

Royal College of Music

Annual Review and Financial Statements

2021/22



Front cover

Black drapes hung at the entrance to the Royal College of Music to mourn the passing of our Patron, Her Majesty Queen Elizabeth II. Photo: Chris Christodoulou

Patron

The late Queen

President

The former Prince of Wales KG KT GCB OM AK QSO PC ADC

Vice-Presidents

The Most Revd and Rt Hon the Lord Archbishop of Canterbury

The Most Revd and Rt Hon the Lord Archbishop of York

The Rt Hon the Lord Mayor of London

Sir Anthony Cleaver FRCM

Lady Middleton FRCM

Humphrey Norrington OBE FRCM

Dame Janet Ritterman DBE HonDMus

Sir Ian Stoutzker CBE FRCM

Professor Lord Winston of Hammersmith FRCM

Council independent members

The President

Lord Black of Brentwood (Chairman)

Jane Barker CBE FRCM (Deputy Chairman)

[term completed July 2022]

Catherine Clarke (Deputy Chairman)

[Deputy Chairman from August 2022]

Peter Dart

Baroness Fleet CBE

Douglas Gardner

Richard Goulding

[appointed October 2021]

Sir George Iacobescu CBE

Ruth Keattch

John Nickson

[term completed July 2022]

Jamie Njoku-Goodwin

Andrew Ratcliffe

Geoffrey Richards HonRCM

Sir Guy Weston HonRCM

James Williams

Council ex-officio and elected members

Professor Colin Lawson CBE FRCM (Director)

Kevin Porter HonRCM (Deputy Director)

Professor Vanessa Latache FRCM

[term completed July 2022]

Professor Natasha Loges HonRCM

[resigned February 2022]

Dr Ingrid Pearson HonRCM

[appointed March 2022]

Ann Somerville HonRCM

[appointed August 2021]

Laura Williamson

[Students' Union: term completed July 2022]

Tymon Zgorzelski

[Students' Union: elected August 2022]

Clerk to the Council

Charlotte Martin HonRCM
Sandra D'Souza

[resigned August 2022]
[appointed October 2022]

Finance and General Purposes Committee

Jane Barker CBE (Chairman)
Lord Black of Brentwood
Douglas Gardner
Richard Goulding
Ruth Keattch
Professor Colin Lawson CBE FRCM (*ex officio*)

[term completed July 2022]

Audit Committee

Andrew Ratcliffe (Chairman)
Catherine Clarke
Joanna Matthews
Dr Paula Walter
James Williams

[appointed February 2022]

Registered Office

Royal College of Music
Prince Consort Road
London
SW7 2BS

Auditors

BDO LLP UK
2nd Floor, 2 City Place, Beehive Ring Road
Gatwick
West Sussex
RH6 0PA

Bankers

Royal Bank of Scotland PLC
36 St Andrew Square
Edinburgh
EH2 2YB

Solicitors

Boodle Hatfield LLP
240 Blackfriars Road
London SE1 8NW

CONTENTS

Chairman’s message.....	6
Director’s report.....	7
Annual review	
Financial review	8
Progress of RCM Strategic Plan 2017 to 2027	12
Inspirational programmes	14
Musical performance	16
Celebrating success.....	17
Learning for all.....	19
Employability.....	21
Philanthropic Support.....	22
Fund-raising Regulation	23
Equality, diversity & inclusion.....	24
Value for Money.....	25
Environmental Impact	26
Estates	27
Financial statements	
Corporate governance and responsibilities of the Council.....	28
Independent auditor’s report to the Council of the Royal College of Music.....	32
Statement of principal accounting policies.....	36
Consolidated and RCM statement of comprehensive income	42
Consolidated and RCM statement of changes in reserves	43
Consolidated and RCM balance sheet	44
Consolidated cash flow	45
Notes to the accounts.....	46

CHAIRMAN'S MESSAGE



The Royal College of Music is one of the world's leading conservatoires where innovation and 140 years of tradition collide in an environment that is truly inspirational for our students, staff and visitors alike.

Our students are amongst the most talented musicians in the world and, in accordance with our founding principles, we support the very best students from the UK, EU and beyond with scholarships whatever their financial means. This year we awarded over £4million in scholarships and bursaries, made possible through donations from our incredibly generous supporters.

In December 2021 it was a proud moment for all of us when our President, The former Prince of Wales, officially opened the More Music: Reimagining the Royal College of Music development which has transformed our historic campus on Prince Consort Road. The President

took time to say a personal thank you to many of the supporters and philanthropists, the external team, and the staff who delivered the project. The performance by talented flautist and recent graduate Amy Gillen was outstanding.

The More Music: Reimagining the Royal College of Music campaign also reached its finale in October 2022. Over the past six years, with the unstinting help of our generous supporters, we have raised an astonishing £42.5million, substantially more than the ambitious target of £40million we set ourselves. This has been a truly transformational campaign, delivering outstanding new facilities including two new performance halls with state of the art digital technology, valuable new rehearsal and practice spaces, an interactive museum and the iconic Courtyard and social space at the heart of the College. In addition to providing these facilities for our talented students from across the world, More Music has substantially increased funds available for scholarships and bursaries, which will continue to allow the world's finest aspiring musicians to study at RCM, regardless of their means. It has also provided funds to widen access through activities such as RCM Sparks, our pioneering educational outreach programme, and to promote innovation through new academic appointments and development of accessible digital resources.

I would like to thank our supporters for their continued generosity which is so important in making this possible, and I am especially grateful to Geoff Richards for leading the Campaign Committee.

I know our supporters will be delighted that this year the Royal College of Music was ranked the top institution in the world for Performing Arts in the prestigious global QS rankings. This incredible accolade is testament to the commitment and quality of the College's staff, and to the vision and hard work of the Director Colin Lawson and his leadership team, and I would like to thank each and every one of them.

Standing at the very top of performing arts education throughout the world brings responsibilities. We must continue to advocate for access, particularly in the UK where the crisis in music education in our schools is cause for grave concern and we need fundamental and urgent policy change.

Finally on Council, our Deputy Chairman, Jane Barker, retired in July following a remarkable and exemplary fifteen years of service to the College. She brought invaluable strategic and financial acumen to our work, and I am delighted that she will continue in the honorary role of Vice President. We were also sorry to say goodbye to John Nickson, Vanessa Latache, Natasha Loges and Laura Williamson and I thank them all for their enormous contribution over the years. In turn, I am delighted to announce Catherine Clarke as the new Deputy Chairman, and we welcome new Council members Richard Goulding, Ingrid Pearson, Ann Somerville and the new Students' Union President Tymon Zgorzelski. I am indebted to all members of Council for the wisdom, expertise and energy they bring to our work, and their commitment to the future of music.

Lord Black of Brentwood
Chairman

DIRECTOR'S REPORT

I am delighted and very proud that this year we have been ranked number one in the world for Performing Arts in the QS World University Rankings. This achievement is an inspiration to us to continue to innovate and strive to improve as we look constantly to the future. We take great care in preparing our talented students to thrive in the professional musical world they will graduate into, and we aspire to go further than that and equip them with the tools and the creative mindset they need to act as agents for positive change and to shape the musical world of the future.

We encourage this creativity and the entrepreneurship of our students through new initiatives such as the RCM Innovate awards which help graduating students to launch their own business ideas, and by investing in facilities such as the new cutting-edge Digital Innovation Lab to help them develop their skills in the technologies of the future. The College's unique Composition for Screen course and broad-reaching research activities are catalysts for the whole community to develop artistry beyond the traditional confines of classical music.

In fact our research is sector-leading, demonstrated by the highest score amongst institutions that specialise only in music in the recently-announced REF results. With a new Head of Research, the recent development of the Wolfson Centre in Music and Material Culture and our newest international collaborations we continue to invest in this important area which underpins the high quality research-led teaching that we provide for all of our students.

The former Prince of Wales returned in May for the annual President's Visit and conferred honours to leading names in classical music, including two-time Grammy-nominated saxophonist Amy Dickson; composer Anna Meredith MBE; founder of the Purcell Quartet, Richard Boothby; violinist and RCM Professor Gabrielle Lester who has led orchestras for recordings of numerous film and television scores including Harry Potter, Lord of the Rings and Doctor Who; and Thomas Trotter, Resident Organist at Birmingham Symphony Hall and a recent recipient of the Queen's Medal for Music. The former Prince of Wales enjoyed performances by some of RCM's exceptionally talented students Dmitrii Kalashnikov and Victor Maslov (Queen Elizabeth The Queen Mother Rosebowl) and Charlotte Saluste-Bridoux and Dominic Doutney (Tagore Gold Medals).

Soon after the start of the Autumn term we returned to a normal programme of concerts with full audiences, starting with two large-scale and memorable performances of Brahms Requiem. We were honoured that our orchestral programme was conducted by an amazing range of prominent musicians; we celebrated the 150th anniversary of Ralph Vaughan Williams, as well as a diverse programme that included film music, Mahler and Stravinsky. We worked hard to ensure that music from under-represented composers was a theme all year, including rare performances of works of composers such as Ruth Gipps, Ina Boyle and Elizabeth Maconchy, a series of concerts for International Women's Day and at FestivALL. It was wonderful to again enjoy a full and innovative opera programme, including some creative uses of technology, concerts from the RCM Jazz Orchestra, from individual faculties, the Chamber programme and Masterclasses.

Our progress in other aspects of Equality, Diversity and Inclusion continues apace, supported by a new network of EDI and Wellbeing Ambassadors, and this year we implemented widespread EDI updates to syllabuses, including updated repertoire requirements, more inclusive assessment design, and improved representation on listening and reading lists.

Finally I would like to add my own heartfelt thanks to our supporters for the phenomenal success of the More Music campaign which will benefit the most talented students of music from around the globe for generations to come, and to our staff for the part they have each played in achieving the accolade of being ranked number one in the world.



Colin Lawson CBE FRCM
Director

FINANCIAL REVIEW

<p>Performance *</p> <p>Total income: £33.1m (£28.9m)</p> <p>Deficit for the year: £(2.0)m (£8.7m surplus)</p> <p>Underlying surplus before gains and losses: £3.1m (£1.8m surplus)</p> <p><i>Underlying surplus excludes USS pension adjustments</i></p>	<p>Liquidity and Debt</p> <p>Borrowings: £4.7m (£6.8m)</p> <p>Cash and short-term investments: £8.8m (£8.9m)</p> <p>Net Cash: £4.1m (£2.1m)</p> <p><i>Net cash includes short-term investments</i></p>
<p>Investment</p> <p>Capital Expenditure: £0.9m (£1.9m)</p>	<p>Financial Strength</p> <p>Net assets: £109.2m (£110.3m)</p>

* Comparative data for the prior year 2020/21 is shown in brackets throughout this review

The reported deficit for the year was £(2.0)m, compared to a surplus of £8.7m in 2020/21, and included £2.0m of losses on our investments, following £6.9m of gains in the previous year. These gains and losses relate primarily to investments held by the restricted Scholarships and Awards fund, and are not reflective of the underlying operations of the College. Furthermore the deficit was after a £3.1m adjustment to increase the value of the USS pension provision.

In order to provide a comparable measure of the College's performance we have excluded these gains and losses and the impact of the USS pension adjustment to calculate the underlying surplus. The underlying surplus for the year was £3.1m compared with £1.8m in the previous year. The improved performance was driven by higher income from tuition fees, including a 26% increase in fees from students outside the EU reflecting the College's continued success in attracting students from around the world, and other income streams such as catering and events as activities continued to get back to normal after the COVID-19 pandemic. Operating costs also increased reflecting the higher level of activity, although the College retained good control of its staff costs.

The largest ongoing impact of COVID-19 on the finances of the College is the loss of the annual ABRSM donation which until 2018/19 provided around £1.5m of funding for the College's core activities: the operations of ABRSM were severely affected by COVID-19 but are now starting to recover. We expect donations from ABRSM to re-start in 2022/23, initially at a much lower level, and that it will be a few years before donations are back up to their pre-pandemic level.

	2021/22	2020/21
	£m	£m
Reported (deficit)/ surplus for the year	(2.0)	8.7
Remove losses/ (gains) on investments/disposals	2.0	(6.6)
Remove changes to pension provisions	3.1	(0.3)
Underlying surplus before gains and losses	3.1	1.8

We invested £0.9m (£1.9m) in Capital Expenditure in 2021/22, including £0.3m on ICT and £0.5m on student-facing digital provision.

Liquidity and Debt

Cash balances and current asset investments at 31 July 2022 were a healthy £8.8m (£8.9m). Excluding balances relating to restricted funds, this represented 114 (91) liquidity days, in line with our policy to maintain operating cash in a range of 60 to 120 days.

Borrowings of £4.7m were £2.1m lower than last year; they included £4.0m drawn on the £11m Revolving Credit Facility (RCF) and the £0.7m balance on our long term loan from RBS which will be fully repaid by 2026. Including current asset investments our overall year end net cash was £4.1m (£2.1m). The College also holds in reserve non-current investments of £7.3m (£7.4m) managed by Ruffer LLP; this “General Fund” is a short/mid-term fund established to work in coordination with RCM’s working capital requirements and capital requirements.

Pensions

Our pension liabilities total £6.2m (£4.3m). These liabilities relate to the Universities Superannuation Scheme (USS) and the RCM Pension and Assurance Scheme (RCMPAS). A third scheme, the Teachers’ Pension Scheme (TPS), is also significant covering most of our teaching staff. Each of these schemes is accounted and reported differently in the financial statements, reflecting their different nature.

USS is a multi-employer scheme where the assets and liabilities are pooled and the College’s share cannot be separately identified; instead we account for liabilities arising under the scheme’s deficit recovery plan. At 31 July 2022 these liabilities stand at £5.3m, based on the 2020 valuation. In line with the deficit recovery plan our contributions increased from 21.4% to 21.6% in April 2022.

For TPS we account for contributions on a “pay as you go” basis with contribution rates determined by the Exchequer. Currently we make contributions to TPS at 23.4% of the relevant salaries. We closed the RCMPAS to future accrual in 2007, and the scheme’s deficit is estimated at £0.9m, compared with an estimated £2.1m last year.

Investments

The Investment Committee monitors the performance of RCM’s investment portfolios which have a total value of £49.7m (£50.7m). The market value of our investments reduced in the year, decreasing by £1.9m, following the increase of £6.9m in 2020/21.

There are three main funds:

- Scholarship and Awards Fund £41.3m (£42.4m): a permanently endowed fund for scholarships and awards, managed during the year by Cazenove Capital and Sarasin & Partners;
- General Fund £7.3m (£7.4m): an unrestricted short/mid-term fund established to work in coordination with RCM’s working capital and capital requirements, managed by Ruffer LLP; and
- Junior Department Appeal Fund £0.8m (£0.9m): a permanently endowed fund for bursaries, managed during the year by Sarasin & Partners.

RCM’s investment strategy and [policy for responsible investment](#) are set by the Finance & General Purposes Committee, on the recommendation of the Investment Committee.

Total Return

The Council has exercised the power granted under s.104A(2) of the Charities Act 2011 to manage the Scholarships and Awards Fund (excluding the portion of it that is invested in CLV (RCM) LLP through the RCM subsidiary RCM Business Enterprises Limited), referred to below as “the fund”, on a total return basis from 1 August 2021. The power permits RCM to invest the fund to maximise the Total Return on investments (taking both capital values and income into consideration) and, therefore, to make available an appropriate portion of the Total Return for expenditure each year, after accounting, among other things, for preservation of the real term value of the permanent endowment. Until this power is exercised in full, the Total Return shall be an 'Unapplied Total Return' and remain as part of the permanent endowment.

The initial value of the trust for investment and the initial value of the unapplied total return were established as at 31 July 2020. The date of the valuation for each individual endowment within the fund is the date that endowment was received, or a reasonable estimate thereof, and the calculation of the value of the trust for investment includes all funds in place at 31 July 2020. At that same date, the initial value of unapplied total return was determined as equal to the accumulated unapplied income from the trust for investment and the increase in value of the trust for investment since the date of valuation of each individual endowment within the fund. The Council took advice from Cazenove to inform its decisions, and to inform its policy on a suitable level of unapplied total return going forward.

To support this change we held a review of our investment managers and in August 2021 the investments were split into two new portfolios held in the Charity Multi-Asset Fund managed by Cazenove Capital and the Sarasin Endowments strategy managed by Sarasin & Partners.

Initial Allocation to the Income Fund

The Council approved an initial allocation to the income fund equal to the accumulated unapplied income at 31 July 2021 to be used for scholarships and awards over the next 5-7 years, alongside the annual allocations (see below). This initial allocation was £2,342,626 and is included in the £3,585,524 transfer of unapplied total return allocated to income in 2021/22.

Investment Strategy and Objectives

Our strategy is to maintain the real terms value of the fund over the long term, with reference to the UK's Consumer Prices Index, and to produce a consistent and sustainable amount each year to be available for spend on scholarships and awards. Growth in the real terms value of the fund is achieved through adding capital to the fund through new legacies and endowments.

The investment objective is to generate an average total return of 4.0% per annum over the Consumer Prices Index (CPI), after deduction of fees, over rolling five year periods, with an appropriate profile of risk.

Strategy for managing the fund on a total return basis

Our strategy addresses market risk by maintaining an appropriate level of Unapplied Total Return at both the overall and individual fund level to provide a good level of assurance that the planned income distribution can be released each year, even when there is a temporary reduction in the value of the endowment due to stressed market conditions. We aim to distribute 3.4% of the simple average of the value of the fund at the three previous year ends to be used for scholarships and awards. This is set at lower than the 4.0% investment objective to allow for a reduced distribution on newer funds within the endowment as a suitable level of Unapplied Total Return is built up on those individual funds.

