



ANNUAL REVIEW AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

22 NOVEMBER 2022

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**



TABLE OF CONTENTS

Foreword from the Chair of the Governing Body	5
Foreword from the Principal	6
About Us	7
Governing Body (Trustees)	7
Senior Management Team	7
Administrative Information	8
Trustees Report	10-31
Operating Plan and Financial Review for the Financial Year ending 31 July 2022	10
Mission	10
Vision and Values	10
Public Benefit	10
The Advancement of Education	10
The Advancement of Arts, Culture and Heritage	11
Our Commitment to Access and Participation	11
Bicentenary	12
Strategic Plan	13
Equality, Diversity, Inclusion and Belonging	13
Measuring and Reporting Progress	14
Student Wellbeing	16
Student Union	17
Junior Academy	17
Senior Academy	18
Student Numbers	18
Student Results for 2021/22	19
Open Academy	21
Alumni	22
Museum and Collections	22
Financial Overview	23
Income	24
Expenditure	24
Balance Sheet Position	25
Cashflow	25
Fundraising	26
Corporate Governance Statement	27
Statement of Internal Control and Risk	30
Responsibilities of the Governing Body	32
Senior Staff Remuneration Annual Report 2021/22	34

Independent Auditors' Report to the Academy's Governing Body.....	37
Consolidated and Academy Statement of Comprehensive Income and Expenditure	40
Consolidated and Academy Statement of Changes in Reserves.....	41
Consolidated and Academy Balance Sheet	42
Consolidated Cash Flow Statement	43
Statement of Accounting Policies.....	44
Notes to the Financial Statements.....	51

FOREWORD FROM THE CHAIR OF THE GOVERNING BODY



The Royal Academy of Music is the UK's oldest conservatoire, the second oldest in the world. Founded in 1822 the Academy has always attracted outstanding students and teachers from around the world. This past year we have begun our Bicentenary celebrations with an ambitious programme of commissions, performances and collaborations between alumni, students and many industry organisations nationally and internationally. Coming after the challenges of the pandemic, the Bicentenary has given all our staff and students a rich mix of new and old to celebrate. The Academy is focused on its future and these celebrations have enabled us to form new alliances and pathways for our students.

The Governing Body has reviewed its safeguarding and wellbeing policies aiming to take a leading role in its approach and practices. Those practices will continue to be regularly reviewed and we are committed to constant improvement.

Sir Rick Trainor, Master of Exeter College, Oxford completed his tenure as a member of the Governing Body and I would like to thank Sir Rick for his wise advice and support he has given over the past 9 years. His knowledge of the Higher Education sector has been invaluable.

We ended the year with the sad news of the death of our Patron, Her Majesty Queen Elizabeth II. The late Queen first attended a concert here as Princess Elizabeth in 1947 and took an active interest in the Academy throughout her reign. She allowed us annually to award the Queen's Commendation Prize to the best student of the year, and we co-hosted two memorable Jubilee parties in her presence at the Royal Academy of Arts in 2002 and 2012, at which our students performed. Her Majesty visited the Academy in late 2007, when she toured the building, met students and members of staff, heard performances and officially opened the Patron's Room. We are honoured that she served as Patron of the Academy for nearly 70 years.

Dame Jenny Abramsky DBE
Chair

FOREWORD FROM THE PRINCIPAL



The Royal Academy of Music was founded in the summer of 1822, first welcomed students from 1823, and was granted its Royal Charter in 1830 with the aim 'to promote the cultivation of Music, and afford facilities for attaining perfection in it'. Two centuries later, that still underpins the Academy's mission.

The Academy is an extraordinary place with extraordinary people – for 200 years we have been training and inspiring successive generations of music makers and leaders. As we enter our third century, we are more confident than ever in our ability to shape the future of music by discovering and supporting talent wherever it exists, and by attracting the exceptional teachers and mentors who spark this talent.

As Britain's oldest conservatoire, the Academy is steeped in tradition but is also one of the most progressive musical institutions in the world. Students have access to cutting-edge technology in our exceptional performance spaces, our programming is ground-breaking, and in all our disciplines, from classical to musical theatre and jazz to composition, we encourage students to explore their horizons to the limit.

Performing is a way of life at the Academy, and this is reflected in an ambitious range of concerts and events. Students work regularly with renowned visiting professors and guests in performances, side-by-side projects and masterclasses they will remember for the rest of their lives – formative experiences that lay the groundwork for fulfilling and diverse careers. That's why our graduates make their mark in concert halls, opera houses, theatres and recording studios all over the world.

As we move into our third century, we have never been more confident in our ability to shape the future of music.

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	Her Late Majesty Queen Elizabeth II
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 (TRUSTEES)

Independent Members

Chair	Dame Jenny Abramsky DBE Hon RAM
Deputy Chair	Dame Susie Sainsbury of Turville DBE 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 Ina De (appointed January 2022) Alexis Ffrench (appointed January 2022) Rehmet Kassim-Lakha Luke Lloyd Davies Timothy Parker Hon FRAM Professor Sir Richard Trainor KBE BA, MA, DPhil, FKC, Hon FRAM (retired July 2022) Professor Irem Tuna (appointed September 2022) The Duchess of Wellington OBE William de Winton Damian Wisniewski BSc (Eng), ACGI, BFP, FCA, LRAM

Staff Representative Members

Margaret Faultless
Barbara Law
Safi Schlicht (retired July 2022)
Gemma Waring (appointed September 2022)

Student Union President and Student Representative Member

Daniel Latham (retired July 2022)
Shona Masson (appointed August 2022)

Secretary to Governing Body

Sandra Green Hon ARAM

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	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, Hon FRAM

ADMINISTRATIVE INFORMATION

Registered Office	Marylebone Road, London NW1 5HT
External Auditors	MHA MacIntyre Hudson, 6th floor, 2 London Wall Place, London, EC2Y 5AU
Internal Auditors	Azets, Exchange Place 3, Seiple 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 Pantheon Ventures (UK) LLP, 10 Finsbury Square, 4th Floor, London EC2A 1AF
Legal Advisers	Veale Wasbrough Vizards LLP, Narrow Quay House, Narrow Quay, Bristol BS1 4QA

TRUSTEE COMMITTEE MEMBERSHIP

Audit Committee	Chair Damian Wisniewski Robin Butler Ina De
Finance and General Purposes Committee	Chair Lord Blackwell Dame Jenny Abramsky John Burgess Timothy Parker Irem Tuna 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 Dame Susie 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
 Professor Sir Richard Trainor KBE BA, MA, DPhil, FKC, Hon FRAM
 Anthony Travis Hon FRAM
 John Willan FRAM FRSA FCA
 Julia Yorke Hon FRAM

TRUSTEES REPORT

OPERATING PLAN AND FINANCIAL REVIEW FOR THE FINANCIAL YEAR ENDING 31 JULY 2022

The Governors and Trustees of the Royal Academy of Music present their Annual Review and audited Financial Statements for the year ended 31 July 2022 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 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 Governing Body confirms that careful consideration has been given to the Charity Commission's public benefit guidance when reviewing our mission, aims and objectives and in planning our activities.

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, Junior Academy and Your 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.

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.

OUR COMMITMENT TO 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.

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

1. Junior Academy provides opportunities 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 under-represented 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, is in relation to access. Our 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.

Planning took place for the new Junior Academy Musical Theatre course which started in September 2022, and provides an opportunity for 14-18 year olds to access the highest level of training in singing, drama and movement. It forms an integral part of the existing provision.

2. Open Academy 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.

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

During the 2021/22 academic year, the Widening Participation team engaged with 534 participants providing them with access to a supportive musical environment where they can develop their skills and broaden awareness of the opportunities available through advanced musical study. Activity took place at the Academy, as well as outreach activities in schools and community spaces.

Projects have been 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, Composers and Percussion Clubs include teaching jazz, composition, percussion, theory and musicianship, with more instrumental disciplines planned for 2022/23. The Mentor Club was introduced in October 2021 to support participants who have engaged with one of our projects and provides opportunities for further study. The Audition Club was launched in February 2022, led by Senior Academy students who provide valuable insights to support participants in applying and auditioning for advanced musical study.

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. We followed this up with a larger programme incorporating Springboard and ensemble activity, and one-to-one tuition on instruments.

The Dean of Students and Access and Participation Manager have developed relationships with a number of schools and music hubs. During the academic year 2021/22 we recruited for two new posts: an Evidence, Evaluation & Planning Coordinator, and a one-year Your Academy Assistant post which will be renewed next year. This has increased our capacity to evaluate as well as run a greater range of projects.

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 under-represented areas.

Our Access and Participation Plan is subject to regular approval by the Office for Students (OfS), and is published on our [website](#).

As well as funding from the OfS, we receive generous philanthropic support which is targeted in order to help us achieve our goals in this area.

BICENTENARY

Our bicentenary year created unique opportunities to celebrate the Academy's history and achievements with a range of ambitious projects and performances. For one of these projects, 200 PIECES, we invited 200 composers to write 200 new works for solo instrument or voice, with world premiere performances taking place throughout the year including works by Hans Abrahamsen, Sir George Benjamin, Sally Beamish and Daniel Kidane. The recordings and

scores for these works, written for every principal study instrument taught at the Academy, will be available in December 2022 and create a new library of varied contemporary works by many of the world's leading composers.

