

THE ROYAL NORTHERN COLLEGE OF MUSIC ENDOWMENT FUND

England & Wales · Charity number 504949

Details

Other names	GENERAL FUNDS OF THE ROYAL MANCHESTER COLLEGE OF MUSIC
Status	Registered
Legal form	Other
Registered	1976-02-24
Register	View on the Charity Commission register

Contact

Address Royal Northern College Of Music
124 Oxford Road
Manchester
M13 9RD

Phone 01619075401

Email info@ncm.ac.uk

Website www.ncm.ac.uk

Activities

Objects: FOR THE GENERAL PURPOSES OF THE ROYAL NORTHERN COLLEGE OF MUSIC AND THE JUNIOR SCHOOL AT THE ROYAL NORTHERN COLLEGE OF MUSIC AND IN THE ADVANCEMENT OF EDUCATION OF ITS STUDENTS AND FORMER STUDENTS.

Activities: Support of the Royal Northern College of Music and the Junior School at the Royal Northern College of Music and the advancement of the education of its students and former students.

Classification

- **How:** Makes Grants To Organisations
- **What:** Education/training
- **Who:** Children/young People, Other Charities Or Voluntary Bodies

Geography

- Manchester City

Finances

Period end	Income	Expenditure	Assets	Employees
2025-07-31	£4,010,812	£4,290,097	£17,339,671	0
2024-07-31	£2,764,905	£2,454,912	£17,307,560	0
2023-07-31	£1,819,381	£2,631,125	£16,346,800	0
2022-07-31	£862,510	£555,318	£17,184,267	0
2021-07-31	£620,307	£544,025	£16,861,963	0

Trustees

Name	Role	Appointed
ROYAL NORTHERN COLLEGE OF MUSIC		

Linked charities

- THE MARY WHITTAKER ENDOWMENT FUND (504949-1)

THE ROYAL NORTHERN COLLEGE OF MUSIC ENDOWMENT FUND

England & Wales - Charity number 504949

Accounts

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

Charity Number 504949

Financial Statements

31 July 2025

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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 504949

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 2025 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

Haysmac LLP
10 Queen Street Place
London
EC4R 1AG

INVESTMENT MANAGERS

W1M
16 Babmaes Street
London
SW1Y 6AH

SOLICITORS

Mills and Reeve
No. 1 Circle Square
3 Symphony Park
Manchester
M1 7FS

TRUSTEE'S REPORT
Year ended 31 July 2025

The Trustee of The Royal Northern College of Music Endowment Fund presents its annual report and audited financial statements for the year ended 31 July 2025.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Royal Northern College of Music Endowment Fund is constituted under a trust scheme dated 22 October 1992 and is a registered charity number 504949.

The College Board of Governors, the sole Trustee of the Endowment 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.

OBJECTIVE AND ACTIVITIES

The objective of the Fund is to apply its income in such ways as the Trustee considers fit for the general purposes of the Royal Northern College of Music and the Junior School at the Royal Northern College of Music and in the advancement of the education of its students and former students.

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 from investments and donations.

In order to monitor this risk, regular meetings are held with the investment managers, and the Trustee is represented on the Board of Governors of the Associated Board of the Royal Schools of Music.

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 requests for assistance made by the Royal Northern College of Music and other approved grantees and, when offering support, gives preference to those projects and activities which enhance the long term standing and profile of the College.

There is no private benefit accruing either to the Trustee of the College or the members of the College who form the committee which requests assistance.

RELATED PARTIES AND CONNECTED CHARITIES

The Royal Northern College of Music is the sole Trustee of the Endowment Fund. One of the objectives of the Endowment Fund is to apply income, as the Trustee considers fit, for the general purpose of the College.

TRUSTEE'S REPORT
Year ended 31 July 2025

ACHIEVEMENTS AND PERFORMANCE

Unrestricted income for the year ended 31 July 2025 was £2,567,804. Of this £2,282,278 was derived from ABRSM distribution, legacies and donations and the balance of £285,526 arose from investments held both as part of the permanently endowed capital and unrestricted funds of the charity and bank balances held as both endowed capital and undistributed income. Gains on unrestricted investments were £119,521 and after accounting for charitable activities and legal fees of £3,035,984 and investment management fees of £8,980 and along with a transfer of restricted funds of £735,358, relating to previous completed restricted projects, a surplus of £377,719 was added to previously accumulated surpluses.

Restricted income of £1,443,008 arose during the year. Of this £1,316,729 was derived from grants, donations and legacies which were allocated by the donor for specific purposes and the balance of £126,279 from investments and bank balances held. Gains on restricted investments were £111,655 and after accounting for charitable activities and bank charges of £1,228,705, investment management fees of £10,401 and a transfer of completed projects to unrestricted funds of £735,358, a deficit of £419,802 was deducted from previously accumulated surpluses.

Gains on endowment investments were £80,222 and after accounting for these and investment management fees of £6,027 the value of the Endowment Fund increased to £1,345,843 at 31 July 2025.

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 recent economic and geopolitical issues and their impact on the 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 £17m, it is entirely appropriate to adopt the going concern basis for the 2024/25 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.

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 W1M 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 enjoyed a positive return during the 12 month period to 31 July 2025, rising in value by +8.9% (+8.8% Jellis Portfolio) after fees. The portfolio marginally underperformed the short-term benchmark over the 12 months, which

TRUSTEE'S REPORT
Year ended 31 July 2025

returned +9.2% The returns in the short term have been well ahead of the inflation +3% measure, although this is a long-term objective. Over the long term (7-years plus) the portfolios are ahead of the CPI+3% objective.

The positive return was realised despite the tariff announcements by President Trump of 2nd April, which unsettled markets and resulted in a sharp fall in share prices. But, an expectation of a downward trajectory for inflation and interest rates, and a major stimulus Bill in the US, helped to create favourable conditions for risk assets thereafter. The portfolio's equities rose in value by +12.9% over the year, ahead of the MSCI AC World Index, which returned +12.5%. Bonds were disappointing, although marginally positive, rising by 1.5%. The gold price was particularly strong (+31.9%), which helped the Alternatives allocation record a +6.1% contribution to returns. One of the main headwinds was the devaluation of the US dollar, as the portfolio does have a high dollar weight, but the underlying US dollar denominated securities provided a positive return in sterling terms despite the currency drag.

RESERVES POLICY

It is the policy of the Trustee to seek to maintain undesignated unrestricted funds, which are the free reserves of the charity, at a level of £1,000,000 which would enable the Trustee to support the Royal Northern College of Music for a further year in the event that the revenues of the charity should decline or fail. Undesignated unrestricted funds were £10,441,126 at 31 July 2025.

The College will endeavour to meet the targets set out above over the period of the next two years both by reviewing its expenditure policies and reviewing, and where necessary, changing the type and mix of investment vehicles used. This will be achieved while still complying with regard to the aims and objectives of the Fund.

Restricted funds held for specific purposes were £3,277,702 at 31 July 2025.

Endowed funds are permanent endowments to be held indefinitely were £1,345,843 at 31 July 2025.

FUTURE DEVELOPMENTS

The accumulated unrestricted funds at 31 July 2025 amounted to £12,716,126 of which £2,275,000 is classed as designated funds and relates to the holding of the share in the Associated Board of the Royal Schools of Music. The Trustee intends further to continue to support the College's new building projects and to provide support for selected activities of the College and for its students.

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 26 November 2025 and signed as authorised on their behalf by

A handwritten signature in blue ink that reads "R. Gupta". The signature is written in a cursive style with a large initial 'R'.

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 Trustee is 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 The Royal Northern College of Music Endowment Fund

Opinion

We have audited the financial statements of The Royal Northern College of Music Endowment Fund for the year ended 31 July 2025 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 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 charity's affairs as at 31 July 2025 and of the net movement in funds 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 Charities Act 2011.

Basis for opinion

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder. 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 trustee 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 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.

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.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the charity; or
- sufficient accounting records have not been kept; or
- the charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the trustee for the financial statements

As explained more fully in the trustee's responsibilities statement [set out on page 6], the trustee 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 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 these 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charity and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to compliance with charity law applicable in England and Wales, 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 Charities Act 2011 and consider other factors such as UK tax legislation.

We evaluated 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 the risk of improper cut-off of income (other than that from investments) and management override of controls through improper journal entries or the inappropriate use of accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

**ROYAL NORTHERN COLLEGE OF MUSIC
ENDOWMENT FUND**

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 our report

This report is made solely to the charity's trustee, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's 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's trustee as a body for our audit work, for this report, or for the opinions we have formed.

HaysMac LLP

HaysMac LLP

Statutory Auditors

Date:

4 December 2025

10 Queen Street Place

London

EC4R 1AG

HaysMac LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

STATEMENT OF FINANCIAL ACTIVITIES

	Note	Year Ended 31 July 2025				Year Ended 31 July 2024			
		Unrestricted	Restricted	Endowment	Total	Unrestricted	Restricted	Endowment	Total
		Funds	Funds	Funds		Funds	Funds	Funds	
					Restated	Restated			
		£	£	£	£	£	£	£	£
INCOME									
Income from generated funds									
Voluntary Income		2,282,278	1,316,729	-	3,599,007	1,155,153	1,172,794	-	2,327,947
Investment Income		285,526	126,279	-	411,805	292,144	144,814	-	436,958
Total Income		2,567,804	1,443,008	-	4,010,812	1,447,297	1,317,608	-	2,764,905
EXPENDITURE									
Cost of raising funds									
Investment management costs		8,980	10,401	6,027	25,408	10,671	12,407	7,163	30,241
Charitable activities	2	3,024,893	1,228,705		4,253,598	2,006,204	406,501		2,412,705
Other expenditure -									
Audit/Legal fees		10,800			10,800	11,700			11,700
Bank charges		291			291	266			266
Total Expenditure		3,044,964	1,239,106	6,027	4,290,097	2,028,841	418,908	7,163	2,454,912
NET INCOME/(EXPENDITURE) FOR THE YEAR BEFORE INVESTMENT GAINS AND LOSSES									
		(477,160)	203,902	(6,027)	(279,285)	(581,544)	898,700	(7,163)	309,993
Gains on revaluations and disposals of investments held for charity use:									
Gain on sale of investments		48,051	225,572	32,252	305,875	117,104	116,296	78,600	312,000
Less: Previously accounted for as an Unrealised (gain)		(23,488)	(243,522)	(15,765)	(282,775)	(94,244)	(100,938)	(63,256)	(258,438)
Realised from investments		24,563	(17,951)	16,487	23,099	22,860	15,359	15,344	53,563
Unrealised from investments		94,958	129,605	63,736	288,299	200,432	262,243	134,529	597,204
TOTAL INVESTMENT GAINS		119,521	111,654	80,222	311,398	223,292	277,602	149,873	650,767
NET INCOME/(EXPENDITURE) FOR THE YEAR									
		(357,639)	315,556	74,195	32,113	(358,252)	1,176,302	142,710	960,759
Transfer of Restricted Funds to Unrestricted									
		735,358	(735,358)			341,508	(341,508)		
NET MOVEMENTS IN FUNDS FOR THE YEAR									
		377,719	(419,802)	74,195	32,113	(16,745)	834,794	142,710	960,759
TOTAL FUNDS AT 1 AUGUST									
		12,338,407	3,697,504	1,271,648	17,307,559	12,355,152	2,862,710	1,128,938	16,346,799
TOTAL FUNDS AT 31 JULY									
	8	12,716,126	3,277,702	1,345,843	17,339,672	12,338,407	3,697,504	1,271,648	17,307,559

All amounts derive from continuing activities.

