



**RCM**  
LONDON

# ANNUAL REVIEW AND ACCOUNTS

Royal College of Music, London

**YEAR ENDED  
31 JULY 2010**



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# Royal College of Music

## Annual Review and Financial Statements 2009/10

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# Royal College of Music

## Annual Review and Financial Statements 2009/10

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# Royal College of Music Annual Review and Financial Statements 2009/10

## Chairman's Message



*Professor Lord Winston*

In the current financial climate, most organisations have been devoting time and energy to reviewing their sustainability. In effect, that means finding ways of surviving the global economic downturn and for higher education in the UK, this is certainly true. With the impact of annual funding cuts already beginning to bite, and the promise of more to come, we must also brace ourselves against the financial fallout from the Comprehensive Spending Review (CSR). So where does the RCM stand at this watershed moment?

Prudently, the RCM anticipated this situation in 2008-09, laying the foundation for this year's further detailed internal review of income and expenditure and establishing a financial sustainability strategy. I am confident this will leave us well positioned not just to survive, but thrive in the challenging environment of the next few years.

Ensuring sustainability for the arts is about much more than money, however. We are witnessing a change of attitude to culture and the arts. Naturally, there are positive aspects to this change. For example, new mobile technologies mean that art – and music in particular – is available anytime, anywhere. Anyone can create and share their art at a keystroke. This cultural democratisation is surely something to celebrate and, generally, we do. But there are negative effects, too. In a society that believes anyone can do anything – we need think only of TV talent shows - it is no surprise that exceptional talent is easily undervalued and undernourished as a consequence.

Much has been written about the impact of high art on society, compared with the easy, often transient, appeal of the popular. We know from research that language, mathematics, spatial reasoning, general attainment, creativity, motor skills, self-identity and social cohesion are all improved by musical engagement. I believe that conservatoires are particularly well placed to be advocates for their art, and to imbue all those who study, work or visit with an awareness of the

power of great art to change lives. This is a unique strength of the RCM. Every aspect of its work seems to have both an immediate, explicit, practical purpose, for example: *“Am I playing in tune and, if not how can I correct it?”*, inextricably intertwined with more elevated considerations: *“How can I use my musical talent to enrich others as well as myself?”*.



*Kentaro Nagai, pianist, Master in Performance 2009-2011*

It is fatally easy for music students to keep their heads buried in the notes, checking their tuning, never looking over the music stand to the world beyond. The ethos of the RCM ensures that this detachment from reality simply does not, and cannot, arise.

How does the RCM achieve this balance between the utilitarian and so-called high art? It has a professorial staff who themselves inhabit both ‘operating modes’ simultaneously, the practical, problem-solving aspect of their work existing comfortably alongside the noble, spiritual, life-changing dimension of the art-form. This in itself is inspiring. RCM courses are designed to stretch and challenge students intellectually, while at the same time incorporating the practical skills necessary for a career in music. For example, the College’s Woodhouse Professional Development Centre, named after the Trust which provided funds for its establishment 11 years ago, unashamedly functions on the no-nonsense premise that talent is only the beginning, a truth originally articulated by Irving Berlin. The Centre provides support, advice, networks and experience for our students and graduates as they find their feet in the marketplace, acting as professionals while still studying in the nurturing haven of the College.

But for sustainability in action, we need look no further than RCM Sparks, the College’s learning and participation operation. RCM Sparks offers our students and graduates the opportunity to make music with all sorts of people who would never otherwise have the chance, and to celebrate diversity in a range of ways. Notable among Sparks’ numerous programmes is Musicians of the Future (MoF), a scheme in which hundreds of local school children have learned to play a musical instrument through a specially-designed learning programme. After five successful years of MoF, plans are afoot at RCM Sparks to bring together these five generations of MoF musicians, all still playing, into a Borough Orchestra.



A further exciting development in autumn 2009 was the launch of Sparks Juniors, a programme developed in partnership with our wonderful Junior Department (JD). Ten eight-year-olds from local schools were chosen to participate after their potential was identified in a series of workshops conducted in their schools. Five learn Kinderhorn (small French horn) and five percussion. These children are taught by JD teachers as members of the JD. In three years time, the children will have the opportunity to audition for a full place in the JD. Though this represents a tremendous challenge for all concerned, not least our JD Sparks Juniors children and their families, we believe that this programme epitomises the College's commitment to sustaining the art form in which we all believe so passionately.



*RCM Sparks: Musicians of the Future*



*RCM Sparks Juniors*



My chairmanship of the RCM Council is greatly enhanced by the valuable input and support of individual Council members, a great deal of marvellous music and the chance to work closely with the staff and students. This year we said goodbye to Council Members Sally Bott, Geoffrey Crossick and Vernon Ellis, all of whom provided outstanding contributions to the strategic development of the RCM. In turn we welcome to the Council Lord Black of Brentwood and William Mival. I should also like to thank Ed Hallinan, an outstanding President of the Students' Association this year, with whom I have especially enjoyed working. I congratulate the RCM on all its achievements this year, and especially for the cultural enrichment it has provided for so many throughout the year.

**Professor Lord Winston Chairman**

24 November 2010



# Royal College of Music

## Annual Review and Financial Statements 2009/10

### Director's Report



*Professor Colin Lawson*

This year has brought unprecedented levels of uncertainty to UK higher education, so it is no surprise that financial sustainability has been a key focus for the Royal College of Music. As I reported in the last Annual Review, during early 2008/09 we implemented a programme of good housekeeping and judicious cost-cutting, while also identifying new revenue streams. Within the first few months of 2009/10, we undertook a further comprehensive review of funding and implemented a plan which is already producing demonstrable results.

#### **Sustaining support**

For the RCM, a key number is the size of our scholarships and awards funds. This determines how much financial support we can offer each year to students who would otherwise be unable to take up, or keep, their places here. Inevitably, investment income has been adversely affected by the recession, but our energetic development team has responded positively to the challenge.

The launch of the RCM Opera Circle was an instant success, attracting ten Founder Patrons within a few months of its launch. To the Opera Circle and all our regular donors, we offer sincere gratitude for their support and loyalty. The rapidly-expanding Friends scheme welcomed RCM Council member Sir Michael Parkinson as its Honorary Patron and we thank him for hosting events with his characteristic warmth and genuine enthusiasm for music.

The College's annual fundraiser, the Soirée d'Or, was again held at the V&A's Raphael Gallery and its glittering success was a tribute to the hard work of a committee of RCM supporters headed by Stephanie Carr and its many loyal sponsors and supporters. The resulting contribution of more than £200,000 provided a vital boost to the RCM Scholarship Fund.



*Soirée d'Or, V&A Raphael Gallery*

### **History looking forward**

As Lord Winston has indicated, in a conservatoire, sustainability relates to much more than funding. We conservatoires understand the concept of sustainability in music; after all, we regularly study, perform and listen to music that is more than 250 years old! Of course, our 'conservation' role can be misunderstood and at the RCM, appropriate awareness of our history and heritage is balanced by a spirit of musical enquiry, a ferocious appetite for the new and the continual quest for music of today that has a future beyond tomorrow. In October, for example, a Handel opera festival was running at the same time that one of the most challenging and interesting contemporary composers, Hanspeter Kyburz, was in residence. Such stimulating contrasts, so inspiring for students, are all in a day's work at the RCM.

Sustainability has resonance for our teaching and learning, too. Professional musical training of the depth and quality undertaken by students at the RCM is a long game: it takes years to acquire the skills and artistry that a musician needs to pursue a successful career. The much-vaunted 10,000 hours it is said we need to become an 'expert' is but a fraction of the time that most musicians will spend refining their artistry. It is a lifetime's work, and performing artists, more than most, need support to sustain them on their long and often lonely journey.

### **Maintaining excellence in teaching and learning**

Our Royal Charter and Statutes were revised by the College in 2009, when Her Majesty The Queen was pleased to allow amendments at a meeting of the Privy Council held in July 2009. The revision of our Charter and Statutes has enabled us to develop further degree programmes and our Masters provision has been comprehensively reviewed with the aim of developing new, professional programmes of study in addition to our MMus, and simplifying their presentation.

This has resulted in a range of new degrees including Master in Performance and Master in Composition which will be available from September 2010. We have also been developing an MSc in Performance Science which will be launched in September 2011. While maintaining the highest standards, these programmes incorporate a more explicit focus on professional preparation, a dimension that we know is a priority for prospective students.

### **Sustaining artistic relationships**

Partnership has always been an important dimension of the RCM's operation, so this year has been devoted to strengthening existing relationships and forging new links to ensure long-term sustainability within the context of a collaborative vision. Highlights included: a Handelfest in autumn 2009, a collaboration with English Touring Opera which included performances in our Britten Theatre of five Handel operas; the RCM's participation in the Philharmonia Orchestra's revelatory 'City of Dreams: Vienna 1900-1935' festival; our association with the London Philharmonic Orchestra's Schnittke Festival in which the RCM Chamber Orchestra gave a concert at the South Bank Centre conducted by Vladimir Jurowski, in addition to one at the College; the annual collaboration with the London Handel Festival, *Il Pastor Fido*, which was as warmly received as ever.



*RCM International Opera School, Handel's Il Pastor Fido*

Such relationships are not only inspiring: they are the epitome of employer engagement, a government priority for higher education. Of our many other partnerships, Conservatoires UK is important for the RCM, offering a forum through which we provide advocacy and leadership on musical matters of national interest.

### **Lifelong careers for our graduates**

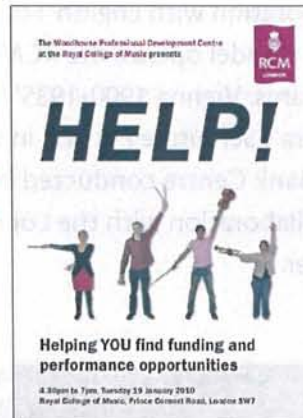
Ensuring the sustainability of our graduates' musical careers is not a new preoccupation at the RCM. Our Woodhouse Professional Development Centre, now in its eleventh year, offers advice, guidance, experience and support for students and graduates as they find their professional feet, and continues to provide support as careers unfold. The support offered in the first few years

after graduation helps to bridge the critically unpredictable phase in a musical career. In January the Centre held an event around finding funding for study and projects, *Help!*; to which all music students in the UK were invited. With an illustrious panel of representatives from the *Young Concert Artists Trust*, *Musicians Benevolent Fund* and other national organisations, it was a tremendous success, not least for the networking opportunities offered to participants.

*Help!* was complemented by the annual leavers' event in June hosted by the Woodhouse Centre, in which successful RCM graduates spoke compellingly about the realities of a working musician's life.



*Students discussions with participating organisations at Help!*



*Help! publicity*



*Supporting Organisations*

### Staff moves

The year saw a number of staff moves. Kevin Porter became Deputy Director and in the summer we said goodbye to a number of valued colleagues including Richard Steele, Director of Artistic Policy. Richard's association with the College began in the late 1990s when he was adviser to one of our first research projects which focused on professional integration. In 1999 he was invited to become a member of the RCM Council and later joined the executive as Director of Resources, finally moving into the role of Director of Artistic Policy. The departure of key colleagues offered us the chance to take a new approach to both the artistic and academic aspects of RCM life. As a result, as the new academic year dawns, we welcome Amanda Glauert as Director of Programmes and Research, and Stephen Johns as Artistic Director.

As an executive, we are conscious of the outstanding commitment of the RCM Council, grateful for members' support and guidance year-round, and appreciative of the innumerable ways in which they help to promote our work and cherished brand worldwide. Together we face the challenges of the coming year well prepared, confident and optimistic despite the inclemency of the external environment

**Professor Colin Lawson** *Director*

24 November 2010

# Royal College of Music

## Annual Review and Financial Statements 2009/10

### Operating and Financial Review

#### Review of the year

'*City of Dreams*' began the year by taking us to Vienna 1900-1935 as partner of the Philharmonia Orchestra in their journey through a sumptuous sound world. In a series of recitals designed to complement the orchestral works performed by the Philharmonia, our musicians performed works by Schönberg, Korngold, Krenek, Gal, Schreker and Franz Schmidt, among them some exquisite rarities by composers who in the 1920s were acclaimed as the finest living composers. English Touring Opera's (ETO) Handelfest in October brought five operas to our Britten Theatre in a ten-day period, the UK's largest ever celebration of the composer's operas. RCM singers were involved, and there were activities for children organized by RCM Sparks, plus a lecture by expert Donald Burrows and an intriguing event, the Director's Cut, in which rare arias, often omitted from performance, were introduced by ETO Director James Conway.

Overlapping with Handelfest, Swiss composer Hanspeter Kyburz moved into a residency culminating in performances of two of his most significant works. *Noesis* (which was premiered at the BBC Proms on 1 September 2006 by Sir Simon Rattle and the Berlin Philharmonic) was given here an utterly engaging and masterful performance by the RCM Symphony Orchestra conducted by Diego Masson and the brilliantly energetic Piano Concerto was played by RCM student Antoine Françoise who made light of its notoriously fiendish solo part. Providing further diversion in an already stimulating week, the incomparable Marvin Stamm undertook a residency. The legendary American trumpeter inspired the RCM Big Band to new heights and even opened up the rehearsals for an eager public to enjoy.

Hard on the heels of the Kyburz residency, RCM musicians had the chance to immerse themselves in Schnittke, thanks to a partnership with the London Philharmonic Orchestra's (LPO) festival '*Alfred Schnittke: Between Two Worlds*'. Vladimir Jurowski directed the RCM Symphony and Chamber Orchestras in a performance of the composer's *Monologue for viola and string orchestra* in which the soloist was Alexander Zemtsov. The following week, a bigger programme was performed at the Southbank Centre with members of the LPO: *Monologue*, *Piano Concerto* (Boris Petrushansky), *Concerto Grosso no.1* and *The Yellow Sound*.

*Piano Fever*, featuring the works of Chopin, was a five-day festival which included a whole day entitled '*Poles Apart*' in which works by other Polish composers including Moskowski, Szymanowski and Lutoslawski were performed by RCM students and staff, and pupils from the Junior Department. '*Poles Apart*' provided almost eight hours of continuous music which attracted more than 1,400 visitors to the Amaryllis Fleming Concert Hall, and was streamed worldwide. Star of the BBC Proms and RCM alumnus, John Wilson brought his irrepressible spirit to the rostrum as he conducted the RCM Symphony Orchestra in a performance of Szymanowski's Violin Concerto and the second symphony of Rachmaninov.

