

**THE ASSOCIATED BOARD OF THE
ROYAL SCHOOLS OF MUSIC
REPORTS AND ACCOUNTS
FOR THE YEAR ENDED 31 JANUARY 2022**

CHARITY NUMBER (ENGLAND AND WALES):	292182
CHARITY NUMBER (SCOTLAND):	SC043343
COMPANY NUMBER:	01926395

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC

REFERENCE AND ADMINISTRATIVE INFORMATION

PATRON

HER MAJESTY THE QUEEN

PRESIDENT

H R H The Prince of Wales

GOVERNING BODY

Tony Hales, Chair, CBE, BSc

Frances Anderson, M.SOC.SC(URS), BSC (ECON), FRSA

Abdul Bhanji OBE, FCA

Baroness Fleet CBE

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

Nicola Irvine

Leslie Kwan

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

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

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

Bronwyn Syiek, MA (Cantab)

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

CHIEF EXECUTIVE

Chris Cobb BSc, FRSA

DEPUTY CHIEF EXECUTIVE

Penny Milsom, BA

EXECUTIVE DIRECTOR: STRATEGIC DEVELOPMENT

Professor Lincoln Abbotts FRSA, MBA, AdvCert (PCS), BMus, LTCL

CHIEF OPERATING OFFICER

Helen Coleman BA, MBA

CHIEF EXAMINER

Professor John Holmes MA, LRAM, Cert. Ed.

CHIEF DIGITAL OFFICER

James Halliwell BSc, MSc

SECRETARY TO THE GOVERNING BODY

Rachael Casstles

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

CHARITY NUMBER (ENGLAND AND WALES):	292182
CHARITY NUMBER (SCOTLAND):	SC043343
COMPANY NUMBER:	01926395
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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 2022

The members of the Governing Body (the 'Governors'), who are also directors of the company, present their annual report (incorporating the Strategic Report) for the year ended 31 January 2022, together with the audited financial statements for the year in accordance with the Charities Act 1993 as amended by the Charities Act 2011. They confirm that these comply with the requirements of the Companies Act 2006, the Company's Memorandum and Articles of Association and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard in the UK and Republic of Ireland (FRS102).

STATUS AND ADMINISTRATION

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

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

GOVERNING BODY, CHIEF EXECUTIVE AND MANAGEMENT STRUCTURE

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

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

New Governors are invited to meet Governors, the Chief Executive and other senior staff for their induction. These meetings are tailored to the needs of each Governor depending on their background, experience and expertise. The Governors in office from 1 February 2021 to the date of this report are listed below and, where applicable, their alternate directors ('Alternates').

Governors

Tony Hales CBE, Chair
Frances Anderson¹
Abdul Bhanji OBE¹ (appointed 24 November 2021)
Professor Jonathan Freeman-Attwood CBE

Jeremy Heap¹ (resigned 24 November 2021)
Nicola Irvine (appointed 18 March 2021)
Leslie Kwan (appointed 2 January 2022)
Professor Colin Lawson CBE
Professor Linda Merrick
David Roper, Deputy Chair (resigned 24 November 2021)
Professor Jeffrey Sharkey
Bronwyn Syiek¹
Baroness Fleet CBE
Damian Wisniewski, Deputy Chair

Alternates

Judith Barber (resigned 20 September 2021)
Karen Di Lorenzo (appointed 5 November 2021)

Kevin Porter
George Whalley

¹Frances Anderson, Abdul Bhanji and Bronwyn Syiek are independent Governors. Jeremy Heap was an independent Governor.

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(CONTINUED)
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GOVERNING BODY, CHIEF EXECUTIVE AND MANAGEMENT STRUCTURE (continued)

Finance & Business Development Committee Members

Damian Wisniewski, Chair (appointed 24 November 2021)
Tim Barton
Jeremy Heap, Chair (resigned 24 November 2021)
Alan Smith
Bronwyn Syiek
George Whalley

Audit & Risk Committee Members

David Roper, Chair (resigned 24 November 2021)
Abdul Bhanji, Chair (appointed 24 November 2021)
Sue Baines
Judith Barber (resigned 20 September 2021)
Karen Di Lorenzo (appointed 5 November 2021)
Eileen Mackay (resigned 10 June 2021)
John MacLeod (appointed 5 November 2021)
Rachel Harris
Frances Anderson

Music Education Advisory Committee

Professor Jeffrey Sharkey, Chair
Tony Hales CBE
Natasha Baldwin
Carolyn Baxendale
Frances Cummings
Barry Farrimond
Mirander Francis
Laura Gardiner
Rylan Gleave
Paul Harris
Karen Humphreys
John Hutchins
Gabriel Lee
Tim Plyming
Orphy Robinson
Jimmy Rotherham
Simon Toyne
Matt Wingfield

Remuneration Committee Members

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

Nominations Committee

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

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

Key Personnel

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

Chris Cobb, Chief Executive
Penny Milsom, Deputy Chief Executive
Professor Lincoln Abbotts, Executive Director: Strategic Development
Sue Cambridge, Executive Director: Finance & Corporate Services (Resigned 30 June 2021)
Helen Coleman, Chief Operating Officer
James Halliwell, Chief Digital Officer (Appointed 6 April 2021)
Professor John Holmes, Chief Examiner

Decision Making

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

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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 & Business Development Committee and then the Governing Body. The Corporate Plan sets out the strategic direction for ABRSM in the medium term which is then communicated to all staff.

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

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

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

The Nominations Committee is responsible for advising the Governing Body on the appointment of its members and its committees.

The Music Education Advisory Committee is responsible for advising the Senior Management Team and Governing Body on the direction of ABRSM's educational programmes and impact and for assisting ABRSM in ensuring the musical integrity, quality and relevance of ABRSM's offer in the context of a contemporary global landscape.

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

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

Governors' and Officers' Liability

Governors' liability is included in the combined business insurance policy and is purchased by authority contained within the Memorandum and Articles of Association, as permitted by Section 232(2) of the Companies Act 2006 and with the agreement of the Charity Commission. The total cost of Governors' and Officers' liability insurance was £2,100 (2021: £2,100).

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
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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.

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

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

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

By January 2026 we will have grown:

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

The following report explains in more detail how our objectives are achieved. Our main measurements of success continue to be the level of candidate numbers and turnover, the delivery of key targets for the launch of new products and services, digitally and in person, and reducing our carbon footprint. Additionally, the impact of the global pandemic in 2020 resulted in an increased focus on restoring the company's cash reserves and strengthening its resilience.

STRATEGIC REPORT

PRINCIPAL ACTIVITIES

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

The strategies adopted by ABRSM to meet its charitable objectives and thereby provide public benefit focus on four main areas of activity are:

1. To support and recognise excellence in music teaching;
2. To expand and enhance the ways we support and assess musical progression;
3. To partner strategically to support, deliver and advocate for excellence and participation in music education;
4. To protect the planet for future generations.

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

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

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STRATEGIC REPORT (continued)

ACHIEVEMENTS AND PERFORMANCE

Supporting and recognising excellence in music teaching

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

A calendar of webinar activity was delivered throughout the year, reaching over 10,000 people, focussing on introducing the Performance Grades and ARSM in 18 webinars. Another 25 bespoke presentations and INSET sessions were curated and delivered for partner organisations, schools and music services around the world.

Since identifying teacher development as a priority area, the Academic Director and Teacher Development Executive have collaborated to establish an ABRSM-customised Moodle site, with a virtual café and gallery space designed to foster a sense of community acting as a notional entry space to the learning area, where a variety of CPD courses will be available. Further development plans in 2022-23 are currently underway in collaboration with Commercial Team colleagues to bring the Moodle site to a wider audience.

This year also saw the design and build of a second Future Learn course based around post-pandemic reflection, to provide progression for the 28,000 learners from over 170 markets who engaged with the first Future Learn course, and potentially a bridge to our own Teacher Development Programme in the future. A pilot of a module in reflective practice was developed on our sandbox Moodle site, with partner Titus Learning. This was successful, with content built, delivered and evaluated and with good feedback.

Expanding and enhancing the ways we support and assess musical progression

The core activity of ABRSM, delivering music exams of a consistently high quality both in the UK and internationally, continued to be affected due to restrictions put in place as a result of Covid-19. During the year we continued to expand our offer of alternative and new format online examinations approved by Ofqual to meet our learners' needs both in the UK and internationally. There were 425,000 (2021: 218,000) ABRSM assessments in 2021-22, an increase of 95.0% on the prior year.

Although we were able to offer face to face practical and in person theory exams in the UK, we were unable to offer a significant number of these internationally due to government restrictions. However, we were able to offer our new suite of regulated examinations, the Performance Grades, launched in 2020, and available for all existing subjects from Grades 1-8. For these examinations learners make a video recording of themselves playing, which is then uploaded to a secure website and marked remotely by an ABRSM examiner. Performance Grades are equivalent in level of rigour and difficulty to Practical Grades and learners can switch between the two to progress through grades. In addition to this, a fully 'On Demand' model for candidates taking their Grades 1-5 Music Theory launched successfully in August 2021, on schedule and within budget. As an agreed strategic priority for 2021, the Theory On Demand (TOD) project, was mobilised to deliver a scalable On Demand solution for UK and International candidates as well as to provide a core platform to deliver future on demand products.

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

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(CONTINUED)
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ACHIEVEMENTS AND PERFORMANCE (continued)

UK and Ireland examinations

During 2021-22 a total of 204,000 (2021: 128,000) assessments were completed for ABRSM's Practical, Performance Grade, Diploma, Theory and Music Medals qualifications in the UK and Ireland, an increase of 59.4% on the prior year.

Due to Covid-19 restrictions the UK 2021 session for face-to-face Practical grades between January and March 2021 was cancelled, and Private Visits were reduced. Sessions later in the year were able to go ahead, albeit with a slightly reduced number of Public Venues. Online Theory Grades 1-5 were available to candidates on three selected dates in March 2021 and then an On Demand exam window opened successfully on 26 May and ran until 23 June. Paper-based Grade 6-8 Theory exams were delivered on selected dates in 2021. On 2 August 2021 a fully 'On Demand' model for candidates taking their Grades 1-5 Music Theory launched and is now the main route for these exams.

Assessments completed in Scotland make up 2.6% of the total (2021: 4.4%).

We aim to retain and attract candidates through a variety of corporate strategies including the release of new and refreshed qualifications and increasing customer engagement capacity along with new publications and digital learning apps.

We are assisted in delivering our examinations by volunteer Honorary Local Representatives (HLRs) who give their valuable time to help arrange and ensure the smooth running of exams in the UK. At the end of the year we had 194 HLRs assisting us in these roles. During the year 59 HLRs stepped down and 17 HLRs were newly recruited.

International examinations

During the year a total of 221,000 (2021: 90,000) international assessments were completed for ABRSM's Practical, Performance Grade, Diploma and Theory qualifications, an increase of 145.6% on prior year.

Covid-19 continued to impact on the delivery of face-to-face exams in international markets. We were able to run Practical Grades in a limited number of markets including Spain and Italy in November and December 2021.

A small cohort of candidates took Practical exams in Malaysia in January 2022 using a newly developed Facilitated Examiner model. Six Locally Trained examiners in Hong Kong and Singapore examined 415 candidates in December 2021 and January 2022.

Performance Grade exams first offered to our international markets in January 2021, have proved to be particularly popular during the year, as an alternative to the face to face exams.

Online Theory Grades 1-5 were available for the same window as for UK candidates between 26 May and ran until 23 June. This offer was for all territories except China and there were some capacity limits. From August 2021, in line with the UK, International Candidates now access the 'On Demand' model for candidates taking their Grades 1-5 Music Theory.