BALANCE SHEET
Year ended 31 July 2025

	Note	As at 31 July 2025		As at 31 July 2024	
		£	£	Restated £	£
FIXED ASSETS					
<i>Investments</i>					
Quoted: at market value	3	3,704,876		4,392,341	
Unquoted: ABRSM at historical cost		<u>2,275,000</u>		<u>2,275,000</u>	
			<u>5,979,876</u>		<u>6,667,341</u>
CURRENT ASSETS					
Debtors	4	827,224		1,614,953	
Cash at bank and in hand		<u>10,550,270</u>		<u>9,046,858</u>	
			<u>11,377,494</u>		<u>10,661,811</u>
CURRENT LIABILITIES					
Accruals		17,699		21,592	
NET CURRENT ASSETS					
			<u>11,359,796</u>		<u>10,640,219</u>
TOTAL NET ASSETS					
			<u><u>17,339,672</u></u>		<u><u>17,307,559</u></u>
CAPITAL FUNDS					
Endowment fund	5	1,345,843		1,271,648	
INCOME FUNDS					
Restricted	6	3,277,702		3,697,504	
Unrestricted					
General funds	7	10,441,126		10,063,407	
Designated funds	7	2,275,000		2,275,000	
			<u>15,993,829</u>		<u>16,035,911</u>
TOTAL FUNDS					
	8		<u><u>17,339,672</u></u>		<u><u>17,307,559</u></u>

Approved and authorised for issue by the Trustee on 26 Nov 2025 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 and prepared in pounds sterling rounded to the nearest pound.

Fund accounting

The charity maintains various types of funds as follows:

Endowment funds

Permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream

Expendable endowments - the donor has specified a particular objective and the trustees have the power to use the capital.

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.

Income

All income is recognised in the statement of financial activities when 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 the following criteria are met:

- Entitlement - control over the rights or other access to the economic benefit has passed to the charity.
- Probable - it is more likely than not that the economic benefits associated with the transaction of gift will flow to the charity.
- Measurement - the monetary value or amount of the income can be measured reliably and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Investment income

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

1 ACCOUNTING POLICIES (continued)

Expenditure

Direct charitable expenditure

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

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 the Royal Northern College of Music and the Junior School at 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.

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

The unquoted investment in the associate, ABRSM is stated at historical cost less impairment. The RNCM Endowment Fund holds a 25% share in the ABRSM.

Charitable commitments

Commitments which are legally binding on the Trustee are accounted for as resources expended in the statement of financial activities. Where the promise of financial support is not binding on the Trustee, such intentions are accounted for by a transfer to a designated reserve. Activities that are to be wholly financed from future income do not form part of such designation and are disclosed in a note to the accounts.

Associated Undertaking

The unquoted investment in the Associated Board of the Royal Schools of Music (ABRSM) is valued by the Trustee at cost, which is considered for impairment. The investment represents a quarter share in the charitable company.

Taxation

The Royal Northern College of Music Endowment 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.

1 ACCOUNTING POLICIES (continued)

Cash Flow

The financial statements of the Endowment Fund are consolidated into the group financial statements of the Royal Northern College of Music and is therefore 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.

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 2025

2 GRANTS PAYABLE

	Year Ended 31 July 2025			Year Ended 31 July 2024		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	Funds	Funds		Funds	Funds	
	£	£	£	£	£	£
Projects and Events						
- Payable to Individuals	18,893	36,241	55,134	5,604	255,363	260,967
- Payable to Institutions	6,000	1,192,464	1,198,464	600	151,138	151,738
RNCM Grant	3,000,000	-	3,000,000	2,000,000	-	2,000,000
	3,024,893	1,228,705	4,253,598	2,006,204	406,501	2,412,705

3 INVESTMENTS HELD AS FIXED ASSETS

	Year Ended 31 July 2025	Year Ended 31 July 2024
	£	£
Opening market value	4,392,341	4,971,109
Additions at cost	1,606,425	2,066,766
Disposals at opening market value	(2,504,605)	(1,991,841)
Gifted Assets	50,085	-
Unrealised gains	278,099	597,204
Movement on cash	(117,469)	(50,897)
Bond classified as cash	-	(1,200,000)
Closing market value	3,704,876	4,392,341
Historical cost	2,746,514	3,390,965
Unquoted investment		
Associated Board of the Royal Schools of Music	2,275,000	2,275,000

Quoted investments are valued at market value at the year end. The unquoted investment in the Associated Board of the Royal Schools of Music (ABRSM) is valued by the Trustee at cost. The investment represents a quarter share in the charitable company. The Trustee performed an impairment review in 2024/2025 and considers that there is no requirement to impair its investment in ABRSM.

Summary details of investments held at 31 July 2025 are as follows:

	Cost	Market Value
	£	£
Bonds	621,707	614,934
UK Equities	111,193	128,927
Continental European Equities	230,365	281,144
North American Equities	921,737	1,554,933
Japanese Equities	208,469	319,575
Asia Pacific Equities	184,062	260,044
Alternatives	368,525	444,863
Cash & Cash Holdings	100,456	100,456
	2,746,514	3,704,876

NOTES TO THE ACCOUNTS

Year ended 31 July 2025

4 DEBTORS

	Year Ended 31 July 2025	Year Ended 31 July 2024
Investment income, accrued interest and tax recoverable	£ 127,224	£ 114,953
Inter-company loan	700,000	1,500,000
	<u>827,224</u>	<u>1,614,953</u>

This inter-company loan is a programme-related investment recognised at historical cost. It is repayable on demand with nil interest and nil security.

5 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. Endowment funds, held as fixed assets, are a mix of permanent endowments, where the Trustee has no power to convert into income, and expendable endowments, where the Trustee has the power to use the capital. Movements for the year are set out in the Statement of Financial Activities on page 10 of this document.

6 MOVEMENT IN RESTRICTED FUNDS

Restricted funds represent grants, donations and legacies received which are allocated by the donor for specific purposes.

	Balance 01/08/23 Restated	Income	Investment Returns	Expenditure	Transfers Restated	Balance 31/07/24	Income	Investment Returns	Expenditure	Transfers	Balance 31/07/25
	£	£	£	£	£	£	£	£	£	£	£
Chris Rowland Masterclass	53,905	-	-	-	-	53,905	-	7,466	-	-	61,371
Digitisation Project	-	119,438	-	-	-	119,438	19,148	19,195	-	(157,781)	-
Dullator - JRNCM Bursary	37,500	-	-	-	-	37,500	-	5,194	-	-	42,694
Engage Cumbria	-	290,000	-	45,192	-	244,808	270,000	47,397	172,615	-	389,589
Foundation for Sports and Arts	-	-	-	-	-	-	-	3,179	-	(3,179)	-
Garfield Weston	-	-	-	-	-	-	-	10,388	-	(10,388)	-
Haworth Charitable Trust	17,000	6,000	-	-	-	23,000	6,000	4,017	-	-	33,017
Instrument Loan Scheme	21,071	650	-	-	-	21,721	3,979	2,140	10,250	-	17,590
Junior Strings Project Instruments	21,303	-	-	-	-	21,303	-	2,951	-	-	24,254
National Heritage Archive Project	11,845	19,388	-	-	-	31,233	-	3,664	4,778	(30,119)	-
Organ Refurb	10,000	274,400	-	-	-	284,400	-	39,392	-	-	323,792
Piano Campaign	-	75,400	-	-	-	75,400	659,440	-	734,840	-	-
Piano Competition	308,194	-	-	84,283	-	223,912	-	30,131	6,376	-	247,667
RNCM Engage/Pathfinder	481,667	172,991	-	1,855	(290,508)	362,295	86,021	101,987	2,500	(411,479)	136,324
RNCM50 Fund/ Gala Dinner	119,011	24,000	-	7,627	(51,000)	84,384	38,500	20,443	26,292	(89,443)	27,592
RNCM Transitions	-	-	-	-	-	-	78,500	10,873	-	-	89,373
Student Support	33,020	15,150	-	-	-	48,170	-	6,672	-	-	54,842
Young Artists	45,099	86,203	-	-	-	131,302	55,008	20,238	40,195	-	166,353
Other	497,775	196,563	15,913	115,928	-	594,323	193,494	(326,810)	23,143	(32,968)	404,896
Jellis Bequest	1,205,321	37,425	261,689	164,024	-	1,340,411	32,918	103,137	218,117	-	1,258,348
	2,862,710	1,317,608	277,602	418,908	(341,508)	3,697,504	1,443,008	111,654	1,239,106	(735,358)	3,277,702

Transfers are amounts which relate to restricted expenditure made from unrestricted funds. A transfer is therefore required to reimburse unrestricted funds, see note 11.

NOTES TO THE ACCOUNTS

Year ended 31 July 2025

7 MOVEMENT IN UNRESTRICTED FUNDS

The Trustee has designated part of the general funds as separate funds representing the amount invested by the Fund in the Associated Board of the Royal Schools of Music.

	Balance 31-Jul-24 Restated £	Income £	Gains £	Expenditure £	Transfer £	Balance 31-Jul-25 £
Associated Board of the Royal Schools of Music	2,275,000	-	-	-	-	2,275,000
General Fund	10,063,407	2,567,804	119,521	3,044,964	735,358	10,441,126
Total unrestricted funds	12,338,407	2,567,804	119,521	3,044,964	735,358	12,716,126

8 ANALYSIS OF ASSETS AND LIABILITIES BETWEEN FUNDS

	Year Ended 31 July 2025				Year Ended 31 July 2024			
	Endowment Funds £	Restricted Funds £	Unrestricted Funds £	Total £	Endowment Funds £	Restricted Funds Restated £	Unrestricted Funds Restated £	Total £
Fixed Assets								
Investments	1,348,234	1,547,855	3,083,787	5,979,876	1,274,343	2,419,384	2,973,613	6,667,341
Current Assets								
Debtors	-	31,792	795,432	827,224	-	19,187	1,595,765	1,614,952
Cash	(352)	1,701,677	8,848,945	10,550,270	(352)	1,262,991	7,784,219	9,046,858
Current Liabilities								
Creditors and accruals	(2,039)	(3,621)	(12,038)	(17,699)	(2,343)	(4,058)	(15,191)	(21,592)
	1,345,843	3,277,702	12,716,126	17,339,672	1,271,648	3,697,504	12,338,407	17,307,559

9 TAXATION

The Royal Northern College of Music Endowment 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 RELATED PARTY TRANSACTIONS AND CONNECTED CHARITIES

The Royal Northern College of Music is the sole Trustee of the Endowment Fund. One of the objectives of the Endowment Fund is to apply income, as the trustee considers fit, for the general purpose of the College.

