

Decision Making (continued)

All aspects of ABRSM's work in support of its charitable objectives are brought together in a Corporate Plan which, together with financial projections, is monitored by the Senior Management Team and considered by the Finance Committee and then the Governing Body. The Corporate Plan sets out the strategic direction for ABRSM in the medium term which is then communicated to all staff.

The Finance Committee is also responsible for the review of the forecast, budget and management accounts. It meets three times a year and monitors the finances of ABRSM on behalf of the Governing Body. The Finance Committee comprises up to six members: two independent Governors, two Royal Schools of Music Governors and two Royal Schools of Music Directors of Finance. One of the Governors' posts on the Finance Committee is currently vacant.

The Audit & Risk Committee oversees risk management on behalf of the Governing Body and meets three times a year. It provides assurance to the Governing Body on the effectiveness of risk management, control and governance arrangements. It also meets with both the external and internal auditors to discuss the findings and recommendations from the audit reports. The Audit & Risk Committee comprises seven members including the Deputy Chair, two independent Governors and four appointees from Royal Schools of Music. The Audit & Risk Committee requires that at least one member should have recent audit and/or financial accounting experience.

ABRSM procures its Internal Audit service from BDO LLP. The work of the Internal Audit service is informed by an analysis of risks to which ABRSM is exposed and an annual internal audit plan is based on this analysis. The Audit & Risk Committee approves the internal audit plan. BDO LLP submit regular reports to the Audit & Risk Committee on audits conducted, risks identified and management's response to their findings, as well as their independent opinion on internal control. With the onset of the global pandemic in March 2020 the Internal Audit programme was temporarily suspended and restarted in 2021.

The Nominations Committee is responsible for advising the Governing Body on the appointment of its members and its committees.

The Music Education Advisory Committee is responsible for advising the Executive Board and Governing Body on the direction of ABRSM's educational programmes and impact and for assisting ABRSM in ensuring the musical integrity, quality and relevance of ABRSM's offer in the context of a contemporary global landscape.

The Remuneration Committee is responsible for determining and implementing the remuneration policy of the senior personnel. In doing so it considers remuneration trends across comparable institutions as well as performance. The remuneration of the senior executive staff is determined through the completion of performance related assessments in line with company policy. The level is determined by evaluating a combination of performance and market rate.

ABRSM's governance is structured around the principles of the Charity Governance Code. The Governing Body is committed to revisiting the Code's Key Principles on a regular basis to ensure the highest standards of Governance.

Governors' and Officers' Liability

Governors' liability is included in the combined business insurance policy and is purchased by authority contained within the Memorandum and Articles of Association, as permitted by Section 232(2) of the Companies Act 2006 and with the agreement of the Charity Commission. The total cost of Governors' and Officers' liability insurance was £2,100 (2020: £2,100).

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021

CHARITABLE OBJECTIVES

ABRSM has the following aims and objectives set out in its Memorandum and Articles of Association:

- to advance the arts, science and skills of music, speech and drama throughout the UK and overseas; and
- to promote the education and instruction in, and the study and appreciation of music, speech and drama.

A five year plan is produced and refreshed at regular intervals. It sets out how ABRSM will achieve its mission – to inspire achievement in music.

Over the next five years, ABRSM aims to:

- find new ways to inspire learners to progress through innovative uses of technology
- complete the international rollout of digital booking and assessments
- develop our leadership in music education;
- extend our markets and operations;
- build our capacity and capability;
- restore and grow revenues and improve profitability.

The Governors believe that the activities of ABRSM in motivating musical achievement through our authoritative assessment of students, the support of their teachers and a wide range of published resources serve to develop individual capabilities, competencies, skills and understanding of music and they promote, sustain and increase individual and collective knowledge of music for the public benefit.

The following report explains in more detail how the above short and long term objectives are achieved. Our main measurements of success continue to be the level of candidate numbers and turnover, together with the delivery of key targets for the launch of new products and services. Additionally, the impact of the global pandemic in 2020 resulted in an increased focus on restoring the company's cash reserves and strengthening its resilience.

STRATEGIC REPORT

PRINCIPAL ACTIVITIES

ABRSM supports the teaching and learning of music, in partnership with four Royal Schools of Music and aims to inspire achievement in music.

The strategies adopted by ABRSM to meet its charitable objectives and thereby provide public benefit focus on six main areas of activity:

1. the maintenance and development of its suite of examinations;
2. the provision of support to teachers of music;
3. the provision of support for learners of music;
4. the maintenance and development of its published and digital resources;
5. financial and in-kind support for other charities established for the benefit of music education; and
6. the commissioning of new music

The Governors believe that these activities continue to meet ABRSM's charitable objectives both in the year under review and into the future.

ABRSM's subsidiary, The Associated Board of the Royal Schools of Music (Publishing) Limited, is engaged in the production and sale of music publications, recordings and digital resources in support of the charitable activities of ABRSM, both of exam related publications, and wider repertoire music and text-books supporting music education.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021

STRATEGIC REPORT (continued)

ACHIEVEMENTS AND PERFORMANCE

The maintenance and development of its suite of examinations

The core activity of ABRSM, delivering music exams of a consistently high quality both in the UK and internationally, was affected due to restrictions put in place as a result of Covid-19 but we were able to offer alternative and new format online examinations approved by Ofqual to meet our learners' needs both in the UK and internationally. There were 218,000 (2020: 636,000) ABRSM assessments in 2020-21, a decrease of 65.7% on the prior year.

Due to government restrictions in the UK and internationally, a significant number of face to face practical and in person theory examinations were required to be cancelled. In response to this, within four months we designed and implemented adapted assessments at grades 6-8 to allow learners to progress. In addition within six months we introduced an entirely new suite of regulated examinations, the Performance Grades, available for all existing subjects from Grades 1-8. For these examinations learners make a video recording of themselves playing, which is then uploaded to a secure website and marked remotely by an ABRSM examiner. Performance Grades are equivalent in level of rigor and difficulty to Practical Grades and learners can switch between the two to progress through grades. We have also migrated our Theory offer for Grades 1-5 to an online platform.

Most of ABRSM's qualifications are formally recognised by the UK qualifications regulators: in England by the Office of Qualifications and Examinations Regulation (Ofqual); in Wales by Qualifications Wales; and in Northern Ireland by Council for the Curriculum, Examinations and Assessment (CCEA Regulation). All our regulated qualifications are listed on Ofqual's Register of Qualifications. The Governing Body is responsible for overseeing ABRSM's compliance with the conditions of recognition as set by the three regulators.

UK and Ireland examinations

During 2020-21 a total of 128,000 (2020: 285,000) assessments were completed for ABRSM's Practical, Performance Grade, Diploma, Theory and Music Medals qualifications in the UK and Ireland, a decrease of 55.1% on the prior year.

The Practical examinations UK exam session 1 in 2020 ran for three weeks prior to cancellation of all remaining exams on 18 March. We restarted private visits from July 2020 in line with health and safety guidance and procedures to ensure the safety of candidates, examiners, stewards and teachers. No examinations were held in public venues over the summer. In preparation for the UK exam session 3 which ran from 9 November to 19 December we issued guidance for venues and candidates in line with government guidance. We opened 177 venues and increased availability in venues near to those that were closed due to Covid-19 restrictions. We also offered two weeks of diploma exams in the first and last weeks of the exam session.

Online Theory examinations commenced in August 2020 and Performance Grade examinations started in November 2020.

We aim to retain and attract candidates through a variety of corporate strategies including the release of new and refreshed qualifications and increasing customer engagement capacity along with new publications and digital learning apps. Assessments completed in Scotland make up 4.4% of the total (2020: 4.4%).

We are assisted in delivering our examinations by volunteer Honorary Local Representatives (HLRs) who give their valuable time to help arrange and ensure the smooth running of exams in the UK. At the end of the year we had 255 HLRs assisting us in these roles. During the year 39 HLRs stepped down. 5 HLRs were newly recruited in January 2021 after a recruitment pause in 2020.

We held online events during the year to introduce HLRs to the new Performance Grade and Online Theory examinations.

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ACHIEVEMENTS AND PERFORMANCE (continued)

International examinations

During the year a total of 90,000 (2020: 351,000) international assessments were completed for ABRSM's Practical, Performance Grade, Diploma and Theory qualifications, a decrease of 74.4% on prior year.

Throughout 2020, we continued to monitor the Covid-19 situation across the globe. Decisions to cancel exam sessions in a specific market were based on multiple factors including; whether or not our examiners could enter a country safely and without quarantine restrictions; whether or not we were permitted to examine given the current situation and whether or not schools were functioning. As the Covid-19 situation worsened, it was clear that the vast majority of government and travel restrictions would remain firmly in place across most of our markets.

We were able to complete live exams at the beginning of the year in Turkey and Barbados. Practical exams were partially completed in Session 1 in Indonesia, Malaysia, Sri Lanka and Singapore. Towards the end of the summer, Covid-19 restrictions lifted enough in a few countries across Europe for exams to be able to take place in Cyprus and Germany. However, due to the rising cases in Covid-19 in the UK and throughout the world all other International tours were cancelled for the remaining sessions.

The rollout of Online Theory examinations to International markets commenced in November 2020 and the international rollout of Performance Grade examinations started in January 2021. Performance Grade examinations have proved to be particularly popular in Hong Kong.

At year end we had 117 (2020: 140) international representatives, covering 76 countries. Early in the year a conference for representatives was held in London and a number of training sessions for representatives were held online to provide training on our new online booking system and to introduce Performance Grade examinations.

The provision of support to teachers of music

ABRSM supports teachers worldwide by developing printed and digital resources that complement our exam focussed books, recordings, apps and videos, and through a range of online and face-to-face events and qualifications.

Our online course 'Becoming a Better Music Teacher', aimed at teachers who are beginning their teaching journey or who wish to refresh and refocus their teaching skills, has now surpassed 20,000 enrolments.

Due to the pandemic we have been unable to deliver face-to-face events and conferences. During September, October and November we held a series of online webinars via Zoom across all our markets. The sessions focused on teaching approaches to the new Piano Syllabus repertoire and attracted almost 1,500 participants. The pandemic had an impact on our INSET programme during 2020, with the need to repurpose content for remote delivery. In addition to the six face-to-face sessions we delivered pre-pandemic, we presented 18 live sessions remotely, reaching a total of 638 teachers across the year. An advantage of the sessions being recorded and delivered online has been that they can be circulated after the event to an even wider audience, allowing us to reach more delegates than would sometimes be possible in a live setting.

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ACHIEVEMENTS AND PERFORMANCE (continued)

The provision of support for learners of music

The early part of the year 2020-2021 saw the final preparations for the issue of Piano 2021 & 2022 in June, features of which included: new scale requirements; entirely refreshed repertoire lists, which were reorganised to follow a more learner-friendly format, extended to ten pieces each and broadened to include a wider range of pieces, including significantly improved representation of female composers; and an Initial Grade, following on from the introduction of this for Bowed Strings from 2020.

In December, we issued full repertoire lists for Singing for Musical Theatre Grades 4 – 8, enabling learners to access Performance Grades 1 – 8 from 2021, and supporting tests for Grades 4 & 5, making Practical Grades accessible up to Grade 5.

The maintenance and development of its published and digital resources

This year saw the release of a new Piano syllabus and associated published and digital resources. To support the launch of Online Theory examinations, new workbooks and sample papers for Grades 1-5 were released. New practice papers and model answers were introduced for the existing Grade 6-8 syllabus. New repertoire books, created in joint venture with Hal Leonard Europe, were released for Singing for Musical Theatre, Grades 4-5. For violin, Star Theory was published for young violinists and a sight-reading trainer app introduced.

Publishing turnover for the year (including intra-group charges) was £7,618,000 (2020: £8,245,000). The Publishing Company results (including intra-group charges) produced a gift aid payment of £1,309,000 (2020: £1,801,000) to ABRSM. Despite the impact of Covid-19 on demand for our examinations, the relatively modest reduction in Publishing turnover reflects the popularity of new publications released in the year.

The Piano Scales Trainer app was released in July. This was featured by an editorial in the Apple App Store for the UK and China.

In August the Piano Sight Reading Trainer app was released, which was a finalist in the Education category of the UK App Awards. A Violin Sight Reading Trainer was released in November 2020.

These achievements are in parallel with ongoing activity to achieve an ambitious development programme for products and services coming in 2021 and beyond.

Financial and in-kind support for other charities established for the benefit of music education

Due to its financial situation, ABRSM was not able to make substantial charitable contributions to support the work of four Royal Schools of Music as it had done in prior years. Nevertheless, ABRSM maintained scholarships for UK-based and international students of the Royal Academy of Music, the Royal College of Music, the Royal Northern College of Music, the Royal Conservatoire of Scotland, the Royal Welsh College of Music and Drama and the Hong Kong Academy of Performing Arts. A total of 91 (2020: 91) scholars benefited from ABRSM funding during the year. Sponsorship and donations for the benefit of music education arising in the year to 31 January 2021 were £244,000 (2020: £6.0 million, including contributions to four Royal Schools of Music). Scholarships awarded totalled £1,048,000 (2020: £1,053,000) and included:

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Financial and in-kind support for other charities established for the benefit of music education (continued)

Royal Academy of Music

Operatic Bass-Baritone Michael Ronan, who completed his BMUS with honours at the Academy in 2019, received support from ABRSM for his Masters degree in 20-21. Michael has now been offered a place on the prestigious Royal Academy Opera course, entry for which is extremely competitive and attracts high quality applicants from across the world. Over the course of his studies, Michael has been awarded the Joan Chissell Schumann Lieder Prize, the Blyth-Buesst Opera Prize, and Second Prize in the Richard Lewis/Jean Shanks Award. Some recent performances include the role of John Proctor in *The Crucible* by Robert Ward at OPERNFEST, Berlin, Maesetto in *Don Giovanni* with the Covent Garden Chamber Orchestra, and a recital of Clara Schumann lieder at the Wigmore Hall with the Academy Song Circle. He is very grateful for ABRSM's generous support, and says, 'I would like to express a profound thanks to the ABRSM for your gift of support for my studies. It has made obtainable for me a career as a musician, which is a rare privilege. I hope to continue to benefit from the incredible institution which has become an integral part of my identity.'