We monitor the level of Unapplied Total Return by individual fund each year and adjust the target distribution %'s accordingly. We also ensure that no distribution is made from the original endowment for any fund. We also monitor and report each year on the real terms value of the original endowments at the aggregate level (including future sums received), comparing it to the overall fund value to gain assurance that we are taking the right steps to maintain the real terms value of the fund over the long term. We also gain assurance through monitoring the performance of the investment portfolio against short term benchmarks and longer term measures of CPI.

Note 20 to the financial statements discloses the amounts set as opening Unapplied Total Return and the amounts allocated to income in the year from the Unapplied Total Return.

Future Outlook

In both 2020/21 and 2019/20 the financial challenges associated with the Covid-19 pandemic were considerable, and the benefits of the mitigating actions we took to address our cost base are reflected in the improved results this year and leave us in a strong position going forward. We completed the £40 million investment in our buildings and facilities last year and closed the More Music fundraising campaign in October 2022: the campaign raised £42.5m overall including £25m for the building project. The generous donations of our supporters have been transformational enabling us to improve our facilities so substantially as well as continuing to help our students through scholarships, bursaries and innovation. Our global student recruitment remains strong reflecting our status as one of the leading conservatoires in the world.

Going Concern

The accounts have been prepared on a going concern basis, and the Statement of Corporate Governance & Responsibilities of Council sets out the steps taken by the Board in reaching the conclusion that the going concern basis is appropriate.

Staff

RCM's teaching is undertaken mainly by hourly-paid professional musicians who provide one-to-one tuition for their students, with administration undertaken in the main by permanent, full or part-time salaried staff. RCM supports the national pay framework, with pay awards negotiated on behalf of RCM by the Universities and Colleges Employers Association through the negotiating body New JNCHES. The pay award for 2022/23 is not yet agreed with the trade unions but on the advice of UCEA it was implemented by employers at 3.0% in August 2021, with additional increases for those on the lower grades. The five main HE trade unions technically remain in dispute over the pay rounds for 2020/21 and 2021/22.

Unison is a trade union recognised by RCM and its elected representatives are permitted to take reasonable paid time off to carry out certain union duties. In the 12 months to 31 March 2022, the amount of time spent by RCM staff on trade union activities and the cost related to that time was:

- number of union officials one
- time spent on union activities by both employees was in the band 1% to 50%
- cost of staff time spent on union activities £889
- total RCM staff cost (excluding USS adjustment) £15.7million
- staff cost related to union activities as a percentage of RCM's total staff cost 0.005%
- time spent on paid trade union activities 0.00%

Charities Act 2006 and principal regulator

Under the Charities Act 2006, the Office for Students (OfS) is the principal regulator of those English higher education institutions (HEIs) that are exempt charities and the OfS is expected to promote charity law compliance by the exempt charities for which they are responsible. Eighteen HEIs, including RCM, are registered charities and monitored and regulated as charities by the Charity Commission; this is in addition to OfS' own accountability oversight.

RCM is registered with the Fundraising Regulator. Registration is on a voluntary basis and RCM is committed to adhering to the Regulator's "Code of Fundraising Practice".

Public benefit

The RCM Council is cognisant of the Charity Commission's guidance on public benefit and in preparing this Strategic Review has given due consideration to this guidance and in particular to its supplementary public benefit guidance on advancing education and on fee charging.

RCM's charitable aims are to provide specialised musical education and professional training at the highest international level for performers and composers, within an environment that stimulates innovation and research. This enables talented students from all backgrounds to develop the musical skills, knowledge, understanding and resourcefulness that will be required to contribute significantly to arts and culture in this country and internationally.

Those benefiting from RCM's charitable aims are: RCM students, members of the public and the community when attending concerts and education outreach work. Outreach work is centred in the London Boroughs of Westminster, Hammersmith & Fulham and Kensington & Chelsea. These areas are densely populated with remarkable diversity, wide socio-economic disparities and pockets of high deprivation. More details of our concerts and outreach work may be found throughout this Strategic Review.



Lord Black of Brentwood
Chairman
December 2022

PROGRESS OF RCM STRATEGIC PLAN 2017 TO 2027

Transforming the College

Mission and principal objectives

Royal College of Music provides specialised musical education and professional training at the highest international level for performers and composers, within an environment that stimulates innovation and research. This enables talented students from all backgrounds to develop the musical skills, knowledge, understanding and resourcefulness which will equip them to contribute significantly to musical life in this country and internationally.

Objects of the Royal College of Music

The Mission Statement supplements RCM's objects as set out in the 1883 Charter:

- 'the advancement of the Art of Music by means of a central teaching and examining body charged with the duty of providing musical instruction of the highest class, and of rewarding with academical degrees and certificates of proficiency and otherwise persons, whether educated or not at the RCM, who on examination may prove themselves worthy of such distinctions and evidences of attainment';
- 'the promotion and supervision of such musical instruction in schools and elsewhere, as may be thought most conducive to the cultivation and dissemination of the Art of Music in the United Kingdom'; and
- 'generally encouragement and promotion of the cultivation of music as an art throughout the world'.

Strategic Plan 2017-27

The College's current Strategic Plan runs from 2017-2027, having been approved in 2017. The first three year phase of the Plan ran to 2020 and, therefore, concluded in the summer 2020. This initial planning period to 2020 focused on our major estates plans, the opportunities that these create to support student learning, our public engagement and research, and RCM's significant international and digital strategies:

- completion of the More Music building development in our Prince Consort Road estate and occupation of RCM Jay Mews, supported by the More Music campaign, encompassing fundraising for strategic priorities and projects including capital development, scholarships, academic initiatives and Junior College/Sparks;
- enhancing RCM as a European conservatoire in response to Brexit, which will involve a range of specific actions, evolving as the wider economic and political context develops;
- international initiatives, including in China-based collaborative projects; and
- developing digital initiatives, including establishing the learn.rcm virtual learning environment and the Virtual Conservatoire in collaboration with other conservatoires.

The overall Strategic Plan looks ahead across ten years between 2017 and 2027, setting out our Vision for RCM in 2027 and the guiding objectives and principles for new initiatives. The Vision Statement within the Strategic Plan was reviewed and revised in spring 2021, but the College paused consideration of the next three year period of the Plan during the Covid pandemic. The development of the next three year Plan will be informed by existing and developing sub-plans, including the ICT Strategy, estates strategy, teaching and learning and assessment strategy, several of which were reviewed during 2020/21. The Directorate has been consulting on a new three year plan, with discussions with several committees, including Senate, across 2021/22; Council member Peter Dart led a discussion at the July 2022 meeting of Council. A revised plan will be presented to the November 2022 Council meeting for approval.

In setting RCM's priorities and planning its activities the RCM Council has given careful consideration to the Charity Commission's general guidance on public benefit.

Outlook for 2022/23

The overall economic and social outlook continues to be highly uncertain. While the world is starting to come out the other side of the Covid-19 pandemic, in some of the College's key markets, notably China, severe Covid restrictions remain in place. Post-Covid and compounded by the Russian invasion of Ukraine, inflation is at a 40 year high and the College continues to experience the effects of the UK's departure from the EU (though the effects of the latter are now built into our forward planning).

Nevertheless, enrolments to study at RCM in 2021 were strong. We plan continued very modest growth in overseas student numbers for the next few years, while EU recruitment inevitably declines, as RCM starts to benefit from additional space resulting from its More Music building development and the occupation of RCM Jay Mews.

The draft Budget for 2022/23 shows a small surplus and we expect a challenging year due to cost inflation and the wider economic outlook. We propose to invest £1.5m of Capital Expenditure in 2022/23, and in 2023/24 and beyond we have planned capital spend of at least £1m per annum.

Principal risks and uncertainties

The RCM Risk Management Strategy and Policy sets out the respective roles of the RCM Directorate, Council, Finance & General Purposes Committee and Audit Committee in managing risk. It also sets out the key controls and our approach to risk management. The RCM Risk Register identifies key risks, likelihood of occurrence, potential impact on RCM and actions being taken to reduce and mitigate risks. The risks themselves are prioritised using a consistent simple three tier scoring system to denote the priority level of each strategic risk. These are: red (high priority); amber (medium priority); and green (low priority).

The Register is subject to annual review by the RCM Directorate and is monitored and up-dated throughout the year with an annual report on risk management presented to all committees involved in managing risk, including the Council. The risk register had its final review of the academic year by Directorate in June 2022.

There is currently just one risk scored red: 'Failure to maintain and upgrade digital and ICT hardware and software, particularly with the greatly increased requirements caused by changes in learning and teaching practices during Covid-19; RCM suffers debilitating cyber-attack/security breach.' There is a full action plan in place addressing this risk which is the subject of regular discussion and monitoring at Directorate, as well as by Audit and other committees.

There are seven amber risks, of which the highest scored are:

- Financial sustainability at risk, including Covid-related factors; reduction in funding following OfS specialist funding review. The OfS specialist funding review is expected to report future funding for 2022/23 onwards in November 2022.
- Failure to provide fitting surroundings for delivering excellence for staff/students. While the Courtyard redevelopment project is now complete, the new spaces are still being mobilised and hybrid working is still at a relatively early stage.

The RCM Council reviews annually key performance indicators and these reflect guidance from the OfS national Financial Sustainability Strategy Group which developed a basis for monitoring and reporting institutional sustainability through an annual sustainability report (ASSUR).

Inspirational Programmes

Enhancing learning and teaching

During 2021-22 the College resumed a full schedule of in-person teaching and learning, enabling our students to make the most of our rich curriculum of practice-led and collaborative learning experiences using new facilities including the Museum, two new performance spaces, and state-of-the-art self-operated audio-visual recording equipment now installed in all performance venues.

At the same time, we reflected on the rapid changes and innovations during Covid with a view to identifying learning and teaching practices that should be retained and developed further. The RCM curriculum at all levels continues to evolve, incorporating progressive and technology-enhanced pedagogies that will support the musicians of tomorrow.

One major project in this area is the Global Conservatoire Consortium. This Erasmus+ Strategic Partnership project reached a milestone in October 2021 with the launch of the first Global Conservatoire transnational online module, designed and delivered by the College. A cohort of 22 students from the RCM, the Royal Danish Academy of Music, the University of Music and Performing Arts Vienna, and Manhattan School of Music commenced their online studies together on the RCM module 'Music and Words'. Over the course of 2021-22 a further six undergraduate and postgraduate elective modules were launched by the four partner institutions. Teaching staff also participated in intensive training and development activities, hosted by the Royal Danish Academy of Music and RCM. During these events, teachers, managers, and researchers shared experiences from the project to date and reflected on ways to enhance online and transnational pedagogies in 21st Century conservatoires.

The research project 'Transforming performance pedagogies: interactions between new technology and traditional methods' explored similarly innovative ideas. Led by Dr Christina Guillaumier and Dr Diana Salazar and funded by the Society for Research in Higher Education, this project explored how digital technologies contributed to new paradigms in instrumental and vocal teaching during Covid. Drawing upon interviews with RCM staff and students, the research examined how a blend of traditional and digital methods of instrumental teaching could enhance student learning. The final outcomes of the project will inform future staff development activities at the College, encouraging professors to embrace blended approaches in principal study lessons.

Following a major programme review in 2020, the second year of our new BMus programme was rolled out during 2021-22, including two new BMus 2 core modules. BMus 2 Professional Musician focusses on students' professional development through digital skills, reflection, and career planning. The module's emphasis on musicians' agility and resilience is especially important in the post-Covid environment. The second new module, Music Leadership 1, uses an innovative collaborative delivery model that combines the expertise of the College's Music Education and Sparks teams. The module curriculum introduces a range of issues in music education today, encouraging all of our BMus students to develop confidence in communication and advocacy and setting them on the path to become confident, socially-engaged practitioners and leaders of the future.

In light of staffing changes at postgraduate level, the Masters Review was postponed and will now be conducted during academic session 2022-2023, with delivery of the new programmes from September 2023. During summer 2022 a consultation commenced, with views and feedback sought from current students and staff, recent graduates, and industry representatives on our current MMus, MPerf and MComp programmes. Emerging themes include enhancing curriculum flexibility, strengthening students' employability, promoting inclusive curriculum design, and embedding digital artistry. We look forward to working on the review during 2022-23 with the College's new Head of Postgraduate Taught Programmes and Professor of Music, Professor Mark Bowden. A respected academic and composer of chamber, orchestral, and vocal music, Professor Bowden will join the College in September 2022.

In December 2021 we were delighted to receive capital funding of £227,443 from the Office for Students to upgrade and develop our digital facilities. Thanks to this award, Control Room 3 has been fully upgraded and opened to students and staff in spring 2022. This new studio features an industry-standard Dolby Atmos surround sound system and a versatile technical set-up that allows students to record, mix, master and broadcast a range of media. Since Covid, the College has seen an exponential increase in student demand for curriculum options in music technology and Control Room 3 is already in high demand by undergraduate and postgraduate students. The development marks an important step in upgrading our digital teaching facilities to realise our digital ambitions.

The College's partnership with Nanyang Academy of Fine Arts (NAFA) in Singapore continues to flourish. We were delighted to welcome final year NAFA BMus students to London for their international placement in the spring. The first year of the BEd (Instrumental/Vocal Teaching) programme in Singapore has been very successful, and in April 2022 the College approved the very first Masters degrees to be offered by NAFA. Delivery of the new MPerf and MComp programmes will commence in August 2023, following a similar model to the well-established BMus programme.

Our NSS 2022 results were strong. In terms of sector performance, our overall satisfaction was second in the UK for conservatoires. Once again, we performed extremely well in the area of library resources. The scores for teaching, especially for staff explaining things and making the subject interesting, were excellent.

We recognise the importance of our outstanding staff for delivering and innovating the curriculum. We continue to identify ways in which we can recognise staff contribution and develop our people. In June the annual Programmes Staff Development Day brought together nearly fifty professors, teachers and graduate teaching assistants, in-person and online. This day-long programme covered topics including staff wellbeing, inclusive teaching practices, online instructional design, new features in our virtual learning environment, and improvisation techniques. The day was also an opportunity for informal sharing and networking.

Research and Knowledge Exchange

The REF 2021 (Research Excellence Framework) results were announced in May 22, with the RCM ranked top UK conservatoire offering music as a single subject. Since the last REF exercise the RCM's research environment is now more highly rated as internationally excellent than any other UK music conservatoire. Two RCM case studies were judged to have demonstrated predominantly outstanding impact, whilst a third demonstrated a combination of considerable and very considerable impact.

In July 2022, RCM had 9 externally funded research and knowledge exchange projects (value to RCM, £0.6m); and 6 further bids are being prepared with an overall value of £0.5m. New funded research for 2022 includes the two year £0.2m British Academy International Knowledge Frontiers 2022 project 'What is a good city in the context of the Global South: The role of the arts in social-cultural urban infrastructure'. The project focuses on understanding and enhancing social-cultural urban infrastructure in Salvador (Brazil) and Cochabamba (Bolivia), surveying both cities to ascertain citizens' experiences of social-cultural engagement and how this is associated with public wellbeing. A music intervention aims to integrate families of those with disabilities across the divide of urban otherness. The award is the only music-based research project in this year's International Knowledge Frontiers scheme.

The College continues its focus on knowledge exchange (KE) through the KE Working Group and in line with the College's Knowledge Exchange Concordat (KEC) Action Plan commitments. The KEC action plan includes a new College-wide Public Engagement Strategy, which is currently being developed to align with the College's new Strategic Plan.

Doctoral Research Training and Studentships

The RCM's membership of the London Arts and Humanities Partnership (LAHP, 2019 to 2024) continues to encourage high-quality applications and reap rewards in terms of studentships. Applicants for the RCM doctoral programme can apply for research studentships, which cover full fees and provide a generous maintenance grant for three years of full-time, or six years of part-time study. As of 2020, Overseas students may apply to LAHP, with individual institutions covering the financial shortfall between the AHRC grant and institutional fees. A number of studentships have been ring-fenced for students from under-represented backgrounds. The 2022 competition awarded 77 studentships across eight universities and 26 humanities disciplines. One Collaborative Doctoral Award was won by an RCM applicant in Early Years Education in partnership with MERYC England. Two further doctoral awards have been made in Music Education and Performance Science. This brings the current total of LAHP-funded students studying at RCM to eleven.

MUSICAL PERFORMANCE

Bringing the notes to life

The RCM is renowned for the range and depth of its artistic programme. The College places learning and teaching at the heart of all its concert programmes, to develop the skills and expectations of professional level performance. We are supported in this by regular visits from, and close relationships with, the leading musicians around the world. Public engagement and knowledge exchange forms an equally important part of our programming, and it has been a relief to have been once again performing in normal conditions to live audiences from the middle of autumn 2021.

Autumn 2021

Orchestral concerts saw the return of the leaders of the Chamber Orchestra of Europe, this time performing Schumann. Thomas Zehetmair directed two memorable performances of Brahms German Requiem, while the RCM Philharmonic have been investigating film music from Harry Potter and Game of Thrones, Wagner's orchestral music with Martyn Brabbins, and an innovative concert of waltzes in many guises led by Jac van Steen. String Band contrasted Mozart and Tchaikovsky with The Ayoub Sisters, Jac van Steen returned to conduct Mahler's 4th Symphony, and the term ended with a vital and thought-provoking production of *The Magic Flute*, now available on the international opera site, operavision.eu.