Paper-based Grade 6-8 Theory exams were delivered to most territories on selected dates in 2021.

At year end we had 129 (2021: 117) international representatives, covering 76 countries.

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(CONTINUED)
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ACHIEVEMENTS AND PERFORMANCE (continued)

Support for learners of music

This year saw the release of a new Woodwind syllabus, published in July 2021 for use from January 2022. The syllabus contains more pieces by composers from underrepresented groups, duets, removal of solo requirement and realigning of lists.

Our Singing for Musical Theatre suite was completed in January 2022, with aural tests and sight-singing specifically designed for Musical Theatre singers completing the suite of both Performance and Practical Grades up to Grade 8. The repertoire lists have once again been extended, this time with a specific focus on diversity in both composer background and on-stage personae.

Development of published and digital resources

Following the introduction of Online Theory in August 2020, we began to offer these exams partially on demand in May 2021, and then fully on demand from August 2021. This included translation of papers into 6 languages, devising a new bulk upload process to support this function, and developing new content with amended questions.

Publishing turnover for the year (including intra-group charges) was £6,833,000 (2021: £7,618,000). The decrease in turnover compared with the prior year related to the new piano syllabus released in 2020. The Publishing Company results (including intra-group charges) produced a gift aid payment of £755,000 (2021: £1,309,000) to ABRSM.

This year saw the continued development and improvement of our range of apps including:

- An Aural Trainer App update to top up content at Grades 1–5;
- New syllabus repertoire added to our Flute, Clarinet, and Saxophone Practice Partner Apps;
- Violin Scales Trainer App redesigned to match our Piano Scales Trainer App

Accessibility and Online Resources

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

ABRSM's website features localised content for every country in which we operate and responds automatically to each visitor's location in order to provide local exam entry, contact and event information. During the year to 31 January 2022 we had over 8,687,000 (2021: 6,716,000) visits from over 4,269,000 (2021: 3,100,000) unique visitors.

ABRSM, working closely with PwC, continues to develop and implement the organisation's ambitious digital transformation programme.

The next phase of development and continuous improvement work, including planned CRM development, together with improvements to website content and design, were implemented to improve the customer experience as well as reduce the volume of customer enquiries.

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ACHIEVEMENTS AND PERFORMANCE (continued)

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

Due to its financial situation, ABRSM was not able to make substantial charitable contributions to support the work of four Royal Schools of Music as it had done in prior years. Nevertheless, ABRSM maintained scholarships for UK-based and international students of the Royal Academy of Music, the Royal College of Music, the Royal Northern College of Music, the Royal Conservatoire of Scotland, the Royal Welsh College of Music and Drama and the Hong Kong Academy of Performing Arts. A total of 89 (2021: 91) scholars benefited from ABRSM funding during the year. Sponsorship and donations for the benefit of music education arising in the year to 31 January 2022 were £201,000 (2021: £244,000). Scholarships awarded totalled £1,086,000 (2021: £1,048,000) and included:

Royal Academy of Music

Supported by an ABRSM Scholarship, Annemarie Federle studies the French Horn at the Royal Academy of Music with Richard Watkins, David Pyatt and Martin Owen. At the age of 17, Annemarie won the Brass Category Final of the BBC Young Musician competition. In 2021, she won joint first prize at the Gianni Bergamo Classic Music Award and was a semi-finalist at the ARD International Music Competition in Munich, performing Mozart Horn Concerto No. 4 with the Munich Chamber Orchestra. Other recent highlights include performances at Lichfield Festival and as soloist with the National Youth Orchestra of Great Britain at Royal Festival Hall, as well as recording chamber music with Three World Records. Throughout 2021, Annemarie performed recitals across the UK as well as concertos with European Union Chamber Orchestra, London Repertoire Orchestra, among others. Annemarie is grateful for ABRSM's generous support and says, 'I have had an incredible time at the Academy so far and I am really looking forward to the rest of my years here. The Academy has really helped me to improve as a player, leading to opportunities such as playing in a patch with the Aurora Orchestra on Principal Horn in Beethoven 7, or playing Third Horn with the London Symphony Orchestra in December 2021. I would like to thank ABRSM for supporting the Academy and individuals like myself and enabling our generation to continue the music industry!'

Royal College of Music

Alim Beisembayev is a Master of Performance piano student currently in his second year at the Royal College of Music (RCM). In September 2021, Alim won the First Prize at the prestigious Leeds International Piano Competition. In Alim's words: 'Although many stars had to be aligned to reach this success, I believe my significant ABRSM funding played a big role in my achievement. ABRSM's financial help enabled me to support myself in London, which allowed me to completely focus on my studies, and I strongly believe this contributed to my success.' Since his competition success, Alim has had an exciting time being taken on by management company Askonas Holt, and an EP with Warner Classics was released soon after. Following his success, Alim played concertos with the Royal Liverpool Philharmonic, BBC Symphony Orchestra and most recently SWR Symphony Orchestra in Stuttgart. Alim also took on other engagements such as Mozart's C minor piano concerto with the BBC Symphony Orchestra with a week's notice, as well as stepping in to perform a lunchtime recital at the Wigmore Hall in December. In January 2022, Alim performed with Sir Antonio Pappano and the RCM Symphony Orchestra Ravel's piano concerto in G major. Alim has been able to rise to the challenges of combining a full performance schedule with full-time studies with support from the ABRSM and RCM, which he feels lucky to have at this important stage in his professional development. Alim thanks the ABRSM for its huge generosity, as this allowed him to chase his dreams of becoming a concert pianist.

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ACHIEVEMENTS AND PERFORMANCE (continued)

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

Royal Northern College of Music

Aaron Peters is a first-year BMus vocal and opera scholar from the UK who has immersed himself in all areas of study with great enthusiasm. He has taken part in performance classes at every opportunity and was fortunate to attend a masterclass given by Sir John Tomlinson. During the course of his singing lessons he has consistently improved his vocal technique and accumulated a variety of new repertoire, and has a bright future ahead of him. Marcelo Rodrigues is another first-year scholar, who came to the UK from Brazil with very limited financial resources to study the double bass at the RNCM. He has scored highly in his assessments to date and has made strong strides forwards under the guidance of his tutor, eager to make the very most of his ABRSM scholarship.

Royal Conservatoire of Scotland

Dominika Dawidowska is a classical guitarist from Poland currently enrolled in the fourth year of BMus at the Royal Conservatoire of Scotland. Dominika has been able to experience a varied student life surrounded by a team of great teachers and her talented classmates. She has performed in many solo and chamber music events during the past four years, highlights have included playing at the COP 26 conference when it was in Glasgow in 2021; she also worked with many distinguished musicians. ABRSM funding has enabled Dominika develop into an excellent young artist who has flourished, despite the interruption of the pandemic and one who looks forward to a life on the world's concert stages.

Other Support for Music Education

We have continued to work closely with partners, policy and decision makers to support the place and purpose of music, and of progression within music education during a very challenging year for teachers, learners and musicians generally.

We continued our research into the state of music making and learning culminating in the publication of our Making Music research report in November 2021.

Working to a brief from the Department for Education and directed by its Expert Panel of teachers, academics and music education specialists, we fulfilled our role as drafters of the Model Music Curriculum for England, a non-statutory guide to school music learning for all pupils between 5 and 14 years of age.

Initiatives funded by our Elevate Fund were stalled by the pandemic but restarted in January 2021. Informed by the findings of The Music Commission (published in 2019) they will further develop our network and institutional knowledge of ways to support progression in the most effective way.

We have continued to deliver against the commitments made in our Diversity & Inclusion Plan (published in October 2020) which sets out explicit goals, supported by measurable targets, to broaden the music we promote, commission, and publish, in order to recognise the richness of diverse music and our global identity, to acknowledge cultural diversity, and include composers from every section of society.

Despite the various lockdowns and ban on international travel, we found ways to collaborate to make music and bring the joy of music to our audiences. We offered inspiration and advice for learners, teachers and parents through the Play On platform on our website and our Global High Scorers Concerts have brought together performers from across the globe. We celebrated Make Music Day through a newly commissioned film celebrating the power of music to bring joy and to unite communities.

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ACHIEVEMENTS AND PERFORMANCE (continued)

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

We continued to support organisations through the pandemic. During the year we continued our partnerships with the National Youth Orchestra, the National Youth Choirs of Great Britain, the Royal Philharmonic Society, the London Music Fund, National Youth Jazz Orchestra, National Children's Orchestra of Great Britain and the National Open Youth Orchestra. Our sponsorship portfolio continues to reach a diverse range of music learners as we look to expand our geographical and social reach. We also continued to support the Commonwealth Resounds, the Commonwealth International Composition Award, which seeks to promote composition across the globe for under 18's.

Our International Sponsorship Fund supported organisations and projects in Haiti, Kenya, Mexico, the USA and Brazil. The ongoing challenges of the pandemic resulted in some changes to planned activity, including timeframes, but all programmes have been able to use the funding to provide opportunities for children, young people and adults to make, and progress, in music. Activities included a joint teacher training programme between organisations in the USA and Brazil, serving more than 100 string teachers in Rio de Janeiro state, as well as a scholarships programme for women musicians in Kenya attending conservatoire.

Prize Funds

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

Fundraising

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

Protecting the planet for future generations

We recognise a climate emergency is happening. As a global organisation bringing musical achievement to a young audience, we will engage our staff and the wider ABRSM community to protect the planet for future generations. We will adapt how we operate to reduce our impact on the environment and our long term goal is to cut our carbon emissions in half by 2030 and reduce them to net zero by 2050.

In 2021 we carried out a carbon audit of our activities and began to plan a series of projects over the next three years that will help us to manage our GHG emissions against targets that track the aims of the Paris Agreement on global temperature rise.

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FINANCIAL REVIEW

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

Total turnover of ABRSM and its UK subsidiary from examinations, publications, teacher support and investment income for the year amounted to £42,498,000 (2021: £23,397,000).

The operating profit for the year was £7,428,000 (2021 Restated: deficit of £6,099,000). The increase is due to the partial lifting of restrictions on face to face examinations as a result of Covid-19 and the continued success of our online examinations. The performance of the publishing company is set out in note 6 to the accounts.

The profit is stated after charging £2,722,000 (2021 Restated: £2,002,000) of amortisation costs in line with ABRSM's policy regarding the capitalisation of software development costs (note 2i). The digital transformation programme enabled ABRSM to deliver customer self-service in addition to offering both practical and theory examinations online, thereby considerably mitigating the potential impact of Covid-19 on the financial strength and future performance of the Group. Expenditure on the digital transformation programme had been treated as expenses when incurred in previous years but the accounting policy has been changed and a prior year adjustment has been included in this year's accounts the details of which are set out in note 40.

The Covid-19 pandemic continued during 2021 with restrictions on travel and indoor gatherings still in place in numerous countries across the world. Global travel restrictions reduced the ability of examiners to travel to the vast majority of international territories, including ABRSM's major markets. However, the Group was able to recover its income levels in 2021 to 74% of pre pandemic levels and return our annual results to a profit by delivering the following actions:

- Development of our online assessments has continued at pace, with On Demand Theory exams offered from May 2021 and On Demand Performance Grades currently under development.
- The international roll-out of the new online booking service and related IGME systems, continued in 2021 with customers in all target countries, apart from China, using the new online service by April.
- ABRSM continued, on a limited basis, to participate in the Government's Job Retention Scheme for staff roles relating to ABRSM's office space.
- ABRSM's offices were closed through to June 2021 and staff and the wider workforce of examiners, contributors, representatives and volunteers continued to work effectively online when necessary.