Royal College of Music

Rafael Costa is a Master of Music in Performance (piano) student. Despite the current difficult times, he has found his time at the RCM this year to be fulfilling and has been able to further his studies through regular online lessons supported by some face-to-face lessons with his piano professor. The opportunity of coming to college during lockdown to practice on the RCM's instruments has helped him to improve several aspects of his playing. His achievements this year included performing a Mozart Piano Concerto with an orchestra at the College and being awarded a full scholarship for the Artist Diploma course at the RCM starting next academic year. Rafael is also one of the finalists in the Stockport International Young Musicians Competition 2021, which has been postponed to next year.

Royal Northern College of Music

Sarah Prestwidge is a current first year Masters student. Sarah has been involved in both of RNCM's opera productions during this academic year; in the latter, *Flight* by Jonathan Dove, in the demanding role of The Controller. The circumstances for the performance were challenging (distanced in the RNCM Opera Theatre and with piano, rather than orchestra) and her singing was of the very highest standard, vocally, musically and dramatically. She has recently been chosen to sing the role of Queen of the Night in Mozart's *Magic Flute* in a concert production which will take place in Woodbridge in September of this year. This is an unusual voice with ease and security in the coloratura soprano repertoire.

Royal Conservatoire of Scotland

Carmen Farfán is a classical guitarist from Venezuela currently enrolled in the fourth year of BMus at the Royal Conservatoire of Scotland. Carmen has been able to experience a great student life surrounded by great music teachers and classmates. She has performed numerous times solo and chamber music during the past four years and met and learned from distinguished professional musicians. Carmen has said that her development is not exclusively due to the Royal Conservatoire of Scotland. The opportunity to study abroad represents a big contrast from the reality in her country and it has changed her. To learn about other cultures has opened Carmen's mind and made her appreciate the diversity of people as well as understand her own. ABRSM funding has enabled Carmen to continue learning and focusing on improving her technical and musical skills during the pandemic when many other opportunities to learn have all but dried up.

Other Support for Music Education

Building on the recommendations of The Music Commission published in 2019, we have continued to work closely with partners, policy and decision makers to support the place and purpose of music, and of progression within music education during a very challenging year for teachers, learners and musicians generally.

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Financial and in-kind support for other charities established for the benefit of music education (continued)

We continued our research into the state of music making and learning and will publish the 5th in the series of our Making Music research papers during 2021. Working to a brief from the Department for Education and directed by its Expert Panel of teachers, academics and music education specialists, we committed our own resources and drew on our networks to draft the Model Music Curriculum for England, a non-statutory guide to school music learning for all pupils between 5 and 14 years of age. The Model Music Curriculum is designed to develop learning through singing, listening, composing and performing supported by a rich and diverse range of repertoire choices from 1140 to 2020, drawn from around the world – including music from Oasis, rapper Loyle Carner and the film *Slumdog Millionaire* as well as Bach, Mozart, and contemporary composers such as Errollyn Wallen and Anna Meredith.

Other Support for Music Education

Initiatives funded by our Elevate Fund in 2020 were stalled by the pandemic but restarted in January 2021. They will further develop our network and institutional knowledge of ways to support progression in the most effective way.

We launched our Diversity & Inclusion Plan in October 2020 setting out explicit goals, supported by measurable targets, to broaden the music we promote, commission, and publish, in order to recognise the richness of diverse music and our global identity, to acknowledge cultural diversity, and include composers from every section of society. Since then we have commissioned new pieces for and significantly enriched the representation of Black, Brown, and Indigenous People of Colour (BBIPOC) composers in our forthcoming woodwind syllabus. We have held a first 'Writing for Music Education' workshop for 100 composers as part of fundamental commitment towards open-source guides and de-mystifying composing for music education. A composer mentoring scheme will start in Spring 2021 in partnership with the Ivors Academy. Harnessing power of sponsorship relationships with National Youth Jazz Orchestra, National Youth Orchestra, National Youth Choir of Great Britain, National Open Youth Orchestra, and a range of local/grass roots initiatives to set specific Diversity and Inclusion targets covering numbers of participants, range of voices and good practice dissemination

Despite the lockdown and ban on international travel, we found ways to collaborate to make music and bring the joy of music to our audiences. A newly designed platform on our website, Play On, brings together inspiration, offers and advice for learners, teachers and parents. Our Global High Scorers Concerts have brought together performers from more than 40 countries, and we celebrated Make Music Day with the compilation of over 800 recorded submissions for an online ensemble performance of 'How far I'll go' from the Disney film *Moana*.

We continued to support organisations through the pandemic. During the year we continued our partnerships with the National Youth Orchestra, the National Youth Choirs, the Royal Philharmonic Society, the London Music Fund in London, National Youth Jazz Orchestra, National Children's Orchestra of Great Britain and the National Open Youth Orchestra. Our sponsorship portfolio continues to reach a diverse range of music learners as we look to expand our geographical and social reach. We continued to support the Royal Philharmonic Society's Women Conductors Programme and their young composers. We also continued to support the Commonwealth Resounds, the Commonwealth International Composition Award, which seeks to promote composition across the globe for under 18's. In 2020 we supported an extra Composition Challenge to encourage young composers to have something positive to focus on and to use their time during lockdown creatively. We also supported the progression routes orchestra of the Tinderbox Collective, an organisation in Scotland that focusses on creative and diverse ways of music-making, including a focus on digital and new styles.

Our international reach continued through the International Sponsorship Fund awards and through a continuing programme. Organisations in Tanzania, Namibia, Lebanon, Antigua and Barbuda and South Africa received awards to provide ensemble and solo tuition for disadvantaged children and adults, and to support national youth orchestras. Some projects have adapted to restrictions on live teaching and performances, for example by providing their constituents with a donated mobile phone and buying data plans so that they can continue to progress.

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Accessibility and Online Resources

In addition to our examination related on-line tools, we continue to develop our suite of resources for teachers via the website along with face-to-face interaction. The Examiner Online resource offering has been developed with additional video content on examining method, training and moderation.

ABRSM's website features localised content for every country in which we operate and responds automatically to each visitor's location in order to provide local exam entry, contact and event information. During the year to 31 January 2021 we had over 6,716,000 (2020: 5,882,000) visits from over 3,100,000 (2020: 2,650,000) unique visitors.

ABRSM, working closely with PwC, continues to develop and implement the organisation's ambitious digital transformation programme.

The Digital Transformation programme is called Key Change and has 4 objectives:

- To compete better in traditional markets providing a modernised, streamlined digital customer experience for learners, parents and teachers, resulting in improved core customer retention and growth.
- To develop new and innovative products and services helping ABRSM enter new markets, attract new customers, increase revenues and broaden musical achievement.
- To improve operational efficiency using digital technology to automate processes, allow self-service and direct resource to focus on value to the customer, resulting in improved efficiency and customer service.
- To become an innovative and learning organisation creating an organisation fit for the digital age, which can innovate far into the future and anticipate customer needs.

The first phase of development work to re-platform core systems, present a new-look website and new digital resources was launched into the live environment in August 2020 and includes online booking and change of appointments, marking and results and the launch of Music Case and Journeys. Using the same platform, new products, including Online Theory and Performance Grade assessments, were rapidly and successfully launched in the second half of the year.

Prize Funds

The endowment funds were established to provide prizes for musical achievement in ABRSM's examinations. All investments have been acquired in accordance with the powers available to the Governors.

Fundraising

The organisation does not engage in fundraising activities. Its income is derived from music examination fees and from sales of associated publications.

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FINANCIAL REVIEW

A summary of the financial results for the year's activities is given on page 26 of the accounts.

Total turnover of ABRSM and its UK subsidiary from examinations, publications, teacher support and investment income for the year amounted to £23,397,000 (2020: £57,009,000).

The operating deficit for the year was £8,052,000 (2020: surplus of £7,568,000). The decrease is due to restrictions on face to face examinations as a result of Covid-19 partly offset by the introduction of online examinations. The performance of the publishing company is set out in note 6 to the accounts.

The deficit is stated after charging £4,060,000 (2020: £3,087,000) of digital development expenditure in line with ABRSM's policy regarding the write off of software development (note 2i). The digital transformation programme enabled ABRSM to deliver customer self-service in addition to offering both practical and theory examinations online, thereby considerably mitigating the potential impact of Covid-19 on the financial strength and future performance of the Group.

Going Concern

The Covid-19 pandemic developed rapidly during 2020. Global travel restrictions prevented examiners from travelling to the vast majority of international territories, including ABRSM's major markets. The initial lockdowns and travel restrictions in the UK also resulted in examiners being unable to travel and schools and public exam centres having to close. As a result, practical exams and theory exams were cancelled in large numbers and customers were refunded in full. Schools are now open in the UK but it remains unclear when and to what extent travel restrictions will be lifted around the world.

In response to these matters, the Group rapidly and successfully delivered the following actions:

- Development of online assessments was accelerated, and having obtained Ofqual approval to offer an adapted form of Graded Music Exams at grade 6 and above, the first few online exams took place in June 2020
- A new, complete suite of online Performance Grades obtained Ofqual approval and is now being offered to candidates worldwide
- Online theory exams for grades 1 to 5 took place in November 2020 in the UK and certain overseas territories and has now been rolled out Internationally
- All teacher conferences, examiner training and other events for representatives worldwide and volunteers in the UK have moved online
- The Publishing subsidiary launched digital downloads of sheet music
- ABRSM participated in the Government's Job Retention Scheme enabling up to 20% of staff to be furloughed
- Staff numbers overall were reduced by 11% and pay has been frozen
- ABRSM's offices closed in mid-March 2020 through to June 2021 and staff and the wider workforce of examiners, contributors, representatives and volunteers switched to working effectively online
- In addition to the measures outlined above, other operational savings were identified and have been implemented.

Although it appears likely that international movement restrictions may persist throughout 2021, there is strong demand for the new digital assessments: Performance Grades and Online Theory. Practical examinations will be offered in the UK in June and July 2021 and again in the autumn together with practical examination visits which have been taking place throughout the year in the UK. Turnover for the Publishing company has exceeded expectations for the first quarter of the year with demand stimulated by new products.

Further actions are planned to increase resilience and reduce reliance on international travel by recruiting and training facilitators and examiners based in the country where the examinations take place.

The charity is no longer reliant on the delivery of face to face examinations, having successfully developed and rolled out online alternatives of equal rigour and value which have been welcomed by its candidates. It is now much better placed to withstand ongoing travel restrictions and lockdowns as it is able to offer online assessments worldwide. Once travel restrictions are eased, the charity will return to offering face to face

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examinations worldwide together with online assessments, thereby offering more choice to candidates and appealing to a wider base of learners.

Consequently, the liquidity of the charity has substantially improved with cash at 31 January 2021 being £4m higher than forecast in November 2020 and forecast to increase over the course of the next year, enabling the charity to continue investing in its digital infrastructure and international development.

The introduction of customer self-service means that examination fees are received sooner from international territories, reducing the amount of cash tied up in debtors, thereby improving the Group's cashflow and reducing its exposure to doubtful debts.

The trustees therefore have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of approval of these financial statements, and are not aware of any other material uncertainties which may adversely affect the organisation. Accordingly, the financial statements continue to be prepared on the going concern basis.

Investment Selection Policy and Performance

On the incorporation of the Associated Board in 1985, it was decided that the publishing business of ABRSM should be transferred to a wholly owned subsidiary, The Associated Board of the Royal Schools of Music (Publishing) Limited. This company granted an unsecured loan note to ABRSM as consideration for the transfer of the publishing business. ABRSM receives interest on this loan note at 2% above the bank base rate. Additionally, the subsidiary company pays royalties to ABRSM on copyrights owned by ABRSM. Finally, it donates its taxable profits to ABRSM under a deed of covenant, which amounted to £1,309,000 (2020: £1,801,000). This is a long-term investment held for the benefit of ABRSM and integrated within ABRSM's operations utilising the intellectual property contained in ABRSM's syllabus listings, which are periodically refreshed.

ABRSM occasionally receives sums of money to provide for prizes for candidates performing well in its examinations. In order to maintain the real value of these gifts it invests a significant proportion of the Prize Endowment Funds in Charinco and Charishare Common Investment Funds. At 31 January 2021 these had a cost of £655,000 and a market valuation of £1,336,000 (2020: £655,000 and £1,433,000 respectively), reflecting the decrease in market values over the period. The volatility of the stock market in 2020 resulted in a decrease in the market value of 4.3% over prior year, (2020 net increase of 13.6%).

All other surplus liquid funds held by ABRSM are placed on deposit to safeguard the funds involved and to earn interest until such time as they are needed to meet the expenditure involved in ABRSM's operations. The interest earned on these deposits during the year was £27,000 (2020: £166,000).