Grant payments made to RNCM in year amounted to £4,118k, income received from RNCM in year amounted to £192k and an intra-group loan of up to £3m was available to RNCM and £700k was outstanding at year end.

ABRSM, as an associate of the Royal Northern College of Music Endowment Fund, is a related party. £1,750k was received in year from ABRSM as a distribution of surpluses generated by ABRSM.

NOTES TO THE ACCOUNTS
Year ended 31 July 2025

11 Prior Year Adjustment

Following a review of restricted funds, it was identified that £477,488 of the funds had been expended in previous accounting periods and were therefore incorrectly carried forward at 1 August 2024. As this is material to the financial statements, a prior year adjustment has been processed in line with the requirements of FRS 102. Following investigation, it was identified that £341,508 had been expended in the year to 31 July 2024 and £135,940 had been expended in periods prior to 1 August 2023.

The impact of this prior year restatement is set out as follows:

	As previously stated	Restatement	As restated
	£		£
<u>At 31 July 2024</u>			
Unrestricted funds carried forward	11,996,899	341,508	12,338,407
Restricted funds carried forward	4,039,012	(341,508)	3,697,504
Endowment funds carried forward	1,271,648	-	1,271,648
Total funds carried forward	17,307,559	-	17,307,559

At 1 August 2023

Unrestricted funds carried forward	12,219,212	135,940	12,355,152
Restricted funds carried forward	2,998,650	(135,940)	2,862,710
Endowment funds carried forward	1,128,937	-	1,128,937
Total funds carried forward	16,346,799	-	16,346,799

Impact on individual funds:

Balance at 31 July 2024

	As previously stated	Restatement	As restated
	£	£	£
RNCM Engage/Pathfinder	652,803	(290,508)	362,295
RNCM 50 Fund/Gala Dinner	135,384	(51,000)	84,384
	788,187	(341,508)	446,679

Balance at 1 August 2023

	As previously stated	Restatement	As restated
	£	£	£
Foundation for Sports and Arts	22,952	(22,952)	-
Garfield Weston	75,000	(75,000)	-
Various	535,762	(37,988)	497,774
	633,714	(135,940)	497,774

THE ROYAL NORTHERN COLLEGE OF MUSIC ENDOWMENT FUND

England & Wales - Charity number 504949

Accounts

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

Charity Number 504949

Financial Statements

31 July 2024

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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 504949

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 2024 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

Forvis 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 2024

The Trustee of The Royal Northern College of Music Endowment Fund presents its annual report and audited financial statements for the year ended 31 July 2024.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Royal Northern College of Music Endowment Fund is constituted under a trust scheme dated 22 October 1992 and is a registered charity number 504949.

The College Board of Governors, the sole Trustee of the Endowment 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.

OBJECTIVE AND ACTIVITIES

The objective of the Fund is to apply its income in such ways as the Trustee considers fit for the general purposes of the Royal Northern College of Music and the Junior School at the Royal Northern College of Music and in the advancement of the education of its students and former students.

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 from investments and donations.

In order to monitor this risk, regular meetings are held with the investment managers and the Trustee is represented on the Board of Governors of the Associated Board of the Royal Schools of Music.

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 requests for assistance made by the Royal Northern College of Music and other approved grantees and, when offering support, gives preference to those projects and activities which enhance the long term standing and profile of the College.

There is no private benefit accruing either to the Trustee of the College or the members of the College who form the committee which requests assistance.

RELATED PARTIES AND CONNECTED CHARITIES

The Royal Northern College of Music is the sole Trustee of the Endowment Fund. One of the objectives of the Endowment Fund is to apply income, as the Trustee considers fit, for the general purpose of the College.

TRUSTEE'S REPORT
Year ended 31 July 2024

ACHIEVEMENTS AND PERFORMANCE

Unrestricted income for the year ended 31 July 2024 was £1,447,297. Of this £1,155,153 was derived from ABRSM distribution, legacies and donations and the balance of £292,144 arose from investments held both as part of the permanently endowed capital and unrestricted funds of the charity and bank balances held as both endowed capital and undistributed income. Gains on unrestricted investments were £223,292 and after accounting for charitable activities and legal fees of £2,018,170 and investment management fees of £10,671, a loss of £358,252 was deducted from previously accumulated surpluses.

Restricted income of £1,317,608 arose during the year. Of this £1,172,794 was derived from grants, donations and legacies which were allocated by the donor for specific purposes and the balance of £144,814 from investments and bank balances held. Gains on restricted investments were £277,602 and after accounting for charitable activities and bank charges of £406,501 and investment management fees of £12,407 a gain of £1,176,302 was added to previously accumulated surpluses.

Gains on endowment investments were £149,873 and after accounting for these and investment management fees of £7,163 the value of the Endowment Fund increased to £1,271,648 at 31 July 2024.

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 recent economic and geopolitical issues and their impact on the 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 £17m, it is entirely appropriate to adopt the going concern basis for the 2023/24 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.

TRUSTEE'S REPORT
Year ended 31 July 2024

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 enjoyed a strong return during the 12 month period to 31 July 2024, rising in value by +15.0% (+15.5% Jellis Portfolio) after fees. The portfolio outperformed the short-term benchmark over the 12 months, which returned +13.1%. The returns in the short term have also been well ahead of the inflation +3% measure, although this is meant to be a long-term objective. Over the long term (7-years plus) the portfolios are ahead of the CPI+3% objective.

The twelve month period was supportive for risk assets, with investors encouraged by the taming of inflation and by the expectation of interest rate cuts in most of the major markets. Equities provided the majority of the return, with the portfolio's equity holdings rising by 21.2%, which compares well with the underlying MSCI AC World Index return of 17.2%. The portfolio's bonds also performed well, rising by 9.0% (versus 8.1% for the combined UK government/corporate bond index), whilst Alternatives rose by 10.2% (versus 5.8% for the comparator index). Cash also contributed modestly, returning 4.1%.

RESERVES POLICY

It is the policy of the Trustee to seek to maintain undesignated unrestricted funds, which are the free reserves of the charity, at a level of £1,000,000 which would enable the Trustee to support the Royal Northern College of Music for a further year in the event that the revenues of the charity should decline or fail. Undesignated unrestricted funds were £9,585,960 at 31 July 2024.

The College will endeavour to meet the targets set out above over the period of the next two years both by reviewing its expenditure policies and reviewing and where necessary changing the type and mix of investment vehicles used. This will be achieved while still complying with regard to the aims and objectives of the Fund.

FUTURE DEVELOPMENTS

The accumulated unrestricted funds at 31 July 2024 amounted to £11,860,960 of which £2,275,000 is classed as designated funds and relates to the holding of the share in the Associated Board of the Royal Schools of Music. The Trustee intends further to continue to support the College's new building projects and to provide support for selected activities of the College and for its students.

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 27 November 2024 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 Trustee is 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 Endowment Fund

Opinion

We have audited the financial statements of The Royal Northern College of Music Endowment Fund (the 'charity') for the year ended 31 July 2024 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows 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' affairs as at 31 July 2024 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' 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 annual 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 strategic report or the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) 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 9, 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 charities' 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 charities 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 the Charities Act 2011 and the Charities Statement of Recommended Practice.

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 income 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 members as a body in accordance with Chapter 4 of the Charities (Accounts and Reports). 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

[Michael Speight \(Nov 28, 2024 14:24 GMT\)](#)

Michael Speight (Senior Statutory Auditor)
for and on behalf of Forvis Mazars LLP
Chartered Accountants and Statutory Auditor

5th Floor
3 Wellington Place
Leeds
LS1 4AP

Date: 28/11/2024

STATEMENT OF FINANCIAL ACTIVITIES

	Note	Year Ended 31 July 2024				Year Ended 31 July 2023			
		Unrestricted	Restricted	Endowment	Total	Unrestricted	Restricted	Endowment	Total
		Funds	Funds	Funds		Funds	Funds	Funds	
		£	£	£	£	£	£	£	£
INCOMING RESOURCES									
Incoming resources from generated funds									
Voluntary Income		1,155,153	1,172,794	-	2,327,947	777,595	759,424	-	1,537,019
Investment Income		292,144	144,814	-	436,958	138,504	143,858	-	282,362
Total Incoming Resources		1,447,297	1,317,608	-	2,764,905	916,100	903,281	-	1,819,381
RESOURCES EXPENDED									
Cost of generating funds									
Investment management costs		10,671	12,407	7,163	30,241	9,649	11,211	6,476	27,337
Charitable activities	2	2,006,204	406,501		2,412,705	2,006,012	588,659		2,594,671
Governance costs -									
Audit/Legal fees		11,700			11,700	8,880			8,880
Bank charges		266			266	237			236.81
Total Resources Expended		2,028,841	418,908	7,163	2,454,912	2,024,778	599,870	6,476	2,631,125
NET INCOMING/(OUTGOING) RESOURCES FOR THE YEAR		(581,544)	898,700	(7,163)	309,993	(1,108,678)	303,411	(6,476)	(811,743)
OTHER RECOGNISED GAINS AND LOSSES									
Gains on revaluations and disposals of investments held for charity use:									
Gain on sale of investments		117,104	116,296	78,600	312,000	110,826	90,254	74,386	275,466
Less: Previously accounted for as an Unrealised (gain)		(94,244)	(100,938)	(63,256)	(258,438)	(140,305)	(124,613)	(94,172)	(359,090)
Realised from investments		22,860	15,359	15,344	53,563	(29,479)	(34,358)	(19,786)	(83,623)
Unrealised from investments		200,432	262,243	134,529	597,204	21,503	21,963	14,433	57,900
TOTAL INVESTMENT GAINS		223,292	277,602	149,873	650,767	(7,975)	(12,395)	(5,353)	(25,723)
NET MOVEMENTS IN FUNDS FOR THE YEAR		(358,252)	1,176,302	142,710	960,759	(1,116,654)	291,016	(11,829)	(837,467)
TOTAL FUNDS AT 1 AUGUST		12,219,212	2,998,650	1,128,938	16,346,799	13,335,866	2,707,634	1,140,767	17,184,266
TOTAL FUNDS AT 31 JULY	8	11,860,960	4,174,951	1,271,648	17,307,559	12,219,212	2,998,650	1,128,938	16,346,799

All amounts derive from continuing activities.