There is strong demand for the new digital assessments: Performance Grades and Online Theory. Practical examinations are now being offered in the UK together with practical examination visits which have been taking place throughout the year.

The improving financial position of ABRSM, reflecting our continued recovery from Covid, and the changing operational model introduced with the international online booking system, can be seen in the results in the balance sheet at 31 January 2022.

With the introduction of the online booking system and related receipt of income to the UK, international debtor levels from Representatives continue to reduce £1,136,000 (2021 £2,130,000). The increased cash receipts and improved financial stability have allowed us to increase the level of cash held on deposit to £6,988,000 (2021 £1,631,000).

During the year ABRSM made a payment on account of £6m to the ABRSM pension scheme. The pension scheme is able to earn a higher level of return on investment than ABRSM can achieve so this will support the future reduction of the pension deficit. Having taken this into account, the liquidity of the charity has nonetheless improved with cash at 31 January 2022 being £2m higher than forecast in November 2021, reflecting the improved outturn and enabling the charity to continue investing in its digital infrastructure and international development.

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FINANCIAL REVIEW (continued)

The level of creditors due within one year have increased to £10,227,000 (2021 £7,995,000). As a result of the changing examination booking process, ABRSM is now required to make commission payments to our International Representatives after the year end and the amount due has risen in line with income to £2,057,000 (2021 £1,185,000).

Further evidence of the lifting of restrictions on face to face examinations in the UK and the continued success of our online booking system worldwide is reflected in deferred income. This is income received from examination bookings relating to a period after the year end date and has risen to £3,069,000 (2021 £1,847,000).

Going Concern

The strong performance of the Group during the year ended 31 January 2022 has provided a firm foundation for the forthcoming year.

A budget has been set for the following year which shows the Group generating a surplus for the year. Reforecasts to the end of June 2023 have also been prepared based on likely and worst case scenarios. In both of these situations it is expected that the Group will continue with net positive current assets and total assets, along with sufficient positive cash balances. In the likely case a surplus is to be generated by the Group. These forecasts have been prepared taking account of recent cost of living rises and increases in global prices for energy such as gas and raw materials such as paper.

The charity is no longer solely reliant on the delivery of face to face examinations, having successfully developed and rolled out online alternatives of equal rigour and value which have been welcomed by its candidates. It is now much better placed to withstand any future travel disruptions as it is able to offer online assessments worldwide. Now that travel restrictions are easing, the charity is returning to offering face to face examinations worldwide together with online assessments, thereby offering more choice to candidates and appealing to a wider base of learners. While international travel remains limited this is not expected to significantly affect our ability to continue as a going concern due to the availability of our digital assessments.

Further actions are planned to increase resilience and reduce reliance on international travel by recruiting and training facilitators and examiners based in the country where the examinations take place.

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

The introduction of customer self-service means that examination fees are received sooner from international territories, reducing the amount of cash tied up in debtors, thereby improving the Group's cashflow and reducing its exposure to doubtful debts.

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

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FINANCIAL REVIEW (continued)

Investment Selection Policy and Performance

On the incorporation of the Associated Board in 1985, it was decided that the publishing business of ABRSM should be transferred to a wholly owned subsidiary, The Associated Board of the Royal Schools of Music (Publishing) Limited. This company granted an unsecured loan note to ABRSM as consideration for the transfer of the publishing business. ABRSM receives interest on this loan note at 2% above the bank base rate. Additionally, the subsidiary company pays royalties to ABRSM on copyrights owned by ABRSM. Finally, it donates its taxable profits to ABRSM under a deed of covenant, which amounted to £755,000 (2021: £1,309,000). This is a long-term investment held for the benefit of ABRSM and integrated within ABRSM's operations utilising the intellectual property contained in ABRSM's syllabus listings, which are periodically refreshed.

ABRSM occasionally receives sums of money to provide for prizes for candidates performing well in its examinations. In order to maintain the real value of these gifts it invests a significant proportion of the Prize Endowment Funds in Blackrock Charities UK Bond and Equity Common Investment Funds. At 31 January 2022 these had a cost of £779,000 and a market valuation of £1,578,000 (2021: £655,000 and £1,336,000 respectively), reflecting an increase in market values of 8.9% over the prior year, (2021: net decrease of 4.3%).

All other surplus liquid funds held by ABRSM are placed on deposit to safeguard the funds involved and to earn interest until such time as they are needed to meet the expenditure involved in ABRSM's operations. The interest earned on these deposits during the year was £8,000 (2021: £27,000).

Principal Risks and Uncertainties

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

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

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

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FINANCIAL REVIEW (continued)

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

Risks What are the key risks facing ABRSM?	Management and mitigation What is ABRSM doing to reduce the likelihood or minimise the impact of these risks occurring?
Cyber attack, major incident or technology failure leading to loss of data and business interruption	<p>Management regularly seeks and acts on external advice to ensure it remains up to date with the possible causes and best mitigating actions to address this risk. The mitigating actions include:</p> <p>Business Continuity and Disaster Recovery plans in place.</p> <p>Cyber Essentials Plus Accreditation renewed annually.</p> <p>Mandatory Security Awareness training for all staff</p> <p>Dual Authentication for remote access</p> <p>Automatic 3rd party security patch management</p> <p>Advanced Firewall security</p> <p>Support contract in place with PwC</p>
Changes to UK and relevant overseas legislation and regulatory conditions leading to curtailment of activities, reputational damage and/or financial penalties.	<p>Annual reviews of tax legislation in major territories performed by expert advisors.</p> <p>Prompt action taken when concerns raised by local representatives.</p> <p>Compliance specialist and governance in place to ensure compliance with Ofqual, CCEA and Quals Wales regulations.</p> <p>Mandatory GDPR training and policies are in place and procedures reviewed for fitness for purpose.</p>
The effective supervision and controls around working in an educational setting with children, including remote proctoring of recorded assessments which involve supplier staff, examiners and ABRSM staff reviewing candidates and their environment.	<p>ABRSM considers safeguarding to be of the utmost importance and maintains a zero-tolerance approach to dealing with safeguarding issues. It maintains a culture of vigilance throughout its activities. Mitigating actions include:</p> <p>Trained Designated Safeguarding Person and deputies on constant cover reporting to CEO and an organisation-wide safeguarding review committee</p> <p>Safer recruitment in education framework followed, DBS checks and cycle of renewal</p> <p>All staff and Trustee training</p> <p>Safeguarding and child protection policies reviewed by specialists</p> <p>Regular internal audit of safeguarding policies and practice</p> <p>Procedures for reporting and escalation</p> <p>Data protection policy and procedures</p> <p>Safeguarding built into design of assessment and due diligence conducted on third party suppliers</p>

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THE ABRSM PENSION AND LIFE ASSURANCE SCHEME (THE SCHEME)

ABRSM operates a defined benefit pension scheme which closed to future accrual on 31 December 2018. The notional surplus or deficit on the funding of the Scheme, calculated annually under this standard, is shown in the financial statements as a designated fund entitled "Pension Reserve". This is deducted from Unrestricted Funds in the balance sheet. The approximate actuarial valuation carried out at 31 January 2022, as required by FRS 102, represents the market value of the assets of the Scheme as £57.9 million and the value of the liabilities at that date as £67.0 million (2021: £49.2 million and £75.7 million). During the year ABRSM made an additional payment of £6.0m to the pension scheme. This contribution is treated as a rolling commitment while ABRSM continues to make payments each month as required by the current Statement of Contributions. The consequent net deficit on the Scheme of £9.2 million (2021: £26.4 million) is a statement of the transient situation at 31 January 2022. Both the Governors and the Trustees of the scheme recognise that such valuations can move significantly in response to market factors and the actuarial assumptions made.

The Governors recognise that the deficit arising under FRS 102 does not have a significant immediate cash-flow impact on the charity. The positive effect of the contributions made by the employer on the FRS 102 liability has been accompanied by a decrease in technical provisions as at 31 January 2022. The disclosure of a pension liability, newly calculated year by year under FRS 102, does not mean that the equivalent amount is already committed and no longer available to the Governors to further the charity's objectives.

The last triennial actuarial valuation was prepared as at 31 December 2018 and showed a deficit of £25.6 million. The Scheme closed to future accrual from 31 December 2018 and had already closed to new entrants, with certain limited exceptions, on 1 February 2014.

A new deficit recovery plan was agreed by the Trustees in 2019. Under the plan, the Employer agreed to pay deficit reduction contributions of £3.37m per annum, increasing in line with RPI (with the first increase applicable on 1 February 2020), for a period of 7 years and 3 months from 1 January 2019 to 30 April 2026. The Employer also agreed to pay all costs associated with running the Scheme and to take over responsibility for Life Assurance arrangements with effect from 1 February 2019.

RESERVES

Our reserves comprise unrestricted funds and endowment funds. The endowed funds result from donations and legacies which can only be applied for a purpose specified by the donor and are not available for general purposes. These funds are used to award prizes to examination candidates in accordance with the criteria specified by the donor. Endowed funds total £1.6m at 31 January 2022 (notes 2u, 5 and 24).

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

Fixed Assets Fund

The fixed assets fund comprises the funds invested in fixed assets that the Governors consider essential in enabling us to implement effectively our operational strategy. The fund represents the net book value of tangible and intangible fixed assets. The intangible assets arise from investment in our digital transformation programme. In prior years related costs were treated as expenses when incurred but the accounting policy has been changed and a prior year adjustment has arisen (note 40). We held £6.2m in the fixed assets fund at 31 January 2022 (2021 Restated: £7.8m).

Designated Funds

Designated funds are funds that the Governors have earmarked for specific purposes. Since 2014 and prior to this year a total of £14.0m of general funds had been designated to be held for specific purposes, in particular the digital transformation programme. As at 31 January 2022 £11.5m of these funds have been expended. A total of £3.9m remains at 31 January 2022 in respect of ongoing digital transformation and international development, and £0.5m for examiner costs.

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RESERVES (continued)

General Funds

In accordance with Charity Commission guidance, the Governors set a target for the level of free reserves, or general funds, that we should maintain to ensure our financial security and funding of our business plan. Free reserves or general funds are defined as total unrestricted funds less fixed assets and designated funds. Since many of ABRSM's costs are directly related to the number of examinations held, it is ABRSM's aim to have sufficient liquid resources and cash balances so that, in the event of a downturn in the demand for its services, its operating costs, excluding costs directly relating to activity (e.g. examiner fees and venue hire), would be met for a period of six months, plus any outstanding liabilities. During this period, other actions to mitigate loss would be implemented. This implies the need for a level of free reserves of £11.1m (2021: £9.6m). As the Charity is wholly reliant on global trading conditions to generate income, the Governors consider that six months represents a realistic and prudent position.

General funds stand at £4.7m at 31 January 2022. This is a decrease of £1.1m or 19% on the prior year restated (2021 Restated: £5.8m) and is £6.4m below the minimum level of general reserves set out in the preceding paragraph; £6m of this being the funds transferred from the General funds to the Pension funds during the year. The global pandemic resulted in a reduction in face to face exams in 2021 and 2022 both in the UK and internationally. Details of the impact are set out above in the paragraphs under the Going Concern heading which outline the highly effective measures taken and further actions planned to increase resilience, reduce reliance on international travel and build free reserves back to the level set out in the preceding paragraph.