Principal Risks and Uncertainties

The Governing Body is responsible for the assessment and control of the risks faced by ABRSM. Consideration of risks is delegated to the Audit and Risk Committee and managed on a day-to-day basis by senior staff. The Governors believe that awareness of the key risks is the single most important element in ensuring that they are controlled. Risks are identified, assessed and controls maintained throughout the year, with a formal review of ABRSM's risk management processes undertaken on an annual basis.

In addition to the risk management and mitigation actions identified in the table below, ABRSM used the following controls to manage risk:

- formal agendas and minutes for all Governing Body and committee activity;
- clear terms of reference for all committees – Finance Committee, Audit and Risk Committee, Remuneration Committee, Nominations Committee and the Music Education Advisory Committee;
- a rolling programme of internal audit
- comprehensive strategic planning, forecasting, budgeting, management accounting and variance analysis;
- an established governance and organisational structure with clear lines of reporting;

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- formal written policies, including staff policies readily accessible to all staff;
- hierarchical authorisation and approval levels; and
- review of cashflow forecasts

In addition to the significant business and financial risks which, together with the mitigating actions are referred to in the Financial Review, key risks affecting the charity include:

Risks	Management and mitigation
What are the key risks facing ABRSM?	What is ABRSM doing to reduce the likelihood or minimise the impact of these risks occurring?
Cyber attack, major incident or technology failure leading to loss of data and business interruption	<p>Management regularly seeks and acts on external advice to ensure it remains up to date with the possible causes and best mitigating actions to address this risk. The mitigating actions include:</p> <p>Business Continuity and Disaster Recovery plans in place.</p> <p>Cyber Essentials Plus Accreditation renewed annually.</p> <p>Mandatory Security Awareness training for all staff</p> <p>Dual Authentication for remote access</p> <p>Automatic 3rd party security patch management</p> <p>Advanced Firewall security</p> <p>Support contract in place with PwC</p>
Changes to UK and relevant overseas legislation and regulatory conditions leading to curtailment of activities, reputational damage and/or financial penalties.	<p>Annual reviews of tax legislation in major territories performed by expert advisors.</p> <p>Prompt action taken when concerns raised by local representatives.</p> <p>Compliance officer and supervision in place to ensure compliance with Ofqual, CCEA and Quals Wales regulations.</p> <p>Mandatory GDPR training and policies are in place.</p>
Examiners, stewards and HLRs work closely with children on a one to one basis, and remote assessments involve supplier staff, examiners and ABRSM staff reviewing candidates and their environment. ABRSM considers safeguarding to be of the utmost importance and maintains a zero-tolerance approach to dealing with safeguarding issues.	<p>Examiners are recruited with written references and DBS registration checks are performed. Appropriate training is carried out and a zero tolerance approach is in place applying guidance obtained from the NSPCC. Examiners who are based abroad or regularly work outside the UK must provide an additional local check, refreshed on the same basis as DBS checks.</p> <p>Designated safeguarding roles are in place within the organisation and there is a safeguarding review committee. Online performance grades are designed around safeguarding. There is no review of live performances and clear guidelines are issued to the responsible adult.</p> <p>For online theory examinations we use an established 3rd party supplier's remote recorded proctored solution. Safeguarding due diligence has been completed to our satisfaction.</p> <p>Staff involved in reviewing performance grade and/or online theory examinations for post-examination review purposes have basic DBS checks.</p> <p>Whistleblowing policies are in place to encourage reporting of any concerns relating to inappropriate behaviour.</p>

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THE ABRSM PENSION AND LIFE ASSURANCE SCHEME (THE SCHEME)

ABRSM operates a defined benefit pension scheme which closed to future accrual on 31 December 2018. The notional surplus or deficit on the funding of the Scheme, calculated annually under this standard, is shown in the financial statements as a designated fund entitled "Pension Reserve". This is deducted from Unrestricted Funds in the balance sheet. The approximate actuarial valuation carried out at 31 January 2021, as required by FRS 102, represents the market value of the assets of the Scheme as £49.2 million and the value of the liabilities at that date as £75.7 million (2020: £43.1 million and £69.2 million). The consequent net deficit on the Scheme of £26.4 million (2020: £26.1 million) is a statement of the transient situation at 31 January 2021. Both the Governors and the Trustees of the scheme recognise that such valuations can move significantly in response to market factors and the actuarial assumptions made.

The Governors recognise that the deficit arising under FRS 102 does not have a significant immediate cash-flow impact on the charity. The positive effect of the contributions made by the employer on the FRS 102 liability has been offset by an increase in technical provisions as at 31 January 2021. The disclosure of a pension liability, newly calculated year by year under FRS 102, does not mean that the equivalent amount is already committed and no longer available to the Governors to further the charity's objectives.

The last triennial actuarial valuation was prepared as at 31 December 2018 and showed a deficit of £25.6 million. The Scheme closed to future accrual from 31 December 2018 and had already closed to new entrants, with certain limited exceptions, on 1 February 2014.

A new deficit recovery plan was agreed by the Trustees in 2019. Under the plan, the Employer agreed to pay deficit reduction contributions of £3.37m per annum, increasing in line with RPI (with the first increase applicable on 1 February 2020), for a period of 7 years and 3 months from 1 January 2019 to 30 April 2026. The Employer also agreed to pay all costs associated with running the Scheme and to take over responsibility for Life Assurance arrangements with effect from 1 February 2019.

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RESERVES

Our reserves comprise unrestricted funds, designated funds and endowment funds. The endowed funds result from donations and legacies which can only be applied for a purpose specified by the donor and are not available for general purposes. These funds are used to award prizes to examination candidates in accordance with the criteria specified by the donor. Endowed funds total £1.5m at 31 January 2021 (notes 2t, 5 and 24).

The unrestricted funds represent the accumulated surpluses generated from general business activities and are funds that are available for use at the discretion of the Governors. They comprise the fixed assets fund, designated funds and general funds.

Fixed Assets Fund

The fixed assets fund comprises the funds invested in fixed assets that the Governors consider essential in enabling us to implement effectively our operational strategy. The fund represents the net book value of tangible fixed assets. We held £2.1m in the fixed assets fund at 31 January 2021 (2020: £2.3m).

Designated Funds

Designated funds are funds that the Governors have earmarked for specific purposes. Since 2014 and prior to this year a total of £14m of general funds had been designated to be held for specific purposes, in particular the digital transformation programme. As at 31 January 2021 £10.2m of these funds have been expended. A total of £3.8m remains at 31 January 2021 in respect of ongoing digital transformation and international development.

General Funds

In accordance with Charity Commission guidance, the Governors set a target for the level of free reserves, or general funds, that we should maintain to ensure our financial security and funding of our business plan. Free reserves or general funds are defined as total unrestricted funds less fixed assets and designated funds. Since many of ABRSM's costs are directly related to the number of examinations held, it is ABRSM's aim to have sufficient liquid resources and cash balances so that, in the event of a downturn in the demand for its services, its operating costs, excluding costs directly relating to activity (e.g. examiner fees and venue hire), would be met for a period of six months, plus any outstanding liabilities. During this period, other actions to mitigate loss would be implemented. This implies the need for a level of free reserves of £9.6m (2020: £10.8m). As the Charity is wholly reliant on global trading conditions to generate income, the Governors consider that six months represents a realistic and prudent position.

General funds stand at £5.8m at 31 January 2021. This is a decrease of £7.9m or 58% on the prior year (2020: £13.7m) and is £3.8m below the minimum level of general reserves set out in the preceding paragraph. The global pandemic resulted in the cancellation of planned exam sessions in 2020 and 2021 both in the UK and internationally. Details of the impact are set out above in the paragraphs under the Going Concern heading which outline the highly effective measures taken and further actions planned to increase resilience, reduce reliance on international travel and build free reserves back to the level set out in the preceding paragraph.

The pension liability represents the present value of the pension liabilities less the fair value of the pension scheme assets, calculated in accordance with FRS102 (note 33) and does not imply a significant constraint over the use of reserves for the foreseeable future other than to ensure monthly contributions are met, which are budgeted for accordingly.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021

PLANS FOR FUTURE PERIODS

General objectives

ABRSM will continue to conduct its operations to the highest standards, including all forms of online assessment, recognising that integrity and impartiality are fundamental to ABRSM's continuing success. All developments are evaluated for financial viability to ensure sound cost and budgetary controls and to enable ABRSM to maximise its contribution to music education. ABRSM will continue to use its influence in promoting music education generally, in accordance with its charitable mission and will continue to take steps to protect our environment by operating in ways that reduce our carbon footprint.

Short term objectives:

During the year ABRSM was able to introduce online exams to offer learners a way to progress against a background of Covid-19 restrictions. ABRSM will continue to develop online options to allow learners to take assessments at times and in ways which are convenient for them. Practical exams are being offered in the UK and will be offered internationally once movement restrictions allow. However, we will seek opportunities to reduce our carbon footprint by maximising alternative solutions.

Long Term Plans include:

- extending our networks and partnerships in music education;
- raising the profile of ABRSM and its contribution to music education;
- maintaining, refreshing and extending our core examinations and related publications including continuing development of online assessments;
- achieving further use of published materials through the development of electronic delivery methods, as well as the local production and translation of selected publications in some markets;
- extending the range of teacher qualifications and support;
- developing our major overseas markets and exploring potential new markets;
- maintaining the high quality and standards of the examiner panel and increasing its diversity;
- developing the digital infrastructure to improve the customer experience, deliver organisational efficiency and reduce our carbon footprint;
- increase our efforts to improve diversity and inclusion, both in our syllabus content and within our own organisation;
- reviewing and developing human resources strategies in response to the changing culture, social environment and the drive to reduce our carbon footprint;
- continuing to develop financial and operational systems and processes to ensure the organisation maximises efficiency and delivers value for money in all its areas of activity;
- increasing charitable donations to music education charities;
- rebuilding distributable reserves and resuming distributions to four of the Royal Schools of Music.

PUBLIC BENEFIT

The Governors have considered the guidance on Public Benefit published by the Charity Commission. The Governors believe that increasing the skills, knowledge and understanding of music provides benefit since the subject itself is of educational merit. Additionally, they also believe that the processes involved in reaching the particular level of competence tested in one of ABRSM's assessments deliver educational value of themselves. The benefits of increased musical skill are directly related to the charity's aims and no detriment or harm is considered likely to arise from these activities.

The Governors consider the beneficiaries to be a very wide range of people, insofar as the assessments offered by ABRSM are taken up in over 90 different countries throughout the world with many thousands of candidates both in the UK and worldwide. With the launch of online assessments and digital downloads ABRSM's services can continue to reach audiences around the world despite the restrictions on movement resulting from the global pandemic. There is no age limit for those entering exams although the vast majority of the candidates are of school age. Comprehensive access arrangements are in place to meet a wide range of needs.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021

PUBLIC BENEFIT (continued)

A number of exam fees charged internationally are based on local economic conditions. ABRSM's online services, such as Play On, Music Case, Aural Trainer Lite and Melody Writer, are available at no charge internationally. ABRSM will continue to support these innovative educational tools and develop additional online tools to support music education. ABRSM also provides public benefit by funding scholarships and bursaries for students at four Royal Schools of Music. Additionally, ABRSM provides sponsorship for other musical organisations in the UK and internationally subject to the availability of funds. ABRSM's Classical 100 resource for schools and the Journeys subscription app were made freely available to all through Play On during the lockdown.

ABRSM supports four Royal Schools of Music, which are charities in their own right. It does this through the provision of scholarships and, where possible, through distributions in the form of donations. The public benefit delivered by these institutions is set out on pages 7 and 8.

The Governing Body's Report (incorporating the Strategic Report) demonstrates the way in which ABRSM's strategies support its objectives and provide public benefit.

ENVIRONMENTAL IMPACT

ABRSM is committed to protecting our environment by increasingly operating in ways that reduce our carbon footprint, harnessing technological developments to reach learners around the world.

This year, for the first time, in compliance with the Streamlined Energy and Carbon Reporting (SECR) requirements ABRSM is reporting on energy use. ABRSM's total UK energy use and greenhouse gas emissions due to UK energy use is shown below.

	Year ended 31 January 2021
UK energy use (kWh)	515,107
Associated greenhouse gas emissions (kg CO ₂ equivalent)	111,814
Intensity ratio: Emissions (kg CO ₂ equivalent) per examination	0.51

The energy and emissions reported above arise from our office at 4 London Wall Place and car fuel. Information regarding our office is derived from information provided by our energy supplier who provided electricity and heating/cooling from a local combined heat and power facility. The amount of car fuel used is based on claims from staff and examiners.

Due to Covid-19 staff normally based at 4 London Wall Place worked from home for a significant part of the year. As a result, energy use at 4 London Wall Place was reduced.

The fit out of 4 London Wall Place achieved the Bronze standard SKA rating; lighting is controlled by infrared sensors and the heating and cooling system is timetabled. Staff are engaged through the departmental representation on the Green Team, which monitors and reports on performance, drives change programmes and a culture of environmental awareness and responsibility.

The delivery of Practical and Theory exams in the UK and around the world contributes most significantly to the group's environmental impact. Examiner international tours for practical exams are organised efficiently to reduce air travel to the minimum possible and emissions are monitored.

Due to Covid-19 many tours were cancelled and so examiners travelled far less than in previous years. In order to continue to provide services to learners, Performance Grade online examinations were introduced along with Online Theory examinations. As examiners do not need to travel for these examinations, our energy use and associated emissions have significantly reduced. Going forward we expect to be able to offer both Practical and Performance Grade examinations to our learners and we are developing new delivery methods to reduce travel and thereby minimise the environmental impact.