BALANCE SHEET
Year ended 31 July 2024

	Note	As at 31 July 2024		As at 31 July 2023	
		£	£	£	£
FIXED ASSETS					
<i>Investments</i>					
Quoted: at market value	3	4,392,341		4,971,109	
Unquoted: ABRSM at historical cost		<u>2,275,000</u>		<u>2,275,000</u>	
			<u>6,667,341</u>		<u>7,246,109</u>
CURRENT ASSETS					
Debtors	4	1,614,953		2,107,682	
Cash at bank and in hand		<u>9,046,858</u>		<u>7,282,068</u>	
		10,661,811		9,389,750	
CURRENT LIABILITIES					
Accruals		21,592		289,059	
NET CURRENT ASSETS			<u>10,640,219</u>		<u>9,100,691</u>
TOTAL NET ASSETS			<u>17,307,559</u>		<u>16,346,800</u>
CAPITAL FUNDS					
Endowment fund	5		1,271,648		1,128,938
INCOME FUNDS					
Restricted	6	4,174,951		2,998,650	
Unrestricted	7	11,860,960		12,219,212	
			<u>16,035,911</u>		<u>15,217,862</u>
TOTAL FUNDS	8		<u>17,307,559</u>		<u>16,346,800</u>

Approved by the Trustee on 27 Nov 2024 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. 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.

1 ACCOUNTING POLICIES (continued)

Resources expended

Direct charitable expenditure

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

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 the Royal Northern College of Music and the Junior School at 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.

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

The unquoted investment in the associate, ABRSM is stated at historical cost less impairment.

Charitable commitments

Commitments which are legally binding on the Trustee are accounted for as resources expended in the statement of financial activities. Where the promise of financial support is not binding on the Trustee, such intentions are accounted for by a transfer to a designated reserve. Activities that are to be wholly financed from future income do not form part of such designation and are disclosed in a note to the accounts.

Associated Undertaking

The unquoted investment in the Associated Board of the Royal Schools of Music (ABRSM) is valued by the Trustee at cost, which is considered for impairment. The investment represents a quarter share in the charitable company.

Taxation

The Royal Northern College of Music Endowment 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.

1 ACCOUNTING POLICIES (continued)

Cash Flow

In these financial statements, the Endowment 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.

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 2024

2 GRANTS PAYABLE

	Year Ended 31 July 2024			Year Ended 31 July 2023		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	Funds	Funds		Funds	Funds	
	£	£	£	£	£	£
Projects and Events						
- Payable to Individuals	5,604	255,363	260,967	3,558	29,903	33,461
- Payable to Institutions	600	151,138	151,738	2,454	558,756	561,210
RNCM Grant	2,000,000	-	2,000,000	2,000,000	-	2,000,000
	2,006,204	406,501	2,412,705	2,006,012	588,659	2,594,671

3 INVESTMENTS HELD AS FIXED ASSETS

	Year Ended 31 July 2024	Year Ended 31 July 2023
	£	£
Opening market value	4,971,109	5,017,403
Additions at cost	2,066,766	1,073,251
Disposals at opening market value	(1,991,841)	(1,103,116)
Unrealised gains	597,204	57,900
Movement on cash	(50,897)	(74,327)
Bond reclassified as cash	(1,200,000)	-
Closing market value	4,392,341	4,971,109
Historical cost	3,390,965	4,094,565
Unquoted investment		
Associated Board of the Royal Schools of Music	2,275,000	2,275,000

Quoted investments are valued at market value at the year end. The unquoted investment in the Associated Board of the Royal Schools of Music (ABRSM) is valued by the Trustee at cost. The investment represents a quarter share in the charitable company. The Trustee performed an impairment review in 2023/2024 and considers that there is no requirement to impair its investment in ABRSM.

Summary details of investments held at 31 July 2024 are as follows:

	Cost Market Value	
	£	£
Bonds	747,284	752,369
UK Equities	146,825	180,946
Continental European Equities	379,472	416,034
North American Equities	1,089,954	1,753,674
Japanese Equities	271,702	405,616
Asia Pacific Equities	66,069	108,298
Alternatives	471,734	557,477
Cash & Cash Holdings	217,926	217,926
	3,390,965	4,392,341

NOTES TO THE ACCOUNTS

Year ended 31 July 2024

4 DEBTORS

	Year Ended 31 July 2024	Year Ended 31 July 2023
Investment income, accrued interest and tax recoverable	£ 114,953	£ 107,682
Inter-company loan	1,500,000	2,000,000
	<u>1,614,953</u>	<u>2,107,682</u>

This inter-company loan is a programme-related investment recognised at historical cost. It is repayable on demand with nil interest and nil security.

5 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.

6 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-23	Income	Investment		Balance 31-Jul-24
	£	£	Gains £	Expenditure £	£
Chris Rowland Masterclass	53,905	-	-	-	53,905
Digitisation Project	-	119,438	-	-	119,438
Dullator - JRNCM Bursary	37,500	-	-	-	37,500
Engage Cumbria	-	290,000	-	45,192	244,808
Foundation for Sports and Arts	22,952	-	-	-	22,952
Garfield Weston	75,000	-	-	-	75,000
Haworth Charitable Trust	17,000	6,000	-	-	23,000
Heritage Project	11,845	-	-	-	11,845
Instrument Loan Scheme	21,071	650	-	-	21,721
Junior Strings Project Instruments	21,303	-	-	-	21,303
National Heritage Archive Project	-	19,388	-	-	19,388
Organ Refurb	10,000	274,400	-	-	284,400
Piano Campaign	-	75,400	-	-	75,400
Piano Competition	308,194	-	-	84,283	223,912
RNCM Engage/Pathfinder	481,667	172,991	-	1,855	652,803
RNCM50 Fund/ Gala Dinner	119,011	24,000	-	7,627	135,384
Student Support	33,020	15,150	-	-	48,170
Young Artists	45,099	86,203	-	-	131,302
Other	535,762	196,563	15,913	115,928	632,310
Jellis Bequest	1,205,321	37,425	261,689	164,024	1,340,411
	<u>2,998,649</u>	<u>1,317,608</u>	<u>277,602</u>	<u>418,908</u>	<u>4,174,951</u>

NOTES TO THE ACCOUNTS
Year ended 31 July 2024

7 MOVEMENT IN UNRESTRICTED FUNDS

The Trustee has designated part of the general funds as separate funds representing the amount invested by the Fund in the Associated Board of the Royal Schools of Music.

	Balance 31-Jul-23	Income	Gains	Expenditure	Balance 31-Jul-24
	£	£	£	£	£
Associated Board of the Royal Schools of Music	2,275,000	-	-	-	2,275,000
General Fund	9,944,212	1,447,297	223,292	2,028,841	9,585,960
Total unrestricted funds	12,219,212	1,447,297	223,292	2,028,841	11,860,960

8 ANALYSIS OF ASSETS AND LIABILITIES BETWEEN FUNDS

	Year Ended 31 July 2024				Year Ended 31 July 2023				Total
	Endowment Funds	Restricted Funds	Unrestricted Funds	Total	Endowment Funds	Restricted Funds	Unrestricted Funds	Total	
	£	£	£	£	£	£	£	£	£
Fixed Assets									
Investments	1,274,343	2,419,384	2,973,613	6,667,341	1,131,466	2,153,899	3,960,744	7,246,109	
Current Assets									
Debtors	-	19,187	1,595,766	1,614,953	-	24,639	2,083,043	2,107,682	
Cash	(352)	1,740,438	7,306,772	9,046,858	(352)	1,064,079	6,218,341	7,282,068	
Current Liabilities									
Creditors and accruals	(2,343)	(4,058)	(15,191)	(21,592)	(2,176)	(243,967)	(42,915)	(289,059)	
	1,271,648	4,174,951	11,860,960	17,307,559	1,128,938	2,998,650	12,219,212	16,346,799	

9 TAXATION

The Royal Northern College of Music Endowment 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 RELATED PARTY TRANSACTIONS AND CONNECTED CHARITIES

The Royal Northern College of Music is the sole Trustee of the Endowment Fund. One of the objectives of the Endowment Fund is to apply income, as the trustee considers fit, for the general purpose of the College. ABRSM, as an associate of the Royal Northern College of Music Endowment Fund, is a related party. £500k was received in year from ABRSM as a distribution of surpluses generated by ABRSM.

NOTES TO THE ACCOUNTS

Year ended 31 July 2024

11 FINANCIAL INSTRUMENTS

	Year Ended 31 July 2024	Year Ended 31 July 2023
	£	£
<u>Financial assets</u>		
Investments measured at fair value through income and expenditure		
Investments in listed ordinary shares	2,864,569	3,055,677
Investments in common investment funds	1,527,772	1,915,432
Cash and cash equivalents	9,046,858	7,282,068
Total financial assets	13,439,199	12,253,177

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

	Year Ended 31 July 2024	Year Ended 31 July 2023
	£	£
<u>Interest</u>		
Interest income	436,958	282,362
	436,958	282,362
<u>Gains</u>		
On financial assets measured at fair value through income and expenditure	650,767	(25,723)
	650,767	(25,723)

THE ROYAL NORTHERN COLLEGE OF MUSIC ENDOWMENT FUND

England & Wales - Charity number 504949

Accounts

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

Charity Number 504949

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 504949

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 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 Endowment 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 Endowment Fund is constituted under a trust scheme dated 22 October 1992 and is a registered charity number 504949.

The College Board of Governors, the sole Trustee of the Endowment 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.

OBJECTIVE AND ACTIVITIES

The objective of the Fund is to apply its income in such ways as the Trustee considers fit for the general purposes of the Royal Northern College of Music and the Junior School at the Royal Northern College of Music and in the advancement of the education of its students and former students.

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 from investments and donations.

In order to monitor this risk, regular meetings are held with the investment managers and the Trustee is represented on the Board of Governors of the Associated Board of the Royal Schools of Music.

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 requests for assistance made by the Royal Northern College of Music and other approved grantees and, when offering support, gives preference to those projects and activities which enhance the long term standing and profile of the College.

There is no private benefit accruing either to the Trustee of the College or the members of the College who form the committee which requests assistance.

RELATED PARTIES AND CONNECTED CHARITIES

The Royal Northern College of Music is the sole Trustee of the Endowment Fund. One of the objectives of the Endowment Fund is to apply income, as the Trustee considers fit, for the general purpose of the College.

TRUSTEE'S REPORT
Year ended 31 July 2023

ACHIEVEMENTS AND PERFORMANCE

Unrestricted income for the year ended 31 July 2023 was £916,100. Of this £777,595 was derived from ABRSM distribution, legacies and donations and the balance of £138,504 arose from investments held both as part of the permanently endowed capital and unrestricted funds of the charity and bank balances held as both endowed capital and undistributed income. Losses on unrestricted investments were £7,975 and after accounting for charitable activities and legal fees of £2,015,129 and investment management fees of £9,649, a loss of £1,116,654 was deducted from previously accumulated surpluses.