Other performances of note included RCM Wind Orchestra, conducted by RCM alumna and conducting teacher, Natalia Luis Bassa, RCM Jazz Orchestra, joined by Zoe Rahman, and masterclasses from, amongst others, Bernard D'Ascoli, Francesca Dego, Alina Ibragimova, and the Pavel Haas Quartet. Our annual collaboration for RCM composers with the Head On art festival in Sydney, Australia saw their highly innovative work shared internationally.

Spring 2022

The spring term focused on RCM alumnus and professor, Ralph Vaughan Williams, whose 150th anniversary fell this year, and on some of the composers that he taught during his lifetime. The programme included rare performances of music by composers including Ruth Gipps, Ina Boyle, and Elizabeth Maconchy. Orchestral concerts with Sir Antonio Pappano, Martyn Brabbins, Rafael Payare and Jac van Steen will live long in the memory, and gave our students the opportunity to work with musicians of the highest calibre. Maxim Vengerov returned to lead both chamber and orchestral masterclasses, the latter on Mozart's delightful violin concertos, while our opera studio students spent an inspirational day with Angela Gheorghiu, working individually and as a class.

Chamber music is a constant and inspiring thread in our performance programme. Highlights in the spring included a two-day Chamber Music Festival using all our new performance venues, including Wellesz's Octet and a new work by Dr Jonathan Cole. Other performances of note included Claire Teal performing with the RCM Jazz Orchestra and the RCM Baroque Orchestra and Chorus performance of Bach's Easter Oratorio.

The production of Humperdinck's *Hansel and Gretel* challenged the often saccharine storyline by a setting in the former East Germany around the time of the fall of the Berlin Wall. The Keyboard Festival, based around the music of Scriabin, Super String Sunday and the Percussion Festival brought in new audiences and were broadcast around the world. We also supported the Students' Union concert fund-raising for Ukrainian refugees.

Summer 2022

In the summer term we enjoyed the first visit from French conductor Chloé van Soeterstède, in a programme of Brahms and Jesse Montgomery. The annual RCM Composition for Screen Showcase, with a dazzling array of new scores for film, was played by live ensemble and electronics together. Live electronics in a different guise illuminated the concert of *The Fly*, a curated electro-acoustic programme. *Odysseys* was the title for this iteration of our biennial series of six mini-operas written by RCM composers and performed by members of the Opera and Vocal Faculty. Technically challenging and innovative, the variety, drama, humour and reflection in these operatic vignettes was highly impressive.

We welcomed Kevin John Edusei to conduct a programme including Samy Moussa, Anna Clyne, and the original version of Stravinsky's *Firebird*. Jeremy Sams brought his directorial skills to Jonathan Dove's *Flight*, full of humour and insight. Our final full-day FestivALL presented fourteen concerts in a single day, all of music by, or inspired by, under-represented composers. This has been a major theme of our programming throughout the year, and we have taken great strides forward in our artistic planning, taking responsibility for promoting access, accessibility, and a voice for all.

CELEBRATING SUCCESS

Shining Examples

At the RCM, we nurture exceptionally talented students in a creative environment, giving them the opportunity to develop as artists and fulfil their ambitions. Over the last year, RCM students have achieved success in many forms, winning prestigious international competitions, reaching new audiences, forging new creative partnerships and contributing to a dynamic research agenda. Below is a mere snapshot of student successes across 2021/22.

Keyboard

Alim Beisembayev: won First Prize at the Leeds International Piano Competition, alongside contemporary performance and audience prizes. He made his BBC Proms debut on 25 July.

Jeneba Kanneh-Mason: named in Classic FM's 30 Rising Stars list alongside alumni Charlotte Saluste-Bridoux (violin) and Martin James Bartlett (piano).

Thomas Kelly: won First and Audience Prizes at the Intercollegiate Sheepdrove Piano Competition, Second Prize at the Hastings International Piano Concerto Competition and a finals place at the Leeds International Piano Competition.

Vocal

Hugh Cutting: won the 2021 Kathleen Ferrier Awards, the first countertenor in the competition's history to do so. He was named in BBC Radio 3's New Generation Artists list for 2022-24.

Charlotte Bowden: becomes a 2022 Glyndebourne Festival Jerwood Young Artist - appearing as Barbarina in *Le nozze di Figaro*. She made her Wigmore Hall debut and was a 2022 Kathleen Ferrier Awards finalist.

Emma Roberts: won Second and Loveday Song Prizes at the 2022 Kathleen Ferrier Awards. RCM alumna Esme Bronwen-Smith won First Prize. Emma was recently announced as a 2022-23 Britten Pears Arts Young Artist.

Composition

Chelsea Becker: won the Seniors category in the 2021 BBC Young Composer Competition.

Alex Ho: named an LPO Young Composer, RPS Composer 2021/22 and a BBC Music Magazine Rising Star.

Liam Taylor-West: new composition called *Making Space* was premiered by the BBC Concert Orchestra at the Southbank Centre.

Conducting

John Paul Jennings: named Assistant Conductor with Fulham Opera and a semi-finalist at the Blue Danube International Opera Conducting Competition.

Ondřej Soukup: appointed Music Director of King's College London Symphony Orchestra, and Resident Student Conductor with the University of London Symphony Orchestra.

Historical Performance

Dominika Maszczynska: performed at the International Festival of Renaissance and Baroque Music *Misiones de Chiquitos* in Bolivia with the RCM Baroque Orchestra and the Bolivian choir Arakaendar.

Zsombor Tóth-Vajna: released two albums on Hungarian label Harmonia Caelestis including works for harpsicord by Girolamo Frescobaldi and a selection of previously unrecorded flute sonatas.

Percussion

Toril Azzalini-Machecler: performed with the Britten Pears Arts Contemporary Ensemble at the 2022 Aldeburgh Festival. He also took part in Nkoda's 'Noise Nights' concert series in April 2022.

Strings

Silvestrs Kalniņš and June Lee: successfully auditioned for the LSO String Experience scheme.

The Salomé Quartet: took part in the first partnership residency at the Stauffer Center for Strings in Cremona. They were accepted onto the 2022/23 Britten Pears Arts Young Artists programme.

Woodwind

Mebrakh Haughton-Johnson: performed at the Louis Vuitton Men's Fashion Show in Paris with Chineke! Orchestra.

Centre for Performance Science

Frederick Lam: is developing OccuPain, a mobile app designed to help musicians with occupational pain.

Berenice Beverley Zammit: had an article on performance anxiety published in *The Strad* magazine and presented her research findings at ISPS 2021 and the RMA/BFE Postgraduate Student Conference.

Research

Debi Graham: was made a Fellow of the Royal Society for Public Health.

Composition for Screen

Billy Palmer: started a career as a composer and orchestrator for games designed for PCs, PlayStation, Xbox and online gaming platforms. He is also an arranger with the London Video Game Orchestra.

Guillermo Pita: produced orchestrations for Spanish TV and radio, including Spain's Junior Eurovision entry.

RCM in the Press

'The cast of young singers are uniformly terrific... Accompanying them, the RCM Opera Orchestra produced one of the best performances I can recall hearing from them in the Britten Theatre.' – Claire Seymour for Opera Today, reviewing the RCM Opera Studio's production of Hansel and Gretel, March 2022.

'Although a student production, you wouldn't have known this at all by the quality of the staging, singing, production, and certainly the orchestra'; John Vandeventer for Opera Wire, reviewing the RCM Opera Studio's production of Flight, July 2022.



Thomas Kelly performs at Conductors' Podium performance in AFCH, taken by Chris Christodoulou

LEARNING FOR ALL

RCM Junior Department

The RCMJD offers advanced training at the highest level to young musicians aged 5-18 years, providing individually-tailored programmes of one-to-one instrumental/vocal/composition lessons, supported by chamber music, orchestra, choir and musicianship classes. The RCMJD is committed to ensuring that successful applicants are not prevented from attending the RCMJD through financial hardship and this academic year the RCMJD has allocated over £200,000 of support to families where there is the most need. Attending the RCMJD is a truly transformative and empowering experience. A large proportion of our students (about 70%) go on to study music, and many have been offered scholarships to continue their musical studies here at the RCM.

Given the increasingly challenging landscape facing young musicians in Britain today, the RCMJD has a significant role to play in supporting and nurturing the musical potential of the next generation of music students from a diverse range of backgrounds. A number of exciting musical initiatives ensure that we reach out and recruit students from diverse backgrounds and that as many students as possible are enabled to progress through to senior RCM. The RCMJD has formed partnerships with several musical organisations who share the same commitment to addressing the lack of diversity in music education, such as Nucleo and Future Talent. In September 2021 we inaugurated our new Future Talent Transitions programme, designed to help students to transition from access programmes to the junior conservatoire in partnership with Future Talent and all six students enrolled on this programme will continue their studies at the RCMJD in September 2022. Our artistic programming reflects and celebrates the diversity of our student body and works by under-represented composers featured in every major RCMJD concert.

Artistically, this academic year has been incredibly successful. JD students have been involved in over 110 concerts as members of more than 100 RCMJD ensembles. We presented a semi-staged performance of Dido and Aeneas and we have welcomed world-class musicians to lead masterclasses, including Tasmin Little, Ken Burton and the Riot Ensemble. Our pupils have performed all over the country in some of the finest and most prestigious musical venues, including the Royal Albert Hall, the 606 Club, St James's Piccadilly, Saddler's Hall, the Guildhall, the Southbank Centre and Cadogan Hall, and several JD students performed for The former Prince of Wales on his recent visit to the College. Our exceptional chamber music programme continues to flourish and our chamber competition finalists performed at the Wigmore Hall in early July. RCMJD students continue to dominate the orchestral lists of all major youth orchestras, including the NCO and the NYO. 28 students - a record number - won places in the National Youth Orchestra in 2021, including RCMJD student Gabriela Bavetta who currently leads the NYO and who will take up a scholarship at the RCM in 2022. JD students have also enjoyed significant successes in national and international competitions: a record number of JD students competed in the BBC Young Musician of the Year competition this year, with seven JD students - past, present and future - through to the category finals of the competition.

RCM Sparks

RCM Sparks is RCM's Learning and Participation programme providing an accessible pathway of musical learning designed to engage children from early years to age 18. Sparks run public events and activities for schools and special programmes in the local area, partnering with other institutions to provide the benefits of music education where they are needed most. Sparks work is based around learning pathways which cater for children's changing needs as they develop, so that we can continue to foster musicianship and learning skills throughout their educational journey. The programme is designed by RCM staff and led by outstanding leaders; last year Sparks worked with 118 RCM students and graduates giving them up to date and relevant training and placement experience developing a new generation of reflective music leaders. Sparks workshops offer inspirational learning experiences for all participants, regardless of financial means, with free or subsidised places available for children (and their families) who are eligible.

Following a return to face-to-face activity from September 2021, Sparks has worked closely with the Tri-Borough Music Hub as a strategic delivery partner to bring live music and creative enrichment activities to schools and families in the London Boroughs of Westminster, Hammersmith & Fulham and Kensington & Chelsea. We were delighted to welcome

visiting schools back to the RCM for lunchtime concerts, gamelan workshops, creative workshops and for visits to the RCM Museum. The Minis Sparks early years programme engaged with local families in the surrounding Boroughs on a weekly basis, supporting musical engagement from birth to pre-school. The RCM's Knowledge Exchange scheme provided funding for the innovative Musical Futures scheme which offers a training programme for early years' practitioners from the LEFY social enterprise nurseries to support high level music provision in their settings. Get, Set, Play held workshops during the Summer term in some of the most deprived areas in the Tri-Borough. These highly engaging sessions culminated in a showcase at the RCM in July and will start musical pathways with Sparks and some will progress to lessons with the Tri-Borough Music Hub. Sparks Juniors children and families attended their weekly programme with the RCMJD teaching team and have made positive progress during the year, following the challenges of online learning.

Sparks has worked closely with the RCM Museum for our Explorers and Springboard courses and some of the school's engagement. In conjunction with RCM faculties, Sparks offered accessible workshops at festival days including the Percussion Festival, FestivALL, the Conducting Festival and the Great Exhibition Road Festival. The renowned Turtle Song, led by RCM Sparks in partnership with the RCM Museum and Turtle Key Arts, returned for a ten-week programme for people with Alzheimer's or dementia and their carers, bringing Museum artefacts to life, training RCM students and bringing the joy of music to the families taking part.



Chloe van Soeterstede conducts the RCM Philharmonic, taken by Chris Christodoulou

EMPLOYABILITY

Supporting talent and shaping futures

RCM is a world-leader in career development for musicians. We emphasise the need for students to be well-rounded, confident, and versatile communicators - in their professional engagements, and beyond. RCM graduates are highly employable - the Higher Education Statistics Agency graduate employment survey showed that an impressive 86% of RCM graduates from our 2018-19 cohort were in employment or further study fifteen months after graduating (NB this percentage was captured at an unprecedented and challenging time for employability in the arts sector), as were between 94 - 100% during the last five years of the surveying period.

RCM's Creative Careers Centre (CCC) is recognised internationally for its innovative approach to supporting young musicians. It offers resources, guidance, funding opportunities, bespoke career advice / coaching, mentoring, online workshops and presentations by industry specialists, and a broad range of professional opportunities, including performances and teaching work. For many students, the CCC helps pave the way to a successful career in music. The CCC also leads on academic modules within our degree programmes, focusing on entrepreneurship, career development, creative project management, careers in music administration, and business-skills training. CCC partners with leading consultants, reputable arts organisations, and local communities, delivering unique career-building opportunities, and a direct route to the music industry. We enable musicians to discover their professional identity, gain practical experience, develop new skills with an entrepreneurial mind-set, and build a fulfilling professional portfolio. In addition to those already mentioned, services include weekly one-to-one support in CV / biography and job application writing, funding, marketing, self-promotion, and career planning / coaching sessions; and student / graduate aimed jobs / opportunities bulletins. We also offer access to a wide variety of professional contacts and a curated range of career-focused videos, podcasts, factsheets, interviews, and directories. The services of the CCC are available to all students and alumni for up to five years after graduation.

As the pandemic progressed, the CCC adapted its services, support, and offer accordingly. A popular online careers event series continued, as well as the Online Teaching Service, which attracted clients from the UK, USA, and Japan. Teaching is a creative, valuable component of many musicians' careers, and a worthwhile way to share musical passion and expertise. As a result, this year, the in-person Teaching Service, which matches members of the public to student and graduate educators, reopened. Through both teaching service initiatives, the CCC provided over 90 different teaching opportunities. Having been closed from March 2020 to September 2021, the Professional Engagements Service resumed business this year. Musicians were hired by organisations and members of the public to perform at events, work as freelance orchestral and session players, accompanists, répétiteurs, chorus members, and composers. This year, the service evolved to include a new professional orchestral initiative - the RCM's Prince Consort Road Orchestra - which hired both students and graduates. The orchestra attracted three large-scale opportunities, which provided valuable work for musicians at an otherwise precarious time. By the end of July 2022, the service had provided musicians for 314 opportunities (of which 196 were work-placements for international students). Performances took place at venues including the Ritz, Kensington Palace, Cadogan Hall, and the Royal Albert Hall. Collectively, musicians earned over £ 180,000.

The CCC continued to develop two new and exciting schemes this academic year: RCM Accelerate, and the RCM Musicians' Grant Fund. RCM Accelerate supported 7 graduating RCM students with grant funding (up to £ 5,000) and mentoring, which took 1 existing initiative to the next level, and helped kick-start 1 new creative project, 2 social enterprises, and 3 business ideas. The RCM Musicians' Grant Fund, available to final year students, provided 32 musicians with over £ 35,000 in financial assistance towards the purchase of musical instruments and/or equipment. Passionately driven by, and constantly adapting to, the parameters of an increasingly competitive and complex music industry, the Creative Careers Centre is globally considered a leading light in the challenging field of student to professional transition.

PHILANTHROPIC SUPPORT

Supporting access, excellence and opportunity

More Music: Reimagining the Royal College of Music Campaign (Finale)

By the end of July 2022, we secured the full £25 million in cash and pledges of our £25 million target for the More Music Building Development. We are delighted that our first Summer Festival held in July 2022 raised £200,000 to mark the final chapter of the Campaign. During 2021-22 more than 1,000 supporters donated to the Royal College of Music (RCM), demonstrating the effectiveness and impact of the RCM's fundraising activities.

In 2021/22, the RCM received many significant donations to help secure the future of excellence in music. We wish to recognise the Estate of John & Sylvia Daughtry, the Estate of Gerald Webster, the Croucher Hong Kong Charitable Foundation, The Wolfson Foundation, The Garfield Weston Foundation and the inspired support from our senior volunteers and loyal supporters who have made the campaign a success.

The RCM's internal and dedicated fundraising and alumni engagement team carefully follow the UK Code of Fundraising Practice and our approach is set out in detail in the Fund-raising Regulation page below.

Our students – supporting the most talented

In 2021/22, the RCM awarded over £3.4 million in scholarship support, benefitting over 50% of the student body, thanks to the generous support of many individuals, trusts, organisations and legators. Each donation has played an essential role in enabling us to fulfil our mission to provide exceptional music education to talented young musicians from all backgrounds. We also received two new matching gifts of £50,000 each from Lady Robey and the Victor Dahdaleh Foundation for the Equity, Diversity and Inclusion (EDI) Matching Fund for Scholarships and Bursaries to strengthen support for this vital area of our work.

Our future – supporting our core mission

It has been an exciting year for the RCM. Our South Kensington campus has been transformed by the More Music Campaign and we are delighted that our new state-of-the-art performance spaces, Café and Museum are now open. We also have a new dynamic donor display in our café to recognise all supporters of the More Music Campaign who gave £1,000 or more to help us reach our target. Philanthropy at the RCM is helping to ensure that classical music in Britain and beyond continues to thrive and that our talented students can fulfil their potential as future performers, educators and researchers.