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021**

ENVIRONMENTAL IMPACT (continued)

The introduction of automated booking, processing and marking of examinations during the year end supplanted previous paper-based processes and significantly reduced paper consumption.

Our published books and resources are made from sustainable sources.

However, in common with other businesses who have moved their operations online, we are aware that the increased use of technology brings with it increased energy use by our staff, examiners, teachers and learners in the operation of their electronic devices.

DIVERSITY AND INCLUSION

ABRSM's commitment to diversity and inclusion has progressed into significant action this year. It now forms a distinct strand in our organisational strategy. As part of this, a Diversity Plan was launched publicly in October 2020 and the group has committed to regular updates on progress.

Five key areas of ABRSM's operations and organisation have been identified as key to promoting greater diversity and inclusion:

Active commissioning

As a result of active work in this area, a significant proportion of new pieces in the new woodwind syllabus have been commissioned from black, brown, indigenous and people of colour ("BBIPOC") composers including women. ABRSM is raising awareness of the new more diverse repertoire with existing partners in order to encourage them to integrate new commissioning programmes into their work. ABRSM staged a successful 'Writing for Music Education' workshop for 100 potential composers as part of our commitment towards open-source guides and opening up composition for music education.

Transforming syllabuses

In addition to increasing the proportion of syllabus pieces by BBIPOC composers, in the new woodwind syllabus, the syllabus advisory team now holds regular meetings with external partners, to receive advice, share plans and offer support in this specialist area. Additionally, the group is working closely with five BBIPOC composers to contribute additional compositions for digital publication only, primarily to support the creation of a diverse portfolio of additional repertoire for 'fourth piece' selection of the new Performance Grade.

Mentorship and development programme for composers

In addition to the successful Writing for Music Education workshop, a composer mentoring scheme will start in spring 2021 in order that early career composers are identified to realise our ambition of supporting 100 new composers by 2030.

Developing partnerships and advocacy

ABRSM will be harnessing the power of sponsorship relationships with current partners and a range of new, grass roots initiatives to set specific diversity and inclusion targets covering numbers of participants, range of voices and good practice dissemination. As part of this, ABRSM sponsored an article about diversity in music education in the January 2021 issue of Music Teacher magazine.

Transforming the organisation

The importance of diversity and inclusion at senior leadership and Board levels of ABRSM is recognised and we will be carrying out a review of governance with a goal of increasing diversity at this level. Elsewhere in the organisation, a survey has been launched to understand the diversity within ABRSM's examiner team as part of our commitment, supported by Musicians Union, to explore greater diversity. We have also delivered unconscious bias training for all employees and are working with our newly established cross organisational Diversity & Inclusion Resource Group to put in place strategies to diversify our staff group further.

All this work has inspired a genuine culture change within the organisation within short space of time, with new sense of collaboration and ownership of work to make ABRSM more diverse and inclusive across and beyond the organisation.

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021**

SECTION 172(1) STATEMENT

This section, together with those pages incorporated by reference, acts as the ABRSM's Section 172(1) statement.

The Governors have a responsibility to act to promote the success of the group with regard to the following matters (amongst others):

- The likely consequences of any decision in the long term – Page 4 details how plans are prepared and updated.
- The impact of the company's operations on the community and the environment are set out on Pages 16 and 17
- The desirability of the company maintaining a reputation for high standards of business conduct: ABRSM is regulated by Ofqual, the Charity Commission and OSCR and faces competition in the markets in which it operates and therefore must ensure that it maintains the highest standards consistent with its reputation and history.
- The need to act fairly as between members of the company: Representatives of each of the four members sit as Governors on the Governing Body, thus each member has the opportunity to be fully engaged in the decisions of the Governing Body.

The Governors recognise that in addition to ABRSM's members, they have a responsibility to engage with other stakeholders. The Governors consider other main stakeholders to be candidates and their parents, music teachers, examiners, representatives, volunteers and employees. The Governors engage with these stakeholders via the senior leadership in a variety of ways as follows:

- Candidates and their parents – Our website is regularly updated to provide information on upcoming exam session and new products and services. Our social media channels are constantly reviewed and we regularly seek feedback through surveys.
- Music teachers – In addition to our communication channels for candidates and their parents, ABRSM provides separate resources on its website to support teachers. Specialist courses and events are regularly held for teachers.
- Examiners – Examiners are required to maintain their continuous professional development through tailored online training provided by ABRSM. Examiner online conferences are also held annually, allowing examiners to engage with their peers and ABRSM.
- Representatives and volunteers – contact is maintained through newsletters, training events and, webinars.
- Employees – The staff forum meets each week to discuss matters directly affecting staff. This group meets with the Chief Executive and HR director on a quarterly basis to provide feedback. A meeting is held for all staff each month to allow the senior leadership and others to provide an update on ongoing projects and current issues that affect them and ABRSM as a business.

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021**

The Governing Body's Report (incorporating the Strategic Report) has been approved by the Governors on 24 June 2021 and signed on their behalf by:

A handwritten signature in black ink that reads "Tony Hales". The signature is written in a cursive style with a long, sweeping underline that extends to the left.

Tony Hales CBE
Chairman of the Governors

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC

STATEMENT OF THE GOVERNING BODY'S RESPONSIBILITIES

Governing Body's Responsibilities Statement

The Governors (who are also directors of The Associated Board of the Royal Schools of Music for the purposes of company law) are responsible for preparing the Governing Body's Report (incorporating the Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the Governors to prepare financial statements for each financial year. Under that law the Governors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgments and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's and group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the trust deed. The Governors are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Governors confirm that:

- so far as each Governor is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Governors have taken all the steps that they ought to have taken as Governors in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND GOVERNORS OF THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC

REGISTERED CHARITY NUMBER: 292182

CHARITY REGISTERED IN SCOTLAND NUMBER: SC043343

COMPANY NUMBER: 01926395

Opinion

We have audited the financial statements of the Associated Board of the Royal Schools of Music ('the charitable company') and its subsidiary ('the group') for the year ended 31 January 2021 which comprise the Consolidated Statement of Financial Activities, the Group and Charity Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including 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's and the charitable company's affairs as at 31 January 2021 and of the group's and the charitable company's income and expenditure, 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 Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (amended).

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 charitable company and 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 trustees' 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 charitable company's or 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 trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND GOVERNORS OF THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC (CONTINUED)

REGISTERED CHARITY NUMBER: 292182

CHARITY REGISTERED IN SCOTLAND NUMBER: SC043343

COMPANY NUMBER: 01926395

Opinion on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 21, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND GOVERNORS OF THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC (CONTINUED)

REGISTERED CHARITY NUMBER: 292182

CHARITY REGISTERED IN SCOTLAND NUMBER: SC043343

COMPANY NUMBER: 01926395

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 and The Charities and Trustee Investment (Scotland) Act 2005 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR), OFQUAL compliance and Health and safety legislation. We also considered compliance with local legislation for the group's overseas operating segments.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of exam fee income, the estimation of tax provisions and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit, legal counsel and the Audit & Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND GOVERNORS OF THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC (CONTINUED)

REGISTERED CHARITY NUMBER: 292182


CHARITY REGISTERED IN SCOTLAND NUMBER: SC043343

COMPANY NUMBER: 01926395

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Naziar Hashemi
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor

London
24 June 2021

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 JANUARY 2021

	Notes	Unrestricted Funds £'000	Pension Reserve (note 33) £'000	Endowment Funds £'000	Total Funds 2021 £'000	Total Funds 2020 £'000
INCOME & ENDOWMENTS FROM:						
Charitable activities						
Examinations	3	15,349	-	-	15,349	48,163
Teacher Support	4	42	-	-	42	117
Other trading activities:						
Publishing sales	6	7,612	-	-	7,612	8,240
Investments	5	27	-	39	66	210
Other		328	-	-	328	279
Total income		<u>23,358</u>	<u>-</u>	<u>39</u>	<u>23,397</u>	<u>57,009</u>
EXPENDITURE ON:						
Charitable Activities						
Examinations	8	26,959	(3,434)	8	23,533	41,135
Teacher Support	8	240	(9)	-	231	431
Scholarships	8,10	1,048	-	-	1,048	1,053
Music education	8,11,12	244	-	-	244	382
Other trading activities:						
Publishing	8	5,857	-	-	5,857	6,010
		<u>34,348</u>	<u>(3,443)</u>	<u>8</u>	<u>30,913</u>	<u>49,011</u>
Pension finance charge	8	-	439	-	439	581
Total expenditure	8	<u>34,348</u>	<u>(3,004)</u>	<u>8</u>	<u>31,352</u>	<u>49,592</u>
Net (loss)/gain on investment	17	-	-	(97)	(97)	151
Net income/(expenditure)		<u>(10,990)</u>	<u>3,004</u>	<u>(66)</u>	<u>(8,052)</u>	<u>7,568</u>
Other recognised gains/(losses):						
Actuarial loss on pension scheme	33	-	(3,304)	-	(3,304)	(6,444)
(Loss)/gain on forward contract revaluation		(115)	-	-	(115)	311
Net movement in funds		<u>(11,105)</u>	<u>(300)</u>	<u>(66)</u>	<u>(11,471)</u>	<u>1,435</u>
RECONCILIATION OF FUNDS:						
Balance brought forward		22,843	(26,119)	1,559	(1,717)	2,448
Net movement in funds		(11,105)	(300)	(66)	(11,471)	1,435
Contributions to Royal Schools of Music	11	-	-	-	-	(5,600)
Fund balances carried forward, including pension reserve		<u>11,738</u>	<u>(26,419)</u>	<u>1,493</u>	<u>(13,188)</u>	<u>(1,717)</u>

For Companies Act purposes, consolidated gross income for the financial year was £23,358,000 (2020: £56,958,000), consolidated gross expenditure was £31,344,000 (2020: £49,578,000) and net loss was £7,986,000 (2020: net profit of £7,380,000).

All income is derived from continuing operations

The notes on pages 29 to 60 form part of these accounts

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
BALANCE SHEETS
AS AT 31 JANUARY 2021

		Group		Charity	
	Notes	2021 £'000	2020 £'000	2021 £'000	2020 £'000
FIXED ASSETS					
Tangible assets	16	2,155	2,290	2,155	2,290
Investments	17	1,336	1,433	2,118	2,215
		<u>3,491</u>	<u>3,723</u>	<u>4,273</u>	<u>4,505</u>
CURRENT ASSETS					
Stocks	18	873	849	-	-
Debtors	19	4,262	13,151	7,440	15,225
Investments	20	1,631	8,815	1,631	7,615
Cash at bank and in hand		12,278	7,486	8,743	6,224
		<u>19,044</u>	<u>30,301</u>	<u>17,814</u>	<u>29,064</u>
CREDITORS: amounts falling due within one year	21	<u>(7,995)</u>	<u>(8,370)</u>	<u>(7,558)</u>	<u>(7,926)</u>
NET CURRENT ASSETS		<u>11,049</u>	<u>21,931</u>	<u>10,256</u>	<u>21,138</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		14,540	25,654	14,529	25,643
CREDITORS: amounts falling due after more than one year	22	(612)	(498)	(612)	(498)
PROVISIONS	23	(697)	(754)	(697)	(754)
NET ASSETS EXCLUDING PENSION LIABILITIES		13,231	24,402	13,220	24,391
PENSION FUND DEFICIT	33	<u>(26,419)</u>	<u>(26,119)</u>	<u>(26,419)</u>	<u>(26,119)</u>
TOTAL NET LIABILITIES		<u>(13,188)</u>	<u>(1,717)</u>	<u>(13,199)</u>	<u>(1,728)</u>
THE FUNDS OF THE GROUP/CHARITY:					
Endowment funds	24	1,493	1,559	1,493	1,559
Restricted income funds	25	-	-	-	-
Unrestricted funds	26	11,738	22,843	11,727	22,832
Pension reserve	33	(26,419)	(26,119)	(26,419)	(26,119)
TOTAL FUNDS	27	<u>(13,188)</u>	<u>(1,717)</u>	<u>(13,199)</u>	<u>(1,728)</u>

The net expenditure of the charity for the year was £8,052,000 (2020: net income of £7,569,000)

Approved by the Governing Body on 24 June 2021.

Tony Hales

Tony Hales CBE
Chairman of the Governors

Registered Charity Number 292182
Charity Registered in Scotland Number SC043343
Company Number 01926395

The notes on pages 29 to 60 form part of these accounts

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JANUARY 2021

	Notes	2021 £'000	2020 £'000
Cash flows from operating activities	28	(2,399)	1,195
Cash flows from investing activities			
Interest income	5	66	210
Purchases of fixed assets	16	(224)	(106)
Sale/purchase of current asset investments (with maturity greater than 3 months)		2,734	6,309
Net cash used in investing activities		2,576	6,413
Cash flows from financing activities			
Contributions to the Royal Schools of Music		-	(5,600)
New finance lease obligations		224	-
Repayment of finance lease obligations		(59)	-
Net cash used in financing activities		165	(5,600)
Net increase in cash and cash equivalents		342	2,008
Cash and cash equivalents at 1 February 2020		13,567	11,559
Cash and cash equivalents at 31 January 2021	29	13,909	13,567
Analysis of cash and cash equivalents:			
Cash in bank and in hand		12,278	7,486
Deposits and notice accounts (less than 3 months)		1,631	6,081
Total cash and cash equivalents	29	13,909	13,567

The notes on pages 29 to 60 form part of these accounts

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 JANUARY 2021

1. COMPANY INFORMATION

ABRSM is a charitable company incorporated in England and Wales. Its registered office is 4 London Wall Place, London, EC2Y 5AU.