Restricted income of £903,281 arose during the year. Of this £759,424 was derived from grants, donations and legacies which were allocated by the donor for specific purposes and the balance of £143,858 from investments and bank balances held. Losses on restricted investments were £12,395 and after accounting for charitable activities and bank charges of £588,659 and investment management fees of £11,211 a gain of £291,016 was added to previously accumulated surpluses.

Losses on endowment investments were £5,353 and after accounting for these and investment management fees of £6,476 the value of the Endowment Fund decreased to £1,128,938 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 £16m, 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.

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% (+1.0% Jellis Portfolio) 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 portfolios are 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 portfolios 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 +6.2% (as compared to the benchmark return of +6.8%)

RESERVES POLICY

It is the policy of the Trustee to seek to maintain undesignated unrestricted funds, which are the free reserves of the charity, at a level of £1,000,000 which would enable the Trustee to support the Royal Northern College of Music for a further year in the event that the revenues of the charity should decline or fail. Undesignated unrestricted funds were £9,944,212 at 31 July 2023.

The College will endeavour to meet the targets set out above over the period of the next two years both by reviewing its expenditure policies and reviewing and where necessary changing the type and mix of investment vehicles used. This will be achieved while still complying with regard to the aims and objectives of the Fund.

FUTURE DEVELOPMENTS

The accumulated unrestricted funds at 31 July 2023 amounted to £12,219,212 of which £2,275,000 is classed as designated funds and relates to the holding of the share in the Associated Board of the Royal Schools of Music. The Trustee intends further to continue to support the College's new building projects and to provide support for selected activities of the College and for its students.

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 Trustee is 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 Endowment Fund

Opinion

We have audited the financial statements of The Royal Northern College of Music Endowment 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		777,595	759,424	-	1,537,019	455,185	290,228	-	745,413
Investment Income		138,504	143,858	-	282,362	46,404	70,693	-	117,097
Total Incoming Resources		916,100	903,281	-	1,819,381	501,589	360,921	-	862,510
RESOURCES EXPENDED									
Cost of generating funds									
Investment management costs		9,649	11,211	6,476	27,337	10,109	11,754	6,786	28,649
Charitable activities	2	2,006,012	588,659		2,594,671	15,997	504,015	-	520,012
Governance costs -									
Audit/Legal fees		8,880			8,880	6,521	-	-	6,521
Bank charges		237			237	137	-	-	137.02
Total Resources Expended		2,024,778	599,870	6,476	2,631,125	32,764	515,769	6,786	555,318
NET INCOMING RESOURCES FOR THE YEAR		(1,108,678)	303,411	(6,476)	(811,743)	468,825	(154,848)	(6,786)	307,191
OTHER RECOGNISED GAINS AND LOSSES									
Gains on revaluations and disposals of investments held for charity use:									
Gain on sale of investments		110,826	90,254	74,386	275,466	97,648	122,919	65,541	286,107
Less: Previously accounted for as an Unrealised (gain)		(140,305)	(124,613)	(94,172)	(359,090)	(105,823)	(124,908)	(71,028)	(301,758)
Realised from investments		(29,479)	(34,358)	(19,786)	(83,623)	(8,175)	(1,989)	(5,487)	(15,651)
Unrealised from investments		21,503	21,963	14,433	57,900	13,264	8,597	8,903	30,763
TOTAL INVESTMENT GAINS		(7,975)	(12,395)	(5,353)	(25,723)	5,089	6,608	3,416	15,112
NET MOVEMENTS IN FUNDS FOR THE YEAR		(1,116,654)	291,016	(11,829)	(837,467)	473,914	(148,240)	(3,370)	322,303
TOTAL FUNDS AT 1 AUGUST		13,335,866	2,707,634	1,140,767	17,184,266	12,861,952	2,855,874	1,144,137	16,861,963
TOTAL FUNDS AT 31 JULY	8	12,219,212	2,998,650	1,128,938	16,346,799	13,335,866	2,707,634	1,140,767	17,184,266

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					
<i>Investments</i>					
Quoted: at market value	3	4,971,109		5,017,402	
Unquoted: ABRSM at historical cost		<u>2,275,000</u>		<u>2,275,000</u>	
			<u>7,246,109</u>		<u>7,292,402</u>
CURRENT ASSETS					
Debtors	4	2,107,682		4,077,641	
Cash at bank and in hand		<u>7,282,068</u>		<u>6,067,843</u>	
			<u>9,389,750</u>		<u>10,145,484</u>
CURRENT LIABILITIES					
Accruals		289,059		253,619	
NET CURRENT ASSETS			<u>9,100,691</u>		<u>9,891,865</u>
TOTAL NET ASSETS			<u><u>16,346,800</u></u>		<u><u>17,184,267</u></u>
CAPITAL FUNDS					
Endowment fund	5		1,128,938		1,140,767
INCOME FUNDS					
Restricted	6	2,998,650		2,707,634	
Unrestricted	7	12,219,212		13,335,866	
			<u>15,217,862</u>		<u>16,043,500</u>
TOTAL FUNDS	8		<u><u>16,346,800</u></u>		<u><u>17,184,267</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. 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.

1 ACCOUNTING POLICIES (continued)

Resources expended

Direct charitable expenditure

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

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 the Royal Northern College of Music and the Junior School at 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.

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

The unquoted investment in the associate, ABRSM is stated at historical cost less impairment.

Charitable commitments

Commitments which are legally binding on the Trustee are accounted for as resources expended in the statement of financial activities. Where the promise of financial support is not binding on the Trustee, such intentions are accounted for by a transfer to a designated reserve. Activities that are to be wholly financed from future income do not form part of such designation and are disclosed in a note to the accounts.

Associated Undertaking

The unquoted investment in the Associated Board of the Royal Schools of Music (ABRSM) is valued by the Trustee at cost, which is considered for impairment. The investment represents a quarter share in the charitable company.

Taxation

The Royal Northern College of Music Endowment 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.

1 ACCOUNTING POLICIES (continued)

Cash Flow

In these financial statements, the Endowment 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.

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	
	£	£	£	£	£	£
Projects and Events						
- Payable to Individuals	3,558	29,903	33,461	9,085	17,541	26,625
- Payable to Institutions	2,454	558,756	561,210	6,912	246,274	253,186
RNCM Grant	2,000,000	-	2,000,000			
RNCM Awards Fund	-	-	-	-	240,200	240,200
	2,006,012	588,659	2,594,671	15,997	504,015	520,012

3 INVESTMENTS HELD AS FIXED ASSETS

	Year Ended 31 July 2023	Year Ended 31 July 2022
	£	£
Opening market value	5,017,403	5,030,770
Additions at cost	1,073,251	1,055,766
Disposals at opening market value	(1,103,116)	(1,346,800)
Unrealised (losses)/gains	57,900	30,763
Movement on cash	(74,327)	246,904
Closing market value	4,971,110	5,017,403
Historical cost	4,094,565	3,833,353
Unquoted investment		
Associated Board of the Royal Schools of Music	2,275,000	2,275,000

Quoted investments are valued at market value at the year end. The unquoted investment in the Associated Board of the Royal Schools of Music (ABRSM) is valued by the Trustee at cost. The investment represents a quarter share in the charitable company. The Trustee performed an impairment review in 2022/2023 and considers that there is no requirement to impair its investment in ABRSM.

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

	Cost Market Value	
	£	£
Bonds	1,006,651	973,538
UK Equities	199,600	266,649
Continental European Equities	463,792	483,665
North American Equities	1,139,479	1,726,879
Japanese Equities	337,689	433,120
Asia Pacific Equities	85,109	145,364
Alternatives	593,422	673,071
Cash & Cash Holdings	268,823	268,823
	4,094,565	4,971,110

NOTES TO THE ACCOUNTS

Year ended 31 July 2023

4 DEBTORS

	Year Ended 31 July 2023	Year Ended 31 July 2022
Investment income, accrued interest and tax recoverable	£ 107,682	£ 77,641
Inter-company loan	2,000,000	4,000,000
	<u>2,107,682</u>	<u>4,077,641</u>

The Intra Group Loan was partially repaid (£2m) and partially converted to a grant (£2m) post year-end. This loan is a programme-related investment recognised at historical cost. It is repayable on demand with nil interest and nil security.

5 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.

6 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	Investment Gains	Expenditure	Balance 31-Jul-23
	£	£	£	£	£
Junior Strings Project Instruments	21,303				21,303
JRNCM : Estate of Mrs K Knibbs	10,607			900	9,707
Foundation for Sports and Arts	22,952				22,952
Chris Rowland Masterclass	53,905				53,905
Piano Competition	311,673			3,478	308,194
The National Foundation for Youth Music	6,933				6,933
RNCM50 Fund/ Gala Dinner	35,845	83,166			119,011
Instrument Loan Scheme	17,971	3,100			21,071
JRNCM Bursaries	20,500	69,000		50,000	39,500
RNCM Engage/Pathfinder	24,932	371,955		83,571	313,316
PRS Foundation (Brass Band)	10,024			3,000	7,024
Dullator - JRNCM Bursary	50,000	12,500		25,000	37,500
Garfield Weston	75,000				75,000
Student Support	33,020				33,020
Pathfinder	180,350				180,350
Haworth Charitable Trust	17,000				17,000
Heritage Project	-	11,845			11,845
Organ Refurb	-	10,000			10,000
Roof Garden	-	10,000		73	9,927
Young Artists	-	118,554		73,455	45,099
Other	400,620	173,543	(568)	122,921	450,673
Jellis Bequest	1,415,000	39,619	(11,827)	237,471	1,205,321
	<u>2,707,634</u>	<u>903,281</u>	<u>(12,395)</u>	<u>599,870</u>	<u>2,998,650</u>

NOTES TO THE ACCOUNTS
Year ended 31 July 2023

7 MOVEMENT IN UNRESTRICTED FUNDS

The Trustee has designated part of the general funds as separate funds representing the amount invested by the Fund in the Associated Board of the Royal Schools of Music.

	Balance 31-Jul-22 £	Income £	Gains £	Expenditure £	Balance 31-Jul-23 £
Associated Board of the Royal Schools of Music	2,275,000	-	-	-	2,275,000
General Fund	11,060,866	916,100	(7,975)	2,024,778	9,944,212
Total unrestricted funds	13,335,866	916,100	(7,975)	2,024,778	12,219,212

8 ANALYSIS OF ASSETS AND LIABILITIES BETWEEN FUNDS

	Year Ended 31 July 2023				Year Ended 31 July 2022				Total £
	Endowment Funds £	Restricted Funds £	Unrestricted Funds £	Total £	Endowment Funds £	Restricted Funds £	Unrestricted Funds £		
Fixed Assets									
Investments	1,131,466	2,153,899	3,960,744	7,246,109	1,141,692	2,174,730	3,975,979	7,292,402	
Current Assets									
Debtors	-	24,639	2,083,043	2,107,682	-	1,404	4,076,237	4,077,641	
Cash	(352)	1,064,079	6,218,341	7,282,068	(352)	774,692	5,293,503	6,067,843	
Current Liabilities									
Creditors and accruals	(2,176)	(243,967)	(42,915)	(289,059)	(573)	(243,192)	(9,854)	(253,619)	
	1,128,938	2,998,650	12,219,212	16,346,799	1,140,767	2,707,634	13,335,866	17,184,267	

9 TAXATION

The Royal Northern College of Music Endowment 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 RELATED PARTY TRANSACTIONS AND CONNECTED CHARITIES

The Royal Northern College of Music is the sole Trustee of the Endowment Fund. One of the objectives of the Endowment Fund is to apply income, as the trustee considers fit, for the general purpose of the College. ABRSM, as an associate of the Royal Northern College of Music Endowment Fund, is a related party. £500k was received in year from ABRSM as a distribution of surpluses generated by ABRSM.