Included in designated funds are development funds of £3.9m (2021: £3.8m). These funds have been set aside to fund future long term projects but if necessary could be used to fund more immediate needs. The combined general and development funds amount to £8.6m (2021 Restated: £9.6m). The group had a cash balance of £9.9m (2021: £12.3m) to cover short term requirements.

The pension liability represents the present value of the pension liabilities less the fair value of the pension scheme assets, taking into account the £6m advance payment, calculated in accordance with FRS102 (note 32) and does not imply a significant constraint over the use of reserves for the foreseeable future other than to ensure monthly contributions are met, which are budgeted for accordingly.

PLANS FOR FUTURE PERIODS

General objectives

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

Short term objectives:

In a context where education, social contact and travel may continue to be disrupted, our short term objectives are to use digital first solutions to strengthen our core assessment activity and to develop qualifications and supporting resources that appeal to a more diverse range of learners.

During 2021, ABRSM continued to develop online options to allow learners to take assessments at times and in ways which are convenient for them. We will continue to improve and simplify the customer journey. Practical exams are now being offered in the UK and internationally, however, we will continue to seek opportunities to reduce our carbon footprint by maximising alternative solutions.

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PLANS FOR FUTURE PERIODS (continued)

Long Term Plans:

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

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

Our objectives highlight a renewed focus on supporting music teachers with professional development, and the importance of transforming our ways of working to ensure our business is environmentally sustainable. Working in partnership with others in the UK and beyond, we will continue to promote the value of music education, celebrating the achievements of learners and highlighting the importance of progression in music. The strategy includes targets for our recovery from the effects of the pandemic as well as long term growth. Our aim is to increase our ability to invest back into music education, both in the UK and internationally.

PUBLIC BENEFIT

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

The Governors consider the beneficiaries to be a very wide range of people, insofar as the assessments offered by ABRSM are taken up in over 90 different countries throughout the world with many thousands of candidates both in the UK and worldwide. With the launch of online assessments and digital downloads ABRSM's services can continue to reach audiences around the world despite the restrictions on movement resulting from the global pandemic. There is no age limit for those entering exams although the vast majority of the candidates are of school age. Comprehensive access arrangements are in place to meet a wide range of needs.

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PUBLIC BENEFIT (continued)

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

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

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

ENVIRONMENTAL IMPACT

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

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

	Year ended 31 January 2022	Year ended 31 January 2021
UK energy use (kWh)	698,673	515,107
Associated greenhouse gas emissions (kg CO ₂ equivalent)	156,140	111,814
Intensity ratio: Emissions (kg CO ₂ equivalent) per examination	0.37	0.51

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

Due to the loosening of Covid-19 restrictions in 2021, staff began to increase their time spent working at 4 London Wall Place whilst still spending a significant part of their working week working from home. As a result, energy use at 4 London Wall Place increased slightly year on year.

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

Staff are engaged through the departmental representation on a Sustainability Working Group, which completed a carbon audit in 2021, and instigated a two year workplan to drive change and a culture of environmental awareness and responsibility.

The delivery of Practical and Theory exams in the UK and around the world contributes most significantly to the group's environmental impact. Examiner international tours for practical exams are organised efficiently to reduce air travel to the minimum possible and emissions are monitored.

During the Covid-19 pandemic many tours were cancelled and so examiners travelled far less than in previous years. In order to continue to provide services to learners, Performance Grade online examinations were introduced along with Online Theory examinations. As examiners did not need to travel for these examinations, our energy use and associated emissions were significantly reduced.

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ENVIRONMENTAL IMPACT (continued)

We aspire to reduce our energy use and associated emission further by using more locally trained examiners.

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

Our published books and resources are made from sustainable sources.

DIVERSITY AND INCLUSION

ABRSM's commitment to diversity and inclusion has progressed into significant action and now forms a distinct strand in our organisational strategy. A Diversity Plan was launched publicly in October 2020 and the group reports regularly on progress via the website.

Five key areas of ABRSM's operations and organisation have been identified as key to promoting greater diversity and inclusion:

Active commissioning

We are constantly seeking to increase the diversity and breadth of our repertoire by drawing on new sources of quality music from composers, and wider styles and influences. As a result of active work in this area, a significant proportion of new pieces in the new woodwind syllabus have been commissioned from black, brown, indigenous and people of colour ("BBIPOC") composers and we have increased the representation of female composers. ABRSM is raising awareness of the new more diverse repertoire with existing partners in order to encourage them to integrate new commissioning programmes into their work. ABRSM staged a successful 'Writing for Music Education' workshop for 100 potential composers as part of our commitment towards open-source guides and opening up composition for music education. As we progress our Active Commissioning Programme it is our aim that, each year, we will commission a minimum of 20 new compositions or arrangements from underrepresented composers that may qualify for inclusion on future syllabus lists.

Transforming syllabuses

In addition to increasing the proportion of syllabus pieces by BBIPOC composers, in the new woodwind syllabus, the syllabus advisory team now holds regular meetings with external partners, to receive advice, share plans and offer support in this specialist area. Additionally, the group is working closely with five BBIPOC composers to contribute additional compositions for digital publication only, primarily to support the creation of a diverse portfolio of additional repertoire for 'fourth piece' selection of the new Performance Grade.

Mentorship and development programme for composers

In January 2021 we launched a new mentoring and development scheme to support the careers and work of Black and ethnically diverse composers and other composers from underrepresented groups. Our aim is that by 2030 there will be a minimum of 100 new composers from underrepresented groups who have been on the Programme. We have successfully completed the pilot programme of our composer mentoring scheme with six young composers working alongside colleagues at ABRSM to learn the craft of writing for music education. This scheme will continue in partnership with the Ivors Academy as well as with Black Lives in Music and the Musicians Union.

Developing partnerships and advocacy

ABRSM will continue to harness the power of sponsorship relationships with current partners and a range of new, grass roots initiatives to set specific diversity and inclusion targets covering numbers of participants, range of voices and good practice dissemination.

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DIVERSITY AND INCLUSION (continued)

Transforming the organisation

The Governors are committed to bringing a range of voices, backgrounds and perspectives to ABRSM's staff, representatives, advisers and decision-making structures. We conducted a diversity survey of ABRSM's examiners, supported by Musicians Union, to better understand diversity and future priorities. A cross organisational Diversity & Inclusion Resource Group harnesses ideas and feedback from staff to help develop strategies to drive culture change, ownership and collaboration on systemic change across and beyond the organisation.

SECTION 172(1) STATEMENT

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

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

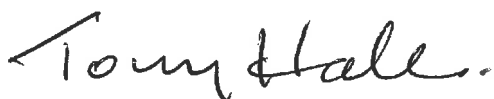
- The likely consequences of any decision in the long term – Page 4 details how plans are prepared and updated.
- The impact of the company's operations on the community and the environment are set out on Pages 17 to 19.
- The desirability of the company maintaining a reputation for high standards of business conduct: ABRSM is regulated by Ofqual, the Charity Commission and OSCR and faces competition in the markets in which it operates and therefore must ensure that it maintains the highest standards consistent with its reputation and history.
- The need to act fairly as between members of the company: Representatives of each of the four members sit as Governors on the Governing Body, thus each member has the opportunity to be fully engaged in the decisions of the Governing Body.

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

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

**THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022**

The Governing Body's Report (incorporating the Strategic Report) has been approved by the Governors on 21 June 2022 and signed on their behalf by:

A handwritten signature in black ink that reads "Tony Hales". The signature is written in a cursive, 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 2022 which comprise the Consolidated Statement of Financial Activities, the Group and Charity Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 January 2022 and of the group's and the charitable company's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (amended).

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

REGISTERED CHARITY NUMBER: 292182

CHARITY REGISTERED IN SCOTLAND NUMBER: SC043343

COMPANY NUMBER: 01926395

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 22, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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

REGISTERED CHARITY NUMBER: 292182

CHARITY REGISTERED IN SCOTLAND NUMBER: SC043343

COMPANY NUMBER: 01926395

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

REGISTERED CHARITY NUMBER: 292182

CHARITY REGISTERED IN SCOTLAND NUMBER: SC043343

COMPANY NUMBER: 01926395

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

Use of our report

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

N. Hashemi

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

London

Date: 24th June 2022

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 JANUARY 2022

		Unrestricted Funds £'000	Pension Reserve (note 32) £'000	Endowment Funds £'000	Total Funds 2022 £'000	Total Funds 2021 Restated £'000
	Notes					
INCOME & ENDOWMENTS FROM:						
Charitable activities						
Examinations	3	35,564	-	-	35,564	15,349
Teacher Support	4	11	-	-	11	42
Other trading activities:						
Publishing sales	6	6,829	-	-	6,829	7,612
Investments	5	8	-	45	53	66
Other	7	41	-	-	41	328
Total income		42,453	-	45	42,498	23,397
EXPENDITURE ON:						
Charitable Activities						
Examinations	8	31,158	(3,485)	12	27,685	21,577
Teacher Support	8	213	(1)	-	212	234
Scholarships	8,10	1,086	-	-	1,086	1,048
Music education	8,11	201	-	-	201	244
Other trading activities:						
Publishing	8	5,679	-	-	5,679	5,857
		38,337	(3,486)	12	34,863	28,960
Pension finance charge	8	-	325	-	325	439
Total expenditure	8	38,337	(3,161)	12	35,188	29,399
Net gain/(loss) on investment	17	-	-	118	118	(97)
Net income/(expenditure)		4,116	3,161	151	7,428	(6,099)
Transfer between reserves		(6,000)	6,000	-	-	-
Other recognised gains/(losses):						
Actuarial gain/(loss) on pension scheme	32	-	8,092	-	8,092	(3,304)
(Loss)/gain on forward contract revaluation		-	-	-	-	(115)
Net movement in funds		(1,884)	17,253	151	15,520	(9,518)
RECONCILIATION OF FUNDS:						
Balance brought forward		11,738	(26,419)	1,493	(13,188)	(1,717)
Prior period adjustment	40	5,597	-	-	5,597	3,644
Balance brought forward (2021: Restated)		17,335	(26,419)	1,493	(7,591)	1,927
Net movement in funds		(1,884)	17,253	151	15,520	(9,518)
Fund balances carried forward, including pension reserve		15,451	(9,166)	1,644	7,929	(7,591)

For Companies Act purposes, consolidated gross income for the financial year was £42,453,000 (2021: £23,358,000), consolidated gross expenditure was £35,176,000 (2021 Restated: £29,391,000) and net profit was £7,277,000 (2021 Restated: net loss of £6,033,000).

