

**THE ASSOCIATED BOARD OF THE
ROYAL SCHOOLS OF MUSIC
REPORTS AND ACCOUNTS
FOR THE YEAR ENDED 31 JANUARY 2024**

CHARITY NUMBER (ENGLAND AND WALES):

292182

CHARITY NUMBER (SCOTLAND):

SC043343

COMPANY NUMBER:

01926395

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
REFERENCE AND ADMINISTRATIVE INFORMATION

PATRON

His Majesty King Charles III

PRESIDENT

His Majesty King Charles III

GOVERNING BODY

Tony Hales, Chair, CBE, BSc

Frances Anderson, M.Soc.Sc (URS), BSc (Econ), FRSA

Abdul Bhanji OBE, FCA

Baroness Fleet CBE

Professor Jonathan Freeman-Attwood CBE, BMus, MPhil, Hon RAM, FKC, FRNCM
(Principal, Royal Academy of Music)

Leslie Kwan

Professor Colin Lawson CBE, MA (Oxon), MA, PhD, D Mus, FRCM, FRNCM, FLCM
(Director, Royal College of Music)

Professor Linda Merrick GRSM, MMus, PhD, FRAM, FRCM, FLCM, FRSA, Hon VCM, FHEA
(Principal, Royal Northern College of Music)

Gavin Reid ALCM, LLCM, GMusRNCM, PPRNCM, FRCS, LVO

Professor Jeffrey Sharkey, MPhil (Cantab)
(Principal, Royal Conservatoire of Scotland)

Bronwyn Syiek, MA (Cantab)

Damian Wisniewski BSc (Eng), ACGI, BFP, FCA, LRAM

CHIEF EXECUTIVE

Chris Cobb BSc, FRSA

DEPUTY CHIEF EXECUTIVE

Penny Milsom, BA

CHIEF OPERATING OFFICER

Helen Coleman BA, MBA

CHIEF DIGITAL OFFICER

James Halliwell BSc, MSc

CHIEF PRODUCT OFFICER

Tom Lee BA

SECRETARY TO THE GOVERNING BODY

Rachael Casstles

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
REFERENCE AND ADMINISTRATIVE INFORMATION

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| CHARITY NUMBER (ENGLAND AND WALES): | 292182 |
| CHARITY NUMBER (SCOTLAND): | SC043343 |
| COMPANY NUMBER: | 01926395 |
| TRADING NAME: | ABRSM |
| REGISTERED AND PRINCIPAL OFFICE: | 4 London Wall Place, London, EC2Y 5AU |
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| ADVISERS: | |
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| Internal Auditors: | BDO LLP 55 Baker Street, London W1U 7EU |
| Bankers: | Barclays Bank PLC Level 27 1 Churchill Place, London E14 5HP Santander UK PLC 3 rd Floor, Santander House 100 Ludgate Hill, London EC3M 7RE Lloyds Bank PLC 25 Gresham Street, London EC2V 7HN |
| Solicitors: | Farrer & Co 66 Lincoln's Inn Fields, London WC2A 3LH |
| Pension Scheme Administrators: | Broadstone Pensions and Investments Limited 100 Wood Street, London EC2V 7AN |
| Pension Scheme Actuary and Investment Advisors: | Lane Clark & Peacock LLP 95 Wigmore Street, London, W1U 1DQ |
| Investment Managers (Prize Funds): | BlackRock Investment Management (UK) Limited 12 Throgmorton Avenue, London EC2N 2DL |

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THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
FOR THE YEAR ENDED 31 JANUARY 2024

The members of the Governing Body (the 'Governors'), who are also directors of the company, present their annual report (incorporating the Strategic Report) for the year ended 31 January 2024, together with the audited financial statements for the year in accordance with the Charities Act 1993 as amended by the Charities Act 2011. They confirm that these comply with the requirements of the Companies Act 2006, the Company's Memorandum and Articles of Association and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard in the UK and Republic of Ireland (FRS 102).

STATUS AND ADMINISTRATION

The Associated Board of the Royal Schools of Music (ABRSM) is a registered charity, number 292182 (Charity registered in Scotland number: SC043343), and a company limited by guarantee, registered number 1926395, established by four Royal Schools of Music for the benefit of music education. The company has no share capital and the liability of the members in the event of winding up is limited to £1 per member. The members are the Royal College of Music, the Royal Academy of Music, the Trustees of the Royal Northern College of Music Endowment Fund and the Trustees of the Royal Conservatoire of Scotland Trust.

The charity has a wholly owned subsidiary company, The Associated Board of the Royal Schools of Music (Publishing) Limited (ABRSM Publishing), the results of which are consolidated in these financial statements.

GOVERNING BODY, CHIEF EXECUTIVE AND MANAGEMENT STRUCTURE

For the purposes of the Companies Act 2006 the Governors are the directors of ABRSM. They are also the charity trustees under the Charities Act 2011. The Governing Body is constituted under the Articles of Association of the company as drawn up in 1985 and amended on 26 July 2011. The amendment allows for three additional independent members to join the Governing Body.

Membership of the Governing Body consists of two persons appointed by each of the Royal Academy of Music, the Royal College of Music, the Royal Northern College of Music Endowment Fund and the Royal Conservatoire of Scotland Trust, together with three independent Governors¹ and a Chairman who is appointed by the members.

New Governors are invited to meet Governors, the Chief Executive and other senior staff for their induction. These meetings are tailored to the needs of each Governor depending on their background, experience and expertise. The Governors in office from 1 February 2023 to the date of this report are listed below and, where applicable, their alternate directors ('Alternates').

Governors

Tony Hales CBE, Chair¹
Frances Anderson¹
Abdul Bhanji OBE¹
Professor Jonathan Freeman-Attwood CBE
Nicola Irvine (resigned 14 March 2024)
Leslie Kwan
Professor Colin Lawson CBE
Professor Linda Merrick

Gavin Reid (appointed 14 March 2024)
Professor Jeffrey Sharkey
Bronwyn Syiek¹
Baroness Fleet CBE
Damian Wisniewski, Deputy Chair

Alternates

Karen Di Lorenzo

Kevin Porter
George Whalley (resigned 1 March 2024)
Deborah Harry (appointed 14 March 2024)

¹Tony Hales, Frances Anderson, Abdul Bhanji and Bronwyn Syiek are independent Governors.

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GOVERNING BODY, CHIEF EXECUTIVE AND MANAGEMENT STRUCTURE (continued)

Alternates are appointed by the Governor for whom they act. They are entitled to attend, vote and generally act on behalf of the appointing Governor at any Governing Body meeting where that Governor is not present. Alternates are officers of ABRSM, rather than agents of appointing Governors. They are therefore subject to all terms and conditions, other than remuneration, existing with reference to other Governors.

Finance & Business Development Committee Members

Damian Wisniewski, Chair
Tim Barton
Tony Hales CBE
Rachel Harris
Karen Di Lorenzo
Bronwyn Syiek

Audit & Risk Committee Members

Abdul Bhanji OBE, Chair
Frances Anderson
Deborah Harry
Alan Smith

Music Education Advisory Committee

Professor Jeffrey Sharkey, Chair
Natasha Baldwin
Carolyn Baxendale
Francis Cummings
Barry Farrimond
Miranda Francis
Laura Gardiner
Rylan Gleave
Paul Harris
John Hutchins
Gabriel Lee
Tim Plyming
Orphy Robinson
Jimmy Rotherham
Bronwyn Syiek
Simon Toyne
Aled Tudor
Matt Wingfield

Remuneration Committee Members

Bronwyn Syiek, Chair
Baroness Fleet CBE
Professor Jonathan Freeman-Attwood CBE
Tony Hales CBE

Nominations Committee

Tony Hales CBE, Chair
Abdul Bhanji OBE
Professor Colin Lawson CBE
Professor Linda Merrick

Ethics Committee

Frances Anderson

Key Management Personnel

The Governors delegate the day-to-day management of ABRSM to the Chief Executive, and through him to his team of senior executive staff, who comprise the key management personnel:

Chris Cobb, Chief Executive
Penny Milsom, Deputy Chief Executive
Helen Coleman, Chief Operating Officer
Mervyn Cousins, Chair of Chief Examiner Group
James Halliwell, Chief Digital Officer
Tom Lee, Chief Product Officer (appointed 1 March 2023)
Una Quinn, Finance Director (resigned 12 April 2024)

Decision Making

Proposals for developing ABRSM's work are discussed and refined by this senior team. Where appropriate they may be reviewed by one of the specialist committees of the Governing Body, which include the Music Education Advisory Committee. The Chief Executive presents key policy and strategic proposals to the Finance & Business Development Committee, which reviews the financial implications of all proposals, and to the Governing Body for consideration. If agreed, these will be incorporated into the planned activities of ABRSM.

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GOVERNORS, CHIEF EXECUTIVE AND MANAGEMENT STRUCTURE (continued)

Decision Making (continued)

All aspects of ABRSM's work in support of its charitable objectives are brought together in a Corporate Plan which, together with financial projections, is monitored by the Senior Management Team and considered by the Finance & Business Development Committee and then the Governing Body. The Corporate Plan sets out the strategic direction for ABRSM in the medium term which is then communicated to all staff.

The Finance & Business Development Committee is also responsible for the review of the forecast, budget and management accounts. It meets four times a year and monitors the finances of ABRSM on behalf of the Governing Body. It exercises oversight of the funding strategy and related policies. The Committee will evaluate business cases for investment and monitor their benefits and RoI. The Finance & Business Development Committee comprises up to six members: The Chair who shall be an ABRSM Trustee; one independent Governor, up to two members co-opted by the members of the committee with relevant skills and experience to support the ABRSM strategy and two Royal Schools of Music Directors of Finance.

The Audit & Risk Committee oversees risk management on behalf of the Governing Body and meets three times a year. It provides assurance to the Governing Body on the effectiveness of risk management, control and governance arrangements. It also meets with both the external and internal auditors to discuss the findings and recommendations from the audit reports. The Audit & Risk Committee comprises four members: two independent Governors and two Directors of Finance from two of the Royal Schools of Music. The Audit & Risk Committee requires that at least one member should have recent audit and/or financial accounting experience.

ABRSM procures its Internal Audit service from BDO LLP. The work of the Internal Audit service is informed by an analysis of risks to which ABRSM is exposed and an annual internal audit plan is based on this analysis. The Audit & Risk Committee approves the internal audit plan. BDO LLP submit regular reports to the Audit & Risk Committee on audits conducted, risks identified and management's response to their findings, as well as their independent opinion on internal control.

The Nominations Committee is responsible for selecting and recommending new appointments to the Governing Body.

The Music Education Advisory Committee is an advisory body which supports the Senior Management Team and Governing Body to assure the musical integrity, quality and relevance of ABRSM's offer in the context of a contemporary global landscape.

The Remuneration Committee is responsible for determining and implementing the remuneration policy of the senior personnel. In doing so it considers remuneration trends across comparable institutions as well as performance. The remuneration of the senior executive staff is determined through the completion of performance related assessments in line with company policy. The level is determined by evaluating a combination of performance and market rate.

The Ethics Committee is an advisory body which supports the Senior Management Team and Governing Body to consider the application of ethical principles to ABRSM's decisions and actions.