The Academy commissioned a new opera by Freya Waley-Cohen, *WITCH*, which received its world premiere in a triple bill with Strauss's Prologue to *Adriadne auf Naxos* and Ryan Wigglesworth's new arrangement of Monteverdi's *Lamento d'Arianna*, (23-26 March). The opening night was live-streamed, continuing our aim of sharing our performances and events with a wider audience. PhD student composer Louise Drewett's new staged work *Daylighting* premiered with Academy performers and local school children (22-25 February). This community project was held in partnership with Open Academy, our learning and participation department and was supported by The Constance Travis Charitable Trust. *Daylighting* has been nominated for the Ivor Composers Award.

Other performance highlights included Semyon Bychkov conducting Mahler's Symphony No 3 at the Southbank Centre (23 June) and the start of a new two-year Bach in Leipzig series, continuing the ever-popular Sunday Bach concerts. The Academy Song Circle performed music composed during the Academy's founding year of 1822 at Wigmore Hall (30 January), featuring some of Schubert's best-loved Lieder.

A five-part podcast series, *Short Stories: 200 years of the Royal Academy of Music*, presented by alumna Anna Picard, is available on all major streaming platforms and on our website. The series opens our doors to a wider audience, revealing some of the treasures we hold and telling the stories of extraordinary musicians who have studied here. It features music by current and former students, much of it specially recorded.

More importantly, this milestone has been an opportunity for us to think about how we plan for the long-term success of the Academy by building on its past and present successes.

STRATEGIC PLAN

A Strategic Plan was created over the course of 2019, setting out priorities over the five-year period 2019 to 2024, and has been reviewed annually to ensure that it remains appropriate and fit for purpose, despite the financial, economic and other challenges arising from national and international events. Implementation of a number of previously agreed actions, particularly around reducing expenditure and achieving efficiencies in education delivery, has been speeded up to ensure the Academy's educational and financial sustainability.

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.

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 of high professional distinction from a range of backgrounds, including musicians of colour.
- With which alumni of colour 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, which is being implemented. The SHM Foundation also began design work on a new, interview-based evaluation framework intended to capture the benefits of involvement with the Academy, from Junior Academy onwards.

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 for 200 years we have 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 this, 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. We believe that the mixture of students from different countries is a vital contribution to the experience and training that the Academy offers.

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. Academy students received £5.3m in financial support during 2021/22, an increase of £0.3m from 2020/21.

We were proud to announce the launch of the Sir Elton John Global Exchange Programme in January 2022. This new scheme, developed by the Academy and endorsed by Sir Elton John, went live in September 2022 and will enable students from 12 other top conservatoires worldwide to take part in educational exchanges with the Academy, promoting global mobility and international collaboration between deserving and talented young musicians. International collaboration has always been an integral part of the Academy's identity, and this scheme will further encourage the free exchange of ideas with peer institutions that share our values of artistic and educational excellence. Up to 20 participants per year from the Academy and an equal number from partner conservatoires will benefit from short collaborative projects, a single term, or a full year of tuition at their host institution.

In addition to reigniting older professional partnerships, new ones have come to fruition, reflecting the Academy's commitment to provide the best possible educational experience to our students. Our scheme to encourage young women conductors has moved to a new stage and been renamed the Glover-Edwards Conducting Programme in recognition of Dame Jane Glover and Professor Sian Edwards, two members of our conducting faculty and world-wide trail blazers in this sphere. We launched an exciting new scheme with The VOCES8 Foundation as part of our bicentenary celebrations; each year a small number of postgraduate students will be selected to work with VOCES8 to create new audio-visual material that will help them to communicate their unique creative personalities and ensure that they have the best possible material to disseminate to potential employers in the industry.

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. Dame Sarah Connolly, James Ehnes, Joyce DiDonato, Dave Holland, Angelika Kirchschrager and Igor Levit are some of the world-famous artists who led masterclasses. The Musical Theatre Company worked with Claude-Michel Schönberg, Imelda Staunton, John Caird, Natalie Abrahami and Sandy Faison. The range of both side-by-side opportunities for our students to work with leading orchestras and international ensembles including the London Symphony Orchestra, London Philharmonic Orchestra and the Czech Philharmonic, and opportunities for our student composers to participate in external collaborative projects, is being increased.

Performing is a way of life at the Academy and in all our disciplines we encourage students to explore their musical horizons to the limit and that is why our graduates make their mark in concert halls, opera houses, theatres and recording studios all over the world. Our students

benefit from a stimulating curriculum which includes an ambitious range of concerts and events, they work regularly with renowned visiting professors and guests in performances, side-by-side projects and masterclasses they will remember for the rest of their lives. Our busy diary of events provides plenty of opportunities for students to gain ensemble experience and perform publicly, not only at the Academy but also in world-famous venues such as the Royal Albert Hall, Royal Festival Hall, Wigmore Hall and Southbank Centre.

Performances in September and October 2021 were live-streamed free on YouTube, building on the success of our online concerts during the pandemic, which reached a global audience of over 200,000 people. We were delighted to welcome in-person audiences back to the Academy on 1 November 2021 and during the remainder of the academic year we held 238 events, 140 of which were free of charge. Highlights of the year included an all-Sibelius programme conducted by Sir Mark Elder (5 November), side-by-side concerts with players from the London Philharmonic Orchestra and the London Sinfonietta; Royal Academy Opera's performances of Ravel's *L'heure espagnole* and Puccini's *Gianni Schicchi* in November and Handel's *Imeneo* in May, as well as the Musical Theatre Company's shows, Adam Guettel's *The Light in the Piazza* and Stephen Sondheim's *Merrily We Roll Along*, and Academy Big Band concerts with Jason Yarde (12 November) and Julian Siegal (24 June).

The pandemic-related world-wide lockdown has had a severe effect on music industries and we are responding to the post-pandemic music world in the way we are training our students. The Academy has long had an enhancement-led approach to our curriculum and delivery and we have mechanisms in place to respond to the changing and intensive high-level demands of musical life and to new challenges and opportunities that today's world presents to our graduates. Our Artist Development programme, which concentrates on developing skills to develop future careers, ensures that from the moment they arrive, Academy students are thinking about their employability and the creative opportunities that spring from their unique set of skills and artistry. Each of our taught programmes requires students to think strategically about their own professional and artistic development in order to prepare them for their initial years as independent artists after they leave the Academy.

STUDENT WELLBEING

Pastoral care is built into the fabric of a conservatoire and must respond to the evolving needs of students. Our series of student wellbeing sessions include mental and physical health, performance-related issues, drugs, alcohol, and sexual consent. 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 and other topics.

The Counselling team has maintained a hybrid working pattern which enables students to access their services online or in person. 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 its recommendations have been implemented; we have a zero-tolerance approach to bullying, harassment and discrimination.

- A Safeguarding & Support Committee has been established which reports to the Audit Committee. Membership includes members of the Governing Body, Counselling team, teachers, tutors and students.
- 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 forms part of their induction.
- The Report + Support portal has become a valuable tool in enabling students and staff to report and record wellbeing concerns about their fellow students and colleagues, seek support in managing concerns, and initiate discussions with internal and external safeguarding and support staff and parents.
- Currently safeguarding and wellbeing issues are identified in equal measure by Report + Support and by staff and students discussing their concerns directly with the support team.

STUDENT UNION

The Royal Academy of Music Students' Union (RAMSU) supports all our students, offering advice and representation and maintaining the inclusive social atmosphere for which the Academy is known.

The President of the Students' Union's membership of a range of committees, initiatives and the Business Continuity Group is vital in understanding and addressing our students' needs, and improving communication.

JUNIOR ACADEMY

On Saturdays Junior Academy occupies all areas of the building to create one of the most unique musical learning atmospheres 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 continue to be strong and the academic year began with 207 Junior Academy students (209 2020/21).

We provided 32 bursaries for 2021/22 (34 2020/21), 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 and a number of individual benefactors. We were also extremely grateful to receive a legacy from the Estate of the late Clare Helen Redfarn for the benefit of Junior Academy, which will be of great benefit to students during the coming years.

The new Healthy Young Musician scheme became further embedded into the programme and is designed to inform young students of preventative ways of staying healthy in mind and body, and a listening service enabling students to access an individual walk-in session offering sign posting.

This spotlights our ethos of excellence twinned with wellbeing resulting in confident young performers of the future.

SENIOR ACADEMY

Recruitment to all the Academy's programmes remains 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. During the height of the pandemic in the UK we had to move to video and online auditions and because of continuing travel restrictions in some parts of the world, we are currently offering live auditions in London and some international centres and accepting video auditions from candidates who are unable to travel to those centres to audition. The Academic Board oversees the process to ensure that all applicants receive a fair hearing regardless of the means by which the audition takes place.

Offer-making decisions are undertaken by experienced and suitably trained professionals who understand and are invested in our institutional strategy regarding access and participation.

Due to the success of online open days in 2020 and 2021, an online provision will continue, to make them more accessible to a wider range of potential applicants.