2. ACCOUNTING POLICIES

The principal accounting policies adopted, judgements and key sources of estimation in the preparation of the financial statements are as follows:

a) Basis of preparation

The financial statements have been prepared in accordance with the current Statement of Recommended Practice "Accounting and Reporting by Charities" (the Charities SORP (FRS102) issued in October 2019, the Financial Reporting Standard in the UK and Republic of Ireland (FRS102) and the Companies Act 2006. The presentational and functional currency is Sterling (£).

ABRSM meets the definition of a public benefit entity under FRS102. The financial statements have been prepared under the historical cost convention, with the exception of investments, which are included at market value.

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made are listed below:

Significant judgements or estimates	Policy reference	Note reference
The following are considered to be significant estimates in the preparation of the financial statements:		
Depreciation	l	16
Dilapidations	s	22
Tax Provision	u	23
Scholarships commitments	j	30
Defined Benefit Pension Scheme	k	33

Explanation of the estimates relating to the above items are explained in the relevant policy.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021

2. ACCOUNTING POLICIES (CONTINUED)

b) Going Concern

The Covid-19 pandemic developed rapidly during 2020. Global travel restrictions prevented examiners from travelling to the vast majority of international territories, including ABRSM's major markets. The initial lockdowns and travel restrictions in the UK also resulted in examiners being unable to travel and schools and public exam centres having to close. As a result, practical exams and theory exams were cancelled in large numbers and customers were refunded in full. Schools are now open in the UK but remains unclear when and to what extent travel restrictions will be lifted around the world.

In response to these matters, the Group has taken the following actions:

- Development of online assessments was accelerated, and having obtained Ofqual approval to offer an adapted form of Graded Music Exams at grade 6 and above, the first few online exams took place in June
- A new, complete suite of online Performance Grades obtained Ofqual approval and is now being offered to candidates worldwide
- Online theory exams for grades 1 to 5 took place in November in the UK and certain overseas territories and has now been rolled out Internationally
- All teacher conferences, examiner training and other events for representatives worldwide and volunteers in the UK have moved online
- The Publishing subsidiary launched digital downloads of sheet music
- ABRSM participated in the Government's Job Retention Scheme enabling up to 20% of staff to be furloughed
- Staff numbers overall were reduced by 11% and pay has been frozen
- ABRSM's offices closed in mid-March 2020 through to June 2021 and staff and the wider workforce of examiners, contributors, representatives and volunteers switched to working effectively online
- In addition to the measures outlined above, other operational savings were identified and have been implemented.

Although it appears likely that international movement restrictions may persist throughout 2021, there is strong demand for the new online assessments: Performance Grades and Online Theory. Practical examinations will be offered in the UK in June and July 2021 and again in the autumn together with practical examination visits which have been taking place throughout the year in the UK. Turnover for the Publishing company has exceeded expectations for the first quarter of the year with demand stimulated by new products.

Further actions are planned to increase resilience and reduce reliance on international travel by recruiting and training facilitators and examiners based in the country where the examinations take place.

The charity is no longer reliant on the delivery of face to face examinations, having successfully developed and rolled out online alternatives of equal rigour and value which have been welcomed by its candidates. It is now much better placed to withstand ongoing travel restrictions and lockdowns as it is able to offer online assessments worldwide. Once travel restrictions are eased, the charity will return to offering face to face examinations worldwide together with online assessments, thereby offering more choice to candidates and appealing to a wider base of learners.

Consequently, the liquidity of the charity has substantially improved with cash at 31 January 2021 being £4m higher than forecast in November 2020 and forecast to increase over the course of the next year, enabling the charity to continue investing in its digital infrastructure and international development.

The introduction of customer self-service means that examination fees are received sooner from international territories, reducing the amount of cash tied up in debtors, thereby improving the Group's cashflow and reducing its exposure to doubtful debts.

The trustees therefore have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future being at least twelve months from the date of approval of these financial statements, and are not aware of any other material uncertainties which may adversely affect the organisation. Accordingly, the financial statements continue to be prepared on the going concern basis.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021

2. ACCOUNTING POLICIES (CONTINUED)

c) Group financial statements

The consolidated accounts incorporate the accounts of the charitable company and its subsidiary (together, "the group") made up to 31 January each year.

The results of the trading subsidiary company are presented in the consolidated SOFA by disclosing the income and expenditure derived from its trading activities carried out separately from those of the charity. A summary profit and loss account for the subsidiary is shown in note 6. The subsidiary company's assets and liabilities are consolidated in the balance sheet on a line by line basis.

d) UK examination fees and expenses

Examination fees and expenses arising in the UK are credited or charged in the statement of financial activities during the accounting period in which such examinations take place.

e) International examinations

Where examinations take place online examination fees and expenses incurred in the UK are credited or charged in the statement of financial activities during the accounting period in which such examinations take place. Commissions due to local representatives in respect of online examinations are included in their representative returns as detailed below.

Where examinations are held locally these results are prepared from returns and annual accounts submitted by ABRSM's local representatives, which are not necessarily made up to 31 January each year but the effect of differing accounting dates is not considered by the Governors to be significant. In the rare case that the amounts owed cannot be recovered a bad debt provision is made.

f) Teacher support

Training course fees and expenses are credited or charged in the statement of financial activities during the accounting period in which such courses take place.

g) Subscriptions

Subscription revenue is presented net of any applicable taxes which have been collected and passed on to the relevant governmental authorities. Members are billed in advance of the start of their monthly membership, monthly subscriptions are recognised in the month received, annual subscriptions are recognised on a straight-line basis over the life of the subscription

h) Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. Overheads are apportioned either on headcount, turnover, staff occupancy of accommodation area or usage basis as considered most appropriate. Expenditure includes input VAT to the extent that it is irrecoverable.

Direct charitable expenditure comprises services identifiable as wholly or mainly in support of ABRSM's charitable and operational work. These costs are regarded as an integral part of carrying out the direct charitable objectives of ABRSM and include an appropriate proportion of overhead costs.

Governance costs are those incurred in connection with the administration of the charity and compliance with constitutional and statutory requirements. These costs have been apportioned across expenditure on charitable activities based on turnover except where the cost can be attributed to a specific activity.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021

2. ACCOUNTING POLICIES (CONTINUED)

i) Computer software

Expenditure on computer software is written off in the year in which it is incurred.

j) Scholarship awards

All scholarships offered by the balance sheet date for the current academic year are provided in full. Awards for future years are subject to review and authorisation by ABRSM each year and are disclosed as commitments in note 30. The future commitments are estimated based on continued funding of the current students in receipt of a scholarship to the end of their academic studies.

k) Employee benefits

Short-term employee benefits, including holiday pay and contributions to the defined contribution pension scheme are recognised as an expense in the period in which they are incurred.

The defined benefit scheme closed to future accrual on 31 December 2018 and employees transferred to the defined contribution pension scheme on 1 January 2019. Contributions to 31 December 2018 in respect of the defined benefit scheme are charged to salary costs for respective activities in the statement of financial activities.

The amounts recognised in the statement of financial activities including any actuarial (loss) or gain are estimated based on the requirements of FRS102, and are fully explained in note 33.

l) Tangible fixed assets

Depreciation is provided on cost at the following annual rates in order to write off each asset over its estimated useful life:-

Short leasehold land and buildings	over the remaining life of the lease to the lease break point
Computer equipment	33%
Plant, fixtures and equipment	2.9% - 33%

Expenditure on furniture and equipment not exceeding £1,000 in total and all expenditure on repairs and maintenance is written off in the year in which it is incurred.

m) Investments

The investment in the subsidiary company is valued at cost.

Fixed asset investments are included in the balance sheet at their market value at the end of the financial period. Realised and unrealised gains and losses are credited or debited to the statement of financial activities in the year in which they arise and are based on brought forward values.

Current asset investments consist of treasury deposits and notice accounts with maturity and notice to withdraw of less than a year.

n) Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the group. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021

2. ACCOUNTING POLICIES (CONTINUED)

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged to the statement of financial activities on a straight line basis over the lease term. The aggregate benefit of any lease incentives are recognised as a reduction to the expense charged over the lease term on a straight line basis.

o) Stocks

Publications stocks are valued at the lower of cost and net realisable value. For printed music, cost is based on the unit cost of production for each publication. Work in progress at printers is valued at the cost of the paper used and is included in paper stocks. In estimating net realisable value, due allowance is made for slow-moving, obsolete, defective and unsaleable items. Origination costs are charged to revenue in the year in which they are incurred.

p) Rates of exchange

Assets and liabilities in foreign currencies are converted into sterling at the rate of exchange ruling at the balance sheet date. Income and expenditure arising from examinations held locally during the year is converted at the average exchange rate for the year. All other income and expenditure is converted at daily exchange rates. All differences on exchange are dealt with through the net movement in funds for the year.

q) Financial instruments

Basic financial assets and liabilities such as short term debtors, creditors and bank balances are initially recognised at fair value less any impairment and transaction costs and subsequently measured at their settlement value.

Prize Endowment Funds invested in Charinco and Charishare Common Investment Funds are carried at fair value.

To mitigate the impact of foreign exchange losses, forward contracts are taken out to ensure that a proportion of future remittances to the UK from major overseas operations are guaranteed at a pre-agreed rate. The forward contracts are derivative instruments and are initially measured at fair value on the date taken out. They are subsequently measured at fair value through the statement of financial activities, at the balance sheet date. The contracts are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

r) Deferred income

Examination and course fees received for future sessions after the reporting date are included in creditors as deferred income.

s) Provisions and contingencies

Provisions are recognised when the charitable company has a present legal or constructive obligation as a result of past events where it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably.

The amount recognised is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account any risks and uncertainties surrounding the obligation.

Where the consideration required to settle a present obligation is confirmed, the amount payable is transferred to creditors and any balance released to the Statement of Financial Activities.

Contingent liabilities, arising as a result of past events, are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by future events not within the charitable company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is immaterial.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021

2. ACCOUNTING POLICIES (CONTINUED)

t) Fund accounting

Unrestricted funds comprise those monies which may be used towards meeting the charitable objectives of the charity at the discretion of the Governors.

Designated funds are unrestricted funds earmarked by the Governors to be used for particular purposes in the future. Transfers are made to designated funds on the basis of approval by the Governors of future project plans. Restricted funds are grants or monies raised for a specific purpose or donations subject to donor imposed conditions.

The prize endowment funds represent either permanent capital funds where there is no power to convert the capital into income and which must generally be held indefinitely or expendable funds where capital may be used for the purposes of the fund.

u) Taxation

The Associated Board of the Royal Schools of Music is a registered charity and therefore is not liable to UK income tax or corporation tax on income derived from its charitable activities as they fall within the various exemptions available to registered charities.

ABRSM is registered for VAT but is not able to recover the whole of its input tax owing to the partial exemption provisions. Expenditure includes input VAT to the extent it is irrecoverable.

A provision for tax payable in relation to international operations has been included in note 23 having regard to professional advice.

The wholly owned subsidiary, The Associated Board of the Royal Schools of Music (Publishing) Limited, is a commercial entity and donates its pre-tax profit to ABRSM under Gift Aid rules.

v) Website and other development costs

ABRSM has adopted a policy of not capitalising website and other similar development expenditure.

w) Contributions to four of the Royal Schools of Music

Contributions to four of the Royal Schools of Music (or their associated charitable trusts) are treated as distributions, the Royal Schools being members of the Charity. They are therefore charged to the statement of financial activities in the year in which they are paid and shown as a movement in funds.

x) Government grants

Government grants are accounted for according to the accrual model.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021

3. EXAMINATION REVENUE

	2021	2020
	£'000	£'000
Analysis by geographical market:		
United Kingdom and Ireland	7,020	14,484
Overseas	8,287	34,562
	<u>15,307</u>	<u>49,046</u>
Foreign exchange gain/(loss) on overseas revenue	42	(883)
	<u>15,349</u>	<u>48,163</u>
Total income	17,196	51,391
Less: examination fees received in advance (note 21)	(1,847)	(3,228)
	<u>15,349</u>	<u>48,163</u>

Deferred fee income:

The movement with respect to examination fees received in advance in the year is as follows:

	2021	2020
	£'000	£'000
Fees in advance as at 1 February 2020	3,228	3,777
Less fees due for examinations taken in the year	(3,228)	(3,777)
Fees received with respect to future examination periods (note 21)	1,847	3,228
	<u>1,847</u>	<u>3,228</u>

4. TEACHER SUPPORT REVENUE

	2021	2020
	£'000	£'000
Analysis by geographical market:		
United Kingdom and Ireland	39	24
Overseas	3	93
	<u>42</u>	<u>117</u>

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021

5. INVESTMENT INCOME

	Group		Charity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Interest receivable from:				
Unrestricted funds	27	166	40	159
Prize endowment funds	39	44	39	44
	<u>66</u>	<u>210</u>	<u>79</u>	<u>203</u>

6. NET INCOME OF TRADING SUBSIDIARY

The Associated Board of the Royal Schools of Music owns the entire issued share capital of The Associated Board of the Royal Schools of Music (Publishing) Limited, a trading company incorporated in the United Kingdom with company number 01910047. This subsidiary undertaking donates its taxable profits to ABRSM under Gift Aid rules.

The activities of the subsidiary undertaking support the examination activities of the parent company by provision of specialist graded repertoire and other materials targeted at specific examination levels.