From becoming an RCM Friend to leaving a gift in your Will, every contribution truly makes a difference. We especially value this kind commitment following a challenging two years, and we owe a humble debt of gratitude to all our supporters for their key role in helping to secure the future of music and enabling us to be the global top performing arts institution.

Our spaces – providing unique venues for events

Our first full year of offering venue hire since 2015 has been a huge success, with over 70 external events taking place in RCM venues, bringing in revenue for the college of more than £268,000. We received 363 event enquires this year (compared to 50 last year), and this is expected to remain steady in future years as we continue to tailor our offering.

FUNDRAISING REGULATION

As part of our commitment to the Charities (Protection and Social Investment) Act 2016, the statement below outlines how the Royal College of Music (RCM) undertakes its fundraising activities.

1) What is the approach taken by the RCM for the purpose of fund-raising, and whether a professional fund-raiser or commercial participator carried on any of those activities?

RCM directly employs a team of fundraising professionals to develop connections and seek donations from trusts and foundations, corporations, alumni and other individuals who have an interest in our work. In 2021/22, this fundraising was carried out to advance and support our mission and included a combination of digital appeals and individual fundraising. In 2021/22, the College did not use the services of external fundraising agencies.

2) Was the RCM or any person acting on its behalf subject to an undertaking to be bound by any voluntary scheme for regulating fund-raising, or any voluntary standard of fund-raising, in respect of activities on behalf of the College, and, if so, what scheme or standard?

RCM is governed by the Fundraising Code of Practice and subscribes to the Fundraising Regulator. Additionally, the College is an active member of the Council for the Advancement and Support of Education (CASE) and we maintain involvement with the Chartered Institute of Fundraising (CloF), to help us ensure best practice on an ongoing basis.

3) Was there any failure to comply with a scheme or standard mentioned under paragraph (2)?

The College has not identified, nor been notified of, any failures to comply with the Code of Fundraising Practice, or of any other best practice as noted by CASE, the CloF or the Data & Marketing Commission for the purposes of fundraising or engagement.

4) Did RCM monitor activities carried on by any person on its behalf for the purpose of fund-raising, and, if so, how did it do so?

RCM did not use the paid services of any non-staff member for fundraising in 2021/22. We have a dedicated group of senior volunteers who support fundraising in close collaboration with RCM's internal Development team, focused on building relationships with sophisticated investors and philanthropists. Additionally, the College works with external suppliers such as those who print and send large mailings on our behalf, normally once or twice a year. In these cases, we have robust contracts in place to ensure those companies comply with the relevant data protection legislation.

5) What is the number of complaints received by the RCM or a person acting on our behalf about activities carried out for the purpose of fund-raising?

The RCM has a process to monitor and address any complaints about fundraising, and in 2021/22, we had no complaints about fundraising raised through this process.

6) What does the RCM do to protect vulnerable people and other members of the public from behaviour within subsection (2) during, or in connection with, such activities?

Our approach is to make sure that our appeals are proportionate to an individual's links to the RCM, with several ways to tailor how they hear from us and with opt-in only e-communication. This approach is part of our ongoing commitment to protecting vulnerable people while ensuring that those who want to support can do so in a way that works for them. Staff engaged in fundraising are made aware of the Chartered Institute of Fundraising's 'Treating Donors Fairly' guidance, as well as section 1.3 of the Code of Fundraising Practice, as part of their induction. If any member of staff has reason for concern about the potential vulnerability of any constituent or prospective donor, they will not progress further cultivation of that individual until a further assessment can be made.

Equality, Diversity, and Inclusion

Framing the debate, defining our values

In line with College's Equality, Diversity, and Inclusion policy, EDI is a cornerstone of RCM curriculum enhancement. For academic session 2021-22 the College implemented widespread EDI updates to syllabuses, including updated repertoire requirements, more inclusive assessment design, and improved representation on listening and reading lists. We now invite all external examiners to provide feedback on our progress with EDI in the curriculum, and every staff development event now includes at least one training activity focussed on EDI.

Developing the Repertoire

For 2021-22 we asked Heads of Faculties and Heads of Programmes to make every effort to improve representation when inviting visiting speakers, professors, artists and examiners to work with our students. We recognise how important role models are to our students and the positive impact diverse voices have on our artistic community. Visiting musicians and speakers for 2021-22 have included Natalie Murray Beale, Jonathan Lemalu, Noriko Ogawa, Rafael Payare, Uchenna Ngwe, Samantha Stimpson, and Diljeet Bhachu. In the College's artistic programme we continue to promote works by underrepresented composers including Lili Boulanger, Judith Weir, Valerie Coleman, Samy Moussa, Anna Clyne, Jennifer Bellor and Jessie Montgomery, whose work 'Strum' was performed by our quartet in residence the Harlem Quartet. The College's second 'FestivALL', a celebration of diversity in music, featured a wide range of student-curated concerts, panels, and Junior Department performances.

Tackling racism and other discrimination

Across the College, our EDI training initiatives continue to grow and are now reaching a wider range of staff. In December 2021 we launched the EDI and Wellbeing Ambassador initiative. A cohort of ten members of staff have been trained to act as point of reference for staff and students with concerns or questions around EDI. In addition to compulsory EDI training for all new staff, we are now offering regular training for all staff in Unconscious Bias, Being an Active Bystander, and Mental Health Awareness. During 2021-22 we also launched an updated anonymous reporting form for any member of the College community to report an incident of bullying, harassment, discrimination or microaggressions.

Access & Participation

The College's Access & Participation Plan sets out the College's targets and activities, as approved by the OfS. These cover a range of underrepresented groups. At the end of 2021-22 our admissions figures show that we are on-target with our recruitment of undergraduate Black, Asian and ethnically diverse students and POLAR quintile 1 students. The following table reports on our Black, Asian, and ethnically diverse recruitment against OfS targets:

UK Domiciled Undergraduates	2022/23	2021/22
Applications	31	31
Offers	17 (9 standard, 8 contextual)	15 (9 standard, 6 contextual)
Acceptances	11 (6 standard, 5 contextual)	10 (7 standard, 3 contextual)
Enrolments	11 of 75*	15 of 67 **
Target Enrolments (out of total estimated enrolments of 67)	10	10
New Black, Asian, and ethnically diverse scholarships	£40,625	£46,250

* Estimate at August 2022

** In 2021/22 the number of enrolments was higher than acceptances. It is likely this was because some students did not declare their ethnicity on their initial application.

VALUE FOR MONEY

Shared services and procurement

Value for money (VfM) is important to us and to our students. The College strives to deliver the best for our students by optimising the effectiveness of expenditure in support of the student experience. We endeavour to use all of our resources to fulfil our commitments to students, funders and partners – whilst ensuring the current and future success of the College. Financial decision making is scrutinised by the Council, with student representation from the Students' Union.

Shared services and collaborations are an important part of RCM's operation as we seek to obtain value for money, in all senses of the term. We have a long and successful history of working with others, including:

- UCAS Conservatoires: the admissions service created and owned by eight Music Conservatoires;
- Virtual Conservatoire: a collaboration with Royal Academy of Music (RAM), and Conservatoire for Dance & Drama to develop new teaching, learning and performance methodologies and spaces;
- National network of museums: in partnership with RAM, Horniman Museum and University of Edinburgh, delivering scientifically refined records on more than 40,000 musical instruments;
- Imperial College: provide services where both partners benefit from economies of scale from higher volumes, including catering, occupational health and student/staff health;
- KCG: universities' internal audit consortium with around fifteen members;
- The Energy Consortium: a leader of collaborative energy procurement, particularly to higher education institutions and colleges;
- Exhibition Road Cultural Group: champions the collective view of its members, encouraging cross-fertilisation of audiences between members; running joint events; and sharing staff expertise; and
- Invest to Save: focuses on reducing carbon emissions for members in the Exhibition Road Cultural Group.

Strong procurement practices are important for achieving and delivering VfM solutions and our procurement program continued to support this goal by providing:

- procurement advice: contract management, tenders and supplier engagement delivery strategies;
- procurement guidance: documentation including order form templates, specification writing and decision flow charts to help embed best practice throughout RCM;
- training: procurement training to RCM staff to refresh basic procurement knowledge, and improve procurement practices across RCM;
- strategy: an overall procurement strategy to reflect RCM's updated strategic plan; and
- contracts database: to store and maintain up-to-date contract documentation to help manage risks throughout the life of a contract.

RCM buys procurement services from Ensemble Purchasing, a cost sharing company owned by HEIs, to provide shared procurement services. RCM is also an active member of the London Universities Purchasing Consortium (LUPC), a London-wide procurement consortium owned by higher education institutions and third sector organisations.

ENVIRONMENTAL IMPACT

Making a difference

The Royal College of Music is fully committed to minimising any negative environmental, social and economic impacts that arise from our operations, and to maximising all opportunities for us to have a positive environmental impact. Good environmental practices are very important to us, and we have a long-standing programme to manage our environmental impacts effectively. Our approach is certified to ISO14001:2015, which is the globally recognised gold standard for environmental management. Our environmental policy sets out our key commitments to:

- aim to be a centre of excellence for environmental management within higher education and promote best practice;
- reduce our environmental impacts and maximise all opportunities for us to have a positive environmental impact;
- minimise negative environmental impacts through sustainable procurement, by reducing our carbon footprint, through reducing paper use and by ensuring all waste streams are 100% recyclable;
- ensure regulatory compliance through an effective cycle of audits and assessments;
- support our core purpose by embedding sustainability across all aspects of RCM including teaching, research, composition and performance;
- encourage positive impacts and incentives through collaborations and partnerships;
- promote environmental initiatives through communications with internal and external stakeholders;
- provide sufficient resources to ensure staff, students and visitors have the skill and knowledge to meet their responsibilities set out in the RCM's environmental standards; and
- maintain an effective management system by ensuring our core objectives are a priority at governance level.

Our action on energy efficiency and carbon reduction has been managed through our Carbon Management Plan. For the first stage we set a target to reduce our carbon emissions from gas use and electricity by 34% from a 2004/05 baseline by 2020. We significantly exceeded this, reducing our emissions by 60% even while our estate grew, ahead of the HEFCE sector target of 42%.

In line with the Government's climate change targets, in the next stage of our Carbon Management Plan we aim to achieve net zero carbon by 2035. This means that:

- continuing from our 2004/05 baseline, we will reduce our electricity and gas use emissions by 73% by 2027 and 100% by 2035; and
- we will meet annual and cumulative emissions budgets that align with these targets, through emissions reductions.

In 2021/22 we started work to decarbonise the heating and hot water systems. This involved installing electric water heaters to provide hot water to basins in the Blomfield Building toilets. Upgrades were also made to the insulation of the valves in the main boiler room.

To achieve net zero, we will also need to reduce our indirect emissions, including those relating to procurement, investments, and staff and student travel. We aim reduce our indirect emissions to zero by 2035, by taking action where we have direct control and by encouraging our partners to reduce emissions.

With 2019/20 as our baseline, we aim to reduce emissions from our electricity, gas use and other indirect emissions by 100% by 2034/35 and by 43% by 2026/27. Interim targets for 2026/27 are based on reductions of 33% for our electricity and gas use and of 47% for our indirect emissions.

As well as working on minimising environmental impacts, the RCM has also progressed its broader sustainability programme in 2021/22. This year has seen a strong focus on student and staff engagement on sustainability issues; through Green Week in January 2022 we held a week of events that gave students and staff opportunities to learn about sustainability, including how they can make a positive impact through their day-to-day lives and through music-making. We also developed an Education for Sustainable Development strategy to enhance and support the teaching of sustainability themes through the RCM curriculum and extra-curricular activities.

A new RCM-wide Sustainability Strategy will be launched in 2022/23.

ESTATES

Providing fitting surroundings for gifted musicians

RCM was founded in 1883 and the main Blomfield Building opened for teaching of music in 1894. Subsequent additions include: the Concert Hall (1901), the South Building (1965), the Opera Theatre (1986), Prince Consort Village (2016), RCM Jay Mews (2019), the More Music building development (2020) and the Wolfson Centre in Music & Material Culture (2021).

We have adopted an estates strategy which outlines how we will continue to develop our estate in order to support learning, teaching and research and to realise our artistic vision by providing:

- concert, opera and other performance spaces that reflect contemporary standards of sound insulation and lighting;
- well-resourced, digitally enabled and comfortable teaching & practice rooms, appropriate to the needs of students;
- space for specialist areas such as musical instrument workshops, museum, student accommodation, library, recording studios, percussion space and computer rooms for composition and general ICT;
- an events space that is maintained at a level which attracts clients from the music, educational, professional and commercial world;
- flexible office space for academic and administrative staff; and
- good quality student, staff and visitor social spaces, designed to protect the wellbeing, health and safety of the RCM community, with a welcoming environment to all those using the RCM.

In order to support our vision, we embarked on an ambitious Estates development programme. A number of projects have been delivered over the last few years:

- the More Music building development was completed in March 2020, just under three years from the start of construction in 2017, and within budget. It includes two new performance venues, new social spaces and new facilities for food and drink;
- our new Museum, located at the heart of the More Music development has undergone a complete redevelopment and opened to the public in October 2021. This interactive space maintains one of the richest and most relevant collections of music-related objects in the UK and Europe and hosts regular performances by RCM musicians;
- the Wolfson Centre in Music & Material Culture was completed in May 2021 and forms part of the College's strategy for widening access to its archive collections under the umbrella of the new Museum. This space provides easy access to parts of the Collections to teach small classes, as well as undertaking individual research by RCM Professors;
- staff moved to new offices in RCM Jay Mews (formally known as Markova House) in January 2020, which also houses valuable new rehearsal and practice facilities as well as additional accommodation for teaching, research and office space.
- a campus optimisation exercise was implemented in September 2021 to promote agile and flexible working, and to provide additional music and teaching rooms and hot desking areas across the Campus; and
- the RCM hall of residence, Prince Consort Village, opened in 2016 providing high-quality accommodation for more than 400 students. Situated on Goldhawk Road, it comprises studio apartments, en-suite rooms and standard rooms.

We continually invest in our facilities to ensure RCM students have the very best opportunities. Our impressive performance spaces are matched by top-quality academic and technical provision, such as our historic library and professional grade studios.

CORPORATE GOVERNANCE & RESPONSIBILITIES OF COUNCIL

Good governance

This statement of corporate governance and responsibilities of Council covers the period from 1 August 2021 up to the date of these Financial Statements.

Committee of University Chairs (CUC) Higher Education Code of Governance

RCM is compliant with the CUC Higher Education Code of Governance, as revised in September 2020. The RCM Council conducted an assessment of its own compliance with this code in autumn 2020 and reported to Council in November 2020. The Council agreed to adopt the CUC's new Higher Education Code of Governance along with its core values and six key elements. It also approved the assessment of the College's compliance with the Code, noting that compliance is on an 'apply or explain' basis. Recognising the need for proportionality given the size of the College, the Council considered the few areas of the Code with which the College does not currently completely comply. The Council noted the recommendation that a Senior Independent Governor (SIG) be appointed, but agreed that the size and current governance structure of the College did not warrant such a separate appointment; the Council does however have a Deputy Chairman. The Council agreed that references to academic freedom and freedom of speech would be incorporated into the terms of reference for Council and Senate and to the role description of Council members. In July 2022, the Council approved the proposal for its next effectiveness review, an expectation of the Code, to be undertaken in the 2022/23 academic year.

Statement of primary responsibilities

The Council is responsible for:

- approving the mission and strategic vision of the College, long-term business plans, key performance indicators (KPIs) and annual budgets, and ensuring that these meet the interests of stakeholders;
- appointing the Director and putting in place suitable arrangements for monitoring his/her performance;
- ensuring the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, clear procedures for handling internal grievances and for managing conflicts of interest; and
- monitoring institutional performance against plans and approved KPIs, which are, where possible and appropriate, benchmarked against other institutions

Structure of corporate governance

The RCM Council, which meets at least four times a year, is responsible for the strategic direction of RCM and for all major developments. In fulfilling its responsibilities for administration and management of RCM's affairs, the Council approves the annual revenue and capital budgets and audited financial statements for each financial year prepared in accordance with relevant accounting standards. The Council's membership and powers are laid down in RCM's Royal Charter and Statutes. The maximum number of Council members is 25, three of whom are elected from among RCM staff and at least 10 of whom are independent members. The President, Director, Deputy Director and Students' Union President are *ex officio* members. The Chairman and Deputy Chairman are drawn from the independent members. For the purposes of the Charities Act 2011, members of Council are RCM trustees.

The Council is responsible for interactions between RCM and the OfS, and its designated bodies, and for ensuring RCM's compliance with all OfS' conditions of registration and accounts direction. The Council has nominated the RCM Director as the accountable officer who has the responsibilities set out by the OfS for an accountable officer.

The Council has a Finance and General Purposes Committee (F&GPC) which meets five times a year. The F&GPC's responsibilities include monitoring performance in relation to approved budgets and oversight of the Directorate's risk management responsibilities. The F&GPC scrutinises the annual financial statements ahead of consideration by Audit Committee and Council and reviews financial forecasts and management accounts and makes recommendations to Council. In reviewing and approving the Financial Regulations, the F&GPC ensures regularity and propriety in the use of public funding. The F&GPC also reviews minutes of the Health and Safety Committee in order to monitor compliance and practice on behalf of Council. The Investment Committee (meets at least twice a year) and the Estates Committee

(meets three times a year) are sub-committees of the F&GPC, are constituted formally with terms of reference and are each chaired by an independent member of Council.