STUDENT NUMBERS

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

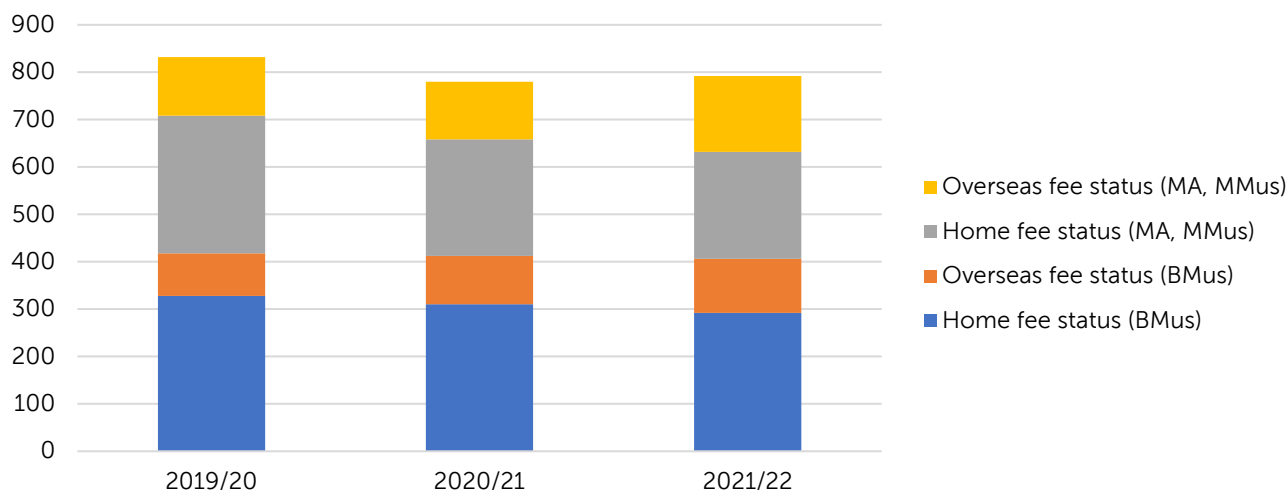
Entrance standards to our programmes are at a level of international excellence which enables us to train and educate our students intensively to reach professional levels of achievement by the end of their programme. The combination of world-leading talent, outstanding teachers, and globally significant 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 applicants from around 90 countries and over 50 countries are represented in our student population, with just over 50% from the UK, 16% from the rest of the EU and 34% from other countries. Applications and recruitment have remained strong in spite of national and international uncertainties and challenges, and we have developed our recruitment strategy and tactics to accommodate this rapidly changing environment. We are proud of the cosmopolitan and healthy cultural breadth of our student body.

As the following chart shows, our full-time equivalent student numbers have overall remained consistently close to 800, and we intend to maintain similar student numbers going forward. Undergraduate student numbers have remained constant over the last three years, with a small increase in numbers of students paying overseas fee rates (including non-resident EU students starting courses from autumn 2021) and a small decrease in domestic student numbers.

Overseas postgraduate student numbers, including EU students from autumn 2021, increased to 41% of the total postgraduate population; we expect this trend to continue.

Student Numbers (FTE)



STUDENT RESULTS FOR 2021/22

Our academic, tutorial, professorial, professional services and estates colleagues again worked tirelessly over the summer to draw the 2021/22 year to a successful close. All students were given the opportunity to have their Final Recitals livestreamed so that family and friends could hear them wherever they were in the world, and most took up this opportunity.

Results for the year are very good: interim results are shown below as some awards have yet to be agreed by Examination Boards. The Academy remains committed to preserving the standards and quality of our programmes; our exceptional 'double' external assessor project involving Specialist External Examiners for each principal study discipline, as well as External Assessors for overall programmes gives us confidence that our programmes remain world-leading in the standards that we set and the professional discipline we enable our students to develop.

	2021/22		2020/21*		MA/Mus Awards	2021/22		2020/21*	
	No	(%)	No	(%)		No	(%)	No	(%)
BMus Awards									
First Class	72	(70)	80	(73)	Distinction	102	(74)	142	(74)
Upper Second	29	(28)	27	(25)	Merit	32	(21)	32	(23)
Lower Second	2	(2)	2	(0)	Pass	4	(3)	6	(3)
Third/Pass	0	(0)	0	(0)	Pending	25		9	
Pending	5		1						

* Results for 2020/21 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 54 such awards were made (68 2021). Post Masters awards were also made by the Examinations Board, including Advanced Diplomas and Professional Diplomas.

During 2021/22 there were 16 research students (17 2020/21) and 7 PhDs were awarded (3 2020/21).

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.

Staff numbers include part-time teachers paid on an hourly basis. The overall full-time equivalent numbers remained similar to 2020/21, at 242 (243 2020/21), of which 58% are teaching and teaching support staff (57% 2020/21).

In line with many other organisations in the UK, we have seen a larger turnover in professional services staff than usual; we continue to review our pay and rewards strategy to make sure we offer appropriate remuneration.

ESTATES

The Academy continues to be based in its headquarters on Marylebone Road, and retains practice rooms at Cross Keys and uses St Mark's Church mainly for recording and rehearsals. During summer 2021 we re-purposed and refurbished a number of rooms to maximise teaching and practice space. As students returned to full-time in person teaching from September 2021 we have made full use of all our buildings, including new teaching rooms built in space vacated on the ground floor of York Gate as a result of closing the Chimes shop.

During 2021/22, we completed a number of significant estates projects, including replacement of core elements of our electricity supply system, replacement of our emergency lighting system, and redecoration and improvement of a number of teaching rooms.

In 2022 we reviewed our Environmental Policy and affirmed our commitment to providing resources for effective environmental management. We set objectives towards reducing our carbon emissions and protecting our environment, and we work with our Environmental Committee, Sostenuto, to identify and roll out changes in our practice. Developments in the year included the addition of thermostatic valves to radiators across the estate to reduce energy use, and sourcing energy efficient boilers.

INFORMATION SYSTEMS AND INFORMATION TECHNOLOGY

Business systems and processes continue to be reviewed to ensure that we are working as effectively as possible. Technology touches all aspects of Academy life and plays a vital role in the increasingly interdependent activities of the organisation and a new digital strategy has been developed to ensure a coherent approach to technology in the future.

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, Quercus, which went live for enrolment in September 2021. The exams and assessments, HESA and finance modules have now been implemented and are bringing significant benefits to students, Registry staff, teaching staff and the Finance team, through simplifying processes and holding more data in one place.

The project to implement a new combined HR/Payroll system also made substantial progress and the majority of its functionality went live in June. The iTrent system will streamline workflows and will benefit all staff, not only the HR and Payroll teams.

The return to onsite delivery of our programmes has meant that students now have full access to our specialist facilities, including all our practice, performance and rehearsal spaces, Library, Museum and collections, and our recording provision including specialist recording support staff. Streaming of performances continued during the year with many recordings available via our website.

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.

OPEN ACADEMY

Open Academy is the Academy's Learning, Participation and Community initiative, which worked with nearly 7,500 people beyond our enrolled students and staff this 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 electives at undergraduate and postgraduate level are available to all students, offering seminars and workshops alongside hands-on experience in the field. Open Academy also offers fellowships to graduating students who will be the future leaders of this 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. All of our projects are led and supported by skilled professionals, ensuring the quality of the experience for everyone involved. 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.

In the 2021/22 academic year our students worked alongside:

Open Academy projects with	Participants
Early years	1,364
Primary school pupils	3,458
Secondary school pupils	230
Young people outside school time	1,589
Older people and care homes	24
Vulnerable adults	37
People with special needs	14
Hospital patients	141
Talks	21
People living with dementias	481
Other	104
Total	7,463

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 permanent display include stringed instruments by Stradivari and the Amati family, historic keyboards by Broadwood, Pleyel and Erard, and scores and memorabilia that belonged to significant figures from the world of music. Temporary displays have included composers' manuscripts like Vaughan Williams's *Fantasia on a Theme by Thomas Tallis*. 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 is now returning to its formal function of holding specialist tours, lecture-recitals, seminars, workshops, and outreach events. These are free of charge. 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 National Lottery Heritage 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 January 2023.

The Museum reopened to the public in June 2022 and is open to the general public on Fridays from 11am to 5pm. On Thursdays the Museum is also accessible to the public through planned activities. Many of the objects on display can be viewed on our website at www.ram.ac.uk/museum/about/.

FINANCIAL OVERVIEW

For the financial year 2021/22 we are reporting an operating surplus of £6.1m (£5.5m 2020/21), and a comprehensive income surplus of £8.9m (£38.2m 2020/21). Our balance sheet position also remains strong.

This positive position is primarily due to an extremely successful year of fundraising in our bicentenary year, with donations being received for both long-term endowments and for shorter term use. This has allowed us to grow our financial awards to students to support their studies at the Academy, and to return our teaching and performance activities to pre-pandemic levels, with commensurate increases in expenditure.

	2021/22	2020/21
	£000	£000
Summary of income and expenditure		
Income before donations and endowments	18,910	17,308
Donations and endowments	13,674	12,765
Expenditure	(26,484)	(24,530)
Operating surplus before other gains or losses	6,100	5,543
Gain on disposal of fixed assets	-	3
Gain on investments	589	7,596
Actuarial gain in respect of RAM1967 pension scheme	2,171	799
Revaluation of instruments	-	24,300*
Total comprehensive income	8,860	38,241
Represented by:		
Endowment comprehensive income for the year	4,236	12,372
Restricted comprehensive income for the year	1,399	1,241
Unrestricted comprehensive income/(deficit) for the year	2,958	(1,649)
Revaluation reserve comprehensive income*	267	26,277
	8,860	38,241

* Revaluation of the fixed asset investment and instruments

The total comprehensive income includes a number of unrealised movements in the value of our investment, heritage and pension assets as well as income from endowment and restricted donations received in the year, which cannot be used for general purposes. It is also stated after charges for depreciation of assets which were funded by external donations held in reserve. Once these specific purpose and unrealised income amounts and previously funded charges are excluded, the underlying operational position was an operational surplus of £1.5m in-year (deficit £1.7m 2020/21), due mainly to an increase in unrestricted donations.