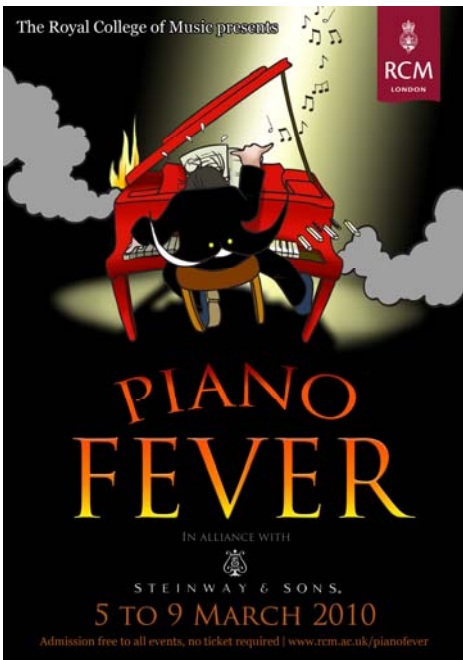
As ever, our opera productions brought critical and public acclaim for RCM musicians, especially our singers. Mozart's *The Magic Flute*, Handel's *Il Pastor Fido* and Smetana's *The Bartered Bride* all demonstrated the outstanding level of artistry that these performers achieve. The launch of the RCM Opera Circle is designed to provide support for these exceptional students so that current standards can be driven even higher.

These are performance highlights for the year, but equally important work goes on day by day in performance classes and masterclasses. It has undoubtedly been a lustrous year for masterclasses with visits from Lang Lang, Pinchas Zukerman and Sir James Galway all within one memorable week in May. Such classes provide inspiration and encouragement for our students, as well as insight and enrichment for observers.



Clockwise from top left: Lang Lang masterclass with Young Musician of the Year, Lara Melda; Murray Perahia masterclass; Handel's *Il Pastor Fido*; Smetana's *The Bartered Bride*; Mozart's *The Magic Flute*.





Clockwise from top left: RCM Big Band with Marvin Stamm; Poles Apart Day in Exhibition Road; ETO Handelfest Publicity; Marvin Stamm during in residence at the RCM; Vladimir Jurowski conducting RCM Symphony & Chamber Orchestras; Piano Fever Publicity; Vanessa Latache, Head of Keyboard, & Meng Yang Pan, scholar, performing during Piano Fever.



# Royal College of Music

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### Operating and Financial Review

#### Shining examples

The RCM's success as a higher education institution is measured externally in numerous ways, and by all measures we perform well. Our most illustrious successes, however, are the achievements of our students and graduates. The keyboard faculty had an especially successful year. In autumn 2009 we welcomed Sofya Gulyak (pictured overleaf) as a student, fresh from her win at the Leeds International Piano Competition. The RCM enjoyed a very high profile at the Competition, with seven competitors (more than any other conservatoire), five of whom reached the second round, two who made it to the semi-finals and one, in addition to Sofya, who reached the final.

Alexei Petrov was named as one of the 2009 Award Winners by the Solti Foundation, which helps young artists at the start of their careers. Meng Yang Pan won first prize in the Bromsgrove Festival International Artists' Platform, and second prize and Audience Prize at the Dudley International Piano Competition, first place going to recent graduate Emanuel Despax. Michael Ierace triumphed at the Haverhill Sinfonia Soloist Competition winning second prize and numerous other awards plus multiple performance platforms.

Christopher Lee Guild was awarded £4,000 from the Caird Trust, Antoine Françoise was selected for the London Sinfonietta's Academy and Alexander Romanovsky selected for representation by the *Young Concert Artists Trust (YCAT)*, was later signed up by agents Hazard Chase. Alexei Chernov was awarded first prize at the 10<sup>th</sup> Concurso Internacional de Piano in Madrid, and first prize at the 13<sup>th</sup> Concours International de Musique in Vanves, France. Poom Prommachart (pictured overleaf) and Konstantin Lapshin won first and second prizes respectively in the 5<sup>th</sup> Isidor Bajic International Piano Competition in Serbia and Martin Ford was awarded the F E Smith Medal by the Worshipful Company of Musicians.

Singers also excelled. At the Great Elm Vocal Awards at the Wigmore Hall, second prize was won by Emily Kenway, the first prize going to recent graduate Sarah-Jane Lewis (pictured overleaf). Tenor Tyler Clarke (pictured overleaf) won an award at the 2009 International Les Azuriales Ozone Competition in France, and Jimmy Holliday (pictured overleaf) was awarded the inaugural Richard van Allan Award for Outstanding Young Vocal Artist. Anna Gorbachyova won the special prize for the best foreign participant at the Giuseppe di Stefano International Opera Singing Competition,

Sam Evans and Rhian Evans won first and second prizes in the London Welsh Singer of the Year Competition and Peter Brathwaite (pictured overleaf) won the £10,000 Samuel Coleridge Taylor

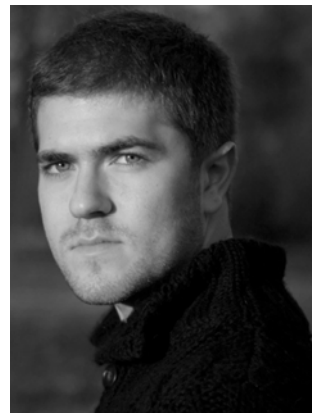
Award at the Black British Classical Foundation, Voice of Black Opera awards. Rosie Aldridge sang in Verdi's *Macbeth* at Glyndebourne and was selected for the Jerwood Trust Chorus Scheme. Ross McInroy, Jimmy Holliday and Tyler Clarke all won places at the National Opera Studio, while Peter Brathwaite and Andrew Boushell head for the Flemish Opera Studio in Ghent. Sarah-Jane Brandon won second prize at the Veronica Dunne International Singing Competition in Dublin as well as the Joan Sutherland Award for most promising newcomer. Robyn Parton won the intercollegiate Joaninha Trust Award of £5,000 and Emilie Alford a £1,500 Miriam Licette Scholarship.

Elizabeth Mernaya took first prize at the second Vera Dulovala International Harp contest in Moscow and Alessandro Sanguinetti was awarded a scholarship by the Associazione Culturale il Circolo. Violinist Matt Bain won the Concerto Competition at the Edinburgh Festival of Music, Speech and Dance, Alix Lagasse won first prize in the strings section at the Belgian National Music Competition Dexia Classics (a competition for musicians under 18), Jiafeng Chen toured Italy with the Ukrainian National Symphony Orchestra, and Soh-Yon Kim triumphed at the 12<sup>th</sup> International Violin Competition at Astana, Kazakhstan.

Ruth Gibson was on the Royal Over-Seas League String/Keyboard Ensemble Final with the Finzi Quartet, while cellist Jun Sasaki won the ROSL String Final. The Kallisto Quartet won the Intercollegiate String Quartet Competition, Yan Beattie won a place on the LSO String Experience Scheme, Ona Cardona released a CD of clarinet music, while flautist Ben MacDougall (pictured right) recorded and released new arrangements of *Oh Holy Night* and *Silent Night* in aid of flood relief in Cumbria. DMus student Nicole Panizza (pictured right) was granted a Fulbright Award enabling her to complete her research as a Visiting Fellow at Harvard University and Manhattan School of Music. Her area of research is an inter-disciplinary study of American art song settings of the poetry and letters of Emily Dickinson.

Of our composers, Shiva Feshareki won the coveted Royal Philharmonic Society's Composition Prize, receiving a £3,000 commission for a new work. Her orchestral piece *Insistent Distortions* was performed at the 2009 Cheltenham Festival and she also won the intercollegiate Theodore Holland Composition Prize. Two of Dmitri Scarlato's film scores were selected for presentation at the Venice Film Festival and he was then selected as a finalist, while Pedro Faria Gomes was commissioned to write a new piece for the European Union Chamber Orchestra. Huw Belling's anthem *The Mountain and the Sea* was performed at New Zealand's National War Memorial on ANZAC Day 2009 in the presence of the Prime Minister, Chris Green composed the music for BBC1 advertisements for the primetime TV series 'Paradox' and Solfa Carlile won the Jerome Hynes Composers' Competition awarded by the National Concert Hall of Ireland.

Our Junior Department (JD) students have enjoyed unrivalled success this year. Lara Melda, a 16-year-old pianist, (pictured right) was crowned BBC Young Musician 2010. Fellow student Callum Smart won the string final and also competed in the main final, while Lucy Landymore won the percussion final. Also competing in the section finals were James Larter (percussion), Finlay Bain (horn), John Hewitt-Jones (viola) and Katy Smith (violin). Even the BBC TV presenter, Clemency Burton-Hill was an RCMJD alumna!



*Clockwise from top left: Sofya Gulyak, pianist; Poom Prommachart, pianist; Nicola Panizza, DMus; Jimmy Holliday, baritone/bass; Ben MacDougall, flautist; Sarah-Jane Lewis, mezzo-soprano; Peter Brathwaite, baritone/bass; Lara Melda, RCM Junior Department student & BBC Young Musician of the Year 2010; (centre) Tyler Clarke, tenor.*



# Royal College of Music

## Annual Review and Financial Statements 2009/10

### Operating and Financial Review

#### Learning for all



RCM Sparks is the RCM's learning and participation programme. It provides opportunities for everyone to make or learn about music at the RCM, regardless of age, gender, ability, background or financial means. RCM Sparks opens our doors to a broader community, beyond our own students and regular audiences.

Based in the Woodhouse Centre, RCM Sparks has enjoyed a particularly successful year, offering RCM students and graduates training and opportunities to work with people whose first-hand experience of music is limited or non-existent. This service leads on widening participation and improving fair access for the College.

Alongside its busy year-round programme, RCM Sparks enjoyed much deeper involvement with the BBC Proms in 2010, with a number of workshops designed to link directly into the Proms concerts. Children as young as eight created wonderful music in our Recital Hall based on the Prom of the day, then proceeded to the Royal Albert Hall to savour the original music played by a world class orchestra. A parent wrote:

*"I wanted to thank everyone for the opportunity given to my son and his friends to experience music in a completely new and inspiring way. He's attended two of your workshops: Twinkle, Twinkle, Changing Star and Music & the Movies, and I certainly hope he'll have the chance to enjoy other future events. In particular, I want to mention that at both workshops, and particularly at the Family Introduction to last week's Prom, Rachel Leach was an absolute inspiration - not only to him but also to me! The RCM has given our family a wonderful opportunity to appreciate classical music and the events surpassed all our expectations."*

Not only does this important work prepare our students for the working world, it gives children the chance to understand what sets us on fire, and to feel for themselves the immense power of music to express the inexpressible. If we are to keep our precious art form alive and relevant for younger generations, this is important work indeed.

## In Schools

Much of the College's outreach activity is located in its local borough of Kensington and Chelsea - a diverse multicultural and multi-lingual inner-London borough. It is the second smallest local authority geographically in the UK, yet the most densely populated. The total population is currently estimated to be 178,000, although turnover is estimated to be in excess of 20% each year. The area displays remarkable diversity and contrasts, including ethnic and linguistic diversity and wide socio-economic disparities; almost half the population was born outside the UK (the second highest nationally). There are pockets of high deprivation - while seven wards in Kensington and Chelsea are among the least deprived nationally, two wards are among the 10% most deprived in England. There are around 1,000 households living in temporary accommodation. Additionally one in five households has dependent children.

In Kensington and Chelsea's maintained schools, just over 50% of pupils speak English as an additional language, compared to around 10% nationally; pupils speak more than 100 languages other than English, and over a third of pupils on roll are not fully fluent in English, requiring specialist support. Sixty per cent of children attending Kensington and Chelsea schools qualify for free school meals, more than double the national average. Some schools also experience very high turnover of pupils – this is often the result of the movement of travellers, migrant workers, families in temporary accommodation, asylum seekers and refugees.



*Clockwise from top left: RCM Sparks Outreach work at schools in the Royal Borough of Kensington and Chelsea; RCM Junior Sparks lessons; RCM Sparks Workshops at the BBC Proms, held in the RCM's Amaryllis Fleming Concert Hall.*



In order to reflect the borough context in RCM outreach and widening participation activities, the following initiatives have been put in place:

**RCM Sparks Juniors**

80% of participants recruited are from lower socio-economic backgrounds and/or have English as an additional language.

**Igniting Creativity series: summer programme and Sunday sessions**

60% of participants are recruited from lower socio-economic backgrounds and/or have English as an additional language.

In order to reach these targets the RCM works closely with the local borough in order to identify schools with a higher than average number of free school meals (FSM) (at both national and borough level) and English as an additional language (EAL). Pupils are then recruited directly from schools meeting these criteria using the FSM and EAL register.

***Sparks Juniors***

RCM Sparks Juniors is an exciting new collaboration between RCM Sparks and RCM JD which was launched in September 2009, with initial funding provided by the JP Getty Junior Trust and the EMI Foundation. The initiative creates a pathway to allow a wider range of children from Kensington and Chelsea access to our excellent teaching and learning resources in line with RCM's commitment to offer inspirational learning to all.

Each year, ten places are offered to young people from chosen state schools in Kensington and Chelsea to join a three-year programme of learning led by JD staff and RCM student mentors, at the end of which there is an opportunity for those pupils with the appropriate level of accomplishment to move into the JD and develop further their potential.

In 2009/10 we welcomed horn players and percussionists from Year 4 in Park Walk and Marlborough Primary Schools. In 2010/11 we will welcome pupils from Barlby and St Cuthbert's Primary Schools who will learn guitar and percussion. Widening participation objectives motivated the establishment of the RCM Sparks Juniors project. For it to succeed, it is important that students and their parents are prepared to commit to sustained study and practice over the duration of the programme and, aside from widening participation criteria; selection also assesses this commitment.

Students are chosen following a series of in-school workshops where children work creatively using classroom percussion, body percussion and singing. Children are identified by their musical recall, creative input and enthusiasm – this is cross-referenced to school data relating to the FSM and EAL register and following discussions with the class teacher. Consideration is then given to whether the children and their families will be able to commit to the weekly sessions in order to gain the most from the experience and not to impact adversely on the learning of others involved in group teaching. In 2009/10, 100% of participants recruited were from lower socio-economic backgrounds and/or have EAL, exceeding the College's target.

## *Musicians of the Future*



The limited provision of music in state schools means it is difficult for the College through its own efforts significantly to widen its student mix. Local education authorities no longer provide peripatetic music teaching in schools without charge and this severely limits access to such provision for groups under-represented in higher education generally and for the RCM specifically. Although some significant steps have been taken recently in order to reverse this trend, the past two decades have seen a steady decline in the number of opportunities for young people to learn musical instruments in state schools and RCM Sparks, (especially Musicians of the Future and Sparks Juniors) represents the College's contribution to turning this around.

The College's flagship instrumental programme enjoyed its fifth year in 2009/10. This scheme is a collaboration with Kensington and Chelsea enabling 24 pupils each year to benefit from free one-to-one instrumental tuition. RCM students receive specialised, professional training in order to deliver newly commissioned works, providing a fast-track learning programme for participants. The one-to-one teaching is complemented by a range of concerts, workshops and master classes. Instruments learned on this programme include percussion, cello, trumpet, trombone, flute and saxophone. The programme has been supported by the Lucie Allsop Memorial Trust, British Gas and EMI Sound Foundation.