The Audit Committee reports directly to Council. It normally meets three times a year and has a key role in the RCM accountability framework. It advises the Council on the effectiveness of arrangements for risk management, control and governance, efficiency and effectiveness (value for money), for management and quality assurance of data submitted to the Higher Education Statistics Agency, the Student Loans Company, OfS and other bodies. Meetings are held with external auditors (BDO LLP) to discuss audit findings, and with internal auditors (KCG) to consider internal audit reports and recommendations for improvement of the internal control system, together with management's responses and implementation plans. The Audit Committee considers RCM's annual financial statements, taking into account the views of external and internal auditors, the F&GPC and Directorate, and makes recommendations to the Council. The Audit Committee also receives reports on value for money, which provide assurance that RCM has appropriate arrangements to achieve value for money. The Audit Committee meets privately with each of the external and internal auditors at least once a year.

The Remuneration Committee sets salaries and terms and conditions of the RCM Director and other senior staff. Its constitution and terms of reference are in-line with the CUC Higher Education Senior Staff Remuneration Code and the Committee produces an annual report for the RCM Council on remuneration of the Director and other senior staff (this can be found on RCM's website). The Director is not a member of the Remuneration Committee.

The Nominations Committee makes recommendations to the Council for the appointment of new Council members, committee membership and for honorary awards.

The Senate reports to the Council and advises it on all academic matters. It meets at least three times a year dealing with academic policies and quality assurance; sub-committees support its work.

The Directorate meets regularly and is responsible for managing RCM in the context of the Strategic Plan and Mission Statement. The Directorate reviews and updates RCM's Strategic Plan and produces annual planning statements and reviews, for consideration by Senate and F&GPC and for approval by Council. The Directorate is also responsible for implementing risk management policies and identifying and evaluating significant risks facing RCM for F&GPC's consideration.

Transparency is achieved by ensuring details of the structure of corporate governance are readily accessible on the RCM website, including Committee structures, their terms of reference and membership, and schedules.

Basis of financial statements

The Council is satisfied that RCM has adequate resources to continue in operation for the foreseeable future, and is satisfied that there is no material uncertainty in relation to that. For this reason the 'going concern' basis continues to be adopted in preparation of the financial statements.

In July a five year Financial Forecast to 2026/27 was approved by Council which showed a sustainable plan throughout the period. A full stress test was included with the five year forecast including amongst other downside scenarios the impact of higher cost inflation, reduced Overseas student numbers and lower income from donations. The combined stress test demonstrated that the College would not run out of funds, even in the worst-case scenario where all adverse scenarios took place concurrently and no mitigating actions were taken.

In August 2022 the £11m RCF was extended by one year to October 2025, providing reassurance over the availability of funding over that period.

In October, F&GPC reviewed an update of the scenarios and stress test which reflected the latest student numbers and other known changes and was satisfied that the conclusions above remained valid. F&GPC noted that management achieved a surplus for 2021/22 that was significantly better than the budget and that the amount drawn on the RCF reduced by £2million during the year to £4million at 31 July 2022.

F&GPC reported to Council that RCM has adequate resources to continue in operation for the foreseeable future, and is satisfied that there is no material uncertainty in relation to that. For this reason the 'going concern' basis continues to be adopted in preparation of the financial statements.

As well as taking into account the work done by F&GPC and its recommendation, the Council noted that the College's projected unrestricted cash plus investments remained higher than its borrowings throughout the five year plan period,

and that the new Revolving Credit Facility would remain in place until October 2025. On this basis, whilst the Council recognise that there are uncertainties in the forecast, the Council do not consider that there is material uncertainty.

The Council reviews the annual sustainability report, incorporating key performance indicators. The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time RCM's financial position and enable it to ensure that financial statements are prepared in accordance with the Royal Charter, the Accounts Direction issued by the Office for Students, the Terms and conditions of funding for higher education institutions issued by the Office for Students and the Terms and conditions of Research England Grant, the Statement of Recommended Practice: Accounting for Further and Higher Education and applicable accounting standards. In addition, under the Terms and conditions of funding for higher education institutions issued by the Office for Students, the Council, through its designated office-holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the College and of its surplus or deficit and cash flows for that year. The Council has also given careful consideration to the requirements contained in the Charities Act 2011 and in particular to the Charity Commission's guidance on public benefit.

In preparing the financial statements, the Council has ensured that: suitable accounting policies are selected and applied consistently; reasonable and prudent judgements and estimates are made and applicable accounting standards are followed; and the financial statements have been prepared on the going concern basis unless it is not appropriate to presume that RCM will continue in operation.

Financial statements are published on the RCM website in accordance with UK legislation governing preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. Maintenance and integrity of the website is the responsibility of the members of the Council and this responsibility extends to the integrity of the financial statements contained therein. Through work undertaken on its behalf, by the F&GPC and Audit Committee, the Council believes that it has taken reasonable steps to:

- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- ensure that OfS and Research England funds are used only for the purposes for which they have been given;
- safeguard RCM's assets and prevent fraud; and
- secure the economical, efficient and effective management of RCM's resources and expenditure.

Accounting records

All accounting records have been made available to the auditors for the purpose of their audit and all transactions have been properly reflected and recorded in the accounting records. All other records and related information which might affect the truth and fairness of the financial statements, including minutes of Council and other meetings, have been made available to the auditors. As far as the Council is aware, there is no relevant audit information of which the auditors are unaware.

Internal control and risk management

The Council has responsibility for maintaining a sound system of internal control that supports achievement of policies, aims and objectives, while safeguarding public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to the Council in the Charter and Statutes and the OfS terms and conditions of funding for higher education institutions. The system of internal control is designed to manage rather than eliminate risk of failure to achieve policies, aims and objectives; therefore, it provides only reasonable and not absolute assurance of effectiveness. The internal control system is based on an ongoing process designed to identify risks that might hinder realisation of our policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process was in place during the year ended 31 July 2022 and up to the date of approval of the financial statements, and accords with OfS guidance. The Council has responsibility for reviewing the effectiveness of the internal control systems and the following processes have been established:

- the Council meets at least four times per annum and considers RCM's plans and strategic direction;
- the Council receives minutes of each Audit Committee meeting, together with an annual report which provides an opinion as to RCM's arrangements for risk management, internal control, governance, data quality and value for money;
- the Council receives regular reports from the Directorate on steps it is taking to manage risks, including progress reports on key projects;

- the F&GPC is responsible for oversight of risk management and the Audit Committee for keeping under review the effectiveness of risk management, control and governance arrangements;
- a system of key performance indicators has been developed and agreed; these are used to consider performance and make an overall assessment of institutional sustainability;
- a risk prioritisation methodology based on risk ranking has been established;
- an RCM-wide risk register is maintained and this is reviewed regularly by the Directorate, in order to identify and update the record of risks facing RCM;
- training for managers with responsibility for areas involving high-level risk includes attendance at relevant workshops;
- an annual review conducted by the Directorate is presented in writing to the F&GPC for discussion, and reported to the Council.

The review of effectiveness of the internal control system is informed by reports from internal auditors, who have maintained adoption of the 2018 OfS Audit Code of Practice, even though it is no longer required under the OfS Terms and conditions of funding, while also complying with the more limited requirements contained in “Regulatory advice 2: Registration of current providers for 2019/20”. The internal auditors submit regular reports, which include their opinion on the adequacy and effectiveness of the system of internal control, with recommendations for improvement. The Council’s review of effectiveness of the internal control system is also informed by the work of the Directorate, who are responsible for developing and maintaining the internal control framework, and by comments from the external auditors in their various reports.

During the period of this report, no significant internal control weaknesses or failures were identified.

Equality, Diversity and Inclusion

RCM is committed to its equal opportunities policy and aims to ensure that no student, member of staff or visitor is subjected to unfair discrimination. The Equality Act 2010 covers the following ‘protected characteristics’: age, disability, gender reassignment, race, religion or belief, sex, sexual orientation, marriage and civil partnership, pregnancy and maternity; RCM policies, procedures and training programmes reflect the Act.

The Equality, Diversity and Inclusion policy and action plan was approved by Council in November 2020 and the EDI Committee of Council and Senate monitors and ensures action in accordance with the action plan.

The RCM Access & Participation Plan embodies RCM’s strategic plan for providing access to an inspirational learning experience for the widest possible range of students and serves as a mechanism to measure our compliance with the Equality Act. Key objectives focus on disability, social deprivation and the black and minority ethnic population seeking to: encourage applications, enable participation and enable student success; and raise aspiration to engage with music and to study at higher education level.

Further information on new Equality, Diversity and Inclusion at the RCM may be found on our public facing website <https://www.rcm.ac.uk/about/strategies-values/people-equality-diversity/>



Lord Black of Brentwood
Chairman
December 2022



Professor Colin Lawson CBE FRCM
Director
December 2022

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF THE ROYAL COLLEGE OF MUSIC

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2022 and of the Group's and the College's income and expenditure, gains and losses, changes in reserves and of the Group's and the College's cash flows 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.

We have audited the financial statements of The Royal College of Music ("the College") and its subsidiaries ("the Group") for the year ended 31 July 2022 which comprise the consolidated and College statement of comprehensive income, consolidated and College statements of changes in reserves, the balance sheets for the group and College, the consolidated cash flow statement 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the College 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Council'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 Group and the College'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 board members with respect to going concern are described in the relevant sections of this report.

Other information

The board is responsible for the other information. The other information comprises the information included in the annual review 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.

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.

Opinion on other matters required by the Office for Students ("OfS") and UK Research and Innovation (including Research England)

In our opinion, in all material respects:

- Funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.
- Funds provided by the OfS and UK Research and Innovation (including Research England) have been applied in accordance with the relevant terms and conditions
- The requirements of the OfS's Accounts Direction (OfS 2019.41) have been met.

We have nothing to report in respect of the following matters in relation to which the OfS requires us to report to you if, in our opinion:

- The College's grant and fee income, as disclosed in note 2 to the accounts, has been materially misstated.
- The College's expenditure on access and participation activities for the financial year, as has been disclosed in note 8 to the accounts, has been materially misstated.

Matters on which we are required to report by exception

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

- the information in the Council's Annual Report for the financial year for which the financial statements are prepared is inconsistent in any material respect with the financial statements; or
- adequate accounting records have not been kept; or
- the 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 Council

As explained more fully in the Council members' responsibilities statement, the Council members 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 Council members 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 Council members are responsible for assessing the Group and the College'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 Council members either intend to liquidate the Group or the College 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.

Extent to which the audit was capable of detecting irregularities, including fraud

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 Group and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations are related to their registration with the Office for Students ("OfS) and their ongoing conditions of registration, and we considered the extent to which non-compliance might have a material effect on the Group Financial Statements or their continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the OfS Accounts Direction and tax legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Board and other management and inspection of regulatory and legal correspondence if any.

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 posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

The audit procedures to address the risks identified included:

- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and relevant regulators to identify any actual or potential frauds or any potential weaknesses in internal control which could result in fraud susceptibility.
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud, including direct representation from the Accountable Officer
- Reviewing the College's fraud register to confirm any actual or suspected instances of fraud during the year.
- Challenging assumptions made by management in their significant accounting estimates, in particular in relation to assumptions applied in estimating the defined benefit pension liability in respect of the RCM Pension & Assurance scheme, assumptions used to estimate the present value of the College's obligation in respect of the funding deficit plan for the USS pension scheme, estimates made in the assessment of impairment for the College's investment in the ABRSM and estimates made in preparing financial forecasts to support management's assessment of going concern.
- In addressing the risk of fraud, including the management override of controls and improper income recognition, we tested the appropriateness of certain manual journals, reviewed the application of judgements associated with accounting estimates for the indication of potential bias and tested the application of cut-off and revenue recognition.
- Identifying and testing journal entries, in particular any journal entries posted from staff members with privilege access rights or from generic user accounts, journals posted by key management, journals posted by individual compared to expectations based on their job role and responsibilities and journals with irregular posting patterns by period.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not


detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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.

In addition, we also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the College have been properly applied only for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Terms and Conditions of Funding with the OfS and UK Research and Innovation (including Research England).

Use of our report

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

DocuSigned by:

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Paula Willock (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick, United Kingdom

Date: 02 December 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

1. Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education and in accordance with Financial Reporting Standard 102 (FRS 102). RCM is a public benefit entity and has therefore applied the relevant public benefit provisions of FRS 102.

2. Basis of consolidation

The consolidated financial statements include RCM and all its subsidiaries for the financial year to 31 July 2022. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of income and expenditure from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation. The consolidated financial statements do not include the income and expenditure of the Students' Union as RCM does not exert control or dominant influence over policy decisions.

3. Parent company disclosure exemptions

In preparing RCM's financial statements, advantage has been taken of the following disclosure exemptions available in FRS 102:

- no separate cash flow statement has been presented for RCM; and
- no separate disclosure has been given for the aggregate remuneration of the key management personnel of RCM as their remuneration is included in the totals for the group as a whole.

4. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, management have made the following judgements:

Leases

in determining whether leases entered into by RCM as a lessor or a lessee are operating or finance leases, management has assessed whether risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis. With regard to the lease granted by RCM to CLV for student accommodation at Prince Consort Village, management determined that this transaction was a service concession. However, each year RCM nominates bedrooms for students in the range of zero to 417 and the only liability which could fall on RCM is any rental shortfall on its nominated rooms in each year. In this arrangement there are no payments which meet the definition of 'minimum lease payments', therefore no such amount has been included on the balance sheet. As such RCM has treated this as a property transaction, whereby RCM disposed of a building and entered into a series of lease transactions, part of the consideration for which was preferential nomination rights. The value of these rights cannot be measured reliably and they are held at nil value in the balance sheet.

Tangible assets and investments

in determining whether there are indicators of impairment of RCM's tangible and investment assets, management have taken into consideration factors including economic viability and expected future financial performance of assets.

Pensions

in determining the estimate of the RCM Pension & Assurance defined benefit scheme obligation management has reviewed the critical underlying assumptions. Management also reviewed the critical assumptions used to estimate the present value of RCM's obligation in respect of the funding deficit plan for the Universities Superannuation Scheme.

The Associated Board of the Royal Schools of Music (ABRSM)

RCM has a 25% interest in ABRSM which is carried at cost. ABRSM is not considered to be an associate; although RCM holds an effective 25% interest in ABRSM, it controls less than 20% of the votes on the Board, and as a result RCM does not significantly influence the level of donations it receives from ABRSM.

The impact of Covid on the trading environment for ABRSM was considerable and it has temporarily suspended donations to RCM and the other members. RCM has carried out an impairment review of the investment in ABRSM by estimating the present value of the future cash flows under a range of scenarios and concluded that there is no impairment at 31 July 2022.

5. Income recognition

Fee income is stated gross of expenditure which is not a discount and credited to the consolidated statement of comprehensive income over the period in which students are studying. Where a tuition fee is reduced by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income. Investment income is credited to the statement of comprehensive income and expenditure on a receivable basis. Funds which RCM receives and disburses as a paying agent on behalf of a funding body are excluded from the statement of comprehensive income and expenditure where RCM is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Grant funding

Government revenue grants including funding council block grant and research grants are recognised in income over the periods in which RCM recognises the related costs for which the grant is intended. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate. Grants (including research grants) from non-government sources are recognised in income when RCM is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Donations and endowments

Donations and endowments with donor-imposed restrictions are recognised in income when RCM is entitled to the funds. Income is retained within "restricted reserves" until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer. Donations with no restrictions are recognised in income when RCM is entitled to the funds. Investment income and appreciation of endowments is recorded in income in the year in which it arises as either restricted or unrestricted income according to the terms and restrictions for each individual endowment fund. There are four main types of donations and endowments identified within reserves:

1. restricted donations - the donor has specified that the donation must be used for a particular objective;
2. unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of RCM;
3. restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and RCM has the power to use the capital; and
4. restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Capital grants

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when RCM is entitled to the funds subject to any performance related conditions being met.

Trade debtors

The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

6. Accounting for retirement benefits

The principal pension schemes for RCM staff are the Universities Superannuation Scheme, Teachers Pension Scheme, RCM Pension and Assurance Scheme and National Employment Savings Trust. Accounting policies for each scheme are shown in note 27 to the financial statements.

7. Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to RCM. Any unused benefits are accrued and measured as the additional amount RCM expects to pay as a result of the unused entitlement.

8. Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the life of the lease.

9. Foreign currency

Transactions in foreign currencies are translated into pounds sterling being RCM's functional currency at the foreign exchange rate ruling at the date of transaction. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

10. Fixed assets

Fixed assets are stated at cost or valuation less accumulated depreciation and accumulated losses. Tangible fixed assets are depreciated over their useful lives, taking into account residual values where appropriate. The useful lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Land & buildings

Leasehold land and buildings were valued on the basis of depreciated replacement cost at 31 July 1991 by Wilks, Head and Eve, Chartered Surveyors. Subsequent additions have been included at cost. Freehold buildings are included at cost. There is no indication of any impairment in the value of these assets. Costs incurred in relation to land and buildings after initial purchase or construction are capitalised to the extent that they increase the expected future benefits to RCM. Freehold land is not depreciated as it is considered to have an indefinite useful life. Buildings are depreciated as follows:

- Freehold buildings 50 years
- Leasehold land and buildings 50 years or, if shorter, the period of the lease
- Building improvements 20 years

No depreciation is charged on assets in the course of construction. Freehold land and buildings are the land for student accommodation and a residential property in London. Leasehold land and buildings are the Prince Consort Road campus; a 999-year lease, expiring in 2890, which is non-assignable. In the event that RCM ceases to operate in accordance with its Royal Charter, the property reverts to the landlord.

