

ANNUAL REVIEW AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

18 NOVEMBER 2021

The Royal Academy of Music moves music forward by inspiring successive generations of musicians to connect, collaborate and create.

Charity number 310007

Company registration number RC000438

MARYLEBONE ROAD, LONDON NW1 5HT
RAM.AC.UK



**UNIVERSITY
OF LONDON**

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FOREWORD FROM THE PRINCIPAL



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The Academy's status as one of the world's leading conservatoires stems from our unswerving focus on musical excellence, with immensely gifted young performers and composers from over 50 countries taught by outstanding staff and a close-knit group of visiting professors. We measure our success largely by the achievements of our students and alumni who make an important impact on music in the UK and all over the globe.

The dedication of students and staff alike has come into its own in the last year as we have successfully surmounted the challenges of the COVID-19 pandemic. We were delighted to host a visit by the Minister for Higher Education, the Rt Hon Michelle Donelan MP, on the first day after our lockdown was lifted in March 2021. The generosity of leading industry figures enabled us to offer a full range of high-quality artistic projects, concentrated into those parts of the academic year when we were allowed to resume our activities onsite. And the generosity of donors helped support our students through a period of exceptional hardship challenges. It gave us great satisfaction to be one of only a small handful of higher education providers to have in-person graduation ceremonies for both our 2019/20 and 2020/21 cohorts, with guests, in July 2021.

As Britain's oldest conservatoire, we are proud of our rich past and celebrate great musical traditions. Our passion, though, is primarily about reflecting the here and now and anticipating change. We want to inspire innovation and encourage creativity in every single student within a supportive environment; the independent Review of Safeguarding commissioned by our Governing Body has been adopted as a model by Conservatoires UK; during the last year we have reviewed our equality, diversity and inclusion culture and policies; and we are developing our strategy for how we will train our students for the post-pandemic musical world. There are already clear signs of strong recovery in live performance and we are confident that as we enter our third century the Academy and our students will continue to shape and enrich the musical life of the UK and many other countries.

Professor Jonathan Freeman-Attwood CBE
Principal

ABOUT US

The Royal Academy of Music was established in 1822 and granted a Royal Charter in 1830 (Supplemental Charter granted in 1998). The Academy is a registered charity, number 310007, and a company registered with Companies House, number RC000438. The Academy is registered with the Office for Students as a higher education provider, OfS:0135532.

Patron	HM The Queen
President	HRH The Duchess of Gloucester GCVO Hon FRAM
Vice Presidents	Lord Burns GCB Hon FRAM Sir Elton John CH CBE Hon RAM, DMus Sir David Lumsden MA DPhil, Hon RAM, Hon FRCO Sir Curtis Price KBE Hon RAM

GOVERNING BODY

Independent Members of the Governing Body

Chair	Dame Jenny Abramsky DBE Hon RAM
Deputy Chair	Lady Sainsbury of Turville CBE Hon FRAM, FSA
Deputy Chair	The Rt Hon Lord Sumption OBE PC FSA, FRHistS, Hon FRAM Lord Blackwell John Burgess Hon FRAM Robin Butler Hon FRAM Lucy Crowe FRAM (resigned January 2020) Rehmet Kassim-Lakha Luke Lloyd Davies Timothy Parker Hon FRAM Professor Sir Richard Trainor KBE BA, MA, DPhil, FKC, Hon FRAM The Duchess of Wellington OBE William de Winton Damian Wisniewski BSc (Eng), ACGI, BFP, FCA, LRAM

Academic Staff Representatives

Melanie Ragge MPhil (Cantab), MA (Cantab), LRAM, Dip RCM (retired July 2021)
Jon Thorne (retired July 2021)
Barbara Law (appointed September 2021)
Margaret Faultless (appointed September 2021)

Administrative Staff Representative

Kathryn Adamson MA, Hon FRAM (retired July 2021)
Safi Schlicht (appointed September 2021)

Student Union President and Student Representative

Stephen Payne (retired July 2021)
Daniel Latham (appointed September 2021)

Secretary to Governing Body

Sandra Green Hon ARAM

In addition to the Independent Members, the Principal and newly elected Staff and Student Representative members were appointed as trustees with effect from 1 September 2021 as part of the Academy's review of its Charter and commitment to equality.

SENIOR MANAGEMENT TEAM

Principal Professor Jonathan Freeman-Attwood CBE BMus, MPhil, Hon RAM, FKC, FRNCM, FRCM

Deputy Principal Professor Timothy Jones MA, DPhil, LTCL, Hon RAM

Director of Finance Judith Barber BSc, CPFA, Hon ARAM (retired September 2021)

Director of Finance Karen Di Lorenzo MBA, MA Cantab, ACMA (appointed September 2021)

Registrar and Director of Student Operations Catherine Jury Hon ARAM

Dean of Students Professor Elizabeth Kenny MA, FRAM

Deputy Principal (Advancement) Kirsty MacDonald BA, MA Oxon

ADMINISTRATIVE INFORMATION

Registered Office	Marylebone Road, London NW1 5HT
External Auditors	Mazars LLP, Chartered Accountants and Statutory Auditors 90 Victoria Street, Bristol BS1 6DP
Internal Auditors	Azets, Exchange Place 3, Semple Street, Edinburgh EH3 8BL
Bankers	Lloyds Bank plc, 25 Gresham Street, London EC2V 7HN
Investment Fund Managers	Cazenove Capital, 12 Moorgate, London EC2R 6DA Veritas Investment Management LLP, 90 Long Acre, London WC2E 9RA
Legal Advisers	Veale Wasbrough Vizards LLP, Narrow Quay House, Narrow Quay, Bristol BS1 4QA

TRUSTEE COMMITTEE MEMBERSHIP

Audit Committee	Chair Damian Wisniewski Robin Butler Lady Sainsbury
Finance and General Purposes Committee	Chair Lord Blackwell John Burgess Timothy Parker William de Winton
Gift Acceptance Committee	Chair Dame Jenny Abramsky The Rt Hon Lord Sumption Professor Sir Richard Trainor
Honours and Awards Committee	Chair Dame Jenny Abramsky
Nominations Committee	Chair Dame Jenny Abramsky Lady Sainsbury The Rt Hon Lord Sumption Duchess of Wellington
Remuneration Committee	Chair Lord Blackwell Dame Jenny Abramsky Rehmet Kassim-Lakha

HONORARY TRUSTEES

The title of Honorary Trustee is awarded to retired Independent Members of the Governing Body to recognise their distinguished service to the Academy.

Sir Rodric Braithwaite GCMG Hon FRAM
 The Rt Hon Lord Carnwath Kt CVO PC Hon FRAM
 Sir Howard Davies Hon FRAM
 Matthew Ferrey Hon FRAM
 Lesley Garrett CBE FRAM
 Sam Gordon Clark CBE Hon FRAM
 Lady Heywood
 Professor Sir Barry Ife CBE FKC FBbk, Hon FRAM, FRCM, FGS
 Steven Isserlis CBE Hon RAM
 The Rt Hon The Lord Lloyd of Berwick PC DL Hon FRAM
 Dame Felicity Lott DBE FRAM, FRCM
 George Nissen CBE Hon FRAM
 William Robert C Ogden Hon FRAM
 Professor Roger Parker Hon FRAM
 Laurel Powers-Freeling Hon FRAM
 Christopher Purvis CBE
 Sir John Ritblat Hon FRAM
 Sir Simon Robey Hon FRAM
 Lady Elise Becket Smith OBE Hon FRAM
 Sir Martin Smith Hon FRAM
 Nicholas Snowman OBE Hon FRAM
 John Suchet Hon FRAM
 Anthony Travis Hon FRAM
 John Willan FRAM FRSA FCA
 Julia Yorke Hon FRAM

OPERATING AND FINANCIAL REVIEW FOR THE YEAR ENDING 31 JULY 2021

The Governors and Trustees of the Royal Academy of Music present their Annual Review and audited Financial Statements for the year ended 31 July 2021 and confirm that they comply with the requirements of the Charities Act 2011, the Academy's Royal Charter and the Statement of Recommended Practice 'Accounting for Further and Higher Education' (SORP 2019).

MISSION

The Academy's mission is to provide pre-professional, undergraduate and postgraduate musical training of the highest national and international standards and to enrich musical culture by training and educating the most talented musicians.

VISION AND VALUES

Our vision is for the Academy to be the conservatoire of choice for top global talent aspiring to a successful, creative, professional career.

Quality and equality are at the core of our values, underpinning all of our activities. The Academy operates in a spirit of professionalism, collaboration and openness, and promotes an inclusive learning and working environment in which all students, staff and visitors are welcomed. We support students and staff in challenging and removing any form of prejudice or discrimination, and in promoting equality, diversity and inclusion, which in turn enriches the teaching, learning, artistic and social environment.

PUBLIC BENEFIT

The Academy operates under the terms of its Royal Charter, granted in 1830, and its Objects are 'to promote the Cultivation of the Science of Music and to afford facilities for attaining perfection in it by assisting with general instruction all persons desirous of acquiring a knowledge thereof'.

The Academy makes a significant contribution to the public benefit via its teaching, research, performances and other activities, in terms of:

- The advancement of education.
- The advancement of the arts, culture and heritage.
- Its commitment to access and participation.

THE ADVANCEMENT OF EDUCATION

The Academy contributes to the advancement of education through its programmes of study; its calendar of publicly accessible performances and research events; its outreach events designed to encourage learners from traditionally low-participation sectors of the community to participate in music education and higher education; and the conservation, display, interpretation, and practical use of its collections to educational ends.

We are committed to providing a range of long-term outreach activities targeted at groups that are under-represented in higher education. This includes working collaboratively to raise aspirations to make music more accessible, through our recruitment at all levels and the wide-ranging activities of our students, both in the UK and internationally. By taking music out into the community and providing high level musical tuition to children and young people, our Open

Academy and Junior Academy departments reach ever further, raising aspirations, making connections and challenging preconceptions via a range of projects delivered with partner schools and organisations.

THE ADVANCEMENT OF ARTS, CULTURE AND HERITAGE

Our core activities advance arts, culture and heritage by finding the most promising British and international musical talent and nurturing it through the delivery of world-class education and vocational training, producing exceptional artists who will shape the future of music in this country and beyond. We support the UK's cultural infrastructure, generate development in the cultural industries, and provide international leadership in music:

- By collaborating with leading venues and ensembles, supporting musical research, commissioning new music and bringing before the public new and unfamiliar work, the Academy enriches the UK's musical culture.
- Through the preservation, display and use of its collection of musical artefacts, the Academy contributes to the advancement of the UK's musical heritage.

With restrictions on face-to-face teaching and performances with audiences in place during much of the academic year, many shows and concerts were streamed. This allowed us to continue our engagement with the public, offering events free of charge, even when our doors were closed to visitors. Further details of our response to the pandemic are provided on page 10.

The Academy aims to enrich musical culture by:

- Educating and training the most talented students to the highest standards in performance, composition and other music-related disciplines. We offer full-time programmes of study at undergraduate and postgraduate level and ambitious student-centred artistic programmes. In addition, our Junior Academy is a fundamental and integral part of the Academy and continues to provide music education of the highest quality through its First Strings and First Guitar Experience, Primary Academy and Junior Academy programmes to those aged 4 to 18.
- Enabling public engagement through a wide range of public performances, research events and outreach activities designed to enhance pre-tertiary music educational opportunities and encourage wider access to higher education.
- Promoting the creation of new music, original research and scholarship in music through publications, conference and study days, programmes of symposia, recordings and public performances.
- Conserving significant and globally renowned heritage collections in the field of music that support our educational purposes. The Academy's Museum collections catalogue is available for consultation by researchers from outside the Academy.

ACCESS AND PARTICIPATION

The Academy is committed to making our educational programmes, facilities and expertise available to the widest possible constituency. Like all conservatoires in the UK, our undergraduate and postgraduate programmes are only accessible to applicants who have already achieved a very high standard in their instrumental discipline or show clear promise of doing so. Places are awarded on our programmes through open competition, demand is high, standards are high, and entry is exceptionally competitive. This means that most applicants who have not had the advantage of high-quality individual tuition over a period of many years prior to application are disadvantaged. Nevertheless, we remain committed to widening participation on our full-time programmes of study, and for the purposes of improving access for young people.

Our strategic measures to increase the pool of talented applicants from under-represented groups fall into three broad initiatives:

1. **Junior Academy** which provides sustained high-level training for talented musicians of all backgrounds between the ages of 12 and 18.
2. **Open Academy** which gives children and adults from under-represented groups the opportunity to participate in artistic and educational musical projects side-by-side with current Academy students.
3. **Your Academy** within which individual departments carry out projects to identify talented musicians aged 14 to 17 from under-represented groups with the aim of familiarising them with the Academy and its undergraduate programmes, and – where appropriate – working with them and their families on a training strategy that will make them competitive applicants to the Academy or other UK conservatoires.

Junior Academy provides an opportunity for young musicians from all backgrounds to be challenged and inspired through their music-making and operates a range of targeted initiatives to encourage participation from children from underrepresented groups to engage with this. The Academy has invested heavily in and seen a significant expansion of our widening participation and community-focused activity in recent years. Our main challenge, and key strategic priority for the Academy, is in relation to access. Our continual aim is to identify and implement effective ways to enable potential candidates from underrepresented groups with significant natural talent, to regard the Academy as an obvious place in which they can study and to put provision and support in place to enable them to gain entry.

Open Academy is a department within the Academy which enables participants from schools, local authorities and a variety of community groups to work creatively alongside our students and world-class artists, making music at the highest level. Open Academy aims to raise aspirations, to make connections, challenge preconceptions, and create new possibilities through a range of activities delivered with partner schools and organisations.

Your Academy is the umbrella under which Widening Participation projects complement access and participation work. These projects:

- Identify talented individuals from state schools, low-participation neighbourhoods, low-income backgrounds and black, Asian and minority-ethnic backgrounds and challenge their perceptions about music studies in higher education.
- Engage talented individuals from under-represented groups throughout the UK in tasters of HE music studies.
- Provide support and mentorship for talented individuals from under-represented groups who would otherwise not have access to information, advice and guidance about undergraduate programmes in music, with a view to making them viable applicants for programmes at the Academy and other conservatoires.

Three projects were launched as part of this plan to inspire, encourage, and support talented young students to progress to higher education. Academy Clubs provide opportunities for state-educated secondary school pupils to study with our teachers and students over a series of weekends. Jazz and Composers' Clubs include teaching jazz, composition, percussion, theory and musicianship, with more instrumental disciplines planned for 2022. These free workshops have been designed to increase access to the Academy's high-quality teaching, providing an opportunity for students to find out more about conservatoire study at junior and degree level. Since the Clubs began last year, students have progressed to our Junior Jazz, Junior Academy and undergraduate composition programmes.

In August 2021 the Academy ran the first Springboard to Grade 5 Theory and Beyond summer school. Participants learnt key skills for their Associated Board of the Royal Schools of Music (ABRSM) exam and worked together to produce and perform their own group composition, with many composing for the first time. The beginning of our summer school programme paves the way for longer and larger courses in 2022.

Widening Participation Activity is generously funded by supporters, with this philanthropy further advancing the Academy's aims of supporting the development of young musicians and increasing access at conservatoire level.

The Academy is aware of the need to ensure that people from all backgrounds can benefit from our activities and that those in financial hardship are not excluded. As a joint proprietor of the ABRSM, the Academy is both strategically and financially committed to providing bursaries at both junior and senior levels, as well as co-contributing to regional schemes to identify and support young musicians from underrepresented areas. We acknowledge that, in relation to HESA benchmark figures, the Academy recruits too few students from Low Participation Neighbourhoods and from state schools. Financial barriers encountered at pre-HE stage are the main explanation for this: students from low-income family backgrounds are unlikely to have the benefit of sustained, high quality one-to-one vocal or instrumental tuition, or the opportunity to join elite youth music ensembles.