*Musicians of the Future workshops and rehearsals, the different colour t-shirts representing pupils from different schools*

### ***Brent music enrichment project***

RCM Sparks also works in the London Borough of Brent, which is one of the most culturally diverse areas of the UK - more than 50% of its residents are from minority ethnic backgrounds and one of the schools in which we work, Brentfield School, is in the top 20% of the most deprived schools in the UK. The project aims to inspire and engage young people from

under-represented groups and involves professional workshop leaders and RCM musicians delivering four six-week projects to pupils from years 3 to 6.

### ***RCM Springboard***

RCM Springboard is a series of short courses for 13-18 year olds, with the aim of raising aspirations and attainment and encouraging students from under-represented groups to apply to the RCM or other universities. Students from state schools attend a three-day composition course led by a professional composer and supported by RCM composition students. RCM musicians play the emerging compositions with final compositions performed in an RCM showcase concert.

### ***RCM Sparks concerts for schools***

Regular concerts and opera matinées are offered to local schools and these include pre-concert talks and workshops led by RCM students, who receive training in order to communicate effectively with a range of audiences. Key benefits to schools include:

- exposure to high quality live music delivered by vibrant young aspirational role models;
- insight into higher education;
- specially tailored programme notes and teacher pack including listening tools.

## **In the Community**

RCM Sparks in the Community is a series that we offer to members of the public.

### ***Igniting Creativity***

The Igniting Creativity series consists of weekend and holiday activities. Everyone is welcome - there is no ability-based selection process. RCM Sparks has set a target that for half of the series 60% of participants are recruited from lower socio economic backgrounds, which we are determining as children on free school meals, or those who have English as an additional language.

The series aims to: build on the local community's familiarity with the RCM as a place to participate; build on children's previous experiences; and encourage parents to take an interest in classical music with children as ambassadors. Participants learn about classical repertoire in a fresh and fun way, through engaging, innovative creative music-making for all musical abilities led by professional workshop leaders and supported by inspiring RCM musicians.

### ***Open-access sessions***

We provide year-round workshops for young people and families, linked to RCM events, this includes '*Summer Music*' in which more than 300 young people join us during the summer months to take part in a series of inspirational activities which give a practical and creative insight into music featured at the BBC Proms, with participants offered discounted Proms tickets to the BBC Proms in the neighbouring Royal Albert Hall.

## **In Partnership**

RCM Sparks works in partnership with a wide range of external organisations.

### ***Turtle Song***

Turtle Song is a Turtle Key Arts, English Touring Opera and RCM partnership project which brings music, movement and singing to people with Alzheimer's Disease and their carers. The participants write lyrics and compose music for their own song cycle with the help of an amateur from English Touring Opera, a composer and six RCM students. The piece is then performed on stage in the RCM Amaryllis Fleming Concert Hall and recorded on DVD so that it can be shared with friends.

### ***Teenage Cancer Trust***

Over the past four years the Royal Albert Hall education department has run a series of rock and pop music workshops based around the Teenage Cancer Trust concerts. Led by a team of professional musicians and supported by RCM musicians, the workshops give teenage cancer sufferers the chance to work creatively and compose their own pop songs.

### ***One Sun One World***

In October 2009, RCM students alongside the English Chamber Orchestra (ECO) and more than 1,500 children from schools throughout Kensington and Chelsea performed an exclusive premiere at the Royal Albert Hall; *One Sun One World* which is the fifth environmental musical entertainment to be written by Peter Rose and Anne Conlon, commissioned by the World Wide Fund for Nature to mark its 50th anniversary.

RCM musicians took part in creative music workshops led by the ECO with children in Key Stage 2 and 3 and played alongside the ECO in the orchestra and sang as soloists during the performance.

### ***World in Our City***

During the year, schools from across the City of Westminster collaborated with composer Bill Connor to create a series of musical and performance pieces celebrating the rich history and cultural diversity of the City of London. This culminated in a final show at the Royal Albert Hall: *The World in Our City*. It was performed in May 2010 by a choir of 1,500 school children and dancers from across Westminster, accompanied by the BBC Singers and musicians from the RCM and Westminster's Youth Orchestras.

### ***St Mary's Hospital, Paddington***

RCM musicians regularly visit the wards for the elderly in St Mary's Hospital in Paddington, performing live music and interacting with patients, helping to improve hospital stays through the therapeutic benefit of music.



*Clockwise from top left: Turtle Song rehearsals in the Amaryllis Fleming Concert Hall (top left and right); Teenage cancer sufferers at a Teenage Cancer Trust Workshop with RCM Sparks student volunteers; One Sun One World (bottom three pictures); Teenage Cancer Trust Workshop held at the Royal Albert Hall.*



# Royal College of Music

## Annual Review and Financial Statements 2009/10

### Operating and Financial Review

#### Ensuring fair access and outreach

##### Fair access

Learning and teaching is at the heart of the RCM mission and it is important that, regardless of their means, the College recruits the most talented students from anywhere in the world. A key aim is to fund a significant number of tuition fees from scholarship funds. Since its establishment in 1882, the RCM has had a strong commitment to fair access. At the time it was founded the intention was that it should offer scholarships to home students. The aim was to ensure access for the very best regardless of means and Foundation Scholarships are still offered at entry to talented students to help with the payment of undergraduate tuition fees.

The College also has a Junior Department, for about 320 school-age students. RCMJD is a key feeder institution for the RCM's higher education provision, including those from under-represented groups and a system of means-tested Junior Exhibitions was established to assist students to study in the RCMJD.

For undergraduate and postgraduate applicants to the RCM, performance at audition is taken as the primary determinant for offers of places (subject to student number constraints). The RCM does not screen any applications for undergraduate study. Thus, all applicants are invited to audition and audition panels take account of unrealised potential that can result from poor teaching, which is often, although by no means always, the case for those from under-represented groups. This is further supported by the Conservatoires UK Admissions Service (CUKAS), which provides an accessible-for-all conservatoire admissions process.

The College's strongest recruitment of students from disadvantaged backgrounds is from European countries, which have continued to invest in culture and the arts in sharp contrast to the UK, recognising the value of music education from an early age. Through the College's extensive scholarship and bursary programmes, these students are enabled to study at the RCM in significant numbers.

The RCM has set aside 15% of additional income from variable tuition fees, with the largest slice of this being used to fund bursaries, as the College wishes to prioritise the removal of financial barriers to RCM study for those from under-represented groups.

The College already awards a significant number of scholarships and these are worth up to full-fees with all applicants considered for them – undergraduate, postgraduate, home/EU and overseas. About £1.5 million is awarded each year from the RCM's scholarship fund for this

purpose and more than a third of home/EU BMus degree students are scholars. These awards are made during the audition process and as part of a needs-based process in the summer term.

In addition to the scholarships described previously, the College also provides:

**RCM merit-based scholarships.** Non-standard bursaries of £1,000 pa, awarded competitively to 10 students per year on the basis of audition mark and need from the pool of applicants who are assessed to be eligible for a maintenance grant.

**RCM bursaries.** Non-standard bursaries of £700 pa, awarded to all students assessed to receive 85% or more of the maintenance grant.

**Euro-bursaries.** of £350 pa awarded to all non-UK EU students assessed to have a family residual income of under £25,000.

Any student who auditions in person for a place at the RCM will automatically be considered for a scholarship or study award and they do not need to complete a separate application to be considered for this. Information regarding RCM scholarships and bursaries is available on-line at the RCM website.

## **Outreach**

The College has a significant track record in organising outreach activities – both to excite an interest in music in the target groups for the activity and to provide professional experience for its students. Many of these activities are aimed at raising aspirations and attainment and encouraging students from under-represented groups to apply to higher education. The College aims to focus much of its outreach activity on improving access to the RCM and to higher education, especially from under-represented groups.

RCM Sparks is the RCM's learning and participation programme. It provides opportunities for everyone to make or learn about music at the RCM, regardless of age, gender, ability, background or financial means. RCM Sparks opens our doors to a broader community, beyond our own students and regular audiences.

The programme aims to offer a musically enriching experience for all, including: weekend workshops for children; holiday courses for teenagers; vocal days for families; and opera matinees for schools. In particular, RCM Sparks aims to break down barriers, real or perceived, physical, educational or social, and unlock musical opportunity to those who otherwise would have little or no experience of live music.

RCM Sparks works with a variety of partners, ranging from nurseries and schools in the local borough to internationally renowned organisations such as the Royal Albert Hall and BBC Proms. The work of RCM Sparks is categorised into three areas: In Schools, In the Community and In Partnership. For further information, see pages 17–23.



# Royal College of Music

## Annual Review and Financial Statements 2009/10

### Operating and Financial Review

#### Equality and opportunity

The College is committed to its equal opportunities policy. As a leading British conservatoire, it aims to provide musical education and professional training at the highest international level to meet the aspirations of as many as possible of those who it deems to have the ability and motivation to benefit. Students are recruited on the basis of their musical merits, abilities and potential.

The RCM aims to ensure that no student, member of staff or visitor to performances and other events is subjected to unfair discrimination and it has agreed a Race Equality Policy, which commits it to:

- creating a positive and inclusive atmosphere where there is a shared commitment to respect diversity and difference, challenge and prevent racism and discrimination, and encourage good relations between people of different racial groups;
- creating and retaining a workforce that includes different ethnic backgrounds;
- attracting a motivated and loyal workforce, where employees from all racial groups are valued, and are encouraged, supported and enabled to reach their full potential;
- making full use of skills and perspectives those from different racial groups when running the College, delivering the curriculum, and supporting students and staff;
- proactively tackling race discrimination and promoting race equality by mainstreaming it in the relevant function of the College.

The participation of students and staff with disabilities in all aspects of the academic, administrative and performing life of the RCM is encouraged and welcomed. The College has a disability statement that is intended to provide information to prospective students, current students and staff of the College about its arrangements to support students and staff with disabilities.

The College has been awarded the Disability Symbol by the Department for Work and Pensions. Employers who use the disability symbol make certain commitments to employing, keeping and training disabled people and developing their careers. To be awarded the symbol the College had to demonstrate that it either had in place or will work towards implementing procedures to support these commitments. By using the symbol it will help make it clear to disabled job applicants that the College welcomes applications from them and are positive about their abilities. It will also show existing employees that we value their contribution and will treat them fairly should they become disabled. By employing disabled staff we will be better placed to recognise, develop and deliver our services to disabled students and visitors.



# Royal College of Music

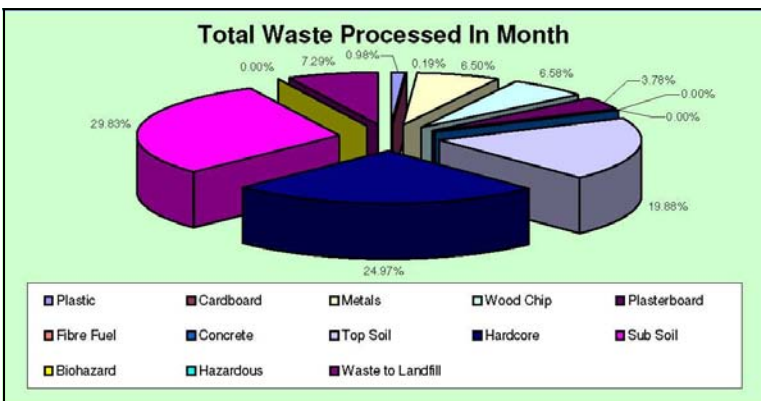
## Annual Review and Financial Statements 2009/10

### Operating and Financial Review

#### Caring for the environment

The RCM placed great importance on improving its environmental performance during the past year and as a result has been recognised as the UK’s greenest conservatoire. We rose more than 100 places to 22<sup>nd</sup> position in the Universities’ Green League 2010, achieving a 1<sup>st</sup> class award for environmental management. The league is promoted by People and Planet to encourage universities and colleges to move towards a low-carbon future. The RCM is the smallest higher education institution in the top 25 of the Universities’ Green League Table and we exceeded our environmental objectives for 2009-10, making considerable improvements to our environmental campaign within the wider College community.

Over the next few years the College will continue to recognise its responsibility to minimise the environmental impact of its operations and where possible improve its performance. We aim to implement effective energy management; operate a whole-life approach to procurement; engage with the higher education sector and local community to promote environmental best practice; and ensure compliance with environmental legislation.



July 2010 Construction Waste Recycling Report

Our dedicated environmental team, a range of appropriate environmental strategies and a determined effort to make students and staff aware of our combined responsibility have contributed to rapid improvements that set us on a new direction of travel environmentally. Following recommendations made in an environmental audit carried out by Imperial College London in 2008-09, the College developed an action plan outlining how it will develop its environmental strategy, including identifying and achieving energy savings. This includes strategies for energy, water, waste, procurement and transport, with actions and deadlines agreed for each area. This is a working document accessible via the College website, reviewed each term.

Building improvements and ICT projects at our Prince Consort Road campus have helped to generate an absolute reduction in carbon emissions between 2005/06 and 2009/10 of 29 tonnes CO<sub>2</sub>. Projects completed during 2009/10 include:

- installation of 98% efficient condensing boilers;
- a successful recycling programme with 57% of general waste and 90% of construction waste recycled between April and September 2010;
- motion-detection lighting & energy-efficient lamp replacements throughout the campus;
- Fairtrade campaigning to raise awareness through events and communications, particularly during Fairtrade Fortnight 2010;
- installation of new bike racks as part of the Green Travel Plan;
- a print-charging scheme which led to a 72% reduction in printing.

In 2009/10 we tendered the College's catering services and our specification including clear environmental objectives. Our catering facilities now:

- use seasonally available ingredients as standard;
- specify food from farming systems that minimise environmental harm;
- exclude fish species identified as most "at-risk" by the Marine Conservation Society;
- recycle all food waste;
- sell Fairtrade food and drink and only 'Onewater' bottled water in all catering outlets.



*Students at a Fairtrade drinks tasting session in the BaRCM*



*Fairtrade Fortnight 2010 publicity*

The College has worked in partnership with the Carbon Trust since January 2010 and our Carbon Management Plan was completed in May. The plan outlines how we will cut our carbon emissions by 25% by 2013/14 and 34% by 2019/20. In addition to benefiting the environment, this will save the College around £124,000 by 2013/14. The RCM has been awarded the Carbon Trust's Higher Education Carbon Management (HECM) Certificate for successfully completing the HECM - the first small higher education institution to receive the award.

The RCM is also a healthy organisation for people; in February 2010 we were awarded Silver Status under the Healthy Orchestra Charter, a joint initiative by the Association of British Orchestras and the Musicians Benevolent Fund. The College is only the second recipient of this grade, the first being the Royal Opera House.