NOTES TO THE ACCOUNTS

Year ended 31 July 2023

11 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	3,055,677	3,186,794
Investments in common investment funds	1,915,432	1,830,609
Cash and cash equivalents	7,282,068	6,067,843
Total financial assets	12,253,178	11,085,245

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	282,362	117,097
	282,362	117,097
<u>Gains</u>		
On financial assets measured at fair value through income and expenditure	(25,723)	15,112
	(25,723)	15,112

THE ROYAL NORTHERN COLLEGE OF MUSIC ENDOWMENT FUND

England & Wales - Charity number 504949

Accounts

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

Charity Number 504949

Financial Statements

31 July 2022

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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 504949

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 2022 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 2022

The Trustee of The Royal Northern College of Music Endowment Fund presents its annual report and audited financial statements for the year ended 31 July 2022

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Royal Northern College of Music Endowment Fund is constituted under a trust scheme dated 22 October 1992 and is a registered charity number 504949.

The College Board of Governors, the sole Trustee of the Endowment 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.

OBJECTIVE AND ACTIVITIES

The objective of the Fund is to apply its income in such ways as the Trustee considers fit for the general purposes of the Royal Northern College of Music and the Junior School at the Royal Northern College of Music and in the advancement of the education of its students and former students.

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 from investments and donations.

In order to monitor this risk, regular meetings are held with the investment manager adviser and the Trustee is represented on the Board of Governors of the Associated Board of the Royal Schools of Music.

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 requests for assistance made by the Royal Northern College of Music and other approved grantees and, when offering support, gives preference to those projects and activities which enhance the long term standing and profile of the College.

There is no private benefit accruing either to the Trustee of the College or the members of the College who form the committee which requests assistance.

RELATED PARTIES AND CONNECTED CHARITIES

The Royal Northern College of Music is the sole Trustee of the Endowment Fund. One of the objectives of the Endowment Fund is to apply income, as the Trustee considers fit, for the general purpose of the College.

TRUSTEE'S REPORT
Year ended 31 July 2022

ACHIEVEMENTS AND PERFORMANCE

Unrestricted income for the year ended 31 July 2022 was £501,589. Of this £455,185 was derived from legacies and donations and the balance of £46,404 arose from investments held both as part of the permanently endowed capital and unrestricted funds of the charity and bank balances held as both endowed capital and undistributed income. Gains on unrestricted investments were £5,089 and after accounting for charitable activities and legal fees of £22,654 and investment management fees of £10,109, a gain of £473,914 was added to previously accumulated surpluses.

Restricted income of £360,921 arose during the year. Of this £290,228 was derived from grants, donations and legacies which were allocated by the donor for specific purposes and the balance of £70,693 from investments and bank balances held. Gains on restricted investments were £6,608 and after accounting for charitable activities and bank charges of £504,015 and investment management fees of £11,754 a loss of £148,240 was deducted from previously accumulated surpluses.

Gains on endowment investments were £3,416 and after accounting for these and investment management fees of £6,786, the value of the Endowment Fund decreased to £1,140,767 at 31 July 2022.

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 £17m, it is entirely appropriate to adopt the going concern basis for the 2021/22 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.

TRUSTEE'S REPORT
Year ended 31 July 2022

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 2022, rising in value by +2.4% (+2.4% Jellis Portfolio). The return was behind the primary objective of CPI+3%, which rose by 13.1%, although this is a long-term measure which is monitored over a rolling six-year time horizon. The portfolio outperformed its composite benchmark which returned -2.2%, resulting in outperformance of this short-term measure by 4.6%. Despite the high levels of volatility over the twelve-month period, a meaningful allocation to global equities was of benefit. The Portfolio's equities rose by 2.1% as compared to the MSCI AC World index, which returned 2.3%. The portfolio return is noteworthy in context of the restriction on fossil fuels, which recorded by far the highest return amongst equity sectors. The very low allocation to UK Government and corporate bonds was an important factor in outperforming the composite benchmark as UK bonds suffered a sharp reversal in the face of rising inflation and interest rates. Furthermore, the portfolio's bond holdings outperformed the underlying market, returning -6.3% as compared to -14.1% for the index. Alternatives also added value, rising by 9.7% for the portfolio as compared to a fall of -4.4% for the index.

RESERVES POLICY

It is the policy of the Trustee to seek to maintain undesignated unrestricted funds, which are the free reserves of the charity, at a level of £1,000,000 which would enable the Trustee to support the Royal Northern College of Music for a further year in the event that the revenues of the charity should decline or fail. Undesignated unrestricted funds were £11,060,866 at 31 July 2022.

The College will endeavour to meet the targets set out above over the period of the next two years both by reviewing its expenditure policies and reviewing and where necessary changing the type and mix of investment vehicles used. This will be achieved while still complying with regard to the aims and objectives of the Fund.

FUTURE DEVELOPMENTS

The accumulated unrestricted funds at 31 July 2022 amounted to £13,335,866 of which £2,275,000 is classed as designated funds and relates to the holding of the share in the Associated Board of the Royal Schools of Music. The Trustee intends further to continue to support the College's new building projects and to provide support for selected activities of the College and for its students.

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 30 November 2022 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 Trustee is 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.

**ROYAL NORTHERN COLLEGE OF MUSIC
ENDOWMENT FUND**

Independent auditor's report to the members of The Royal Northern College of Music Endowment Fund

Opinion

We have audited the financial statements of The Royal Northern College of Music Endowment Fund for the year ended 31 July 2022 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 2022 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

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 trustee 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 trustee is 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.

Responsibilities of the Trustee

As explained more fully in the trustee's responsibilities statement set out on page 6 the trustee 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 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 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 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: health and safety regulation, anti-money laundering regulation, 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;

**ROYAL NORTHERN COLLEGE OF MUSIC
ENDOWMENT FUND**

- 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 legislation and the Charities Act 2011.

In addition, we evaluated the trustee's 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 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 trustee in accordance with the charity's articles. 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.

Mazars LLP

Mazars LLP
Chartered Accountant and Statutory Auditor
One St Peter's Square
Manchester
M2 3DE

9 December 2022

STATEMENT OF FINANCIAL ACTIVITIES

	Note	Year Ended 31 July 2022				Year Ended 31 July 2021			
		Unrestricted	Restricted	Endowment	Total	Unrestricted	Restricted	Endowment	Total
		Funds	Funds	Funds		Funds	Funds	Funds	
		£	£	£	£	£	£	£	£
INCOMING RESOURCES									
Incoming resources from generated funds									
Voluntary Income		455,185	290,228	-	745,413	409,087	101,871	-	510,958
Investment Income		46,404	70,693	-	117,097	42,879	66,470	-	109,350
Total Incoming Resources		501,589	360,921	-	862,510	451,966	168,341	-	620,307
RESOURCES EXPENDED									
Cost of generating funds									
Investment management costs		10,109	11,754	6,786	28,649	9,456	10,945	6,347	26,747
Charitable activities	2	15,997	504,015	-	520,012	351,140	159,817	-	510,957
Governance costs -									
Audit/Legal fees		6,521	-	-	6,521	6,167	-	-	6,167
Bank charges		137	-	-	137	154	-	-	154,23
Total Resources Expended		32,764	515,769	6,786	555,318	366,917	170,761	6,347	544,025
NET INCOMING RESOURCES FOR THE YEAR		468,825	(154,848)	(6,786)	307,191	85,049	(2,420)	(6,347)	76,282
OTHER RECOGNISED GAINS AND LOSSES									
Gains on revaluations and disposals of investments held for charity use:									
Gain on sale of investments		97,648	122,919	65,541	286,107	12,991	17,166	8,720	38,877
Less: Previously accounted for as an Unrealised (gain)		(105,823)	(124,908)	(71,028)	(301,758)	(57,740)	(69,713)	(38,755)	(166,207)
Realised from investments		(8,175)	(1,989)	(5,487)	(15,651)	(44,749)	(52,546)	(30,035)	(127,330)
Unrealised from investments		13,264	8,597	8,903	30,763	281,756	324,080	189,114	794,950
TOTAL INVESTMENT GAINS		5,089	6,608	3,416	15,112	237,008	271,534	159,079	667,620
NET MOVEMENTS IN FUNDS FOR THE YEAR		473,914	(148,240)	(3,370)	322,303	322,057	269,113	152,732	743,902
TOTAL FUNDS AT 1 AUGUST		12,861,952	2,855,874	1,144,137	16,861,963	12,539,895	2,586,761	991,405	16,118,061
TOTAL FUNDS AT 31 JULY	8	13,335,866	2,707,634	1,140,767	17,184,267	12,861,952	2,855,874	1,144,137	16,861,963

All amounts derive from continuing activities.

BALANCE SHEET
Year ended 31 July 2022

	Note	As at 31 July 2022		As at 31 July 2021	
		£	£	£	£
FIXED ASSETS					
<i>Investments</i>					
Quoted: at market value	3	5,017,402		5,030,769	
Unquoted: ABRSM at historical cost		<u>2,275,000</u>		<u>2,275,000</u>	
			<u>7,292,402</u>		<u>7,305,769</u>
CURRENT ASSETS					
Debtors	4	4,077,641		2,014,525	
Cash at bank and in hand		<u>6,067,843</u>		<u>7,549,318</u>	
		10,145,484		9,563,843	
CURRENT LIABILITIES					
Accruals		253,619		7,649	
NET CURRENT ASSETS					
			<u>9,891,865</u>		<u>9,556,194</u>
			<u><u>17,184,267</u></u>		<u><u>16,861,963</u></u>
CAPITAL FUNDS					
Endowment fund	5		1,140,767		1,144,137
INCOME FUNDS					
Restricted	6	2,707,634		2,855,874	
Unrestricted	7	13,335,866		12,861,952	
			<u>16,043,500</u>		<u>15,717,826</u>
TOTAL FUNDS					
	8		<u><u>17,184,267</u></u>		<u><u>16,861,963</u></u>

Approved by the Trustee on 30 November 2022 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. 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.