The OfS requires the Academy to have an Access and Participation Plan, published on our [website](#). Details of expenditure under this plan are included in Notes 7 and 9 of the financial statements. Successful projects including Chance to Play (whereby bursaries and additional classes are offered to our First Strings Experience), schools interventions via Open Academy, bursaries for and the management of Primary and Junior Academy continue, along with a number of school open days and holiday workshops arranged by the Museum.

The Dean of Students and Access and Participation Manager have enabled the strategic development of relationships with schools and music hubs, as direct channels for creating greater access to the Academy.

CORONAVIRUS PANDEMIC

During 2020/21, in response to the pandemic and in line with the advice from the Department for Education, the Department for Culture, Media and Sport and the OfS, the Academy continued to offer a blended learning provision. At the start of the Autumn term students were welcomed back on site for principal study tuition and other instrumental sessions. Large cohort academic teaching remained online. Social distancing, face coverings and hand washing were all a key part of the phased return. The Business Continuity Group continued to meet weekly to monitor progress and ensure individual areas could be isolated if there were cases of COVID-19 affecting specific groups of students or staff.

With the country returning to lockdown in December and the Academy unable to reopen in January 2021, all teaching had to be undertaken remotely and the scheduled programme of chamber music and orchestral projects had to be postponed. We adopted a set of emergency regulations which enabled us to deliver our programmes of study in full to our students before the end of the academic year. We were grateful that the Minister of State for Education allowed us to resume activities in our main site from 8 March 2021 and re-open for in-person teaching and orchestral and ensemble rehearsals. By the end of the academic year we had been able to deliver safely three full operatic productions and 33 orchestral projects, which were livestreamed to the general public. The Examinations Boards took into account the disruptions that the

lockdowns had caused to our students and their learning experience over the course of the year, but all students had the opportunity to progress or graduate as normal. The Musical Theatre end of year production was presented to a small, invited audience in August.

In-person graduation ceremonies for both 2019/20 and 2020/21 graduands took place in front of an invited audience during July, and Musical Theatre in October, and we were able to wrap up the academic year before the start of 2021/22.

Like all other institutions there were some cases of COVID-19 over the course of the year. We are pleased that the safety measures we took prevented a large outbreak and there were no deaths within 28 days of a positive test for COVID-19.

STRATEGIC PLAN

A Strategic Plan was created over the course of 2019 setting out priorities over the five-year period 2019 to 2024. The Deputy Principal (Advancement) led this exercise in consultation with members of the Senior Management Team (SMT), senior academics and professional services staff, and was approved by the Governing Body.

In drawing up our Strategic Plan the Governing Body has had due regard to the Charity Commission's public benefit guidance in considering our objectives and activities. Each department has set out their own plans to support the delivery of the strategy, and progress is reviewed annually. The Strategic Plan will be reviewed in 2024.

In summer 2020, the SMT reviewed the Strategic Plan in the light of the coronavirus pandemic and considered that it remains appropriate and fit for purpose, despite the financial and other challenges. Implementation of a number of previously agreed actions, particularly around reducing expenditure and achieving efficiencies in educational delivery, has been speeded up to ensure the Academy's educational and financial sustainability to 2024 and beyond.

EQUALITY, DIVERSITY, INCLUSION AND BELONGING

We want our students, staff and visitors to value not only what we have in common, but also what makes us different. We want the Academy to be a place where everyone feels they belong and this is summed up by the term Diversity, Equity, Inclusion and Belonging.

The Academy promotes an inclusive learning and working environment in which all students, staff and visitors are welcomed. Everyone working and studying at the Academy is selected, taught, trained, assessed, appraised, promoted and otherwise treated solely on merit and ability. Equality is at the core of our values, underpinning all our activities.

Our Equality, Diversity and Inclusion Policy sets out the Academy's values and the framework under which we operate. It also highlights the individual roles we have to play in ensuring the Academy is an inclusive and harmonious place to study and work. We take pride in being welcoming, friendly and most importantly an inclusive environment for all.

We adhere to the Equality Act 2010, which aims to eliminate discrimination, harassment and victimisation. We believe everyone at the Academy is responsible for:

- Understanding and committing to equality.
- Helping to remove barriers, enabling all to fulfil their potential.
- Challenging or reporting discrimination and harassment, should it occur.

The Academy's primary objectives are to:

- Continue to improve access to our buildings and services.
- Continue to develop our widening participation initiatives (we have regular Widening Participation Committee meetings to address any equality issues and monitor our progress against our objectives).
- Promote equality and diversity in our procurement procedures and third-party relationships.

We are committed to creating the Academy as a place:

- Which seeks actively to recruit new members who are ethnically and culturally diverse.
- Where students and staff of colour are treated fairly and respectfully at all times.
- Where all students are taught by regular and visiting staff from a range of backgrounds, including BAME musicians of high professional distinction.
- With which BAME alumni are proud to remain associated throughout their lives, long after graduation.

In 2020/21 the Blueprint For All consultancy conducted in-depth interviews with members of the Academy's Governing Body, staff and students in order to inform a new Equality, Diversity and Inclusion action plan, now being implemented. The SHM Foundation began design work on a new, interview-based evaluation framework intended to capture the benefits of involvement with the Academy from Junior Academy onwards, which often but not always includes progression to Senior Academy. These two narrative investigations, both ongoing, will produce evidence allowing the Academy to test and if necessary refine its current theory of change: that class and closely related economic determinants make some types of student much more likely than others to choose to career in music and apply for entry to the Academy. Promising students in under-represented groups need identifying, and need targeted financial support to help them overcome barriers to progression.

MEASURING AND REPORTING PROGRESS

We are presenting our review based on the three themes of our Strategic Plan:

1. **Education:** Through our commitment to providing a world-class educational experience, we will continue to equip outstanding young musicians with the skills, artistry, intellectual curiosity, rigour and resilience they will need to contribute to music making at the highest levels.
2. **People and Resources:** By attracting and retaining outstanding teaching and professional services staff, developing our world-class facilities, embracing new technologies and carefully managing our financial resources, we will secure the future of the Academy, ensuring it thrives in an ever-evolving cultural and social landscape.
3. **Engagement** In our role as custodians of the future of music, we recognise the importance of encouraging participation at every level. We are committed to enabling students from underrepresented backgrounds to access conservatoire training, expanding our relationships with the wider community and engaging with artistic and educational partners from around the world.

Although many activities support more than one strand of our strategic themes and could be included within two or three of them, we have tried to capture them within the most relevant area to avoid repetition.

1. Education

The Academy was founded in 1822, and ever since has trained versatile and resourceful musicians with the skills they need in the continually changing music profession.

We continue to refine our programmes to ensure that students acquire the craft, skills, knowledge and experience to enable them to become independent, creative musicians who can make a significant impact. Alongside that, we foster a research environment that encourages collaboration between students and staff, promoting innovative creative work in all our taught and research degree programmes. Both of these rely heavily on the quality of our teachers, and we will continue to recruit and retain the very best, supporting them with professional development opportunities.

We welcome students from over 50 countries, which contributes to a vibrant and cosmopolitan learning environment, and reflects the global music profession. By continuing to raise our international profile, improving our student recruitment marketing and building on our relationships with like-minded institutions worldwide, we aim to be the conservatoire of choice for the most talented young musicians. Financial support in the form of bursaries and merit-based scholarships is provided to enable the very best students to study at the Academy, regardless of their background. It is hoped that this support will not only continue but expand after Brexit as the mixture of students from different countries is a vital contribution to the experience and training that the Academy offers.

A key part of the student experience at the Academy is the range and quality of artistic projects in which our students work intensively with leading professionals. Our roster of visiting professors and visiting artists continues to be expanded and refined to enrich our students' education and to ensure that our graduates leave with experience of the professional realities of a high-level career in music. In addition, the range of both side-by-side opportunities for our students to work with leading international ensembles, and opportunities for our student composers to participate in external collaborative projects, is being increased.

The pandemic-related world-wide lockdown has had a severe effect on music industries and we recognise that we need to respond to the post-pandemic music world and the way we train our students. The Academy has long had an enhancement-led approach to its curriculum and its delivery, so we have mechanisms in place to remain highly responsive to the changing demands and intensive high-level training in music, and the professional realities with which we need to equip our students.

THE STUDENT EXPERIENCE DURING THE PANDEMIC

Students experienced extra pressures and the challenge of adapting their learning, which are as important as our challenges in adapting teaching. We know that lots of our students and their families have faced increasing financial pressures due to the financial situation and isolation. These have been mitigated by the Response Fund and by the strenuous efforts made by the Academy to ensure that the bespoke aspect of one-to-one and small group activity was maintained online.

Both students and staff recognise that there were some positive aspects of the experience, for example most students had more regular time for reflection and intensive practice, and so much performance material is available online that our fears that students would miss access to core library resources was largely unfounded.

We were delighted that many students could make full use of our world-leading collection of musical instruments during lockdown, and we acknowledge the difficulties of some students in accessing high-quality instruments in some disciplines, particularly piano and percussion. We took steps to mitigate this as far as we reasonably could, providing access to instruments elsewhere.

Institutional feedback and the results of the NSS shows that our students felt supported during this difficult period.

STUDENT WELLBEING

Pastoral care is built into the fabric of a conservatoire and must respond to the evolving needs of students. A series of student wellbeing sessions have been introduced for Years 1 and 2 undergraduates which includes mental and physical health, performance-related issues, drugs, alcohol, and sexual consent. This is in addition to the Artist Development programme which concentrates on developing skills to develop future careers. The postgraduate provision is organised around themes and issues, in collaboration with the Students' Union. Sessions include negotiating contracts and relationships with promoters and sponsors, sexual harassment, alcohol, etc.

A Question Time forum with the Dean of Students, Heads of Undergraduate and Postgraduate Studies and Students' Union was instituted during lockdown and this successful forum will be continued. This provided a valuable platform for student views and questions, to discuss issues such as finance, online teaching, academic and recital requirements, and discussing ways to maintain the Academy sense of community.

We were able to continue with plans to improve our capacity to work with students with mental health challenges. The Counselling team is working with students online and by telephone, which is especially valuable for students in isolation or in challenging home situations, and for keeping international students supported.

Many students rely on income from professional engagements and other work to support their studies. The Development team launched a fundraising campaign, the Response Fund, during 2019/20, which continues to distribute funds to students experiencing financial hardship.

Since 2007 the Academy has been working with the London South Bank University on a long-term project to address concerns about students' hearing which involves hearing tests and instrument-specific advice on hearing protection. This work has been broadened to incorporate staff. The Academy provides earplugs free of charge to students and factors sound exposure and noise issues into room scheduling.

In 2020, an independent review of the Academy's safeguarding policies and procedures was carried out. We are pleased to report that despite the pandemic, we are implementing its recommendations in full in order to ensure a zero-tolerance approach to bullying, harassment and discrimination.

- Students are required to complete three on-line training modules as a condition of enrolment and a code of practice has been agreed for students that lays out the standards expected of everyone.
- For staff, the Academy's Ethics and Conduct Policy and the ISM MU Industry Code of Practice form part of their induction.

- The Report + Support portal went live on 15 March 2021. In addition to providing students and staff with a mechanism to report incidents and concerns, Report + Support has been become a valuable tool in enabling staff to report and record wellbeing concerns about their students, seek support in managing concerns, and initiate discussions with internal and external safeguarding and support staff and parents.

STUDENT UNION

Our Student Union supports all our students, offering advice and representation and maintaining the inclusive social atmosphere for which the Academy is known. The Governing Body approved further amendments to the Students' Union Constitution during the year to appoint a non-sabbatical Equality and Diversity Representative rather than a Welfare Representative, to better represent the needs of the student body.

The President of the Students' Union is a member of the Business Continuity Group and played a vital role in communications and management during the pandemic.

JUNIOR ACADEMY

On Saturdays the Royal Academy of Music transforms into its Junior Academy, occupying all areas of the building to create one of the most unique musical learning atmosphere available to young musicians. Individual lessons, a variety of performance opportunities, specialist classes and excellent teaching staff all add to the musical vibrancy of Junior Academy.

Junior Academy teachers are leading professional musicians who combine active performing careers with the challenge of helping young players, singers and composers to fulfil their potential and musical ambitions. Many also teach on the undergraduate and postgraduate programmes at the Academy, and bring enormous experience of teaching and performance to their Junior Academy students.

Applications for places continues to be strong and the academic year began with 209 Junior Academy students.

We offered 34 bursaries for 2020/21 (54: 2019/20), in addition to our 35 Music and Dance Scheme Government funded places. We are grateful for the continuing support of the Wolfson Foundation, Leverhulme Trust, Sir Elton John Trust and a number of individual benefactors.

In the summer term we gradually introduced live lessons for almost all junior students, adjacent to the ensemble provision every other Saturday. The term ended with the production of over 40 performance recordings, highlighting the continuing dedication of staff and students.

SENIOR ACADEMY

Recruitment to all the Academy's programmes continues to be strong, with a far larger number of high-quality applicants than there are places on offer. Entrance is via a combination of competitive auditions (performers and conductors) or interview/portfolio submission (composers) and the fulfilment of relevant academic entry requirements. Although our admissions procedures are highly competitive, at undergraduate level we audition every candidate who applies without exception. Offer-making decisions are undertaken by experienced and suitably trained professionals who understand and are invested in our institutional strategy regarding access and participation.

Open days and auditions were both held online in the autumn of 2020, and the success of these has led to a desire to continue with at least some level of online provision, to make them more accessible to a range of potential applicants.

Our programmes remain effective in training our students for a fulfilling and sustainable life in music.

STUDENT NUMBERS

Applications to study at the Academy and acceptance of places was again strong for the year.

Entrance standards to our programmes are at a level of international excellence which enables us to train and educate our students intensively to reach professional levels of achievement by the end of their programme. The combination of world-leading talent, outstanding teachers, and globally significant resources is reflected in the standards achieved by our students at the end of the programme and the classification of the awards that we make. To assure ourselves that we are setting appropriate standards on our programmes, we have a double system of external scrutiny: external examiners who oversee the standards and operations of the assessment processes as a whole, and specialist external assessors who sit on final assessment panels to scrutinise the quality and standards of students' playing, singing or composition. Additionally, all written work is blind double-marked.

The Academy attracts students from over 50 countries with roughly 50% from the UK, 25% from the rest of the EU and 25% from non-EU countries. Applications and recruitment remain strong in spite of the uncertainties around Brexit.

RESULTS FOR 2020/21

Our academic, tutorial, professorial, professional services and estates colleagues worked tirelessly over the summer to draw the 2019/20 year to a successful close and plan for 2020/21 within the new educational landscape. Unlike 2019/20, most Final Recitals were given live at the Academy in 2020/21 and because we were not able to have audiences in the building, recitals were livestreamed so that family and friends could hear them wherever they were in the world.

Results for the year are very good: interim results are shown below as some awards have yet to be agreed by Examination Boards. Students have benefited from more time to practice and prepare for their final recitals during lockdown, which reinforces that the implementation of the recommendations from the Periodic Programme Review – to modernise the programmes, reduce workloads and the number of assessments – will be of significant benefit to students.

	2020/21		2019/20			2020/21		2019/20	
	No	(%)	No	(%)		No	(%)	No	(%)
BMus Awards					MA/Mus Awards				
First Class	80	(73)	58	66	Distinction	129	(76)	155	80
Upper Second	27	(25)	28	32	Merit	32	(21)	30	15
Lower Second	2	(0)	2	2	Pass	5	(3)	9	5
Third/Pass	0	(0)	0	(0)					
Pending	2					23			

Results for 2019/20 have been restated because some final results for MA/MMus students are not available when the financial statements are prepared in November.

Under the powers of the Academy's Royal Charter, the Examinations Board may award a Dip RAM to any postgraduate student who particularly excelled in their final recital.