All income is derived from continuing operations

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

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
BALANCE SHEETS
AS AT 31 JANUARY 2022

	Notes	Group		Charity	
		2022 £'000	2021 Restated £'000	2022 £'000	2021 Restated £'000
FIXED ASSETS					
Tangible assets	15	1,791	2,155	1,791	2,155
Intangible assets	16	4,452	5,597	4,452	5,597
Investments	17	1,578	1,336	2,360	2,118
		<u>7,821</u>	<u>9,088</u>	<u>8,603</u>	<u>9,870</u>
CURRENT ASSETS					
Stocks	18	840	873	-	-
Debtors	19	3,720	4,262	5,248	7,440
Investments	20	6,988	1,631	5,550	1,631
Cash at bank and in hand		9,937	12,278	9,345	8,743
		<u>21,485</u>	<u>19,044</u>	<u>20,143</u>	<u>17,814</u>
CREDITORS: amounts falling due within one year	21	<u>(10,227)</u>	<u>(7,995)</u>	<u>(9,678)</u>	<u>(7,558)</u>
NET CURRENT ASSETS		<u>11,258</u>	<u>11,049</u>	<u>10,465</u>	<u>10,256</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>19,079</u>	<u>20,137</u>	<u>19,068</u>	<u>20,126</u>
CREDITORS: amounts falling due after more than one year	22	<u>(562)</u>	<u>(612)</u>	<u>(562)</u>	<u>(612)</u>
PROVISIONS	23	<u>(1,422)</u>	<u>(697)</u>	<u>(1,422)</u>	<u>(697)</u>
NET ASSETS EXCLUDING PENSION LIABILITIES		<u>17,095</u>	<u>18,828</u>	<u>17,084</u>	<u>18,817</u>
PENSION FUND DEFICIT	32	<u>(9,166)</u>	<u>(26,419)</u>	<u>(9,166)</u>	<u>(26,419)</u>
TOTAL NET ASSETS/(LIABILITIES)		<u><u>7,929</u></u>	<u><u>(7,591)</u></u>	<u><u>7,918</u></u>	<u><u>(7,602)</u></u>
THE FUNDS OF THE GROUP/CHARITY:					
Endowment funds	24	1,644	1,493	1,644	1,493
Unrestricted funds	25	15,451	17,335	15,440	17,324
Pension reserve	32	(9,166)	(26,419)	(9,166)	(26,419)
		<u>7,929</u>	<u>(7,591)</u>	<u>7,918</u>	<u>(7,602)</u>
TOTAL FUNDS	26	<u><u>7,929</u></u>	<u><u>(7,591)</u></u>	<u><u>7,918</u></u>	<u><u>(7,602)</u></u>

The net income of the charity for the year was £7,428,000 (2021 Restated: net expenditure of £6,099,000)

Approved by the Governing Body on 21 June 2022.



Tony Hales CBE
Chairman of the Governors

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

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

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JANUARY 2022

		2022	2021
	Notes	£'000	Restated £'000
Cash flows from operating activities	27	4,891	1,359
Cash flows from investing activities			
Interest income	5	53	66
Purchases of fixed assets	15,16	(1,738)	(3,982)
Purchase of fixed asset investments		(124)	-
Sale/purchase of current asset investments (with maturity greater than 3 months)		(4,438)	2,734
Net cash used in investing activities		(6,247)	(1,182)
Cash flows from financing activities			
New finance lease obligations		-	224
Repayment of finance lease obligations		(66)	(59)
Net cash used in financing activities		(66)	165
Net (decrease)/increase in cash and cash equivalents		(1,422)	342
Cash and cash equivalents at 1 February 2021		13,909	13,567
Cash and cash equivalents at 31 January 2022	28	12,487	13,909
Analysis of cash and cash equivalents:			
Cash in bank and in hand		9,937	12,278
Deposits and notice accounts (less than 3 months)		2,550	1,631
Total cash and cash equivalents	28	12,487	13,909

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

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 JANUARY 2022

1. COMPANY INFORMATION

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

2. ACCOUNTING POLICIES

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

a) Basis of preparation

The financial statements have been prepared in accordance with the current Statement of Recommended Practice "Accounting and Reporting by Charities" (the Charities SORP (FRS102) issued in October 2019, the Financial Reporting Standard in the UK and Republic of Ireland (FRS102) and the Companies Act 2006. The presentational and functional currency is Sterling (£).

ABRSM meets the definition of a public benefit entity under FRS102. The financial statements have been prepared under the historical cost convention, with the exception of investments, which are included at market value.

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

Significant judgements or estimates	Policy reference	Note reference
The following are considered to be significant estimates in the preparation of the financial statements:		
Depreciation	l	15
Amortisation	m	16
Dilapidations	t	22
Tax Provision	v	23
Scholarships commitments	j	29
Defined Benefit Pension Scheme	k	32

Explanation of the estimates relating to the above items are explained in the relevant policy.

Prior year adjustment

A prior year adjustment has been made during the year relating to the capitalisation of software development costs, the details of which are set out in note 16 and the updated policy is set out in note 2i below. In prior years expenditure relating to the digital transformation programme was expensed as incurred. Given the continued investment in this programme the accounting policy has been changed to capitalise such costs and amortise them over a three-year period as it was considered that this treatment would better match costs against revenues (note 40).

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

2. ACCOUNTING POLICIES (CONTINUED)

b) Going Concern

The strong performance of the Group during the year ended 31 January 2022 has provided a firm foundation for the forthcoming year.

A budget has been set for the following year which shows the Group generating a surplus for the year. Reforecasts to the end of June 2023 have also been prepared based on likely and worst case scenarios. In both of these situations it is expected that the Group will continue with net positive current assets and total assets, along with sufficient positive cash balances. In the likely case a surplus is to be generated by the Group. These forecasts have been prepared taking account of recent cost of living rises and increases in global prices for energy such as gas and raw materials such as paper.

The charity is no longer solely reliant on the delivery of face to face examinations, having successfully developed and rolled out online alternatives of equal rigour and value which have been welcomed by its candidates. It is now much better placed to withstand any future travel disruptions as it is able to offer online assessments worldwide. Now that travel restrictions are easing, the charity is returning to offering face to face examinations worldwide together with online assessments, thereby offering more choice to candidates and appealing to a wider base of learners. While international travel remains limited this is not expected to significantly affect our ability to continue as a going concern due to the availability of our digital assessments.

Further actions are planned to increase resilience and reduce reliance on international travel by recruiting and training facilitators and examiners based in the country where the examinations take place.

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

The introduction of customer self-service means that examination fees are received sooner from international territories, reducing the amount of cash tied up in debtors, thereby improving the Group's cashflow and reducing its exposure to doubtful debts.

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

c) Group financial statements

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

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

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

2. ACCOUNTING POLICIES (CONTINUED)

d) UK examination fees and expenses

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

e) International examinations

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

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

f) Teacher support

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

g) Subscriptions

Subscription revenue is presented net of any applicable taxes which have been collected and passed on to the relevant governmental authorities. Members are billed in advance of the start of their monthly membership, monthly subscriptions are recognised in the month received, annual subscriptions are recognised on a straight-line basis over the life of the subscription

h) Expenditure

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

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

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

i) Computer software development

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

j) Scholarship awards

All scholarships offered by the balance sheet date for the current academic year are provided in full. Awards for future years are subject to review and authorisation by ABRSM each year and are disclosed as commitments in note 29. The future commitments are estimated based on continued funding of the current students in receipt of a scholarship to the end of their academic studies plus new students starting their studies based on current funding patterns.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

2. ACCOUNTING POLICIES (CONTINUED)

k) Employee benefits

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

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

The amounts recognised in the statement of financial activities including any actuarial gain or loss are estimated based on the requirements of FRS102, and are fully explained in note 32.

l) Tangible fixed assets

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

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

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

m) Intangible fixed assets

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

A prior year adjustment has been made in respect of software development costs (note 40).

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

Software development	33%
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n) Investments

The investment in the subsidiary company is valued at cost.

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

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

o) Leased assets

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

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

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

2. ACCOUNTING POLICIES (CONTINUED)

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

p) Stocks

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

q) Rates of exchange

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

r) Financial instruments

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

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

s) Deferred income

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

t) Provisions and contingencies

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

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

Where the consideration required to settle a present obligation is confirmed, the amount payable is transferred to creditors and any balance released to the Statement of Financial Activities.

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

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

2. ACCOUNTING POLICIES (CONTINUED)

u) Fund accounting

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

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

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

v) Taxation

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

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

A provision for tax payable in relation to international operations has been included in note 23 having regard to professional advice.

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

w) Contributions to four of the Royal Schools of Music

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

x) Government grants

Government grants are accounted for according to the accrual model.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

3. EXAMINATION REVENUE

	2022 £'000	2021 £'000
Analysis by geographical market:		
United Kingdom and Ireland	12,063	7,020
Overseas	23,754	8,287
	35,817	15,307
Foreign exchange (loss)/gain on overseas revenue	(253)	42
	35,564	15,349
Total income	38,633	17,196
Less: examination fees received in advance (note 21)	(3,069)	(1,847)
	35,564	15,349

Deferred fee income:

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

	2022 £'000	2021 £'000
Fees in advance as at 1 February 2021	1,847	3,228
Less fees due for examinations taken in the year	(1,847)	(3,228)
Fees received with respect to future examination periods (note 21)	3,069	1,847
	3,069	1,847

4. TEACHER SUPPORT REVENUE

	2022 £'000	2021 £'000
Analysis by geographical market:		
United Kingdom and Ireland	-	39
Overseas	11	3
Total income	11	42

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

5. INVESTMENT INCOME

	Group		Charity	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Interest receivable from:				
Unrestricted funds	8	27	24	40
Prize endowment funds	45	39	45	39
	<u>53</u>	<u>66</u>	<u>69</u>	<u>79</u>

6. NET INCOME OF TRADING SUBSIDIARY

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

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

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

	2022	2021
	£'000	£'000
Turnover	6,829	7,612
Cost of sales	(1,456)	(1,528)
Gross profit	5,373	6,084
Distribution costs	(854)	(992)
Administration and other operating charges	(1,347)	(1,317)
Interest receivable	1	4
Net income	3,173	3,779

The aggregate amount of the subsidiary's assets, liabilities and funds as at 31 January 2022, excluding intercompany balances, were as follows:

	2022	2021
	£'000	£'000
Total net assets	<u>3,396</u>	<u>4,643</u>

Including intra-group charges and intercompany balances, the subsidiary's results for the year were as follows; turnover £6,833,000 (2021: £7,618,000), net income £755,000 (2021: £1,309,000) and total net assets £21,000 (2021: £21,000).

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

7. OTHER INCOME

Other income includes a government grant totalling £17,000 (2021: £323,000) in respect of the Coronavirus Job Retention Scheme.

8. ANALYSIS OF EXPENDITURE

	Direct Charitable £'000	Support Costs (Note 9) £'000	Staff Costs (Note 14) £'000	Depreciation & Amortisation £'000	Total 2022 £'000	Total 2021 Restated £'000
Charitable activities:						
Examinations	11,541	6,707	6,408	3,029	27,685	21,577
Teacher Support	-	76	112	24	212	234
Scholarship payments	1,086	-	-	-	1,086	1,048
Music education	201	-	-	-	201	244
Publishing	2,540	838	2,246	55	5,679	5,857
	<u>15,368</u>	<u>7,621</u>	<u>8,766</u>	<u>3,108</u>	<u>34,863</u>	<u>28,960</u>
Pension finance charge	-	-	325	-	325	439
	<u>-</u>	<u>-</u>	<u>325</u>	<u>-</u>	<u>325</u>	<u>439</u>
Total	<u>15,368</u>	<u>7,621</u>	<u>9,091</u>	<u>3,108</u>	<u>35,188</u>	<u>29,399</u>

Unrestricted expenditure on Examinations and Teacher Support for the group before the defined benefit pension scheme adjustment was £31,158,000 and £213,000 respectively (2021 Restated: £25,003,000 and £243,000). The equivalent figures for the charity were £31,101,000 and £213,000 (2021 Restated: £24,948,000 and £243,000).

Included within total expenditure is an adjustment to the defined benefit pension scheme of £3,486,000 (2021: £3,443,000) which has been credited to the pension reserve (see note 32). £3,485,000 has been allocated to Examinations expenditure and £1,000 to Teacher Support. The prior year apportionment was a credit of £3,434,000 to Examinations and £9,000 to Teacher Support. Also included in expenditure are prizes paid from the endowment funds totalling £12,000 (2021: £8,000).