1 ACCOUNTING POLICIES (continued)

Resources expended

Direct charitable expenditure

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

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 the Royal Northern College of Music and the Junior School at 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.

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

The unquoted investment in ABRSM is stated at historical cost.

Charitable commitments

Commitments which are legally binding on the Trustee are accounted for as resources expended in the statement of financial activities. Where the promise of financial support is not binding on the Trustee, such intentions are accounted for by a transfer to a designated reserve. Activities that are to be wholly financed from future income do not form part of such designation and are disclosed in a note to the accounts.

Associated Undertaking

The unquoted investment in the Associated Board of the Royal Schools of Music (ABRSM) is valued by the Trustee at cost. The investment represents a quarter share in the charitable company.

Taxation

The Royal Northern College of Music Endowment 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.

Key Management Personnel

In these financial statements, the Endowment 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.

1 ACCOUNTING POLICIES (continued)

Cash Flow

In these financial statements, the Endowment 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.

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 2022

2 GRANTS PAYABLE

	Year Ended 31 July 2022			Year Ended 31 July 2021		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	Funds	Funds		Funds	Funds	
	£	£	£	£	£	£
Projects and Events						
- Payable to Individuals	9,085	17,541	26,625	5,000	7,945	12,945
- Payable to Institutions	6,912	246,274	253,186	346,140	151,872	498,012
RNCM Awards Fund	-	240,200	240,200	-	-	-
	15,997	504,015	520,012	351,140	159,817	510,957

3 INVESTMENTS HELD AS FIXED ASSETS

	Year Ended 31 July 2022	Year Ended 31 July 2021
	£	£
Opening market value	5,030,770	4,389,699
Additions at cost	1,055,766	680,508
Disposals at opening market value	(1,346,800)	(465,372)
Unrealised (losses)/gains	30,763	794,950
Movement on cash	246,904	(369,015)
Closing market value	5,017,403	5,030,770
Historical cost	3,833,353	3,585,202
Unquoted investment		
Associated Board of the Royal Schools of Music	2,275,000	2,275,000

Quoted investments are valued at market value at the year end. The unquoted investment in the Associated Board of the Royal Schools of Music (ABRSM) is valued by the Trustee at cost. The investment represents a quarter share in the charitable company. The Trustee performed an impairment review in 2021/2022 and considers that there is no requirement to impair its investment in ABRSM.

Summary details of investments held at 31 July 2022 are as follows:

	Cost	Market Value
	£	£
Bonds	578,594	547,217
UK Equities	307,273	399,793
Continental European Equities	580,837	759,463
North American Equities	832,712	1,422,866
Japanese Equities	371,037	457,474
Asia Pacific Equities	85,109	147,197
Alternatives	734,640	940,241
Cash & Cash Holdings	343,150	343,150
	3,833,353	5,017,403

NOTES TO THE ACCOUNTS

Year ended 31 July 2022

4 DEBTORS

	Year Ended 31 July 2022	Year Ended 31 July 2021
Investment income, accrued interest and tax recoverable	£ 77,641	£ 14,525
Inter-company loan	4,000,000	2,000,000
	<u>4,077,641</u>	<u>2,014,525</u>

The Intra Group Loan was partially repaid (£2m) and partially converted to a grant (£2m) post year-end. This loan is a programme-related investment recognised at historical cost. It is repayable on demand with nil interest and nil security.

5 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.

6 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-21	Income	Investment Gains	Expenditure	Balance 31-Jul-22
	£	£	£	£	£
Junior Strings Project Instruments	21,303				21,303
JRNCM : Estate of Mrs K Knibbs	11,507			900	10,607
Foundation for Sports and Arts	22,952				22,952
Chris Rowland Masterclass	53,905				53,905
Piano Competition	400,048			88,375	311,673
Concert Hall Refurbishment Fund	1,650	6,450			8,100
The National Foundation for Youth Music	6,933				6,933
Brass Ensemble & Jazz concerts	615				615
Albert & Eugenie Frost Trust	28,096			14,210	13,886
Gala Dinner	35,845				35,845
Instrument Loan Scheme	15,346	2,625			17,971
Entrepreneurship Fund	3,514	1,300		1,000	3,814
Michael Kennedy Memorial	2,381				2,381
JRNCM Bursaries	4,500	16,000			20,500
RNCM Engage	18,932	6,000			24,932
PRS Foundation (Brass Band)	10,024				10,024
Dullator - JRNCM Bursary	-	50,000			50,000
Garfield Weston	75,000				75,000
Student Support	29,288	3,732			33,020
Pathfinder	89,450	90,900			180,350
Haworth Charitable Trust	-	17,000			17,000
Other	262,229	131,228	363	21,997	371,823
Jellis Bequest	1,762,356	35,686	6,245	389,287	1,415,000
	<u>2,855,874</u>	<u>360,921</u>	<u>6,608</u>	<u>515,769</u>	<u>2,707,634</u>

NOTES TO THE ACCOUNTS

Year ended 31 July 2022

7 MOVEMENT IN UNRESTRICTED FUNDS

The Trustee has designated part of the general funds as separate funds representing the amount invested by the Fund in the Associated Board of the Royal Schools of Music.

	Balance 31-Jul-21 £	Income £	Gains £	Expenditure £	Balance 31-Jul-22 £
Associated Board of the Royal Schools of Music	2,275,000	-	-	-	2,275,000
General Fund	10,586,952	501,589	5,089	32,764	11,060,866
Total unrestricted funds	12,861,952	501,589	5,089	32,764	13,335,866

8 ANALYSIS OF ASSETS AND LIABILITIES BETWEEN FUNDS

	Year Ended 31 July 2022				Year Ended 31 July 2021			
	Endowment Funds £	Restricted Funds £	Unrestricted Funds £	Total £	Endowment Funds £	Restricted Funds £	Unrestricted Funds £	Total £
Fixed Assets								
Investments	1,141,692	2,174,730	3,975,979	7,292,402	1,145,023	2,179,805	3,980,941	7,305,769
Current Assets								
Debtors	-	1,404	4,076,237	4,077,641	-	702	2,013,823	2,014,525
Cash	(352)	774,692	5,293,503	6,067,843	(352)	676,287	6,873,383	7,549,318
Current Liabilities								
Creditors and accruals	(573)	(243,192)	(9,854)	(253,619)	(534)	(920)	(6,195)	(7,649)
	1,140,767	2,707,634	13,335,866	17,184,267	1,144,137	2,855,874	12,861,952	16,861,963

9 TAXATION

The Royal Northern College of Music Endowment 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 RELATED PARTY TRANSACTIONS AND CONNECTED CHARITIES

The Royal Northern College of Music is the sole Trustee of the Endowment Fund. One of the objectives of the Endowment Fund is to apply income, as the trustee considers fit, for the general purpose of the College.

NOTES TO THE ACCOUNTS

Year ended 31 July 2022

11 FINANCIAL INSTRUMENTS

	Year Ended 31 July 2022	Year Ended 31 July 2021
	£	£
<u>Financial assets</u>		
Investments measured at fair value through income and expenditure		
Investments in listed ordinary shares	3,186,794	3,383,760
Investments in common investment funds	1,830,609	1,647,009
Cash and cash equivalents	6,067,843	7,549,318
Total financial assets	11,085,245	12,580,087

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

	Year Ended 31 July 2022	Year Ended 31 July 2021
	£	£
<u>Interest</u>		
Interest income	117,097	109,350
	117,097	109,350
<u>Gains</u>		
On financial assets measured at fair value through income and expenditure	15,112	667,620
	15,112	667,620

THE ROYAL NORTHERN COLLEGE OF MUSIC ENDOWMENT FUND

England & Wales - Charity number 504949

Accounts

**ROYAL NORTHERN COLLEGE OF MUSIC
ENDOWMENT 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 504949

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
8th Floor
1 New York Street
Manchester
M1 4AD

TRUSTEE'S REPORT
Year ended 31 July 2021

The Trustee of the Royal Northern College of Music Endowment 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 Endowment Fund is constituted under a trust scheme dated 22 October 1992 and is a registered charity number 504949.

The College Board of Governors, the sole Trustee of the Endowment 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.

OBJECTIVE AND ACTIVITIES

The objective of the Fund is to apply its income in such ways as the Trustee considers fit for the general purposes of the Royal Northern College of Music and the Junior School at the Royal Northern College of Music and in the advancement of the education of its students and former students.

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 from investments and donations.

In order to monitor this risk, regular meetings are held with the investment manager adviser and the Trustee is represented on the Board of Governors of the Associated Board of the Royal Schools of Music.

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 requests for assistance made by the Royal Northern College of Music and other approved grantees and, when offering support, gives preference to those projects and activities which enhance the long term standing and profile of the College.

There is no private benefit accruing either to the Trustee of the College or the members of the College who form the committee which requests assistance.

RELATED PARTIES AND CONNECTED CHARITIES

The Royal Northern College of Music is the sole Trustee of the Endowment Fund. One of the objectives of the Endowment Fund is to apply income, as the Trustee considers fit, for the general purpose of the College.

TRUSTEE'S REPORT
Year ended 31 July 2021

ACHIEVEMENTS AND PERFORMANCE

Unrestricted income for the year ended 31 July 2021 was £451,966. Of this £409,087 was derived from legacies and donations and the balance of £42,879 arose from investments held both as part of the permanently endowed capital and unrestricted funds of the charity and bank balances held as both endowed capital and undistributed income. Gains on unrestricted investments were £237,008 and after accounting for charitable activities and legal fees of £357,461 and investment management fees of £9,456, a gain of £322,057 was added to previously accumulated surpluses.

Restricted income of £168,341 arose during the year. Of this £101,871 was derived from grants, donations and legacies which were allocated by the donor for specific purposes and the balance of £66,470 from investments and bank balances held. Gains on restricted investments were £271,534 and after accounting for charitable activities and bank charges of £159,817 and investment management fees of £10,945 a gain of £269,113 was added to previously accumulated surpluses.

Gains on endowment investments were £159,079 and after accounting for these and investment management fees of £6,374, the value of the Endowment Fund increased to £1,144,137 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 £16m, 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.

TRUSTEE'S REPORT
Year ended 31 July 2021

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) 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 +17.5% (+17.2% Jellis Portfolio), 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 +1.6%, despite the comparative index declining by -0.9%. Alternative assets (property, infrastructure and gold) also recorded a positive return, rising by +6.2%.

RESERVES POLICY

It is the policy of the Trustee to seek to maintain undesignated unrestricted funds, which are the free reserves of the charity, at a level of £1,000,000 which would enable the Trustee to support the Royal Northern College of Music for a further year in the event that the revenues of the charity should decline or fail. Undesignated unrestricted funds were £10,586,952 at 31 July 2021.

The College will endeavour to meet the targets set out above over the period of the next two years both by reviewing its expenditure policies and reviewing and where necessary changing the type and mix of investment vehicles used. This will be achieved while still complying with regard to the aims and objectives of the Fund.