(Conventionally the award has been made to the elite cohort who achieve a mark of 80% or above in their recital.) This year 68 such awards were made (62: 2020). Post Masters awards were also made by the Examinations Board, including Advanced Diplomas and Professional Diplomas.

2. People and Resources

Attracting and retaining outstanding teaching and professional services staff, developing our world-class facilities, embracing new technologies and carefully managing our financial resources secures the future of the Academy, ensuring it thrives in an ever-evolving cultural and social landscape.

Plans to improve the estate were interrupted by the further lockdowns and the Estates Team's focus has been on maintaining the buildings and keeping them secure, along with ensuring a COVID-secure environment for the phased return of staff and students. As the buildings re-opened in March attention turned to space usage and a comprehensive review got underway with the aim of consolidating and using all areas as effectively as possible. The lease on Aybrook Street came to an end in July 2021 and all staff and teaching returned to the main site from September. The lease on Aybrook Street was originally signed during the theatre build project, to allow for decanting of staff away from the works. The Academy retains practice rooms at Cross Keys and uses St Marks Church, mainly for recording and rehearsals.

During the summer of 2021 work was carried out to prepare for the return of more staff and students in September. A number of rooms were re-organised to maximise teaching and practice space. With the closure of the Academy Chimes shop, the space vacated on the ground floor of York Gate was being transformed into three new teaching rooms.

Two other significant estates projects were started during the year; certification under the 18th Edition Wiring Regulations and the external redecoration of the exterior of the main building, in line with our lease requirements. Both of these are five-yearly tasks.

Since September our catering provision has been supported by Bartlett Mitchell who assisted the team in responding to the requirements of the pandemic. However, the bar remained closed throughout the 2020/21 financial year. We reopened both the canteen and the bar at the start of the new 2021/22 academic year.

Business systems and processes are under review to ensure we are working as effectively as possible in the new world. At the same time we are developing a new digital strategy to ensure a coherent approach to technology in the future. Technology touches all aspects of Academy life and plays a vital role in the increasingly interdependent activities of the organisation. Its importance has been even more apparent whilst the buildings were closed and continues to be so as we offer a mixture of online and in-person teaching, and while some professional services staff have continued to work from home.

New developments in the past year have included a new Library catalogue system, built online to improve student and staff self-service. The intranet was replaced with SharePoint to improve the navigation and better integrate it with the Academy's Microsoft tools. Online activity was supported by rolling out Teams and Zoom to students and staff which were used for practical lessons, blended in-person/online classes along with committees and day-to-day meetings. Finance processes such as purchase orders and payment requisitions have been the focus of process improvement, eliminating their reliance on paper and streamlining the digital steps to reduce their burden. The importance of security for digital services is more critical than ever which is why Multi-Factor Authentication was enabled for all users and rolled out across

Office 365, VPN, and other remote systems as well as enhancing the protection on any online services protected by Microsoft 365.

Students are at the heart of all we do, meaning that the Registry and its systems are a key part of the organisation. During 2018/19 work started on the implementation of a new student database system and this project will be completed during 2021/22. Difficulties with links to UCAS Conservatoires meant that the work paused during 2019/20 but recommenced during 2020/21 and went live for enrolment in September 2021. The exams and assessments, HESA, and finance modules will be implemented during the autumn term, and the admissions module will go live in January 2022. The new system is expected to bring significant benefits to students, Registry staff, teaching staff and the Finance team, through simplifying processes and holding more data in one place.

A project has also started to purchase a new combined HR/Payroll system to allow part-time staff to enter their own timesheets, permit staff to update personal data themselves, enable data to be entered only once, streamline workflows and minimise the movement of paper. An immense amount of work has gone into reviewing processes and harmonising pay rates so that the new system will operate more simply and effectively. The new system will go live in 2022 and should benefit all staff, not only the HR and Payroll teams.

Streaming of performances has taken place in the past and there was a substantial increase in the offering for 2020/21, with many recordings available via our website. During the year the ICT team supported a number of live audio video events, including over 130 public concerts, in excess of 200 private final recital streams along with Digital Open Days and Online Auditions to welcome potential new students.

The Academy undertook a thorough review of its finances early on in the pandemic and determined to reduce costs and increase income. A number of reductions were made to non-staff budgets, particularly around printing and stationery, which were facilitated by the move to more online working. At the same time staffing structures were examined and a voluntary redundancy scheme was introduced, something which has not been necessary for over 20 years. Under the voluntary redundancy scheme and associated restructuring 23 people left the Academy from a range of departments and included both teaching and professional services staff. The changes to teaching staff were as a result of improving assessment and associated activities, with no direct impact on the amount or quality of teaching.

3. Engagement

Reaching the level of musicianship required for conservatoire entry takes years of hard work and, in most cases, significant financial commitment. Although we already offer millions of pounds in financial support for students every year, we are aware that this does not redress inequalities in earlier education.

Live streaming provides an opportunity to disseminate our work to broader constituencies, especially highly popular events. Apart from audiences, live streaming of performances and masterclasses allows international communities of potential students to see the quality and range of our work, and this is supported by sections of the stream which are then put on the website for other marketing purposes.

Two key aspects of the Academy's identity are our global reach and our strong connections with the music industry. Collaborations with educational and musical institutions across the world range from high-profile creative projects to student and staff exchange schemes and

teaching/research projects between individual members of staff. During 2020/21 there were 16 research students (19: 2019/20) and 3 PhDs were awarded (1: 2019/20).

OPEN ACADEMY

Open Academy is the Academy's Learning, Participation and Community initiative, usually working with around 6,000 people beyond our enrolled students and staff each year. As the importance of participatory music programmes in areas including education, health and wellbeing continues to grow, it is crucial that our students have the opportunity to obtain skills and experience in this exciting and expanding area of work.

Open Academy works closely with artistic and community partners to produce creative projects in which our students and project participants can explore making music together in a wide range of contexts. These include workshops with children and young people in mainstream schools and special educational needs and disability (SEND) settings, people receiving treatment in hospitals, residents and staff of care homes, and people attending day centres. All of our projects are led and supported by skilled professionals, ensuring the quality of the experience for everyone involved.

As a result of the coronavirus pandemic all of our projects took place remotely using video conferencing platforms (Zoom, Microsoft Teams). While these remote projects were worthwhile, it became clear that video conferencing software can work well for small groups and for one-to-one work but not for large scale projects, and this is reflected in the reduction in participant numbers for this year. In addition, the number of projects we were able to deliver was affected as many of our partners were not able to engage with us due to staff being furloughed. However the pandemic provided an opportunity to reach more participants outside our immediate geographical area and in future we will continue to deliver projects both in person and online.

Open Academy Fellows produced two series of podcasts, one for schools that was shared with schools that are part of Camden Music Education Hub, and one for care home residents living with dementia which was distributed through the Culture Box research project. Figures for the number of interactions with this material are difficult to track.

In the 2020/21 academic year our students worked alongside:

Early years	175
Primary school pupils	1,184
Secondary school pupils	36
Young people outside school time	77
Vulnerable adults	12
People with special needs	16
Hospital patients	38
Talks for staff and students	81
People living with dementia	190
Other	191
Total	<u>2,000</u>

ALUMNI

The Academy's alumni community permeates all areas of the music profession and is an integral part of the Academy family. We tell our alumni stories to inspire the next generation of musicians, alongside actively engaging our wider alumni community through focused communications and content. We continue to develop a programme of engagement opportunities and access points to support our mission to provide lifelong value to our alumni, while in turn cultivating their ongoing support for the Academy and its strategic aims.

MUSEUM AND COLLECTIONS

The mission of the Museum is to support the work of the Academy and to advertise it to the wider public, highlighting the potential of music to inspire, unite and stimulate through performance, displays and research. We actively promote the ethos that music is a vital part of life.

The strategic aims of the Museum are:

1. To increase awareness, understanding and enjoyment of our collection of musical instruments, art, photographs, scores, manuscripts and other objects in the galleries and the wider Academy through lively and innovative displays, interpretation, outreach and programming.
2. To support the culture of musical research and practice in the Academy and beyond through displays, events, collaboration and access to the collections.
3. To provide access to the collections, and information about them, for users within the Academy and the wider public, using digital means as well as traditional methods.
4. To enable active use of the collections today while responsibly preserving them for tomorrow.

The collections of instruments, art, photography, manuscripts and scores offer valuable insights into the creative processes of great musicians. Items on display include stringed instruments by Stradivari and the Amati family, wind instruments such as Dennis Brain's horn, historic keyboards by Broadwood, Pleyel and Erard, composers' manuscripts including Purcell's *The Fairy Queen* and Vaughan Williams's *Fantasia on a Theme by Thomas Tallis*, and scores and memorabilia that belonged to significant figures from the world of music. In recent years we have been building up the unique Calleva Collection, commissioning stringed and other instruments from today's finest luthiers and makers. Students may be offered the use of many of these instruments, providing an important boost to their musical development. The extensive archives offer students, staff and members of the public unique insights into the creative processes of great musicians, as well as informing our knowledge of performance practice.

The Museum is an integral part of Academy life. Engaging stories are told through its permanent galleries and programme of changing temporary displays. The Museum regularly holds lecture-recitals, seminars, workshops, special events and family activities, all open to the public for free. There are practice spaces in the gallery, giving students an opportunity to rehearse with an informal audience, try out new repertoire and interact with visitors.

The Museum opened in 2001, supported by a grant from the Heritage Lottery Fund. Many of its collections have Designated status and the Museum itself is Accredited – both chartermarks of quality, awarded and administered by Arts Council England (ACE). Work is continuing towards reaccreditation in April 2022 and will be overseen by a new Head of Collections.

The Museum closed on 20 March 2020 as a result of the coronavirus pandemic and will reopen to the public in January 2022, with opening times linked to the programme of events. In the meantime, many of the objects on display can be viewed on our website at www.ram.ac.uk/museum/about/.

FINANCIAL OVERVIEW

The Academy has been fortunate compared to many organisations during the pandemic, in so far as music making has not stopped, and during the lockdowns teaching continued.

For the financial year 2020/21 we are reporting an operating surplus in accounting terms of £5.5m (£1.2m 2019/20), and a comprehensive income surplus of £38.2m. Our balance sheet position also remains strong. However, underlying this very positive position, the Academy generated an operational deficit of £1.7m in year, once we remove unrealised movements in the value of our investment, heritage and pension assets as well as the income from endowment and restricted donations received in the year.

This deficit resulted from expected shortfalls in income as a result of COVID-19 closures, particularly from the ABRSM, from whom we had been used to receiving over £1m annually (2019/20: £1.1, 2018/19: £1.7m, 2017/18: £1.6m). We budgeted for an operational deficit in 2020/21, and undertook an expenditure review early in the year to allow the institution to return to a surplus in 2021/22. The net result of cost saving activity was a year on year reduction in operational costs of £0.4m. Within this, estates costs were higher than planned due to the dilapidations associated with the termination of the lease on Aybrook Street, £0.1m, and the larger than expected costs of the 18th Edition electrical certification works, £0.3m.

Student recruitment held up well but we expect further financial impacts from COVID-19 throughout 2021/22. This may be seen in many areas but most particularly in reductions in income from ticket sales, venue hire and catering, increased technology costs as teaching and performance remains online to a certain extent, and additional estates costs to provide a suitably safe and hygienic environment for everyone attending the Academy.

A number of staff were furloughed during lockdown, in areas such as catering and the Museum, and we claimed £0.1m (£0.3m 2019/20) from the Government under the Coronavirus Job Retention Scheme (CJRS) up to the end of July. Most staff returned from furlough at different stages during the year but a very small number remained on the scheme at the end of July.

The Development team is responsible for raising philanthropic funds primarily from individuals (including alumni), companies and trusts and foundations. Donations were received to fund our students through scholarships and bursaries as well as general funds to offset the high cost of educating students. Philanthropic funds were also raised to support Academy students experiencing financial hardship as a result of the pandemic. Total donations and endowments received during 2020/21 amounted to £12.8m (£7.4m: 2019/20).

	2020/21 £000	2019/20 £000
Summary of Income and Expenditure		
Income before donations and endowments	17,308	18,804
Donations and endowments	12,765	6,735
Theatre donations	0	620
Expenditure	(24,530)	(24,962)
Operating surplus before other gains or losses	5,543	1,197
Gain on disposal of fixed assets	3	42
Gain/(loss) on investments	7,596	(2,366)
Actuarial gain/(loss) in respect of RAM1967 pension scheme	799	(1,962)
Revaluation of instruments	24,300	0
Total comprehensive income	38,241	(3,089)
Represented by:		
Endowment comprehensive income for the year	12,372	(1,647)
Restricted comprehensive income for the year	1,241	1,923
Unrestricted comprehensive income for the year	(1,649)	(3,357)
Revaluation reserve comprehensive income for the year*	26,277	(8)
	38,241	(3,089)

* Revaluation of the fixed asset investment and instruments

The table below sets out a more helpful way to understand the Academy's financial health and sustainability by calculating the underlying operating result, excluding items which can mask core activity. These items include restricted and endowment income, the actuarial loss on the RAM1967 Pension Scheme, and depreciation of fixed assets that were purchased using specific gifts received in previous years. The income from these gifts was recognised in prior years, increasing the surpluses from 2014/15 up to now. After these adjustments, the underlying operating result is a deficit of £1.7m (£0.6m deficit: 2019/20). Although we recorded a deficit, this deficit was an improvement on our budgeted deficit for the year, mainly as a result of increased philanthropic income.

	2020/21 £000	2019/20 £000
Total comprehensive income for the year from above	38,241	(3,089)
Exclude Endowment comprehensive income (generally restricted in use)	(12,372)	1,647
Exclude Restricted comprehensive income	(1,241)	(1,923)
Exclude Revaluation reserve comprehensive income	(26,277)	8
Exclude Actuarial loss on RAM1967 Pension Scheme for the year	(799)	1,962
Exclude Depreciation on externally funded assets (theatre and recital hall)	747	747
Operating (deficit)/surplus after adjustments	(1,701)	(648)
Operating (deficit)/surplus after adjustments as percentage of total income	(2.5%)	1.4%
Revenue donations	5,737	5,971
Capital donations and endowments	7,028	1,384
Total donations and endowments	12,765	7,355

With the introduction of FRS102 there is no longer a requirement for an external valuation of the Musical Instrument Collection every five years. However the Academy is expected to monitor the valuation annually and the condition of the collection is monitored continually to ensure that any deterioration or significant increase in value is recognised. A valuation was undertaken in July 2021 of the 10 most valuable instruments, as these form over 95% of the value of the heritage assets. The result was an increased value of £24.3m.

The teaching of music students in a conservatoire is a high-cost activity; each student has a significant amount of one-to-one teaching, as well as performance and academic classes. Many students will also be orchestra members and will perform regularly. The combination of all these activities leads to costs per student of up to £35k per annum. As a result the specialist funding and philanthropic gifts are crucial in enabling us to continue to offer world-class tuition and to produce musicians of the highest calibre.

LIQUIDITY

The Academy had £20.5m of cash and cash deposits as at 31 July 2021 (£12.1m: 2019/20), which increased partly due to a large endowment gift of £6m received during July which had not yet been transferred to our investment managers. Current assets exceeded current liabilities by £16.9m (£10.3m: 2019/20). Overall liquidity remains healthy although a significant proportion of the cash reserves are designated for specific purposes. The Academy is continuing to invest in the estate and technology facilities, some of which are funded through a mixture of gifts, grants and our own reserves.

ENDOWMENTS

The Academy has a number of endowment assets which form our Legacy Pool. This represents the accumulated capital funds donated or bequeathed to the Academy for various purposes but mainly to provide scholarships, bursaries and prizes for the benefit of students. These investments are managed by external fund managers within strategic guidelines set by the Finance and General Purposes Committee. The market values of the combined endowment and non-current investments were £49.5m at 31 July 2021 compared with £42.0m the year before. No additions were made to the portfolio during the year. The value of the portfolio increased by 14% during the year, reflecting general market conditions.