	2021/22	2020/21
	£000	£000
Breakdown of unrestricted comprehensive income for the year		
Operating gain/(loss)	1,534	(1,701)
Actuarial gain on RAM1967 pension scheme	2,171	799
Depreciation funded by external donations	(747)	(747)
Unrestricted comprehensive income/(deficit) for the year	2,958	(1,649)

1. INCOME

Overall income grew by 8% year-on-year to £32.6m, with donations, tuition fees and funding council grants remaining the major revenue streams. In 2021/22, the income net of donations for fees formed 34% of income, down from 36% in 2020/21, although overall fee income grew by 4% year-on-year.

Fee levels for UK undergraduate students are regulated and fixed at £9,250 from 2017, although we have applied inflationary increases to fees for other students. Students from EU countries who started courses in September 2022 now pay international student fees. Together, these changes mean that the share of tuition fee income from international fees has continued to grow.

Funding grants remain a key revenue stream and made up 17% of total income in 2021/22. £4.4m (£4.2m 2020/21) was provided by the OfS to support the additional costs of providing teaching to a world-class level in a small specialist institution, while we benefited from £933k (£378k 2020/21) from UKRI in support of our research and innovation work, as well as £164k (£150k 2020/21) to support our Museum and collections.

As the costs for students of studying at the Academy and the costs to the Academy of providing world-class teaching grow while other income sources have remained static, donations and endowments have become a core part of our income, and we are extremely grateful to all individuals and funding bodies who have provided us with funds.

The Development team is responsible for raising philanthropic funds, primarily from individuals (including alumni), companies, 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 impacted by the conflict in Ukraine, to support students experiencing financial hardship, and to support student wellbeing and mental health.

Total donations and endowments received during 2021/22 amounted to £13.7m (£12.8m 2020/21). Over the last four years we have seen a significant growth in total donations, and a particular growth in endowment gifts as a result of our Bicentenary Campaign, which we have invested for long term growth in line with the intentions of donors.

In 2021/22 we also benefited from £3.4m in donations for specific purposes (£2.2m 2020/21), which we have classified as restricted funds. These are predominantly donated for student financial support (see below) and £4.7m other donations (£2.3m 2020/21) which we have classified as unrestricted.

This financial year also saw a recovery in our commercial income, as we were able to welcome audiences and hirers back to the building. We earned £415k (£60k 2020/21) from sales in our bar and canteen, and £320k (£29k 2020/21) from ticket sales and space rentals.

We have applied £789k (£924k 2020/21) as investment income from our portfolio, with the reduction reflecting adverse market conditions.

2. EXPENDITURE

The 2021/22 financial year was the first full year of onsite operation for three years. This has brought with it a return to pre-pandemic levels of expenditure in many operational areas, including concerts and opera and musical theatre productions, as well as in our estate team. We have also used funds generated for specific purposes to invest in our staff and facilities. Overall, this has led to an 8% year-on-year growth in expenditure.

Student teaching remains at the core of our operations, and in 2021/22 at £7.7m (2020/21 (£7.5m) directly absorbed 57% of our expenditure. Costs have increased slightly in excess of the

1% pay rise from August 2021, as we implemented the pay rationalisation for hourly paid staff and were able to realise activity delayed due to the pandemic.

In line with activity, operational costs have returned closer to pre-pandemic levels (+£375k); we have also provided more financial support to students and together these trends have led to a 16% growth in operational costs to £11.1m (£9.6m 2020/21). Within the category we term 'General Education', which at £4.1m absorbs the largest share of expenditure (37%), the largest single item remains student financial support (£3.6m 2021/22, £3.5m 2020/21).

The General Education category includes the Academy funded share of awards for both fees and maintenance together with donation funded maintenance awards. Donation funded fees (£1.7m 2021/22, £1.5m 2020/21) are shown as a reduction in fee income rather than an expense, in line with accounting regulations.

Premises costs have reduced by £557k to £2,709k excluding depreciation, as a result of a reduction in rent costs of £356k due to reduced need for social distancing and the exit from our former site at Aybrook Street, as well as the inclusion in 2020/21 of one-off costs for electrical maintenance.

3. BALANCE SHEET POSITION

Our balance sheet position has improved to a net asset position of £216m, due to the positive year end return on operational activity and the gain on revaluation of the pension scheme.

Our invested assets suffered gains and losses over the year in line with the global markets. We transferred a further £1.25m into the equity portfolio during the year and ended the year with the total portfolio having grown £1.8m in value.

On 31 July 2022 we were holding £25m in cash including endowments awaiting investment; we have since moved £9m into investments in line with decisions of the Investment Sub-Committee. Creditors and provisions have reduced due to our reduction in deposits to 10% of fees.

Endowment reserves have increased reflecting new endowments received in year, The overall general fund position has increased by £1,692k, reflecting the year end operational deficit offset by the reduction in the pension deficit by £2,171k.

Free reserves, which are the reserves not committed or designated for specific purposes, stood at £11.9m on 31 July 2022 (£11.8m 31 July 2021), in line with the underlying operational surplus.

4. CASHFLOW

Our cash position increased by £4,677k during 2021/22 (£8,466k 2020/21), with a net cash inflow from operating activities of £1,294k (£857k 2020/21), and a net outflow from investment activities of -£837k (+£674k 2020/21).

Liquid cash holdings remained above £22.5m for the full financial year, including endowment income of £11,251k. £9m cash has been invested with our brokers since the year end in line with decisions by the Investment Committee.

FUNDRAISING

The top priority for fundraising at the Academy is to raise budget-relieving funds, which form just over 60% of the annual fundraising target. These include funding for the Awards programme (scholarships and bursaries) and gifts that go towards general funds, such as through the Patrons' Scheme and Principal's Fund. The overarching focus is to provide vital support to ensure that no student with the appropriate talent and potential is denied the chance of studying at the Academy.

In 2021/22, there were two major developments in the fundraising programme. The first was the establishment of the Bicentenary Development Board in September 2021. The Board is a group of senior volunteers, some of whom are Governing Body members but others who are philanthropists with a strong connection to the Academy. Members of the Bicentenary Development Board have worked to build new relationships for the Academy with contacts in their network, and in the process they have unlocked a new pool of high-level prospects, leading to a number of six-figure donations.

The second major development was the launch in April 2022 of a major campaign to coincide with the Academy's Bicentenary, known as the 'The Royal Academy of Music's Future'. This is a comprehensive campaign covering the major priorities for the Academy including endowed posts, widening access and student support. A target of £60m was announced and of that £41m has been raised to date. Excellent progress is being made and it is anticipated that the target of £60m will be met in the next 12-18 months.

At the Campaign launch, the Academy's ambition to establish endowed chairs and professorships for each of its 18 departments was announced. The Academy is the first conservatoire in Europe to create a new suite of endowed posts, which will help to attract and retain the very best teachers for our students.

The majority of philanthropic income continues to come from individuals and trusts, with a modest amount 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 2020/21) excluding the significant endowment donation of £6m.

CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Statement and Statement on Internal Control and Risks relate to the financial year 1 August 2021 to 31 July 2022, and up to 22 November 2022 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 the Governing Body
- IX. The appointment of fit and proper persons as members of the Governing Body and Senior Management Team

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.

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 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 Academy maintains a complaints log, and in the last year there have been fewer than 10 complaints in response to the organisation's fundraising activities. The Academy has not worked with commercial participators or professional fundraisers in the last year.

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. Although in-person meetings are preferred, virtual and hybrid meetings are considered to be effective and will continue.

GOVERNANCE

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 **Audit Committee** is responsible for overseeing internal controls, risk management, compliance, and the integrity of the annual financial statements. 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 benefits from the appointment of an independent external member, Linda Peka, Chief College Operations Officer at Exeter University, who provides additional expertise and scrutiny of the Academy's operations.

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 **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 **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 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 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 2022, 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 AND RISK

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 2022, 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 2022 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 include:

- | | |
|--|---|
| • Government Policy changes to funding | • Physical security of collections |
| • The impact of Brexit | • Cyber security |
| • Environmental change | • Noise protection for staff and students |
| • Insufficient financial support to attract most able students | • Failure of key hardware and software |
| • Pay and pension inequality | • Non-compliance with estates health and safety and regulatory requirements |
| • Failure to control costs, including financial support | |


All risks listed are discussed by the Senior Management Team on a regular basis with mitigating actions in place, and are reviewed termly by the Audit Committee

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 2021/22, was carried out by Azets. 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 2022 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 22 November 2022, 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 2022, 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 2021/22

The Higher Education Senior Staff Remuneration Code

The Governing Body adopted the HE Senior Staff Remuneration Code in June 2018 and is committed to fair and appropriate remuneration for all staff.

The Senior Staff Remuneration Code advises that there are three key elements to adopt when setting senior staff remuneration:

- i. A fair, appropriate and justifiable level of remuneration
- ii. Procedural fairness
- iii. Transparency and accountability.

The Remuneration Committee

The Remuneration Committee's terms of reference state that the Committee is responsible for matters relating to the remuneration of the Principal as Head of Institution (HoI), the Senior Management Team, senior staff with remuneration over £100,000, and other pertinent matters relating to senior staff. It also scrutinises the annual Gender Pay Gap Report.