ABRSM's governance is structured around the principles of the Charity Governance Code. The Governing Body is committed to reviewing its governance against the Code's principles on a regular basis to ensure the highest standards of governance.

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GOVERNORS, CHIEF EXECUTIVE AND MANAGEMENT STRUCTURE (continued)

Governors' and Officers' Liability

Governors' liability is included in the combined business insurance policy and is purchased by authority contained within the Memorandum and Articles of Association, as permitted by Section 232(2) of the Companies Act 2006 and with the agreement of the Charity Commission. The total cost of Governors' and Officers' liability insurance was £403 (2023: £388).

CHARITABLE OBJECTIVES

ABRSM has the following aims and objectives set out in its Memorandum and Articles of Association:

- to advance the arts, science and skills of music, speech and drama throughout the UK and overseas; and
- to promote the education and instruction in, and the study and appreciation of music, speech and drama.

During 2021, ABRSM developed and implemented a new 5-year corporate strategy centred around our ongoing mission to enrich lives by inspiring musical achievement around the world. A focus on the needs of our customers is at the core of our strategy, which is also guided by five key themes: educational excellence; collaboration; leadership and advocacy; equality, diversity and inclusion; and sustainability.

Over the next three years, ABRSM aims to be seen by our stakeholders to:

- Value and support our learners and teachers
- Be an innovator in music teaching, learning and assessment
- Support and promote music education globally

By January 2026 we will have grown:

- The number of learners engaging with us
- Our charitable donations
- The breadth of our activities

The following report explains in more detail how our objectives are achieved. Our main measurements of success continue to be the level of candidate numbers and turnover, the delivery of key targets for the launch of new products and services, digitally and in person, and reducing our carbon footprint.

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STRATEGIC REPORT

PRINCIPAL ACTIVITIES

ABRSM supports the teaching and learning of music, in partnership with four Royal Schools of Music and aims to inspire achievement in music.

We continue to deliver our strategy guided by the three pillars of our business which underpin our mission to enrich lives by inspiring musical achievement around the world:

1. Music Making – Be inspired

We inspire and celebrate music making and performance in our core role as a music education charity, embracing musical diversity and creativity as we help nurture future generations of musicians.

2. Teaching and Learning – Be supported

We support music teachers and learners and value their ongoing learning and development. We are introducing new courses and resources to support excellence in music teaching.

3. Qualifications and Assessments – Be recognised

We continue to grow our portfolio of qualifications to recognise a wide range of musical achievement, embracing increasingly diverse genres, activities and learning settings.

Our 5-year corporate strategy remains focused on supporting teachers and learners, improving services for customers and expanding the diversity of the music we offer. Sustainability continues to be an important theme, with our ongoing objective to reduce our carbon emissions in line with the Paris Agreement.

The Governors believe that these activities continue to meet ABRSM's charitable objectives both in the year under review and into the future.

ABRSM's subsidiary, The Associated Board of the Royal Schools of Music (Publishing) Limited, is engaged in the production and sale of music publications, recordings and digital resources in support of the charitable activities of ABRSM, both of exam related publications, and wider repertoire music and text-books supporting music education.

ACHIEVEMENTS AND PERFORMANCE

Supporting and recognising excellence in music teaching

ABRSM supports teachers worldwide by developing printed and digital resources that complement our exam focussed books, recordings, apps and videos, and through a range of online and face-to-face events and qualifications.

Our Teacher Hub continued to be successful, with 15,108 new registered users and 14 new free resources launched in the year. These include the short RNCM course 'Assessing Progress in Classroom Music' with further such courses to be released this year. We are also currently working on a redesign and a subsequent relaunch of the Teacher Hub.

Expanding and enhancing the ways we support and assess musical progression

The core activity of ABRSM, delivering music exams of a consistently high quality both in the UK and internationally, continued during the year. We continued to develop our offer of alternative and new format online examinations approved by Ofqual to meet our learners' needs both in the UK and internationally. There were 469,000 (2023: 440,000) ABRSM assessments in 2023-24, an increase of 6.6% on the prior year.

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ACHIEVEMENTS AND PERFORMANCE (continued)

We launched Teaching Diplomas in January 2024 for first assessment in October 2024; these included a brand new ARSM Level 4 as a fully accessible qualification. A key characteristic of these exciting new qualifications is that they are instrument agnostic. The emphasis is now on Music Teaching, and not instrumental/vocal, which widens their appeal considerably.

Performance Diplomas launched in November 2023 for first assessment in April 2024. These were redesigned to be contemporary in nature and vocationally relevant. Work included completely refreshed repertoire lists across 48 instruments at LRSM and FRSM, a compensatory method of assessment, increased freedom of choice in programme design and a fully accessible offer with written/spoken supporting evidence.

The functionality of the examiner iPad app, Marcato, was updated to improve candidate experience, data security and examiner experience. This app has reached a good level of maturity, as it relates to the current product offer, and development needs are now reducing.

A pilot of digital certificates was conducted and was an important step in the realisation of our sustainability goals. New relationships were developed with research experts in the area of artificial intelligence and its development within the world of music, enabling us to prepare research projects for 2024-25 that will keep ABRSM fully informed about opportunities and ethical questions in this space.

Most of ABRSM's qualifications are formally recognised by the UK qualifications regulators: in England by the Office of Qualifications and Examinations Regulation (Ofqual); in Wales by Qualifications Wales; and in Northern Ireland by Council for the Curriculum, Examinations and Assessment (CCEA Regulation). All our regulated qualifications are listed on Ofqual's Register of Qualifications. The Governing Body is responsible for overseeing ABRSM's compliance with the conditions of recognition as set by the three regulators.

UK and Ireland examinations

During 2023-24 a total of 229,000 (2023: 213,000) assessments were completed for ABRSM's Practical, Performance Grade, Diploma, Theory and Music Medals qualifications in the UK and Ireland, an increase of 7.5% on the prior year. Assessments completed in Scotland make up 2.5% of the total (2023: 2.3%).

As part of our continued rebuilding post-pandemic, we increased the number of UK public exam venues to 246, from 230 in 2023.

We are assisted in delivering our examinations by volunteer Honorary Local Representatives (HLRs) who give their valuable time to help arrange and ensure the smooth running of exams in the UK. At the end of the year we had 175 HLRs supporting our UK customers. In the year we reinstated UK centre visits to support new HLRs, or follow-up visits where we received queries or complaints. These visits will continue in 2024. There was no specific Representative training in 2023, but a programme of events is planned for 2024.

International examinations

During the year a total of 240,000 (2023: 227,000) international assessments were completed for ABRSM's Practical, Performance Grade, Diploma and Theory qualifications, an increase of 5.7% on the prior year.

Significant growth was achieved in Malaysia (an increase of 32% to 37,500 candidates), India (1% to 27,000 candidates), Indonesia (27% to 7,000 candidates) and Thailand (30% to 4,500 candidates). In 2024 we plan to introduce stand-alone visit exams to institutional customers in Europe and add international school visits within public sessions in Indonesia and the Middle East. We also added a new exam centre in the US during 2023-24.

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ACHIEVEMENTS AND PERFORMANCE (continued)

Following the successful pilot of Digital Certificates in two international territories, there will be a global rollout in 2024, along with the addition of more automation to examiner exam scheduling, and the enablement of the earlier release of Digital Theory results for un-proctored candidates. New developments during the year, included Performance Grades Jazz Initial to Grade 5, and Drumkit.

At year end we had 109 (2023: 112) international representatives, covering 76 (2023: 73) countries.

Support for learners of music

This year saw the release of several new syllabuses.

The Bowed Strings syllabus launched in June 2023 at the European String Teachers Association conference in Cardiff. This encompassed new repertoire lists for all four instruments with accompanying Exam Pieces publications. The first assessments took place from January 2024.

Jazz Performance Grades 1-5 syllabus launched in October 2023 for first assessments in January 2024. Jazz performers now have the same qualification opportunities as western classical instrumentalists. The same structure has been utilised, except the free choice fourth piece which is chosen from the published lists.

The Singing for Musical Theatre syllabus also received an update which launched in December 2023 for immediate assessment. This included an additional 50+ pieces being added which had been published during the year, helping to expand the material available for male voices, and recognise the creative peak in composing during the Covid pandemic.

Development of published and digital resources

Publishing turnover for the year (including intra-group charges) was £6,833,000 (2023: £6,750,000). This year saw the release of new Violin and Cello Exam Pieces in June 2023, and associated published and digital resources, including a pilot release of selected Violin repertoire with the interactive sheet music platform Tomplay. Initial Grade products for Viola and Double Bass were also launched in June 2023. Further materials to support theory exams were released in January 2024. The Publishing Company results (including intra-group charges) produced a gift aid payment of £807,000 (2023: £606,000) to ABRSM.

This year saw the continued development and improvement of our range of apps including our Bowed Strings practice partners refresh for Cello and Violin which was released in June 2023. We had to bring all our digital apps and sites in line with the new branding, which required engaging external developers.

Accessibility and Online Resources

We launched our refreshed brand and new website in October 2023, developments that help us project our future-facing identity as a global music education charity that exists to inspire a love of music. The energetic and colourful new visual identity introduced through the new brand connects us to our heritage and established reputation at the same time as enabling us to communicate with broader audiences beyond our traditional exams base and to have more impact in digital environments. Our strapline 'A life with music' captures simply the 'why' behind what we do.

In addition to our examination related on-line tools, we continue to develop our suite of resources for teachers via the website along with face-to-face interaction.

ABRSM's website features localised content for every country in which we operate and responds automatically to each visitor's location in order to provide local exam entry, contact and event information.

ABRSM, working closely with CTech, continues to develop and implement the organisation's ambitious digital transformation programme. Significant work was undertaken during the year on the planning, development and implementation of ABRSM's new Finance system, Unit4 ERPx, including the integration with the CRM system. Unit4 ERPx went live on 2 April 2024.

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ACHIEVEMENTS AND PERFORMANCE (continued)

Partnering strategically to support, deliver and advocate for excellence and participation in music education

During the year, and for the first time since the Covid pandemic, ABRSM made distributions to the four Royal Schools of Music, totalling £2m. After the year end and before the approval of these accounts, another distribution of £1m in total will have been made to the four Royal Schools. ABRSM maintained scholarships for UK-based and international students of the Royal Academy of Music, the Royal College of Music, the Royal Northern College of Music, the Royal Conservatoire of Scotland, the Royal Welsh College of Music and Drama and the Hong Kong Academy of Performing Arts. A total of 87 (2023: 88) scholars benefited from ABRSM funding during the year. Sponsorship and donations for the benefit of music education arising in the year to 31 January 2024 were £2,291,000 (2023: £260,000). Scholarships awarded totalled £1,379,000 (2023: £1,372,000) and included:

Royal Academy of Music

Raj Bhaumik is a first year Bachelor of Music student, studying the clarinet.

With the support of an ABRSM Scholarship, Raj Bhaumik has excelled in his first year at the Royal Academy of Music. This academic year, Raj has played in a Symphony Orchestra conducted by Mark Elder, played Eb clarinet in the first woodwind department concert of the year (Mark-Anthony Turnage's 'A Quick Blast'), and has played in five clarinet master classes so far. He has also successfully auditioned for second-study lessons on historical clarinets and for the University of London Symphony Orchestra.

