

**ROYAL NORTHERN COLLEGE OF MUSIC
AWARDS FUND**

Financial Statements

31 July 2021

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REFERENCE AND ADMINISTRATIVE DETAILS

LEGAL STATUS

The Charity is a trust regulated by Schemes of the Charity Commissioners for England and Wales dated 6 October 1975, 22 October 1992 and 15 March 1999.

INVESTMENT POWERS

The charity has general power of investment in accordance with section 3 of the Trustee Act 2000.

CHARITY COMMISSION REGISTRATION

Registered Number 504948

ADDRESS OF THE CHARITY

124 Oxford Road
Manchester
M13 9RD

TRUSTEE

Royal Northern College of Music

The Governors of the Royal Northern College of Music who were in office during the year are listed in the Royal Northern College of Music Consolidated Financial Statements for the year ended 31 July 2021 a copy of which are available at www.rncm.ac.uk.

LEGAL AND ADMINISTRATIVE DETAILS

BANKERS

Royal Bank of Scotland
38 Mosley Street
Manchester
M2 3AZ

EXTERNAL AUDITORS

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

INVESTMENT MANAGERS

Waverton
21 St James's Square
London
SW1Y 4HB

SOLICITORS

Mills and Reeve
1 New York Street
Manchester
M1 4AD

TRUSTEE'S REPORT
Year ended 31 July 2021

The Trustee of the Royal Northern College of Music Awards Fund presents its annual report and audited financial statements for the year ended 31 July 2021.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Royal Northern College of Music Awards Fund is constituted under trust schemes dated 6 October 1975, 22 October 1992 and 15 March 1999 and is a registered charity number 504948.

The College Board of Governors, the sole Trustee of the Awards Fund, when appointing the members of its Finance and Audit Committees, has regard to ensuring that the skills and experience thus available to them is sufficient and appropriate to their terms of reference. The Board also undertakes periodic reviews of its own effectiveness, and that of its committees, in fulfilling their roles.

The Trustee confirms that it is a public benefit entity and has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives and in planning future activities and setting the grant making policy for the year.

The Students Awards Committee meets to recommend quantum of resource and policies for disbursement of student support funding to the College's Executive Committee and to the Finance Committee of the Board.

OBJECTIVE AND ACTIVITIES

The objective of the Fund is to apply its income to the education of students of the Royal Northern College of Music by the award of prizes, scholarships, exhibitions, grants for travel or for the purchase of musical instruments, maintenance allowances or other similar benefits.

In making such awards the Trustee is required, so far as in its opinion it is practicable, to secure that effect is given to the intentions of the original benefactors and that their names are perpetuated.

RISK MANAGEMENT

The Trustee has considered the major risks faced by the charity and believes that the principal threat to its ability to achieve its objectives lies in its ability to maintain its revenues, both from investments and from donations.

In order to monitor this risk, regular meetings are held with the investment manager whilst the Trustee seeks to build a continuing relationship with major donors by providing them with regular reports and opportunities to visit the College.

Risks for individual funds are considered within the College's overall risk monitoring and reporting procedures, and any strategic risks identified will be contained within the College's Risk Register, which also contains details of the controls put into place by the College in order to mitigate those risks. This register is then scored using the best practice scoring methodology, which seeks to identify particularly those risks which require further attention. The Register is formally reported to the College's Board of Governors.

GRANT MAKING POLICY

The Trustee considers applications from all students who have been offered a place to study at the College. Such offers are made solely on the basis of musical ability, without regard to the financial circumstances of anyone achieving the required standard. All students are made aware of the existence of the fund and the application procedures at their audition.

Applications for bursary support are made by individuals, and are considered at Student Awards Committee meetings. The public benefit from this policy is that this makes education at the College open to all, regardless of their economic position, and the funding of bursaries is deemed by the Trustee to be a key contributor to public benefit.

There is no private benefit accruing either to the Trustees of the College or the members of the College who form the committee which reviews applications.

TRUSTEE'S REPORT
Year ended 31 July 2021

RELATED PARTIES AND CONNECTED CHARITIES

The Royal Northern College of Music is the sole Trustee of the Awards Fund. The Awards Fund is concerned with support for students and does not enter into transactions with the College.