RCM owns freehold land in Ravenscourt Park and entered into an agreement with Campus Living Villages (CLV) for development and operation of its hall of residence, Prince Consort Village (PCV) which opened in March 2016. RCM granted a 51-year lease and in return received a lease premium of £15.6million, which is being amortised over the period of the lease; the lease will be returned to RCM after 51 years on payment of a nominal fee (£1). CLV's 51-year program incorporated construction followed by a 50-year operating program. The build cost of PCV was £24.1million and, in order to fund construction and provide the RCM lease premium, CLV contracted with M&G for an income strip, which will be repaid over 51 years. If CLV default on the repayments, there is no liability on RCM to repay this debt to M&G. Each year RCM nominates bedrooms for students in the range of zero to 417 and the only liability which could fall on RCM is any rental shortfall on its nominated rooms in each year. In this arrangement there are no payments which meet the definition of 'minimum lease payments' therefore no such amount has been included on the balance sheet. As such RCM has treated this as a property transaction, whereby RCM disposed of a building and entered into a series of lease transactions, part of the consideration for which is preferential nomination rights. The value of these rights cannot be measured reliably and so they are held at nil value in the balance sheet.

Musical instruments

Musical instruments were valued at estimated current cost for assets in their condition at 31 July 1998 or at cost for later additions or at valuation for donated instruments. Differences on valuation were credited to a revaluation reserve and are being released over each instrument's estimated remaining life, with assets depreciated over 10 to 20 years. Musical instruments costing less than £5,000 per individual item are written off to the income and expenditure account in the year of acquisition at cost.

Furniture and equipment

Furniture and equipment, including computers and software, costing less than £5,000 is recognised as expenditure in the year of acquisition at cost. All other equipment of £5,000 or more is capitalised at cost. Depreciation methods, useful lives

and residual values are reviewed at the date of preparation of each balance sheet. Capitalised equipment is stated at cost and depreciated over its expected useful life as follows:

- General equipment, furniture and fittings 5 years
- Computer and recording equipment 4 years

Investments

Non-current asset investments are held on the balance sheet at fair value. Investments in associates and subsidiaries are carried at cost less impairment in RCM's financial statements. Current asset investments are held at fair value with movements recognised in the surplus or deficit for the year.

Financial assets

Financial assets, other than investments, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost, less any impairment.

11. Finance costs and financial liabilities

Finance costs are charged to comprehensive income over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

12. Heritage assets

Heritage assets consist of reference material in the library and the museum collection of portraits, performance archives and other works of art of significant historical interest to musicians. Heritage assets are not depreciated as their long economic life and high residual value means depreciation will not be material. Heritage assets valued at £5,000 and more are included where practicable in the financial statements.

The RCM library holds collections of printed and manuscript music, books, letters and other archival collections. No valuation has been obtained for the collection as a whole, or individual items, for reasons of cost and practicality. Assets acquired before August 2009 have not been valued due to their scale and uniqueness: valuation costs would exceed the benefit derived to the users of the financial statements. Assets donated or purchased with a value of more than £2,000 between 1 August 2009 and 31 July 2014 are included in the financial statements where values have been reasonably obtainable. From 1 August 2014, assets donated or purchased with a value of £5,000 or more are capitalised. Preservation and management are explained in the Library Collection Development Policy, with policies for selection, donations, retention and disposal of heritage assets. The policy precludes disposal of any item unless it is a duplicate. Costs of preservation are funded from various sources including grants, donations and RCM funds.

The RCM museum collection comprises around 1,000 items, most of which are instruments or parts of instruments. The collection also includes archival material. A financial valuation took place in 2010/11 and most of the collection was viewed by experts from Sotheby's and Bonham's and instruments valued at £4.4million were added to the balance sheet in the 2010/11 financial statements.

The Portraits and Performance History Collection (PPHC) is a collection of photographs, art, printed items and manuscripts dating from c1620 to present day and is available for viewing to members of RCM, visiting researchers and members of the public. Portraits and other works of art are stated at valuation in the financial statements and are not depreciated. There is no reason to believe that there has been any impairment in the value of these assets. A majority of these works were donated to RCM, though occasional purchases have been made over the years. No overall valuation has been made of the collection, though many works of art were valued in 2005 and are included in the financial statements. The cost of undertaking valuations for the remaining collections acquired prior to August 2009 outweigh the benefits to the readers of the financial statements. The PPHC continues to accept donations and make purchases if materials complement and enhance existing holdings and can be accommodated in appropriate conditions. RCM has adopted the principle that, except for sound curatorial reasons, there is a strong presumption against the disposal of any items of the PPHC.

Heritage assets are not depreciated as their long economic life and high residual value means depreciation will not be material. There is a Museum Acquisitions and Disposals Policy, including instructions for selection, donations, retention and disposal of assets and RCM has adopted the principle that, except for sound curatorial reasons, there is a strong presumption against the disposal of any items in the museum collection. The museum is accredited with the Museums, Libraries and Archives Council and adheres to national standards of care and access, including a specific budget for conservation which is applied to the upkeep of playable instruments and cleaning and care of the whole collection.

13. Cash and cash equivalents

Cash includes cash in hand, deposits and overdrafts. Cash equivalents are short term, highly liquid investments (deposits of three months or less) that are readily convertible to known amounts of cash with insignificant risk of change in value.

14. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when: RCM has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives RCM a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of RCM. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. A contingent asset arises where an event has taken place that gives RCM a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of RCM. Contingent assets and liabilities are not recognised in the balance sheet but are disclosed in the notes.

15. Accounting for associates

An entity is treated as an associated undertaking where the group exercises significant influence over its operating and financial policy decisions. In the group accounts, interests in associated undertakings are accounted for using the equity method of accounting. The consolidated income & expenditure account includes the group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings. In the consolidated balance sheet interest in associated undertakings is shown as the group's share of identifiable net assets, including any unamortised premium paid on acquisition. RCM's fully-owned subsidiary RCM Business Enterprises Limited holds a 20% holding in CLV (RCM) LLP and this interest is accounted for using the equity method in the consolidated accounts.

16. Taxation

RCM is an exempt charity within the meaning of Part 3 of the Charities Act 2011 and is therefore potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478- 488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes. RCM receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

17. Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which are held as a permanently restricted fund which RCM must hold in perpetuity. Other restricted reserves include balances where the donor has designated a specific purpose and RCM is restricted in the use of these funds.

18. Total Return

The total return basis of managing the Scholarships and Awards Fund (excluding the portion of it that is invested in CLV (RCM) LLP through the RCM subsidiary RCM Business Enterprises Limited), was implemented on 1 August 2021. This approach permits RCM to invest the fund to maximise the Total Return on investments (taking both capital values and income into consideration) and, therefore, to make available an appropriate portion of the Total Return for expenditure each year, after accounting, among other things, for preservation of the real term value of the permanent endowment. Until this power is exercised in full, the Total Return is shown as an 'Unapplied Total Return' and remains as part of the permanent endowment.

Total Return Accounting

The initial value of the trust for investment and the initial value of the unapplied total return were established as at 31 July 2020. The date of the valuation for each individual endowment within the fund is the date that endowment was received, or a reasonable estimate thereof, and the calculation of the value of the trust for investment includes all funds in place at 31 July 2020. At that same date, the initial value of unapplied total return was determined as equal to the accumulated unapplied income from the trust for investment and the increase in value of the trust for investment since the date of valuation of each individual endowment within the fund. The Council took advice from Cazenove to inform its decisions, and to inform its policy on a suitable level of unapplied total return going forward.

19. Prior Period Adjustment

The prior period adjustment moves £317,780 from the endowment reserve to the restricted reserve following a review of the accounting treatment of historic funds as part of the Group's adoption of total return accounting for the Scholarship & Awards Fund, during which it was identified that certain restricted funds that were not endowed had been incorrectly included in the endowment reserve. The adjustment also reclassifies £409,653 of net surplus recognised on these funds in the year to 31 July 2021 from restricted endowment comprehensive income to restricted comprehensive income. No other Financial Statement line items are affected by this adjustment and there is nil impact on previously reported surpluses or net assets.

Consolidated and RCM statement of comprehensive income

Year ended 31 July 2022

	Note	Year ended 31 July 2022		Year ended 31 July 2021	
		Consolidated £	RCM £	Consolidated £	RCM £
Income				restated	restated
Tuition fees	1	16,815,413	16,815,413	15,190,402	15,190,402
Funding body grants	2	6,259,882	6,259,882	5,883,460	5,883,460
Research grants and contracts	3	301,490	301,490	535,641	535,641
Other income	4	2,739,217	2,758,061	1,634,444	1,634,444
Investment income	5	1,579,663	1,579,663	1,189,757	1,232,389
Total income before endowments and donations		27,695,665	27,714,509	24,433,704	24,476,336
Donations and endowments	6	5,398,239	5,398,239	3,148,838	3,148,838
Total income		33,093,904	33,112,748	28,866,121	28,908,753
Expenditure					
Staff costs before pension adjustment	7	15,721,440	15,721,440	15,368,098	15,368,098
Pension adjustment	7	3,114,996	3,114,996	(267,493)	(267,493)
Total staff costs	7	18,836,436	18,836,436	15,100,605	15,100,605
Other operating expenses	8	11,048,449	11,020,976	8,860,881	8,807,084
Depreciation	10	2,886,690	2,886,690	2,571,344	2,571,344
Interest and other finance costs	9	209,392	209,392	225,921	225,921
Total expenditure		32,980,967	32,953,494	26,758,751	26,704,954
Surplus before gains and share of operating surplus of associates		112,937	159,254	2,107,370	2,203,799
Loss on disposal of tangible fixed assets		(74,504)	(74,504)	(319,171)	(319,171)
Gain/(loss) on disposal of investments		232,452	232,452	1,651,680	1,651,680
Change in fair value of investments	12	(2,236,018)	(2,236,018)	5,239,036	5,239,036
Surplus/(Deficit) for the year		(1,965,133)	(1,918,816)	8,678,915	8,775,344
Actuarial gain/(loss) in respect of pension schemes	27	891,000	891,000	1,031,000	1,031,000
Total comprehensive income for the year		(1,074,133)	(1,027,816)	9,709,915	9,806,344
Represented by:					
Restricted endowment comprehensive income for the year		(3,640,847)	(3,594,530)	6,398,392	6,494,821
Restricted comprehensive income for the year	21	2,417,305	2,417,305	405,616	405,616
Unrestricted comprehensive income for the year		430,922	430,922	2,366,982	2,366,982
Revaluation reserve comprehensive income for the year	23	(281,513)	(281,513)	538,925	538,925
		(1,074,133)	(1,027,816)	9,709,915	9,806,344

The statement of comprehensive income is in respect of continuing activities.

The accounting policies and notes form part of these financial statements.

Consolidated and RCM statement of changes in reserves

Year ended 31 July 2022

	Income and expenditure account			Revaluation reserve	Total reserves
	Endowment	Restricted	Unrestricted		
	£	£	£	£	£
Consolidated					
Balance at 1 August 2020 - as previously stated	42,446,509	353,964	43,960,298	13,823,293	100,584,064
Reclassification from endowment to restricted reserves - Prior period adjustment	(317,780)	317,780	-	-	-
Balance at 1 August 2020 - restated	42,128,729	671,744	43,960,298	13,823,293	100,584,064
Surplus from the income and expenditure statement	7,402,454	(871,294)	2,147,755	-	8,678,915
Other comprehensive income	-	-	1,031,000	-	1,031,000
Transfer of unapplied total return allocated to income	(1,276,910)	1,276,910	-	-	-
Transfers between revaluation and income and expenditure reserve	-	-	(538,925)	538,925	-
Reclassification from unrestricted reserves to endowment reserves	272,848	-	(272,848)	-	-
Total comprehensive income for the year	6,398,392	405,616	2,366,982	538,925	9,709,915
Balance at 1 August 2021	48,527,121	1,077,360	46,327,280	14,362,218	110,293,979
Surplus from the income and expenditure statement	(55,323)	(1,168,219)	(741,591)	-	(1,965,133)
Other comprehensive income	-	-	891,000	-	891,000
Transfer of unapplied total return allocated to income	(3,585,524)	3,585,524	-	-	-
Transfers between revaluation and income and expenditure reserve	-	-	281,513	(281,513)	-
Total comprehensive income for the year	(3,640,847)	2,417,305	430,922	(281,513)	(1,074,133)
Balance at 31 July 2022	44,886,273	3,494,666	46,758,202	14,080,705	109,219,846

	Income and expenditure account			Revaluation reserve	Total reserves
	Endowment	Restricted	Unrestricted		
	£	£	£	£	£
Royal College of Music					
Balance at 1 August 2020 - as previously stated	41,992,927	353,964	43,960,298	13,823,293	100,130,482
Reclassification from endowment to restricted reserves - Prior period adjustment	(317,780)	317,780	-	-	-
Balance at 1 August 2020 - restated	41,675,147	671,744	43,960,298	13,823,293	100,130,482
Surplus after taxation from the income and expenditure statement	7,498,883	(871,294)	2,147,755	-	8,775,344
Other comprehensive income	-	-	1,031,000	-	1,031,000
Transfer of unapplied total return allocated to income	(1,276,910)	1,276,910	-	-	-
Transfers between revaluation and income and expenditure reserve	-	-	(538,925)	538,925	-
Reclassification from restricted to unrestricted reserves	272,848	-	(272,848)	-	-
Total comprehensive income for the year	6,494,821	405,616	2,366,982	538,925	9,806,344
Balance at 1 August 2021	48,169,968	1,077,360	46,327,280	14,362,218	109,936,826
Surplus after taxation from the income and expenditure statement	(9,006)	(1,168,219)	(741,591)	-	(1,918,816)
Other comprehensive income	-	-	891,000	-	891,000
Transfer of unapplied total return allocated to income	(3,585,524)	3,585,524	-	-	-
Transfers between revaluation and income and expenditure reserve	-	-	281,513	(281,513)	-
Total comprehensive income for the year	(3,594,530)	2,417,305	430,922	(281,513)	(1,027,816)
Balance at 31 July 2022	44,575,437	3,494,666	46,758,202	14,080,705	108,909,010

The accounting policies and notes form part of these financial statements.

The prior period adjustment moves £317,780 from the endowment reserve to the restricted reserve following a review of the accounting treatment of historic funds as part of the Group's adoption of total return accounting for the Scholarship & Awards Fund where it was identified that certain restricted funds that were not endowed had been incorrectly included in the endowment reserve. The adjustment also reclassifies £409,653 of net surplus recognised on these funds in the year to 31 July 2021 from restricted endowment comprehensive income to restricted comprehensive income. No other Financial Statement line items are affected by this adjustment and there is nil impact on previously reported surpluses or net assets.

Consolidated and RCM balance sheet Year ended 31 July 2022

	Note	As at 31 July 2022		As at 31 July 2021	
		Consolidated £	RCM £	Consolidated £ restated	RCM £ restated
Non-current assets					
Fixed assets	10	69,408,230	69,408,230	71,064,692	71,064,692
Heritage assets	10,11	5,550,757	5,550,757	5,543,757	5,543,757
Investments	12	53,759,280	52,048,418	54,750,057	53,039,195
Investment in subsidiary company	13	-	1,710,862	-	1,710,862
		<u>128,718,267</u>	<u>128,718,267</u>	<u>131,358,506</u>	<u>131,358,506</u>
Current assets					
Trade and other receivables	14	2,253,046	2,051,625	1,805,523	1,440,375
Investments	15	2,500,000	2,500,000	-	-
Cash and cash equivalents		6,339,588	6,202,833	8,910,811	8,891,466
		<u>11,092,634</u>	<u>10,754,458</u>	<u>10,716,334</u>	<u>10,331,841</u>
Less: Creditors: amounts falling due within one year	17	<u>(3,979,223)</u>	<u>(3,951,883)</u>	<u>(10,056,547)</u>	<u>(10,029,207)</u>
Net current assets		<u>7,113,411</u>	<u>6,802,575</u>	<u>659,787</u>	<u>302,634</u>
Total assets less current liabilities		<u>135,831,678</u>	<u>135,520,842</u>	<u>132,018,293</u>	<u>131,661,140</u>
Creditors: amounts falling due after more than one year	18	(20,387,121)	(20,387,121)	(17,406,450)	(17,406,450)
Provisions					
Pension provisions	19	<u>(6,224,712)</u>	<u>(6,224,712)</u>	<u>(4,317,864)</u>	<u>(4,317,864)</u>
Total net assets		<u>109,219,845</u>	<u>108,909,009</u>	<u>110,293,979</u>	<u>109,936,826</u>
Restricted reserves					
Income and expenditure reserve - endowment reserve	20	44,886,273	44,575,437	48,527,121	48,169,968
Income and expenditure reserve - restricted reserve	21	3,494,666	3,494,666	1,077,360	1,077,360
Unrestricted reserves					
Income and expenditure reserve - unrestricted		46,758,201	46,758,201	46,327,280	46,327,280
Revaluation reserve	23	14,080,705	14,080,705	14,362,218	14,362,218
Total reserves		<u>109,219,845</u>	<u>108,909,009</u>	<u>110,293,979</u>	<u>109,936,826</u>

The financial statements were approved and authorised for issue by the Council on 2 December 2022 and were signed on its behalf on that date by:




Professor Colin Lawson, Director
Lord Black of Brentwood, Chair of Council

The accounting policies and notes form part of these financial statements.