The non-current investment comprises general unrestricted Academy funds of £10.1m which are not required in the short-term and which are placed with the fund managers to achieve a better rate of return. Total investment income grew during the year and equated to a net yield of 1.7% (2.7%: 2019/20), although this lower rate reflects the decision by the Investment Sub-Committee not to drawdown any funds from the total return portfolio. The Academy will add further money to the portfolio as and when gifts are received.

In August 2018 the portfolio was split to allow the expendable endowment to be managed on a total return basis. Significant work on our permanent endowment was undertaken in the last two years, with a view to moving the majority of our endowment funds to be managed on a total return basis. Approval from the Charity Commission was confirmed in September 2021, enabling changes to the investment mandate and the accounting treatment to be made during 2021/22.

PENSIONS

The accounts reflect the change in liability for pension deficits of the closed RAM1967 Scheme and the USS.

The RAM1967 Scheme has a deficit of £3.8m at the year end (£4.9m: 2019/20). This reduced mainly as a result of the improvement in the stock market generally. The total liabilities include

an allowance of 1.5% to allow for GMP equalisation. The Academy makes deficit contributions to the Scheme amounting to £379k in 2020/21 (£364k: 2019/20).

The Academy’s share of the USS deficit reduced slightly to £263k (£273k: 2019/20).

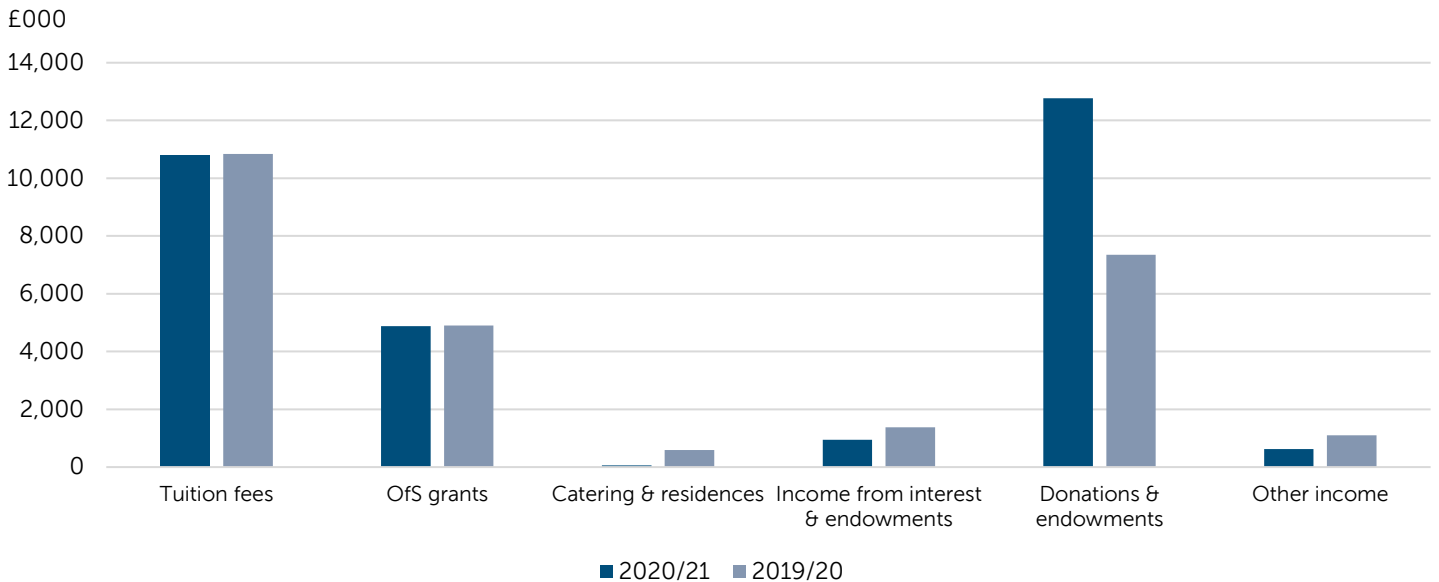
PROCUREMENT

Ongoing expenditure and project costs are monitored carefully to ensure that we achieve value for money. We continue to use dedicated procurement support via a cost-sharing group, Ensemble Purchasing. Work has focused on both seeking efficiencies and mitigating risks and providing particular assistance on the HR/Payroll project, and to the Estates department.

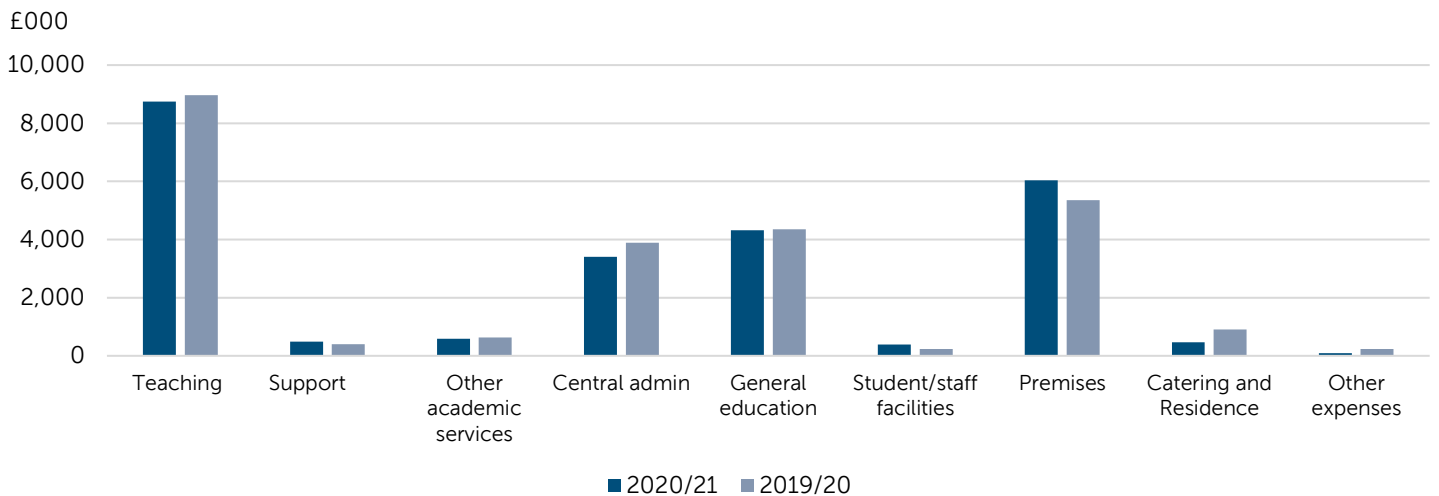
CAPITAL PROJECTS

During the summer of 2021, as a result of the space review, work was undertaken on a number of rooms to create more teaching space and more efficient use of offices. This work was ongoing at the year end in preparation for the start of the new academic year.

Income



Expenditure



CHANGES FROM 2019/20 TO 2020/21

The bar charts above indicate changes in income and expenditure year on year.

Income

- Catering and residences: leases on the student flats were terminated at the end of July 2020 and there was no provision during 2020/21. Bar and catering income reduced as a result of the pandemic.
- Investment income reduced due to the decision not to take a drawdown from capital growth and the continuing low interest rates on cash deposits.
- Donations and endowments: philanthropic income increased by £5.4m compared with the prior year due to continued work by the Development team, including an endowment gift of £6m.

Expenditure

- Teaching: costs have reduced slightly as a result of the restructuring.
- Other academic services: the closure of the Museum since lockdown led to reductions in exhibition costs.
- Central administration: costs reduced as a result of the restructuring.
- Student/staff facilities: the Academy increased investment in the provision of additional counselling and other learning support.
- Premises: costs have increased due to major expenditure on the electrical certification of the estate, and dilapidations on terminating the lease of Aybrook Street.
- Catering and residences: catering costs are lower due to the closure of the canteen during lockdown. The student flat leases ended towards the end of 2019/20 and were not renewed.

FUNDING

During 2020/21 there was no change to the Office for Students funding formula, although this will be reviewed in future. The revised formula for specialist institutions funding (RISTA), which resulted in a significant increase in grant from 2016/17, has been maintained, with an increase confirmed for 2021/22. The Academy's total recurrent grant from the OfS for 2020/21 (Teaching, Research and Higher Education Innovation Fund grant) decreased by £22k.

Fundraising priorities include Awards (scholarships and bursaries), which provide vital support to ensure that no prospective student with the appropriate talent and potential is denied the chance of studying at the Academy.

The majority of philanthropic income continues to come from trusts and individuals and modest income from companies. Legacies are increasing, with many alumni and friends choosing to include the Academy in their estate plans. Many of these bequests are expendable or permanent endowments and therefore add to the Academy's endowed funds. Work continues to encourage lifetime endowment gifts.

Following an exceptional return on investment during the capital campaign, the team is now delivering a return above the sector average of 7:1 (6:1: 2019/20), excluding the significant endowment donation of £6m.

THE FUTURE

We believe that the recent reviews of the Academy's activities and associated expenditure will enable us to remain fit for purpose as we approach our Bicentenary in 2022. Nevertheless, there remain many challenges in the higher education landscape including the COVID-19 pandemic, Brexit, the Augar Review, increased pension costs and scheme deficits. However, with our Strategic Plan in place and an enthusiastic staff, we have clear plans to continue to enhance the student experience and maintain our position of excellence.

To enable a wide range of students to attend the Academy based on their talent and potential rather than their financial capability, our priority is to increase funds raised to support students, through annual donations and endowed gifts. This continues to be one of the key planks in ensuring that the Academy can remain at the forefront of music education globally.

CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Statement and Statement on Internal Control and Risks relate to the financial year 1 August 2020 to 31 July 2021, and up to 18 November 2021 when the Annual Report and end-of-year Financial Statements were approved by the Governing Body.

The powers, duties and responsibilities of the Governing Body are laid down by the Royal Charter and its Bye-Laws. The Governing Body is also required, where appropriate, to conduct its business in line with the Statutes and Ordinances of the University of London of which the Academy is a member and, in their capacity as trustees, with the Academy's charitable objects.

The Academy is a higher education institution, part funded by the OfS and subject to its Terms and conditions of funding for higher education institutions. The Governing Body confirms that due regard has been given to the OfS public interest governance principles in respect of:

- I. Academic freedom
- II. Accountability
- III. Student engagement
- IV. Academic governance
- V. Risk management
- VI. Value for money
- VII. Freedom of speech
- VIII. The size, composition, diversity, skills mix and terms of office of Governing Body
- IX. The appointment of fit and proper persons as members of the Governing Body and Senior Management Team
- X. Records
- XI. Independent members of the Governing Body
- XII. Regularity, propriety and value for money

The Academy endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life and complies with the guidance provided by the Committee of University of Chairs (CUC) in The Higher Education Code of Governance. The Governing Body has had regard to the Charity Governance Code and adopted the CUC Higher Education Senior Staff Remuneration Code.

The Objects of the Academy are 'to promote the Cultivation of the Science of Music and to afford facilities for attaining perfection in it by assisting with the general instruction of all persons wanting to acquire knowledge thereof'.

Under the terms of the Supplemental Charter dated 1998 and its Bye-Laws, the direction of the Academy is the responsibility of the Governing Body, which makes rules, orders and regulations deemed useful and necessary for the regulation and management of the institution. The Charter is under review, informal comments have been received from the Privy Council and an internal consultation process has begun.

The Academy registered with the Fundraising Regulator in October 2017, displaying the badge to demonstrate adherence to the Code. The Academy is a member of the Council for the Advancement and Support of Education (CASE) and benchmarks its fundraising activities against UK universities and specialist institutions. The Academy published its Annual Report for 2019/20 in August 2020 and its Awards Impact Report for 2020/21 in September 2021. The Academy works sensitively to protect vulnerable people and members of the public to ensure that no undue pressure is placed on a person to give money or other property.

The **Governing Body** is responsible for overseeing and managing the general business, finances and investments of the Academy, safeguarding its assets, setting its general strategic direction and determining its educational character and mission. It is also responsible for ensuring that academic governance is operating effectively, encouraging student engagement in academic governance; that Academy students receive a high-quality education, value for money, and that adequate provision has been made for their welfare and wellbeing.

The Governing Body comprises the President, 10 to 15 independent members from whom its Chair and Deputy Chairs are drawn, and up to five representative members elected by the staff and students.

None of the independent members receive any payment for work they do for the Academy. A Register of Interests is maintained for members of the Governing Body, senior officers of the Academy and directors of fully owned subsidiaries.

The Governing Body meets four times each academic year and much of its detailed work is delegated to senior committees, in particular the Finance and General Purposes Committee, Audit Committee, Nominations Committee, Remuneration Committee, Gift Acceptance Committee and Academic Board, which are formally constituted as Committees of the Governing Body with written terms of reference and reporting structures. In addition, working groups are constituted as required. With the exception of the Academic Board, membership of these Committees includes a significant proportion of independent members of the Governing Body, from whom the chair is selected.

Members of the Governing Body meet with the Principal and Senior Management Team at least annually to review the Academy's strategic direction and measure progress against strategic aims.

Corporate Governance arrangements are reviewed annually and amended as the Governing Body sees fit. In March 2020, members agreed that, in order for Governing Body, Committee and business operations to continue during the coronavirus pandemic, virtual meetings should take place by telephone/digital communications.

GOVERNANCE AND BUSINESS CONTINUITY

During the period March 2020 to March 2021, day-to-day operational matters were managed by the Business Continuity Group (BCG). This Group ensured that the Academy could continue to offer the best-quality educational experience to students throughout the pandemic, and that business processes could continue to operate effectively and efficiently while staff worked remotely. The BCG was also responsible for monitoring and adhering to Government guidance in preparing the Academy to reopen, and minimising risks to students and staff.

The **Finance and General Purposes Committee** oversees the management and control of the financial and general affairs of the Academy to ensure its short- and long-term viability. It recommends to the Governing Body the annual budget and elements of the end-of-year Financial Statements, advises on financial strategy, monitors financial performance and ensures that systems are in place for the effective and efficient management of resources and financial operations.

The **Audit Committee** is responsible for overseeing internal controls, risk management and compliance. The Committee meets with the external auditors to discuss audit findings, and with the internal auditors to consider internal audit reports and recommendations for the improvement of the Academy's systems of internal control, together with management's

response and implementation plans. The Committee receives reports from the OfS and monitors adherence with regulatory requirements. It provides the Governing Body and the Principal with an Annual Report on its key activities and an opinion on arrangements for risk management, safeguarding, GDPR, value for money and data integrity, among others.

The Audit Committee has benefited from the appointment of an independent external member, Linda Peka, Deputy Registrar and Chief College Operations Officer at Exeter University, since September 2016, to provide additional expertise and scrutiny of the Academy's operations. This appointment has been renewed for a further three years.

The **Nominations Committee** is responsible for identifying fit and proper persons for nomination as independent members to ensure that the Governing Body has appropriate expertise to meet its short- and long-term needs. The priorities for recruitment are to widen the diversity of members and enhance the financial, business, professional, and fundraising skills of the Governing Body.

The **Remuneration Committee** is responsible for recommending the terms of employment and remuneration of the Principal, members of the Senior Management Team and other senior staff. The Academy adopted the CUC's Higher Education Senior Staff Remuneration Code, and has prepared an annual report (page 34).

The **Gift Acceptance Committee** is responsible for advising the Governing Body about whether the sources and purposes of prospective donations, fundraising, and other funded activities are ethically acceptable.