9. SUPPORT COSTS

Support costs including governance (see notes 8 and 12) are analysed as follows:

	Examinations £'000	Teacher Support £'000	Publishing £'000	Total 2022 £'000	Total 2021 Restated £'000
Exam Support	291	-	-	291	358
IT	2,674	29	443	3,146	3,102
Sales and Marketing	518	30	99	647	443
Finance	262	-	24	286	20
Facilities	1,682	17	168	1,867	1,823
Governance	93	-	4	97	179
HR & other management	1,187	-	100	1,287	573
	<u>6,707</u>	<u>76</u>	<u>838</u>	<u>7,621</u>	<u>6,498</u>

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

10. SCHOLARSHIPS

	2022	2021
	£'000	£'000
United Kingdom students	207	207
Overseas students	879	839
Macklin Bursary	-	2
	1,086	1,048

The total number of scholars supported during the year amounted to 89 (2021: 91).

11. MUSIC EDUCATION – Unrestricted funds

	2022	2021
	£'000	£'000
SPONSORSHIP		
Band Directors' Association (Singapore)	5	6
Bangkok Opera Foundation	-	5
Commonwealth Resounds	-	12
Dhow Countries	-	6
London Music Fund	20	-
MA Exhibitions	-	6
The Mayor of London's Fund for Young Musicians	-	20
National Children's Orchestra	18	18
National Youth Choir	20	20
National Youth Jazz Orchestra	30	30
National Youth Orchestra	26	26
Openup Music	25	25
Royal Philharmonic Society	11	11
Serious Events	-	18
Singapore Symphony Orchestra	-	10
The UK Association for Music Education – Music Mark	12	12
Others	34	19
	201	244

12. GOVERNANCE COSTS – Unrestricted funds

	2022 £'000	2021 £'000
Governing Body Costs	-	-
Audit Fees parent company	39	57
Audit Fees Pension scheme	14	13
Fees payable to auditor for non audit services	-	4
Company Secretarial	-	58
Independent Pension Scheme Chairman	19	26
Internal Audit	35	10
Trustees and Officers Liability insurance	2	2
Pension Fund Trustee Indemnity insurance	4	9
	113	179

13. NET INCOME FOR THE YEAR

	2022	2021
	£'000	Restated £'000
Net income for the year is stated after charging/(crediting):		
Fees payable to the company's auditor and its associates for the audit of the charitable company's annual accounts	39	57
Fees payable to the company's auditor and its associates for other services:		
Audit of subsidiary company	7	7
Tax compliance	2	5
Fees payable to secondary auditors	-	-
Pension scheme audit completed by other audit firms	14	13
Depreciation of owned assets	310	322
Depreciation of assets held under finance lease obligations	75	37
Amortisation of intangible assets	2,722	1,805
Operating lease rentals – leasehold buildings	1,171	1,121
– office equipment	222	225
Dilapidations provision	16	15
Exchange loss/(gain) on overseas revenue	253	(42)
Loss on fair value of derivatives	-	115

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

14. STAFF COSTS

	2022	2021
	£'000	Restated £'000
Staff costs during the year included:		
Wages and salaries	7,197	7,267
Social security costs	719	704
Employer pension costs	3,949	3,923
Defined Benefit Pension adjustment (see note 32)	(3,486)	(3,443)
Pension finance charge	325	439
Other staff costs	387	266
	<u>9,091</u>	<u>9,156</u>

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

	2022	2021
	No.	No.
£ 60,001 - £ 70,000	5	4
£ 70,001 - £ 80,000	1	3
£ 80,001 - £ 90,000	3	3
£ 90,001 - £100,000	3	2
£100,001 - £110,000	-	1
£110,001 - £120,000	2	1
£120,001 - £130,000	1	1
£150,001 - £160,000	-	1
£170,001 - £180,000	1	-
£190,001 - £200,000	1	-
£290,001 - £300,000	-	1

During the year £130,368 (2021: £213,957) was paid in redundancy and pay in lieu of notice. These payments are included in the tables above and have been recognised in full in the statement of financial activities.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

14. STAFF COSTS (continued)

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

	2022 No	2021 No.
Defined contribution scheme	15	16

The company made pension contributions of £105,500 (2021: £111,688) in respect of employees noted above.

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

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

	2022 No.	2021 No.
Charity	164	160
UK trading subsidiary	14	14
	<u>178</u>	<u>174</u>

The key management personnel of the charity and its wholly owned subsidiary received total employee benefits of £1,054,058 (2021: £1,242,457). The key management personnel are considered to be the individuals noted on page 2 together with the directors of the subsidiary who receive employment benefits directly from the subsidiary.

No Governor received payment for their services in the year (2021: £nil). Travelling and subsistence expenses reimbursed by ABRSM to no Governors or Alternates (2021: 3) for expenditure necessarily incurred on ABRSM's business amounted to £nil (2021: £62). No other Governor, nor any person connected with any Governor, received any remuneration in the year ended 31 January 2022 (2021: £nil).

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

15. TANGIBLE FIXED ASSETS

	Assets under construction £'000	Short leasehold land and buildings £'000	Computer equipment £'000	Furniture, fixtures and equipment £'000	Total £'000
Group and Charity					
Cost					
At 1 February 2021	-	2,324	694	918	3,936
Additions	13	-	16	-	29
At 31 January 2022	13	2,324	710	918	3,965
Depreciation					
At 1 February 2021	-	825	465	491	1,781
Charge for the year	-	202	103	88	393
At 31 January 2022	-	1,027	568	579	2,174
Net book values					
At 31 January 2022	13	1,297	142	339	1,791
At 31 January 2021	-	1,499	229	427	2,155

All assets are used for charitable purposes.

The net book value of assets held under finance leases is £112,000 (2021: £187,000)

16. INTANGIBLE FIXED ASSETS

	Assets under construction £'000	Software development £'000	Total £'000
Group and Charity			
Cost			
At 1 February 2021	20	7,579	7,599
Additions	175	1,534	1,709
Disposals	-	(281)	(281)
Transfers	(20)	20	-
At 31 January 2022	175	8,852	9,027
Amortisation			
At 1 February 2021	-	2,002	2,002
Charge for the year	-	2,722	2,722
On disposals	-	(149)	(149)
At 31 January 2022	-	4,575	4,575
Net book values			
At 31 January 2022	175	4,277	4,452
At 31 January 2021	20	5,577	5,597

All assets are used for charitable purposes.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

17. FIXED ASSET INVESTMENTS

	Subsidiary undertakings £'000	Prize endowment funds £'000	2022 Total £'000	2021 Total £'000
Group				
Prize endowment funds – listed investments at market value				
At 1 February 2021	-	1,336	1,336	1,433
Additions		124	124	-
Unrealised gain/(loss) in the year	-	118	118	(97)
At 31 January 2022	<u>-</u>	<u>1,578</u>	<u>1,578</u>	<u>1,336</u>
Charity				
Prize endowment funds - listed investments at market value (as above)	-	1,578	1,578	1,336
Investment in subsidiary				
Ordinary shares of £1 each at cost	10	-	10	10
Unsecured loan note	772	-	772	772
	<u>782</u>	<u>1,578</u>	<u>2,360</u>	<u>2,118</u>

The prize endowment funds are invested in Blackrock Charities UK Bond and Equity Common Investment Funds with a cost of £779,000 (2021: £655,000).

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

The charity has given an undertaking to its subsidiary not to demand repayment of the unsecured loan note before 1 July 2023. Interest is chargeable on the unsecured loan note at a rate of 2% over the Bank of England base rate from time to time. No provision is considered necessary against the £10,000 cost of the investment in this subsidiary.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

18. STOCKS

	Group 2022 £'000	Group 2021 £'000
Printed music and recordings	666	721
Paper	174	152
	<u>840</u>	<u>873</u>

19. DEBTORS

	2022 £'000	Group 2021 £'000	2022 £'000	Charity 2021 £'000
Trade debtors	999	761	445	287
Overseas representatives	1,136	2,130	1,136	2,130
Amounts due from subsidiary	-	-	2,603	3,849
Other debtors	622	403	139	231
Prepayments and accrued income	963	968	925	943
	<u>3,720</u>	<u>4,262</u>	<u>5,248</u>	<u>7,440</u>

20. CURRENT ASSET INVESTMENTS

	2022 £'000	Group 2021 £'000	2022 £'000	Charity 2021 £'000
Cash held on deposit				
greater than 3 months	4,438	-	3,000	-
less than 3 months	<u>2,550</u>	<u>1,631</u>	<u>2,550</u>	<u>1,631</u>

Included within the above figure are treasury deposits with an original maturity of 12 months or less. At the balance sheet date the average maturity of these deposits was 5 months for the group (2021: nil months) and 4 months for the charity (2021: nil months). The average interest rate was 0.36% (2021: nil%) for the group and 0.28% (2021: nil%) for the charity.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

21. CREDITORS: amounts falling due within one year

	Group		Charity	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade creditors	1,350	1,140	1,197	1,003
Overseas representatives	2,057	1,185	2,057	1,185
Refunds due to customers	516	482	516	482
Deferred Income: exam fees (note 3)	3,069	1,847	3,069	1,846
Other taxes and social security costs	231	243	211	228
Finance lease arrangements	66	66	66	66
Other creditors	507	377	143	102
Accruals and other deferred income	2,431	2,655	2,419	2,646
	10,227	7,995	9,678	7,558

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

	Group		Charity	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Finance lease arrangements	33	99	33	99
Other creditors	529	513	529	513
	562	612	562	612

The finance lease is secured against the computer equipment to which it relates. No interest is payable.

FRS102 requires the full amount of a dilapidation provision to be recognised when the obligation arises. Other creditors represent the estimated inflation indexed dilapidations fund potentially payable on exit from the lease of our current premises, Salters' Hall.

23. PROVISIONS

	Group	Charity
	£'000	£'000
At 1 February 2021	697	697
Movement in tax provisions	725	725
At 31 January 2022	1,422	1,422

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

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022

24. ENDOWMENT FUNDS

	At 1 February 2021 £'000	Movement in Funds Income and gains £'000	Expenditure and losses £'000	At 31 January 2022 £'000
Group and charity				
Permanent prize endowment funds				
Sheila Mossman Prize account	137	16	(2)	151
Ralph Bassett Prize account	107	11	-	118
Constance Haddon Prize account	121	14	(2)	133
Winifred Liversidge Prize account	123	14	(1)	136
Irene Lassen Bequest	449	49	(1)	497
Weinman/Duraisamy Prize	5	-	-	5
Sundry named prizes and general prizes account	282	31	(3)	310
	<u>1,224</u>	<u>135</u>	<u>(9)</u>	<u>1,350</u>
Expendable prize endowment funds				
Jardine Matheson Music scholarships	-	-	-	-
Gordon Bryan Fund	98	10	-	108
Alan Pickard Prize	24	3	-	27
Taylor White Gibbs Prize	147	15	(3)	159
	<u>269</u>	<u>28</u>	<u>(3)</u>	<u>294</u>
Total endowment funds	<u>1,493</u>	<u>163</u>	<u>(12)</u>	<u>1,644</u>
Interest receivable		45	-	
Expenditure on prizes		-	(12)	
Unrealised gain on investments		118	-	
		<u>163</u>	<u>(12)</u>	
		Income and gains 2021 £'000	Expenditure and losses 2021 £'000	
Interest receivable and sundry income		39	-	
Expenditure on prizes		-	(8)	
Unrealised loss on investments		-	(97)	
		<u>39</u>	<u>(105)</u>	