A summary of the results of the publishing activities for the year (excluding intra-group charges eliminated on consolidation) is given below. Audited accounts of the subsidiary undertaking will be filed with the Registrar of Companies.

	2021 £'000	2020 £'000
Turnover	7,612	8,240
Cost of sales	(1,528)	(1,675)
Gross profit	6,084	6,565
Distribution costs	(992)	(1,009)
Administration and other operating charges	(1,317)	(1,338)
Interest receivable	4	28
Net income	<u>3,779</u>	<u>4,246</u>

The aggregate amount of the subsidiary's assets, liabilities and funds as at 31 January 2021, excluding intercompany balances, were as follows:

	2021 £'000	2020 £'000
Total net assets	<u>4,643</u>	<u>5,083</u>

Including intra-group charges and intercompany balances, the subsidiary's results for the year were as follows; turnover £7,618,000 (2020: £8,245,000), net income £1,309,000 (2020: £1,801,000) and total net assets £21,000 (2020: £21,000).

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021

7. OTHER INCOME

Other income includes a government grant totalling £323,000 (2020: £nil) in respect of the Coronavirus Job Retention Scheme.

8. ANALYSIS OF EXPENDITURE

	Direct Charitable	Support Costs (Note 9)	Staff Costs (Note 15)	Depreciation	Total 2021	Total 2020 Restated
	£'000	£'000	£'000	£'000	£'000	£'000
Charitable activities:						
Examinations	7,644	9,114	6,453	322	23,533	41,135
Teacher Support	-	110	117	4	231	431
Scholarship payments	1,048	-	-	-	1,048	1,053
Music education	244	-	-	-	244	382
Publishing	2,646	932	2,246	33	5,857	6,010
	<u>11,582</u>	<u>10,156</u>	<u>8,816</u>	<u>359</u>	<u>30,913</u>	<u>49,011</u>
Pension finance charge	-	-	439	-	439	581
	<u>-</u>	<u>-</u>	<u>439</u>	<u>-</u>	<u>439</u>	<u>581</u>
Total	<u><u>11,582</u></u>	<u><u>10,156</u></u>	<u><u>9,255</u></u>	<u><u>359</u></u>	<u><u>31,352</u></u>	<u><u>49,592</u></u>

Unrestricted expenditure on Examinations and Teacher Support for the group before the defined benefit pension scheme adjustment was £26,959,000 and £240,000 respectively (2020: £44,481,000 and £439,000). The equivalent figures for the charity were £26,904,000 and £240,000 (2020: £44,431,000 and £439,000).

Included within total expenditure is an adjustment to the defined benefit pension scheme of £3,443,000 (2020: £3,368,000) which has been credited to the pension reserve (see note 33). An offsetting amount of £nil (2020: £nil) is included in this amount as an approximate allowance for the past service cost of the Guaranteed Minimum Pension (GMP) equalisation. £3,434,000 has been allocated to Examinations expenditure and £9,000 to Teacher Support. The prior year apportionment was a credit of £3,360,000 to Examinations and £8,000 to Teacher Support. Also included in expenditure are prizes paid from the endowment funds totalling £8,000 (2020: £14,000).

9. SUPPORT COSTS

Support costs including governance (see note 8) are analysed as follows:

	Examinations	Teacher Support	Publishing	Total 2021	Total 2020
	£'000	£'000	£'000	£'000	£'000
Exam Support	358	-	-	358	1,181
IT including software development	6,110	43	607	6,760	4,274
Sales and Marketing	341	44	58	443	1,347
Finance	18	-	2	20	140
Facilities	1,635	21	167	1,823	2,002
Governance	166	-	13	179	215
HR & other management	486	2	85	573	1,499
	<u>9,114</u>	<u>110</u>	<u>932</u>	<u>10,156</u>	<u>10,658</u>

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021

10. SCHOLARSHIPS

	2021 £'000	2020 £'000
United Kingdom students	207	209
Overseas students	839	842
Macklin Bursary	2	2
	1,048	1,053

The total number of scholars supported during the year amounted to 91 (2020: 91).

11. MUSIC EDUCATION – Unrestricted funds

	2021 £'000	2020 £'000
SPONSORSHIP		
Bellevue Academy	-	10
Commonwealth Resounds	12	10
Dhow Countries	6	-
Drake Music Scotland	-	10
Gorbals Youth Brass	-	10
Lancashire Music Hub	-	10
The Mayor of London's Fund for Young Musicians	20	25
Musicability	-	10
National Children's Orchestra	-	15
National Open Youth Orchestra	-	25
National Youth Choir	20	25
National Youth Jazz Orchestra	30	30
National Youth Orchestra	26	31
Notes Inegales - Third Orchestra Barbican	18	-
Oh Yeah Centre	-	10
Openup Music	25	-
Royal Philharmonic Society	11	10
Southbank Sinfonia	-	6
Systema Cymru-Codi'r	-	10
Tinderbox Project	-	8
The UK Association for Music Education – Music Mark	12	18
Wolverhampton Music Service	-	10
Young Urban Arts Foundation	-	10
Z-Arts	-	10
Other Educational Sponsorship	17	23
Other	47	51
	244	377

In addition to the amounts shown above ABRSM made contributions to four Royal Schools of Music totalling £nil (2020: £5,600,000) for the benefit of music education.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021

12. MUSIC EDUCATION – Restricted funds

	2021	2020
	£'000	£'000
Arts Council England Grant	-	5
	-	5
	-	5

This expenditure relates to a research project focused on improving learners' access to and progression in music education.

13. GOVERNANCE COSTS – Unrestricted funds

	2021	2020
	£'000	£'000
Governing Body Costs	-	5
Audit Fees parent company	57	66
Audit Fees Pension scheme	13	14
Fees payable to auditor for non audit services	4	-
Company Secretarial	58	65
Independent Pension Scheme Chairman	26	35
Internal Audit	10	36
Trustees and Officers Liability insurance	2	2
Pension Fund Trustee Indemnity insurance	9	8
	179	231
	179	231

14. NET INCOME FOR THE YEAR

	2021	2020
	£'000	£'000
Net income for the year is stated after charging/(crediting):		
Fees payable to the company's auditor and its associates for the audit of the charitable company's annual accounts	57	64
Fees payable to the company's auditor and its associates for other services:		
Audit of subsidiary company	7	8
Tax compliance	5	4
Fees payable to secondary auditors	-	2
Pension scheme audit completed by other audit firms	13	14
Depreciation of owned assets	322	439
Depreciation of assets held under finance lease obligations	37	-
Operating lease rentals – leasehold buildings	1,121	1,181
– office equipment	225	75
Dilapidations provision	15	14
Exchange (gain)/loss on overseas revenue	(42)	883
Loss/(gain) on fair value of derivatives	115	(311)

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021

15. STAFF COSTS

	2021	2020
	£'000	£'000
Staff costs during the year included:		
Wages and salaries	7,352	7,746
Social security costs	712	759
Employer pension costs	3,928	4,029
Defined Benefit Pension adjustment (see note 33)	(3,443)	(3,368)
Pension finance charge	439	581
Other staff costs	267	652
	<u>9,255</u>	<u>10,399</u>

The number of employees who earned £60,000 or more (including benefits) during the year were as follows:

	2021	2020
	No.	No.
£ 60,001 - £ 70,000	4	3
£ 70,001 - £ 80,000	3	1
£ 80,001 - £ 90,000	3	4
£ 90,001 - £100,000	2	1
£100,001 - £110,000	1	1
£110,001 - £120,000	1	3
£120,001 - £130,000	1	1
£150,001 - £160,000	1	1
£190,001 - £200,000	-	1
£290,001 - £300,000	1	-

During the year, in response to the impact of Coronavirus, a number of rapid staff changes resulted in redundancy and pay in lieu of notice costs of £213,957 (2020: £11,793). These payments are included in the tables above and have been recognised in full in the statement of financial activities.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
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15. STAFF COSTS (continued)

The number of employees who earned £60,000 or more during the year to whom retirement benefits are accruing under pension schemes funded by the company are:-

	2021	2020
	No	No.
Defined contribution scheme	16	15

The defined benefit scheme closed to future accrual on 31 December 2018 and active members elected to transfer to the defined contribution pension scheme from 1 January 2019.

The average number of employees, excluding temporary staff, during the year was as follows:

	2021	2020
	No.	No.
Charity	154	171
UK trading subsidiary	13	12
	<u>167</u>	<u>183</u>

The key management personnel of the charity and its wholly owned subsidiary received total employee benefits of £1,242,457 (2020: £1,097,689).

No Governor received payment for their services in the year (2020: £nil). Travelling and subsistence expenses reimbursed by ABRSM to 3 Governors or Alternates (2020: 9) for expenditure necessarily incurred on ABRSM's business amounted to £62 (2020: £4,401). No other Governor, nor any person connected with any Governor, received any remuneration in the year ended 31 January 2021 (2020: £nil).

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16. TANGIBLE FIXED ASSETS

	Short leasehold land and buildings £'000	Computer equipment £'000	Furniture, fixtures and equipment £'000	Total £'000
Group and Charity				
Cost				
At 1 February 2020	2,324	600	919	3,843
Additions	-	224	-	224
Disposals	-	(130)	(1)	(131)
At 31 January 2021	<u>2,324</u>	<u>694</u>	<u>918</u>	<u>3,936</u>
Depreciation				
At 1 February 2020	623	526	404	1,553
Charge for the year	202	69	88	359
On disposals	-	(130)	(1)	(131)
At 31 January 2021	<u>825</u>	<u>465</u>	<u>491</u>	<u>1,781</u>
Net book values				
At 31 January 2021	<u><u>1,499</u></u>	<u><u>229</u></u>	<u><u>427</u></u>	<u><u>2,155</u></u>
At 31 January 2020	<u><u>1,701</u></u>	<u><u>74</u></u>	<u><u>515</u></u>	<u><u>2,290</u></u>

All assets are used for charitable purposes.

The net book value of assets held under finance leases is £187,000 (2020: £nil)

17. FIXED ASSET INVESTMENTS

	Subsidiary undertakings £'000	Prize endowment funds £'000	2021 Total £'000	2020 Total £'000
Group				
Prize endowment funds – listed investments at market value				
At 1 February 2020	-	1,433	1,433	1,282
Additions	-	-	-	-
Unrealised (loss)/gain in the year	-	(97)	(97)	151
At 31 January 2021	<u>-</u>	<u>1,336</u>	<u>1,336</u>	<u>1,433</u>
Charity				
Prize endowment funds - listed investments at market value (as above)				
Investment in subsidiary				
Ordinary shares of £1 each at cost	10	-	10	10
Unsecured loan note	772	-	772	772
	<u>782</u>	<u>1,336</u>	<u>2,118</u>	<u>2,215</u>

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17. FIXED ASSET INVESTMENTS (continued)

The prize endowment funds are invested in Charinco and Charishare Common Investment Funds with a cost of £655,000 (2020: £655,000).

The charity's subsidiary undertaking is The Associated Board of the Royal Schools of Music (Publishing) Limited. The charity owns 100% of the company's issued ordinary £1 shares. The principal activity of the company is the production and sale of music publications and recordings.

The charity has given an undertaking to its subsidiary not to demand repayment of the unsecured loan note before 1 July 2022. Interest is chargeable on the unsecured loan note at a rate of 2% over the Bank of England base rate from time to time. No provision is considered necessary against the £10,000 cost of the investment in this subsidiary.

18. STOCKS

	Group	Group
	2021	2020
	£'000	£'000
Printed music and recordings	721	663
Paper	152	186
	<u>873</u>	<u>849</u>

19. DEBTORS

	Group		Charity	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade debtors	761	1,142	287	19
Overseas representatives	2,130	9,583	2,130	9,583
Amounts due from subsidiary	-	-	3,849	4,289
Other debtors	403	1,153	231	153
Forward currency contracts at fair value	-	115	-	115
Prepayments and accrued income	968	1,158	943	1,066
	<u>4,262</u>	<u>13,151</u>	<u>7,440</u>	<u>15,225</u>

20. CURRENT ASSET INVESTMENTS

	Group		Charity	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Cash held on deposit				
greater than 3 months	-	2,734	-	2,034
less than 3 months	1,631	6,081	1,631	5,581
	<u>1,631</u>	<u>6,081</u>	<u>1,631</u>	<u>5,581</u>

Included within the above figure are treasury deposits with an original maturity of 12 months or less. At the balance sheet date the average maturity of these deposits was nil months for the group (2020: 4 months) and nil months for the charity (2020: 4 months). The average interest rate was nil% (2020: 1%) for the group and nil% (2020: 1%) for the charity.

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21. CREDITORS: amounts falling due within one year

	Group		Charity	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade creditors	1,140	1,156	1,003	1,044
Overseas representatives	1,185	-	1,185	-
Refunds due to customers	482	-	482	-
Deferred Income: exam fees (note 3)	1,847	3,228	1,846	3,228
Other taxes and social security costs	243	199	228	183
Finance lease arrangements	66	-	66	-
Other creditors	377	409	102	110
Accruals and other deferred income	2,655	3,378	2,646	3,361
	<u>7,995</u>	<u>8,370</u>	<u>7,558</u>	<u>7,926</u>

22. CREDITORS: amounts falling due after more than one year

	Group		Charity	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Finance lease arrangements	99	-	99	-
Other creditors	513	498	513	498
	<u>612</u>	<u>498</u>	<u>612</u>	<u>498</u>

The finance lease is secured against the computer equipment to which it relates. No interest is payable.