The **Academic Board** is the main academic committee of the Governing Body and draws its members from the academic staff and the students of the institution. It is the body responsible for the academic and academic governance work of the Academy in teaching, examining and in research, and recommending and implementing strategic academic, artistic and policy initiatives. It is responsible for the Academy's Quality Assurance procedures which outline the principles, procedures and processes involved in our quality assurance and enhancement activities, which have been developed in accordance with the expectations set out in the UK Quality Code for Higher Education. These procedures are monitored annually to ensure they remain appropriate and robust for a small specialist institution.

The **Principal** is the **Chief Executive Officer** of the Academy, who reports to the Governing Body and is responsible for implementing its decisions and for maintaining and promoting the efficiency and good order of the Academy. Under the OfS's Terms and conditions of funding for higher education institutions for the period to 31 July 2021, the Principal is the designated Accountable Officer of the Academy.

The **Senior Management Team** is the Principal's advisory group and comprises the Deputy Principal, Director of Finance, Dean of Students, Registrar and Director of Student Operations, and Deputy Principal (Advancement).

STATEMENT OF INTERNAL CONTROL

The Governing Body has, in accordance with its Royal Charter and Bye-Laws and the OfS's Terms and conditions of funding for higher education institutions for the period to 31 July 2021, responsibility for maintaining a sound system of internal control that supports the achievement of strategic aims and objectives while safeguarding public and other funds and assets for which the Academy is responsible. The system of internal control is designed to manage rather than eliminate risk and 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 principal risks, to evaluate the nature and extent of those risks, and to manage them efficiently and effectively. This process has been in place for the financial year ended 31 July 2021 and up to the date of approval of the Financial Statements, and accords with OfS guidance.

The following internal control processes have been established:

- The Governing Body considers the plans and strategic direction of the Academy on an annual basis.
- The Governing Body has delegated to the Audit Committee responsibility for reviewing the effectiveness of internal control systems and the risk management process and for ensuring suitable processes are in place for monitoring and managing the risks.
- The Governing Body receives an annual report from the Audit Committee concerning issues of risk, internal controls and their effectiveness, which are informed by reports from the Senior Management Team and internal auditors on the steps being taken to manage risks.
- The Audit Committee receives reports from the internal auditors, which include its independent opinion on the adequacy and the effectiveness of internal controls based on work undertaken in accordance with its approved audit plan.
- The Academy maintains an Academy-wide risk register, which is monitored by the Senior Management Team and reviewed by the Audit Committee. Changes in risk assessments are reported to the Audit Committee. This is reviewed by the Governing Body on an annual basis.
- Our approach to risk management is risk based.
- Heads of departments are required to identify and keep up to date the record of risks facing the Academy. These are discussed on at least an annual basis.

The highest rated risks currently on the register are:

- COVID-19
- The impact of the EU referendum
- Failure to meet fundraising targets
- Risks around historic issues of safeguarding students and staff
- Pay and pension inequality
- Physical security of collections
- Cyber security
- Noise protection for staff and students
- Failure of key hardware and software
- Non-compliance with estates regulations requirements

All risks listed are discussed by the Senior Management Team on a regular basis with mitigating actions in place.

The Academy continues to review data management with external consultation and legal and marketing experts, to minimise the GDPR-related risks in all our activities.

The Academy is subject to review by internal audit which, for 2020/21, was carried out by Azets, who were re-appointed in June 2021 from the Crown Commercial Services framework following a mini-tender exercise. The internal auditors operate to standards defined in the Audit Code of Practice set out in the OfS's Terms and conditions of funding for higher education institutions for the period to 31 July 2021 and report on the adequacy and effectiveness of the Academy's system of internal control, make recommendations for improvement and monitor implementation. No significant weaknesses in internal control were identified during the year.

The Corporate Governance Statement and Statement on Internal Control and Risks was approved by the Governing Body and the Principal on 18 November 2021, and signed on its behalf by

Dame Jenny Abramsky
Chair of Governing Body

Professor Jonathan Freeman-Attwood
Principal

RESPONSIBILITIES OF THE GOVERNING BODY

In accordance with its Royal Charter, the Governing Body is responsible for the administration and management of the Academy's affairs and is required to present an Annual Report and audited Financial Statements each financial year.

The Governing Body oversees the Academy's activities, determines its future direction, and fosters an environment in which the Academy's mission can be achieved.

The Governing Body is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Academy and enable it to ensure that the Financial Statements are prepared in accordance with the Statement of Recommended Practice: 'Accounting for Further and Higher Education' and other relevant accounting standards. In addition, within the OfS's Terms and conditions of funding for higher education institutions, for the period to 31 July 2021, the Governing Body, through its designated Accountable Officer, is required to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Academy and of the surplus or deficit and cash flows for that year.

In causing the Financial Statements to be prepared, the Governing Body ensures that:

- Suitable accounting policies are selected and applied consistently.
- Judgements and estimates are made which are reasonable and prudent.
- Applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements.
- Financial Statements are prepared on a going concern basis unless it is inappropriate to presume that the Academy will continue in operation.

The Governing Body is satisfied that the Academy has adequate resources to continue in operation for the foreseeable future despite reporting a loss on Total Comprehensive Income for the year. For this reason, the going concern basis continues to be adopted in the preparation of the Financial Statements.

The Governing Body is also responsible for:

- Ensuring there is a robust and comprehensive system of management, control and corporate governance, including prevention and detection of corruption, fraud, bribery and irregularities, and GDPR compliance.
- Obtaining regular, reliable, timely and adequate information to monitor performance and track the use of public funds.
- Planning and managing activities to remain sustainable and financially viable.
- Informing the OfS of any significant changes in its circumstances and incidents that could impact on the mutual interests of the Academy and the OfS.
- Using public funds for proper purpose and seeking to achieve value for money from public funds.
- Complying with mandatory requirements relating to audit and financial reporting.
- Delivering its charitable purpose for the public benefit:
 - Sending required returns and information to the OfS.
 - Ensuring there are effective arrangements in place for managing and quality assurance of data submitted to funding and regulatory bodies.
 - Ensuring an effective framework to manage the quality of learning and teaching and to maintain academic standards.

- Considering the OfS's assessment of the Academy's risk status and taking action accordingly.

The key elements of the Academy's system of internal control, which is designed to discharge the responsibilities set out above, include the following:

- Clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments.
- A comprehensive medium- and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets.
- Regular reviews of academic performance and financial results involving variance reporting and updates of forecast outturns.
- Clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Governing Body.
- A treasury management policy.
- Comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Finance and General Purposes Committee.
- A professional internal audit provider, whose annual programme is approved by the Audit Committee.
- An ongoing process designed to identify the principal risks (whether business, operational, compliance, financial or educational) 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.
- The existence of committees reporting to the Governing Body, particularly the Academic Board, Finance and General Purposes Committee and Audit Committee.

Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

The Governing Body is responsible for the oversight and integrity of the Academy's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

SENIOR STAFF REMUNERATION ANNUAL REPORT

The Higher Education Senior Staff Remuneration Code

The Academy adopted the Higher Education Senior Staff Remuneration Code (the Code) published by the CUC in June 2018. It advises that there are three key elements to adopt when setting senior staff remuneration:

- A fair, appropriate and justifiable level of remuneration
- Procedural fairness
- Transparency and accountability

The Remuneration Committee

The Remuneration Committee is responsible for matters relating to the remuneration of the Principal as HOI, advises on Senior Management Team salaries, any senior staff with remuneration over £100,000, and any other recommendations regarding institutional remuneration.

The members of the Remuneration Committee, including its Chair, are appointed by the Governing Body. The Committee comprises three Independent Members, one of whom is the Chair of the Governing Body, together with the Director of Human Resources. The Chair of the Governing Body may not be the Chair of the Remuneration Committee. The Principal may not be a member of the Committee.

The Remuneration Committee met three times during the reporting period, on 5 October 2020, 1 June 2021 and 20 October 2021. Members agreed that the Committee would meet twice each year to consider strategic and Academy-wide remuneration matters.

Post holders within the remit of the Remuneration Committee during the academic year 2020/21 were:

- Principal
- Deputy Principal
- Deputy Principal (Advancement)
- Director of Finance
- Dean of Students
- Registrar and Director of Student Operations

The Principal's contract was agreed during the period and extended to 2024, subject to any further renewal at that point. Information about the Principal's remuneration is published on page 53.

There were no changes or requests for changes in respect of the Senior Management Team, other than implementing existing contractual arrangements. A nationally agreed cost of living would usually be applied to all staff including those within the remit of the Committee, however for the academic year 2020/21 there was no award due to the financial challenges posed by the pandemic.

Approach to Senior Staff Remuneration

Factors influencing Senior Remuneration

The Committee considered, and were supportive of, a remuneration strategy that would attract the calibre of individual needed to lead prestigious departments and reflect their value to the Academy. The Committee also received information about strategic plans to rationalise pay rates for part-time hourly paid teaching staff.

A number of factors will be considered by the Remuneration Committee when determining reward for senior post holders:

- The Academy is a specialist institution of international reach, with c800 students and c600 staff.
- The finite number of specialist musical educators and leaders in the UK and globally.
- A key facet of the Academy's mission is to widen access to music education
- Benchmarking against comparative UK conservatoires.
- Complexity, scale and scope of the Senior Management Team positions and impact of the role, on students, staff, visitors, donors, research, resources and finances, the Academy and the conservatoire sector.
- Discretion, level of accountability, degree of autonomy and decision-making authority.
- Reputation and academic or professional credibility.
- Performance in support of the Academy strategic objectives.
- Management and leadership of staff.
- Strategic partnerships and external relations internationally and nationally.

Sources of data for the Remuneration Committee

Sources of comparative data include:

- a. Higher Education Statistics Agency (HESA) data.
- b. The Universities and Colleges Employer Association's (UCEA) Senior Staff Remuneration Survey.
- c. The CUC Vice-Chancellor Salary Survey.
- d. Reports and reviews from external experts commissioned by the Committee.
- e. Internal analysis of salary distributions and the Higher Education Role Analysis (HERA) system.

For non-Senior Management Team roles, the Academy subscribes to the HERA system, through which all roles are evaluated and assessed to determine the pay grade and salary range against the national pay scales, based on transparent criteria and to ensure pay equity and the elimination of discrimination.

The Academy subscribes to UCEA, which negotiates the nationally agreed annual cost-of-living pay award with unions, on behalf of its members. Once agreed, the cost-of-living pay award is applied to all staff.

Additional staff pay awards, including incremental awards and one-off payments for exceptional work are evaluated on a termly basis by the Senior Management Team.

All staff are automatically enrolled into a pension scheme according to pensions' enrolment criteria.

Market forces supplements may be applied, where necessary, to attract or retain staff, upon provision of evidence of external market rates.

Pay Multiples

The pay multiple of the HoI basic salary against the median of all staff is 5.07 for 2020/21 (4.76: 2019/20).

Expenses

All staff are expected to adhere to principles of seeking value for money, in hospitality, business travel, accommodation or otherwise. Expenses are expected to be reasonable and not excessive.

The expenses of the Principal are authorised by the Chair of the Governing Body. The expenses of the Director of Finance are authorised by the Principal. All other staff expenses are authorised by the Director of Finance.

PUBLIC SECTOR TRADE UNION FACILITY TIME

The Academy is required to report on the paid time off during working hours for trade union representatives to carry out trade union duties. This data covers the period 1 April 2020 to 31 March 2021.

Total number and FTE of union officials employed	0 no and 0 FTE
Percentage of time spent on facility time	0%
Total cost of facility time	£0
Total pay bill	£12,843,748
Percentage of pay bill spent on facility time	0%
Time spent on paid trade union activities as a percentage of total paid facility hours	0%

INDEPENDENT AUDITORS' REPORT TO THE ACADEMY'S GOVERNING BODY

Opinion

We have audited the financial statements of Royal Academy of Music ('the Academy') and its subsidiaries ('the Group') for the year ended 31 July 2021 which comprise the Consolidated Statement of Comprehensive Income and Expenditure, the Consolidated and Academy Statement of Changes in Reserves, the Consolidated and Academy Balance Sheet, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and Academy's affairs as at 31 July 2021 and of the Group's and Academy's income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Statement of Recommended Practice – Accounting for Further and Higher Education.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Academy Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Governing Body's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Academy's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Governing Body with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual review, other than the financial statements and our auditor's report thereon. The Governing Body are responsible for the other information contained within the annual review. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Governing Body

As explained more fully in the Responsibilities of the Governing Body set out on page 32, the Governing Body are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governing Body are responsible for assessing the Group and Academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governing Body either intend to liquidate all or part of the Academy Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Academy Group and its operations, we identified that the principal risks of non-compliance with laws and regulations related to the OfS requirements, UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that

have a direct impact on the preparation of the financial statements, such as the OfS Accounts Direction.

We evaluated the Governing Body's and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to loss reserves, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the Governing Body and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Academy Group which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Governing Body and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other Required Reporting

Opinion on other matters prescribed in the OfS Audit Code of Practice issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the provider for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by OfS, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of the OfS's accounts direction have been met.

Matters on which we are required to report by exception

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

- the provider's grant and fee income, as disclosed in the notes to the accounts, is materially misstated; or
- the provider's expenditure on access and participation activities, as disclosed in the accounts, has been materially misstated.

Use of the audit report

This report is made solely to the Governing Body as a body in accordance with the Academy's Supplemental Royal Charter and its Schedule of Bye-Laws and the Governing Body's Statement of Primary Responsibilities. Our audit work has been undertaken so that we might state to the Governing Body those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and Academy and the Governing Body as a body for our audit work, for this report, or for the opinions we have formed.

Mazars LLP

Richard Bott (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
90 Victoria Street
Bristol
BS1 6DP

25 November 2021

STATEMENT OF ACCOUNTING POLICIES

FRS 102 is the single comprehensive Financial Reporting Standard and SORP 2019 is the education sector's interpretation of FRS 102.

1. Accounting Convention

The Financial Statements have been prepared under the historical cost convention, modified for the revaluation of the Academy's listed investments, in accordance with applicable Accounting Standards and the Statement of Recommended Practice: 'Accounting for Further and Higher Education' (SORP), published in October 2018. The institution is a public benefit entity and has therefore applied the relevant public benefit requirement of the applicable accounting standards.

The Governing Body has reviewed the financial position of the Academy and its plans for the future as set out in the Operating and Financial review, outturn in 2020/21 as set out in the planned operation and activities of the Academy, and is satisfied that it has adequate resources to continue in operation for the foreseeable future.

The Governing Body reviews the annual budgets and plans which the Academy prepares as part of its annual planning cycle; these reflect the aims and objectives of its 2019 to 2024 strategic plan and feed into the five-year forecast. The budgets, plans and forecasts show that the Academy is expected to be able to continue to meet its working capital requirements from cash and liquid investments. The budgets and forecasts consider the impact of key external factors including the impact of Brexit on student recruitment as well as possible changes in government funding. The management team and governing body consider the impact of changes in assumptions in these key areas before approving budgets and forecasts.

For this reason, the Governing Body feels that the Academy has adequate resources to continue in operational existence for the foreseeable future and is not aware of any material uncertainties which would prevent the Academy from continuing as a going concern. These financial statements have therefore been prepared on a going concern accounting basis.

2. Basis of Consolidation

The consolidated Financial Statements comprise the Academy's activities and those of its charitable subsidiary undertaking, the RAM Collections Trust. Academy Chimes Limited ceased trading at the end of 2019/20 and was struck off, whilst RAM Development Company Limited was dormant during the year. The consolidated Financial Statements do not include those of the Students' Union because the Academy does not control those activities as it is a separate entity. Intra-group transactions are eliminated on consolidation.

3. Recognition of Income

Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Fee income is credited to income over the period in which students are studying. Bursaries funded from external donations or endowment income are omitted from expenditure and fee income and recognised as donations or interest receivable accordingly. Bursaries funded from general or designated funds are included within bursary expenditure and fee income.

Funds the Academy receives and disburses as paying agent on behalf of a funding body are excluded from income and expenditure where the Academy is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Grants and Donations

A Performance Related Condition (PRC) is a condition that requires the performance of a particular level of service or units of output to be delivered with payment of, or entitlement to, the resources conditional on that performance.