# Royal College of Music

## Annual Review and Financial Statements 2009/10

### Operating and Financial Review

#### Sharing services and collaborations

Shared services and collaboration are an important element of the RCM's operation as we seek to obtain value for money from all of our services. We have a long and successful history of working with others, including:

##### Shared services

- *Conservatoires UK Admissions Service*: a UK-wide admissions service established and owned by eight British music conservatoires and managed by UCAS;
- *Kingston City Group (KCG)*: a southern universities shared internal audit service owned by 14 members HEIs (in 2009/10 the RCM Deputy Director was the Deputy Chair of KCG);
- *London Universities Purchasing Consortium*: a London-wide procurement consortium owned 64 London HEIs and third sector organisations (in 2009/10 the RCM Director of Finance & Estates was the Deputy Chair of LUPC);
- *The Exhibition Road Cultural Group*: champions the collective view of its 16 members on the development of the Exhibition Road scheme. At its heart are: the facilitation of joint projects, encouraging cross-fertilisation of audiences between members; running joint events in the shared public space of Exhibition Road, and sharing staff expertise.



*RCM enjoys a close working relationship with our close neighbour the Royal Albert Hall*

#### Working with other local higher education institutions

The RCM has developed a productive working relationship with other local HEIs. Imperial College London (ICL) provide the College with a number of services whereby both partners benefit from the economies of scale of higher volumes. These include: student/staff health; student counselling; and occupational health. We have also drawn successfully on ICL's intellectual capital, using a group of research students to provide environmental consultancy - we are currently implementing recommendations from their 2008/09 environmental audit.

In 2009/10, we joined the ICL Catering Services for the provision of catering at our main campus. In addition to shared financial benefits, both partners have benefited in terms of services offered, technical expertise and higher utilisation of resources.

We share accommodation (including associated cleaning and maintenance services) with Heythrop College, University of London and in 2010/11 we will tender jointly with Heythrop and the Royal College of Art for shared cleaning services across our five campuses.

The government has encouraged universities to form partnerships in order to benefit from economies of scale which might be achieved through collaborations and shared services. This is an area that the RCM has developed enthusiastically and successfully. We will continue to seek further collaborations in the coming years.



*Clockwise from top left: The Senior Common Room catering outlet; the RCM Restaurant; the Senior Common Room Lounge*

# Royal College of Music

## Annual Review and Financial Statements 2009/10

### Operating and Financial Review

#### Estates

The College was founded in 1883, and the main Blomfield building opened for teaching of music in 1894. Subsequent additions have included the Concert Hall in 1901, the South Building in 1965 and the Britten Opera Theatre in 1986. In 2008/09 the College completed transformational work on the Amaryllis Fleming Concert Hall, which re-opened in March 2009. The Amaryllis Fleming Concert Hall was a major success for the College attracting more than 12,000 visitors in 2009/10.



*Britten's War Requiem performed by the RCM Orchestra, Amaryllis Fleming Concert Hall*

There were no major capital works in 2009/10. It was however, a very active year for the estates area with significant developments. In July 2010, the RCM Council approved a new Estates Strategy 2010-2017, outlining how the College will achieve its strategic vision for the estate.

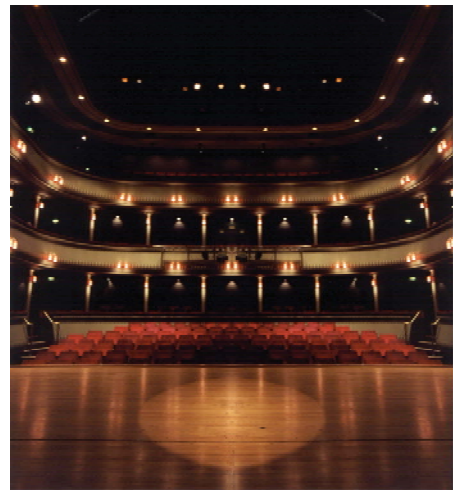
The Strategy is supported by two further documents:

- the Estates Strategy: Operational Plan, which provides a comprehensive, fully-costed 10-year maintenance plan;
- the Estates Strategy: Capital Plan, which outlines the College's planned capital developments, including:
  - redevelopment of the College's student residential campus in Shepherds Bush;
  - refurbishment and reconfiguration of the South Building; and
  - development of the East Courtyard.

In 2010/11, the College will tender for consultants to undertake feasibility studies for all of these developments. The Estates Strategy also outlines a policy of obtaining Building Research Establishment's Environmental Assessment Method (BREEAM) 'Excellent' or 'Outstanding' for all new-build construction projects.

As part of the development of our Estates Strategy, the College Architect updated our Estates Condition Survey and this showed that 87% of our non-residential estate is now in condition A&B<sup>1</sup>, a significant improvement on our previous survey, which showed only 69%. This is a positive reflection on the estates work undertaken by the College in recent years.

Also during 2009/10, the RCM Council approved a new Health & Safety Strategy and Policy, together with a detailed Procedures Manual.



*Clockwise from left: RCM performance and event spaces; Parry Rooms; RCM International Opera School Britten Theatre; the newly refurbished Amaryllis Fleming Concert Hall; the Donaldson Room, part of the Library.*

<sup>1</sup> Building condition A is defined as 'As-new condition'. Condition B is defined as 'Sound'



# Royal College of Music

## Annual Review and Financial Statements 2009/10

### Operating and Financial Review

#### RCM Strategic Plan 2007 to 2017

##### Mission and principal objectives

The 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.



*Royal College of Music, Blomfield Building*

##### Objects of the Royal College of Music

The Mission Statement supplements the objects of the RCM 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 College, 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 the encouragement and promotion of the cultivation of music as an art throughout the world.”

## Strategic plan

In setting the College's objectives and planning its activities the RCM Council has given careful consideration to the Charity Commission's general guidance on public benefit. Our Strategic Plan has identified a number of priority areas for the period 2007-2017:

- access to an inspirational learning experience;
- artistic vision;
- research and innovation;
- communications;
- people;
- technology;
- estate;
- finance.

In order to realise the Strategic Plan 2007-2017, these priority areas are/will be complemented by detailed strategies for specific areas and by departmental operational plans. The RCM has established key performance indicators, in order to measure achievement against these objectives and the College's performance against these benchmarks is reviewed each year by the Council.



*RCM Directorate: Professor Colin Lawson FRCM, Director; Kevin Porter HonRCM, Deputy Director; Marcus McDonald, Director of Finance & Estates; Richard Steele HonRCM, Director of Artistic Policy; Sue Sturrock HonRCM, Director of Communications; Samir Savant, Director of Development.*

## Outlook for 2010/11

The overall economic outlook continues to be uncertain and there will be cuts in public spending over the life of the coalition government. The College is determined to achieve a sustainable surplus by 2012/13 and has set targets for income, expense savings and surplus as a percentage of turnover.

The College's five-year financial forecasts were updated in November 2009 and these forecasts were tested using sensitivity analysis for a range of potential funding cuts. Set against this uncertain economic background, applications to study in the College in 2009/10 were strong and initial registration data for 2010/11 show further improvements on 2009/10.

The Browne Report on tuition fees and the government Comprehensive Spending Review were released in October 2010, and during the autumn term the College is reassessing its strategies to take account of these two reports.

### **Principal risks and uncertainties**

The College's risk management strategy and policy sets out the respective roles of the College's Directorate, Council, Finance and General Purposes Committee and Audit Committee in risk management. It also sets out the key controls and the approach to risk management.

The risk register identifies the key risks, the likelihood of them occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. The risks themselves are prioritised using a consistent scoring system.

The register is subject to annual review by the Directorate and is monitored and up-dated throughout the year. An annual report on risk management is presented to all the committees involved in risk management, including the Council.

The two principal risks to the College are:

- Levels of Higher Education Funding Council for England (HEFCE) funding are uncertain as the government seeks to cut public expenditure. Uncertainty is increased further, given the Browne Review and Comprehensive Spending Review, which were released in October 2010. The College is managing funding changes through its Financial Sustainability Strategy (see below).
- The level of scholarships offered to students. The College believes that in order to remain a world class institution it must not only have excellent facilities but also be able to attract the best students globally and this requires resources from which scholarships can be awarded. The College has identified that fundraising is key to this strategy and that a failure to achieve it will be a risk to the College's reputation in the medium term. In May 2009, the College appointed a new Director of Development and during 2009/10 we developed further our strategies to mitigate this risk.

In 2009/10 a new risk was established for failure to meet targets set out in our Financial Sustainability Strategy and we continued the review of the College's sustainability. The Director of Finance & Estates has modelled the effect of a range of cuts in HEFCE grant set against target savings/additional income and the Directorate has agreed an overall sustainability plan which itemises target savings/additional income in each area of the College's operation. Each Directorate member has their own plan for implementation and these are reviewed by the Directorate as a whole on a regular basis.

The College receives an annual assessment of institutional risk from HEFCE. Along with most higher education institutions, the RCM continues to be judged '*not at higher risk*'.



# Royal College of Music

## Annual Review and Financial Statements 2009/10

### Operating and Financial Review

#### Financial Review

##### Financial results for 2009/10

The College returned a surplus for the year of £497,000. The College's income and expenditure for the year ended 31 July 2010 may be summarised as follows:

	2010	2009	2008
	£000s	£000s	£000s
Income excluding HEFCE matched funding	17,663	16,783	16,261
HEFCE matched funding	0	1,350	0
Expenditure	(17,001)	(17,024)	(15,758)
Surplus scholarship fund income transferred back to endowments	(165)	(292)	(171)
<b>Retained surplus for the year</b>	<b>497</b>	<b>817</b>	<b>332</b>

The current year's surplus of £497,000 compares well to the surplus in the previous two years. Even though it is lower than the surplus in 2008/09, in that year we received a one-off HEFCE matched funding grant of £1.4 million. Major changes include:

- funding council grants down by £1.4 million, most of which relates to the one-off HEFCE matched funding grant in 2008/09;
- tuition fees up by £1 million due mainly to improved recruitment of UK students (£319,000) and overseas students (569,000);
- Higher staff costs of £434,000 were fully offset by reduced non-pay costs, down £609,000.

#### Staff

The College's music teaching is mainly undertaken by hourly-paid professional musicians who provide one-to-one tuition for their students. The administration of the College is undertaken in the main by permanent full-time staff. The total full-time-equivalent number of staff was 179 during the year compared with 182 for the previous year.

The College is part of the national pay framework and pay awards are negotiated, on behalf of the College, by the Universities and Colleges Employers Association (UCEA). The pay settlement for 2010/11 is still to be agreed and UCEA have tabled a pay offer of a 0.4% uplift to all points on the national pay spine, effective from 1 August 2010.

## Fundraising

There are three main strands to the College's fundraising strategy:

- to seek funding for scholarships to students by way of donations. The College received £827,000 in the year from donations and also provided more scholarship funding from its existing restricted permanent fund income of £764,000. This allowed the RCM to fund student scholarships of £1.5 million. This is 29% of fees paid by students in the Senior College;
- to provide funds for capital projects;
- to support its activities including outreach programmes.

Eligible donations are enhanced by a matched funding scheme introduced by the HEFCE, whereby any gifts of money received in the three years from August 2008, will be increased by 50% up to a maximum of £1.3 million over the period. However the College accrued its full-allowance of £1.3 million of matched funding in 2008/09.



*RCM Patrons with scholarship students at an Award Holders Reception*

## Reserves

The accumulated revenue reserve is the accumulated surplus from the College's activities. The College has £15.3 million of accumulated revenue reserve which is unrestricted in its use and available for the benefit of the College. These reserves are maintained to support the College's pension and other long-term liabilities, provide a cushion against exceptional financial events and provide for capital projects not funded by donations.

The restricted and endowment fund (£22.3 million) comprises donations with restrictions on the use of the capital and income. The fund currently contains £2.8 million which was previously classified as general endowments. An application was made during 2010 to the Charity Commission to transfer the remaining unrestricted permanent fund to the accumulated revenue reserves of the College, as it is considered that items comprising the fund are unconstrained, we are still discussing this with the Charity Commission and our auditors. Funds to the value of £2.5 million relate to endowments given for scholarships.

The purpose of these donations was verified during the year. Work is ongoing, however, to disclose the split of capital and accumulated income. The value of the revaluation reserve at the year end was £7.8 million. This relates wholly to land and buildings and musical instruments, held by the College for the purposes of its activities as a conservatoire. The reserve was created when these assets were re-valued for accounts purposes or where gifts were brought into the accounts at valuation.

### **Investment performance**

The Investment Committee monitors the performance of the College's investment portfolios. These are three funds:

- College General Fund;
- Scholarship Fund (to provide scholarships to RCM students);
- Junior Department Appeal (to provide bursaries for JD students).

The overall objective of each fund is to achieve long-term growth of the fund's assets in real terms together with an escalation of income over a period of years.

During the year Newton Investment Management Ltd continued as investment advisers to the College. The asset allocation for the various funds has been set by the Investment Committee to reflect the requirements of the College and to protect the value of the capital in the long term.

During the year, the total value of investments increased by £2.8 million. Newton provided information on the performance of each of the funds, over the short and long-term. The performance for the 12 months to 31 July 2010 was good as all three funds outperformed their benchmark with returns of: 16% for the General Fund (*benchmark 13.6%*); 16.1% for the Scholarship Fund (*benchmark 13.7%*); and 16.3% for the Junior Department Appeal (*benchmark 16.1%*). However, long-term performance is disappointing with all three funds underperforming against the benchmark over both three and five year periods.

The value and income from investments are important to the sustainability of the College. They provide a source of income for scholarships, general expenditure and a source of capital for capital projects and the College will continue to seek improved performance against the benchmarks.

### **Treasury policy**

Treasury management is the management of the College's banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. The College deposits surplus cash in the money market with approved banks.

During the year there was a net cash inflow from operating activities of £1.4 million (outflow of £456,000 in 2008/09) and an increase in total cash of £2.7 million (reduction of £2.8 million in

2008/09). The College's main bank account was overdrawn by £152,000 at the end of 2009/10 (overdrawn by £1.4 million, 2008/09) and this is shown under creditors in note 18 of the accounts.

In 2008/09 the College undertook a major refurbishment programme for its Concert Hall and this was funded through a combination of HEFCE Capital Grant, donations, sale of long-term investments and cash. Following completion of that project we have taken action to increase our levels of cash and have set a target, in our Financial Sustainability Strategy, of achieving a minimum cash cover of 30 days by 2012/13.

During 2009/10 the College earned £109,000 from interest on banking and money market balances, compared to £117,000 in 2008/09.

In 2006/07 as part of a refinancing exercise, the College contracted a loan of 2006/07 of £3.3 million repayable over 20 years. This loan was originally secured partly on our Shepherds Bush Campus site and partly on the fixed assets of the College and this was the position at 31 July 2009. During the year this security was changed to a general covenant on the College. It is not intended currently to enter into any further loans.