Raj has established a wind quintet, clarinet and bassoon duo, and a clarinet and piano duo and the quintet, made up entirely of ex-NYOGB-principals, recently played their debut at Nutford House. He is currently preparing to play a full-length solo recital with piano at St Cyprian's Lenzie as part of their regular concert series, and the Brahms Clarinet Quintet at Ardkinglas House, Argyll, in April.

In addition to his performance schedule, Raj is contributing to life at the Academy as an assistant woodwind tutor with the Academy's Widening-Participation department.

Royal College of Music

Amelia Lawson is a third year Bachelor of Music student, studying the French horn.

Amelia has had an excellent year as she continues to explore the hustle and bustle of beginning her career as a professional musician. At the RCM she has enjoyed participating in a number of large orchestral projects, including a very well-received performance of Mahler 1 with the RCM Symphony Orchestra, conducted by Sir Antonio Pappano in January 2024. She has also taken part in various RCM Sparks projects, an initiative whereby all undergraduate students at the RCM help lead sessions with the Community and Outreach team.

Outside of the RCM, she has had significant success with her wind quintet, Aeolian Winds. In December 2023 the ensemble were invited by prestigious wind quintet Ouranos to join them in France for a week of masterclasses, seminars and lessons, finishing the week with a concert.

Many of Amelia's external engagements include significant travel, and she expresses particular thanks to the ABRSM for their support of her studies, which gives her the financial security to take part in these projects without worrying about money.

Royal Northern College of Music

Justine Gormley is studying piano and has had a very successful final year at the RNCM, in which she was invited to the semi-finals of Piano Campus international piano competition in Paris, and she has also booked an upcoming solo tour of England and Ireland including Bechstein centre Manchester, Chester, Dublin, Belfast, and Limerick. Justine also began a placement with Olympias Music Foundation in February which has allowed her to work with children's choirs and orchestras, giving her a great platform to further her professional career.

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ACHIEVEMENTS AND PERFORMANCE (continued)

Partnering strategically to support, deliver and advocate for excellence and participation in music education (continued)

Royal Conservatoire of Scotland

Yenglik Karassartova is an international undergraduate, studying the piano.

Yenglik has developed hugely, both in her technical prowess at the piano and also in her maturity as a musician. She has participated in many important Keyboard Showcase concerts at the RCS and has also put herself forward for masterclasses and competitions. Her tutors are delighted with her progress and speak very highly of her work ethic and her determination to maximize her potential as a pianist and all-round musician.

Other Support for Music Education

We have continued to work closely with partner organisations, policy makers and leaders to champion music education and open up opportunities for more people to access and progress in music.

Following a 2022 review of our partnerships and sponsorship portfolio, 2023 represented the first full year of our rebalanced portfolio that included greater representation from across the UK, more support for grassroots music organisations, and increased sponsorship for organisations outside the UK. We continued to support the work of national youth music organisations, including Open Up Music, National Youth Choir, National Youth Jazz Orchestra, National Youth Orchestra and National Children's Orchestras of Great Britain, and collaborated with Music Mark, Black Lives in Music, the Ivors Academy and Music Education Partnership Group (MEPG) to advocate for a high quality, accessible, diverse and inclusive music education. Our work with the Royal Philharmonic Society celebrated and championed classical music and the creation of new music by living composers, while we collaborated on location- or instrument-specific projects through our work with London Music Fund, Tri-Borough Music Hub, Music Masters and PercWorks.

In 2023 we launched Play On, to succeed and replace our International Sponsorship Fund, with £40,000 in grants awarded to support the work of nine organisations from around the world. Available to non-UK organisations and projects and managed by our partners The Commonwealth Resounds, Play On has been designed to help get innovative music projects up and running. 2023 recipients included a sign language choir in the USA and a youth choir in the Cayman Islands, organisations providing instruments and tuition across Africa, projects in India and Kenya that deliver music making in schools, and a programme giving safe access to music learning opportunities in Haiti.

We established an exciting new partnership with Rondo Production, an innovative and inclusive organisation based in Malaysia that provides opportunities for next generation musicians from across South East Asia to take the next steps in their careers. We supported their annual RondoFest and Malaysian Wind Music Prize initiatives, and collaborated on their Young Composers Initiative. In 2024 we will continue our support for these initiatives, and will partner with Rondo Production to pilot a composer mentoring programme for emerging composers based in South East Asia, as part of RondoFest.

In the programmes space we have evolved our work to support the next generation of musicians. Our flagship composer mentoring programme, Writing for Music Education, supported another six emerging composers explore the world of composing for educational settings, and our focus for the year ahead is to expand the programme to reach composers based outside the UK. Through our partnership with Black Lives in Music, we launched an examiner mentoring programme for musicians and music teachers from the global majority interested in a professional development opportunity to prepare them for our formal examiner training course.

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GOVERNING BODY'S REPORT (INCORPORATING THE STRATEGIC REPORT)
(CONTINUED)
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ACHIEVEMENTS AND PERFORMANCE (continued)

Partnering strategically to support, deliver and advocate for excellence and participation in music education (continued)

One year into our pilot exam discount scheme, managed by Music Mark, we have made some changes to the scheme to promote greater awareness and engagement, and hope to reach more young people during the remainder of the pilot, which runs through to July 2024.

We also launched our inaugural Youth Advisory Board for young musicians based in the UK. Comprising 30 members between the ages of 10 and 25 across Junior, Senior and Young Adults groups, the programme offers young people the opportunity to find out about ABRSM's work up close, contribute their feedback and ideas to inform our products and services, and connect with other musicians from across the UK. In 2024 we plan to launch a Youth Advisory Board for young people based in South East Asia, as we look to further embed the voices of young people within the organisation.

Prize Funds

The endowment funds were established to provide prizes for musical achievement in ABRSM's examinations. All investments have been acquired in accordance with the powers available to the Governors.

Fundraising

The organisation does not engage in fundraising activities. Its income is derived from music examination fees and from sales of associated publications.

Protecting the planet for future generations

We recognise a climate emergency is happening. As a global organisation bringing musical achievement to a young audience, we have committed to engage our staff and the wider ABRSM community to protect the planet for future generations. We are adapting our activities to reduce our impact on the environment. Our long term goal is to cut our GHG emissions in half by 2030 and reduce them to net zero by 2050, tracking the aims of the Paris Agreement on global temperature rise.

During 2022 and 2023 we completed a carbon audit of the full scope of ABRSM's activities, including our print publishing supply chain. We have also introduced Digital Certificates by default with an option to purchase a printed certificate. We continue to carefully plan international tours and the deployment of locally-based examiners to remain on target.

FINANCIAL REVIEW

The consolidated statement of financial activities is given on page 25 of the accounts.

Total turnover of ABRSM and its UK subsidiary from examinations, publications, teacher support and investment income for the year amounted to £48,890,000 (2023: £45,529,000). The increase in turnover mainly arises from increased candidate numbers for our assessments both in the UK and internationally. Turnover for our Publishing subsidiary also increased to £6,833,000 (2023: 6,750,000).

Net income for the year was £6,973,000 (2023: £7,346,000). The performance of the publishing company is set out in note 6 to the accounts.

The net income is stated after charging £2,079,000 (2023: £3,123,000) of amortisation costs in line with ABRSM's policy regarding the capitalisation of software development costs (note 2h). This amortisation relates to continuing development of our CRM system.

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FINANCIAL REVIEW (continued)

We continued to improve our digital offering by investing £2,075,000 (2023: £2,037,000) in our CRM system and the new Finance system, Unit4 ERPx.

Increased cash receipts and higher interest rates have allowed us to increase the level of cash held on deposit to £22,300,000 (2023: £13,050,000). This is held in various accounts with different maturity dates to maximise returns whilst still allowing flexibility.

The level of creditors due within one year has increased to £10,298,000 (2023: £9,744,000). The total amount due to our International Representatives at the year-end has increased to £2,561,000 (2023: £1,639,000), due to timing differences on payments.

The risks associated with our pension fund are well managed, with repayments being made under the deficit recovery plan. The pension deficit has reduced to £1,796,000 (2023: £3,798,000).

Going Concern

The strong performance of the Group during the year ended 31 January 2024 has provided a firm foundation for the forthcoming year.

A budget has been set for the following year which shows the Group generating a surplus for the year. A reforecast to the end of June 2025 has also been prepared based on actual performance in the year to April 2024 and adjustments for any known future changes. Under this reforecast, it is expected that the Group will continue with net positive current assets and total assets, along with sufficient positive cash balances.

The charity has the resources to allow it to continue to invest in its digital programme to meet the changing customer needs.

The trustees therefore have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of approval of these financial statements and are not aware of any other material uncertainties which may adversely affect the organisation. Accordingly, the financial statements continue to be prepared on the going concern basis.

Investment Selection Policy and Performance

On the incorporation of the Associated Board in 1985, it was decided that the publishing business of ABRSM should be transferred to a wholly owned subsidiary, The Associated Board of the Royal Schools of Music (Publishing) Limited. This company granted an unsecured loan note to ABRSM as consideration for the transfer of the publishing business. ABRSM receives interest on this loan note at 2% above the bank base rate. Additionally, the subsidiary company pays royalties to ABRSM on copyrights owned by ABRSM. Finally, it donates its taxable profits to ABRSM under a deed of covenant, which amounted to £807,000 (2023: £606,000). This is a long-term investment held for the benefit of ABRSM and integrated within ABRSM's operations utilising the intellectual property contained in ABRSM's syllabus listings, which are periodically refreshed.

ABRSM occasionally receives sums of money to provide for prizes for candidates performing well in its examinations. In order to maintain the real value of these gifts it invests a significant proportion of the Prize Endowment Funds in Blackrock Charities UK Bond and Equity Common Investment Funds. At 31 January 2024 these had a cost of £879,000 and a market valuation of £1,666,000 (2023: £779,000 and £1,574,000 respectively), reflecting an increase in market value of 5.8% from the prior year, (2023: net decrease of 0.2%).

All other surplus liquid funds held by ABRSM are placed on deposit to safeguard the funds involved and to earn interest until such time as they are needed to meet the expenditure involved in ABRSM's operations. The interest earned on these deposits during the year was £837,000 (2023: £164,000).

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FINANCIAL REVIEW (continued)

Principal Risks and Uncertainties

The Governing Body is responsible for the assessment and control of the risks faced by ABRSM. Consideration of risks is delegated to the Audit and Risk Committee and managed on a day-to-day basis by senior staff. The Governors believe that awareness of the key risks is the single most important element in ensuring that they are controlled. Risks are identified, assessed and controls maintained throughout the year, with a formal review of ABRSM's risk management processes undertaken on an annual basis.

