

**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

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Frances Anderson, M.SOC.SC(URS); BSc (ECON)

Baroness Fleet CBE

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(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

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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
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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

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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

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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.

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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).

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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.

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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 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 officer and supervision in place to ensure compliance with Ofqual, CCEA and Quals Wales regulations.</p> <p><u>Mandatory GDPR training and policies are in place.</u></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.

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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.

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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, 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.

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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.

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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.

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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, reading "Tony Hales". The signature is written in a cursive, flowing style.

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		23,358	-	39	23,397	57,009
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
		34,348	(3,443)	8	30,913	49,011
Pension finance charge	8	-	439	-	439	581
Total expenditure	8	34,348	(3,004)	8	31,352	49,592
Net (loss)/gain on investment	17	-	-	(97)	(97)	151
Net income/(expenditure)		(10,990)	3,004	(66)	(8,052)	7,568
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		(11,105)	(300)	(66)	(11,471)	1,435
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		11,738	(26,419)	1,493	(13,188)	(1,717)

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	(7,995)	(8,370)	(7,558)	(7,926)
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		<u>13,231</u>	<u>24,402</u>	<u>13,220</u>	<u>24,391</u>
PENSION FUND DEFICIT	33	(26,419)	(26,119)	(26,419)	(26,119)
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 £'000	2020 £'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><u>15,349</u></u>	<u><u>48,163</u></u>
Total income	17,196	51,391
Less: examination fees received in advance (note 21)	<u>(1,847)</u>	<u>(3,228)</u>
	<u><u>15,349</u></u>	<u><u>48,163</u></u>

Deferred fee income:

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

	2021 £'000	2020 £'000
Fees in advance as at 1 February 2020	3,228	3,777
Less fees due for examinations taken in the year	<u>(3,228)</u>	<u>(3,777)</u>
Fees received with respect to future examination periods (note 21)	1,847	3,228
	<u><u>1,847</u></u>	<u><u>3,228</u></u>

4. TEACHER SUPPORT REVENUE

	2021 £'000	2020 £'000
Analysis by geographical market:		
United Kingdom and Ireland	39	24
Overseas	<u>3</u>	<u>93</u>
Total income	<u><u>42</u></u>	<u><u>117</u></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	2020	2021	2020
	£'000	£'000	£'000	£'000
Interest receivable from:				
Unrestricted funds	27	166	40	159
Prize endowment funds	39	44	39	44
	66	210	79	203

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	2020
	£'000	£'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	3,779	4,246

The aggregate amount of the subsidiary's assets, liabilities and funds as at 31 January 2021, excluding intercompany balances, were as follows:

	2021	2020
	£'000	£'000
Total net assets	4,643	5,083

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	2020
	£'000	£'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	2020
	£'000	£'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 £'000	2020 £'000
Arts Council England Grant	-	5
	<u>-</u>	<u>5</u>

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

14. NET INCOME FOR THE YEAR

	2021 £'000	2020 £'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 £'000	2020 £'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 No.	2020 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
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021

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).

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021

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>1,499</u>	<u>229</u>	<u>427</u>	<u>2,155</u>
At 31 January 2020	<u>1,701</u>	<u>74</u>	<u>515</u>	<u>2,290</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)	-	1,336	1,336	1,433
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>

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021

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
	873	849

19. DEBTORS

	Group		Charity
	2021	2020	2021
	£'000	£'000	£'000
Trade debtors	761	1,142	287
Overseas representatives	2,130	9,583	2,130
Amounts due from subsidiary	-	-	3,849
Other debtors	403	1,153	231
Forward currency contracts at fair value	-	115	-
Prepayments and accrued income	968	1,158	943
	4,262	13,151	7,440
	15,225		15,225

20. CURRENT ASSET INVESTMENTS

	Group		Charity
	2021	2020	2021
	£'000	£'000	£'000
Cash held on deposit			
greater than 3 months	-	2,734	-
less than 3 months	1,631	6,081	1,631
	5,581		5,581

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.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021

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
	7,995	8,370	7,558	7,926

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
	612	498	612	498

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	697	697

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

	At 1 February 2020 £'000	Movement in Funds 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	-	
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.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021

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	(14,681)	1,493	(13,188)
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	(14,692)	1,493	(13,199)
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	-	681	681

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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	-	-
	8,996	10,203	369	593

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	-
	165	-	165	-

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 £'000	2020 £'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	Weight	2020	Weight
	£'000	%	£'000	%
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 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'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		17,446	-	39	17,485	50,949
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
		28,436	(3,443)	8	25,001	42,951
Pension finance charge	8	-	439	-	439	581
Total expenditure		28,436	(3,004)	8	25,440	43,532
Net (loss)/gain on investment	17	-	-	(97)	(97)	151
Net income		(10,990)	3,004	(66)	(8,052)	7,568
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		(11,105)	(300)	(66)	(11,471)	1,435
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		11,727	(26,419)	1,493	(13,199)	(1,728)

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35. COMPARATIVE GROUP STATEMENT OF FINANCIAL ACTIVITY FOR YEAR ENDED 31 JANUARY 2020

	Unrestricted Funds £'000	Pension Reserve £'000	Restricted & Endowment Funds £'000	Total Funds 2020 £'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	-	581	-	581
Total expenditure	<u>52,360</u>	<u>(2,787)</u>	<u>19</u>	<u>49,592</u>
Net gain/(loss) on investment	-	-	151	151
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
Total	<u><u>28,096</u></u>	<u><u>10,658</u></u>	<u><u>10,399</u></u>	<u><u>439</u></u>	<u><u>49,592</u></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)
Net assets before pension deficit	22,843	1,559	24,402
Pension deficit	(26,119)	-	(26,119)
Total net (liabilities)/assets after pension deficit & provisions	(3,276)	1,559	(1,717)
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)
Net assets before pension deficit & provisions	22,832	1,559	24,391
Pension deficit	(26,119)	-	(26,119)
Total net (liabilities)/assets after pension deficit & provisions	(3,287)	1,559	(1,728)
Group and Charity			
Unrealised gains included above on investment assets (see note below)	-	778	778
Unrealised gains as at 1 February 2019	-	627	627
Net gain/(loss) arising from revaluations in the year	-	151	151
Unrealised gains as at 31 January 2020	-	778	778