Consolidated cash flow

Year ended 31 July 2022

	Note	Year ended 31 July 2022	Year ended 31 July 2021
		£	£
Cash flow from operating activities			
(Deficit)/Surplus for the year		(1,074,133)	9,709,915
Adjustment for non-cash items			
Depreciation	10	2,886,690	2,571,344
(Gain) on disposal of fixed asset investments		(232,452)	(1,651,680)
Loss/(gain) on fair value of investments		2,236,018	(5,239,036)
(Increase) in debtors	14	(447,523)	(422,922)
(Decrease)/Increase in creditors		(175,727)	410,792
Increase/(decrease) in pension provision	19	1,906,848	(1,602,611)
Receipt of donated assets		(379,428)	(187,000)
Amortised lease income		(304,908)	(304,908)
Adjustment for investing or financing activities			
Investment income	5	(1,579,663)	(1,189,757)
Interest payable	9	152,722	108,923
Endowment income	6	(631,716)	(376,406)
Loss on the disposal of fixed assets		77,004	319,171
Capital grant income		(737,688)	(715,173)
Net cash (outflow)/inflow from operating activities		1,696,044	1,430,652
Cash flows from investing activities			
Proceeds from sale of fixed assets		2,500	-
Capital grants receipts		284,419	143,283
Disposal of non-current asset investments		39,945,831	7,852,545
Investment income	5	1,579,663	1,189,757
Payments made to acquire fixed assets		(937,304)	(1,941,943)
Purchase of non-current asset investments		(40,958,620)	(8,061,151)
New fixed term deposits		(2,500,000)	-
Fixed term deposits expired		-	2,500,000
Net cash outflow from investing activities		(2,583,511)	1,682,491
Cash flows from financing activities			
Interest paid	9	(152,722)	(108,923)
Endowment cash received		631,716	376,406
Repayments of amounts borrowed		(2,162,750)	(2,162,750)
Net cash inflow from financing activities		(1,683,756)	(1,895,267)
Increase/(decrease) in cash and cash equivalents in the year		(2,571,223)	1,217,876
Cash and cash equivalents at beginning of the year		8,910,811	7,692,935
Cash and cash equivalents at end of the year		6,339,588	8,910,811

The accounting policies and notes form part of these financial statements.

Notes to the accounts for the year ended 31 July 2022

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated	RCM	Consolidated	RCM
	£	£	£	£
1 Tuition fees				
Full-time UG home and EU	2,981,401	2,981,401	2,994,277	2,994,277
Full-time PG home and EU	2,388,241	2,388,241	2,485,660	2,485,660
Part-time home and EU	243,329	243,329	231,763	231,763
Non-EU	9,313,956	9,313,956	7,494,002	7,494,002
Other	1,888,486	1,888,486	1,984,700	1,984,700
	16,815,413	16,815,413	15,190,402	15,190,402
2 Funding body grants				
Recurrent grant				
Teaching	4,607,637	4,607,637	4,378,237	4,378,237
Research	921,638	921,638	501,205	501,205
HEIF	388,755	388,755	335,207	335,207
Specific grants				
Staff related inherited liabilities	19,535	19,535	15,850	15,850
Other grants	143,754	143,754	156,610	156,610
Capital grants released in the year	178,563	178,563	496,351	496,351
	6,259,882	6,259,882	5,883,460	5,883,460
There is NIL on other capital grant that has been recognised in the year relating to correct amortisation charges on grants received (FY 20-21 £392,899)				
The table below shows the sources of grant and fee income.				
Grant and fee income				
Grant income from OfS	4,619,926	4,619,926	4,964,023	4,964,023
Grant income from other bodies	1,941,446	1,941,446	1,646,775	1,646,775
Fee income for taught awards (exclusive of VAT)	14,534,640	14,534,640	12,854,457	12,854,457
Fee income for research awards (exclusive of VAT)	392,289	392,289	351,245	351,245
Fee income from non-qualifying courses (exclusive of VAT)	1,888,485	1,888,485	1,984,700	1,984,700
	23,376,785	23,376,785	21,801,200	21,801,200
3 Research grants and contracts				
BIS research councils	284,436	284,436	388,664	388,664
UK-based charities	-	-	1,621	1,621
Government (UK and overseas)	17,054	17,054	13,871	13,871
Other	-	-	131,485	131,485
	301,490	301,490	535,641	535,641
4 Other income				
Residences, catering and conferences	694,211	694,211	66,351	66,351
Other capital grants	559,125	559,125	218,822	218,822
Other services rendered	365,411	365,411	30,329	30,329
Lease premium - Prince Consort Village	304,908	304,908	304,908	304,908
Other income	815,562	834,406	1,014,034	1,014,034
	2,739,217	2,758,061	1,634,444	1,634,444
Other income in 2020/21 includes £191,697 claimed through the Coronavirus Job Retention Scheme.				
5 Investment income				
Investment income on endowment assets - unrestricted	137,498	137,498	45,970	45,970
Investment income on endowment assets - restricted	1,409,007	1,409,007	1,142,942	1,185,574
Other interest receivable	33,158	33,158	845	845
	1,579,663	1,579,663	1,189,757	1,232,389

Notes to the accounts for the year ended 31 July 2022

	Note	Year ended 31 July 2022		Year ended 31 July 2021	
		Consolidated	RCM	Consolidated	RCM
		£	£	£	£
6 Donations and endowments					
New endowments with restrictions		631,716	631,716	376,406	376,406
Restricted donations		2,748,033	2,748,033	3,148,838	3,148,838
Unrestricted donations - Other		2,018,490	2,018,490	907,173	907,173
		5,398,239	5,398,239	4,432,417	4,432,417

7 Staff costs					
Salaries		12,495,198	12,495,198	12,140,877	12,140,877
Social security costs		1,095,164	1,095,164	1,054,628	1,054,628
Movement on USS provision and related finance charge	9, 19	3,114,996	3,114,996	(267,493)	(267,493)
Other pension costs	27	2,131,078	2,131,078	2,172,592	2,172,592
		18,836,436	18,836,436	15,100,605	15,100,605

	Year ended 31 July 2022	Year ended 31 July 2021
	£	£
Emoluments of the Director		
Basic salary	228,000	228,000
Payment in lieu of pension	34,884	34,884
Benefits in kind	11,949	10,987
Emoluments excluding pension contributions	274,833	273,871
Pension contributions*	12,730	4,560
Emoluments including pension contributions	287,563	278,431

*The Director is a member of USS, with an enhanced opt-out which commenced in April 2016. The employer contribution is only for life assurance and incapacity cover. Benefits in kind relate to private healthcare.

In determining the Director's pay for 2021/22, the Remuneration Committee took into account the context in which the RCM was operating:

- The national negotiations on an annual cost of living award for 2021/22, with a final offer from UCEA of a 1.5% uplift to the pay spine with higher increases on the lowest points
- The current financial position of RCM, and the progress at RCM in 2020/21
- Pay in the wider economy and the financial impact of the COVID-19 global pandemic
- Benchmarking information on vice-chancellor pay, specifically at direct competitor institutions and institutions of a similar size and standing, although it was noted that the impact of the pandemic had impacted the availability of some contextual benchmarking data.

At the remuneration committee meeting held on 17 June 2021, the Director provided a verbal overview of RCM progress over the year. Key points noted included the success of the campus redevelopment, the successful pivot to digital delivery, the high level of student satisfaction and the current financial health of the RCM and the wider HE sector. The Committee discussed the exceptional leadership of the Director during a very challenging period. The Committee reluctantly accepted the Director's wishes to receive no pay increase in 2021/22 in the light of the constraints on the College as a result of the pandemic. The Director is not a member of the Remuneration Committee. A full report was presented to the RCM Council at its meeting on 7 July 2021.

The Annual Report of the Remuneration Committee is available on the RCM website.

Notes to the accounts for the year ended 31 July 2022

7 Staff costs (continued)

i. The head of the provider's basic salary is 6.3 times the median pay of staff (2021: 4.9 times), where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff.

ii. The head of the provider's total remuneration is 6.6 times the median total remuneration of staff (2021: 5.8 times), where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the provider of its staff.

	2022	2021
Basic pay of senior staff excluding Director	Headcount	Headcount
£100,000 - £104,999	3	3
£115,000 - £119,999	1	1
£150,000 - £154,999	1	1
	<u>5</u>	<u>5</u>
Average staff numbers by major category:	FTE	FTE
Academic departments	163	130
Academic services	38	54
Premises	24	22
Administration and central services	57	56
	<u>282</u>	<u>262</u>

The methodology for the average staff FTE's was reviewed by the College to ensure a consistent, transparent approach to calculating FTEs for hourly paid staff. If the prior year FTEs had been restated then the FTE equivalents would be:

	FTE
Average staff numbers by major category:	164
Academic departments	31
Academic services	20
Premises	40
Administration and central services	<u>255</u>

Key personnel

Key personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the RCM. This comprises members of Council and the executive directors. There was no compensation for loss of office paid to key personnel during the year. The total remuneration, including employer pension contributions, of the RCM's eight executive directors included in 2021/22 for Key personnel was £1,305,832 (2020/21: £1,266,593).

Council Members

RCM Council members are trustees for charitable law purposes. All transactions involving organisations in which a member of Council may have an interest are conducted in accordance with the RCM's financial regulations and procedures. Ex-officio and elected members of Council are RCM staff and as such are remunerated in the normal course of their duties. No Council member received any remuneration or waived payments during the year or the previous year.

Notes to the accounts for the year ended 31 July 2022

	Note	Year ended 31 July 2022		Year ended 31 July 2021	
		Consolidated	RCM	Consolidated	RCM
		£	£	£	£
8 Other operating expenses					
Academic and related expenditure		586,704	586,704	297,943	297,943
Research related expenditure		38,259	38,259	188,296	188,296
Catering		425,813	425,813	142,382	142,382
Learning resources		324,647	324,647	305,456	305,456
Scholarships and awards		4,344,723	4,344,723	3,497,856	3,497,856
Grant to RCM Students' Union		13,291	13,291	37,966	37,966
Professional fees		327,438	327,438	402,712	402,712
Premises		2,304,569	2,304,569	1,894,013	1,894,013
Courtyard business as usual costs		17,125	17,125	28,137	28,137
Other expenses		2,665,880	2,638,407	2,066,120	2,012,323
		11,048,449	11,020,976	8,860,881	8,807,084

Other operating expenses include:

External auditors' remuneration in respect of audit services		52,200	52,200	45,756	45,756
External auditors' remuneration in respect of audit related services		6,340	6,340	6,540	6,540
External auditors' remuneration in respect of non-audit services		-	-	1,107	1,107
Internal auditors' remuneration - internal audits		37,360	37,360	36,578	36,578
Operating lease rentals					
Land and buildings		148,073	148,073	155,422	155,422
Other		45,533	45,533	29,197	29,197

The table below shows the expenditure on access and participation in the year.

Access and Participation

Access Investment (i)		256,639	256,639	253,065	253,065
Financial Support		226,625	226,625	138,750	138,750
Disability Support (ii)		17,642	17,642	-	-
Research and Evaluation (iii)		32,769	32,769	28,333	28,333
		533,675	533,675	420,148	420,148

(i) £145,094 of these costs are included in the overall staff costs figures included in the financial statements, see note 7 (2020-21: £137,349)

(ii) £14,254 of these costs are included in the overall staff costs figures included in the financial statements, see note 7 (2020-21: £0)

(iii) £26,769 of these costs are included in the overall staff costs figures included in the financial statements, see note 7 (2020-21: £26,333)

Relevant information can be found on our website:

<https://www.rcm.ac.uk/about/strategies-values/people-equality-diversity/>

9 Interest and other finance costs

Loan interest		152,722	152,722	108,923	108,923
Loan commitment fee		6,818	6,818	22,573	22,573
Exchange differences		-	-	30,543	30,543
Net finance charge on pension schemes					
USS		31,000	31,000	17,882	17,882
RCM Pension and Assurance Scheme		18,852	18,852	46,000	46,000
		209,392	209,392	225,921	225,921

Notes to the accounts for the year ended 31 July 2022

	Freehold land and buildings	Leasehold land and buildings	Musical instruments	Furniture, equipment and software	Assets in the course of construction	Heritage assets	Total	Total excluding heritage assets
	£	£	£	£	£	£	£	£
10 Fixed Assets: consolidated and RCM								
Cost or valuation								
At 1 August 2021	1,708,781	76,287,879	9,984,590	4,702,664	367,800	5,543,757	98,595,471	93,051,714
Additions	-	24,870	463,878	569,778	248,705	7,000	1,314,231	1,307,231
Transfers	-	-	8,500	277,976	(286,476)	-	-	-
Disposals	-	-	(5,500)	-	(77,004)	-	(82,504)	(82,504)
At 31 July 2022	1,708,781	76,312,749	10,451,468	5,550,418	253,025	5,550,757	99,827,198	94,276,441
Depreciation								
At 1 August 2021	83,079	12,887,204	6,241,133	2,775,605	-	-	21,987,021	21,987,021
Charge for the year	5,175	1,918,832	362,594	600,089	-	-	2,886,690	2,886,690
Disposals	-	-	(5,500)	-	-	-	(5,500)	(5,500)
At 31 July 2022	88,254	14,806,036	6,598,227	3,375,694	-	-	24,868,211	24,868,211
Net book value								
At 31 July 2022	1,620,527	61,506,713	3,853,241	2,174,724	253,025	5,550,757	74,958,987	69,408,230
At 1 August 2021	1,625,702	63,400,675	3,743,457	1,927,058	367,800	5,543,757	76,608,449	71,064,693

The additions to leasehold land and buildings relate to the RCM More Music courtyard redevelopment and the Wolfson Centre in Music and Material Culture.

The remaining assets in the course of construction relate to digital and ICT projects, musical instruments, registry systems and other estates projects.

	2022	2021	2020	2019	2018	2017
	£	£	£	£	£	£
11 Heritage assets: consolidated and RCM						
Purchases						
Busts and portraits	7,000	49,967	6,875	56,500	11	-
Instruments	-	-	-	-	6,000	-
Donations						
Busts and portraits	-	-	-	8,000	-	64,500
Total acquisitions capitalised	7,000	49,967	6,875	64,500	6,011	64,500

Notes to the accounts for the year ended 31 July 2022

	Share of profits of associated undertakings	Loan to associate	Other fixed asset investments	Total
	£	£	£	£
12 Non-current investments: consolidated				
Consolidated: consolidated				
At 1 August 2021	-	1,710,862	53,039,195	54,750,057
Acquisition of shares - less movement in cash held by fund managers	-	-	40,958,620	40,958,620
Cost of disposals	-	-	(39,713,379)	(39,713,379)
Change in market value	-	-	(2,236,018)	(2,236,018)
At 31 July 2022	-	1,710,862	52,048,418	53,759,280
Non-current investments: RCM				
			£	£
At 1 August 2021			53,039,195	53,039,195
Acquisition of shares - less movement in cash held by fund managers			40,958,620	40,958,620
Cost of disposals			(39,713,379)	(39,713,379)
Change in market value			(2,236,018)	(2,236,018)
At 31 July 2022			52,048,418	52,048,418
Non-current investments: consolidated				
Funds managed by external fund managers:				
Scholarships and awards fund			41,272,932	41,272,932
General fund			7,315,602	7,315,602
Junior department appeal fund			815,786	815,786
Junior department expendable fund			286,293	286,293
			49,690,613	49,690,613
Fund held by Charities Aid Foundation	-	-	82,805	82,805
ABRSM	-	-	2,275,000	2,275,000
Investment in loan to associate	-	1,710,862	-	1,710,862
	-	1,710,862	52,048,418	53,759,280
Split of stock held by external fund managers:				
Fixed interest stocks (listed)			3,330,636	3,330,636
Equities (listed) and unit trusts			35,782,674	35,782,674
Alternatives			8,394,603	8,394,603
Cash held by investment managers			2,182,698	2,182,698
			49,690,611	49,690,611

Connected charitable institution

The RCM has a 25% interest in the Associated Board of the Royal Schools of Music (ABRSM) which is carried at cost. The ABRSM is a registered charity (number 292182) and a company limited by guarantee (registered number 1926395) established by four royal schools of music for the benefit of music education. The ABRSM has no share capital and the liability of the members in the event of winding up is limited to £1 per member. In the event of winding up, the ABRSM's constitution requires its governing body to consider, in the first instance, transfer of surplus assets to another body that is equipped to carry on the work of ABRSM.

The impact of Covid on the trading environment for ABRSM has been considerable and it has temporarily suspended donations to RCM and the other members. An impairment review has been carried out by estimating the present value of the estimated future cash flows and concluded that there is no impairment at 31 July 2022.

13 Investment in subsidiary company

RCM has a 100% holding in RCM Business Enterprises Limited (RCM BEL) which holds a 20% share in the associated undertaking CLV (RCM) LLP. CLV (RCM) LLP operates student accommodation in Ravenscourt Park (Prince Consort Village). Funds to purchase the share in CLV (RCM) LLP came from the RCM's restricted permanent endowments and all funds generated from the 20% holding will be used to provide scholarships and awards to RCM students. The 20% stake represents a £1.7 million interest bearing loan. The share of net assets in the associated undertaking, when distributed, will be used to fund scholarships and awards to RCM students.