In addition to the risk management and mitigation actions identified in the table below, ABRSM uses the following controls to manage risk:

- formal agendas and minutes for all Governing Body and committee activity;
- clear terms of reference for all committees – Finance & Business Development Committee, Audit & Risk Committee, Remuneration Committee, Nominations Committee and the Music Education Advisory Committee;
- a rolling programme of internal audit
- comprehensive strategic planning, forecasting, budgeting, management accounting and variance analysis;
- an established governance and organisational structure with clear lines of reporting;
- formal written policies, including staff policies readily accessible to all staff;
- hierarchical authorisation and approval levels; and
- review of cashflow forecasts

In addition to the significant business and financial risks which, together with the mitigating actions are referred to in the Financial Review, key risks affecting the charity include:

| Risks What are the key risks facing ABRSM? | Management and mitigation What is ABRSM doing to reduce the likelihood or minimise the impact of these risks occurring? |
|--|--|
| Cyber attack, major incident or technology failure leading to loss of data and business interruption | <p>Business Continuity and Disaster Recovery plans</p> <p>Cyber Essentials Plus Accreditation and external review of systems</p> <p>Mandatory Security training for all staff</p> <p>Testing, scanning and phishing strategy</p> <p>Multifactor Authentication for remote access</p> <p>Automatic 3rd party security patch management</p> <p>Advanced Firewall security</p> <p>Support contract with PwC</p> <p>Designated security roles and responsibilities</p> |

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FINANCIAL REVIEW (continued)

| Risks What are the key risks facing ABRSM? | Management and mitigation What is ABRSM doing to reduce the likelihood or minimise the impact of these risks occurring? |
|--|---|
| Changes to educational policy and changes in social attitudes lead to a decline in suitably skilled music teachers and the population of learners who can and want to make music | <p>Involvement of ABRSM's voice in the policy debate</p> <p>Supporting the Department of Education Progression Fund</p> <p>Grants and partnerships with community music hubs and centres of excellence</p> <p>Making Music longitudinal research and publication</p> <p>Scholarships and donations</p> <p>Brand messaging and PR</p> <p>Diversification of music genres in syllabuses</p> <p>Teacher Hub community and CPD programmes and resources</p> |
| Failure to innovate and move into new market segments, leading to ABRSM products and services becoming less attractive and relevant to the market | <p>Customer and audience insight and engagement</p> <p>Communications strategy</p> <p>Sales and marketing strategy</p> <p>Product development</p> |

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THE ABRSM PENSION AND LIFE ASSURANCE SCHEME (THE SCHEME)

ABRSM operates a defined benefit pension scheme which closed to future accrual on 31 December 2018. The notional surplus or deficit on the funding of the Scheme, calculated annually under this standard, is shown in the financial statements as a designated fund entitled "Pension Reserve". This is deducted from Unrestricted Funds in the balance sheet. The approximate actuarial valuation carried out at 31 January 2024, as required by FRS 102, represents the market value of the assets of the Scheme as £40.3 million and the value of the liabilities at that date as £42.1 million (2023: £42.5 million and £46.3 million). The net deficit on the Scheme of £1.8 million (2023: £3.8 million) is a statement of the transient situation at 31 January 2024. Both the Governors and the Trustees of the scheme recognise that such valuations can move significantly in response to market factors and the actuarial assumptions made.

The Governors recognise that the deficit arising under FRS 102 does not have a significant immediate cash-flow impact on the charity. The positive effect of the contributions made by the employer on the FRS 102 liability has been accompanied by a decrease in technical provisions as at 31 January 2024. The disclosure of a pension liability, newly calculated year by year under FRS 102, does not mean that the equivalent amount is already committed and no longer available to the Governors to further the charity's objectives.

The last triennial actuarial valuation was prepared as at 31 December 2021 and showed a deficit of £12.3 million. The Scheme closed to future accrual from 31 December 2018 and had already closed to new entrants, with certain limited exceptions, on 1 February 2014.

A new deficit recovery plan was agreed by the Trustees in 2022. Under the plan, the Employer agreed to pay deficit reduction contributions of £2.75m per annum for a period of 3 years and 4 months from 1 January 2023 to 30 April 2026. The Employer also agreed to pay all costs associated with running the Scheme and to take over responsibility for Life Assurance arrangements with effect from 1 February 2019.

RESERVES

Our reserves comprise unrestricted funds and endowment funds. The endowed funds result from donations and legacies which can only be applied for a purpose specified by the donor and are not available for general purposes. These funds are used to award prizes to examination candidates in accordance with the criteria specified by the donor. Endowed funds total £1.7m at 31 January 2024 (notes 2t, 5 and 23).

The unrestricted funds represent the accumulated surpluses generated from general business activities and are funds that are available for use at the discretion of the Governors. They comprise the fixed assets fund, designated funds and general funds (note 24).

Fixed Assets Fund

The fixed assets fund comprises the funds invested in fixed assets that the Governors consider essential in enabling us to implement effectively our operational strategy. The fund represents the net book value of tangible and intangible fixed assets. The intangible assets arise from investment in our digital transformation programme.

Designated Funds

Designated funds are funds that the Governors have earmarked for specific purposes. As at 31 January 2023, £3.8m of funds remained that were designated for the digital transformation programme, and a further £1.5m was transferred to this fund during 2023. During the year, £1.9m was expended on the CRM and the new Finance system, Unit4 ERPx, with £3.4m remaining at 31 January 2024 to be used for ongoing digital transformation and international development. The £0.8m designated for examiner costs last year has been increased to £1.0m at 31 January 2024.

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RESERVES (continued)

General Funds

In accordance with Charity Commission guidance, the Governors set a target for the level of free reserves, or general funds, that we should maintain to ensure our financial security and funding of our business plan. Free reserves or general funds are defined as total unrestricted funds less fixed assets and designated funds. Since many of ABRSM's costs are directly related to the number of examinations held, it is ABRSM's aim to have sufficient liquid resources and cash balances so that, in the event of a downturn in the demand for its services, its operating costs, excluding costs directly relating to activity (e.g. examiner fees and venue hire), would be met for a period of six months, plus any outstanding liabilities. During this period, other actions to mitigate loss would be implemented. This implies the need for a level of free reserves of £13.2m (2023: £12.1m). As the Charity is wholly reliant on global trading conditions to generate income, the Governors consider that six months represents a realistic and prudent position.

General funds stand at £14.6m at 31 January 2024. This is an increase of £4.9m or 34% on the prior year (2023: £9.7m) and is £1.4m above the minimum level of general reserves, which should ensure that we are able to continue to invest in our ongoing digital transformation programme and international development activities, and meet the short-term growth objectives outlined in our 5-year corporate strategy.

The pension liability represents the present value of the pension liabilities less the fair value of the pension scheme assets, calculated in accordance with FRS 102 (note 31) and does not imply a significant constraint over the use of reserves for the foreseeable future other than to ensure monthly contributions are met, which are budgeted for accordingly.

PLANS FOR FUTURE PERIODS

General objectives

ABRSM will continue to conduct its operations to the highest standards, including all forms of online assessment, recognising that integrity and impartiality are fundamental to ABRSM's continuing success. All developments are evaluated for financial viability to ensure sound cost and budgetary controls and to enable ABRSM to maximise its contribution to music education. ABRSM will continue to use its influence in promoting music education generally, in accordance with its charitable mission and will continue to take steps to protect our environment by operating in ways that reduce our carbon footprint.

Short term objectives:

Our successful outcomes in 2023-24 contributed to the consolidation of our recovery and enabled our investment in foundations for future growth at the mid-point in a five-year strategy. This places us well for work to target growth and prepare new offers in 2024-25 and to begin to realise growth through sales and emerging new products from 2025-26. Our areas of focus in seeking growth continue to be:

1. Identity and changing the narrative – establishing ourselves as a global music education leader and charity, with a broadening product offer alongside a range of partnerships, scholarships and programmes that support the next generation of learners, teachers, creators and collaborators.
2. Product portfolio and our relevance and reach – broadening the appeal of our existing products by expanding and diversifying our repertoire and the musical settings we include, serving our content through new digital channels alongside our valued in-person products, realising new product opportunities to serve new market segments, and building our training and support offer for the global community of music teachers.
3. Organisational capacity – developing our capabilities and organisational expertise in order to be future-facing and responsive while remaining true to our mission within music education, especially in areas such as digital, service delivery, product management, sales, marketing and data.

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PLANS FOR FUTURE PERIODS (continued)

Long Term Plans:

During 2021, ABRSM developed and implemented a new 5-year corporate strategy centred around our ongoing mission to enrich lives by inspiring musical achievement around the world. A focus on the needs of our customers is at the core of our strategy, which is also guided by five key themes; educational excellence; collaboration; leadership and advocacy; equality, diversity and inclusion; and sustainability:

- Create resources and ongoing training opportunities for music teachers in a variety of contexts, supporting their development.
- Build support for excellence in music teaching within schools by recognising high-quality and imaginative music-making.
- Collaborate with partners around the world to promote the benefits of music education for all wherever we operate.
- Develop new assessments and resources that quickly broaden our appeal to a wider and more diverse range of musicians and accelerate our ability to offer products that help learners develop their skills and make progress in music.
- Maintain and innovate our current qualifications and assessments, as well as the publications and digital resources that support them.
- Maintain and develop new partnerships to advocate for the importance of music education and strengthen our ambassadorial network to promote music-making everywhere.
- Make donations to sponsor music education programmes and scholarships in the UK and internationally.
- Set science-based targets that reduce our GHG emissions in line with Paris Agreement goals to keep global warming to within 1.5°C of pre-industrial temperature levels.
- Adapt how we operate in order to reduce our impact on the environment.
- Train and engage staff, contractors, partners and customers in our sustainability agenda.

Our objectives highlight a renewed focus on supporting music teachers with professional development, and the importance of transforming our ways of working to ensure our business is environmentally sustainable. Working in partnership with others in the UK and beyond, we will continue to promote the value of music education, celebrating the achievements of learners and highlighting the importance of progression in music. Our aim is to increase our ability to invest back into music education, both in the UK and internationally.

PUBLIC BENEFIT

The Governors have considered the guidance on Public Benefit published by the Charity Commission. The Governors believe that increasing the skills, knowledge and understanding of music provides benefit since the subject itself is of educational merit. Additionally, they also believe that the processes involved in reaching the particular level of competence tested in one of ABRSM's assessments deliver educational value of themselves. The benefits of increased musical skill are directly related to the charity's aims and no detriment or harm is considered likely to arise from these activities.

The Governors consider the beneficiaries to be a very wide range of people, insofar as the assessments offered by ABRSM are taken up in over 90 different countries throughout the world with many thousands of candidates both in the UK and worldwide. There is no age limit for those entering exams although the vast majority of the candidates are of school age. Comprehensive access arrangements are in place to meet a wide range of needs.

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PUBLIC BENEFIT (continued)

A number of exam fees charged internationally are based on local economic conditions. ABRSM's online services, such as Play On, Aural Trainer Lite and Melody Writer, are available at no charge internationally. ABRSM will continue to support these innovative educational tools and develop additional online tools to support music education. ABRSM also provides public benefit by funding scholarships and bursaries for students at four Royal Schools of Music. Additionally, ABRSM provides sponsorship for other musical organisations in the UK and internationally subject to the availability of funds. ABRSM's Classical 100 resource for schools and the Journeys subscription app were made freely available to all through Play On in 2020. Building on the success of Classroom 100, Classroom 200 was launched in April 2022, and was nominated for the "Outstanding Education Resource" at the Music & Drama Education Awards in 2023.

ABRSM supports the Royal Academy of Music, the Royal College of Music, the Royal Northern College of Music and the Royal Conservatoire of Scotland, which are charities in their own right. It does this through the provision of scholarships and, where possible, through distributions in the form of donations. It also supports the Royal Welsh College of Music and Drama and the Hong Kong Academy of Performing Arts. The public benefit delivered by ABRSM's support for these and other music education organisations is set out on pages 8 to 10.