Grants and donations without PRC or any other type of restriction are recognised in full within the Consolidated Statement of Comprehensive Income and Expenditure on entitlement to the income. This includes donations of assets.

Government and non-government grants with PRCs include annual grants such as OfS or UKRI teaching and research grants and bursary grants where the academic year and/or students to whom the grants relate are stipulated. They may also include grants for specific research projects to fund academic posts over a number of years. These grants are deferred on the balance sheet until the PRC has been met, at which point the grant is released to income.

Where no PRC attaches to a government or non-government grant but there are nevertheless restrictions imposed on the use of funds, the grant income is recognised in full when the Academy is entitled to the income. It is retained within a restricted reserve until being used in line with the restriction, at which point a reserve transfer is made to release the reserve to general funds.

Capital grants are treated in the same way as revenue grants.

Endowments

An endowment fund is a form of charitable trust retained for the benefit of the Academy for the long-term and is subdivided into a capital and accumulated income element. A donation to establish an endowment fund which prohibits conversion of capital to income creates a 'permanent' endowment fund and such funds must generally be held indefinitely. If the Academy has power to use the capital then the endowment fund is 'expendable' although the Academy would be unlikely to use this power in the short-term.

The investment income from permanent endowment funds may be restricted or unrestricted in use depending on the requirements of the donor whereas investment income from expendable endowment funds will always be restricted in use.

New endowment funds are credited to the Consolidated Statement of Comprehensive Income and Expenditure on entitlement and then transferred to an endowment fund within the Balance Sheet. Investment income is credited to the Consolidated Statement of Comprehensive Income and Expenditure and, if restricted, reserved within the endowment fund for future spend in accordance with restrictions. Expenditure against the restricted endowment fund is debited to the Consolidated Statement of Comprehensive Income and Expenditure and charged to the endowment fund.

Appreciation/depreciation of endowment investments is recorded within the Consolidated Statement of Comprehensive Income and Expenditure and then transferred to the capital element of the endowment funds.

Other Investment Income

Other investment income is credited to the Consolidated Statement of Comprehensive Income and Expenditure on a receivable basis. Appreciation/depreciation of investments is credited/debited to the Consolidated Statement of Comprehensive Income and Expenditure and then transferred to the General Fund or Endowment funds, as appropriate.

4. Accounting for Retirement Benefits

The Academy contributes to four different pension schemes for current employees: the TPS; a GPPS; the NEST; and the USS. The TPS and USS are defined benefit schemes and each fund is valued every three years by professionally qualified independent actuaries. The GPPS and NEST are defined contribution schemes.

The assets of the TPS are held in separate trustee-administered funds. Because of the nature of the Scheme, the Scheme's assets are not hypothecated to individual institutions and Scheme-wide contributions are set. The Academy is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the Scheme on a consistent and reasonable basis. Therefore, it 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 USS is a multi-employer hybrid scheme, providing defined benefits (for all members) as well as defined contribution benefits. The assets of the Scheme are held in a separate trustee-administered fund. Because of the mutual nature of the Scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The Academy is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the Academy therefore accounts for the Scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the Consolidated Statement of Comprehensive Income and Expenditure represents the contributions payable to the Scheme. Since the Academy has entered into an agreement (the recovery plan) that determines how each employer within the Scheme will fund the overall deficit, a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised. The Academy had nine members in the USS at the end of 2020/21.

The Academy also operates a defined benefit pension scheme, The Royal Academy of Music Pension Scheme 1967 (RAM1967), which is closed to new members, and which provides retirement benefits based on the length of service and final pensionable salary for certain employees. The operating and financing costs of the Scheme are recognised separately in the income and expenditure account. Service costs are spread over the service lives of the employees and financing costs are recognised in the period in which they arise. The cost of past service benefit enhancements, settlements and curtailments are also recognised in the period in which they arise. The differences between actual and expected returns during the year, including changes in actuarial assumptions are recognised in the Statement of Comprehensive Income and Expenditure. The Academy's net obligation in respect of the RAM1967 Scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods: that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) and any unrecognised past service costs are deducted.

5. Employment Benefits

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

6. Leases

Rental costs under operating leases are charged to expenditure in equal annual amounts over the term of the lease. Any lease premiums or incentives are spread over the lease term.

7. Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Musical Instrument Collection assets which were revalued to fair value prior to 1 August 2014, the date of transition to the revised SORP, are measured on the basis of deemed cost, being the revalued amount at the transition date.

Impairment reviews are carried out if changes in conditions or events indicate the carrying amount of a fixed asset may not be recoverable.

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each balance sheet.

Donations received towards the cost of buildings or other assets are released to income on entitlement or when PRCs, if they exist, have been met (refer to income recognition policy for further details). The income is then transferred to a restricted reserve to fund remaining asset purchase costs.

Land and Buildings

Expenditure that adds value to the main Academy property is capitalised and depreciated over 40 years on a straight line basis.

Academy buildings are being depreciated over 90 years, in line with the length of the lease.

A componentisation approach has been applied to the recently completed Susie Sainsbury Theatre and Angela Burgess Recital Hall. The structures are being depreciated over 50 years but other components are being depreciated over 10, 20 or 25 years.

The York Gate building was acquired with the aid of a specific grant from the Heritage Lottery Fund and was subsequently refurbished. The refurbishment costs of the York Gate building and the cost of the David Josefowitz Recital Hall have also been capitalised and are being depreciated over 71 and 28 years respectively. Fit-out costs for York Gate are being depreciated over 13 years. The depreciation for the York Gate buildings was recalculated on transfer of the assets to the Academy in 2013.

The fit-out costs of the Cross Keys practice rooms are being depreciated over 10 years, this being the length of the lease.

Buildings under construction within the Academy are accounted for at cost based on the value of architects' certificates and other direct costs incurred to 31 July. They are not depreciated until they are brought into use.

Equipment and Collection of Musical Instruments

Expenditure on the purchase of equipment and other items is depreciated on a straight line basis as follows:

Equipment/working instruments/artefacts
5, 8, 10, 15, 20, 25 or 40 years or not depreciated

Collection of Prestigious Musical Instruments
Not depreciated as their long economic life and high residual value mean depreciation is not material

Assets in excess of £10,000 and refurbishments in excess of £25,000 are capitalised. All other equipment is written off in the year of acquisition.

8. Heritage Assets

Since its foundation in 1822, the Academy has acquired important collections of instruments, manuscripts, paintings, photographs, busts, drawings, teaching aids and artefacts, batons, furnishings, memorabilia and other objects which have been bought or donated over the years. The majority of the instruments have been valued and are recorded in the Balance Sheet, most as working assets but a few, primarily stringed instruments made by Stradivari and Amati, are considered to be of such international importance that they are not generally used for educational or musical purposes but are on display in the Academy's Museum, which is open to the public. Consequently they fall to be treated as heritage assets as they are held primarily for their contribution to knowledge and culture. The Spencer Collection and the Menuhin Collection were both purchased by the Academy and are also included in the Balance Sheet as heritage assets. The other items of the type described above are numerous and many have relatively low intrinsic values, however many of them have unique associations with their original owner or with the Academy. These assets are not considered to be of a heritage nature but are nevertheless an important part of the Academy's history and assist in preserving its reputation and attraction to current and potential students and teachers. Full details of the collections, which are fully catalogued and include both heritage and non-heritage assets, together with opening times for the Museum and access policy, are given on the Academy's website at www.ram.ac.uk/Museum.

The key stringed instruments that are held as heritage assets (all of which have been donated to the Academy) are included in the Balance Sheet at fair value as at 1 August 2014, the date of transition to SORP, and are no longer generally revalued. The ten most valuable instruments were revalued in 2020/21, as they account for 95% of the heritage assets. The carrying amounts are reviewed annually for impairment. Donated heritage assets are not depreciated as, given their long economic life and high residual value, depreciation would not be material. Heritage assets purchased by the Academy are included in the Financial Statements at cost and are depreciated over 40 years. Costs in connection with the preservation and conservation of heritage assets are charged to the Income and Expenditure Account as they are incurred.

9. Investments

Listed investments held within Non-Current investments are stated at market value at the Balance Sheet date. Gains or losses are attributed to the appropriate fund.

Current asset investments are held at fair value with movements recognised in the Consolidated Statement of Comprehensive Income and Expenditure. They include building society deposits with a deposit term greater than 90 days.

10. Cash and Cash Equivalents

Cash flows comprise increases or decreases in cash. Cash includes cash in hand and cash deposits repayable on demand. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. No investments, however liquid, are included as cash.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. They include building society deposits with a deposit term less than 90 days and no material penalty for early withdrawal.

11. Stock

The majority of the stock held used to relate to the Academy Chimes music shop with minor amounts for canteen and bar stock. Stock is stated at the lower of cost and net realisable value.

12. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when:

- a. The Academy has a present legal or constructive obligation as a result of a past event.
- b. It is probable that an outflow of economic benefits will be required to settle the obligation.
- c. A reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the Academy a possible obligation whose existence will only be confirmed by the occurrence of otherwise uncertain future events not wholly within the control of the Academy. Contingent liabilities also arise in circumstances where a provision would otherwise be made, but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the Academy a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within its control.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the Notes.

Maintenance of Premises

The Academy has a provision for the maintenance of its buildings which it is required to carry out in accordance with the terms of its lease. This is based on a 15 year maintenance plan which is reviewed on an annual basis. The provision represents the estimated cost, at the Balance Sheet date, of maintenance work falling due within the cyclical programme under the lease.

The cost of routine corrective maintenance is charged to the Income and Expenditure Account as incurred.

13. Taxation Status

As a registered charity the Academy is exempt from taxation in respect of income received within categories covered by Part II of the Corporation Tax Act 2010, to the extent that such income is applied exclusively for charitable purposes. The Academy is partially exempt in respect of Value Added Tax (VAT) so it can only recover a minor element of VAT charged on its inputs.

14. Reserves

Reserves are allocated between restricted and unrestricted reserves. Restricted reserves include endowments (see Note 16) and non-endowment funds which the donor has designated for a specific purpose.

15. Significant Estimates and Accounting Judgements

In the preparation of the 2021 consolidated Financial Statements, it is the responsibility of management to make informed judgements and estimates that affect the reported values for assets, liabilities, income and expenditure.

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The following key assumptions concerning the future and other key sources of estimation and uncertainty at the reporting date of 31 July 2021, are listed as follows:

Deferred Benefit Scheme Pension Provision

The Academy is the sole member of the RAM1967 Pension Scheme which is a defined benefit scheme, and for which a provision is recorded within the balance sheet. The recognised liability is based on the valuation provided by professionally qualified independent actuaries which is based on a number of assumptions. These include the future cash flows of the Scheme, the discount rate used (which is based on average AA rated UK corporate bond rates that reflect the duration of our liability), the pensionable salary growth going forward and proposed price inflation (which is based on the RPI). Further details can be found in Note 18.

The net interest expense is based on the interest rates of AA rated corporate bonds and the deficit position.

Management review the assumptions made to derive the provisions recorded within the Balance Sheet to ensure that they are reasonable.

16. Post Balance Sheet Events

The only post-balance sheet event to report is that a revised Schedule of Contributions for the Universities Superannuation Scheme was agreed based on the 2020 valuation, and took effect from 1 October 2021. This has resulted in an increase in employer contribution rate for the nine members of the USS from 21.1% to 21.4% and an increase in the deficit recovery rate from 6.0% to 6.3%, which is effective from 1 April 2022. The impact of this will be reflected in the Financial Statements for the year ending 31 July 2022.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

	Note	Consolidated 2021 £000	Academy 2021 £000	Consolidated 2020 £000	Academy 2020 £000
Income					
Tuition Fees	1	10,803	10,803	10,842	10,843
OfS and Funding Council Grants	2	4,876	4,876	4,898	4,898
Research Grants and Contracts	3	18	18	8	8
Other Income	4	664	664	1,683	1,544
Investment Income	5	947	947	1,373	1,373
Total Income before Donations and Endowments		17,308	17,308	18,804	18,666
Donations and Endowments	6	12,765	12,765	6,735	6,735
Theatre donations	6	-	-	620	620
Total Income		30,073	30,073	26,159	26,021
Expenditure					
Staff Costs	7	13,044	13,044	13,038	13,038
Other Operating Expenses		9,647	9,647	10,041	9,902
Depreciation	10	1,766	1,736	1,802	1,772
Interest and Other Finance Costs	8	73	73	81	81
Total Expenditure	9	24,530	24,500	24,962	24,793
Operating Surplus before Other Gains or Losses		5,543	5,573	1,197	1,228
Gain on Disposal of Fixed Assets		3	3	42	42
Gain/(loss) on Investments		7,596	7,596	(2,366)	(2,366)
Surplus for the Year		13,142	13,172	(1,127)	(1,096)
Unrealised surplus on revaluation of tangible assets		24,300	24,300	-	-
Actuarial loss in respect of RAM1967 Pension Scheme		799	799	(1,962)	(1,962)
Total Comprehensive Income for the year		38,241	38,271	(3,089)	(3,058)
Represented by:					
Endowment comprehensive income for the year		12,372	12,372	(1,647)	(1,647)
Restricted comprehensive income for the year		1,241	1,241	1,923	1,923
Unrestricted comprehensive income for the year		(1,649)	(1,619)	(3,357)	(3,326)
Revaluation reserve comprehensive income for the year		26,277	26,277	(8)	(8)
		38,241	38,271	(3,089)	(3,058)

Since the introduction of the SORP 2015 (now SORP 2019), capital donations for the new theatre are required to be included as income, which produced a surplus of £13,119,000 in 2017/18. Work is now complete but the depreciation charges associated with the capital expenditure has led to a much smaller surplus, as was to be expected, in 2020/21.

The operating surplus after exclusion of these restricted donations and exclusion of the proportion of theatre depreciation that is funded by donations received in prior years is shown below.

	2021 £000	2020 £000
Total Comprehensive Income for the year from above	38,241	(3,089)
Exclude Endowment comprehensive income (generally restricted in use)	(12,372)	1,647
Exclude Restricted comprehensive income (mainly theatre donations)	(1,241)	(1,923)
Exclude Revaluation reserve comprehensive income (notional sum)	(26,277)	8
Exclude Actuarial loss on RAM1967 Pension Scheme for the year	(799)	1,962
Exclude Depreciation re externally funded proportion of theatre project	747	747
Operating (deficit)/surplus after adjustments	(1,701)	(648)

The Notes on pages 52 to 66 form part of these financial statements.

All items of income and expenditure arise from continuing operations.