Notes to the accounts for the year ended 31 July 2022

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated	RCM	Consolidated	RCM
Note	£	£	£	£
18 Creditors: amounts falling due after more than one year				
Deferred income - PCV lease premium	12,772,367	12,772,367	13,077,275	13,077,275
Deferred income - other	3,085,817	3,085,817	3,637,487	3,637,487
Unsecured loans	4,528,937	4,528,937	691,688	691,688
	<u>20,387,121</u>	<u>20,387,121</u>	<u>17,406,450</u>	<u>17,406,450</u>

Analysis of unsecured loans:

Due within one year or on demand	17	162,751	162,751	6,162,750	6,162,750
Due between one and two years		162,751	162,751	162,751	162,751
Due between two and five years		4,366,187	4,366,187	488,250	488,250
Due in five years or more		-	-	40,688	40,688
Due after more than one year		<u>4,528,937</u>	<u>4,528,937</u>	<u>691,688</u>	<u>691,688</u>
Total unsecured loans		<u>4,691,688</u>	<u>4,691,688</u>	<u>6,854,438</u>	<u>6,854,438</u>

	Amount	Term	Interest rate	Borrower
	£		%	
Included in unsecured loans				
The Royal Bank of Scotland	691,688	2026	5.30	RCM
The Royal Bank of Scotland	4,000,000	2025	SONIA + 0.80	RCM
Total	<u>4,691,688</u>			

The College has a term loan with RBS expiring in October 2026. The loan is amortising in equal annual instalments to the expiry date.

The College also has an £11m revolving credit facility ("RCF") with RBS expiring in October 2025. The total amount outstanding under this facility at 31 July 2022 was £4m. The original term of the RCF was to October 2024, the College exercised an extension option under the facility in August 2022 to extend the expiry date to October 2025.

	Obligation to fund deficit		
	USS (note 7)	RCMP&AS (note 27)	Total
	£	£	£
19 Provisions for pension liabilities (consolidated and RCM)			
At 31 July 2021	2,166,864	2,151,000	4,317,864
Movements in 2021/22	3,133,848	(1,227,000)	1,906,848
At 31 July 2022	<u>5,300,712</u>	<u>924,000</u>	<u>6,224,712</u>

Pension enhancement

Assumptions for calculating the provision for pension enhancements on termination under FRS 102, are:

	USS pension	RCM pension
Discount rates	3.31%	3.50%
Salary inflation rates (USS: 2022 to 2038)	3.00% - 2.75%	3.00% - 2.75%

USS deficit

The obligation to fund the past deficit on the Universities' Superannuation Scheme (USS) arises from a contractual obligation with the scheme for total payments relating to benefits arising from past performance. In calculating the value of the USS provision the RCM management has used salary costs (adjusted for salary and headcount changes), the current funding rate and applied a discount rate to estimate the present value.

The College has applied the amendments to FRS102: Interest rate benchmark reform (Phase 1 and 2). Applying the practical expedient introduced by the amendments, when the benchmarks affecting the Colleges loans are replaced, the adjustments to contractual cashflows are reflected as an adjustment to the effective interest rate and do not result in an immediate gain or loss which may have been required if the practical expedient was not available or adopted. All loans had transitioned to alternative interest rate benchmarks at the year end.

Notes to the accounts for the year ended 31 July 2022

	Restricted expendable endowments £	Restricted permanent endowments £	2022 Total £	2021 Total £
20 Endowment reserves: RCM				restated
Balance at start of the year - restated	290,000	47,879,968	48,169,968	41,675,147
Reclassification from unrestricted to restricted reserves	-	-	-	272,848
New endowments	-	631,716	631,716	376,406
Investment Income	47	1,407,263	1,407,309	1,169,968
Expenditure	(47)	(161,150)	(161,197)	(179,665)
Decrease in market value of investments and realised gains	(3,707)	(1,883,128)	(1,886,835)	6,132,174
Transfer of unapplied total return allocated to income	-	(3,585,524)	(3,585,524)	(1,276,910)
Total endowment comprehensive income for the year	(3,707)	(3,590,824)	(3,594,530)	6,494,821
Balance at the end of the year: RCM	286,293	44,289,144	44,575,437	48,169,968
Endowment reserves: consolidated				
RCM subsidiary	-	310,836	310,836	357,153
Balance at the end of the year: consolidated	286,293	44,599,980	44,886,273	48,527,121

Scholarships & Awards Fund Permanent Endowment

Statement of Total Return for the portion of the fund managed under Total Return: RCM

	Investment Fund £	Unapplied Total Return £	Restricted Permanent Endowment £
At 1 August 2020	22,727,087	16,593,966	39,321,053
New endowments	376,406	-	376,406
Investment income	-	1,067,128	1,067,128
Increase in market value of investments and realised gains	-	5,985,500	5,985,500
Less investment manager fees	-	(164,157)	(164,157)
Total return for the year	-	6,888,471	6,888,471
Unapplied total return allocated to income	-	(1,276,910)	(1,276,910)
At 1 August 2021	23,103,493	22,205,527	45,309,020
New endowments	631,716	-	631,716
Investment income	-	1,286,658	1,286,658
Decrease in market value of investments and realised gains	-	(1,838,904)	(1,838,904)
Less investment manager fees	-	(40,456)	(40,456)
Total return for the year	-	(592,702)	(592,702)
Unapplied total return allocated to income	-	(3,585,524)	(3,585,524)
At 31 July 2022	23,735,209	18,027,301	41,762,510
Funds not managed under total return			2,526,634
Permanent endowment reserve at 31 July 2022			44,289,144

	Scholarships & awards £	2022 Total £	2021 Total £
21 Restricted reserves: consolidated and RCM			restated
Balance at 1 August 2021 - restated	1,077,360	1,077,360	671,744
Income	2,286,436	2,286,436	2,594,743
Expenditure	(3,453,657)	(3,453,657)	(3,466,037)
Decrease in market value of investments and realised losses	(998)	(998)	-
Transfer of unapplied total return allocated to income	3,585,524	3,585,524	1,276,910
Total restricted comprehensive income for the year	2,417,305	2,417,305	405,616
At 31 July 2022	3,494,666	3,494,666	1,077,360

Notes to the accounts for the year ended 31 July 2022

	31 July 2022		31 July 2021	
	Consolidated	RCM	Consolidated	RCM
	£	£	£	£
22 Capital and other commitments				
Commitments contracted for	25,134	25,134	35,595	35,595
Commitments not yet contracted for but approved by RCM Council	809,136	809,136	812,483	812,483
	834,270	834,270	848,078	848,078

Provision has not been made for the capital commitments shown above at 31 July 2022.

23 Revaluation reserve

	Tangible assets	Heritage assets	Investments	Total
	£	£	£	£
Balance at 1 August 2021	3,387,823	4,926,000	6,048,395	14,362,218
Transferred to income and expenditure reserve	(165,780)	-	(115,733)	(281,513)
Balance at 31 July 2022	3,222,043	4,926,000	5,932,662	14,080,705

24 Lease obligations

Consolidated and RCM			31 July 2022	31 July 2021
	Land and Buildings	Other leases	Total	Total
	£	£	£	£
Total rentals payable under operating leases:				
Paid during the year	148,073	45,533	193,606	203,129
Future minimum lease payments due				
Not later than 1 year	151,615	22,724	174,339	187,125
Later than 1 year and not later than 5 years	162,730	22,724	185,454	236,734
Later than 5 years	1,072,830	3,787	1,076,617	1,080,240
Total lease payments due	1,387,175	49,235	1,436,410	1,504,099

25 Related party transactions

The total amount of donations received without conditions from Trustees and Related Parties was £392,140.

During the year, the RCM received services from the Association of British Orchestras of £1,272, of which James Williams is the Director and an appointed member of the RCM Council. There were no other related party transactions, other than normal transactions with the Associated Board of the Royal Schools of Music and with Queen Alexandra House (QAH), the lessor for RCM Jay Mews. Aida Berhamovich, the Director of Estates, sits on the Board of QAH. No payments were paid to Council members for serving as Council members and there were no expenses paid to Council members other than routine expenditure on services provided for the Council members collectively.

26 Subsidiary undertakings

RCM Business Enterprises Limited is a subsidiary company (which is registered in England & Wales), wholly-owned or effectively controlled by the RCM. RCM Business Enterprises Limited is exempt from the requirements to audit individual accounts by virtue of the Companies Act 2006 s.479A.

Notes to the accounts for the year ended 31 July 2022

27 Pension schemes

Different categories of staff were eligible to join one of four different schemes:

- Universities' Superannuation Scheme (USS)
- Teachers' Pension Scheme (TPS)
- RCM Pension and Assurance Scheme (RCMP&AS)
- National Employment Savings Trust (NEST).

Under the provisions of FRS 102 section 28 "employee benefits", both USS and TPS are multi-employer defined benefit pension schemes. The USS has provided employers with a standard methodology for calculating their share of the agreed funding deficit plan and we have used this methodology to account for these liabilities in line with FRS 102. The RCM is unable to identify its share of the underlying assets and liabilities of TPS and we have accounted for contributions to this scheme as though it is a defined contribution scheme. The RCMP&AS is a closed defined benefit scheme, and NEST is a defined contribution scheme for those staff who are not eligible to join TPS or USS.

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £	RCM £	Consolidated £	RCM £
Statement of comprehensive income - net pension cost in year				
USS	1,132,191	1,132,191	1,076,167	1,076,167
TPS	970,263	970,263	934,723	934,723
NEST	28,625	28,625	24,409	24,409
	2,131,078	2,131,078	2,035,300	2,035,300
RCMP&AS	379,128	379,128	375,000	375,000
	2,510,206	2,510,206	2,410,300	2,410,300
Other comprehensive income - actuarial loss/(gain) in respect of pension schemes				
USS	3,133,848	3,133,848	(249,611)	(249,611)
RCMP&AS	(1,227,000)	(1,227,000)	(1,353,000)	(1,353,000)
	1,906,848	1,906,848	(1,602,611)	(1,602,611)
Statement of Financial Position - Pension scheme liability (note 19)				
USS	5,300,712	5,300,712	2,166,864	2,166,864
RCMP&AS	924,000	924,000	2,151,000	2,151,000
	6,224,712	6,224,712	4,317,864	4,317,864

The Universities Superannuation Scheme

The institution participates in Universities Superannuation Scheme (USS) which is the main scheme covering most support staff. The Scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. USS is a multi-employer scheme and is accounted for as set out in the accounting policies.

The total cost charged to the Consolidated Statement of Comprehensive Income is £3,114,996 (2021: -£267,493).

The 2020 valuation was the sixth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £66.5 billion and the value of the scheme's technical provisions was £80.6 billion indicating a shortfall of £14.1 billion and a funding ratio of 83%.

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2020 ("the valuation date"), which was carried out using the projected unit method.

The key financial assumptions used in the 2020 valuation are described below. More detail is set out in the Statement of Funding Principles (uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles)

CPI assumption	Term dependent rates in line with the 1.1% p.a. to 2030, reducing linearly by 0.1% p.a. to a
Pension increases (subject to a floor of 0%)	CPI assumption plus 0.05%
Discount rate (forward rates)	Fixed interest gilt yield curve plus: Pre-retirement: 2.75% p.a. Post retirement: 1.00% p.a.

Pension schemes (continued)

The Universities Superannuation Scheme (continued)

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2020 actuarial valuation. The mortality assumptions used in these figures are as follows:

Mortality base table	101% of S2PMA "light" for males and 95% of S2PFA for females.
Future improvements to mortality	CMI_2019 with a smoothing parameter of 7.5, an initial

The current life expectancies on retirement at age 65 are:

	2022	2021
Males currently aged 65 (years)	23.9	24.7
Females currently aged 65 (years)	25.5	26.1
Males currently aged 45 (years)	25.9	26.7
Females currently aged 45 (years)	27.3	27.9

A new deficit recovery plan was put in place as part of the 2020 valuation, which requires payment of 6.2% of salaries over the period 1 April 2022 until 31 March 2024 at which point the rate will increase to 6.3%. The 2022 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2022	2021
Discount rate	3.31%	0.87%
Pensionable salary growth	2.75%-3% p.a.	2%-2.75% p.a.

The employers' contribution rates are as follows:

Effective date	Rate
1 October 2019 to 30 September 2021	21.10%
1 October 2021 to 31 March 2022	21.40%
1 April 2022 to 31 March 2024	21.60%
1 April 2024 to 30 April 2038	21.40%

Teachers' Pension Scheme

The TPS is a statutory, contributory, unfunded, defined benefit scheme, operating under the Teachers' Pensions Regulations 1997, as amended. Contributions are credited to the Exchequer on a "pay as you go" basis under arrangements governed by the Superannuation Act 1972, with a notional asset value ascribed to the scheme in order to determine contribution rates.

The Government Actuary carries out formal actuarial reviews of TPS to ascertain the level of future contributions. The last review was carried out as at 31 March 2016 and at the date of this review the scheme had a funding shortfall of £22 billion and a recovery plan to pay off this shortfall was adopted. Key assumptions are shown in the table above, other assumptions include a real rate of return on investments of 4.45% and a real rate of salary growth of 4.2% above CPI.

Employee contributions are based on tiered contribution rates dependent on salary bandings based on a full-time equivalent and the contribution rates as at 31 July 2022 ranged from 7.4% to 11.7%.

National Employment Savings Trust (NEST)

The government set up NEST as a scheme that employers can use to meet their pension auto enrolment duties. This is a defined contribution scheme and is provided by the RCM for those staff who are not eligible to join TPS or USS. Currently employers contributions are 3% with employees' contributions at 5%.

Pension schemes (continued)

RCM Pension & Assurance Scheme

The RCMP&AS is a closed scheme with 62 pensioners and 97 deferred members of whom 14 are current RCM employees. The Scheme is valued every three years by a professionally qualified independent actuary using the projected unit method, and in the intervening years, the actuary reviews progress of the Scheme. The most recent actuarial valuation was at 1 August 2019. At 1 August 2019 the scheme had a funding shortfall of £3.7 million and the RCM Council has agreed a recovery plan to pay off the shortfall over eight years and one month from the effective date of the valuation, with the contribution being £31,250 per month from 1 August 2020 to 31 August 2027, increasing each August in line with inflation. The RCM accounts for the RCMP&AS in accordance with FRS 102 section 28.

Assumptions

The financial assumptions used to calculate scheme liabilities under FRS102 are:

	As at 31 July 2022	As at 31 July 2021
	%pa	%pa
Price Inflation (RPI)		
- pre-retirement	3.60	3.60
- post-retirement	3.40	3.50
Price Inflation (CPI)	2.80	2.90
Rate of increase in salaries*	2.75% - 3.00%	2.00% - 2.75%
Rate of increase of pensions in payment for members in relation to post April 1997 service	3.20	3.20
Discount rate	3.50	1.60

* 3% pa for the next 4 years and 2.75% pa thereafter.

The most significant non-financial assumption is the assumed level of longevity. The table below shows the life expectancy assumptions used in the accounting assessments based on the life expectancy of male and female members at age 65.

	Current age 65	Current age 65	Current age 45	Current age 45
	Male	Female	Male	Female
At 31 July 2020	86.9	88.8	88.2	90.3
At 31 July 2021	86.9	88.9	88.3	90.3

The 2021 balance sheet includes a provision of 2% (2020: 2%) of the value of the liabilities in respect of the requirement to equalise for the effect of unequal Guaranteed Minimum Pensions.

Scheme assets

The Scheme's assets are invested across several different asset classes, as follows.

	As at 31 July 2022	As at 31 July 2021
	£000s	£000s
Scheme assets		
Equities	2,753	3,179
Corporate bonds	909	1,128
Liability-driven investment	3,507	4,652
Multi-asset funds	2,264	3,065
Multi-asset Credit funds	2,053	2,652
Cash	245	276
Insured pensions	811	966
Total	<u>12,542</u>	<u>15,918</u>

Analysis of the amount shown in the balance sheet:

Scheme assets	12,542	15,918
Scheme liabilities	<u>(13,466)</u>	<u>(18,069)</u>
Scheme deficit: net pension liability shown in pension provisions	19 <u>(924)</u>	<u>(2,151)</u>

Pension schemes (continued)

RCM Pension & Assurance Scheme (continued)

	As at 31 July 2022 £000s	As at 31 July 2021 £000s
Analysis of the amount charged to operating profit		
Current service cost	-	-
Past service costs	(71)	-
Total operating charge	<u>(71)</u>	<u>-</u>
Analysis of the amount charged to interest payable		
Net interest on net defined benefit liability	(31)	(46)
Net charge to other finance income	<u>(31)</u>	<u>(66)</u>
Analysis of other comprehensive income		
Experience (loss)/gain on liabilities	4,521	331
Gain on assets	(3,630)	700
Total before deduction for tax	<u>891</u>	<u>1,031</u>
Analysis of movement in the present value of liability		
Present value of liabilities at the start of the year	18,069	18,581
Current service cost (net of member contributions)	0	0
Past service cost	71	0
Interest cost	286	257
Actual member contributions (including notional contributions)	0	0
Actuarial loss/(gain)	(4,521)	(331)
Actual benefit payments	(439)	(438)
Present value liabilities at the end of the year	<u>13,466</u>	<u>18,069</u>
Analysis of movement in the fair value of scheme assets		
Fair value of assets at the start of the year	15,918	15,077
Interest income	255	211
Actuarial gain on assets	(3,630)	700
Actual contributions paid	438	368
Actual benefit payments	(439)	(438)
Fair value of scheme assets at the end of the year	<u>12,542</u>	<u>15,918</u>
Actual return on Scheme assets		
Gain on assets	(3,630)	700
Interest income	255	211
	<u>(3,375)</u>	<u>911</u>

28 Post balance sheet events

There are no post balance sheet events to report.