The Governing Body's Report (incorporating the Strategic Report) demonstrates the way in which ABRSM's strategies support its objectives and provide public benefit.

ENVIRONMENTAL IMPACT

ABRSM is committed to protecting our environment by increasingly operating in ways that reduce our carbon footprint, harnessing technological developments to reach learners around the world.

In compliance with the Streamlined Energy and Carbon Reporting (SECR) requirements ABRSM is reporting on our energy use. ABRSM's total UK energy use and greenhouse gas emissions due to UK energy use is shown below:

| | Year ended 31 January 2024 | Year ended 31 January 2023 |
|--|-------------------------------|-------------------------------|
| UK energy use (kWh) | 876,452 | 885,303 |
| Associated greenhouse gas emissions (kg CO ₂ equivalent) | 193,442 | 196,864 |
| Intensity ratio: Emissions (kg CO ₂ equivalent) per examination | 0.41 | 0.45 |

The energy and emissions reported above arise from our office at 4 London Wall Place and car fuel. Information regarding our office is derived from information provided by our energy supplier who provided electricity and heating/cooling from a local combined heat and power facility. The amount of car fuel used is based on claims from staff and examiners.

The fit out of 4 London Wall Place achieved the Bronze standard SKA rating; lighting is controlled by infrared sensors and the heating and cooling system is timetabled.

During 2022 and 2023 we completed a carbon audit of the full scope of ABRSM's activities, including our print publishing supply chain. We have also introduced Digital Certificates by default with an option to purchase a printed certificate.

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ENVIRONMENTAL IMPACT (continued)

The delivery of Practical and Theory exams in the UK and around the world contributes most significantly to the group's environmental impact. Examiner international tours for practical exams are organised efficiently to reduce air travel to the minimum possible and emissions are monitored. We continue to carefully plan international tours and the deployment of locally-based examiners to remain on target.

Our digital examinations offering of Performance Grades and Online Theory remain popular since their launch in 2020. As examiners do not need to travel for these examinations, our energy use and associated emissions are reduced compared with traditional face to face examinations.

The introduction of automated booking, processing and marking of examinations in 2021 supplanted previous paper-based processes and significantly reduced paper consumption. However, in common with other businesses who have moved their operations online, we are aware that the increased use of technology brings with it increased energy use by our staff, examiners, teachers and learners in the operation of their electronic devices.

Our published books and resources are made from sustainable sources.

DIVERSITY AND INCLUSION

Published in October 2020 and with quarterly Progress Updates available on our website, our Diversity & Inclusion Plan has continued in full strength and is central to decision-making across the organisation.

We ran our third composer mentoring programme in 2023, working with six composers from a wide range of backgrounds to explore the world of writing music for educational settings. We worked with Black Lives in Music, the Ivors Academy and Musicians' Union to recruit the composers, who collaborated with colleagues from ABRSM and some of our partner organisations as they composed music to briefs, including for exam syllabuses and other educational contexts. Composers had the opportunity to work with the National Youth Jazz Orchestra, Open Up Music, National Children's Orchestras of Great Britain, the OHMI Trust and Southbank Sinfonia during the programme, and we hope that some of the music composed during the programme will be workshopped or performed during 2024.

We also delivered a two-part workshop series for composition students at the Royal Welsh College of Music and Drama, setting composers a brief to write for early grade piano and then returning to workshop the pieces and provide feedback. This is part of our wider programme to support next generation composers and broaden the pool of composers we can collaborate with and commission in the future.

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SECTION 172(1) STATEMENT

This section, together with those pages incorporated by reference, acts as the ABRSM's Section 172(1) statement.

The Governors have a responsibility to act to promote the success of the group with regard to the following matters (amongst others):

- The likely consequences of any decision in the long term – Page 4 details how plans are prepared and updated. The company's plans for future periods are set out on pages 15 to 16.
- The impact of the company's operations on the community and the environment are set out on Pages 16 to 18.
- The desirability of the company maintaining a reputation for high standards of business conduct: ABRSM is regulated by Ofqual, the Charity Commission and OSCR and faces competition in the markets in which it operates and therefore must ensure that it maintains the highest standards consistent with its reputation and history.
- The need to act fairly as between members of the company: Representatives of each of the four members sit as Governors on the Governing Body, thus each member has the opportunity to be fully engaged in the decisions of the Governing Body.

The Governors recognise that in addition to ABRSM's members, they have a responsibility to engage with other stakeholders. The Governors consider other main stakeholders to be candidates and their parents, music teachers, examiners, representatives, volunteers and employees. The Governors engage with these stakeholders via the senior leadership in a variety of ways as follows:

- Candidates and their parents – We engage customers through emails and social media and maintain information on upcoming exam sessions and new products and services on the website. We run regular surveys to seek customer feedback.
- Music teachers – In addition to our communication channels for candidates and their parents, ABRSM provides separate resources on its website to support teachers. Specialist courses and events are regularly held for teachers.
- Examiners – A dedicated team engage examiners in policy and other continuous professional development events, as well as town hall style discussions. Examiner online conferences are also held annually, allowing examiners to engage with their peers and ABRSM.
- Representatives and volunteers – Contact is maintained through a dedicated ABRSM team and newsletters, training events and, webinars.
- Employees – The staff forum meets each week to discuss matters directly affecting staff. This group meets with the Chief Executive and HR director on a quarterly basis to provide feedback. An all staff meeting is held quarterly, to allow the senior leadership and others to provide an update on ongoing projects and current issues that affect them and ABRSM.

The Governing Body's Report (incorporating the Strategic Report) has been approved by the Governors on 27 June 2024 and signed on their behalf by:



Tony Hales CBE
Chairman of the Governors

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC

STATEMENT OF THE GOVERNING BODY'S RESPONSIBILITIES

The Governors (who are also directors of The Associated Board of the Royal Schools of Music for the purposes of company law) are responsible for preparing the **Governing Body's Report** (incorporating the Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the Governors to prepare financial statements for each financial year. Under that law the Governors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain **the charitable company's and group's** transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the trust deed. The Governors are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Governors confirm that:

- so far as each Governor is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Governors have taken all the steps that they ought to have taken as Governors in order to make **themselves aware of any relevant audit information and to establish that the charitable company's auditor** is aware of that information.

The Governors are responsible for the maintenance and integrity of the corporate and financial information **included on the charitable company's website**. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND GOVERNORS OF THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC

REGISTERED CHARITY NUMBER: 292182

CHARITY REGISTERED IN SCOTLAND NUMBER: SC043343

COMPANY NUMBER: 01926395

Opinion

We have audited the financial statements of the Associated Board of the Royal Schools of Music ('the charitable company') and its subsidiary ('the group') for the year ended 31 January 2024 which comprise the Consolidated Statement of Financial Activities, the Group and Charity Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 January 2024 and of the group's and the charitable company's income and expenditure, 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 Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (amended).

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 charitable company and the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group'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 trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND GOVERNORS OF THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC (CONTINUED)

REGISTERED CHARITY NUMBER: 292182

CHARITY REGISTERED IN SCOTLAND NUMBER: SC043343

COMPANY NUMBER: 01926395

Opinion on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 20, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 trustees are responsible for assessing the charitable company'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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND GOVERNORS OF THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC (CONTINUED)

REGISTERED CHARITY NUMBER: 292182

CHARITY REGISTERED IN SCOTLAND NUMBER: SC043343

COMPANY NUMBER: 01926395

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts 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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 and The Charities and Trustee Investment (Scotland) Act 2005 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR), OFQUAL compliance and Health and safety legislation. We also considered compliance with local legislation for the group's overseas operating segments.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of exam fee income, the estimation of tax provisions and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit, legal counsel and the Audit & Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND GOVERNORS OF THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC (CONTINUED)

REGISTERED CHARITY NUMBER: 292182

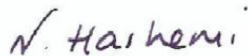
CHARITY REGISTERED IN SCOTLAND NUMBER: SC043343

COMPANY NUMBER: 01926395

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Naziar Hashemi
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor

London 3 July 2024

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 JANUARY 2024

| | | Unrestricted Funds £'000 | Pension Reserve (note 31) £'000 | Endowment Funds £'000 | Total Funds 2024 £'000 | Total Funds 2023 £'000 |
|---|--------------|--------------------------------|--|-----------------------------|---------------------------------|---------------------------------|
| | Notes | | | | | |
| INCOME & ENDOWMENTS FROM: | | | | | | |
| Charitable activities | | | | | | |
| Examinations | 3 | 41,098 | - | - | 41,098 | 38,546 |
| Teacher Support | 4 | 14 | - | - | 14 | 3 |
| Other trading activities: | | | | | | |
| Publishing sales | 6 | 6,829 | - | - | 6,829 | 6,746 |
| Investments | 5 | 837 | - | 58 | 895 | 218 |
| Other | | 54 | - | - | 54 | 16 |
| Total income | | 48,832 | - | 58 | 48,890 | 45,529 |
| EXPENDITURE ON: | | | | | | |
| Charitable Activities | | | | | | |
| Examinations | 7 | 34,755 | (2,749) | 17 | 32,023 | 30,238 |
| Teacher Support | 7 | 442 | (1) | - | 441 | 390 |
| Scholarships | 7,9 | 1,379 | - | - | 1,379 | 1,372 |
| Music education | 7,10 | 2,291 | - | - | 2,291 | 260 |
| Other trading activities: | | | | | | |
| Publishing | 7 | 5,666 | - | - | 5,666 | 5,750 |
| | | 44,533 | (2,750) | 17 | 41,800 | 38,010 |
| Pension finance charge | 7 | - | 109 | - | 109 | 169 |
| Total expenditure | 7 | 44,533 | (2,641) | 17 | 41,909 | 38,179 |
| Net (loss)/gain on investment | 16 | - | - | (8) | (8) | (4) |
| Net income/(expenditure) | | 4,299 | 2,641 | 33 | 6,973 | 7,346 |
| Other recognised gains/(losses): | | | | | | |
| Actuarial (loss)/gain on pension scheme | 31 | - | (639) | - | (639) | 1,893 |
| Net movement in funds | | 4,299 | 2,002 | 33 | 6,334 | 9,239 |
| RECONCILIATION OF FUNDS: | | | | | | |
| Balance brought forward | | 19,275 | (3,798) | 1,691 | 17,168 | 7,929 |
| Net movement in funds | | 4,299 | 2,002 | 33 | 6,334 | 9,239 |
| Fund balances carried forward, including pension reserve | 23,24 | 23,574 | (1,796) | 1,724 | 23,502 | 17,168 |

For Companies Act purposes, consolidated gross income for the financial year was £48,832,000 (2023: £45,475,000), consolidated gross expenditure was £41,892,000 (2023: £38,176,000) and net profit was £6,940,000 (2023: £7,299,000).