CONSOLIDATED AND ACADEMY STATEMENT OF CHANGES IN RESERVES

Consolidated	INCOME AND EXPENDITURE ACCOUNT			Revaluation Reserve £000	Total £000
	Endowment £000	Restricted £000	Unrestricted £000		
Balance at 1 August 2019	38,057	1,272	131,638	903	171,870
(Deficit)/surplus from the income and expenditure statement	(1,647)	1,923	(3,357)	(8)	(3,089)
Release of restricted capital funds spent in year	-	(819)	819	-	-
Balance at 1 August 2020	36,410	2,376	129,100	895	168,781
Surplus/(deficit) from the income and expenditure statement	12,372	1,241	(1,649)	26,277	38,241
Release of restricted capital funds spent in year	-	(123)	123	-	-
Balance at 31 July 2021	48,782	3,494	127,574	27,172	207,022

Academy	INCOME AND EXPENDITURE ACCOUNT			Revaluation Reserve £000	Total £000
	Endowment £000	Restricted £000	Unrestricted £000		
Balance at 1 August 2019	38,057	1,272	130,917	903	171,149
(Deficit)/surplus from the income and expenditure statement	(1,647)	1,923	(3,326)	(8)	(3,058)
Release of restricted capital funds spent in year	-	(819)	819	-	-
Balance at 1 August 2019	36,410	2,376	128,410	895	168,091
Surplus/(deficit) from the income and expenditure statement	12,372	1,241	(1,619)	26,277	38,271
Release of restricted capital funds spent in year	-	(123)	123	-	-
Balance at 31 July 2021	48,782	3,494	126,914	27,172	206,362

CONSOLIDATED AND ACADEMY BALANCE SHEET

	Note	Consolidated 2021 £000	Academy 2021 £000	Consolidated 2020 £000	Academy 2020 £000
Non-Current Assets					
Fixed Assets:					
Heritage	10a	91,303	90,643	67,055	66,365
Operational	10a	53,615	53,615	54,899	54,899
		<u>144,918</u>	<u>144,258</u>	<u>121,954</u>	<u>121,264</u>
Non-Current Investments	11	49,495	49,495	41,988	41,988
		<u>194,413</u>	<u>193,753</u>	<u>163,942</u>	<u>163,252</u>
Current Assets					
Stock		5	5	108	14
Trade and Other Receivables	12	661	661	1,125	1,094
Current Investments	13	3,024	3,024	3,029	3,029
Cash and Cash Equivalents		17,519	17,519	9,053	9,049
		<u>21,209</u>	<u>21,209</u>	<u>13,315</u>	<u>13,186</u>
Creditors: Amounts falling due within one year	14a	(4,311)	(4,311)	(3,056)	(2,927)
Net Current Assets		<u>16,898</u>	<u>16,898</u>	<u>10,259</u>	<u>10,259</u>
Total Assets less Current Liabilities		<u>211,311</u>	<u>210,651</u>	<u>174,201</u>	<u>173,511</u>
Creditors: Amounts falling due after more than one year	14b	-	-	-	-
Provisions					
Pension Provisions	15	(4,044)	(4,044)	(5,161)	(5,161)
Other Provisions	15	(245)	(245)	(259)	(259)
Total Net Assets		<u>207,022</u>	<u>206,362</u>	<u>168,781</u>	<u>168,091</u>
Restricted Reserves					
Income and Expenditure Reserve - Endowment	16	48,782	48,782	36,410	36,410
Income and Expenditure Reserve - Restricted	17	3,494	3,494	2,376	2,376
		<u>52,276</u>	<u>52,276</u>	<u>38,786</u>	<u>38,786</u>
Unrestricted Reserves					
Income and Expenditure Reserve - Unrestricted		127,574	126,914	129,100	128,410
Revaluation reserve		27,172	27,172	895	895
		<u>154,746</u>	<u>154,086</u>	<u>129,995</u>	<u>129,305</u>
Total Funds		<u>207,022</u>	<u>206,362</u>	<u>168,781</u>	<u>168,091</u>

The Notes on pages 52 to 66 form part of these Financial Statements

The Financial Statements were approved by the Governing Body and authorised for issue on 18 November 2021.

Dame Jenny Abramsky
Chair of Governing Body

Professor Jonathan Freeman-Attwood
Principal

CONSOLIDATED CASH FLOW STATEMENT

	Note	2021 £000	2020 £000
Cash flow from operating activities			
Surplus/(deficit) for the year		13,142	(1,127)
Adjustments for non-cash items			
Depreciation/Impairment of Fixed Assets	10a	1,766	1,802
(Loss)/gain on investments	11	(7,596)	2,366
Decrease/(increase) in stocks		103	(4)
Increase/(decrease) in debtors	12	464	(231)
Increase/(decrease) in creditors	14	1,348	(1,811)
(Decrease)/increase in pension provisions	15	(318)	(374)
(Decrease)/increase in other provisions	15	(14)	102
Receipt of donated equipment	6	-	(322)
Adjustment for investing or financing activities			
Investment income	5	(947)	(1,373)
New endowments	16	(7,031)	(764)
Profit on sale of fixed assets		(3)	(42)
Capital grant income		(57)	(1,043)
Net cash inflow/(outflow) from operating activities		857	(2,821)
Cash flows from investing activities			
Proceeds from sale of operational tangible assets		3	42
Capital grant receipts		57	1,043
Disposal of non-current asset investments		22,518	18,284
Withdrawal of current asset investments deposits		2,030	3,044
Investment income		947	1,373
Purchase of operational tangible fixed assets		(430)	(468)
New non-current asset investments		(22,426)	(20,996)
New current asset investment deposits		2,025	(2,057)
Net cash inflow from investing activities		674	265
Cash flows from financing activities			
New endowments received	16	7,031	764
Bonus shares		(3)	-
New unsecured loans		-	6
Repayments of amounts borrowed		(93)	-
Net cash inflow from financing activities		6,935	770
Increase/(decrease) in cash and cash equivalents in the year		8,466	(1,786)
Cash and cash equivalents at 1 August 2020		9,053	10,839
Cash and cash equivalents at 31 July 2021		17,519	9,053

NOTES TO THE FINANCIAL STATEMENTS

	Consolidated 2021 £000	Academy 2021 £000	Consolidated 2020 £000	Academy 2020 £000
1. Tuition fees				
Full-time UK and EU	5,266	5,266	5,771	5,772
Full-time International	4,712	4,712	4,189	4,189
Junior and Intermediate	825	825	882	882
	<u>10,803</u>	<u>10,803</u>	<u>10,842</u>	<u>10,843</u>
2. OfS and Funding Council Grants				
Recurrent Teaching grant	4,223	4,223	4,279	4,279
Recurrent Research grant	378	378	371	371
Other Special funding	164	164	150	150
Capital grant	111	111	98	98
	<u>4,876</u>	<u>4,876</u>	<u>4,898</u>	<u>4,898</u>
3. Research Grants and Contracts				
Research Councils	18	18	8	8
	<u>18</u>	<u>18</u>	<u>8</u>	<u>8</u>
The source of grant and fee income, included in notes 1 to 3 is as follows:				
Grant and fee income				
Grant income from the OfS	4,348	4,348	4,377	4,377
Grant income from other bodies	546	546	529	529
Fee income for research awards (exclusive of VAT)	185	185	167	167
Fee income from non-qualifying courses (exclusive of VAT)	825	825	882	882
Fee income for taught awards (exclusive of VAT)	9,793	9,793	9,793	9,794
	<u>15,697</u>	<u>15,697</u>	<u>15,748</u>	<u>15,749</u>
4. Other Income				
Residences and catering	60	60	592	592
Revenue Grant (CJRS government)	135	135	299	299
Other operating income	469	469	792	653
	<u>664</u>	<u>664</u>	<u>1,683</u>	<u>1,544</u>
5. Investment Income				
Investment income	924	924	1,277	1,277
Other interest receivable	23	23	96	96
	<u>947</u>	<u>947</u>	<u>1,373</u>	<u>1,373</u>
6. Donations and Endowments				
New Endowments	7,031	7,031	764	764
PRC income utilised	1,242	1,242	1,306	1,306
Restricted donations	2,185	2,185	2,979	2,979
Unrestricted donations *	2,307	2,307	1,984	1,984
Donation of assets (non-cash)	-	-	322	322
	<u>12,765</u>	<u>12,765</u>	<u>7,355</u>	<u>7,355</u>

* includes donation income of £0 from the ABRSM (£1,050,000: 2020)

7. Staff

	Consolidated 2021 £000	Academy 2021 £000	Consolidated 2020 £000	Academy 2020 £000
Staff Costs				
Wages and salaries	10,722	10,722	10,781	10,781
Social Security costs	925	925	971	971
Change in USS pension provision parameters	1	1	(81)	(81)
Other pension costs	1,396	1,396	1,367	1,367
	<u>13,044</u>	<u>13,044</u>	<u>13,038</u>	<u>13,038</u>
Principal's Emoluments	£		£	
Salary*	190,684		200,834	
Benefits	3,849		4,075	
Pension contributions & pay in lieu of pension contributions	34,130		34,130	
Compensation for change in tax treatment of accommodation**	28,568		4,983	
Accommodation – taxable	17,225		17,511	
Accommodation – non-taxable	-		-	
	<u>274,456</u>		<u>261,533</u>	

*The Principal took a reduction in salary of £10,000.

**Compensation to reflect changes in tax treatment of accommodation, provided to enable him to perform his role, recognising the contractual obligations arising from changes in HMRC regulations.

The Principal is required as part of his contract to live on the Academy premises. The premises are an integral part of the main Academy building and the apportioned costs associated with the Principal's use of the residence are £17,225 (£17,511: 2020). The space is also used by chamber groups for rehearsal and coaching, for visiting performers, for cataloguing by the Library staff and for quiet working.

The Principal is no longer part of a pension scheme therefore his salary contains a pension equivalent, now rolled into a single sum. This is shown separately above.

The Principal's remuneration is set by the Remuneration Committee (of which the Principal is not a member) after consideration of his performance over time, his success in meeting strategic objectives, and of salaries at other comparable higher education institutions, nationally and internationally. This includes particular reference to other conservatoires and specialist institutions and recognises the status of the Academy as a world-class institution. He has led the Academy in increasing student numbers of exceptional quality and recruiting staff of institutional repute, achieving high rankings in relevant league tables, in maintaining student excellence and in attracting additional philanthropic income. The salary does not reflect a corporate world equivalent but rather takes into account the skills required to run a high-level and complex institution of this kind, with long working hours. The Principal's contract was agreed during November 2020. The Principal's basic salary is 5.07 times (4.76 times: 2019/20) the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the Academy to its staff.

The Principal's total remuneration is 6.35 times (6.05 times: 2019/20) the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration paid by the Academy to its staff.

Severance payments of £448,000 were made to 25 members of staff in 2020/21 (zero members of staff: 2019/20). The majority of this related to a limited restructuring programme in the light of the Academy's financial forecasts.

The number of staff who received emoluments (including taxable benefits but excluding employer's pension contributions) in excess of £100,000 in the following ranges was:

Range	2021	2020
£105,000-£109,000	1	-
£130,000-£134,999	-	1
£215,000-£219,999	1	-
£225,000-£229,999	0	1

The average number of persons employed by the Academy and the Group during the year, expressed as full-time equivalents (FTE), are shown in the table below:

	2020 FTE	Restated 2019 FTE
Staff numbers		
Teaching *	155	154
Support	8	7
Other academic services	12	16
Central administration and services	44	45
General education	18	19
Student/staff facilities	5	4
Premises	20	21
Catering and residence	5	8
	<u>267</u>	<u>274</u>

* The figures above include the following Junior Academy teaching staff

	16	16
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Key Management Personnel

Key Management Personnel comprises the Senior Management Team, including the Principal, being those persons having authority and responsibility for planning, directing and controlling the activities of the Academy.

	2021 £000	2020 £000
Key management personnel compensation	825	776
Headcount	<u>6</u>	<u>6</u>

	2021 £000	2020 £000
Access and Participation		
Access Investment	123	102
Financial Support	-	-
Disability Support (excluding expenditure included in the two categories above)	49	14
Research and Evaluation	2	19
	<u>174</u>	<u>135</u>

8. Interest and other finance costs

	Consolidated 2021 £000	Academy 2021 £000	Consolidated 2020 £000	Academy 2020 £000
Net charge on pension schemes	73	73	81	81

9. Total expenditure by activity

	Consolidated 2021 £000	Academy 2021 £000	Consolidated 2020 £000	Academy 2020 £000
Teaching	8,747	8,747	8,964	8,964
Support	485	485	402	402
Other academic services	592	592	626	626
Central administration and services	3,403	3,403	3,886	3,886
General education	4,324	4,324	4,351	4,351
Student/staff facilities	385	385	240	240
Premises	5,920	5,890	5,252	5,222
Long-term maintenance	122	122	102	102
Catering and Residence	461	461	909	909
Research grants and contracts	18	18	8	8
Other services rendered - Academy Chimes	-	-	141	2
Other expenses	73	73	81	81
	24,530	24,500	24,962	24,793

Other operating expenses include:

External auditors' remuneration in respect of audit services	56	60
External auditors' remuneration in respect of non-audit services	-	13
Internal auditors' remuneration	24	20
Land and buildings	1,171	1,389
Other	18	30

	Consolidated 2021 £000	Academy 2021 £000	Consolidated 2020 £000	Academy 2020 £000
Access and Participation				
Access Investment	168	168	141	141
Financial Support	502	502	649	649
Disability Support (excluding expenditure included in the two categories above)	52	52	17	17
Research and Evaluation	2	2	19	19
	724	724	826	826

£135,000 of these costs are already included in the overall staff costs figures included in the financial statements, see Note 7.

Link to the Academy's access and participation plan: <https://www.ram.ac.uk/about-us/policies-and-procedures/access-and-participation-plan>.

10. Tangible fixed assets

a) Consolidated

Cost or valuation	OPERATIONAL				HERITAGE			TOTAL
	Long Leasehold Land and Buildings	Equipment	Instrument Collection	Operational	Heritage Instrument Collection	Spencer Collections	Subtotal	Grand Total
				Operational Assets			Heritage Assets	
	Cost	Cost	Valuation	Valuation	Cost	Cost	£000	£000
At 1 August 2020	54,007	9,389	7,418	70,814	65,845	2,103	67,948	138,762
Additions	430	-	-	430	-	-	-	430
Revaluation	-	-	-	-	24,300	-	24,300	24,300
At 31 July 2021	54,437	9,389	7,418	71,244	90,145	2,103	92,248	163,492
Depreciation								
At 1 August 2020	11,637	4,278	-	15,915	-	893	893	16,808
Charge for the year	1,380	334	-	1,714	-	52	52	1,766
At 31 July 2021	13,017	4,612	-	17,629	-	945	945	18,574
Net Book Value								
At 31 July 2021	41,420	4,777	7,418	53,615	90,145	1,158	91,303	144,918
At 31 July 2020	42,370	5,111	7,418	54,899	65,845	1,210	67,055	121,954

95% of the value of instruments held as heritage assets is represented by 22 stringed instruments including 6 made by Antonio Stradivari.

There were no disposals of heritage assets during the year (nil: 2020).

b) Academy

Cost or valuation	OPERATIONAL				HERITAGE			TOTAL
	Long Leasehold Land and Buildings	Equipment	Instrument Collection	Operational	Heritage Instrument Collection	Spencer Collections	Subtotal	Grand Total
				Operational Assets			Heritage Assets	
	Cost	Cost	Valuation	Valuation	Cost	Cost	£000	£000
At 1 August 2020	51,235	9,389	7,418	68,042	65,845	905	66,750	134,792
Additions	430	-	-	430	-	-	-	430
Revaluation	-	-	-	-	24,300	-	24,300	24,300
At 31 July 2021	51,665	9,389	7,418	68,472	90,145	905	91,050	159,522
Depreciation								
At 1 August 2020	8,865	4,278	-	13,143	-	385	385	13,528
Charge for the year	1,380	334	-	1,714	-	22	22	1,736
At 31 July 2021	10,245	4,612	-	14,857	-	407	407	15,264
Net Book Value								
At 31 July 2021	41,420	4,777	7,418	53,615	90,145	498	90,643	144,258
At 31 July 2020	42,370	5,111	7,418	54,899	65,845	520	66,365	121,264

11. Non-Current Investments

	Consolidated and Academy Total Investments £000
At Market Value	
At 1 August 2020	41,988
Purchases of investments	22,426
Proceeds from sales of investments	(22,518)
Appreciation/(depreciation) on disposal/revaluation	7,596
Bonus issue	3
At 31 July 2021	<u>49,495</u>
Represented by:	
Equities	36,718
Fixed Interest Stocks	3,252
Property	9,525
Other	-
	<u>49,495</u>

12. Trade and other receivables

	Consolidated 2021 £000	Academy 2021 £000	Consolidated 2020 £000	Academy 2020 £000
Amounts falling due within one year:				
Trade Debtors	239	239	322	318
Prepayments and accrued income	422	422	803	776
	<u>661</u>	<u>661</u>	<u>1,125</u>	<u>1,094</u>

13. Current Investments

	Consolidated 2021 £000	Academy 2021 £000	Consolidated 2020 £000	Academy 2020 £000
Short-term deposits	<u>3,024</u>	<u>3,024</u>	3,029	3,029

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Conduct Authority with more than three months' maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit on placement.