ACHIEVEMENTS AND PERFORMANCE

Unrestricted income for the year ended 31 July 2021 was £977,326. Of this, £105,814 was derived from legacies and donations and the balance of £871,512 arose from investments and bank balances held as part of the permanently endowed capital of the charity. Junior Fellowships, medals, prizes and awards amounted to £673,304 and, after charging expenses of £34,824 a surplus of £269,198 was added to previously accumulated surpluses.

Restricted income of £807,910 was received during the year from donors in respect of specific awards. Medals, prizes and awards amounted to £899,950 creating a loss of £92,040 to carry forward.

In addition, the Awards Fund received, by way of a legacy, the sum of £852,664 for investment, the income from which will fund additional awards in future years. Gains on investments were £2,240,510 being realised losses of £507,202 and unrealised gains of £2,747,712. After accounting for these and investment management fees of £103,928 the Endowment Fund increased from £17,609,700 at the beginning of the year to £20,598,946 at 31 July 2021.

The achievements of each fund in qualitative terms are that they widen the access to the College such that we at least meet our objectives within the Office for Fair Access agreement, maintain the College's extremely high retention and achievement rates at over 95%, and also allow for the development of world-class performers of all disciplines as well as significantly increasing employability.

GOING CONCERN

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

Despite the Covid-19 pandemic, the two main sources of income for the fund, donations and investment income, have not been materially impacted. The funds have minimal operating costs and with reserves of over £22m, it is entirely appropriate to adopt the going concern basis for the 2020/21 financial statements.

INVESTMENT POLICY

The investments are intended to provide an income which, together with the capital can be used to finance the running of the charity.

The Trustee recognises the risk associated with investment in mainstream financial markets and accepts this risk in return for the prospect of additional returns over longer periods of time. As such, the Trustee wishes to remain largely invested at all times, subject to cash reserves being held as part of the investment management process and to cover liabilities. The investments of the Fund should be well diversified and include a range of assets including fixed interest stocks, UK shares and overseas shares. Although capital appreciation is not a primary objective, taking one year with another both the income and the capital value of the fund should, at a minimum, increase in line with inflation.

The investment fund managed by Waverton is now invested on a total return basis. Total return accounts for two categories of return: income and capital appreciation. Income includes interest paid by fixed-income investments, distributions or dividends. Capital appreciation represents the change in the market price of an asset.

The unapplied total return at 31 July 2013 of £3m, which represents the historic capital growth, provides a reasonable buffer to support the adoption of a total return approach and a 5% withdrawal rate has been adopted. This withdrawal rate is reviewed annually.

Both the implementation of and performance against this policy, and the extent to which it remains a reasonable aspiration, are reviewed with the investment advisor on a regular basis. Following the appointment of Waverton in March 2013 we have adopted a 'balanced' approach, as defined by their guidelines. Over the long term, the objective is to achieve a return of inflation plus 3%, with inflation defined as the UK Consumer Price Index (CPI). The agreed benchmark to measure shorter term performance is a composite of a 'neutral' position of 60% in

TRUSTEE'S REPORT
Year ended 31 July 2021

Global Equities (MSCI AC World Index) 25% Fixed Income (12.5% Markit iBoxx Gilts Index, 12.5% Markit iBoxx £ Corporate Bond Index) and 15% Cash (1 month £ cash deposit).

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

RESERVES POLICY

Whilst the Trustee seeks to maintain undesignated unrestricted funds at a minimum level of £200,000 to cover any unplanned expenditure, they do not deem it necessary to hold a specific amount in reserve to cover short term declines in income. This is due to the investment portfolio being invested on a total return basis. The portfolio valuation has increased by almost £3m over the inflation value and therefore this unapplied total return can be utilised in the short term if there should be a decline in income from the fund.

FUTURE DEVELOPMENTS

Requests for assistance continue to exceed the resources available and the Trustee does not expect this situation to change in the immediate future: consequently the Trustee wishes to enhance both the income and the capital base of the Fund.