All income is derived from continuing operations

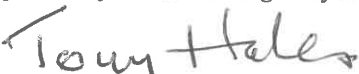
The notes on pages 28 to 61 form part of these accounts

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
BALANCE SHEETS
AS AT 31 JANUARY 2024

| | | Group | | Charity | |
|--|-------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | Notes | 2024 £'000 | 2023 £'000 | 2024 £'000 | 2023 £'000 |
| FIXED ASSETS | | | | | |
| Tangible assets | 14 | 1,255 | 1,677 | 1,255 | 1,677 |
| Intangible assets | 15 | 3,349 | 3,366 | 3,349 | 3,366 |
| Investments | 16 | 1,666 | 1,574 | 2,448 | 2,356 |
| | | <u>6,270</u> | <u>6,617</u> | <u>7,052</u> | <u>7,399</u> |
| CURRENT ASSETS | | | | | |
| Stocks | 17 | 704 | 831 | - | - |
| Debtors | 18 | 3,724 | 4,164 | 5,321 | 5,549 |
| Investments | 19 | 22,300 | 13,050 | 20,550 | 12,050 |
| Cash at bank and in hand | | 5,296 | 8,235 | 4,704 | 7,276 |
| | | <u>32,024</u> | <u>26,280</u> | <u>30,575</u> | <u>24,875</u> |
| CREDITORS: amounts falling due within one year | 20 | <u>(10,298)</u> | <u>(9,744)</u> | <u>(9,640)</u> | <u>(9,131)</u> |
| NET CURRENT ASSETS | | <u>21,726</u> | <u>16,536</u> | <u>20,935</u> | <u>15,744</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 27,996 | 23,153 | 27,987 | 23,143 |
| CREDITORS: amounts falling due after more than one year | 21 | (561) | (544) | (561) | (544) |
| PROVISIONS | 22 | <u>(2,137)</u> | <u>(1,643)</u> | <u>(2,137)</u> | <u>(1,643)</u> |
| NET ASSETS EXCLUDING PENSION LIABILITIES | | 25,298 | 20,966 | 25,289 | 20,956 |
| PENSION FUND DEFICIT | 31 | <u>(1,796)</u> | <u>(3,798)</u> | <u>(1,796)</u> | <u>(3,798)</u> |
| TOTAL NET ASSETS | | <u>23,502</u> | <u>17,168</u> | <u>23,493</u> | <u>17,158</u> |
| THE FUNDS OF THE GROUP/CHARITY: | | | | | |
| Endowment funds | 23 | 1,724 | 1,691 | 1,724 | 1,691 |
| Unrestricted funds | 24 | 23,574 | 19,275 | 23,565 | 19,265 |
| Pension reserve | 31 | (1,796) | (3,798) | (1,796) | (3,798) |
| TOTAL FUNDS | 25 | <u>23,502</u> | <u>17,168</u> | <u>23,493</u> | <u>17,158</u> |

The net income of the charity for the year was £6,974,000 (2023: £7,347,000)

Approved by the Governing Body on 27 June 2024.



Tony Hales CBE
Chairman of the Governors

Registered Charity Number 292182
Charity Registered in Scotland Number SC043343
Company Number 01926395

The notes on pages 28 to 61 form part of these accounts

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JANUARY 2024

| | Notes | 2024 £'000 | 2023 £'000 |
|---|-------|-----------------------------|-----------------------------|
| Cash flows from operating activities | 26 | 7,635 | 6,547 |
| Cash flows from investing activities | | | |
| Interest income | 5 | 895 | 218 |
| Purchases of fixed assets | 14,15 | (2,086) | (2,339) |
| Purchase of fixed asset investments | | (100) | - |
| Purchase of current asset investments (with maturity greater than 3 months) | | (9,750) | (2,562) |
| Net cash used in investing activities | | (11,041) | (4,683) |
| Cash flows from financing activities | | | |
| New finance lease obligations | | - | - |
| Repayment of finance lease obligations | | (33) | (66) |
| Net cash used in financing activities | | (33) | (66) |
| Net increase/(decrease) in cash and cash equivalents | | (3,439) | (1,798) |
| Cash and cash equivalents at 1 February 2023 | | 14,285 | 12,487 |
| Cash and cash equivalents at 31 January 2024 | 27 | 10,846 | 14,285 |
| Analysis of cash and cash equivalents: | | | |
| Cash in bank and in hand | | 5,296 | 8,235 |
| Deposits and notice accounts (less than 3 months) | | 5,550 | 6,050 |
| Total cash and cash equivalents | 27 | 10,846 | 14,285 |

The notes on pages 28 to 61 form part of these accounts

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 JANUARY 2024

1. COMPANY INFORMATION

ABRSM is a charitable company incorporated in England and Wales with registration number 01926395. Its registered office is 4 London Wall Place, London, EC2Y 5AU.

2. ACCOUNTING POLICIES

The principal accounting policies adopted, judgements and key sources of estimation in the preparation of the financial statements are as follows:

a) Basis of preparation

The financial statements have been prepared in accordance with the current Statement of Recommended Practice "Accounting and Reporting by Charities" (the Charities SORP (FRS 102) issued in October 2019, the Financial Reporting Standard in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The presentational and functional currency is Sterling (£).

ABRSM meets the definition of a public benefit entity under FRS 102. The financial statements have been prepared under the historical cost convention, with the exception of investments, which are included at market value.

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made are listed below:

| Significant judgements or estimates | Policy reference | Note reference |
|--|------------------|----------------|
| The following are considered to be significant estimates in the preparation of the financial statements: | | |
| Amortisation | l | 15 |
| Tax Provision | u | 22 |
| Scholarships commitments | i | 28 |
| Defined Benefit Pension Scheme | j | 31 |

Explanations of the estimates relating to the above items are given in the relevant policy.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2024

2. ACCOUNTING POLICIES (CONTINUED)

b) Going Concern

The strong performance of the Group during the year ended 31 January 2024 has provided a firm foundation for the forthcoming year.

A budget has been set for the following year which shows the Group generating a surplus for the year. A reforecast to the end of June 2025 has also been prepared based on actual performance in the year to April 2024 and adjustments for any known future changes. Under this reforecast, it is expected that the Group will continue with net positive current assets and total assets, along with sufficient positive cash balances.

The charity has the resources to allow it to invest in its digital programme to continue to meet customer needs.

The trustees therefore have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of approval of these financial statements, and are not aware of any other material uncertainties which may adversely affect the organisation. Accordingly, the financial statements continue to be prepared on the going concern basis.

c) Group financial statements

The consolidated accounts incorporate the accounts of the charitable company and its subsidiary (together, "the group") made up to 31 January each year.

The results of the trading subsidiary company are presented in the consolidated SOFA by disclosing the income and expenditure derived from its trading activities carried out separately from those of the charity. A summary profit and loss account for the subsidiary is shown in note 6. The subsidiary company's assets and liabilities are consolidated in the balance sheet on a line by line basis.

d) UK examination fees and expenses

Examination fees and expenses arising in the UK are credited or charged in the statement of financial activities during the accounting period in which such examinations take place.

e) International examinations

Where examinations take place online examination fees and expenses incurred in the UK are credited or charged in the statement of financial activities during the accounting period in which such examinations take place. Commissions due to local representatives in respect of online examinations are included in their representative returns as detailed below.

Where examinations are held locally these results are prepared from returns and annual accounts submitted by ABRSM's local representatives, which are not necessarily made up to 31 January each year but the effect of differing accounting dates is not considered by the Governors to be significant. In the rare case that the amounts owed cannot be recovered a bad debt provision is made.

f) Teacher support

Training course fees and expenses are credited or charged in the statement of financial activities during the accounting period in which such courses take place.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2024

2. ACCOUNTING POLICIES (CONTINUED)

g) Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. Overheads are apportioned either on headcount, turnover, staff occupancy of accommodation area or usage basis as considered most appropriate. Expenditure includes input VAT to the extent that it is irrecoverable.

Direct charitable expenditure comprises services identifiable as wholly or mainly in support of ABRSM's charitable and operational work. These costs are regarded as an integral part of carrying out the direct charitable objectives of ABRSM and include an appropriate proportion of overhead costs.

Governance costs are those incurred in connection with the administration of the charity and compliance with constitutional and statutory requirements. These costs have been apportioned across expenditure on charitable activities based on turnover except where the cost can be attributed to a specific activity.

h) Computer software development

Expenditure on computer software development is capitalised and amortised over a 3 year period.

i) Scholarship awards

All scholarships offered by the balance sheet date for the current academic year are provided in full. Awards for future years are subject to review and authorisation by ABRSM each year and are disclosed as commitments in note 28. The future commitments are estimated based on continued funding of the current students in receipt of a scholarship to the end of their academic studies plus new students starting their studies based on current funding patterns.

j) Employee benefits

Short-term employee benefits, including holiday pay and contributions to the defined contribution pension scheme are recognised as an expense in the period in which they are incurred.

The defined benefit scheme closed to future accrual on 31 December 2018 and employees transferred to the defined contribution pension scheme on 1 January 2019. Contributions to 31 December 2018 in respect of the defined benefit scheme are charged to salary costs for respective activities in the statement of financial activities.

The amounts recognised in the statement of financial activities including any actuarial gain or loss are estimated based on the requirements of FRS 102, and are fully explained in note 31.

k) Tangible fixed assets

Depreciation is provided on cost at the following annual rates in order to write off each asset over its estimated useful life:-

| | |
|------------------------------------|---|
| Short leasehold land and buildings | over the remaining life of the lease to the lease break point |
| Computer equipment | 33% |
| Plant, fixtures and equipment | 2.9% - 33% |

Expenditure on furniture and equipment not exceeding £1,000 in total and all expenditure on repairs and maintenance is written off in the year in which it is incurred.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2024

2. ACCOUNTING POLICIES (CONTINUED)

l) Intangible fixed assets

In accordance with FRS 102 software development costs have been recognised as intangible assets as they can be identified with a project anticipated to produce future benefits. On initial recognition, assets are measured at cost and include all costs directly attributable to bringing them into working condition.

Amortisation is provided on cost at the following annual rates in order to write off each asset over its estimated useful life:-

| | |
|----------------------|-----|
| Software development | 33% |
|----------------------|-----|

m) Investments

The investment in the subsidiary company is valued at cost.

Fixed asset investments are included in the balance sheet at their market value at the end of the financial period. Realised and unrealised gains and losses are credited or debited to the statement of financial activities in the year in which they arise and are based on brought forward values.

Current asset investments consist of treasury deposits and notice accounts with maturity and notice to withdraw of less than a year.

n) Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the group. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged to the statement of financial activities on a straight line basis over the lease term. The aggregate benefit of any lease incentives are recognised as a reduction to the expense charged over the lease term on a straight line basis.

o) Stocks

Publications stocks are valued at the lower of cost and net realisable value. For printed music, cost is based on the unit cost of production for each publication. Work in progress at printers is valued at the cost of the paper used and is included in paper stocks. In estimating net realisable value, due allowance is made for slow-moving, obsolete, defective and unsaleable items. Origination costs are charged to revenue in the year in which they are incurred.

p) Rates of exchange

Assets and liabilities in foreign currencies are converted into sterling at the rate of exchange ruling at the balance sheet date. All income and expenditure is converted at daily exchange rates. All differences on exchange are dealt with through the net movement in funds for the year.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2024

2. ACCOUNTING POLICIES (CONTINUED)

q) Financial instruments

Basic financial assets and liabilities such as short term debtors, creditors and bank balances are initially recognised at fair value less any impairment and transaction costs and subsequently measured at their settlement value.