FRS102 requires the full amount of a dilapidation provision to be recognised when the obligation arises. Other creditors represent the estimated inflation indexed dilapidations fund potentially payable on exit from the lease of our current premises, Salters' Hall.

23. PROVISIONS

	Group	Charity
	£'000	£'000
At 1 February 2020	754	754
Movement in tax provisions	(57)	(57)
At 31 January 2021	<u>697</u>	<u>697</u>

During 2020 ABRSM continued to seek advice on its taxation position in relation to its international operations and expects that most resulting liabilities will be settled over the course of the next five years with the timescale being partly dependent on the speed of response of the relevant tax authorities.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021

24. ENDOWMENT FUNDS

	Movement in Funds			At 31 January 2021 £'000
	At 1 February 2020 £'000	Income and gains £'000	Expenditure and losses £'000	
Group and charity				
Permanent prize endowment funds				
Sheila Mossman Prize account	144	3	(10)	137
Ralph Bassett Prize account	111	3	(7)	107
Constance Haddon Prize account	127	3	(9)	121
Winifred Liversidge Prize account	128	3	(8)	123
Irene Lassen Bequest	468	12	(31)	449
Weinman/Duraisamy Prize	5	-	-	5
Sundry named prizes and general prizes account	294	7	(19)	282
	<u>1,277</u>	<u>31</u>	<u>(84)</u>	<u>1,224</u>
Expendable prize endowment funds				
Jardine Matheson Music scholarships	-	-	-	-
Gordon Bryan Fund	101	3	(6)	98
Alan Pickard Prize	25	1	(2)	24
Taylor White Gibbs Prize	156	4	(13)	147
	<u>282</u>	<u>8</u>	<u>(21)</u>	<u>269</u>
Total endowment funds	<u>1,559</u>	<u>39</u>	<u>(105)</u>	<u>1,493</u>
Interest receivable		39	-	
New prize donation			-	
Expenditure on prizes			(8)	
Unrealised loss on investments			(97)	
		<u>39</u>	<u>(105)</u>	
		Income and gains 2020 £'000	Expenditure and losses 2020 £'000	
Interest receivable and sundry income		44	-	
New prize donation		8	-	
Expenditure on prizes		-	(14)	
Unrealised gain on investments		151	-	
		<u>203</u>	<u>(14)</u>	

The endowment funds were established to provide prizes for musical achievements in ABRSM's examinations. For permanent prize endowment funds, unexpended income is accumulated as capital and added to the fund each year. Expendable prize endowment funds comprise unexpended balances of donations held on trust to be applied for specific purposes.

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NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
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25. RESTRICTED FUNDS

Restricted funds represents the Arts Council England grant towards a research project focused on improving learners' access to and progression in music education. The grant released in the year was £nil (2020: £5,000). The grant fully expended in the year amounted to £nil (2020: £5,000).

26. UNRESTRICTED FUNDS

Group	At 1 February 2020 £'000	Income £'000	Expenditure £'000	Transfers £'000	Contributions £'000	At 31 January 2021 £'000
Designated funds						
Development funds	6,871	-	(4,053)	1,000	-	3,818
General charitable funds	15,972	23,243	(30,295)	(1,000)	-	7,920
Total	<u>22,843</u>	<u>23,243</u>	<u>(34,348)</u>	<u>-</u>	<u>-</u>	<u>11,738</u>
Charity						
Designated funds						
Development funds	6,871	-	(4,053)	1,000	-	3,818
General charitable funds	15,961	17,331	(24,383)	(1,000)	-	7,909
Total	<u>22,832</u>	<u>17,331</u>	<u>(28,436)</u>	<u>-</u>	<u>-</u>	<u>11,727</u>

Designated funds represent development funds set aside for the development of ABRSM's digital infrastructure and development of overseas markets.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021

27. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances as at 31 January 2021 are represented by:

Group	Unrestricted Funds (including Pension Reserve) £'000	Prize Endowment Funds £'000	Total 2021 £'000
Tangible assets	2,155	-	2,155
Investments	-	1,336	1,336
Current assets	18,878	166	19,044
Current liabilities	(7,986)	(9)	(7,995)
Non-current liabilities	(612)	-	(612)
Provisions	(697)	-	(697)
Net assets before pension deficit	11,738	1,493	13,231
Pension deficit	(26,419)	-	(26,419)
Total net (liabilities)/assets after pension deficit & provisions	<u>(14,681)</u>	<u>1,493</u>	<u>(13,188)</u>
Charity			
Tangible assets	2,155	-	2,155
Investments	782	1,336	2,118
Current assets	17,648	166	17,814
Current liabilities	(7,549)	(9)	(7,558)
Non-current liabilities	(612)	-	(612)
Provisions	(697)	-	(697)
Net assets before pension deficit & provisions	11,727	1,493	13,220
Pension deficit	(26,419)	-	(26,419)
Total net (liabilities)/assets after pension deficit & provisions	<u>(14,692)</u>	<u>1,493</u>	<u>(13,199)</u>
Group and Charity			
Unrealised gains included above on investment assets (see note below)	-	681	681
Unrealised gains as at 1 February 2020	-	778	778
Net (loss)/gain arising from revaluations in the year	-	(97)	(97)
Unrealised gains as at 31 January 2021	<u>-</u>	<u>681</u>	<u>681</u>

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
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FOR THE YEAR ENDED 31 JANUARY 2021

28. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2021 £'000	2020 £'000
Net (deficit)/income for the reporting period:	(8,052)	7,568
Depreciation charge	359	439
Loss on disposal of fixed assets	-	3
Interest received	(66)	(210)
Loss/(gain) on investments	97	(151)
(Increase)/decrease in stocks	(24)	(125)
Decrease/(increase) in debtors	8,774	(3,127)
(Decrease)/increase in creditors	(426)	(483)
(Decrease)/increase in provisions	(57)	68
Net cash movement in pension deficit	(3,004)	(2,787)
Net cash (outflow)/inflow provided by operating activities	(2,399)	1,195

29. ANALYSIS OF CHANGES IN NET DEBT

	At 1 st February 2020 £'000	Cash flows £'000	New finance lease £'000	At 31 st January 2021 £'000
Cash and cash equivalents				
Cash	7,486	4,792	-	12,278
Cash equivalents	6,081	(4,450)	-	1,631
	<u>13,567</u>	<u>342</u>	<u>-</u>	<u>13,909</u>
Borrowings				
Finance lease	-	59	(224)	(165)
	<u>-</u>	<u>59</u>	<u>(224)</u>	<u>(165)</u>
TOTAL	<u>13,567</u>	<u>401</u>	<u>(224)</u>	<u>13,744</u>

30. FINANCIAL COMMITMENTS

Scholarships

Scholarships awarded for which no provision has been made in these accounts are expected to become payable as follows:-

	2021 £'000	2020 £'000
Year ending 31 January 2021	-	1,086
Year ending 31 January 2022	1,072	715
Year ending 31 January 2023	725	346
Year ending 31 January 2024	352	178
Year ending 31 January 2025	177	-
	<u>2,326</u>	<u>2,325</u>

All scholarships offered by the balance sheet date for the current academic year are provided in full. Awards for future years are subject to review and authorisation by ABRSM each year and are therefore not included in provisions as at the balance sheet date.

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30. FINANCIAL COMMITMENTS (continued)

Other Financial Commitments

At 31 January 2021 the group and charity had future total minimum operating lease payments as follows:

	Land and buildings		Other	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
One year	1,207	1,207	219	224
Two to five years	4,827	4,827	150	369
Over five years	2,962	4,169	-	-
	<u>8,996</u>	<u>10,203</u>	<u>369</u>	<u>593</u>

The total future minimum finance lease payments as the end of the reporting period are as follows:

	Group		Charity	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Not later than one year	66	-	66	-
Later than one year and not later than five years	99	-	99	-
	<u>165</u>	<u>-</u>	<u>165</u>	<u>-</u>

31. TRANSACTIONS WITH RELATED PARTIES

ABRSM made contributions of £nil (2020: £1,400,000) to each of four Royal Schools of Music or their charitable trusts. Two representatives from each of these organisations sit on the Governing Body.

ABRSM was party to a number of financial transactions with its trading subsidiary, ABRSM Publishing during the year as follows:

	2021	2020
	£'000	£'000
Charged by ABRSM to ABRSM Publishing:		
Administrative expenses recharged	13	69
Pension costs recharged	483	495
Loan interest	17	21
Management charge	2,082	2,043
Copyright charge	378	386
Charged by ABRSM Publishing to ABRSM:		
Paper stock recharged	-	10
Printed music and recordings	6	5
Gift aid donation from ABRSM Publishing to ABRSM:	1,309	1,801
Balance at the year end:		
Due to ABRSM from ABRSM Publishing	3,853	4,299
Due from ABRSM to ABRSM Publishing	4	10

During the year Profession Colin Lawson was paid £nil (2020: £110) in royalties by ABRSM (Publishing) Limited on normal commercial terms. The balance outstanding at the year end was £nil (2020: £110).

There have been no other related party transactions during the year.

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32. FINANCIAL INSTRUMENTS

ABRSM has the following financial instruments which are included at fair value through the statement of financial activities:

	2021	2020
	£'000	£'000
Financial assets at fair value through the statement of financial activities:		
Forward foreign currency contracts (notional amount)	-	7,299
Forward foreign currency contracts (fair value)	-	(115)
Investments	<u>1,336</u>	<u>1,433</u>

ABRSM uses foreign currency forward contracts to reduce its exposure to exchange rate movements.

At the balance sheet date there were no contracts in place for the forward sale of anticipated receipts of foreign currencies.

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33. PENSION SCHEMES

The charity operates two pension schemes; a group stakeholder pension plan and a defined benefit scheme.

From 1 February 2014, qualifying staff joining ABRSM are auto enrolled into the group stakeholder pension plan provided by Scottish Equitable plc under the brand name Aegon (Financial Services Register number 165548). Contributions are recognised in the Statement of Financial Activities in the year in which they are earned. The minimum employee contribution is 3% of basic salary. ABRSM contributes 5% of basic salary. Each percentage increase in the employee contribution is matched by ABRSM up to a maximum employer contribution of 10%.

The defined benefit scheme was established to provide retirement benefits for the charity's employees based upon final pensionable salaries for those joining before 6 April 2006 or career average salaries for those joining from 6 April 2006. On 1 April 2013 all members of the final salary section of the scheme transferred to the career average section of the scheme. The assets of the scheme are held separately from those of the charity. The scheme closed on 31 December 2018 to future accrual. Active members had the option to join the organisation's group stakeholder pension scheme at 1 January 2019.

Contributions payable are determined on the basis of triennial valuations carried out by a qualified actuary. The charity's contributions are charged as resources and expended in the year in which contributions are made. The charity ceased contributions for the accrual of future benefits from 1 January 2019.

The pension service costs for the year were £nil (2020: £nil). The present value of the scheme liabilities includes £733,000 (2020: £720,000), carried forward from the prior years as an estimate of the past service cost of GMP equalisation.

These accounts reflect the requirements of FRS102.

The economic assumptions listed below have been calculated by a qualified independent actuary. They are based on market conditions as at 31 January 2021 but have been derived using the methodology set out in FRS102.

- The discount rate has been derived using a corporate bond yield curve approach as required by FRS102. The iBoxx over 15 year corporate AA rated bond index had a yield of 1.51% per annum as at 31 January 2021. This index has a duration of around 22.5 years, which is slightly longer than the duration of the Scheme's liabilities. Last year, the discount rate was the yield on the iBoxx over 15 year corporate bond index plus an addition to reflect the upward sloping nature of the yield curve. As the shape of the gilt yield curve is similar this year, the same approach has been used, resulting in a discount rate of 1.5% per annum.
- Retail price inflation (RPI) has been derived from the spot inflation rates published by the Bank of England. At duration of 21.5 years, the spot rate for inflation is 3.28% per annum as at 31 January 2021. An RPI increase assumption of 3.3% has been used.
- Consumer price inflation has been reduced to 0.7% below RPI, resulting in a CPI increase assumption of 2.6%.
- No estimated salary increases due to the scheme closure at 31 December 2018.
- Increases to pensions in payment which are related to price inflation have been taken to increase in line with the RPI assumption or the annual increase cap, whichever is lower.
- Increases to deferred pensions which are related to price inflation have been taken to increase in line with the CPI assumption, or the cap, whichever is the lower.
- Commutation of pension by members estimated at 25%, allowing for an increase in commutation rates since the actuarial valuation.