AVAILABILITY AND ADEQUACY OF ASSETS OF EACH OF THE FUNDS

In the opinion of the Trustee the assets of each fund are available and adequate to fulfil their obligations. There are no contingent liabilities or guarantees. See note 1 for an explanation of the types of fund maintained by the charity.



By Order of the Trustee

Statement of Trustee's responsibilities in respect of the Trustee's annual report and the financial statements

Under charity law, the Trustees are responsible for preparing a Trustee's Annual Report and financial statements for each financial year which show a true and fair view of the state of affairs of the charity and of the excess of income over expenditure for that period. The Trustee has elected to prepare the financial statements in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), and the Charities Act 2011.

In preparing these financial statements, generally accepted accounting practice entails that the Trustee:

- selects suitable accounting policies and then apply them consistently;
- makes judgements and estimates that are reasonable and prudent;
- states whether the recommendations of the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- states whether the financial statements comply with the trust deed, subject to any material departures disclosed and explained in the financial statements;
- assesses the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- uses the going concern basis of accounting unless they either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

The Trustee is required to act in accordance with the trust deed of the charity, within the framework of trust law. They are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the Trustee to ensure that, where any statements of accounts are prepared by them under section 132(1) of the Charities Act 2011, those statements of accounts comply with the requirements of regulations under that provision. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

The Trustee is responsible for the maintenance and integrity of the financial and other information included on the charity's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the Trustee of Royal Northern College of Music Awards Fund

Opinion

We have audited the financial statements of Royal Northern College of Music Awards Fund (the 'charity') for the year ended 31 July 2021 which comprise the Statement of Financial Activities, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 July 2021 and of its 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.

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustee's Report which includes the Directors' 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 Directors' Report included within the Trustee's Report has 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 charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Trustee's Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 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 specific by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Trustee

As explained more fully in the trustee's responsibilities statement set out on page 6, the trustee (who is also the director of the charitable company for the purposes of company law) is 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 trustee determines 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 trustee is responsible for assessing the charity'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 trustee either intends to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the charity and its activities, we identified that the principal risks of non-compliance with laws and regulations related to the Charities Act 2011, the Charities Statement of Recommended Practice, UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, and money laundering, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

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

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

- Discussing with the trustee and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and

- Considering the risk of acts by the charity which were contrary to applicable laws and regulations, including fraud.

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

- Making enquiries of the trustee and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Trustee 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 charity and the Trustee as a body for our audit work, for this report, or for the opinions we have formed.

DRA Bott (Senior Statutory Auditor) for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor
One St Peter's Square
Manchester
M2 3DE

Date:

BALANCE SHEET
Year ended 31 July 2021

	Note	As at 31 July 2021		As at 31 July 2020	
		£	£	£	£
FIXED ASSETS					
Investments at market value	3		19,528,923		17,391,909
CURRENT ASSETS					
Debtors	4	155,625		153,173	
Cash at bank and in hand		<u>2,862,087</u>		<u>1,834,716</u>	
		3,017,712		1,987,889	
CURRENT LIABILITIES					
Creditors and accruals	5	21,820		21,387	
NET CURRENT ASSETS					
			<u>2,995,891</u>		<u>1,966,502</u>
			<u>22,524,814</u>		<u>19,358,411</u>
CAPITAL FUNDS					
Endowment fund	6		20,598,946		17,609,700
INCOME FUNDS					
Restricted		937,452		1,029,493	
Unrestricted		988,416		719,218	
			<u>1,925,868</u>		<u>1,748,711</u>
TOTAL FUNDS					
	8		<u>22,524,814</u>		<u>19,358,411</u>