Prize Endowment Funds invested in Charinco and Charishare Common Investment Funds are carried at fair value.

r) Deferred income

Examination and course fees received for future sessions after the reporting date are included in creditors as deferred income.

s) Provisions and contingencies

Provisions are recognised when the charitable company has a present legal or constructive obligation as a result of past events where it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably.

The amount recognised is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account any risks and uncertainties surrounding the obligation.

Where the consideration required to settle a present obligation is confirmed, the amount payable is transferred to creditors and any balance released to the statement of financial activities.

Contingent liabilities, arising as a result of past events, are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by future events not within the charitable company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is immaterial.

t) Fund accounting

Unrestricted funds comprise those monies which may be used towards meeting the charitable objectives of the charity at the discretion of the Governors.

Designated funds are unrestricted funds earmarked by the Governors to be used for particular purposes in the future. Transfers are made to designated funds on the basis of approval by the Governors of future plans. Restricted funds are grants or monies raised for a specific purpose or donations subject to donor imposed conditions.

The prize endowment funds represent either permanent capital funds where there is no power to convert the capital into income and which must generally be held indefinitely or expendable funds where capital may be used for the purposes of the fund.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2024

2. ACCOUNTING POLICIES (CONTINUED)

u) Taxation

The Associated Board of the Royal Schools of Music is a registered charity and therefore is not liable to UK income tax or corporation tax on income derived from its charitable activities as they fall within the various exemptions available to registered charities.

ABRSM is registered for VAT but is not able to recover the whole of its input tax owing to the partial exemption provisions. Expenditure includes input VAT to the extent it is irrecoverable.

ABRSM's activities are carried out worldwide and are subject to direct and indirect tax in different countries. A provision for ABRSM's tax liabilities in relation to its international operations has been included in note 22.

The provision is reviewed and updated regularly based on professional tax advice received for each country. It is assessed on a country-by-country basis, calculated and classed as a provision or a contingent liability per the criteria in note 2(s).

Significant judgement is needed to determine this provision as ABRSM's international operations have been expanding and there is uncertainty around the risk of exposure to direct and indirect tax in each country. In addition, the calculation of the potential tax liability for each country usually incorporates several elements, for example the type of income, the period during which the tax is due, and the size of any additional interest or penalties due in that country.

The wholly owned subsidiary, The Associated Board of the Royal Schools of Music (Publishing) Limited, is a commercial entity and donates its pre-tax profit to ABRSM under Gift Aid rules.

v) Contributions to four of the Royal Schools of Music

Contributions to four of the Royal Schools of Music (or their associated charitable trusts) are treated as distributions, the Royal Schools being members of the Charity. They are therefore charged to the statement of financial activities in the year in which they are paid and shown as a movement in funds.

w) Government grants

Government grants are accounted for according to the accrual model.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2024

3. EXAMINATION REVENUE

| | 2024 £'000 | 2023 £'000 |
|--|----------------------|----------------------|
| Analysis by geographical market: | | |
| United Kingdom and Ireland | 15,247 | 13,413 |
| Overseas | <u>26,138</u> | <u>25,034</u> |
| | 41,385 | 38,447 |
| Foreign exchange (loss)/gain on overseas revenue | <u>(287)</u> | <u>99</u> |
| | <u><u>41,098</u></u> | <u><u>38,546</u></u> |
| Total income | 44,137 | 41,348 |
| Less: examination fees received in advance (note 20) | <u>(3,039)</u> | <u>(2,802)</u> |
| | <u><u>41,098</u></u> | <u><u>38,546</u></u> |

Deferred fee income:

The movement with respect to examination fees received in advance in the year is as follows:

| | 2024 £'000 | 2023 £'000 |
|--|---------------------|---------------------|
| Fees in advance as at 1 February 2023 | 2,802 | 3,069 |
| Less fees due for examinations taken in the year | <u>(2,802)</u> | <u>(3,069)</u> |
| Fees received with respect to future examination periods (note 20) | 3,039 | 2,802 |
| | <u><u>3,039</u></u> | <u><u>2,802</u></u> |

4. TEACHER SUPPORT REVENUE

| | 2024 £'000 | 2023 £'000 |
|----------------------------------|------------------|-----------------|
| Analysis by geographical market: | | |
| United Kingdom and Ireland | 4 | - |
| Overseas | <u>10</u> | <u>3</u> |
| Total income | <u><u>14</u></u> | <u><u>3</u></u> |

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2024

5. INVESTMENT INCOME

| | Group | | Charity | |
|----------------------------------|--------------|--------------|----------------|--------------|
| | 2024 | 2023 | 2024 | 2023 |
| | £'000 | £'000 | £'000 | £'000 |
| Interest receivable from: | | | | |
| Unrestricted funds | 837 | 164 | 801 | 172 |
| Prize endowment funds | 58 | 54 | 58 | 54 |
| | <u>895</u> | <u>218</u> | <u>859</u> | <u>226</u> |

6. NET INCOME OF TRADING SUBSIDIARY

The Associated Board of the Royal Schools of Music owns the entire issued share capital of The Associated Board of the Royal Schools of Music (Publishing) Limited, a trading company incorporated in the United Kingdom with company number 01910047. This subsidiary undertaking donates its taxable profits to ABRSM under Gift Aid rules.

The activities of the subsidiary undertaking support the examination activities of the parent company by provision of specialist graded repertoire and other materials targeted at specific examination levels.

A summary of the results of the publishing activities for the year (excluding intra-group charges eliminated on consolidation) is given below. Audited accounts of the subsidiary undertaking will be filed with the Registrar of Companies.

| | 2024 | 2023 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Turnover | 6,829 | 6,746 |
| Cost of sales | (1,510) | (1,499) |
| Gross profit | 5,319 | 5,247 |
| Distribution costs | (888) | (850) |
| Administration and other operating charges | (1,339) | (1,361) |
| Interest receivable | 89 | 21 |
| Net income | 3,181 | 3,057 |

The aggregate amount of the subsidiary's assets, liabilities and funds as at 31 January 2024, excluding intercompany balances, were as follows:

| | 2024 | 2023 |
|------------------|--------------|--------------|
| | £'000 | £'000 |
| Total net assets | <u>3,339</u> | <u>3,259</u> |

Including intra-group charges and intercompany balances, the subsidiary's results for the year were as follows; turnover £6,833,000 (2023: £6,750,000), net income £807,000 (2023: £605,000) and total net assets £20,000 (2023: £20,000).

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2024

7. ANALYSIS OF EXPENDITURE

| | Direct Charitable £'000 | Support Costs (Note 8) £'000 | Staff Costs (Note 13) £'000 | Depreciation & Amortisation £'000 | Total 2024 £'000 | Total 2023 £'000 |
|-------------------------------|-------------------------------|---------------------------------------|--------------------------------------|---|-----------------------------|------------------------|
| Charitable activities: | | | | | | |
| Examinations | 13,561 | 8,216 | 7,806 | 2,440 | 32,023 | 30,238 |
| Teacher Support | - | 214 | 206 | 21 | 441 | 390 |
| Scholarship payments | 1,379 | - | - | - | 1,379 | 1,372 |
| Music education | 2,291 | - | - | - | 2,291 | 260 |
| Publishing | 2,687 | 678 | 2,252 | 49 | 5,666 | 5,750 |
| | <u>19,918</u> | <u>9,108</u> | <u>10,264</u> | <u>2,510</u> | <u>41,800</u> | <u>38,010</u> |
| Pension finance charge | - | - | 109 | - | 109 | 169 |
| | <u>-</u> | <u>-</u> | <u>109</u> | <u>-</u> | <u>109</u> | <u>169</u> |
| Total | <u><u>19,918</u></u> | <u><u>9,108</u></u> | <u><u>10,373</u></u> | <u><u>2,510</u></u> | <u><u>41,909</u></u> | <u><u>38,179</u></u> |

Unrestricted expenditure on Examinations and Teacher Support for the group before the defined benefit pension scheme adjustment was £34,755,000 and £442,000 respectively (2023: £33,879,000 and £390,000). The equivalent figures for the charity were £34,698,000 and £442,000 (2023: £33,815,000 and £390,000).

Included within total expenditure is an adjustment to the defined benefit pension scheme of £2,750,000 (2023: £3,644,000) which has been credited to the pension reserve (see note 31). £2,749,000 has been allocated to Examinations expenditure and £1,000 to Teacher Support. The prior year credit of £3,644,000 was allocated to Examinations. Also included in expenditure are prizes paid from the endowment funds totalling £17,000 (2023: £3,000).

8. SUPPORT COSTS

Support costs including governance (see notes 7 and 11) are analysed as follows:

| | Examinations £'000 | Teacher Support £'000 | Publishing £'000 | Total 2024 £'000 | Total 2023 £'000 |
|-----------------------|-----------------------|-----------------------------|---------------------|------------------------|------------------------|
| Exam Support | 845 | - | - | 845 | 424 |
| IT | 3,142 | 87 | 226 | 3,455 | 3,084 |
| Sales and Marketing | 812 | 21 | 134 | 967 | 921 |
| Finance | (14) | - | 4 | (10) | 83 |
| Facilities | 1,860 | 23 | 171 | 2,054 | 2,013 |
| Governance (note 11) | 147 | - | - | 147 | 180 |
| HR & other management | 1,424 | 83 | 143 | 1,650 | 1,234 |
| | <u>8,216</u> | <u>214</u> | <u>678</u> | <u>9,108</u> | <u>7,939</u> |

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2024

9. SCHOLARSHIPS

| | 2024 £'000 | 2023 £'000 |
|-------------------------|---------------|---------------|
| United Kingdom students | 425 | 259 |
| Overseas students | 954 | 1,113 |
| | 1,379 | 1,372 |

The total number of scholars supported during the year amounted to 91 (2023: 119).