*College Hall, RCM hall of residence, Shepherds Bush*

### **Funding of capital expenditure**

As at 31 July 2010 the College had capital commitments of £19,536 (2009: £490,237). This was in respect of the wayfinding project. The College will meet these commitments from normal operating activities and the reserves of the College.

### **Charities Act 2006 and principal regulator**

On 1 June 2010 HEFCE became the principal regulator of those higher education institutions (HEIs) in England that are exempt charities. This new responsibility results from the Charities Act 2006, which implements a government decision that all charities should be subject to



regulation. All but 19 HEIs fall into this category and the HEFCE are expected to promote compliance with charity law by the exempt charities for which they are responsible.

Nineteen English HEIs are registered charities, including the RCM, and are currently monitored and regulated as charities by the Charity Commission. This is in addition to, and may duplicate elements of, the HEFCE's own accountability oversight. At some future date, it is likely that the registered-charity HEIs will be made exempt so that all HEIs become subject to the same monitoring and regulatory processes – by the HEFCE as principal regulator.

In preparing this Operating and Finance Review the College has sought guidance from the HEFCE and given careful consideration to the Charity Commission general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education and on fee charging.

### **Conclusion**

The Operating and Financial Review has outlined the College's immense public benefit contribution through its extensive work to widen participation in both music and higher education. Our widening participation and outreach work supports the College's mission, which is to enable 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. However, our work impacts far beyond the boundaries of music. It has long been recognised that music is an integral part of the fabric of our society and the intrinsic value of music for each individual is widely recognised by the different cultures that make up today's global society. The contribution of the College's music to these different cultures is inestimable.

Professor Lord Winston



**Chairman**

24 November 2010



# Royal College of Music

## Annual Review and Financial Statements 2009/10

### Corporate Governance and Responsibilities of the Council

#### CUC Governance Code of Practice

The Royal College of Music Council has adopted the “Committee of University Chairmen Governance Code of Practice”.

#### 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 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;
- monitoring institutional performance against plans and approved KPIs, which are, where possible and appropriate, benchmarked against other institutions.

#### Structure of corporate governance

The Governing Body of the College, the *RCM Council*, which meets at least four times a year, is responsible for the strategic direction of the College and for all major developments. In fulfilling its responsibilities for the administration and management of the affairs of the College, the Council approves the annual revenue and capital budgets and presents audited financial statements for each financial year prepared in accordance with relevant accounting standards. The membership and powers of the Council are laid down in the College’s Royal Charter and Statutes. The maximum number of members of Council is twenty-five, of whom up to twenty are independent members and three are elected from among the staff of the College. The President of the College, HRH The Prince of Wales, sits within these numbers and the Director of the College and the President of the Students’ Association are *ex officio* members. The Chairman, the Deputy Chairman and the Honorary Treasurer of the Council are drawn from the independent members.

The Council has appointed a *Finance and General Purposes Committee* (F&GPC). It meets six times a year. Among the responsibilities discharged by the F&GPC are monitoring of performance in relation to approved budgets and oversight of the Directorate’s risk management responsibilities. It also acts as *Remuneration Committee* in relation to the salaries

and terms and conditions of the senior staff. A subcommittee of the F&GPC, comprising the Honorary Treasurer and Deputy Chairman, is delegated to scrutinise the annual accounts ahead of consideration by the Council.

The *Investment Committee* (two meetings per annum) and the *Estates Committee* (three meetings per annum) are subcommittees of the F&GPC. Each is formally constituted with terms of reference and chaired by an independent member of Council.

The *Audit Committee* reports directly to the RCM Council. It meets three times a year and has a key role in the College's accountability framework. It advises the Council on effectiveness of risk management, control and governance arrangements. Meetings are held with the external auditors to discuss audit findings, and with the internal auditors to consider internal audit reports and recommendations for improvement of the College's system of internal controls, together with management's responses and plans for implementation. It is supported by the *Value for Money Steering Group*, which provides assurance that the College has in-place appropriate arrangements to achieve value for money.

A *Nominations Committee* makes recommendations to Council for the appointment of new Council members and for honorary awards.

The *Board of Professors*, the College's Senate, reports to the Council and meets a minimum of three times per year. It deals with the College's academic policies and quality assurance. It has a system of committees to support its work.

### **Accounting systems and accounts**

The Council is satisfied that the College has adequate resources to continue in operation for the foreseeable future; for this reason the 'going concern' basis continues to be adopted in the preparation of the financial statements.

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the College's financial position and enable it to ensure that the accounts are prepared in accordance with the Royal Charter, the Statement of Recommended Practice: Accounting for Further and Higher Education and applicable accounting standards. The Council has also given careful consideration of the requirements contained in the Charities Act 2006 and in particular to the Charity Commission's general guidance on public benefit.

Within the terms and conditions of the Financial Memorandum agreed between the Higher Education Funding Council for England (HEFCE) and the Council of the RCM, the Council, through the Director (its designated officer), is required to prepare accounts for each financial year which give a true and fair view of the state of affairs of the College and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, the Council has ensured that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent; and
- applicable accounting standards have been followed.

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 funds from the HEFCE are used only for the purposes for which they have been given, in accordance with conditions laid down by the Funding Council;
- secure the economical, efficient and effective management of the College's resources and expenditure; and
- safeguard the assets of the College and prevent fraud.

### **Accounting records**

All the accounting records, whether for the purposes of financial reporting or any other purpose, have been made available to the auditors for the purpose of their audit and all the transactions undertaken by the College have been properly reflected and recorded in the accounting records.

All other records and related information which might affect the truth and fairness of, or necessary disclosure in, the financial statements, including minutes of Council and relevant management meetings, have been made available to the auditors and no such information has been withheld. So 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 the 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 Financial Memorandum with the HEFCE.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place during the year ended 31 July 2010 and up to the date of approval of the financial statements,

and accords with HEFCE guidance. The Council has responsibility for reviewing the effectiveness of the system of internal control and the following processes have been established:

- the Council meets at least four times per annum and considers the plans and strategic direction of the College;
- the Council receives minutes of each meeting of the Audit Committee, together with an annual report which provides an opinion as to the College's arrangements for risk management, internal control, governance, data quality and value for money;
- the Council receives regular reports from the Directorate on the steps it is taking to manage risks in their areas of responsibility, 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;
- an organisation-wide risk register is maintained;
- a system of key performance indicators has been developed;
- a risk prioritisation methodology based on risk ranking has been established;
- there is regular review of the Risk Register, involving the Directorate, to identify and keep up to date the record of risks facing the organisation;
- 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 written form to the F&GPC for detailed discussion, and reported to the Council.

The review of effectiveness of the system of internal control is informed by reports from the internal auditors (Kingston City Group), who operate to standards defined in the HEFCE Audit Code of Practice, contained within Annex B of the HEFCE Financial Memorandum. The internal auditors submit regular reports, which include their opinion on the adequacy and effectiveness of the College's system of internal control, with recommendations for improvement.

The Council's review of effectiveness of the system of internal control is also informed by the work of the Directorate, who have responsibility for developing and maintaining the internal control framework, and by comments from the external auditors in their management letter and other reports.

### **Equal opportunities**

The College is committed to its equal opportunities policy. As a leading British conservatoire, it aims to provide musical education and professional training at the highest international level to meet the aspirations of as many as possible of those who it deems to have the ability and motivation to benefit. Students are recruited on the basis of their musical merits, abilities and potential.

The RCM aims to ensure that no student, member of staff or visitor to performances and other events is subjected to unfair discrimination and it has agreed a Race Equality Policy, which commits it to:

- creating a positive and inclusive atmosphere where there is a shared commitment to respect diversity and difference, challenge and prevent racism and discrimination, and encourage good relations between people of different racial groups;
- creating and retaining a workforce that includes different ethnic backgrounds;
- attracting a motivated and loyal workforce, where employees from all racial groups are valued, and are encouraged, supported and enabled to reach their full potential;
- making full use of skills and perspectives those from different racial groups when running the College, delivering the curriculum, and supporting students and staff;
- proactively tackling race discrimination and promoting race equality by mainstreaming it in the relevant function of the College.

The participation of students and staff with disabilities in all aspects of the academic, administrative and performing life of the RCM is encouraged and welcomed. The College has a disability statement that is intended to provide information to prospective students, current students and staff of the College about its arrangements to support students and staff with disabilities.

The College has been awarded the Disability Symbol by the Department for Work and Pensions. Employers who use the disability symbol make certain commitments to employing, keeping and training disabled people and developing their careers. To be awarded the symbol the College had to demonstrate that it either had in place or will work towards implementing procedures to support these commitments.

By using the symbol it will help make it clear to disabled job applicants that the College welcomes applications from them and are positive about their abilities. It will also show existing employees that we value their contribution and will treat them fairly should they become disabled. By employing disabled staff we will be better placed to recognise, develop and deliver our services to disabled students and visitors.

Professor Lord Winston



**Chairman**

24 November 2010

Professor Colin Lawson



**Director**

24 November 2010





# Royal College of Music

## Annual Review and Financial Statements 2009/10

### Report of the Independent Auditors to the Council of the RCM

We have audited the Financial Statements of the Royal College of Music ("RCM") for the year ended 31 July 2010 (the 'financial statements') which comprise the income and expenditure account, statement of historical cost surpluses and deficits, balance sheet, cash flow statement, statement of total recognised gains and losses and related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the RCM Council, in accordance with the RCM Royal Charter and Statutes and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the governing body those matters we are required to state to it 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 RCM Council for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of the RCM Council and auditors**

The responsibilities of members of Council for preparing the Chairman's Statement, Director's Report, Operating and Financial Review, Statement of Corporate Governance and Responsibilities of Council and financial statements in accordance with the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education, applicable law and United Kingdom accounting standards (UK Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Corporate Governance and Responsibilities of the Council on pages 45 to 49 of the financial statements.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and the International Standards on Auditing (UK and Ireland). We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education.

We also report to you whether income from funding councils, 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.

In addition, we report to you whether, in all material respects, income has been applied in accordance with the statutes and, where appropriate, the financial memorandum with the Higher Education Funding Council for England.

We also report to you whether the information in the Chairman's Statement, the Director's Report, the Operating and Financial Review and the Statement of Corporate Governance and Responsibilities of Council is consistent with the financial statements.

In addition we report to you if in our opinion the College has not kept adequate accounting records, if the College's financial statements are not in agreement with the accounting records and returns, or if we have not received all the information and explanations we require for our audit.

We read other information contained in the financial statements and consider whether it is consistent with the audited financial statements. This information comprises only the Chairman's Statement, Director's Report, Operating and Financial Review and Statement of Corporate Governance and Responsibilities of Council.

We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. We are not required to consider whether the statement of internal control (included as part of the Statement of Corporate Governance and Responsibilities of Council) covers all risks and controls, or to form an opinion on the effectiveness of the institution's corporate governance procedures or its risk and control procedures. Our responsibilities do not extend to other information.

### **Basis of opinion**

We conducted our audit in accordance with the International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board, and the Audit Code of Practice issued by the Higher Education Funding Council for England.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the RCM Council in the preparation of the financial statements and of whether the accounting policies are appropriate to the College's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable

assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we have also evaluated the overall adequacy of the presentation of information in the financial statements.

## Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the College's affairs as at 31 July 2010 and of the College's surplus of income over expenditure for the year then ended
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education;
- the information given in the Chairman's Statement, Director's Report, and Operating and Financial Review is consistent with the financial statements for the year ended 31 July 2010;
- in all material respects, income from the funding council, grants and income for specific purposes and from other restricted funds administered by the College during the year ended 31 July 2010 have been applied for the purposes for which they were received;
- in all material respects, income during the year ended 31 July 2010 has been applied in accordance with the College's statutes and, where appropriate, with the financial memorandum with the Higher Education Funding Council for England.

*Grant Thornton UK LLP*

Grant Thornton UK LLP  
Registered Auditor  
Chartered Accountants  
London

*25 November 2010*



# Royal College of Music

## Annual Review and Financial Statements 2009/10

### Statement of Principal Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

#### 1. Accounting Convention

The accounts have been prepared under the historical cost convention as modified by the revaluation of heritage assets, musical instruments and certain land and buildings for which a cost is not readily ascertainable, and in accordance with both the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education (SORPFHE), and guidance published by the Higher Education Funding Council for England (HEFCE). On matters where these sources are silent, particularly aspects of the College which pertain to its registered charity status, guidance has been sought from the Statement of Recommended Practice: Charities published in 2005.

#### 2. Recognition of Income

Grants received from the HEFCE during the year have been included in income for the year unless designated for a specific purpose. Grants received for specific purposes are released to income as the related expenditure is incurred. Unspent grants are treated as deferred income.

Grants applied to capital expenditure are included in Deferred Capital Grants.

All income from short-term deposits and endowments is credited to the income and expenditure account in the period in which it is earned. Income from endowments not expended in accordance with the restrictions of the endowment is transferred from the income and expenditure account to endowments.

Donations, bequests or gifts with no specific terms attached to their use, are recorded as income in the income and expenditure account. The expenditure incurred using these donations, bequests or gifts is accounted for in the period when it is incurred as either capital or revenue expenditure depending on the nature of the expenditure. Income derived from tuition fees from students is recognised in the period in which it is earned and includes all the fees chargeable to them.

#### 3. Tangible Fixed Assets

##### a. Land and buildings

Land and buildings are stated at cost or valuation. Freehold buildings are depreciated over

their expected useful lives of 50 years and leasehold land and buildings are amortised over 50 years, or, if shorter, the period of the lease. Building improvements are depreciated over their expected useful lives of 20 years. Land is not depreciated.

During the year, the College reviewed depreciation on the Concert Hall refurbishment and reclassified depreciation on some items from 50 years to 20 years.

Where buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are treated as deferred capital grants and are released to income over the expected useful life of the buildings.

Work on planned future construction projects is expensed during the preparatory phase but is capitalised in accordance with FRS 15 'Tangible Fixed Assets' from the point when the decision is taken to proceed with the project. Assets in the course of construction are valued at current cost and no depreciation is provided until the asset is brought into use.

#### **b. Musical Instruments**

Musical instruments have been valued either at their estimated current cost for assets in their condition at 31 July 1998 or at cost for subsequent additions or at valuation for donated instruments. The differences on valuation have been credited to a revaluation reserve to be released over the estimated remaining life of the instruments. These assets are depreciated over periods ranging from 10 to 20 years.

During the year a reconciliation of keyboard instruments recorded on the fixed asset register to instruments held and tracked by the Performance Management Department was undertaken. Instruments no longer held were written off and other items, which had been valued, were added to the fixed asset register.