The financial statements on pages 9 to 17 were approved on 23 November 2021




STATEMENT OF FINANCIAL ACTIVITIES

Year Ended 31 July 2021

Year Ended 31 July 2020

	Note	Year Ended 31 July 2021				Year Ended 31 July 2020			
		Unrestricted Funds	Restricted Funds	Endowment Funds	Total	Restated (Note 11)			
						Unrestricted Funds	Restricted Funds	Endowment Funds	Total
		£	£	£	£	£	£	£	£
INCOMING RESOURCES									
Incoming resources from generated funds									
Voluntary Income		105,814	807,910	852,664	1,766,388	10,759	1,375,980	-	1,386,739
Investment Income		-	-	871,120	871,120	-	-	878,844	878,844
Transfer to Income		871,120	-	(871,120)	-	878,844	-	(878,844)	-
Bank interest		392	-	-	392	3,255	-	-	3,255
Total Incoming Resources		977,326	807,910	852,664	2,637,900	892,858	1,375,980	-	2,268,838
RESOURCES EXPENDED									
Cost of generating funds									
Investment management costs		-	-	103,928	103,928	-	-	99,141	99,141
Charitable activities	2	673,304	899,950	-	1,573,254	755,200	1,014,400	-	1,769,600
Governance costs -									
Audit/Legal fees		34,799	-	-	34,799	5,400	-	-	5,400
Bank charges		25	-	-	25	-	-	-	-
Total Resources Expended		708,128	899,950	103,928	1,712,006	760,600	1,014,400	99,141	1,874,141
NET INCOMING RESOURCES FOR THE YEAR									
		269,198	(92,040)	748,736	925,894	132,258	361,580	(99,141)	394,697
OTHER RECOGNISED GAINS AND LOSSES									
Gains on revaluations and disposals of investments held for charity use:									
Gain on sale of investments				199,248	199,248			376,574	376,574
Less: Previously accounted for as an Unrealised (gain)				(706,450)	(706,450)			(465,431)	(465,431)
Realised from investments				(507,202)	(507,202)			(88,857)	(88,857)
Unrealised from investments				2,747,712	2,747,712			(153,129)	(153,129)
TOTAL INVESTMENT GAINS / (LOSSES)				2,240,510	2,240,510			(241,986)	(241,986)
NET MOVEMENTS IN FUNDS FOR THE YEAR		269,198	(92,040)	2,989,246	3,166,404	132,258	361,580	(341,127)	152,711
TOTAL FUNDS AT 1 AUGUST		719,218	1,029,493	17,609,700	19,358,411	586,960	667,913	17,950,827	19,205,700
TOTAL FUNDS AT 31 JULY	8	988,416	937,452	20,598,946	22,524,814	719,218	1,029,493	17,609,700	19,358,411

All amounts derive from continuing activities.

1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), and the Charities Act 2011.

These financial statements are consolidated with the Royal Northern College of Music financial statements, a copy of which are available at www.rncm.ac.uk

Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of investments to market value.

Fund accounting

The charity maintains various types of funds as follows:

Endowment funds

Endowment funds represent resources which have been made available and which the Trustee is legally required to invest or retain for the purposes of the charity.

Restricted funds

Restricted funds represent income which has been allocated by the donor for specific purposes.

Unrestricted funds

Unrestricted funds, which include the income derived from the endowment funds, represent resources which are expendable at the discretion of the Trustee in the furtherance of the objectives of the charity.

Incoming Resources

All income is recognised in the statement of financial activities when the conditions for receipt have been met and there is reasonable assurance of receipt. When a claim for repayment of income tax has been, or will be, made such income is grossed up for the tax recoverable. Where income is received relating to a future accounting period, the statement of financial activities shows the gross amount received together with the change in amount deferred to future accounting periods. Deferred income at the year end is included in creditors. The following accounting policies are applied to income.

Legacies and donations

Legacies and donations are accounted for when conditions for their receipt have been met. Material items receivable at the year end are included at an estimated value of the amount to be received.

Investment income

Investment income is accounted for when receivable and includes any related tax recoverable.

Resources expended

Direct charitable expenditure

Direct charitable expenditure includes all expenditure directly related to the objectives of the charity.

NOTES TO THE ACCOUNTS

Year ended 31 July 2021

1 ACCOUNTING POLICIES (continued)

Grants Payable

Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure. Recipients of grants payable are primarily students of the Royal Northern College of Music.

Other expenditure

Other expenditure comprises professional fees and miscellaneous expenses. The administration of the charity is undertaken by staff employed by the Royal Northern College of Music using facilities provided by that body. The value of this support has not been quantified.

