

**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](http://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 2<sup>nd</sup> 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, appearing to read 'R. Gupta', is written over a light blue rectangular background.

**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.

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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](http://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			
		£	£	£	£	£	£	£	£
<b>INCOME</b>									
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
<b>Total Income</b>		<b>2,567,804</b>	<b>1,443,008</b>	<b>-</b>	<b>4,010,812</b>	<b>1,447,297</b>	<b>1,317,608</b>	<b>-</b>	<b>2,764,905</b>
<b>EXPENDITURE</b>									
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
<b>Total Expenditure</b>		<b>3,044,964</b>	<b>1,239,106</b>	<b>6,027</b>	<b>4,290,097</b>	<b>2,028,841</b>	<b>418,908</b>	<b>7,163</b>	<b>2,454,912</b>
<b>NET INCOME/(EXPENDITURE) FOR THE YEAR BEFORE INVESTMENT GAINS AND LOSSES</b>		<b>(477,160)</b>	<b>203,902</b>	<b>(6,027)</b>	<b>(279,285)</b>	<b>(581,544)</b>	<b>898,700</b>	<b>(7,163)</b>	<b>309,993</b>
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
<b>TOTAL INVESTMENT GAINS</b>		<b>119,521</b>	<b>111,654</b>	<b>80,222</b>	<b>311,398</b>	<b>223,292</b>	<b>277,602</b>	<b>149,873</b>	<b>650,767</b>
<b>NET INCOME/(EXPENDITURE) FOR THE YEAR</b>		<b>(357,639)</b>	<b>315,556</b>	<b>74,195</b>	<b>32,113</b>	<b>(358,252)</b>	<b>1,176,302</b>	<b>142,710</b>	<b>960,759</b>
<b>Transfer of Restricted Funds to Unrestricted</b>		<b>735,358</b>	<b>(735,358)</b>			<b>341,508</b>	<b>(341,508)</b>		
<b>NET MOVEMENTS IN FUNDS FOR THE YEAR</b>		<b>377,719</b>	<b>(419,802)</b>	<b>74,195</b>	<b>32,113</b>	<b>(16,745)</b>	<b>834,794</b>	<b>142,710</b>	<b>960,759</b>
<b>TOTAL FUNDS AT 1 AUGUST</b>		<b>12,338,407</b>	<b>3,697,504</b>	<b>1,271,648</b>	<b>17,307,559</b>	<b>12,355,152</b>	<b>2,862,710</b>	<b>1,128,938</b>	<b>16,346,799</b>
<b>TOTAL FUNDS AT 31 JULY</b>	8	<b>12,716,126</b>	<b>3,277,702</b>	<b>1,345,843</b>	<b>17,339,672</b>	<b>12,338,407</b>	<b>3,697,504</b>	<b>1,271,648</b>	<b>17,307,559</b>

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 £	£
<b>FIXED ASSETS</b>					
<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>
<b>CURRENT ASSETS</b>					
Debtors	4	827,224		1,614,953	
Cash at bank and in hand		<u>10,550,270</u>		<u>9,046,858</u>	
			<b>11,377,494</b>		<b>10,661,811</b>
<b>CURRENT LIABILITIES</b>					
Accruals		17,699		21,592	
<b>NET CURRENT ASSETS</b>			<u>11,359,796</u>		<u>10,640,219</u>
<b>TOTAL NET ASSETS</b>			<u>17,339,672</u>		<u>17,307,559</u>
<b>CAPITAL FUNDS</b>					
Endowment fund	5		1,345,843		1,271,648
<b>INCOME FUNDS</b>					
Restricted	6	3,277,702		3,697,504	
<b>Unrestricted</b>					
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>
<b>TOTAL FUNDS</b>	8		<u>17,339,672</u>		<u>17,307,559</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](http://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
	<b>3,024,893</b>	<b>1,228,705</b>	<b>4,253,598</b>	<b>2,006,204</b>	<b>406,501</b>	<b>2,412,705</b>

**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	<b>3,704,876</b>	<b>4,392,341</b>
Historical cost	<b>2,746,514</b>	<b>3,390,965</b>
Unquoted investment		
Associated Board of the Royal Schools of Music	<b>2,275,000</b>	<b>2,275,000</b>

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
	<b>2,746,514</b>	<b>3,704,876</b>

**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	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
	<b>2,862,710</b>	<b>1,317,608</b>	<b>277,602</b>	<b>418,908</b>	<b>(341,508)</b>	<b>3,697,504</b>	<b>1,443,008</b>	<b>111,654</b>	<b>1,239,106</b>	<b>(735,358)</b>	<b>3,277,702</b>

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
<b>Total unrestricted funds</b>	<b>12,338,407</b>	<b>2,567,804</b>	<b>119,521</b>	<b>3,044,964</b>	<b>735,358</b>	<b>12,716,126</b>

### 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 £
<b>Fixed Assets</b>								
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
<b>Current Assets</b>								
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
<b>Current Liabilities</b>								
Creditors and accruals	(2,039)	(3,621)	(12,038)	(17,699)	(2,343)	(4,058)	(15,191)	(21,592)
	<b>1,345,843</b>	<b>3,277,702</b>	<b>12,716,126</b>	<b>17,339,672</b>	<b>1,271,648</b>	<b>3,697,504</b>	<b>12,338,407</b>	<b>17,307,559</b>

### 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
	£		£
<b><u>At 31 July 2024</u></b>			
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	<b>17,307,559</b>	-	<b>17,307,559</b>

**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	<b>16,346,799</b>	-	<b>16,346,799</b>

***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
	<b>788,187</b>	<b>(341,508)</b>	<b>446,679</b>

**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
	<b>633,714</b>	<b>(135,940)</b>	<b>497,774</b>