#### **c. Furniture & Equipment**

Equipment costing less than £2,000 per individual item is written off to the income and expenditure account in the year of acquisition. All other equipment is capitalised at cost. Capitalised equipment is depreciated over its useful economic life as follows:

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

A review for impairment of a tangible asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

### **4. Fixed Asset Investments**

#### **a. Heritage Assets**

Heritage Assets relate to certain displayed portraits and other works of art, which are of significant historical interest to musicians, and which are stated at valuation in the

accounts and are not depreciated. There is no reason to believe that there has been any impairment in the value of these assets. The College holds a wealth of reference material in the RCM library and the Museum of Instruments consists of an internationally renowned collection of musical instruments and associated documentation. Portraits and performance archives are held in the Centre for Performance History. With the exception of the Heritage Assets, the above collections have not been valued in the accounts as the cost of analysis or the cost of valuations would be onerous in comparison with any benefit to be derived by users of the accounts.

**b. Associated Board of the Royal Schools of Music (ABRSM)**

In the accounts of the College, the interest in the ABRSM is carried at cost. The College does not believe that the carrying value is overstated.

**5. Managed Investments**

Managed investments are included in the balance sheet at market value. Gains or losses on valuation are taken through the statement of recognised gains and losses.

**6. Restricted and Endowment Funds**

Restricted expendable funds represent the unspent balance of donations made to the College where the donor has specified the purpose of the donation.

Restricted permanent funds do not allow the capital to be used and require the income generated to be used for the purpose for which the money was originally given. Work to establish the nature and purpose for all funds within the total restricted permanent funds balance was completed in the year and no change of classification resulted. Work to verify the split between capital and accumulated income is ongoing.

Under the SORPFHE general donations must be recognised as income unless the donor states that the funds are to be retained for the benefit of the College. Unrestricted endowments have no accumulated income segment, since all income arising in the year is utilised in the College's general activities.

New endowments are treated as capital introduced and are taken to the balance sheet through the statement of total recognised gains and losses. Investment income earned on endowments is recognised in the income and expenditure account when earned and unspent balances at the end of the financial year are transferred to the appropriate endowment fund. The gains/losses on the revaluation of endowment investments are recognised in the statement of total recognised gains and losses.

**7. Pension Schemes**

The three pension schemes for the College's staff are the Teachers' Pension Scheme (TPS), the Universities Superannuation Scheme Limited (USS) and the Royal College of Music Pension

and Assurance Scheme (RCM Pension Scheme). The schemes are defined benefit schemes, which are externally funded and contracted out of the State Earnings Related Pension Scheme.

Under the definitions set out in FRS 17 'Retirement Benefits', the TPS and the USS are multi-employer pension Schemes. The College is unable to identify its share of the underlying assets and liabilities of the schemes. Accordingly, the College has accounted for its contributions as if they were defined contribution schemes. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. The College has adopted fully FRS17 for the RCM Pension Scheme.

## **8. Foreign Currency Translation**

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year-end rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

## **9. Leased Assets**

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

## **10. Liquid Resources**

In the context of the statement of cash flows, liquid resources comprise cash held on short-term deposit.

## **11. Taxation Status**

The College is a registered charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of section 506(1) of the Income and Corporation Taxes Act 1988. The College is exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Charitable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The College receives no similar exemption in respect of Value Added Tax.

## **12. Students' Association**

In accordance with FRS2 'Accounting for Subsidiary Undertakings', the accounts do not include those of the Royal College of Music Students' Association as it is a separate legal entity in which the College has no financial interest and no control or significant influence over policy decisions.

## **13. Access Funds**

The College acts as a paying agent for HEFCE Access grants which are solely available for students.



# Royal College of Music

## Annual Review and Financial Statements 2009/10

### Income and Expenditure Account for the year ended 31 July 2010

	Notes	2010 £	2009 £
<b>Income</b>			
Funding council grants	1	5,219,655	6,581,644
Academic fees and support grants	2	6,423,142	5,426,864
Research grants	3	140,383	119,564
Other operating income	4	4,179,246	4,116,660
Endowment and restricted income and interest receivable	5	1,700,237	1,887,977
<b>Total income</b>		<b>17,662,663</b>	<b>18,132,709</b>
<b>Expenditure</b>			
Staff costs	8	9,920,935	9,487,282
Depreciation	9	1,236,915	1,118,842
Other operating expenses	10	5,694,406	6,303,640
Interest and other finance costs	11	149,157	114,294
<b>Total expenditure</b>		<b>17,001,413</b>	<b>17,024,058</b>
Surplus on continuing operations after depreciation of fixed assets at valuation, disposal of assets and before and after tax.	12	661,250	1,108,651
Surplus income from scholarship funds and donors transferred to endowment funds	21	(164,534)	(291,617)
Surplus for year retained within general reserves	23	<b>496,716</b>	<b>817,034</b>

The income and expenditure account is in respect of continuing activities.

#### Statement of Historical Cost Surpluses and Deficits for the year ended 31 July 2010

		2010 £	2009 £
Surplus on continuing operations after depreciation of fixed assets at valuation and disposal of assets but before tax.		661,250	1,108,651
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	22, 23	280,577	226,086
Historical cost surplus before tax		<b>941,827</b>	<b>1,334,737</b>
Historical cost surplus after tax		<b>941,827</b>	<b>1,334,737</b>

# Royal College of Music

## Annual Review and Financial Statements 2009/10

### Statement of Total Recognised Gains and Losses for the year ended 31 July 2010

	Notes	2010 £	2009 £
Surplus on continuing operations after depreciation of fixed assets at valuation, disposal of assets and after tax.		661,250	1,108,651
New endowments	21	500,000	71,835
Increase/(Decrease) in value of endowment asset investments	15	2,119,628	(2,460,062)
Increase/(Decrease) in value of fixed asset investments	14	989,189	(1,305,385)
Actuarial gain/(loss) on RCM pension scheme		215,000	(1,734,000)
Revaluation reserve movement in respect of fixed asset additions	22	132,202	-
Total recognised gains relating in the year		<u>4,617,269</u>	<u>(4,318,961)</u>
Total gains/(losses) recognised since last annual report		<u>4,617,269</u>	<u>(4,318,961)</u>
Reconciliation:			
Opening reserves and endowments		40,805,799	45,124,760
Total recognised gains/(losses) relating to the year		4,617,269	(4,318,961)
Closing reserves and endowments		<u>45,423,068</u>	<u>40,805,799</u>

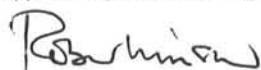
# Royal College of Music

## Annual Review and Financial Statements 2009/10

### Balance Sheet as at 31 July 2010

	Notes	2010 £	2009 £
Tangible assets	13	23,549,005	23,820,198
Investments	14	12,569,075	12,022,273
		<b>36,118,080</b>	<b>35,842,471</b>
<b>Restricted and endowment assets</b>			
Fixed asset investments	15	20,966,345	18,726,554
Other endowment assets	16	1,318,948	774,577
		<b>22,285,293</b>	<b>19,501,131</b>
<b>Current assets</b>			
Debtors	17	1,931,871	2,480,979
Cash at bank and in hand		-	-
Cash on deposit		-	-
		<b>1,931,871</b>	<b>2,480,979</b>
<b>Creditors: amounts falling due within one year</b>	18	<b>(2,010,894)</b>	<b>(3,135,984)</b>
<b>Net current (liabilities)/assets</b>		<b>(79,023)</b>	<b>(655,005)</b>
<b>Total assets less current liabilities</b>		<b>58,324,350</b>	<b>54,688,597</b>
<b>Creditors: amounts falling due after more than one year</b>	19	<b>(2,481,938)</b>	<b>(2,644,687)</b>
<b>Net assets excluding pension liability</b>		<b>55,842,412</b>	<b>52,043,910</b>
<b>Net pension liability</b>	26	<b>(2,267,000)</b>	<b>(2,615,000)</b>
<b>Net assets including pension liability</b>		<b>53,575,412</b>	<b>49,428,910</b>
<b>Deferred capital grants</b>	20	<b>8,152,344</b>	<b>8,623,111</b>
<b>Restricted and endowment funds</b>			
Restricted expendable funds	21	103,765	114,368
Restricted permanent funds	21	19,351,832	16,905,007
Unrestricted permanent endowments	21	2,829,696	2,481,756
		<b>22,285,293</b>	<b>19,501,131</b>
<b>Reserves</b>			
Revaluation reserve	22	7,793,109	7,941,484
Accumulated revenue reserve	23	15,344,666	13,363,184
		<b>23,137,775</b>	<b>21,304,668</b>
<b>Endowments and reserves</b>		<b>45,423,068</b>	<b>40,805,799</b>
<b>Total</b>		<b>53,575,412</b>	<b>49,428,910</b>

Approved by Council and signed on its behalf on 24 November 2010 by:



Professor Lord Winston



Professor Colin Lawson

**Royal College of Music**  
**Annual Review and Financial Statements 2009/10**

**Statement of Cash Flows for the year ended 31 July 2010**

	Notes	2010 £	2009 £
<b>Net cash Inflow/(Outflow) from operating activities</b>	24	<b>1,405,058</b>	<b>(456,394)</b>
<b>Returns on investments and servicing of finance</b>			
Income from endowments		872,486	971,945
Other interest received		950	24,001
Interest paid		(149,157)	(114,294)
		<b>724,279</b>	<b>881,652</b>
<b>Capital expenditure and financial investment</b>			
Payments to acquire endowment asset investments	15	(4,176,251)	(6,083,970)
Realisation of endowment asset investments	15	4,795,407	5,384,766
Payments to acquire tangible fixed assets	13	(965,722)	(6,217,199)
Net released from/(placed in) fixed asset investments	14	613,132	(326,402)
Capital grants received	20	-	2,460,575
Endowments received	21	500,000	71,835
		<b>766,566</b>	<b>(4,710,395)</b>
<b>Management of liquid resources</b>			
Amounts released from deposit		-	1,636,532
<b>Financing</b>			
Repayments of amounts borrowed	19	(162,750)	(162,750)
		<b>(162,750)</b>	<b>(162,750)</b>
<b>Cash movement</b>	25	<b>2,733,153</b>	<b>(2,811,355)</b>

# Royal College of Music

## Annual Review and Financial Statements 2009/10

### Notes to the Accounts for the year ended 31 July 2010

	Notes	2010 £	2009 £
<b>1. Funding council grants</b>			
The Higher Education Funding Council for England (HEFCE), provided grants for the following purposes:			
Recurrent teaching grant		4,326,025	4,479,643
Inherited staff liabilities		82,659	81,052
Higher Education Innovation Fund		219,291	196,933
Other specific grants		467	37,931
HEFCE matched funding grant		-	1,350,000
HEFCE released from deferred capital grants	20	119,709	113,043
HEFCE research grants		471,504	323,042
		<b>5,219,655</b>	<b>6,581,644</b>

*Funding council grants 2008/09 included accrued income of £1,350,000 in respect of the HEFCE matched funding scheme, payable to the College in instalments over four years 2008/09 to 2011/12.*

#### 2. Academic fees and support grants

UK higher education students		1,778,970	1,460,152
Other European Union students		603,048	614,751
Non European Union students		2,776,322	2,207,789
Other		161,606	121,381
Junior Department		1,103,196	1,022,791
		<b>6,423,142</b>	<b>5,426,864</b>

#### 3. Research grants

Grants from research councils		140,383	119,564
		<b>140,383</b>	<b>119,564</b>

*Note 3 reflects research grants provided by research councils. Research activity funded by charities continues to be included under Grant Income in Note 4.*

	Notes	2010 £	2009 £
<b>4. Other operating income</b>			
Grant income from charities		166,408	188,350
Catering and residences		836,017	755,396
Other services rendered		325,369	287,488
Profit on sale of fixed assets		2,894	-
Released from deferred capital grants	20	351,058	359,701
Donations and other income		2,497,500	2,525,725
		<b>4,179,246</b>	<b>4,116,660</b>

In 2009/10, donations of £1,450,000 were received from ABRSM (£1,350,000 in 2008/09).

A new catering contract was awarded on 1 April 2010. Prior to that date a net figure for catering is included in the accounts. Due to the nature of the new contract, post 1 April 2010, gross income and expenditure are shown separately (see note 10 for related expenditure).

<b>5. Restricted and endowment income and interest receivable</b>			
Restricted donations	21	826,801	892,031
Investment income on restricted endowments	21	763,697	855,186
Investment income on unrestricted endowments	21	108,789	116,759
Other interest receivable		950	24,001
		<b>1,700,237</b>	<b>1,887,977</b>

<b>6. Director's emoluments</b>			
Salary		145,450	124,537
Benefits in kind		1,484	1,609
Pension contributions		22,822	18,721
Total emoluments		<b>169,756</b>	<b>144,867</b>

From 1 September 2006, the Director is required as part of his contract to live in a residence owned by the College. The costs associated with this residence in the year were £1,484 (2009: £1,609).