FUTURE DEVELOPMENTS

The accumulated unrestricted funds at 31 July 2021 amounted to £12,861,952 of which £2,275,000 is classed as designated funds and relates to the holding of the share in the Associated Board of the Royal Schools of Music. The Trustee intends further to continue to support the College's new building projects and to provide support for selected activities of the College and for its students.

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 Trustee is 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 Endowment Fund

Opinion

We have audited the financial statements of Royal Northern College of Music Endowment 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:

STATEMENT OF FINANCIAL ACTIVITIES

	Note	Year Ended 31 July 2021				Year Ended 31 July 2020			
		Unrestricted	Restricted	Endowment	Total	Unrestricted	Restricted	Endowment	Total
		Funds	Funds	Funds		Funds	Funds	Funds	
		£	£	£	£	£	£	£	£
INCOMING RESOURCES									
Incoming resources from generated funds									
Voluntary Income		409,087	101,871	-	510,958	258,273	318,386	-	576,659
Investment Income		42,879	66,470	-	109,350	60,161	73,480	-	133,641
Total Incoming Resources		451,966	168,341	-	620,307	318,434	391,866	-	710,300
RESOURCES EXPENDED									
Cost of generating funds									
Investment management costs		9,456	10,945	6,347	26,747	8,542	9,209	5,733	23,484
Charitable activities	2	351,140	159,817	-	510,957	21,600	537,882	-	559,482
Governance costs -									
Audit/Legal fees		6,167	-	-	6,167	5,400	-	-	5,400
Bank charges		154	-	-	154	115	37	-	152
Total Resources Expended		366,917	170,761	6,347	544,025	35,657	547,128	5,733	588,518
NET INCOMING RESOURCES FOR THE YEAR		85,049	(2,420)	(6,347)	76,282	282,777	(155,262)	(5,733)	121,782
OTHER RECOGNISED GAINS AND LOSSES									
Gains on revaluations and disposals of investments held for charity use:									
Gain on sale of investments		12,991	17,166	8,720	38,877	44,988	41,565	30,196	116,749
Less: Previously accounted for as an Unrealised (gain)		(57,740)	(69,713)	(38,755)	(166,207)	(40,859)	(50,361)	(27,424)	(118,644)
Realised from investments		(44,749)	(52,546)	(30,035)	(127,330)	4,129	(8,796)	2,772	(1,895)
Unrealised from investments		281,756	324,080	189,114	794,950	14,150	40,311	9,497	63,958
TOTAL INVESTMENT (LOSSES) / GAINS		237,008	271,534	159,079	667,620	18,279	31,515	12,269	62,063
NET MOVEMENTS IN FUNDS FOR THE YEAR		322,057	269,113	152,732	743,902	301,056	(123,747)	6,536	183,845
TOTAL FUNDS AT 1 AUGUST		12,539,895	2,586,761	991,405	16,118,061	12,238,839	2,710,508	984,869	15,934,216
TOTAL FUNDS AT 31 JULY	9	12,861,952	2,855,874	1,144,137	16,861,963	12,539,895	2,586,761	991,405	16,118,061

All amounts derive from continuing activities.

BALANCE SHEET
Year ended 31 July 2021

	Note	As at 31 July 2021		As at 31 July 2020	
		£	£	£	£
FIXED ASSETS					
<i>Investments</i>					
Quoted: at market value	3	5,030,769		4,389,699	
Unquoted: ABRSM at historical cost		<u>2,275,000</u>		<u>2,275,000</u>	
			<u>7,305,769</u>		<u>6,664,699</u>
CURRENT ASSETS					
Debtors	4	2,014,525		2,831,273	
Cash at bank and in hand		<u>7,549,318</u>		<u>6,629,540</u>	
			<u>9,563,843</u>		<u>9,460,813</u>
CURRENT LIABILITIES					
Creditors and accruals	5	7,649		7,451	
NET CURRENT ASSETS					
			<u>9,556,194</u>		<u>9,453,362</u>
			<u>16,861,963</u>		<u>16,118,061</u>
CAPITAL FUNDS					
Endowment fund	6		1,144,137		991,405
INCOME FUNDS					
Restricted		2,855,874		2,586,761	
Unrestricted		12,861,952		12,539,895	
			<u>15,717,826</u>		<u>15,126,656</u>
TOTAL FUNDS					
	8		<u>16,861,963</u>		<u>16,118,061</u>

The financial statements on pages 10 to 17 were approved on 23 November 2021




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.

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 the Royal Northern College of Music and the Junior School at 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.

1 ACCOUNTING POLICIES (continued)

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

The unquoted investment in ABRSM is stated at historical cost.

Charitable commitments

Commitments which are legally binding on the Trustee are accounted for as resources expended in the statement of financial activities. Where the promise of financial support is not binding on the Trustee, such intentions are accounted for by a transfer to a designated reserve. Activities that are to be wholly financed from future income do not form part of such designation and are disclosed in a note to the accounts.

Associated Undertaking

The unquoted investment in the Associated Board of the Royal Schools of Music (ABRSM) is valued by the Trustee at cost. The investment represents a quarter share in the charitable company.

Taxation

The Royal Northern College of Music Endowment 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.

Key Management Personnel

In these financial statements, the Endowment 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 Endowment 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.

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 Funds	Restricted Funds	Total	Unrestricted Funds	Restricted Funds	Total
	£	£	£	£	£	£
Projects and Events	351,140	159,817	510,957	21,600	330,552	352,152
RNCM Awards Fund	-	-	-	-	207,330	207,330
	351,140	159,817	510,957	21,600	537,882	559,482

3 INVESTMENTS HELD AS FIXED ASSETS

	Year Ended 31 July 2021	Year Ended 31 July 2020
	£	£
Opening market value	4,389,699	4,351,850
Additions at cost	680,508	932,263
Disposals at opening market value	(465,372)	(1,297,343)
Unrealised gains	794,950	64,099
Movement on cash	(369,015)	338,830
Closing market value	5,030,770	4,389,699
Historical cost	3,585,202	3,543,630
Unquoted investment		
Associated Board of the Royal Schools of Music	2,275,000	2,275,000

Quoted investments are valued at market value at the year end. The unquoted investment in the Associated Board of the Royal Schools of Music (ABRSM) is valued by the Trustee at cost. The investment represents a quarter share in the charitable company. The Trustee performed an impairment review in 2020/2021 and considers that there is no requirement to impair its investment in ABRSM.

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

	Cost	Market Value
	£	£
Bonds	668,259	704,440
UK Equities	312,689	418,090
Continental European Equities	297,834	500,659
North American Equities	993,324	1,690,033
Japanese Equities	371,037	470,913
Asia Pacific Equities	147,755	304,066
Alternatives	698,058	846,321
Cash & Cash Holdings	96,247	96,247
	3,585,203	5,030,769

NOTES TO THE ACCOUNTS

Year ended 31 July 2021

4 DEBTORS

	Year Ended 31 July 2021	Year Ended 31 July 2020
Investment income, accrued interest and tax recoverable	£ 14,525	£ 31,273
Inter-company loan	2,000,000	2,800,000
	<u>2,014,525</u>	<u>2,831,273</u>

5 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.

6 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		Investment	Balance
	31-Jul-20	Income	Gains Expenditure	31-Jul-21
	£	£	£	£
Junior Strings Project Instruments	21,303			21,303
JRNCM : Estate of Mrs K Knibbs	12,407		900	11,507
Foundation for Sports and Arts	22,952			22,952
Chris Rowland Masterclass	53,905			53,905
Piano Competition	400,048			400,048
Concert Hall Refurbishment Fund	1,200	450		1,650
The National Foundation for Youth Music	6,933			6,933
Brass Ensemble & Jazz concerts	615			615
Albert & Eugenie Frost Trust	38,096		10,000	28,096
Gala Dinner	35,845			35,845
Instrument Loan Scheme	12,046	3,300		15,346
Entrepreneurship Fund	4,514	1,000		3,514
Michael Kennedy Memorial	2,381			2,381
JRNCM Bursaries	4,500			4,500
RNCM Engage	18,932			18,932
PRS Foundation (Brass Band)	5,024	5,000		10,024
William Waterhouse Int Chair	11,344			-
Dullator	28,095			28,095
Garfield Weston	75,000			75,000
Student Support	21,488	7,800		29,288
Pathfinder	13,450	76,000		89,450
Other	214,345	39,667	16,891	262,229
Jellis Bequest	1,582,338	35,124	254,643	1,762,356
	<u>2,586,761</u>	<u>168,341</u>	<u>271,534</u>	<u>2,855,874</u>

NOTES TO THE ACCOUNTS

Year ended 31 July 2021

7 MOVEMENT IN UNRESTRICTED FUNDS

The Trustee has designated part of the general funds as separate funds representing the amount invested by the Fund in the Associated Board of the Royal Schools of Music.

	Balance 31-Jul-20 £	Income £	Gains £	Expenditure £	Balance 31-Jul-21 £
Associated Board of the Royal Schools of Music	2,275,000	-	-	-	2,275,000
General Fund	10,264,895	451,966	237,008	366,917	10,586,952
Total unrestricted funds	12,539,895	451,966	237,008	366,917	12,861,952

8 ANALYSIS OF ASSETS AND LIABILITIES BETWEEN FUNDS

	Year Ended 31 July 2021				Year Ended 31 July 2020				Total £
	Endowment Funds £	Restricted Funds £	Unrestricted Funds £	Total £	Endowment Funds £	Restricted Funds £	Unrestricted Funds £	Total £	
Fixed Assets									
Investments	1,145,023	2,179,805	3,980,941	7,305,769	992,243	1,919,137	3,753,319	6,664,699	
Current Assets									
Debtors	-	702	2,013,823	2,014,525	-	6,626	2,824,647	2,831,273	
Cash	(352)	676,287	6,873,383	7,549,318	(352)	661,839	5,968,053	6,629,540	
Current Liabilities									
Creditors and accruals	(534)	(920)	(6,195)	(7,649)	(486)	(841)	(6,124)	(7,451)	
	1,144,137	2,855,874	12,861,952	16,861,963	991,405	2,586,761	12,539,895	16,118,061	

9 TAXATION

The Royal Northern College of Music Endowment 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 RELATED PARTY TRANSACTIONS AND CONNECTED CHARITIES

The Royal Northern College of Music is the sole Trustee of the Endowment Fund. One of the objectives of the Endowment Fund is to apply income, as the trustee considers fit, for the general purpose of the College.

NOTES TO THE ACCOUNTS

Year ended 31 July 2021

11 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	3,383,760	2,580,124
Investments in common investment funds	1,647,009	1,809,575
Cash and cash equivalents	7,549,318	6,629,540
Total financial assets	12,580,087	11,019,239

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	109,350	133,641
	109,350	133,641
<u>Gains</u>		
On financial assets measured at fair value through income and expenditure	667,620	62,063
	667,620	62,063