

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

Charity Number 504949

Financial Statements

31 July 2023

CONTENTS	Page
Reference and Administrative Details	1
Trustee's Report	3
Trustee's statement of responsibilities	6
Report of the Independent Auditor to the Trustee	7
Statement of Financial Activities	10
Balance Sheet	11
Notes to the accounts	12

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>	
		9,389,750		10,145,484	
CURRENT LIABILITIES					
Accruals		289,059		253,619	
NET CURRENT ASSETS			<u>9,100,691</u>		<u>9,891,865</u>
TOTAL NET ASSETS			<u>16,346,800</u>		<u>17,184,267</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>16,346,800</u>		<u>17,184,267</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