Key Management Personnel

In these financial statements, the Awards Fund is considered to be a qualifying entity (for the purposes of FRS102) and has applied the exemptions available under FRS102 in respect of the key management personnel disclosure.

Cash Flow

In these financial statements, the Awards Fund is considered to be a qualifying entity (for the purposes of FRS102) and has applied the exemptions available under FRS102 in respect of preparing a cash flow statement.

Investments

Investments within the scope of Section 11 of FRS 102 (therefore excluding investments in subsidiaries, associates and joint ventures) are recognised initially at the transaction price (adjusted for transaction costs except in the initial measurement of financial assets and liabilities that are subsequently measured at fair value through profit and loss) unless the arrangement constitutes, in effect, a financing transaction. Subsequently, they are measured at fair value if the investment is publicly traded or their fair value can otherwise be measured reliably with the changes in fair value recognised in the statement of comprehensive income

Tax

The Royal Northern College of Music Awards Fund is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable trust for UK income tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 10 Income Tax Act 2007 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Accounting Estimates and Judgements

The Charity has not identified any accounting estimates or judgements that would significantly affect the amounts recognised in the financial statements.

Going Concern

The Trustee has assessed the ability of the Charity to continue as a going concern, considering events and conditions that may cast significant doubt upon its ability to do so for the period to July 2023. Based on its appropriate enquiries the Trustee is satisfied that, at the time of their approval, the Charity has the resources to continue in operation for the foreseeable future. Consequently these accounts have been prepared on a going concern basis.

NOTES TO THE ACCOUNTS
Year ended 31 July 2021

2 GRANTS PAYABLE

	Year Ended 31 July 2021			Year Ended 31 July 2020		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	Funds	Funds		Funds	Funds	
	£	£	£	£	£	£
Junior Fellowships	112,600	-	112,600	120,900	-	120,900
Medals & Prizes	41,675	-	41,675	41,675	-	41,675
Eva Turner Award	-	15,000	15,000	-	15,000	15,000
Annie Ridyard Award	-	15,000	15,000	-	15,000	15,000
Awards	519,029	869,950	1,388,979	592,625	984,400	1,577,025
	673,304	899,950	1,573,254	755,200	1,014,400	1,769,600

3 INVESTMENTS HELD AS FIXED ASSETS

	Year Ended 31 July 2021	Year Ended 31 July 2020
	£	Restated* £
Opening market value	17,391,909	17,732,281
Additions at cost	2,699,134	3,699,760
Capital appreciation	494,018	448,982
Disposals at opening market value	(2,355,919)	(5,092,492)
Unrealised gains/(losses)	2,747,712	(152,533)
Movement on cash	(1,447,930)	755,911
Closing market value	19,528,923	17,391,909
Historical cost	13,500,878	13,846,381

** For the year ended 31 July 2020 the capital appreciation was included within additions at cost.*

Summary details of investments held at 31 July 2021 are as follows:

	Cost £	Market Value £
Bonds	2,467,030	2,597,995
UK Equities	1,178,379	1,658,984
Continental European Equities	1,121,881	1,950,437
North American Equities	3,961,890	6,745,261
Japanese Equities	1,441,341	1,800,288
Asia Pacific Equities	574,414	1,180,702
Alternatives	2,747,981	3,587,294
Cash & Cash Holdings	7,963	7,963
	13,500,878	19,528,923

NOTES TO THE ACCOUNTS

Year ended 31 July 2021

4 MOVEMENT IN ENDOWMENT FUNDS

Endowment funds comprise resources which have been made available and which the Trustee is legally required to invest or retain for the purposes of the charity. All endowment funds, which are represented by investments held as fixed assets and, to a limited extent, cash are permanent as the Trustee has no power to convert them into income.

Movements for the year are set out in the Statement of Financial Activities on page 10 of this document.

5 MOVEMENT IN RESTRICTED FUNDS

Restricted funds represent grants, donations and legacies received which are allocated by the donor for specific purposes. Expenditure from restricted funds is entirely related to prizes, bursaries and scholarships.