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

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25. UNRESTRICTED FUNDS

Group	At 1 February 2021 Restated £'000	Income £'000	Expenditure £'000	Transfers £'000	Contributions £'000	At 31 January 2022 £'000
Fixed asset fund	7,752	-	-	(1,509)	-	6,243
Designated funds						
Development funds	3,818	-	(1,272)	1,400	-	3,946
Examiner fund	-	-	-	530	-	530
General charitable funds	5,765	42,453	(37,065)	(6,421)	-	4,732
Total	17,335	42,453	(38,337)	(6,000)	-	15,451
Charity						
Fixed asset fund	7,752	-	-	(1,509)	-	6,243
Designated funds						
Development funds	3,818	-	(1,272)	1,400	-	3,946
Examiner fund	-	-	-	530	-	530
General charitable funds	5,754	36,717	(31,329)	(6,421)	-	4,721
Total	17,324	36,717	(32,601)	(6,000)	-	15,440

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

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
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26. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances as at 31 January 2022 are represented by:

Group	Unrestricted Funds (including Pension Reserve) £'000	Prize Endowment Funds £'000	Total 2022 £'000
Tangible fixed assets	1,791	-	1,791
Intangible fixed assets	4,452	-	4,452
Investments	-	1,578	1,578
Current assets	21,399	86	21,485
Current liabilities	(10,207)	(20)	(10,227)
Non-current liabilities	(562)	-	(562)
Provisions	(1,422)	-	(1,422)
Net assets before pension deficit	15,451	1,644	17,095
Pension deficit	(9,166)	-	(9,166)
Total net assets after pension deficit & provisions	6,285	1,644	7,929
Charity			
Tangible fixed assets	1,791	-	1,791
Intangible fixed assets	4,452	-	4,452
Investments	782	1,578	2,360
Current assets	20,057	86	20,143
Current liabilities	(9,658)	(20)	(9,678)
Non-current liabilities	(562)	-	(562)
Provisions	(1,422)	-	(1,422)
Net assets before pension deficit & provisions	15,440	1,644	17,084
Pension deficit	(9,166)	-	(9,166)
Total net assets after pension deficit & provisions	6,274	1,644	7,918
Group and Charity			
Unrealised gains included above on investment assets (see note below)	-	799	799
Unrealised gains as at 1 February 2021	-	681	681
Net gain/(loss) arising from revaluations in the year	-	118	118
Unrealised gains as at 31 January 2022	-	799	799

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

	2022	2021
	£'000	Restated £'000
Net income/(deficit) for the reporting period:	7,428	(6,099)
Depreciation charge	393	359
Amortisation charge	2,722	1,805
Loss on disposal of fixed assets	132	-
Interest received	(53)	(66)
(Gain)/loss on investments	(118)	97
Decrease/(increase) in stocks	33	(24)
Decrease in debtors	542	8,774
Increase/(decrease) in creditors	2,248	(426)
Increase/(decrease) in provisions	725	(57)
Net cash movement in pension deficit	(9,161)	(3,004)
Net cash inflow provided by operating activities	4,891	1,359

28. ANALYSIS OF CHANGES IN NET DEBT

	At 1 February 2021 £'000	Cash flows £'000	At 31 January 2022 £'000
Cash and cash equivalents			
Cash	12,278	(2,341)	9,937
Cash equivalents	1,631	919	2,550
	13,909	(1,422)	12,487
Borrowings			
Finance lease	(165)	66	(99)
	(165)	66	(99)
TOTAL	13,744	(1,356)	12,388

29. FINANCIAL COMMITMENTS

Scholarships

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

	2022 £'000	2021 £'000
Year ending 31 January 2022	-	1,072
Year ending 31 January 2023	1,224	725
Year ending 31 January 2024	796	352
Year ending 31 January 2025	357	177
Year ending 31 January 2026	180	-
	2,557	2,326

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

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29. FINANCIAL COMMITMENTS (continued)

Other Financial Commitments

At 31 January 2022 the group and charity had future total minimum operating lease payments as follows:

	Land and buildings		Other	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
One year	1,207	1,207	150	219
Two to five years	4,827	4,827	-	150
Over five years	1,756	2,962	-	-
	7,790	8,996	150	369

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

	Group		Charity	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Not later than one year	66	66	66	66
Later than one year and not later than five years	33	99	33	99
	99	165	99	165

30. TRANSACTIONS WITH RELATED PARTIES

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

	2022	2021
	£'000	£'000
Charged by ABRSM to ABRSM Publishing:		
Administrative expenses recharged	21	13
Pension costs recharged	488	483
Loan interest	17	17
Management charge	2,081	2,082
Copyright charge	324	378
Charged by ABRSM Publishing to ABRSM:		
Paper stock recharged	-	-
Printed music and recordings	2	6
Gift aid donation from ABRSM Publishing to ABRSM:	755	1,309
Balance at the year end:		
Due to ABRSM from ABRSM Publishing	2,603	3,853
Due from ABRSM to ABRSM Publishing	-	4

During the year Profession Colin Lawson was due £10 (2021: £nil) in royalties by ABRSM (Publishing) Limited on normal commercial terms. The balance outstanding at the year end was £10 (2021: £nil).

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30. TRANSACTIONS WITH RELATED PARTIES (continued)

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

	2022 £'000	2021 £'000
Charged by ABRSM		
Royal College of Music	1	-
Royal Academy of Music	5	-
Royal Northern College of Music	2	-
Royal Conservatoire of Scotland	13	6
Balance at the year end:		
Royal College of Music	-	-
Royal Academy of Music	-	-
Royal Northern College of Music	-	-
Royal Conservatoire of Scotland	3	-

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

31. FINANCIAL INSTRUMENTS

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

	2022 £'000	2021 £'000
Financial assets at fair value through the statement of financial activities:		
Investments	<u>1,578</u>	<u>1,336</u>

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32. PENSION SCHEMES

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

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

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

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

The pension service costs for the year were £nil (2021: £nil). The present value of the scheme liabilities includes £744,000 (2021: £733,000), carried forward from the prior years as an estimate of the past service cost of GMP equalisation.

These accounts reflect the requirements of FRS102.

The economic assumptions listed below have been calculated by a qualified independent actuary. They are based on market conditions as at 31 January 2022 but have been derived using the methodology set out in FRS102.

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32. PENSION SCHEMES (continued)

- The discount rate has been derived using a corporate bond yield curve approach as required by FRS102. The iBoxx over 15 year corporate AA rated bond index had a yield of 2.27% per annum as at 31 January 2022. This index has a duration of around 20.1 years, which is similar to the duration of the Scheme's liabilities. As the duration of the scheme liabilities and the index is similar it is not considered necessary to make any further adjustment to the index.
- Retail price inflation (RPI) has been derived from the spot inflation rates published by the Bank of England. At duration of 21.5 years, the spot rate for inflation is 3.81% per annum as at 31 January 2022. An RPI increase assumption of 3.8% has been used.
- In the prior year it was assumed that Consumer price inflation would be 0.7% a year lower than RPI. However, it is expected that the RPI will be calculated in the same way as CPI-H from 2030, so the difference between the two indices is expected to reduce to approximately 0.5% a year. Nonetheless, until 2030 the two indices will be calculated differently and it should be noted that a significant proportion of the deferred pensioner liabilities will retire based on the current RPI definition (on which we have a market determined inflationary value). It is proposed that the assumption of the difference between RPI and CPI remains at 0.7% (with the expectation that this difference is gradually reduced to 0.5% by around 2030). This results in a CPI increase assumption of 3.1%.
- No estimated salary increases due to the scheme closure at 31 December 2018.
- Increases to pensions in payment which are related to price inflation have been taken to increase in line with the RPI assumption or the annual increase cap, whichever is lower.
- Increases to deferred pensions which are related to price inflation have been taken to increase in line with the CPI assumption, or the cap, whichever is the lower.
- Commutation of pension by members estimated at 25%, allowing for an increase in commutation rates since the actuarial valuation.

The principal actuarial assumptions used per annum are:

	2022	2021
Discount Rate	2.3%	1.5%
Retail price inflation	3.8%	3.3%
Consumer price inflation	3.1%	2.6%
Increases to pensionable earnings	n/a	n/a
Increases to pensions in payment		
Earned up to 31 December 2001	5.0%	5.0%
Earned from 1 January 2002 to 5 April 2005	3.8%	3.3%
Earned from 6 April 2005	2.5%	2.5%
Pre-retirement increases for deferred pensions		
Earned before 6 June 2009	3.1%	2.6%
Earned from 6 June 2009	2.5%	2.5%

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32. PENSION SCHEMES (continued)

Reconciliation of funded status to balance sheet

	2022 £'000	2021 £'000
Present value of liabilities	(67,033)	(75,661)
Fair value of plan assets	57,867	49,242
Deficit	<u>(9,166)</u>	<u>(26,419)</u>

Assets

	2022 £'000	Weight %	2021 £'000	Weight %
Equities	35,462	61.3	29,211	59.3
Bonds	20,948	36.2	18,776	38.1
Cash (including dividends receivable)	1,457	2.5	1,255	2.6
Total market value of assets	<u>57,867</u>	<u>100.0</u>	<u>49,242</u>	<u>100.0</u>

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

	2022 £'000	2021 £'000
Interest expense	1,127	1,237
Interest income	(802)	(798)
Pension Finance charge	<u>325</u>	<u>439</u>
Employer's deficit contributions	<u>(9,486)</u>	<u>(3,443)</u>
Defined Benefit Pension Adjustment	<u>(9,486)</u>	<u>(3,443)</u>

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

Year ending 31 January:	2022 £'000	2021 £'000
Present value of the liabilities as at the start of year	75,661	69,209
Current service cost	-	-
Contributions by the members	-	-
Interest expense	1,127	1,237
Past service cost	-	-
Re-measurement – effect of experience adjustments loss/(gain)	(739)	(42)
Re-measurement – effect of changes in assumptions loss/(gain)	(7,947)	6,181
Benefits paid	(1,069)	(924)
Present value of the liabilities as at the end of year	<u>67,033</u>	<u>75,661</u>

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
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32. PENSION SCHEMES (continued)

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

Year ending 31 January:	2022 £'000	2021 £'000
Fair value of plan assets as at start of year	49,242	43,090
Interest income	802	798
Re-measurement – return on plan assets excluding interest income	(594)	2,835
Employer's normal contributions	-	-
Employer's deficit contributions	9,486	3,443
Contributions by the members	-	-
Benefits paid	(1,069)	(924)
Fair value of plan assets as at end of year	57,867	49,242
Actual return on plan assets gain/(loss)	208	3,633

Based on current pensionable earnings and the deficit recovery plan agreed in 2019, the employer's deficit recovery contributions expected to be paid to the Scheme for the year ending 31 January 2022 amounts to £3,658,000 (2021: £3,489,000).

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

As at 31 January:	2022 £'000	2021 £'000	2020 £'000	2019 £'000	2018 £'000
Present value of the liabilities	(67,033)	(75,661)	(69,209)	(58,348)	(57,177)
Fair value of plan assets	57,867	49,242	43,090	35,886	35,986
Deficit	(9,166)	(26,419)	(26,119)	(22,462)	(21,191)
Re-measurement – Effect of experience adjustment on scheme liabilities gain/(loss)	739	42	(1,192)	(18)	(147)
Re-measurement – Effect of change in assumption on scheme liabilities gain/(loss)	7,947	(6,181)	(9,073)	330	(879)
Re-measurement – Return on plan assets excluding interest income (loss)/gain	(594)	2,835	3,821	(1,548)	1,344
FRS102 adjustment	8,092	(3,304)	(6,444)	(1,236)	318

Volatility of FRS102

The results disclosed above are inherently volatile. This is because the liabilities have been calculated by discounting the benefits using the yield on a suitable AA-rated corporate bond, whereas the scheme does not invest solely in high quality corporate bonds. To that extent there is, for FRS102 purposes, a 'mismatch' between the assets and liabilities, which means that the assets and liabilities (and hence the surplus or deficit) can be volatile between different accounting periods, depending on general movements in the market.

