

**THE ROYAL NORTHERN COLLEGE OF MUSIC
AWARDS FUND**

Charity Number 504948

Financial Statements

31 July 2023

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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

The 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 2023 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
No. 1 Circle Square
3 Symphony Park
Manchester
M1 7FS

TRUSTEE'S REPORT
Year ended 31 July 2023

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 2023.

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 2023

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 2023 was £1,660,603. Of this, £567,447 was derived from legacies and donations and the balance of £1,093,156 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 £1,079,091 and, after charging expenses of £12,347 a surplus of £569,165 was added to previously accumulated surpluses.

Restricted income of £1,003,072 was received during the year from donors in respect of specific awards. Scholarships and awards amounted to £916,405 creating a surplus of £86,667 to carry forward.

In addition, the Awards Fund received the sum of £101,500 for investment, the income from which will fund additional awards in future years. Losses on investments were £721,402 being realised losses of £348,989 and unrealised losses of £372,413. After accounting for these and investment management fees of £104,935 the Endowment Fund decreased from £19,933,820 at the beginning of the year to £19,208,984 at 31 July 2023.

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 and more recent geopolitical issues and their impact on the economy and investment markets, 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 2022/23 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. The charity is permitted to adopt a total return investment strategy due to the guidance set out in the Trusts (Capital and Income) Act 2013.

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.

TRUSTEE'S REPORT
Year ended 31 July 2023

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 Global Equities (MSCI AC World Index), 20% Fixed Income (10% Markit iBoxx Gilts Index, 10% Markit iBoxx £ Corporate Bond Index), 18% Alternatives (9% S&P Real Assets Index (Hedged), 9% Absolute Return Index) and 2% Cash (ICE GBP SONIA 1-Month).

The portfolio recorded a positive return during the 12 month period to 31 July 2023, rising in value by +1.2% after fees. The portfolio has modestly lagged the short-term benchmark over the last 12 months, which returned +1.6%. The returns in the short term have been well behind the inflation+3% measure, although this is meant to be a long-term objective. Over the long term (7-years plus) the portfolio is well ahead of the CPI+3% objective.

The period captures a very turbulent time towards the end of 2022, when global markets in all major asset classes struggled. The so-called risk-free asset class (UK government bonds or gilts) was amongst the worst, culminating in September 2022 with the failed UK budget reforms. Over the financial year gilts fell by -12.5%, although the portfolio's bonds returned a very credible -2.4%. More recently, markets have been more settled, and equities in particular have made a reasonable recovery in 2023 through to 31 July, which has been of benefit to the portfolio given that we have maintained a reasonably high weight in favour of this asset class. The portfolio's alternatives fell by -9.6% (as compared to the benchmark return of -0.8%), while the equities rose by +6.0% (as compared to the benchmark return of +6.8%).

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 still supports this and the unapplied total return can be utilised in the short term if there should be a decline in income from the fund.

Current Unrestricted Reserves stand at £1.9m and are therefore some way above the stated level in this policy. The trustee has plans in place to utilise the excess of reserves over the coming years in order to reduce Unrestricted Reserves back to £200k.

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.

Approved by the Trustee on 29 November 2023 and signed as authorised on their behalf by



Ravi Gupta *Chair of the Board of Governors*

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 members of The Royal Northern College of Music Awards Fund

Opinion

We have audited the financial statements of The Royal Northern College of Music Awards Fund (the 'charity') for the year ended 31 July 2023 which comprise 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 August 2022 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

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 trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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 other information comprises the information included in the trustee's report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of 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.

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 trustee's report.

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- adequate 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 6, the trustees 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 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 trustees either intend 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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 industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: UK tax legislation and the Charities SORP.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the charity is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the 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.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax and the Charities Act 2011.

In addition, we evaluated the trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks 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 revenue recognition (which we pinpointed to the cut-off assertion) and significant one-off or unusual transactions.

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

- Making enquiries of the trustees 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 charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Speight (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
One St Peter's Square
Manchester
M2 3DE

Date:

STATEMENT OF FINANCIAL ACTIVITIES

	Note	Year Ended 31 July 2023				Year Ended 31 July 2022			
		Unrestricted	Restricted	Endowment	Total	Unrestricted	Restricted	Endowment	Total
		Funds	Funds	Funds		Funds	Funds	Funds	
		£	£	£	£	£	£	£	£
INCOMING RESOURCES									
Incoming resources from generated funds									
Voluntary Income		567,447	1,003,072	101,500	1,672,019	50,778	1,158,314	11,622	1,220,714
Investment Income		-	-	1,069,958	1,069,958	-	-	990,217	990,217
Transfer to Income		1,069,958	-	(1,069,958)	-	990,217	-	(990,217)	-
Bank interest		23,197	-	-	23,197	859	-	-	859
Total Incoming Resources		1,660,603	1,003,072	101,500	2,765,175	1,041,854	1,158,314	11,622	2,211,790
RESOURCES EXPENDED									
Cost of generating funds									
Investment management costs		-	-	104,935	104,935	-	-	112,407	112,407
Charitable activities	2	1,079,091	916,405	-	1,995,496	706,370	772,838	-	1,479,207
Governance costs -									
Audit/Legal fees		12,268	-	-	12,268	19,954	-	-	19,954
Bank charges		79	-	-	79	28	-	-	28
Total Resources Expended		1,091,438	916,405	104,935	2,112,778	726,351	772,838	112,407	1,611,596
NET INCOMING RESOURCES FOR THE YEAR		569,165	86,667	(3,435)	652,397	315,503	385,476	(100,785)	600,194
OTHER RECOGNISED GAINS AND LOSSES									
Gains on revaluations and disposals of investments held for charity use:									
Gain on sale of investments		-	-	1,026,404	1,026,404	-	-	1,384,280	1,384,280
Less: Previously accounted for as an Unrealised (gain)		-	-	(1,375,393)	(1,375,393)	-	-	(1,378,164)	(1,378,164)
Realised from investments		-	-	(348,989)	(348,989)	-	-	6,116	6,116
Unrealised from investments		-	-	(372,413)	(372,413)	-	-	(570,457)	(570,457)
TOTAL INVESTMENT GAINS / (LOSSES)		-	-	(721,402)	(721,402)	-	-	(564,341)	(564,341)
NET MOVEMENTS IN FUNDS FOR THE YEAR		569,165	86,667	(724,837)	(69,005)	315,503	385,476	(665,126)	35,853
TOTAL FUNDS AT 1 AUGUST		1,303,919	1,322,927	19,933,820	22,560,666	988,416	937,452	20,598,946	22,524,814
TOTAL FUNDS AT 31 JULY	8	1,873,083	1,409,595	19,208,984	22,491,662	1,303,919	1,322,927	19,933,820	22,560,666

All amounts derive from continuing activities.

BALANCE SHEET
Year ended 31 July 2023

	Note	As at 31 July 2023		As at 31 July 2022	
		£	£	£	£
FIXED ASSETS					
Investments at market value	3	19,905,035		19,705,535	
CURRENT ASSETS					
Debtors	4	538,730		351,866	
Cash at bank and in hand		<u>2,151,191</u>		<u>2,660,283</u>	
		2,689,921		3,012,149	
CURRENT LIABILITIES					
Creditors and accruals	5	103,293		157,016	
NET CURRENT ASSETS			<u>2,586,627</u>		<u>2,855,132</u>
TOTAL NET ASSETS			<u><u>22,491,662</u></u>		<u><u>22,560,667</u></u>
CAPITAL FUNDS					
Endowment fund	6	19,208,984		19,933,820	
INCOME FUNDS					
Restricted	7	1,409,595		1,322,928	
Unrestricted		1,873,083		1,303,919	
		<u>3,282,679</u>		<u>2,626,847</u>	
TOTAL FUNDS	8		<u><u>22,491,662</u></u>		<u><u>22,560,667</u></u>

Approved by the Trustee on 29/11/2023 and signed as authorised on their behalf by



Chair of the Board of Governors, Ravi Gupta



Principal, Linda Merrick

1 ACCOUNTING POLICIES

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following the Charities Statement of Recommended Practice (FRS 102) in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) rather than the "Accounting and Reporting by Charities: Statement of Recommended Practice Charities SORP 2005" which has since been withdrawn.

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 and the amount is quantifiable. 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 and where that amount can be estimated reliably and receipt is probable. 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 2023

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.

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 Para 1 Schedule 6 Finance Act 2010 and therefore 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 foreseeable future and have not identified any material uncertainties within their review. 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 2023

2 GRANTS PAYABLE

	Year Ended 31 July 2023			Year Ended 31 July 2022		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	Funds	Funds		Funds	Funds	
	£	£	£	£	£	£
Junior Fellowships	69,500	-	69,500	64,000	-	64,000
Medals & Prizes	61,957	-	61,957	10,000	-	10,000
Eva Turner Award	15,000	-	15,000	15,000	-	15,000
Annie Ridyard Award	15,000	-	15,000	15,000	-	15,000
Awards	917,634	916,405	1,834,039	602,370	772,837	1,375,207
	1,079,091	916,405	1,995,496	706,370	772,837	1,479,207

All grants payable are made to individuals, as all are awarded to current students of RNCM.