Members of the Remuneration Committee, including its Chair, are appointed by the Governing Body. The Committee comprises three Independent Members: Lord Blackwell, Chair; Dame Jenny Abramsky, Chair of Governing Body; Rehmet Kassim-Lakha, independent member of the Governing Body; and Paul Riddell, Director of Human Resources. The Principal is not a member of the Committee but may be invited to attend to discuss matters relating to the remuneration of senior members of staff, but not his own.

The Committee met three times during the reporting period 31 August 2021 to 22 November 2022; on 20 October 2021, 29 June and 10 October 2022. The Committee reports its business to the Governing Body and presents an annual report which forms the basis of the Senior Staff Remuneration Report in the financial statements.

The Principal's contract was renewed during the period and extended to 2026 and will be considered for extension again in 2028. Information about the Principal's remuneration is published on page 52.

Approach to Senior Staff Remuneration

The Academy is recognised as a world-class institution, welcoming students from over 50 countries, which contributes to a vibrant and cosmopolitan learning environment, and reflects the global music profession. We are dedicated to offering the very best education to students from all over the world; we train versatile and resourceful musicians with the skills they need in the continually changing profession and to enable them to become independent and creative musicians. 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 aim to recruit and retain the very best, supporting them with professional development opportunities. The Academy also relies on an infrastructure of talented and committed professional services staff.

A number of factors will be considered when determining reward for senior 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.
- We are committed to equality and diversity in employment and all our activities.
- 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.
- The HE Senior Staff Remuneration Code.
- The Academy's annual Gender Pay Gap Report.
- Value for money, affordability, and the Academy's financial sustainability.

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.

Non-Senior Management Team remuneration

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.

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

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

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

Pay Multiples

The pay multiple of the HoI basic salary against the median of all staff is 5.65 for 2021/22 (5.07 2020/21).

External appointments

The Academy has some of the world's finest teachers who provide inspiring tuition to our students and we encourage and support staff to continue their professional performance careers and to develop links with other institutions through flexible working arrangements. If staff have visiting professorships or fellowships this raises the profile of the Academy and is a useful means of identifying and sharing good practice elsewhere in the sector. In addition, a significant number of our staff work as Special External Assessors and External Examiners at other institutions which benefits the Academy by adding an extra layer of externality in our ongoing monitoring and review of the quality and standards of our principal study disciplines, programmes and awards. This externality is also valuable in providing reassurance in respect of standards across the conservatoire sector. We do not therefore have a policy on the retention of income generated from external bodies but ask staff to inform us of any potential conflict of interest.

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.

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 2022 which comprise the Consolidated and Academy Statement of Comprehensive Income and Expenditure, Consolidation and Academy Statement of Changes in Reserves, Consolidated and Academy Balance Sheets, Consolidated Cash Flow Statement and the related notes, including a summary of accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

The financial statements have been prepared in accordance with Statement of Recommended Practice Accounting for Further and Higher Education 2019 in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations, The Charities (Accounts and Reports) Regulations 2008, but has been withdrawn.

This has been done in order for the accounts to provide a true and fair view in accordance with the Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015. In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 July 2022 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We 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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Report other than the financial statements and our Auditor's Report thereon. The Governing Body are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly

stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Governing Body

As explained more fully in the Statement of the Governing Body, the Governing Body are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the Governing Body 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 the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of staff to identify any instances of non-compliance with laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness;
- Evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Report on other legal and regulatory

We are required to report on the following matters by the Accounts Direction dated 25 October 2019 issued by the Office for Students ('the Accounts Direction').

In our opinion, in all material respects:

- funds from whatever source administered by the Academy for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by OfS and UK Research and Innovation (including Research England) have been applied in accordance with the relevant terms and conditions;
- Expenditure on access and participation disclosed in the financial statements is not materially misstated; and
- the financial statements meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students.

We are also required by the Accounts Direction to report where the results of our audit work indicate that the Academy's grant and fee income, as disclosed in the notes to the financial statements, has been materially misstated. We have nothing to report in these respects.

Use of our report

This report is made solely to the Governing Body, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the 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 its Governing Body, as a body, for our audit work, for this report, or for the opinions we have formed.

MHA MacIntyre Hudson
Statutory Auditor
London, United Kingdom

Date:

MHA MacIntyre Hudson is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

CONSOLIDATED AND ACADEMY STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

	Note	Consolidated 2022 £000	Academy 2022 £000	Consolidated 2021 £000	Academy 2021 £000
Income					
Tuition fees	1	11,208	11,208	10,803	10,803
OfS & funding council grants	2	5,539	5,539	4,876	4,876
Research grants and contracts	3	18	18	18	18
Other income	4	1,311	1,311	664	664
Investment income	5	834	834	947	947
Total income before donations and endowments		18,910	18,910	17,308	17,308
Donations and endowments	6	13,674	13,674	12,765	12,765
Total income		32,584	32,584	30,073	30,073
Expenditure					
Staff costs	7	13,528	13,528	13,044	13,044
Other operating expenses		11,149	11,149	9,647	9,647
Depreciation	10	1,744	1,714	1,766	1,736
Interest and other finance costs	8	63	63	73	73
Total expenditure	9	26,484	26,454	24,530	24,500
Operating surplus before other gains or losses		6,100	6,130	5,543	5,573
Gain on disposal of fixed assets		-	-	3	3
Gain on investments		589	589	7,596	7,596
Surplus for the year		6,689	6,719	13,142	13,172
Unrealised surplus on revaluation of tangible assets		-	-	24,300	24,300
Actuarial gain in respect of RAM1967 Pension Scheme		2,171	2,171	799	799
Total comprehensive income for the year		8,860	8,890	38,241	38,271
Represented by:					
Endowment comprehensive income for the year		4,236	4,236	12,372	12,372
Restricted comprehensive income for the year		1,399	1,399	1,241	1,241
Unrestricted comprehensive income for the year		2,958	2,988	(1,649)	(1,619)
Revaluation reserve comprehensive income for the year		267	267	26,277	26,277
		8,860	8,890	38,241	38,271

Since the introduction of the SORP 2015, capital donations for the new theatre are required to be included as income, producing a surplus of £13,119,000 in 2017/18. Work is now complete but the depreciation charges associated with the capital expenditure lead to a much smaller surplus, as is to be expected, in 2021/22.

The consolidated 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.

	2022 £000	2021 £000
Total comprehensive income for the year from above	8,860	38,241
Exclude endowment comprehensive income (generally restricted in use)	(4,236)	(12,372)
Exclude restricted comprehensive income (always restricted in use)	(1,399)	(1,241)
Exclude revaluation Reserve comprehensive income (notional sum)	(267)	(26,277)
Exclude actuarial gain on RAM1967 Pension Scheme for the year	(2,171)	(799)
Exclude depreciation re externally funded proportion of theatre project	747	747
Operating surplus/(deficit) after adjustments	1,534	(1,701)

The Notes on pages 51 to 67 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 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 1 August 2021	48,782	3,494	127,574	27,172	207,022
Surplus from the income and expenditure statement	4,236	1,399	2,958	267	8,860
Transfer between endowment and restricted reserves	(17)	17	-	-	-
Release of restricted capital funds spent in year	-	(213)	213	-	-
Balance at 31 July 2022	53,001	4,697	130,745	27,439	215,882

Academy	INCOME AND EXPENDITURE ACCOUNT			Revaluation reserve £000	Total £000
	Endowment £000	Restricted £000	Unrestricted £000		
Balance at 1 August 2020	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 1 August 2021	48,782	3,494	126,914	27,172	206,362
Surplus from the income and expenditure statement	4,236	1,399	2,988	267	8,890
Transfer between endowment and restricted reserves	(17)	17	-	-	-
Release of restricted capital funds spent in year	-	(213)	213	-	-
Balance at 31 July 2022	53,001	4,697	130,115	27,439	215,252

CONSOLIDATED AND ACADEMY STATEMENT OF FINANCIAL POSITION

	Note	Consolidated 2022 £000	Academy 2022 £000	Consolidated 2021 £000	Academy 2021 £000
Non-current assets					
Fixed assets:					
Heritage	10a	91,250	90,620	91,303	90,643
Operational	10a	52,736	52,736	53,615	53,615
		143,986	143,356	144,918	144,258
Non-current investments	11	51,269	51,269	49,495	49,495
		195,255	194,625	194,413	193,753
Current assets					
Stock		-	-	5	5
Trade and other receivables	12	1,029	1,029	661	661
Current investments	13	3,038	3,038	3,024	3,024
Cash and cash equivalents		22,196	22,196	17,519	17,519
		26,263	26,263	21,209	21,209
Creditors: Amounts falling due within one year	14	(3,424)	(3,424)	(4,311)	(4,311)
Net current assets		22,839	22,839	16,898	16,898
Total assets less current liabilities		218,094	217,464	211,311	210,651
Provisions					
Pension provisions	15	(1,870)	(1,870)	(4,044)	(4,044)
Other provisions	15	(342)	(342)	(245)	(245)
Total net assets		215,882	215,252	207,022	206,362
Restricted reserves					
Income and expenditure reserve - endowment	16	53,001	53,001	48,782	48,782
Income and expenditure reserve - restricted	17	4,697	4,697	3,494	3,494
		57,698	57,698	52,276	52,276
Unrestricted reserves					
Income and expenditure reserve - unrestricted		130,745	130,115	127,574	126,914
Revaluation reserve		27,439	27,439	27,172	27,172
		158,184	157,554	154,746	154,086
Total funds		215,882	215,252	207,022	206,362

The Notes on pages 51 to 67 form part of these Financial Statements.