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33. PENSION SCHEMES (continued)

The principal actuarial assumptions used per annum are:

	2021	2020
Discount Rate	1.5%	1.8%
Retail price inflation	3.3%	3.2%
Consumer price inflation	2.6%	2.4%
Increases to pensionable earnings	n/a	n/a
Increases to pensions in payment		
Earned up to 31 December 2001	5.0%	5.0%
Earned from 1 January 2002 to 5 April 2005	3.3%	3.2%
Earned from 6 April 2005	2.5%	2.5%
Pre-retirement increases for deferred pensions		
Earned before 6 June 2009	2.6%	2.4%
Earned from 6 June 2009	2.5%	2.4%

Reconciliation of funded status to balance sheet

	£'000	£'000
Present value of liabilities	(75,661)	(69,209)
Fair value of plan assets	49,242	43,090
Deficit	<u>(26,419)</u>	<u>(26,119)</u>

Assets

	2021 £'000	Weight %	2020 £'000	Weight %
Equities	29,211	59.3	23,625	54.8
Bonds	18,776	38.1	18,161	42.2
Cash (including dividends receivable)	1,255	2.6	1,304	3.0
Total market value of assets	<u>49,242</u>	<u>100.0</u>	<u>43,090</u>	<u>100.0</u>

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
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33. PENSION SCHEMES (continued)

The amounts recognised in the Statement of Financial Activities are as follows:	2021	2020
	£'000	£'000
Interest expense	1,237	1,619
Interest income	(798)	(1,038)
Pension Finance charge	439	581
Employer's deficit contributions	(3,443)	(3,368)
Defined Benefit Pension Adjustment	(3,443)	(3,368)

Changes in the present value of the Defined Benefit Obligation (DBO) during the year are as follows:

Year ending 31 January:	2021	2020
	£'000	£'000
Present value of the liabilities as at the start of year	69,209	58,348
Current service cost	-	-
Contributions by the members	-	-
Interest expense	1,237	1,619
Past service cost	-	-
Re-measurement – effect of experience adjustments loss	(42)	1,192
Re-measurement – effect of changes in assumptions loss/(gain)	6,181	9,073
Benefits paid	(924)	(1,023)
Present value of the liabilities as at the end of year	75,661	69,209

Changes in the fair value of assets during the year are as follows:

Year ending 31 January:	2021	2020
	£'000	£'000
Fair value of plan assets as at start of year	43,090	35,886
Interest income	798	1,038
Re-measurement – return on plan assets excluding interest income	2,835	3,821
Employer's normal contributions	-	-
Employer's deficit contributions	3,443	3,368
Contributions by the members	-	-
Benefits paid	(924)	(1,023)
Fair value of plan assets as at end of year	49,242	43,090
Actual return on plan assets gain/(loss)	3,633	4,859

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33. PENSION SCHEMES (continued)

Based on current pensionable earnings and the deficit recovery plan agreed in 2019, the employer's deficit recovery contributions expected to be paid to the Scheme for the year ending 31 January 2022 amounts to £3,489,000 (2020: £3,450,000).

Amounts for the current and previous four periods are as follows:

As at 31 January:	2021	2020	2019	2018	2017
	£'000	£'000	£'000	£'000	£'000
Present value of the liabilities	(75,661)	(69,209)	(58,348)	(57,177)	(54,780)
Fair value of plan assets	49,242	43,090	35,886	35,986	32,789
Deficit	(26,419)	(26,119)	(22,462)	(21,191)	(21,991)
Re-measurement – Effect of experience adjustment on scheme liabilities gain/(loss)	42	(1,192)	(18)	(147)	930
Re-measurement – Effect of change in assumption on scheme liabilities gain/(loss)	(6,181)	(9,073)	330	(879)	(11,041)
Re-measurement – Return on plan assets excluding interest income gain/(loss)	2,835	3,821	(1,548)	1,344	1,872
FRS102 adjustment	(3,304)	(6,444)	(1,236)	318	(8,239)

Volatility of FRS102

The results disclosed above are inherently volatile. This is because the liabilities have been calculated by discounting the benefits using the yield on a suitable AA-rated corporate bond, whereas the scheme does not invest solely in high quality corporate bonds. To that extent there is, for FRS102 purposes, a 'mismatch' between the assets and liabilities, which means that the assets and liabilities (and hence the surplus or deficit) can be volatile between different accounting periods, depending on general movements in the market.

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34. CHARITY STATEMENT OF FINANCIAL ACTIVITY

	Notes	Unrestricted Funds £'000	Pension Reserve (note 33) £'000	Restricted & Endowment Funds £'000	Total Funds 2021 £'000	Total Funds 2020 £'000
INCOME & ENDOWMENTS FROM:						
Charitable activities:						
Examinations	3	15,349	-	-	15,349	48,163
Teacher Support	4	42	-	-	42	117
Other trading activities:						
Covenant from subsidiary		1,309	-	-	1,309	1,801
Copyright fees		378	-	-	378	386
Investments	5	40	-	39	79	203
Other		328	-	-	328	279
Total income		<u>17,446</u>	<u>-</u>	<u>39</u>	<u>17,485</u>	<u>50,949</u>
EXPENDITURE ON:						
Charitable Activities						
Examinations		26,904	(3,434)	8	23,478	41,085
Teacher Support		240	(9)	-	231	431
Scholarships	10	1,048	-	-	1,048	1,053
Music education	11,12	244	-	-	244	382
		<u>28,436</u>	<u>(3,443)</u>	<u>8</u>	<u>25,001</u>	<u>42,951</u>
Pension finance charge	8	-	439	-	439	581
Total expenditure		<u>28,436</u>	<u>(3,004)</u>	<u>8</u>	<u>25,440</u>	<u>43,532</u>
Net (loss)/gain on investment	17	-	-	(97)	(97)	151
Net income		<u>(10,990)</u>	<u>3,004</u>	<u>(66)</u>	<u>(8,052)</u>	<u>7,568</u>
Other recognised gains/(losses):						
Actuarial loss on pension scheme	33	-	(3,304)	-	(3,304)	(6,444)
(Loss)/gain on forward contract revaluation		(115)	-	-	(115)	311
Total comprehensive income		<u>(11,105)</u>	<u>(300)</u>	<u>(66)</u>	<u>(11,471)</u>	<u>1,435</u>
RECONCILIATION OF FUNDS:						
Balance brought forward		22,832	(26,119)	1,559	(1,728)	2,437
Total comprehensive income		(11,105)	(300)	(66)	(11,471)	1,435
Contributions to Royal Schools of Music	11	-	-	-	-	(5,600)
Balance carried forward		<u>11,727</u>	<u>(26,419)</u>	<u>1,493</u>	<u>(13,199)</u>	<u>(1,728)</u>

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35. COMPARATIVE GROUP STATEMENT OF FINANCIAL ACTIVITY FOR YEAR ENDED 31 JANUARY 2020

	Unrestricted Funds	Pension Reserve	Restricted & Endowment Funds	Total Funds 2020
	£'000	£'000	£'000	£'000
INCOME & ENDOWMENTS FROM:				
Charitable activities				
Examinations	48,163	-	-	48,163
Teacher Support	117	-	-	117
Other trading activities:				
Publishing sales	8,240	-	-	8,240
Investments	166	-	44	210
Other	266	-	13	279
Total income	<u>56,952</u>	<u>-</u>	<u>57</u>	<u>57,009</u>
EXPENDITURE ON:				
Charitable Activities				
Examinations	44,481	(3,360)	14	41,135
Teacher Support	439	(8)	-	431
Scholarships	1,053	-	-	1,053
Music education	377	-	5	382
Other trading activities:				
Publishing	6,010	-	-	6,010
	<u>52,360</u>	<u>(3,368)</u>	<u>19</u>	<u>49,011</u>
Pension finance charge	<u>-</u>	<u>581</u>	<u>-</u>	<u>581</u>
Total expenditure	<u>52,360</u>	<u>(2,787)</u>	<u>19</u>	<u>49,592</u>
Net gain/(loss) on investment	<u>-</u>	<u>-</u>	<u>151</u>	<u>151</u>
Net income/(expenditure)	<u>4,592</u>	<u>2,787</u>	<u>189</u>	<u>7,568</u>
Other recognised gains/(losses):				
Actuarial loss on pension scheme	-	(6,444)	-	(6,444)
Gain/(loss) on forward contract revaluation	311	-	-	311
Total comprehensive income	<u>4,903</u>	<u>(3,657)</u>	<u>189</u>	<u>1,435</u>
RECONCILIATION OF FUNDS:				
Balance brought forward	23,540	(22,462)	1,370	(3,152)
Total comprehensive income	4,903	(3,657)	189	1,435
Contributions to Royal Schools of Music	(5,600)	-	-	(5,600)
Balance carried forward	<u><u>22,843</u></u>	<u><u>(26,119)</u></u>	<u><u>1,559</u></u>	<u><u>(1,717)</u></u>

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36. COMPARATIVE GROUP ANALYSIS OF EXPENDITURE FOR YEAR ENDED 31 JANUARY 2020

	Direct Charitable £'000	Support Costs £'000	Staff Costs £'000	Depreciation £'000	Total 2020 £'000
Charitable activities:					
Examinations	23,824	9,487	7,427	397	41,135
Teacher Support	9	290	127	5	431
Scholarship payments	1,053	-	-	-	1,053
Music education	377	-	5	-	382
Publishing	2,833	881	2,259	37	6,010
	<u>28,096</u>	<u>10,658</u>	<u>9,818</u>	<u>439</u>	<u>49,011</u>
Pension finance charge	-	-	581	-	581
	<u>28,096</u>	<u>10,658</u>	<u>10,399</u>	<u>439</u>	<u>49,592</u>

37. COMPARATIVE GROUP ANALYSIS OF SUPPORT COSTS FOR YEAR ENDED 31 JANUARY 2020

	Examinations £'000	Teacher Support £'000	Publishing £'000	Total 2020 £'000
Exam Support	1,181	-	-	1,181
IT including software development	3,932	26	316	4,274
Sales and Marketing	949	236	162	1,347
Finance	137	-	3	140
Facilities	1,807	24	171	2,002
Governance	199	-	16	215
HR & other management	1,282	4	213	1,499
	<u>9,487</u>	<u>290</u>	<u>881</u>	<u>10,658</u>

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38. COMPARATIVE MOVEMENT OF ENDOWMENT FUNDS FOR YEAR ENDED 31 JANUARY 2020

	At 1 February 2019 £'000	Income and gains £'000	Expenditure and losses £'000	At 31 January 2020 £'000
Group and charity				
Permanent prize endowment funds				
Sheila Mossman Prize account	129	17	(2)	144
Ralph Bassett Prize account	97	14	-	111
Constance Haddon Prize account	108	21	(2)	127
Winifred Liversidge Prize account	113	16	(1)	128
Irene Lassen Bequest	409	59	-	468
Weinman/Duraisamy Prize	4	1	-	5
Sundry named prizes and general prizes account	260	36	(2)	294
	<u>1,120</u>	<u>164</u>	<u>(7)</u>	<u>1,277</u>
Expendable prize endowment funds				
Jardine Matheson Music scholarships	1	3	(4)	-
Gordon Bryan Fund	88	13	-	101
Alan Pickard Prize	22	3	-	25
Taylor White Gibbs Prize	139	20	(3)	156
	<u>250</u>	<u>39</u>	<u>(7)</u>	<u>282</u>
Total endowment funds	<u>1,370</u>	<u>203</u>	<u>(14)</u>	<u>1,559</u>
Interest receivable		44	-	
New prize donation		8	-	
Expenditure on prizes		-	(14)	
Unrealised gain on investments		<u>151</u>	-	
		<u>203</u>	<u>(14)</u>	

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39. COMPARATIVE MOVEMENT OF UNRESTRICTED FUNDS FOR YEAR ENDED 31 JANUARY 2020

Group	At 1 February 2019 £'000	Income £'000	Expenditure £'000	Transfers £'000	Contributions £'000	At 31 January 2020 £'000
Designated funds						
Development funds	8,458	-	(3,087)	1,500	-	6,871
General charitable funds	15,082	57,263	(49,273)	(1,500)	(5,600)	15,972
Total	<u>23,540</u>	<u>57,263</u>	<u>(52,360)</u>	<u>-</u>	<u>(5,600)</u>	<u>22,843</u>
Charity						
Designated funds						
Development funds	8,458	-	(3,087)	1,500	-	6,871
General charitable funds	15,071	51,203	(43,213)	(1,500)	(5,600)	15,961
Total	<u>23,529</u>	<u>51,203</u>	<u>(46,300)</u>	<u>-</u>	<u>(5,600)</u>	<u>22,832</u>

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40. COMPARATIVE ANALYSIS OF NET ASSETS BETWEEN FUNDS FOR YEAR ENDED 31 JANUARY 2020

Group	Unrestricted Funds (including Pension Reserve) £'000	Prize Endowment Funds £'000	Total 2020 £'000
Tangible assets	2,290	-	2,290
Investments	-	1,433	1,433
Current assets	30,169	132	30,301
Current liabilities	(8,364)	(6)	(8,370)
Non-current liabilities	(498)	-	(498)
Provisions	(754)	-	(754)
	<u>22,843</u>	<u>1,559</u>	<u>24,402</u>
Net assets before pension deficit	22,843	1,559	24,402
Pension deficit	(26,119)	-	(26,119)
	<u>(3,276)</u>	<u>1,559</u>	<u>(1,717)</u>
Charity			
Tangible assets	2,290	-	2,290
Investments	782	1,433	2,215
Current assets	28,932	132	29,064
Current liabilities	(7,920)	(6)	(7,926)
Non-current liabilities	(498)	-	(498)
Provisions	(754)	-	(754)
	<u>22,832</u>	<u>1,559</u>	<u>24,391</u>
Net assets before pension deficit & provisions	22,832	1,559	24,391
Pension deficit	(26,119)	-	(26,119)
	<u>(3,287)</u>	<u>1,559</u>	<u>(1,728)</u>
Group and Charity			
Unrealised gains included above on investment assets (see note below)	-	778	778
	<u>-</u>	<u>778</u>	<u>778</u>
Unrealised gains as at 1 February 2019	-	627	627
Net gain/(loss) arising from revaluations in the year	-	151	151
	<u>-</u>	<u>778</u>	<u>778</u>
Unrealised gains as at 31 January 2020	-	778	778
	<u>-</u>	<u>778</u>	<u>778</u>