3 INVESTMENTS HELD AS FIXED ASSETS

	Year Ended 31 July 2023	Year Ended 31 July 2022
	£	£
Opening market value	19,705,535	19,528,923
Additions at cost	3,784,038	4,154,936
Capital appreciation	605,243	666,877
Cash transfer	0	852,664
Disposals at opening market value	(4,330,756)	(5,319,165)
Unrealised gains/(losses)	(372,413)	(570,457)
Movement on cash	(486,612)	391,757
Short Dated Bonds	1,000,000	-
Closing market value	19,905,035	19,705,535
Historical cost	16,315,950	14,895,608

Summary details of investments held at 31 July 2023 are as follows:

	Cost	Market Value
	£	£
Bonds	3,432,870	3,280,272
UK Equities	804,729	1,059,852
Continental European Equities	1,854,455	1,927,129
North American Equities	4,454,168	6,820,001
Japanese Equities	1,295,822	1,640,381
Asia Pacific Equities	334,723	571,702
Alternatives	2,391,676	2,858,191
Short Dated Bonds	1,000,000	1,000,000
Cash & Cash Holdings	747,508	747,508
	16,315,950	19,905,035

NOTES TO THE ACCOUNTS
Year ended 31 July 2023

4 DEBTORS

	Year Ended 31 July 2023	Year Ended 31 July 2022
	£	£
Debtors	108,848	2,538
Prepayments	429,882	349,328
	538,730	351,866

5 CREDITORS

	Year Ended 31 July 2023	Year Ended 31 July 2022
	£	£
Creditors	58,454	50,400
Accruals	44,839	106,616
	103,293	157,016

6 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.

7 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-22	Income	Expenditure	Balance 31-Jul-23
	£	£	£	£
Anderson Powell Prize	86,000	-	-	86,000
Derek Wyndham	49,030	100,000		149,030
Gough Kelly	90,463			90,463
Gwilm Gwalchmia Jones	81,348			81,348
Hacker Young	30,000	15,000		45,000
Harwood Prize	29,500		4000	25,500
Hibbard	82,103			82,103
Leverhulme Trust	142,280	129,000	142,500	128,780
Millar Scholarships	26,000		5,000	21,000
Oglesby Trust	15,500	21,000	21,000	15,500
Ogus Travel Bursary	19,000	2,000	1,401	19,599
Peter & Yvonne Wilson Award	77,900			77,900
Rollo Davidson Scholarship	95,053			95,053
Sir John Fisher Foundation	119,500	22,000	6,600	134,900
Ukrainian Musicians Fund	15,096	35,837	21,660	29,273
Zochonis Fund	36,500			36,500
Various	327,656	678,236	714,245	291,646
	1,322,927	1,003,072	916,406	1,409,595

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

NOTES TO THE ACCOUNTS

Year ended 31 July 2023

8 ANALYSIS OF ASSETS AND LIABILITIES BETWEEN FUNDS

	Year Ended 31 July 2023				Year Ended 31 July 2022			
	Endowment Funds £	Restricted Funds £	Unrestricted Funds £	Total £	Endowment Funds £	Restricted Funds £	Unrestricted Funds £	Total £
Fixed Assets								
Investment	18,905,035	-	1,000,000	19,905,035	19,705,535	-	-	19,705,535
Current Assets								
Debtors	-	361,197	177,532	538,730	-	296,262	55,603	351,865
Cash	339,248	1,055,530	756,413	2,151,191	237,748	1,114,298	1,308,237	2,660,283
Current Liabilities								
Creditors and accruals	(35,299)	(7,132)	(60,862)	(103,293)	(9,463)	(87,632)	(59,922)	(157,016)
	19,208,984	1,409,595	1,873,083	22,491,662	19,933,820	1,322,928	1,303,919	22,560,667

9 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.

10 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 present 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.

11 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.

The Royal Northern College of Music (RNCM) is an independent corporation, established as a Higher Education Corporation under the terms of the Education Reform Act 1988, and operating within the provisions of an Instrument of Government made by the Privy Council in May 1993 under the terms of the Further and Higher Education Act 1992. As a recipient of substantial public funding and by virtue of its educational objectives, it is an exempt charity as defined by the Charities Act 2011, with the Office for Students (OfS) acting as its Principal Regulator.

NOTES TO THE ACCOUNTS**Year ended 31 July 2023****12 FINANCIAL INSTRUMENTS**

	Year Ended 31 July 2023	Year Ended 31 July 2022
	£	£
<u>Financial assets</u>		
Investments measured at fair value through income and expenditure		
Investments in listed ordinary shares	12,019,064	12,576,714
Investments in common investment funds	6,885,971	7,128,821
Cash and cash equivalents	2,151,191	2,660,283
Total financial assets	<u>21,056,226</u>	<u>22,365,818</u>

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

	Year Ended 31 July 2023	Year Ended 31 July 2022
	£	£
<u>Interest</u>		
Interest income	1,069,958	990,217
	<u>1,069,958</u>	<u>990,217</u>
<u>(Losses)/Gains</u>		
On financial assets measured at fair value through income and expenditure	(721,402)	(564,341)
	<u>(721,402)</u>	<u>(564,341)</u>