The Financial Statements were approved by the Governing Body and authorised for issue on 22 November 2022.



Dame Jenny Abramsky
Chair of Governing Body



Professor Jonathan Freeman-Attwood
Principal

CONSOLIDATED CASH FLOW STATEMENT

	Note	2022 £000	2021 £000
Cash flow from operating activities			
Surplus for the year		6,689	13,142
Adjustments for non-cash items			
Depreciation/impairment of fixed assets	10a	1,744	1,766
Gain on investments	11	(589)	(7,596)
Decrease in stocks		5	103
(Decrease)/increase in debtors	12	(368)	464
(Increase)/decrease in creditors	14	(887)	1,348
Decrease in pension provisions	15	(3)	(318)
Increase/(decrease) in other provisions	15	97	(14)
Receipt of donated equipment	6	(178)	-
Adjustment for investing or financing activities			
Investment income	5	(834)	(947)
New endowments	16	(4,220)	(7,031)
(Profit) on sale of fixed assets		-	(3)
Capital grant income		(163)	(57)
Net cash inflow from operating activities		1,294	857
Cash flows from investing activities			
Proceeds from sale of operational tangible assets		-	3
Capital grant receipts		163	57
Disposal of non-current asset investments		5,772	22,518
Withdrawal of current asset investments deposits		-	2,030
Investment income		834	947
Purchase of operational tangible fixed assets		(635)	(430)
New non-current asset investments		(6,957)	(22,426)
New current asset investment deposits		(14)	(2,025)
		(837)	674
Cash flows from financing activities			
New endowments received	16	4,220	7,031
Bonus shares		-	(3)
Repayments of amounts borrowed		-	(93)
		4,220	6,935
Increase in cash and cash equivalents in the year		4,677	8,466
Cash and cash equivalents at 1 August		17,519	9,053
Cash and cash equivalents at 31 July		22,196	17,519

The Group has not included an analysis of movement in net debt table as it did not have any net debt during the year.

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 2021/22 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 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. 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 2021/22.

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 benefits 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 components 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 between 10 and 25 years.

The York Gate building was acquired with the aid of a specific grant from The National Lottery Heritage 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: Between 5 and 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.

Donated Assets

Donated fixed assets are capitalised on donation and included in the balance sheet at fair value, this being insurance value of the cost to the donor.

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) 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 fair value at the Balance Sheet date. Gains or losses are attributed to the appropriate fund.

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are continuously measured at fair value with changes recognised in 'net gains/(losses) on investments' in the Statement of Financial Activities, if the shares are publicly traded or their fair value can otherwise be measured reliably. As investments are continuously revalued there are no realised gains or losses recorded.

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

10. Financial Instruments

The Academy has considered FRS 102 sections 11 and 12, identifying and classifying financial instruments as 'basic' and 'other.' The Academy only has financial assets and liabilities of a kind that qualify as basic financial instruments. The financial assets and financial liabilities of the Academy are as follows:

- Debtors – trade and other receivables (including accrued income) are financial instruments and are debt instruments measured at amortised cost as detailed in Note 11. Prepayments are not financial instruments.
- Cash at bank – is classified as a basic financial instrument and is measured at face value.
- Liabilities – trade creditors, accruals and other creditors are classified as financial instruments, and are measured at amortised cost as detailed in Note 13. Taxation and social security are not included in the financial instruments disclosure. Deferred income is not deemed to be a financial liability, as in the cash settlement has already taken place and there is simply an obligation to deliver services rather than cash or another financial instrument.

11. 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.

12. 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.

13. 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.

14. 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.

15. 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.

16. Significant Estimates and Accounting Judgements

In the preparation of the 2022 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 2022, 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.

17. Post Balance Sheet Events

There are no post balance sheet events to report.

NOTES TO THE FINANCIAL STATEMENTS

	Consolidated 2022 £000	Academy 2022 £000	Consolidated 2021 £000	Academy 2021 £000
1. Tuition fees				
Full-time UK and EU gross	5,573	5,573	6,157	6,157
Less bursaries	(724)	(724)	(891)	(891)
Full-time UK and EU net	4,849	4,849	5,266	5,266
Full-time international gross	6,455	6,455	5,296	5,296
Less bursaries	(994)	(994)	(584)	(584)
Full-time international net	5,461	5,461	4,712	4,712
Junior and intermediate	898	898	825	825
	<u>11,208</u>	<u>11,208</u>	<u>10,803</u>	<u>10,803</u>

2. OfS and funding council grants

Recurrent teaching grant	4,400	4,400	4,223	4,223
Recurrent research grant	933	933	378	378
Other special funding	164	164	164	164
Capital grant	30	30	111	111
Other grants	12	12	-	-
	<u>5,539</u>	<u>5,539</u>	<u>4,876</u>	<u>4,876</u>

We are satisfied that we meet the performance conditions set out in the grants above.

3. Research grants and contracts

Research councils	18	18	18	18
	<u>18</u>	<u>18</u>	<u>18</u>	<u>18</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	4,442	4,442	4,348	4,348
Grant income from other bodies	1,115	1,115	546	546
Fee income for research awards (exclusive of VAT)	207	207	185	185
Fee income from non-qualifying courses (exclusive of VAT)	898	898	825	825
Fee income for taught awards (exclusive of VAT)	10,103	10,103	9,793	9,793
	<u>16,765</u>	<u>16,765</u>	<u>15,697</u>	<u>15,697</u>

4. Other income

Residences and catering	415	415	60	60
Revenue grant (CJRS government)	1	1	135	135
Other operating income	895	895	469	469
	<u>1,311</u>	<u>1,311</u>	<u>664</u>	<u>664</u>

5. Investment income

Investment income	789	789	924	924
Other interest receivable	45	45	23	23
	<u>834</u>	<u>834</u>	<u>947</u>	<u>947</u>

6. Donations and endowments

New endowments	4,220	4,220	7,013	7,013
Performance Related Condition income utilised	1,188	1,188	1,242	1,242
Restricted donations	3,357	3,357	2,185	2,185
Unrestricted donations	4,731	4,731	2,307	2,307
Donation of assets (non-cash)	178	178	-	-
	<u>13,674</u>	<u>13,674</u>	<u>12,765</u>	<u>12,765</u>

7. Staff

	Consolidated 2022 £000	Academy 2022 £000	Consolidated 2021 £000	Academy 2021 £000
Staff costs				
Wages and salaries	10,836	10,836	10,722	10,722
Social Security costs	992	992	925	925
Change in USS pension provision parameters	345	345	1	1
Other pension costs	1,355	1,355	1,396	1,396
	<u>13,528</u>	<u>13,528</u>	<u>13,044</u>	<u>13,044</u>

Members of Governing Body do not receive remuneration for their work as Trustees.

	£	£
Principal's emoluments		
Salary*	193,696	190,684
Benefits	3,993	3,849
Pension contributions and pay in lieu of pension contributions	34,130	34,130
Compensation for change in tax treatment of accommodation**	17,025	28,568
Accommodation – taxable	<u>22,000</u>	<u>17,225</u>
	<u>270,844</u>	<u>274,456</u>

*The Principal agreed a reduction in salary of £10,000 pa in 2020/21.

**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 not 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 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 £22,000 (£17,225 2021). 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's remuneration is set by the Remuneration Committee 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. He has led the Academy over a very significant period of change, increasing the quality of students of staff, developing artistic and educational excellence, and attracting significant philanthropic income. He has also generated an international profile, as reflected in the Sir Elton John Global Exchange Programme. 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, with long working hours. The Principal's contract and remuneration were reviewed in 2022.

The Principal's basic salary is 5.65 times (5.07 times 2020/21) 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 6.62 times (6.35 times 2020/21) 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 £53k were made to three members of staff in 2021/22 (25 members of staff £448k 2020/21). The majority of this related to a limited restructuring programme in 2020/21 in light of the Academy's financial forecasts.

The Academy adheres to the CUC Higher Education Senior Staff Remuneration Code.

There were two members of staff, excluding the Principal, who received emoluments (including taxable benefits but excluding employer's pension contributions) in excess of £100,000.

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

Range	2022	2021
£105,000-£109,000	1	1
£125,000-£125,999	1	-
£215,000-£219,999	-	1
£240,000-£244,999	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:

Staff numbers	2022 FTE	2021 FTE
Teaching*	130	131
Support	10	8
Other academic services	12	12
Central administration and services	44	44
General education	18	18
Student/staff facilities	7	5
Premises	20	20
Catering and residence	1	5
	<u>242</u>	<u>243</u>

*The figures above include the following Junior Academy teaching staff

17 16

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.