	Balance 31-Jul-20 £	Income £	Expenditure £	Balance 31-Jul-21 £
Anderson Powell Prize	90,000		4,000	86,000
Barbara Rowbotham Award	10,000			10,000
Derek Wyndham	49,030			49,030
Doreen Johnson	11,000		3,000	8,000
Gough Kelly	95,463		5,000	90,463
Gwilm Gwalchmia Jones	85,348		4,000	81,348
Hacker Young	30,000			30,000
Harwood Prize	30,500			30,500
Haworth Trust	27,000		27,000	-
Hibbard	82,103			82,103
Leverhulme Trust	88,480	141,400	95,000	134,880
Oglesby Trust	15,500	21,000	21,000	15,500
Peter & Yvonne Wilson Award	77,900			77,900
Rollo Davidson Scholarship	97,053		2,000	95,053
Sir John Fisher Foundation	69,500	58,000	12,000	115,500
Wendy Higgins	14,750			14,750
Zochonis Fund	30,500	6,000		36,500
Various	125,366	581,510	726,951	(20,075)
	1,029,493	807,910	899,951	937,452

The total for the Various category above includes donations which individually are £15,000 or less and were received and expended in the year.

NOTES TO THE ACCOUNTS

Year ended 31 July 2021

6 ANALYSIS OF ASSETS AND LIABILITIES BETWEEN FUNDS

	Year Ended 31 July 2021				Year Ended 31 July 2020			
	Endowment	Restricted	Unrestricted	Total	Endowment	Restricted	Unrestricted	Total
	Funds	Funds	Funds		Funds	Funds	Funds	
	£	£	£	£	£	£	£	£
Fixed Assets								
Investment	19,528,923	-	-	19,528,923	17,391,909	-	-	17,391,909
Current Assets								
Debtors	-	38,387	117,238	155,625	-	47,452	105,721	153,173
Cash	1,078,790	906,197	877,100	2,862,086	226,124	989,173	619,419	1,834,716
Current Liabilities								
Creditors and accruals	(8,767)	(7,132)	(5,922)	(21,820)	(8,333)	(7,132)	(5,922)	(21,387)
	20,598,946	937,452	988,416	22,524,814	17,609,700	1,029,493	719,218	19,358,411

7 TAXATION

The Royal Northern College of Music Awards Fund, as a registered charity, is exempt from taxation on its income and gains falling within Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that they are applied to its charitable objectives.

No tax charge has arisen in the year.

8 CHARITABLE COMMITMENTS

At the date of the balance sheet the Student Awards Committee of the Royal Northern College of Music had processed applications/offers for grants/scholarships for the year 2021/2022 to the value of £1,326k. This does not represent a binding commitment and awards made will be subject to formal approval by the Trustee and are also subject to the recipients fulfilling certain conditions.

9 RELATED PARTY TRANSACTIONS AND CONNECTED CHARITIES

The Royal Northern College of Music is the sole Trustee of the Awards Fund. The Awards Fund is concerned with support for students and does not enter into transactions with the College.

NOTES TO THE ACCOUNTS

Year ended 31 July 2021

10 FINANCIAL INSTRUMENTS

	Year Ended 31 July 2021	Year Ended 31 July 2020
	£	£
<u>Financial assets</u>		
Investments measured at fair value through income and expenditure		
Investments in listed ordinary shares	13,335,672	10,408,627
Investments in common investment funds	6,193,252	6,983,282
Cash and cash equivalents	2,862,087	1,834,716
Total financial assets	22,391,011	19,226,625

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

	Year Ended 31 July 2021	Year Ended 31 July 2020
	£	£
<u>Interest</u>		
Interest income	871,120	882,099
	871,120	882,099
<u>Gains/(Losses)</u>		
On financial assets measured at fair value through income and expenditure	2,240,510	(241,986)
	2,240,510	(241,986)

11 Prior Period Adjustment

The investment income has been reclassified as endowment fund income in order to be consistent with the requirements of the charity SORP. There are no impacts on the Balance Sheet or the value of the Funds at the year end.