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33. CHARITY STATEMENT OF FINANCIAL ACTIVITY

		Unrestricted Funds £'000	Pension Reserve (note 32) £'000	Restricted & Endowment Funds £'000	Total Funds 2022 £'000	Total Funds 2021 £'000
	Notes					
INCOME & ENDOWMENTS FROM:						
Charitable activities:						
Examinations	3	35,564	-	-	35,564	15,349
Teacher Support	4	11	-	-	11	42
Other trading activities:						
Covenant from subsidiary		755	-	-	755	1,309
Copyright fees		322	-	-	322	378
Investments	5	24	-	45	69	79
Other		41	-	-	41	328
Total income		<u>36,717</u>	<u>-</u>	<u>45</u>	<u>36,762</u>	<u>17,485</u>
EXPENDITURE ON:						
Charitable Activities						
Examinations		31,101	(3,485)	12	27,628	21,522
Teacher Support		213	(1)	-	212	234
Scholarships	10	1,086	-	-	1,086	1,048
Music education	11	201	-	-	201	244
		<u>32,601</u>	<u>(3,486)</u>	<u>12</u>	<u>29,127</u>	<u>23,048</u>
Pension finance charge	8	-	325	-	325	439
Total expenditure		<u>32,601</u>	<u>(3,161)</u>	<u>12</u>	<u>29,452</u>	<u>23,487</u>
Net gain/(loss) on investment	17	-	-	118	118	(97)
Net income/(expense)		4,116	3,161	151	7,428	(6,099)
Transfer between reserves		(6,000)	6,000	-	-	-
Other recognised gains/(losses):						
Actuarial loss on pension scheme	32	-	8,092	-	8,092	(3,304)
(Loss)/gain on forward contract revaluation		-	-	-	-	(115)
Total comprehensive income		<u>(1,884)</u>	<u>17,253</u>	<u>151</u>	<u>15,520</u>	<u>(9,518)</u>
RECONCILIATION OF FUNDS:						
Balance brought forward		11,727	(26,419)	1,493	(13,199)	(1,728)
Prior period adjustment	40	5,597	-	-	5,597	3,644
Total comprehensive income		<u>(1,884)</u>	<u>17,253</u>	<u>151</u>	<u>15,520</u>	<u>(9,518)</u>
Balance carried forward		<u>15,440</u>	<u>(9,166)</u>	<u>1,644</u>	<u>7,918</u>	<u>(7,602)</u>

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
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34. COMPARATIVE GROUP STATEMENT OF FINANCIAL ACTIVITY FOR YEAR ENDED 31 JANUARY 2021

	Unrestricted Funds Restated £'000	Pension Reserve £'000	Restricted & Endowment Funds £'000	Total Funds 2021 Restated £'000
INCOME & ENDOWMENTS FROM:				
Charitable activities				
Examinations	15,349	-	-	15,349
Teacher Support	42	-	-	42
Other trading activities:				
Publishing sales	7,612	-	-	7,612
Investments	27	-	39	66
Other	328	-	-	328
Total income	23,358	-	39	23,397
EXPENDITURE ON:				
Charitable Activities				
Examinations	25,003	(3,434)	8	21,577
Teacher Support	243	(9)	-	234
Scholarships	1,048	-	-	1,048
Music education	244	-	-	244
Other trading activities:				
Publishing	5,857	-	-	5,857
	32,395	(3,443)	8	28,960
Pension finance charge	-	439	-	439
Total expenditure	32,395	(3,004)	8	29,399
Net gain/(loss) on investment	-	-	(97)	(97)
Net income/(expenditure)	(9,037)	3,004	(66)	(6,099)
Other recognised gains/(losses):				
Actuarial loss on pension scheme	-	(3,304)	-	(3,304)
Gain/(loss) on forward contract revaluation	(115)	-	-	(115)
Total comprehensive income	(9,152)	(300)	(66)	(9,518)
RECONCILIATION OF FUNDS:				
Balance brought forward	22,843	(26,119)	1,559	(1,717)
Prior period adjustment	3,644	-	-	3,644
Total comprehensive income	(9,152)	(300)	(66)	(9,518)
Balance carried forward	17,335	(26,419)	1,493	(7,591)

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35. COMPARATIVE GROUP ANALYSIS OF EXPENDITURE FOR YEAR ENDED 31 JANUARY 2021

	Direct Charitable Restated £'000	Support Costs Restated £'000	Staff Costs Restated £'000	Depreciation & amortisation Restated £'000	Total 2021 Restated £'000
Charitable activities:					
Examinations	7,643	5,466	6,354	2,114	21,577
Teacher Support	-	100	117	17	234
Scholarship payments	1,048	-	-	-	1,048
Music education	244	-	-	-	244
Publishing	2,646	932	2,246	33	5,857
	<u>11,581</u>	<u>6,498</u>	<u>8,717</u>	<u>2,164</u>	<u>28,960</u>
Pension finance charge	-	-	439	-	439
Total	<u><u>11,581</u></u>	<u><u>6,498</u></u>	<u><u>9,156</u></u>	<u><u>2,164</u></u>	<u><u>29,399</u></u>

36. COMPARATIVE GROUP ANALYSIS OF SUPPORT COSTS FOR YEAR ENDED 31 JANUARY 2021

	Examinations Restated £'000	Teacher Support Restated £'000	Publishing £'000	Total 2021 Restated £'000
Exam Support	358	-	-	358
IT including software development	2,462	33	607	3,102
Sales and Marketing	341	44	58	443
Finance	18	-	2	20
Facilities	1,635	21	167	1,823
Governance	166	-	13	179
HR & other management	486	2	85	573
	<u>5,466</u>	<u>100</u>	<u>932</u>	<u>6,498</u>

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
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37. COMPARATIVE MOVEMENT OF ENDOWMENT FUNDS FOR YEAR ENDED 31 JANUARY 2021

	At 1 February 2020 £'000	Income and gains £'000	Expenditure and losses £'000	At 31 January 2021 £'000
Group and charity				
Permanent prize endowment funds				
Sheila Mossman Prize account	144	3	(10)	137
Ralph Bassett Prize account	111	3	(7)	107
Constance Haddon Prize account	127	3	(9)	121
Winifred Liversidge Prize account	128	3	(8)	123
Irene Lassen Bequest	468	12	(31)	449
Weinman/Duraisamy Prize	5	-	-	5
Sundry named prizes and general prizes account	294	7	(19)	282
	<u>1,277</u>	<u>31</u>	<u>(84)</u>	<u>1,224</u>
Expendable prize endowment funds				
Jardine Matheson Music scholarships	-	-	-	-
Gordon Bryan Fund	101	3	(6)	98
Alan Pickard Prize	25	1	(2)	24
Taylor White Gibbs Prize	156	4	(13)	147
	<u>282</u>	<u>8</u>	<u>(21)</u>	<u>269</u>
Total endowment funds	<u>1,559</u>	<u>39</u>	<u>(105)</u>	<u>1,493</u>
Interest receivable		39	-	
Expenditure on prizes		-	(8)	
Unrealised loss on investments		-	(97)	
		<u>39</u>	<u>(105)</u>	

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
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38. COMPARATIVE MOVEMENT OF UNRESTRICTED FUNDS FOR YEAR ENDED 31 JANUARY 2021

Group	At 1 February 2020 Restated £'000	Income £'000	Expenditure Restated £'000	Transfers £'000	At 31 January 2021 Restated £'000
Fixed asset fund	5,934	-	-	1,818	7,752
Designated funds					
Development funds	6,871	-	(4,053)	1,000	3,818
General charitable funds	13,682	23,243	(28,342)	(2,818)	5,765
Total	<u>26,487</u>	<u>23,243</u>	<u>(32,395)</u>	<u>-</u>	<u>17,335</u>
Charity					
Fixed asset fund	5,934	-	-	1,818	7,752
Designated funds					
Development funds	6,871	-	(4,053)	1,000	3,818
General charitable funds	13,671	17,331	(22,430)	(2,818)	5,754
Total	<u>26,476</u>	<u>17,331</u>	<u>(26,483)</u>	<u>-</u>	<u>17,324</u>

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39. COMPARATIVE ANALYSIS OF NET ASSETS BETWEEN FUNDS FOR YEAR ENDED 31 JANUARY 2021

Group	Unrestricted Funds (including Pension Reserve) Restated £'000	Prize Endowment Funds £'000	Total 2021 Restated £'000
Tangible fixed assets	2,155	-	2,155
Intangible fixed assets	5,597	-	5,597
Investments	-	1,336	1,336
Current assets	18,878	166	19,044
Current liabilities	(7,986)	(9)	(7,995)
Non-current liabilities	(612)	-	(612)
Provisions	(697)	-	(697)
Net assets before pension deficit	17,335	1,493	18,828
Pension deficit	(26,419)	-	(26,419)
Total net (liabilities)/assets after pension deficit & provisions	(9,084)	1,493	(7,591)
Charity			
Tangible fixed assets	2,155	-	2,155
Intangible fixed assets	5,597	-	5,597
Investments	782	1,336	2,118
Current assets	17,648	166	17,814
Current liabilities	(7,549)	(9)	(7,558)
Non-current liabilities	(612)	-	(612)
Provisions	(697)	-	(697)
Net assets before pension deficit & provisions	17,324	1,493	18,817
Pension deficit	(26,419)	-	(26,419)
Total net (liabilities)/assets after pension deficit & provisions	(9,095)	1,493	(7,602)
Group and Charity			
Unrealised gains included above on investment assets (see note below)	-	681	681
Unrealised gains as at 1 February 2020	-	778	778
Net gain/(loss) arising from revaluations in the year	-	(97)	(97)
Unrealised gains as at 31 January 2021	-	681	681

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40. PRIOR YEAR ADJUSTMENT

The Directors have made the decision to capitalise software development costs associated with our new CRM. The revised accounting policy is to capitalise any software development costs as an intangible asset, and to amortise the capitalised costs over a 3 year period. Software development costs were previously disclosed as expenditure on charitable activities.

Set out below is the impact of the change in accounting policy, in accordance with FRS102, paragraph 10.14.

Restated fund balances:

	Group	Group	Charity	Charity
	31 January	1 February	31 January	1 February
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Fund balances as previously stated	(13,188)	(1,717)	(13,199)	(1,728)
Software development costs capitalised	7,599	3,841	7,599	3,841
Amortisation costs	(2,002)	(197)	(2,002)	(197)
	<u>(7,591)</u>	<u>1,927</u>	<u>(7,602)</u>	<u>1,916</u>

Restated unrestricted net movement in funds for the year ended 31 January 2021:

	Group	Charity
	31 January	31 January
	2021	2021
	£'000	£'000
Original net income	(11,105)	(11,105)
Software development costs capitalised	3,757	3,757
Amortisation costs	(1,804)	(1,804)
	<u>(9,152)</u>	<u>(9,152)</u>

41. POST BALANCE SHEET EVENT

After the balance sheet date the Directors entered into contracts to continue to develop the CRM system. The value of these contracts was £1.1m.