	2022 £000	2021 £000
Key management personnel compensation	924	825
Headcount	<u>7</u>	<u>6</u>

Access and Participation	2022 £000	2021 £000
Access investment	155	123
Disability support (excluding expenditure included in the category above)	61	49
Research and evaluation	6	2
	<u>222</u>	<u>174</u>

8. Interest and other finance costs

	Consolidated 2022 £000	Academy 2022 £000	Consolidated 2021 £000	Academy 2021 £000
Net charge on pension schemes	<u>63</u>	<u>63</u>	<u>73</u>	<u>73</u>

9. Total expenditure by activity

	Consolidated 2022 £000	Academy 2022 £000	Consolidated 2021 £000	Academy 2021 £000
Teaching	9,227	9,227	8,747	8,747
Support	468	468	485	485
Other academic services	694	694	592	592
Central administration and services	4,579	4,579	3,403	3,403
General education	5,040	5,040	4,324	4,324
Student/staff facilities	347	347	385	385
Premises	5,236	5,206	5,920	5,890
Long-term maintenance	100	100	122	122
Catering and Residence	712	712	461	461
Research grants and contracts	18	18	18	18
Other expenses	63	63	73	73
	26,484	26,454	24,530	24,500

Other operating expenses include:

External auditors' remuneration in respect of audit services	60	56
Internal auditors' remuneration	5	24
Land and buildings	945	1,171
Other	15	18

	Consolidated 2022 £000	Academy 2022 £000	Consolidated 2021 £000	Academy 2021 £000
Access and Participation	225	225	168	168
Access investment	561	565	502	502
Disability support (excluding expenditure included in the two categories above)	61	61	52	52
Research and evaluation	6	6	2	2
	853	853	724	724

£222,000 (£174,000 2020/21) 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. Fixed assets

a) Consolidated

Cost or valuation	OPERATIONAL				Subtotal Operational assets £000	HERITAGE			Subtotal Heritage assets £000	TOTAL Grand total £000			
	Long leasehold land and buildings Cost £000	Assets in the course of cons- truction Cost £000	Equipment Cost £000	Instrument collection Valuation £000		Heritage instrument collection Valuation £000	Spencer collections Cost £000	Heritage assets £000					
											Operational	Operational	Heritage
											Operational	Operational	Heritage
At 1 August 2021	54,437	-	9,389	7,418	71,244	90,145	2,103	92,248	163,492				
Additions	225	300	190	97	812	-	-	-	812				
At 31 July 2022	54,662	300	9,579	7,515	72,056	90,145	2,103	92,248	164,304				
Depreciation													
As at 1 August 2021	13,017	-	4,612	-	17,629	-	945	945	18,574				
Charge for the year	1,385	-	306	-	1,691	-	53	53	1,744				
At 31 July 2022	14,402	-	4,918	-	19,320	-	998	998	20,318				
Net book value													
At 31 July 2022	40,260	300	4,661	7,515	52,736	90,145	1,105	91,250	143,986				
At 31 July 2021	41,420	-	4,777	7,418	53,615	90,145	1,158	91,303	144,918				

99% of the value of instruments held as heritage assets is represented by 22 stringed instruments including 7 made by Antonio Stradivari.

b) Academy

Cost or valuation	OPERATIONAL				Subtotal Operational assets £000	HERITAGE			Subtotal Heritage assets £000	TOTAL Grand total £000			
	Long leasehold land and buildings Cost £000	Assets in the course of cons- truction Cost £000	Equipment Cost £000	Instrument collection Valuation £000		Heritage instrument collection Valuation £000	Spencer collections Cost £000	Heritage assets £000					
											Operational	Operational	Heritage
											Operational	Operational	Heritage
At 1 August 2021	51,665	-	9,389	7,418	68,472	90,145	905	91,050	159,522				
Additions	225	300	190	97	812	-	-	-	812				
At 31 July 2022	51,890	300	9,579	7,515	69,284	90,145	905	91,050	160,334				
Depreciation													
At 1 August 2021	10,245	-	4,612	-	14,857	-	407	407	15,264				
Charge for the year	1,385	-	306	-	1,691	-	23	23	1,714				
At 31 July 2022	11,630	-	4,918	-	16,548	-	430	430	16,978				
Net book value													
At 31 July 2022	40,260	300	4,661	7,515	52,736	90,145	475	90,620	143,356				
At 31 July 2021	41,420	-	4,777	7,418	53,615	90,145	498	90,643	144,258				

11. Non-Current Investments

	Consolidated and Academy total investments £000
At market value	
At 1 August 2021	49,495
Purchases of investments	6,957
Proceeds from sales of investments	(5,772)
Gains on disposal/revaluation	589
At 31 July 2022	<u>51,269</u>
Represented by:	
Equities	36,360
Fixed interest stocks	2,448
Property	12,461
	<u>51,269</u>

12. Trade and other receivables

	Consolidated 2022 £000	Academy 2022 £000	Consolidated 2021 £000	Academy 2021 £000
Amounts falling due within one year:				
Trade debtors	329	329	239	239
Prepayments and accrued income	700	700	422	422
	<u>1,029</u>	<u>1,029</u>	<u>661</u>	<u>661</u>

13. Current Investments

	Consolidated 2022 £000	Academy 2022 £000	Consolidated 2021 £000	Academy 2021 £000
Short-term deposits	<u>3,038</u>	<u>3,038</u>	<u>3,024</u>	<u>3,024</u>

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 2022 the weighted average interest rate of these fixed rate deposits was 0.95% pa and the remaining weighted average period for which the interest rate was fixed was 89 days. The fair value of the deposits was not materially different from book value.

14. Creditors

	Consolidated 2022 £000	Academy 2022 £000	Consolidated 2021 £000	Academy 2021 £000
Amounts falling due within one year:				
Trade creditors	124	124	-	-
Fees in advance	1,158	1,158	1,754	1,754
Deferred revenue (Performance Related Conditions)	680	680	710	710
Taxation and social security	340	340	24	24
Other creditors and accruals	1,122	1,122	1,823	1,823
	<u>3,424</u>	<u>3,424</u>	<u>4,311</u>	<u>4,311</u>

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

Teaching grants	660	660	663	663
Research grants	-	-	27	27
Other grants	20	20	20	20
	<u>680</u>	<u>680</u>	<u>710</u>	<u>710</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 2021	263	3,781	4,044	245
Transfer from income and expenditure account	347	(2,110)	(1,763)	100
Utilised in year	(16)	(395)	(411)	(3)
At 31 July 2022	594	1,276	1,870	342

USS deficit funding obligation: the provision represents agreed contributions payable to satisfy the Academy's net liabilities based on the 2018 valuation.

RAM1967 defined benefit obligation: the provision represent contributions from the Academy to fund the deficit in the RAM1967 pension scheme, based on the 2018 valuation.

Other provisions – leasehold dilapidations: the provision is held to fund essential leasehold maintenance obligations.

16. Endowment Reserve

CONSOLIDATED AND ACADEMY

	Unrestricted permanent £000	Restricted permanent £000	Subtotal permanent £000	Restricted expendable £000	Grand total £000	2021 Grand total £000
Capital						
At 1 August 2021	8,047	30,676	38,723	9,128	47,851	35,352
Reclassification of funds on 1 August 2021	(1,894)	(1,441)	(3,335)	3,129	(206)	-
Transfer to restricted reserves (Note 17)	-	(16)	(16)	-	(16)	-
Increase/(decrease) in market value of investment	(16)	(78)	(94)	396	302	5,468
New endowments received	-	978	978	3,242	4,220	7,028
Bonus issue	-	-	-	-	-	3
At 31 July 2022	6,137	30,119	36,256	15,895	52,151	47,851
Accumulated Income						
At 1 August 2021	-	594	594	337	931	1,058
Reclassification of funds on 1 August 2021	-	152	152	54	206	-
Transfer to restricted reserves (Note 17)	-	-	-	-	-	-
Investment income	117	565	682	71	753	815
Expenditure	(117)	(799)	(916)	(123)	(1,039)	(942)
Net income accumulated/(utilised) in current year	-	(234)	(234)	(52)	(286)	(127)
At 31 July 2022	-	512	511	339	850	931
Total Funds						
At 1 August 2021	8,047	31,270	39,317	9,465	48,782	36,410
At 31 July 2022	6,137	30,630	36,767	16,234	53,001	48,782
Analysis by fund-type						
Bursary and prize funds	1,265	24,004	25,269	5,069	30,338	29,611
Teaching and masterclass funds	-	6,626	6,626	6,675	13,301	9,908
Development funds	4,862	-	4,862	-	4,862	4,874
Other funds	10	-	10	4,490	4,500	4,389
	6,137	30,630	36,767	16,234	53,001	48,782
Analysis by asset						
Investments					42,155	38,658
Cash					4,722	4,693
Other current assets/liabilities					6,124	5,431
					53,001	48,782

There are no deficit balances on any endowment fund.

CONSOLIDATED AND ACADEMY PRIOR YEAR

	Unrestricted permanent £000	Restricted permanent £000	Subtotal permanent £000	Restricted expendable £000	Grand total £000	2020 Grand total £000
Capital						
At 1 August 2020	6,243	21,714	27,957	7,395	35,352	37,069
Increase/(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

Endowment Funds – Consolidated and Academy

Details of the major funds (income or balances over £500,000) are as follows:

Fund Name	Fund type	Fund purpose	At 1 August 2021 £000	Gain/ (loss) on investment £000	Income £000	Expenditur e £000	At 31 July 2022 £000
Hogwood, Christopher Scholarship Development Fund	Unrestricted permanent	Income designated for postgraduate student awards	1,269	(3)	46	(19)	1,292
Butler, Derek Scholarship	Unrestricted permanent	In support of general operations	4,875	(13)	76	(76)	4,862
John, Elton Scholarship (Senior Academy fund)	Restricted permanent	To supply scholarships for students	613	(2)	21	(11)	622
Robson, Sir Lawrence Award	Restricted permanent	A scholarship fund for UK students	1,706	(4)	60	(35)	1,726
Rowley, Alec Memorial Fund	Restricted permanent	To supply awards for students of exceptional merit or in financial need	-	744	3	-	747
Academy Permanent Endowment Awards	Restricted permanent	To supply awards for students intending to pursue a career in classical music	550	(1)	19	(11)	556
Academy Permanent Endowment Bursary	Restricted permanent	To support deserving Academy students	6,554	(3)	303	(209)	6,644
Academy Permanent Endowment Scholarship	Restricted permanent	To support Academy students in financial need	5,333	(14)	112	(35)	5,396
San Martino Trust	Restricted permanent	To make awards to Academy students for exceptional merit	3,607	108	251	(195)	3,771
The Gatsby Chair of Musical Theatre Academy Expendable Endowment Awards Expendable Endowment Junior Academy awards	Restricted permanent	To provide scholarships for musical education	865	(2)	29	(13)	879
Alexander Technique Fund	Restricted permanent	To support the Gatsby Chair of Musical Theatre	6,643	(17)	104	(104)	6,626
Junior Academy Fund	Restricted expendable	To supply awards for deserving Academy students	1,704	44	54	(47)	1,754
York Gate Fund	Restricted expendable	To supply awards for Junior Academy students	820	21	16	-	857
Endowed strings & chamber music fund	Restricted expendable	To support operational costs of the Alexander Technique department	513	13	2	(2)	526
Dame Myra Hess Chair of Piano	Restricted expendable	To support operational costs of the Junior Academy department	1,075	27	252	(4)	1,351
	Restricted expendable	To support the running costs of the York Gate estate	4,355	111	18	(18)	4,467
	Restricted expendable	To support the Chair of Chamber Music and Head of Strings	-	2,154	3	-	2,156
	Restricted expendable	To support the Chair of Piano	1,894	792	9	(9)	2,686
			42,375	3,954	1,379	(791)	46,917

Each of the individually material endowment funds detailed above represents non-current investment assets only, and are each of sufficient value and liquidity to enable them to be applied in accordance with their associated restrictions.

17. Restricted Reserves

	CONSOLIDATED AND ACADEMY			
	Unspent capital grants £000	Other restricted funds £000	2022 Total £000	2021 Total £000
	At 1 August 2021	457	3,037	3,494
*Transfer from endowments (Note 16)	-	17	17	-
Donations	163	3,400	3,563	2,460
Investment income	-	4	4	6
Appreciation of restricted investments	-	20	20	151
Capital grants utilised	(213)	-	(213)	(123)
Expenditure	-	(2,188)	(2,188)	(1,376)
At 31 July 2022	407	4,290	4,697	3,494

Analysis of other restricted funds by type of purpose:

Bursary and prize funds	1,822	1,740
Teaching funds	326	625
Other funds	2,142	672
	<u>4,290</u>	<u>3,037</u>

* On 13 December 2020, we obtained formal agreement to release £17,298 permanent endowment funds from the 'Franz and Margaret Reizenstein Prize Fund' to the Academy's Buildings Renewal Fund within its restricted reserves.

	CONSOLIDATED AND ACADEMY			
	Unspent capital grants £000	Other restricted funds £000	2021 Total £000	2020 Total £000
	At 1 August 2020	523	1,853	2,376
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	1740	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.

	2022	2021
	£000	£000
Total pension cost for the year was:		
TPS: employer's contributions paid	950	803
GPPS: employer's contributions paid	249	336
USS (<i>gross including deficit recovery portion</i>)	148	132
NEST: employer's contributions paid	24	18
Total pension cost	1,371	1,289

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% including the administration levy of 0.8%.

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 £148,000 (£132,000 2021) as shown above.

Deficit recovery contributions due within one year for the institution are £16,447 (£12,619 2021).

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

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

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

	As at 31 March 2022	As at 31 March 2021
Discount rate	3.31%	0.87%
Pensionable salary growth	2.84%	2.84%

The key financial assumptions used in the 2020 valuation are described below. More detail is set out in the Statement of Funding Principles.

Pension increases (CPI)	CPI assumption plus 0.05%
Discount rate (forward rates)	Fixed interest gilt yield curve plus: Pre-retirement: 2.75% Post retirement: 1.00%

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

Mortality base table	2020 valuation 101% of S2PMA "light" for males and 95% of S3PFA for females
Future improvements to mortality	CMI 2019 with a smoothing parameter of 7.5, an initial addition of 0.5% p.a. and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females

	As at 31 July 2022	As at 31 July 2021
The current life expectancies on retirement at age 65 are:		
Males currently aged 65 (years)	23.90	24.60
Females currently aged 65 (years)	25.50	26.10
Males currently aged 45 (years)	25.90	26.60
Females currently aged 45 (years)	27.30	27.90
	As at 31 July 2022	As at 31 July 2021
Scheme assets	£66.5bn	£63.7bn
Total scheme liabilities	£80.6bn	£67.3bn
FRS 102 total scheme deficit	£14.1bn	£3.6bn
FRS 102 total funding level	83.00%	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 increased 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. There is an ongoing actuarial valuation as at 31 December 2021.

	As at 31 July 2022	As at 31 July 2021
Main assumptions used to value RAM1967 Scheme liabilities under FRS 102:		
Discount rate	3.50%	1.70%
Inflation assumption – RPI pre 2030	3.35%	3.40%
Inflation assumption – CPI post 2030	3.15%	3.20%
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 pre 2030	3.35%*	3.40%*
Increase to pension in payment for all members in respect of service after 1 January 2004 post 2030	3.15%	3.20%
Proportion of employees opting for early retirement	0.00%	0.00%
Proportion of employees commuting pension for cash	0.00%	0.00%
*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 2022	As at 31 July 2021
Retiring today	Males	86.90	86.60
	Females	89.30	88.60
Retiring in 20 years	Males	88.20	87.90
	Females	90.70	90.10

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

	2022 £000	2021 £000
Analysis of amount credited/(charged) to other finance income		
Expected return on pension scheme assets	206	179
Interest on pension scheme liabilities	(267)	(250)
Net charge to other finance income (Note 8)	(61)	(71)
Analysis of other comprehensive income/(loss)		
Actual return less expected return on pension scheme assets	(1,752)	-
Experience gains and losses arising on scheme liabilities	3,023	799
Total other comprehensive income/(loss)	2,171	799
Amounts recognised in the statement of financial position		
Present value of scheme liabilities	(11,831)	(15,933)
Fair value of scheme assets	10,555	12,152
Deficit in scheme - net pension liability	(1,276)	(3,781)

	2022			2021		
	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	12,152	(15,933)	(3,781)	11,923	(16,811)	(4,888)
Movement in year:						
Contributions	395	-	395	379	-	379
Other finance income/(charge)	206	(267)	(61)	179	(250)	(71)
Benefits paid	(466)	466	-	(329)	329	-
Actuarial gain/(loss)	(1,752)	3,923	2,171	-	799	799
Deficit in scheme at end of the year	10,535	(11,811)	(1,276)	12,152	(15,933)	(3,781)

	2022 £000	2021 £000
Actual return on scheme assets		
Expected return on pension scheme assets	206	179
Actuarial gain/(loss)	(1,752)	-
Actual return on scheme assets	(1,546)	179

	Long term ROR expected (incl annuities)	Long term ROR expected (incl annuities)
Analysis of scheme assets		
Equities	1,190	1,182
Bonds	4,666	5,545
Property	300	264
Cash	73	90
Total market value of invested assets	6,229	7,081
Secured pensions in payment	4,326	5,071
	10,555	12,152

	Long term ROR expected (incl annuities)	Long term ROR expected (incl annuities)
Analysis of scheme assets		
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%

History of experience gains and losses	2022	2021	2020	2019	2018
Experience adjustments on scheme assets					
Amount (£000)	(1,752)	0	826	1,216	(1,091)
Percentage of scheme assets	-16.6%	0.0%	6.9%	11.2%	-11.0%
Experience adjustments on scheme liabilities					
Amount (£000)	(3,923)	(799)	2,788	1,338	(1,232)
Percentage of scheme liabilities	33.2%	5.0%	-16.6%	-9.5%	9.1%
Actuarial gain/(loss) recognised in other comprehensive income					
Amount (£000)	2,171	799	(1,962)	(122)	141
Percentage of scheme liabilities	-18.4%	-5.0%	11.7%	0.9%	-1.0%
Cumulative actuarial loss recognised in other comprehensive income	(5,690)	(7,861)	(8,660)	(6,698)	(6,576)
History of defined benefit scheme					
Present value of defined benefit obligation	(11,831)	(15,933)	(16,811)	(14,030)	(13,516)
Fair value of scheme assets	10,555	12,152	11,923	10,815	9,880
Deficit arising in the scheme	(1,276)	(3,781)	(4,888)	(3,215)	(3,636)

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. £38,900 of contributions were outstanding at the balance sheet date and the amount of employer contributions paid during the year was £423k (£456k 2021).

19. Lease Obligations

Total rentals payable under operating leases:

	Land and buildings £000	Plant and machinery £000	2022 Total £000	2021 Total £000
Payable during the year	945	15	960	1,189
Future minimum lease payments due:				
Not later than 1 year	928	9	937	912
Later than 1 year and not later than 5 years	2,814	39	2,853	2,579
Later than 5 years	30,303	2	30,305	30,303
Total lease payments due	34,990	65	35,055	34,983

20. Contingent Asset

The Academy was notified of four legacies during the year, the value being £642k which have not been recognised as income during the year on the basis that the amounts actually received could vary from those detailed in the wills.

21. Contingent Liability

There are no contingent liabilities to report.

22. Related Party Transactions

The Independent Members of the Academy's Governing Body and the staff and student representative members 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 2020/21) was paid to the RAM SU for their work in supporting students during the year.

There were no other related party transactions.