At 31 July 2021 the weighted average interest rate of these fixed rate deposits was 0.11% per annum and the remaining weighted average period for which the interest rate was fixed was 33 days. The fair value of the deposits was not materially different from book value.

14. Creditors

	Consolidated 2021 £000	Academy 2021 £000	Consolidated 2020 £000	Academy 2020 £000
a) Amounts falling due within one year:				
Trade Creditors	-	-	2	-
Fees in Advance	1,754	1,754	958	958
Deferred Revenue (Performance Related Conditions)	710	710	827	827
Taxation and social security	24	24	19	19
Loan from Chimes Consultants	-	-	93	-
Other Creditors and Accruals	1,823	1,823	1,157	1,123
	<u>4,311</u>	<u>4,311</u>	<u>3,056</u>	<u>2,927</u>

Deferred Revenue includes the following items of income which are deferred until specific performance related conditions are met:

Teaching grants	663	663	776	776
Research grants	27	27	31	31
Other grants	20	20	20	20
	<u>710</u>	<u>710</u>	<u>827</u>	<u>827</u>

15. Provisions

	CONSOLIDATED AND ACADEMY			
	USS deficit funding obligation £000	RAM1967 defined benefit obligation £000	Total Pension Provisions £000	Other Provisions - Leasehold Dilapidations £000
At 1 August 2020	273	4,888	5,161	259
Transfer from Income and Expenditure Account	3	(728)	(725)	122
Utilised in year	(13)	(379)	(392)	(136)
At 31 July 2021	<u>263</u>	<u>3,781</u>	<u>4,044</u>	<u>245</u>

16. Endowment Reserve

	CONSOLIDATED AND ACADEMY					2020
	Unrestricted Permanent £000	Restricted Permanent £000	Subtotal Permanent £000	Restricted Expendable £000	Grand Total £000	Grand Total £000
Capital						
At 1 August 2020	6,243	21,714	27,957	7,395	35,352	37,069
Decrease in market value of investments	779	2,959	3,738	1,730	5,468	(2,429)
New endowments received	1,025	6,000	7,025	3	7,028	764
Bonus issue	-	3	3	-	3	-
Capital applied for distribution	-	-	-	-	-	(52)
At 31 July 2021	8,047	30,676	38,723	9,128	47,851	35,352
Accumulated Income						
At 1 August 2020	-	699	699	359	1,058	988
Capital applied for distribution	-	-	-	-	-	52
Investment income	169	551	720	95	815	1,118
Expenditure	(169)	(656)	(825)	(117)	(942)	(1,100)
Net income accumulated/(utilised) in current year	-	(105)	(105)	(22)	(127)	18
At 31 July 2021	-	594	594	337	931	1,058
Total Funds						
At 1 August 2020	6,243	22,413	28,656	7,754	36,410	38,057
At 31 July 2021	8,047	31,270	39,317	9,465	48,782	36,410
Analysis by fund-type						
Bursary and prize funds	1,269	24,626	25,895	3,716	29,611	26,648
Teaching and masterclass funds	1,894	6,644	8,538	1,370	9,908	1,801
Development funds	4,874	-	4,874	-	4,874	4,403
Other funds	10	-	10	4,379	4,389	3,558
	8,047	31,270	39,317	9,465	48,782	36,410
Analysis by asset						
Investments					38,658	33,443
Cash					4,693	3,855
Other current assets/liabilities					5,431	(888)
					48,782	36,410

There are no deficit balances on any endowment fund.

17. Restricted Reserves

	CONSOLIDATED AND ACADEMY		2021 Total £000	2020 Total £000
	Unspent Capital Grants £000	Other Restricted Funds £000		
At 1 August 2020	523	1,853	2,376	1,272
Donations	57	2,403	2,460	3,227
Investment income		6	6	8
Appreciation of restricted investments		151	151	1
Capital Grants utilised	(123)		(123)	(819)
Expenditure		(1,376)	(1,376)	(1,313)
At 31 July 2021	457	3,037	3,494	2,376

Analysis of Other Restricted Funds by type of purpose:

Bursary and prize funds	1,740	1,128
Teaching funds	625	377
Other funds	672	348
	<u>3,037</u>	<u>1,853</u>

18. Pension Scheme Costs

Superannuation contributions are paid to the Teachers' Pension Scheme (TPS) for teaching staff, to the Universities Superannuation Scheme (USS) for a small number of staff, to a Group Personal Pension Scheme (GPPS) for administrative staff or to the National Employment Savings Trust (NEST) for those not eligible for other schemes. The assets of these schemes are held separately from the assets of the Academy in independently administered funds. The Royal Academy of Music Pension Scheme 1967 (RAM1967) for administrative staff was closed to future accruals of pension benefit on 31 March 2005, however the Scheme continues to be operated by the Prudential Assurance Company and the Academy is undertaking deficit funding.

	2021 £000	2020 £000
Total pension cost for the year was:		
TPS: employer's contributions paid	803	833
GPPS: employer's contributions paid	456	404
USS: (gross including deficit recovery portion)	132	120
NEST: employer's contributions paid	18	19
Total pension cost	<u>1,409</u>	<u>1,376</u>

TEACHERS' PENSION SCHEME

The TPS is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These Regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. 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.

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Services Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members,

along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pension Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

The latest valuation of the TPS took place in 2019, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation, TPS employers pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation was to align its introduction with employers' budget planning cycles. Until then employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found on the Teachers' Pension Scheme website at the following location <https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>.

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of the Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of the public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject to age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

UNIVERSITIES SUPERANNUATION SCHEME

The USS is a contributory, defined benefit scheme. At the end of the year the Academy had nine members.

The Scheme is a multi-employer scheme and given the mutual nature of the scheme, is unable to identify individual employers' shares of assets and liabilities. Consequently, individual employers are unable to apply defined benefit accounting. Section 28 of FRS 102 states that if sufficient information is not available to use defined benefit accounting for a multi-employer plan that is a defined benefit arrangement, an entity shall account for the plan as if it was a defined contribution arrangement.

The total cost charged to the profit and loss account is £132k (£120k: 2020/21) as shown above.

Deficit recovery contributions due within one year for the institution are £12,619 (£12,432: 2020).

The latest available complete actuarial valuation of the Retirement Income Builder section of the scheme is as at 31 March 2018 ('the valuation date') which was carried out using the projected unit method. A valuation as at 31 March 2020 is underway but not yet complete. Since the institution cannot identify its share of USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

The 2018 valuation was the fifth valuation for the Scheme under the 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. At the valuation date, the value of the assets of the scheme was £63.7bn and the value of the Scheme's technical provisions was £67.3bn indicating a shortfall of £3.6bn and a funding ratio of 95%.

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%. The 2020 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions.

	As at 31 March 2021	As at 31 March 2020
Discount rate	0.87%	0.73%
Pensionable salary growth	2.84%	3.38%

The key financial assumptions used in the 2018 valuation are described below. More detail is set out in the Statement of Funding Principles.

Pension increases (CPI)	Term dependent rates in line with the difference between the fixed interest and index linked yield curves, less 1.3%pa
Discount rate (forward rates)	Years 1-10: CPI +0.14% reducing linearly to CPI -0.73% Years 11-20: CPI +2.52% reducing linearly to CPI +1.55% by year 21 Years 21 +: CPI +1.55%

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the Scheme's experience carried out as part of the 2018 actuarial valuation. The mortality assumptions used in these figures are as follows:

Mortality base table	2018 valuation
	Pre-retirement 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females
Future improvements to mortality	Post-retirement 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females
	CMI_2017 with a smoothing parameter of 8.5 and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females

	As at 31 July 2021	As at 31 July 2020
The current life expectancies on retirement at age 65 are:		
Males currently aged 65 (years)	24.60	24.40
Females currently aged 65 (years)	26.10	25.90
Males currently aged 45 (years)	26.60	26.30
Females currently aged 45 (years)	27.90	27.70

	As at 31 July 2021	As at 31 July 2020
Scheme assets	£63.7bn	£63.7bn
Total scheme liabilities	£67.3bn	£67.3bn
FRS 102 total scheme deficit	£3.6bn	£3.6bn
FRS 102 total funding level	95.00%	95.00%

ROYAL ACADEMY OF MUSIC PENSION SCHEME 1967

The Academy operates a funded defined benefit scheme which is managed by the Prudential Assurance Company Ltd and was closed to future accruals of pension benefit on 31 March 2005. The Academy is funding the scheme deficit with contributions of £355k per annum with effect from 1 August 2019 and increasing by 4.2% per annum from 1 January 2020. Additional contributions of £474k were made during 2018/19. Scheme liabilities have been valued using the projected unit method. A full actuarial valuation was carried out at 31 December 2018 and the results of that valuation have been projected to 31 July 2019 for FRS102 purposes. Liabilities have been increased by 1.5% as an estimate of the costs of GMP Equalisation.

Main assumptions used to value RAM1967 Scheme liabilities under FRS 102:	As at 31 July 2021	As at 31 July 2020
Discount rate	1.70%	1.50%
Inflation assumption – RPI	3.40%	3.00%
Inflation assumption – CPI	3.20%	3.00%
Rate of increase in salaries	n/a	n/a
Increases to deferred pensions in excess of GMP before retirement	n/a	n/a
Increases to pensions in payment for all members in respect of service up to 31 December 2003	5%*	5%*
Increase to Pension in payment for all members in respect of service after 1 January 2004	5%*	5%*
Proportion of employees opting for early retirement	3.40%	3.00%
Proportion of employees commuting pension for cash	3.20%	3.00%

*Fixed rates in rules of scheme

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The expected age at death on retirement at age 65 are:

		As at 31 July 2021	As at 31 July 2020
Retiring today	Males	86.60	86.60
	Females	88.60	88.50
Retiring in 20 years	Males	87.90	87.90
	Females	90.10	90.10

		2021 £000	2020 £000
Analysis of amount charged to operating profit			
Past service cost/GMP Equalisation		-	-
Total operating charge		-	-

The total current service cost represents the expenses incurred in running the Scheme.

		2021 £000	2020 £000
Analysis of amount credited/(charged) to other finance income			
Expected return on pension scheme assets		179	271
Interest on pension scheme liabilities		(250)	(346)
Net charge to other finance income (Note 8)		(71)	(75)
Analysis of other comprehensive income/(loss)			
Actual return less expected return on pension scheme assets		-	826
Experience gains and losses arising on scheme liabilities		799	(2,788)
Total other comprehensive income/(loss)		799	(1,962)
Amounts recognised in the statement of financial position			
Present value of scheme liabilities		(15,933)	(16,811)
Fair value of scheme assets		12,152	11,923
Deficit in scheme - net pension liability		(3,781)	(4,888)

	2021			2020		
	Assets £000	Liabilities £000	Net £000	Assets £000	Liabilities £000	Net £000
Reconciliation of Scheme assets and liabilities						
Deficit in scheme at beginning of the year	11,923	(16,811)	(4,888)	10,815	(14,030)	(3,215)
Movement in year:						
Contributions	379	-	379	364	-	364
Past service cost	-	-	-	-	-	-
Other finance income/(charge)	179	(250)	(71)	271	(346)	(75)
Benefits paid	(329)	329	-	(353)	353	-
Actuarial gain/(loss)	-	799	799	826	(2,788)	(1,962)
Deficit in scheme at end of the year	12,152	(15,933)	(3,781)	11,923	(16,811)	(4,888)

	2021 £000	2020 £000
Actual return on scheme assets		
Expected return on pension scheme assets	179	271
Actuarial gain	-	826
Actual return on scheme assets	1,79	1,097

Analysis of Scheme Assets	Long term ROR expected (incl annuities)	Long term ROR expected (incl annuities)
Equities	1,182	987
Bonds	5,545	5,117
Property	264	262
Cash	90	37
Total market value of invested assets	7,081	6,403
Secured pensions in payment	5,071	5,520
	12,152	11,923

Long term ROR expected (excluding Annuities)	1.70%	1.50%
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History of experience gains and losses	2021	2020	2019	2018	2017
Experience adjustments on scheme assets					
Amount (£000)	0	826	1,216	(1,091)	(747)
Percentage of scheme assets	0.0%	6.9%	11.2%	-11.0%	-7.0%
Experience adjustments on scheme liabilities					
Amount (£000)	(799)	2,788	1,338	(1,232)	(3,216)
Percentage of scheme liabilities	5.0%	-16.6%	-9.5%	9.1%	21.8%
Actuarial gain/(loss) recognised in other comprehensive income					
Amount (£000)	799	(1,962)	(122)	141	2,469
Percentage of scheme liabilities	-5.0%	11.7%	0.9%	-1.0%	-16.8%
Cumulative actuarial loss recognised in other comprehensive income	(7,861)	(8,660)	(6,698)	(6,576)	(6,717)
History of Defined Benefit Scheme					
Present Value of Defined Benefit Obligation	(15,933)	(16,811)	(14,030)	(13,516)	(14,723)
Fair Value of Scheme Assets	12,152	11,923	10,815	9,880	10,610
Deficit arising in the scheme	(3,781)	(4,888)	(3,215)	(3,636)	(4,113)

GROUP PERSONAL PENSION SCHEME

A GPPS was started on 1 April 2005 for all administrative staff. This Scheme is a defined contribution scheme with employee and employer contributions based on length of service. £36,900 of contributions were outstanding at the balance sheet date and the amount of employer contributions paid during the year was £456k (£404k: 2020).

19. Capital Commitments

Provision has not been made for the following capital commitments at 31 July 2021:

	Consolidated 2021 £000	Academy 2021 £000	Consolidated 2020 £000	Academy 2020 £000
Capital Commitments contracted for	-	-	-	-

20. Lease Obligations

Total rentals payable under operating leases:

	Land and Buildings £000	Plant and Machinery £000	2021 Total £000	2020 Total £000
Payable during the year	1,171	18	1,189	1,419
Future minimum lease payments due:				
Not later than 1 year	909	3	912	1,240
Later than 1 year and not later than 5 years	2,579	-	2,579	2,860
Later than 5 years	30,303	-	30,303	30,931
Total lease payments due	34,962	21	34,983	36,450

21. Related Party Transactions

The Independent Members of the Academy's Governing Body are the Trustees for charitable purposes. Due to the nature of the Academy's operations and the members of the Governing Body being drawn from large public and private sector organisations, it is inevitable that transactions may take place with organisations in which a member of the Governing Body may have an interest. A Register of Interests is maintained for members of the Governing Body, senior officers of the Academy and directors of fully owned subsidiaries. The Register of Interests has been reviewed by the Director of Finance and is published on the Academy's website. All transactions involving organisations in which a member of the Governing Body may have an interest are conducted at arm's length and in accordance with the Academy's Financial Regulations and usual procurement procedures.

No Trustee (member of the Governing Body) received any remuneration or reimbursement of expenses during the year. On occasions Trustees may make donations for specific purposes but they receive nothing in exchange.

The RAM Student Union is a separate entity which is classed as a related party for the purposes of these financial statements. A grant of £42,600 (£42,600: 2019/20) was paid to the RAM SU for their work in supporting students during the year.

The Associated Board of the Royal Schools of Music is a registered charity (no 292182) and a company limited by guarantee (no 1926395), established by four Royal Schools of Music for the benefit of music education. The ABRSM makes an annual donation which is divided equally between the four Schools. The Board of the ABRSM includes members of the Governing Body of

the Royal Academy of Music. The value of the donation from the ABRSM to the Academy was nil (£1,050,000: 2020).

There were no other related party transactions.