	2010 Number	Restated 2009 Number
<b>7. Remuneration of higher paid staff</b>		
The number of staff, including the Director, who received remuneration in the following ranges was:		
£60,001 - £70,000	1	1
£70,001 - £80,000	2	3
£80,001 - £90,000	1	1
£90,001 - £100,000	2	-
£120,001 - £130,000	-	1
£140,001 - £150,000	1	-
	<b>7</b>	<b>6</b>

	Notes	2010 £	2009 £
<b>8. Staff costs</b>			
Wages and salaries		8,577,215	8,233,397
Social security costs		531,192	521,464
Pension costs		812,528	732,421
		<b>9,920,935</b>	<b>9,487,282</b>

	2010 Full time Equivalents	2009 Full time Equivalents		
<b>Staff costs by department</b>				
Teaching departments	71	71	4,667,914	4,459,242
Teaching support services	39	39	1,724,004	1,632,946
Administration and central services	56	58	3,019,580	2,890,270
Premises	13	14	509,437	504,824
	<b>179</b>	<b>182</b>	<b>9,920,935</b>	<b>9,487,282</b>

*The members of Council other than the Director and the staff members did not receive payment from the College apart from the reimbursement of travel and subsistence expenses incurred in the course of their duties.*

## 9. Depreciation

*The depreciation charge has been funded by:*

Deferred capital grants released	20	470,767	472,744
Released from revaluation reserve	22, 23	280,577	226,086
Financed internally		485,571	420,012
		<b>1,236,915</b>	<b>1,118,842</b>

	Notes	2010 £	2009 £
<b>10. Other operating expenses</b>			
Catering operating expenses		150,063	79,676
Academic departments		681,106	764,990
Learning resources		259,213	251,726
Scholarships and bursaries		1,564,239	1,493,121
Premises costs		962,141	1,413,759
Grant to RCM Students' Association		20,293	20,054
Other expenses		1,998,037	2,113,296
Loss on disposal of fixed assets and write off of musical instruments		-	124,242
Bad debts		59,314	42,776
		<b>5,694,406</b>	<b>6,303,640</b>

*A new catering contract was awarded on 1 April 2010. Prior to that date a net figure for catering is included in the accounts. Due to the nature of the new contract, post 1 April 2010, gross income and expenditure are shown separately (see note 4 for related income).*

*Other operating expenses include:*

Auditors' remuneration - external auditors		41,810	40,876
Auditors' remuneration in respect of prior year - external auditors		87	6,520
Auditors' remuneration - internal audits		28,539	30,031
Auditors' remuneration - non-audit related fees		5,346	6,762
Hire of plant and machinery - operating leases		4,163	4,163
Hire of other assets - operating leases		1,005	1,005

**11. Interest and other finance costs**

Bank loans not wholly repayable within five years	19	149,157	114,294
		<b>149,157</b>	<b>114,294</b>

*The interest repayable in 2009 included a refund of £55,775 which was for the incorrect interest rate of 6.23% being applied from when the loan was renegotiated in 2006. This interest rate was corrected in October 2008 and therefore resulted in a net reduction of interest repayable in 2009. The 2010 interest payable is correct at a rate of 5.43%.*

**12 Surplus on continuing operations**

College's surplus for the year		661,250	1,108,651
		<b>661,250</b>	<b>1,108,651</b>



13. Tangible assets	Notes	Land and buildings		Furniture & Equipment	Musical Instruments	Total
		Freehold	Leasehold			
		£	£	£	£	£
Cost or Valuation						
<b>Balance reported at 1 August 2009</b>		<b>4,331,688</b>	<b>19,577,831</b>	<b>2,192,220</b>	<b>6,863,303</b>	<b>32,965,042</b>
Additions		36,702	456,910	236,304	235,806	965,722
Disposals		-	-	-	(47,854)	(47,854)
<b>At 31 July 2010</b>		<b>4,368,390</b>	<b>20,034,741</b>	<b>2,428,524</b>	<b>7,051,255</b>	<b>33,882,910</b>
Depreciation						
<b>Balance reported at 1 August 2009</b>		<b>884,859</b>	<b>3,422,084</b>	<b>1,593,570</b>	<b>3,244,331</b>	<b>9,144,844</b>
Provided during the year	9	101,409	589,715	264,889	280,902	1,236,915
Disposals		-	-	-	(47,854)	(47,854)
<b>At 31 July 2010</b>		<b>986,268</b>	<b>4,011,799</b>	<b>1,858,459</b>	<b>3,477,379</b>	<b>10,333,905</b>
<b>Net book value at 31 July 2010</b>		<b>3,382,122</b>	<b>16,022,942</b>	<b>570,065</b>	<b>3,573,876</b>	<b>23,549,005</b>
<b>Net book value at 1 August 2009</b>		<b>3,446,829</b>	<b>16,155,746</b>	<b>598,650</b>	<b>3,618,972</b>	<b>23,820,198</b>

The freehold land and buildings comprise the College's hall of residence and a residential property in London. They are stated in the accounts at cost less depreciation.

The leasehold land and buildings relate to the College's main site in Prince Consort Road, London. The property is held on a 999 year lease, expiring in the year 2890, which is non-assignable. In the event that the College ceases to operate in accordance with the Royal Charter, the property reverts to the landlord. The 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.

The leasehold land and buildings additions include £13,100 of assets in the course of construction relating mainly to the Prince Consort Road building. The freehold land and buildings additions include £11,750 of assets in the course of construction relating to College Hall. These assets are included at current cost and no depreciation is provided until the asset is brought into use.

In accordance with the transitional rules set out in FRS15 "Tangible Fixed Assets", the book values of the leasehold property were retained on implementation. There has been no indication that there has been any impairment in the value of these assets.

	Notes	2010	2009
		£	£
<i>Tangible fixed assets are financed as follows:-</i>			
Revaluation reserve	22	6,898,109	7,046,484
Deferred capital grants	20	8,152,344	8,623,111
Internal funds		8,498,552	8,150,603
		<b>23,549,005</b>	<b>23,820,198</b>

	Notes	2010 £	2009 £
<b>14. Fixed asset investments</b>			
Investment in subsidiary company		100	100
Heritage assets		933,500	933,500
Interest in the ABRSM at cost	31	2,275,000	2,275,000
		<b>3,208,600</b>	<b>3,208,600</b>
Managed investments		9,360,475	8,813,673
		<b>12,569,075</b>	<b>12,022,273</b>

The College owns 100% of the issued share capital of 100 ordinary £1 shares of RCM Development Fund Limited, a company registered in England and operating in the UK, whose principal activity was to raise funds for the College and which is now a dormant company.

Since 2007, Heritage Assets has included a part of the RCM Portraits Collection, which is of significant historical interest to musicians. These artworks comprise items on display at 9 November 2005 which were valued for insurance purposes at £895,000 by Seymours, Art Advisers and Valuers and £38,500 for a subsequent addition at cost. There is no reason to believe that there has been any impairment in the value of these assets. In accordance with the transitional provisions of FRS 15, no value has been placed on the other Heritage Assets held by the College when this FRS was implemented.

The College 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 a winding up, the ABRSM's constitution requires its governing body to consider, in the first instance, the transfer of surplus assets to another body that is equipped to carry on the work of ABRSM. The ABRSM is an international examining body that offers a system of graded music examinations in 80 countries around the world. The company is also a provider of professional development for instrumental and singing teachers. A subsidiary of the ABRSM is engaged in the production and sale of music publications.

Managed investments reflect the stock market portfolio transferred as part of the unencumbered assets donated by the Prince Consort Foundation to the College on 30 June 2007 and the transfer of assets related to general endowment reserves with no conditions attached to the use of the capital into revenue reserves in line with SORP 2007 in the 2008 accounts.

	Notes	2010 £	2009 £
<b>Balance as at 1 August 2009</b>		<b>8,813,673</b>	<b>10,559,317</b>
Additions		1,799,146	3,457,340
Proceeds on disposals		(2,412,278)	(3,130,938)
Net gains/(losses) on revaluation		989,189	(1,305,385)
Movements on cash		170,744	(766,661)
<b>Balance at 31 July 2010</b>		<b>9,360,474</b>	<b>8,813,673</b>
Investments held are analysed as follows:			
<i>Managed investments</i>			
Fixed interest stocks (listed)		1,696,856	1,716,734
Equities (listed) and unit trusts		7,387,629	6,991,695
Cash held by investment managers	25	275,989	105,244
		<b>9,360,474</b>	<b>8,813,673</b>

	Notes	2010 £	2009 £
<b>15. Restricted and endowment funds - fixed asset investments</b>			
<b>Balance at 1 August 2009</b>		<b>18,726,554</b>	<b>21,013,516</b>
Additions		4,176,251	6,083,970
Proceeds on disposals		(4,795,407)	(5,384,766)
Net gains/(losses) on revaluation	21	2,119,628	(2,460,062)
Movements on cash		739,319	(526,104)
<b>Balance at 31 July 2010</b>		<b>20,966,345</b>	<b>18,726,554</b>
Investments held are analysed as follows:			
<i>Managed investments</i>			
Fixed interest stocks (listed)		5,042,807	5,102,645
Equities (listed) and unit trusts		14,773,179	13,217,486
Cash held by investment managers		1,104,028	364,709
		<b>20,920,014</b>	<b>18,684,841</b>
<i>Other investments</i>			
Investment in a CAF fund		46,331	41,713
		<b>20,966,345</b>	<b>18,726,554</b>
<i>General endowments for which no conditions were attached to the use of the capital are included in the Fixed Asset Investments of the College (see Note 14).</i>			
<b>16. Restricted and endowment funds - other assets</b>			
Cash at bank		123,966	96,436
Cash on deposit		1,137,440	602,756
Debtors		62,542	75,560
Creditors		(5,000)	(175)
		<b>1,318,948</b>	<b>774,577</b>

	Notes	2010 £	2009 £
<b>17. Debtors</b>			
Amounts falling due within one year:			
Debtors		136,079	221,723
Prepayments and accrued income		953,391	909,256
HEFCE Matched Funding Debtor		66,150	155,250
		<b>1,155,620</b>	<b>1,286,229</b>
Amounts falling due after one year:			
HEFCE Matched Funding Debtor		776,251	1,194,750
		<b>1,931,871</b>	<b>2,480,979</b>
<b>18. Creditors: amounts falling due within one year</b>			
Bank overdraft		152,173	1,413,048
Bank loans	19	162,750	162,750
Creditors		363,043	460,818
Balances with subsidiary undertaking		5,692	5,692
Social security and other taxation payable		234,556	184,552
Accruals		814,645	561,996
Deferred income		278,035	347,128
		<b>2,010,894</b>	<b>3,135,984</b>

*RCM balances with subsidiary undertaking relate to RCM Development Limited (see Note 14).*

*The bank overdraft is the amount drawn down at 31 July 2010. This facility is unsecured.*

*In the 2010 and 2009 accounts, there were no material balances between the College and ABRSM as at the balance sheet date.*

	Notes	2010 £	2009 £
19. Creditors: amounts falling due after more than one year			
Bank loan		2,481,938	2,644,687
<i>Analysis</i>			
Due within 1-2 years		162,750	162,750
due 2-5 years		488,250	488,250
due after more than 5 years		1,830,938	1,993,687
		<u>2,481,938</u>	<u>2,644,687</u>

The College took out a long term loan in 1994 for £4,000,000 at a fixed interest rate of 10.5% which was secured as £3,500,000 on the freehold of the College Hall residence and £500,000 on the College's general endowment fund. Repayment of the loan was effected by annual amounts of £200,000.

On 16 October 2006, agreement was reached with the College bankers to replace this loan with a new loan at a fixed interest rate of 5.3%. The cost of dissolving the original loan was £655,000 and this amount was added to the outstanding balance of £2,600,000, making a total for the new loan of £3,255,000 which is being repaid by quarterly instalments over 20 years. Security for the new loan is a general covenant on the College.

	Notes	HEFCE £	funding £	Total £
20. Deferred capital grants				
Balance at 1 August 2009		2,302,966	6,320,145	8,623,111
Released to income and expenditure	4	(119,709)	(351,058)	(470,767)
Balance at 31 July 2010	13	<u>2,183,257</u>	<u>5,969,087</u>	<u>8,152,344</u>

Under the 2007 Statement of Recommended Practice, donations towards the cost of purchase or construction of a tangible fixed asset other than land are to be classified as deferred capital grants.

	Notes	Restricted Expendable £	Restricted Permanent £	Unrestricted Permanent £	Total £
21. Restricted and endowment funds					
Balance at 1 August 2009		114,368	16,905,007	2,481,756	19,501,131
New endowments/capital income		-	500,000	-	500,000
Gains in market value of investments	15	-	1,872,331	247,297	2,119,628
Capital movements		-	2,372,331	247,297	2,619,628
Income for year	5	826,801	763,697	108,789	1,699,287
Expenditure for year		(837,404)	(689,203)	(8,146)	(1,534,753)
Revenue movements		<u>(10,603)</u>	<u>74,494</u>	<u>100,643</u>	<u>164,534</u>
Balance at 31 July 2010		<u>103,765</u>	<u>19,351,832</u>	<u>2,829,696</u>	<u>22,285,293</u>
<i>Purpose of fund balances:-</i>					
Scholarships, bursaries and prizes		103,765	19,351,832	-	19,455,597
Unrestricted use of income		-	-	2,829,696	2,829,696
Balance at 31 July 2010		<u>103,765</u>	<u>19,351,832</u>	<u>2,829,696</u>	<u>22,285,293</u>

The SORP requires restricted permanent funds to be split into capital and accumulated income. Work to verify the split on the Restricted Permanent Funds is ongoing and as such this presentation has not been adopted for the 2010 accounts.

	Notes	Land and buildings £	Heritage assets £	Musical instruments £	Total £
<b>22. Revaluation reserve</b>					
<b>Balance at 1 August 2009</b>		<b>4,285,804</b>	<b>895,000</b>	<b>2,760,680</b>	<b>7,941,484</b>
Assets brought in at valuation	13	-	-	132,202	132,202
Released in year	9	(110,208)	-	(170,369)	(280,577)
<b>Balance at 1 August 2010</b>		<b>4,175,596</b>	<b>895,000</b>	<b>2,722,513</b>	<b>7,793,109</b>

	Notes	2010 £	2009 £
<b>23. Accumulated Revenue Reserve</b>			
<b>Balance at 1 August 2009</b>		<b>13,363,184</b>	<b>15,359,449</b>
Surplus from income and expenditure account		496,716	817,034
Increase/(Decrease) in the value of fixed asset		989,189	(1,305,385)
Actuarial gain/(loss) on RCM pension scheme	26	215,000	(1,734,000)
Release from revaluation reserve	22	280,577	226,086
<b>Balance at 1 August 2010</b>		<b>15,344,666</b>	<b>13,363,184</b>
<i>Analysis of accumulated revenue reserve carried forward:-</i>			
Reserve before pension liability		17,611,666	15,978,184
RCM pension scheme liability	26	(2,267,000)	(2,615,000)
Reserve including pension liability		15,344,666	13,363,184

A gain of £348,000 arises from a change in the FRS 17 (Retirement Benefits) actuarial assessment for the Royal College of Music Pension and Assurance Scheme, including a gain of £215,000 relating to deferred pensions which are now linked to CPI (as against RPI), in line with announced government policy. The resultant reduction in future pensions is regarded as a change in assumption. Thus the related reduction in the pension liability is a gain to be recognised through the Statement of Consolidated Total Recognised Gains and Losses

	Notes	2010 £	2009 £
<b>24. Reconciliation of operating surplus to net cash inflow/(outflow) from operating activities</b>			
<b>Surplus on continuing operations after depreciation of fixed assets at valuation, disposal of assets and before and after tax.</b>		<b>661,250</b>	<b>1,108,651</b>
Depreciation	9	1,236,915	1,118,842
Loss on the sale of fixed assets	10 / 4	0	155,363
Deferred capital grants released to income	4	(470,767)	(472,744)
Investment income and interest receivable	5	(873,436)	(995,946)
Interest payable	11	149,157	114,294
Addition to revaluation reserve	22	132,202	-
Decrease/(increase) in debtors	17	562,126	(1,586,947)
Increase in creditors	18	7,611	102,094
		<hr/>	<hr/>
Net cash inflow/(outflow) in the year from operating activities		<b>1,405,058</b>	<b>(456,394)</b>
		<hr/> <hr/>	<hr/> <hr/>

	Notes	At 1 August 2009 £	Cashflows £	At 31 July 2010 £
<b>25. Analysis of changes in net funds</b>				
<i>Cash</i>				
Endowment assets				
Balances at investment managers	15	364,709	739,319	1,104,028
Other balances	16	699,192	562,214	1,261,406
College current assets				
Cash at bank and in hand		-	0	-
Balances at investment managers	14	105,244	170,745	275,989
College current liabilities				
Bank overdraft	18	(1,413,048)	1,260,875	(152,173)
		<hr/>	<hr/>	<hr/>
		<b>(243,903)</b>	<b>2,733,153</b>	<b>2,489,250</b>
<i>Financing</i>				
Loan: Due within one year	18	(162,750)	-	(162,750)
Loan: Due after one year	19	(2,644,688)	162,750	(2,481,938)
		<hr/>	<hr/>	<hr/>
		<b>(3,051,341)</b>	<b>2,895,903</b>	<b>(155,438)</b>
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## 26. Pension schemes

The College has employees participating in and contributing towards the Royal College of Music Pension and Assurance Scheme, the Teachers' Pension Scheme (TPS) and the Universities Superannuation Scheme Limited (USS).

### **The Teachers' Pension Scheme (TPS)**

#### *Introduction*

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 1997, as amended. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local education authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

Because of the mutual nature of the scheme, the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

#### *The Teachers' Pension Account*

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts, are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

#### *Valuation of the Teachers' Pension Scheme*

Not less than every four years the Government Actuary (GA), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions.



The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate (SCR) is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that the accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1<sup>st</sup> April 2001 to 31<sup>st</sup> March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR has been assessed at 19.75%, and the supplementary contribution rate has been assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years); a total contribution rate of 20.5%. This translates into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement has also introduced – effective for the first time for the 2008 valuation – a 14.1% cap on employer contributions payable.

### **Universities Superannuation Scheme (USS)**

The College participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is externally funded and contracted out of the State Second pension (S2P). The assets of the scheme are held in a separate fund, administered by the trustee, Universities Superannuation Scheme Limited. USS has more than 135,000 active members and the College has approximately 100 active members participating in the scheme.

The appointment of directors to the board of the trustee is determined by the company's Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; one is appointed by the Higher Education Funding Councils; and a minimum of two and a maximum of four are co-opted directors appointed by the board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

Because of the mutual nature of the scheme, the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The latest actuarial valuation of the scheme was at 31 March 2008. This was the first valuation for USS under the new scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions.

The valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality.

The financial assumptions were derived from market yields prevailing at the valuation date. An "inflation risk premium" was also included by deducting 0.3% from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2% for CPI which corresponds broadly to 2.75% for RPI per annum).

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.4% per annum (which includes an additional assumed investment return over gilts of 2% per annum), salary increases would be 4.3% per annum (plus an additional allowance for increases in salaries due to age and promotion reflecting historic Scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.3% per annum.

Standard mortality tables were used as follows:

Male members' mortality	PA92 rated MC YoB tables – rated down 1 year
Female members' mortality	PA92 rated MC YoB tables – no age rating

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further small improvements in mortality rates.

The assumed life expectations on retirement at age 65 are:

Males (females) currently aged 65	22.8 (24.8) years
Males (females) currently aged 45	24.0 (25.9) years

At the valuation date, the value of assets of the scheme was £28,842.6 million and the value of the scheme's technical provisions was £28,135.3 million indicating a surplus of £707.3 million. The assets therefore were sufficient to cover 103% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 71%. Under the Pension Protection Fund regulations the Scheme was 107% funded; on a buy-out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 79% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single employer scheme, using a AA bond discount rate of 6.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2008 was 104%.

The technical provision relates essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions except that the valuation rate of interest assumed asset outperformance over gilts of 1.7% per annum (compared to 2% per annum for the technical provisions) giving a discount rate of 6.1% per annum; also the allowance for promotional salary increases was not as high.

There is currently uncertainty in the sector regarding pay growth. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic salary, experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

The institution contribution rate required for future service benefits alone at the date of the valuation was 16% of pensionable salaries and the trustee company, on the advice of the actuary, agreed to increase the institution contribution rate to 16% of pensionable salaries from 1 October 2009.

Since 31 March 2008 global investment markets have continued to fall and at 31 March 2010 the actuary has estimated that the funding level under the new scheme specific funding regime has fallen from 103% to 91%. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the two years and changes in market conditions (market conditions affect both the valuation rate of interest and also the inflation assumption which in turn impacts on the salary and pension increase assumptions).

On the FRS17 basis, using a AA bond discount rate of 5.6% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2010 was 80%. An estimate of the funding level measured on a buy-out basis at that date was approximately 57%.

Surpluses or deficits which arise at future valuations may impact on the College's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

<b>Assumption</b>	<b>Change in assumption</b>	<b>Impact on scheme liabilities</b>
Valuation rate of interest	Increase/decrease by 0.5%	Decrease/increase by £2.2 billion
Rate of pension increases	Increase/decrease by 0.5%	Increase/decrease by £1.5 billion
Rate of salary growth	Increase/decrease by 0.5%	Increase/decrease by £0.7 billion
Rate of mortality	More prudent assumption (move to long cohort future improvements from the medium cohort adopted at the valuation)	Increase by £1.6 billion

USS is a "last man standing" scheme so that in the event of insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

The trustee believes that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a bias towards equities through portfolios that are diversified both geographically and by sector. The trustee recognises that it would be possible to select investments producing income flows broadly similar to the estimated liability cash flows. However, in order to meet the long-term funding objective within a level of contributions that it considers the employers would be willing to make, the trustee has agreed to take on a degree of investment risk relative to the liabilities.

This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding to take investment risk relative to the liabilities, the trustee receives advice from its investment consultant and the scheme actuary, and considers the views of the employers.

The strong positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities. The trustee believes that this, together with the ongoing

flow of new entrants into the scheme and the strength of covenant of the employers enables it to take a long-term view of its investments. Short-term volatility of returns can be tolerated and need not feed through directly to the contribution rate.

The actuary has confirmed that the scheme's cash flow is likely to remain positive for the next ten years or more. The next formal triennial actuarial valuation is due as at 31 March 2011. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

The contribution rate payable by the College was 14% of pensionable salaries to 30 September 2009 and 16% of pensionable salaries from 1 October 2009.

### **Royal College of Music Pension and Assurance Scheme (formerly The Legal and General (L&G) Scheme)**

Changes in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the College are charged to the income & expenditure account or the statement of total recognised surpluses and deficits in accordance with FRS 17 'Retirement Benefits'. The difference between the fair value of the assets held in the RCM Pension Scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the College's balance sheet as a pension scheme asset or liability as appropriate.

With effect from 1<sup>st</sup> August 2007, the College decided that the liability for future service for members of the Scheme should be provided by the University Superannuation Scheme. A formal valuation of the RCM Pension Scheme was carried out and the shortfall is being recovered over a period of 4 years and 3 months. The College will make a contribution of £323,000 in 2010/11.

#### **FRS 17**

The following information is based upon a full actuarial valuation of the fund at 31 July 2010, by a qualified independent actuary.

	<b>At 31 July 2010</b>	<b>At 31 July 2009</b>	<b>At 31 July 2008</b>
Inflation - RPI	3.40%	3.70%	3.90%
Inflation - CPI	2.90%	N/A	N/A
Rate of increase in salaries	4.40%	4.70%	4.90%
Rate of increase for pensions	3.40%	3.70%	3.90%
Discount rate for liabilities	5.40%	6.00%	6.60%

The assets and the expected rates of return were:

	Long-term rate of return expected at 31 July 2010	Value at 31 July 2010 £000s	Long-term rate of return expected at 31 July 2009	Value at 31 July 2009 £000s	Long-term rate of return expected at 31 July 2008	Value at 31 July 2008 £000s
Equities	7.80%	2,535	8.00%	3,201	8.00%	3,190
Bonds	5.10%	2,875	5.40%	1,622	5.90%	1,751
Cash	0.50%	233	0.50%	25	5.00%	16
<b>Total market value of assets</b>		<b>5,643</b>		<b>4,848</b>		<b>4,957</b>

	Years ended 31 July				
	2010	2009	2008	2007	2006
	£000s	£000s	£000s	£000s	£000s
Market value of assets	5,643	4,848	4,957	5,155	4,498
Present value of scheme liabilities	7,910	7,463	5,922	6,507	6,446
<b>Deficit in the scheme</b>	<b>(2,267)</b>	<b>(2,615)</b>	<b>(965)</b>	<b>(1,352)</b>	<b>(1,948)</b>

The market value of assets is based on valuation statements as at 31 July 2010 provided by Legal and General, and the balance of the Trustees' bank account held with Barclays Commercial Bank.

The value of scheme liabilities is based on the preliminary results of the actuarial valuation of the scheme as at 1 August 2007 adjusted to 31 July 2010 and further adjusted to take account of actual increases in pensionable earnings, deferred pensions and pensions in payment, allowance for the discretionary increase of 5.5% awarded on non-GMP pension earned before 6 April 1997 and material changes brought about by transfers into or out of the Scheme.

#### Analysis of the amount charged to income and expenditure account

	31 July 2010	31 July 2009
	£000s	£000s
Service cost	-	-
Past service cost	8	31
<b>Total Operating Charge</b>	<b>8</b>	<b>31</b>

## Analysis of net interest on pension liabilities

	Year Ended 31 July 2010	Year Ended 31 July 2009
	£000s	£000s
Expected return on pension scheme assets	360	360
Interest on pension liabilities	(443)	(387)
<b>Net interest</b>	<b>(83)</b>	<b>(27)</b>

## Amount recognised in the Statement of Total Recognised Gains and Losses (STRGL)

	Year Ended 31 July 2010	Year Ended 31 July 2009
	£000s	£000s
Actual return less expected return on pension scheme assets	389	(483)
Experience gains and losses arising on the scheme liabilities	250	(623)
Changes in financial and demographic assumptions underlying the present value of liabilities	(424)	(628)
<b>Actuarial gain/(loss) to be recognised in STRGL</b>	<b>215</b>	<b>(1,734)</b>

The cumulative actuarial loss taken to the STRGL since the formation of the scheme is £1,796,000.

## Movement In deficit during the year

	Year Ended 31 July 2010	Year Ended 31 July 2009
	£000s	£000s
Deficit in scheme at 1 August 2009	(2,615)	(965)
Movement in year:		
Current service charge	-	-
Contributions	238	142
Past service costs	(8)	(31)
Net interest / return on assets	(97)	(27)
Actuarial gain/(loss)	215	(1,734)
<b>Deficit In Scheme at 31 July 2010</b>	<b>(2,267)</b>	<b>(2,615)</b>

## Changes in present values of liabilities during the year

	Year Ended 31 July 2010	Year Ended 31 July 2009
	£000s	£000s
Liabilities at 1 August 2009	7,463	5,922
Current service cost	-	-
Employee contributions	-	-
Interest cost	443	387
Actuarial loss (gain) on liabilities due to experience	(250)	623
Actuarial loss (gain) on liabilities due to assumption changes	424	628
Benefits paid	(178)	(128)
Past service cost	8	31
	<hr/>	<hr/>
Liabilities at 31 July 2010	<b>7,910</b>	<b>7,463</b>

## Changes in the fair value of assets during the year

	Year Ended 31 July 2010	Year Ended 31 July 2009
	£000s	£000s
Fair value of assets at 1 August 2009	4,848	4,957
Expected return on assets	346	360
Actuarial gain (loss) on assets	389	(483)
Contributions by the College	238	142
Contributions by the members	-	-
Benefits paid (including expenses)	(178)	(128)
	<hr/>	<hr/>
Fair value of assets at 31 July 2010	<b>5,643</b>	<b>4,848</b>
<b>Actual return on assets</b>	<b>735</b>	<b>(123)</b>



## History of Experience Gains and Losses

	Years ended 31 July				
	2010	2009	2008	2007	2006
Difference between the expected and actual return on assets	389	(483)	(597)	(30)	105
% of scheme assets	6.9%	(10.0%)	(10.1%)	(0.6%)	2.3%
Experience gains and losses on scheme liabilities	250	(623)	1,126	67	327
% of scheme liabilities	3.1%	(8.3%)	19.1%	1.0%	5.1%
Total amount recognised in STRGL	215	(1,734)	302	593	80
% of scheme liabilities	2.7%	(23.2%)	5.1%	9.1%	1.2%

## Employer's and employees' total contributions

	Year Ended	Year Ended
	31 July 2010	31 July 2009
	£	£
Contributions to TPS	464,192	440,946
Contributions to RCM Pension Scheme	212,573	141,575
Contributions to USS	719,551	617,728
<b>Total</b>	<b>1,396,316</b>	<b>1,200,249</b>

	Notes	2010 £	2009 £
<b>27. Access funds</b>			
<b>Balance at 1 August</b>		<b>469</b>	<b>1,531</b>
HEFCE grants		6,903	8,666
		<hr/>	<hr/>
		7,372	10,197
Disbursed to students		(7,010)	(9,468)
Administration charge		(207)	(260)
		<hr/>	<hr/>
<b>Balance at 31 July</b>		<b>155</b>	<b>469</b>
		<hr/> <hr/>	<hr/> <hr/>

*HEFCE Access grants are available solely for students; the College acts only as a paying agent.*

*The above balances are included in current creditors.*

## 28. Capital commitments

As at 31 July 2010 the College had capital commitments of £19,536 (2009: £490,237). This was in respect of the Way-finding Project. The College will meet these commitments from normal operating activities and the reserves of the College.

## 29. Financial commitments

At 31 July 2010 the College had annual commitments under non-cancellable operating leases as

### *Land and buildings*

Expiring in over five years

<b>1,005</b>	<b>1,005</b>
<hr/> <hr/>	<hr/> <hr/>

### *Other Operating Leases*

Expiring between one and five years

<b>4,163</b>	<b>4,163</b>
<hr/> <hr/>	<hr/> <hr/>

### 30. Related party transactions

As far as the College is aware, there were no related party transactions during the year, other than normal transactions with the Associated Board of the Royal Schools of Music.

### 31. Share of net liability of associate

The interest in the ABRSM is carried at cost (see Note 14).

The College's 25% share of the results of ABRSM for the year ended 31st January, which is not consolidated in the 2010 accounts, are set out below:-

	Notes	2010 £	2009 £
Total income		8,187,500	8,951,000
<b>Net income, after deducting charitable donations</b>		<b>242,000</b>	<b>411,750</b>
Fixed Assets		295,250	274,500
Current Assets		3,514,500	3,541,750
Liabilities due within one year		(2,640,500)	(2,643,750)
Liabilities due after more than one year		(12,000)	(6,000)
<b>Net assets before pension liabilities</b>		<b>1,157,250</b>	<b>1,166,500</b>
Net pension liability		(2,411,500)	(1,318,000)
<b>Net liabilities after pension fund deficit</b>		<b>(1,254,250)</b>	<b>(151,500)</b>

### 32. Post balance sheet events

There are no post balance sheet events to report.