10. MUSIC EDUCATION – Unrestricted funds

| | 2024 £'000 | 2023 £'000 |
|--|---------------|---------------|
| DONATIONS | | |
| Trustees of the Royal Academy of Music | 500 | - |
| Trustees of the Royal College of Music | 500 | - |
| Trustees of the Royal Northern College of Music Endowment Fund | 500 | - |
| Trustees of the Royal Conservatoire of Scotland Trust | 500 | - |
| | 2,000 | - |

SPONSORSHIP

| | | |
|---|------------|------------|
| The Benedetti Foundation | - | 10 |
| Black Lives in Music | 27 | 15 |
| BLUME Haiti | 5 | - |
| Commonwealth Resources | 10 | 13 |
| Education Africa | 5 | - |
| Harmony Kenya Foundation | 5 | - |
| Harmony Project Phoenix | 5 | - |
| Hashtag The WRD Limited | 5 | - |
| India National Youth Orchestra | 10 | - |
| The Ivors Academy | 16 | 8 |
| Kunbi's Music Company | 5 | - |
| London Music Fund | 5 | 15 |
| Music Education Partnership Group | 16 | 15 |
| Music Masters | 5 | - |
| National Children's Orchestra | 21 | 18 |
| National Youth Choir | 5 | 15 |
| National Youth Jazz Orchestra | 25 | 30 |
| National Youth Orchestra | 15 | 26 |
| Openup Music | 10 | 15 |
| School Grounds Sounds | 6 | - |
| Tanglin Trust School | 5 | - |
| The Rondo Production | 9 | 3 |
| Royal Philharmonic Society | - | 7 |
| Tri-Borough Music Hub | 5 | 10 |
| The UK Association for Music Education – Music Mark | 21 | 24 |
| Thrive Music Academy Africa Ltd | 5 | - |
| University of St Andrews | 5 | - |
| Venture Music Asia | 5 | 5 |
| Others | 35 | 31 |
| | 291 | 260 |

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2024

11. GOVERNANCE COSTS – Unrestricted funds

| | 2024 £'000 | 2023 £'000 |
|---|---------------|---------------|
| Audit Fees parent company | 44 | 47 |
| Audit Fees Pension scheme | 19 | 16 |
| Independent Pension Scheme Chairman | 33 | 20 |
| Internal Audit | 48 | 89 |
| Trustees and Officers Liability insurance | 1 | 1 |
| Pension Fund Trustee Indemnity insurance | 2 | 9 |
| | <u>147</u> | <u>182</u> |

12. NET INCOME FOR THE YEAR

| | 2024 £'000 | 2023 £'000 |
|--|---------------|---------------|
| Net income for the year is stated after charging/(crediting): | | |
| Fees payable to the company's auditor and its associates for the audit of the charitable company's annual accounts | 44 | 47 |
| Fees payable to the company's auditor and its associates for other services: | | |
| Audit of subsidiary company | 7 | 9 |
| Tax compliance | 2 | 2 |
| Pension scheme audit completed by other audit firms | 23 | 16 |
| Depreciation of owned assets | 394 | 336 |
| Depreciation of assets held under finance lease obligations | 37 | 75 |
| Amortisation of intangible assets | 2,079 | 3,123 |
| Operating lease rentals – leasehold buildings | 1,123 | 1,171 |
| – office equipment | 13 | 167 |
| Dilapidations provision | 17 | 16 |
| Exchange loss/(gain) on overseas revenue | 287 | (99) |

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2024

13. STAFF COSTS

| | 2024 | 2023 |
|--|----------------|--------------|
| | £'000 | £'000 |
| Staff costs during the year included: | | |
| Wages and salaries | 8,336 | 7,762 |
| Social security costs | 859 | 825 |
| Employer pension costs | 3,293 | 4,084 |
| Defined Benefit Pension adjustment (see note 31) | (2,750) | (3,644) |
| Pension finance charge | 109 | 169 |
| Other staff costs | 526 | 474 |
| | 10,373 | 9,670 |

The number of employees who earned £60,000 or more (including benefits) during the year were as follows:

| | 2024 | 2023 |
|---------------------|-------------|-------------|
| | No. | No. |
| £ 60,001 - £ 70,000 | 8 | 6 |
| £ 70,001 - £ 80,000 | 4 | 5 |
| £ 80,001 - £ 90,000 | 4 | 1 |
| £ 90,001 - £100,000 | 2 | 4 |
| £100,001 - £110,000 | 2 | 1 |
| £110,001 - £120,000 | - | 1 |
| £120,001 - £130,000 | 2 | 1 |
| £130,001 - £140,000 | 1 | - |
| £140,001 - £150,000 | - | 1 |
| £150,001 - £160,000 | 2 | - |
| £190,001 - £200,000 | - | 1 |
| £210,001 - £220,000 | 1 | - |

During the year £6,752 (2023: £3,200) was paid in redundancy and pay in lieu of notice. These payments are included in the tables above and have been recognised in full in the statement of financial activities.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2024

13. STAFF COSTS (continued)

The number of employees who earned £60,000 or more during the year to whom retirement benefits are accruing under pension schemes funded by the company are:-

| | 2024 | 2023 |
|-----------------------------|-------------|------|
| | No | No. |
| Defined contribution scheme | 25 | 20 |

The company made pension contributions of £178,547 (2023: £133,416) in respect of employees noted above.

The defined benefit scheme closed to future accrual on 31 December 2018 and active members elected to transfer to the defined contribution pension scheme from 1 January 2019.

The average number of employees, excluding temporary staff, during the year was as follows:

| | 2024 | 2023 |
|-----------------------|-------------------|------------|
| | No. | No. |
| Charity | 177 | 168 |
| UK trading subsidiary | 14 | 14 |
| | <u>191</u> | <u>182</u> |

The key management personnel of the charity and its wholly owned subsidiary received total employee benefits of £1,111,147 (2023: £883,333). The key management personnel are considered to be the individuals noted on page 2.

No Governor received payment for their services in the year (2023: £nil).

Total travelling and subsistence expenses reimbursed by ABRSM to Governors and Alternates in the year, for expenditure necessarily incurred on ABRSM's business, were £708 (2023: £nil).

No other Governor, nor any person connected with any Governor, received any remuneration in the year ended 31 January 2024 (2023: £nil).

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2024

14. TANGIBLE FIXED ASSETS

| Group and Charity | Short leasehold land and buildings £'000 | Computer equipment £'000 | Furniture, fixtures and equipment £'000 | Total £'000 |
|--------------------------|---|---|--|------------------------|
| Cost | | | | |
| At 1 February 2023 | 2,352 | 837 | 853 | 4,042 |
| Additions | 6 | 5 | - | 11 |
| Disposals | - | (58) | - | (58) |
| Transfers | - | - | - | - |
| At 31 January 2024 | <u>2,358</u> | <u>784</u> | <u>853</u> | <u>3,995</u> |
| Depreciation | | | | |
| At 1 February 2023 | 1,231 | 594 | 540 | 2,365 |
| Charge for the year | 208 | 151 | 74 | 433 |
| On disposals | - | (58) | - | (58) |
| At 31 January 2024 | <u>1,439</u> | <u>687</u> | <u>614</u> | <u>2,740</u> |
| Net book values | | | | |
| At 31 January 2024 | <u><u>919</u></u> | <u><u>97</u></u> | <u><u>239</u></u> | <u><u>1,255</u></u> |
| At 31 January 2023 | <u><u>1,121</u></u> | <u><u>243</u></u> | <u><u>313</u></u> | <u><u>1,677</u></u> |

All assets are used for charitable purposes. The net book value of assets held under finance leases is £nil (2023: £37,000).

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2024

15. INTANGIBLE FIXED ASSETS

| Group and Charity | Assets under construction £'000 | Software development £'000 | Total £'000 |
|--------------------------|--|---|------------------------|
| Cost | | | |
| At 1 February 2023 | 147 | 10,917 | 11,064 |
| Additions | 1,994 | 81 | 2,075 |
| Disposals | (13) | - | (13) |
| Transfers | (753) | 753 | - |
| | <u>1,375</u> | <u>11,751</u> | <u>13,126</u> |
| At 31 January 2024 | | | |
| Amortisation | | | |
| At 1 February 2023 | - | 7,698 | 7,698 |
| Charge for the year | - | 2,079 | 2,079 |
| | <u>-</u> | <u>9,777</u> | <u>9,777</u> |
| At 31 January 2024 | | | |
| Net book values | | | |
| At 31 January 2024 | <u>1,375</u> | <u>1,974</u> | <u>3,349</u> |
| At 31 January 2023 | <u>147</u> | <u>3,219</u> | <u>3,366</u> |

All assets are used for charitable purposes. The transfer from assets under construction to software development mainly relates to expenditure on roadmaps, digital certificates, and Music Medals.

Roadmaps relate to continuous development on the CRM, in order to help with income recognition. Digital certificates have been rolled out during the year, and offer customers digital certificates rather than physical copies. A new syllabus of Music Medals was developed, alongside the recording of these transactions on the CRM. This was also completed during the year.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
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FOR THE YEAR ENDED 31 JANUARY 2024

16. FIXED ASSET INVESTMENTS

| | Subsidiary undertakings £'000 | Prize endowment funds £'000 | 2024 Total £'000 | 2023 Total £'000 |
|--|-------------------------------------|--------------------------------------|------------------------|------------------------|
| Group | | | | |
| Prize endowment funds – listed investments at market value | | | | |
| At 1 February 2023 | - | 1,574 | 1,574 | 1,578 |
| Additions | | 100 | 100 | - |
| Unrealised (loss)/gain in the year | - | (8) | (8) | (4) |
| At 31 January 2024 | <u>-</u> | <u>1,666</u> | <u>1,666</u> | <u>1,574</u> |
| Charity | | | | |
| Prize endowment funds - listed investments at market value (as above) | - | 1,666 | 1,666 | 1,574 |
| Investment in subsidiary | | | | |
| Ordinary shares of £1 each at cost | 10 | - | 10 | 10 |
| Unsecured loan note | 772 | - | 772 | 772 |
| | <u>782</u> | <u>1,666</u> | <u>2,448</u> | <u>2,356</u> |

The prize endowment funds are invested in Blackrock Charities UK Bond and Equity Common Investment Funds with a cost of £879,000 (2023: £779,000).

The charity's subsidiary undertaking is The Associated Board of the Royal Schools of Music (Publishing) Limited. The charity owns 100% of the company's issued ordinary £1 shares. The principal activity of the company is the production and sale of music publications and recordings.

The charity has given an undertaking to its subsidiary not to demand repayment of the unsecured loan note before 1 July 2025. Interest is chargeable on the unsecured loan note at a rate of 2% over the Bank of England base rate from time to time. No provision is considered necessary against the £10,000 cost of the investment in this subsidiary.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
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FOR THE YEAR ENDED 31 JANUARY 2024

17. STOCKS

| | Group | Group |
|------------------------------|-------------------|-------------------|
| | 2024 | 2023 |
| | £'000 | £'000 |
| Printed music and recordings | 616 | 696 |
| Paper | 88 | 135 |
| | <u>704</u> | <u>831</u> |

18. DEBTORS

| | Group | | Charity | |
|--------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 2024 | 2023 | 2024 | 2023 |
| | £'000 | £'000 | £'000 | £'000 |
| Trade debtors | 1,149 | 1,487 | 655 | 875 |
| Overseas representatives | 522 | 1,030 | 522 | 1,030 |
| Amounts due from subsidiary | - | - | 2,546 | 2,467 |
| Other debtors | 570 | 614 | 160 | 184 |
| Prepayments and accrued income | 1,483 | 1,033 | 1,438 | 993 |
| | <u>3,724</u> | <u>4,164</u> | <u>5,321</u> | <u>5,549</u> |

19. CURRENT ASSET INVESTMENTS

| | Group | | Charity | |
|-----------------------|---------------------|---------------------|---------------------|---------------------|
| | 2024 | 2023 | 2024 | 2023 |
| | £'000 | £'000 | £'000 | £'000 |
| Cash held on deposit | | | | |
| greater than 3 months | 16,750 | 7,000 | 15,000 | 6,000 |
| less than 3 months | <u>5,550</u> | <u>6,050</u> | <u>5,550</u> | <u>6,050</u> |

Included within the above figure are treasury deposits with an original maturity of 12 months or less. At the balance sheet date the average maturity of these deposits was 7 months for the group (2023: 7 months) and 7 months for the charity (2023: 7 months). The average interest rate was 5.11% (2023: 3.69%) for the group and 5.08% (2023: 3.60%) for the charity.

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FOR THE YEAR ENDED 31 JANUARY 2024

20. CREDITORS: amounts falling due within one year

| | Group | | Charity | |
|---------------------------------------|---------------|--------------|----------------|--------------|
| | 2024 | 2023 | 2024 | 2023 |
| | £'000 | £'000 | £'000 | £'000 |
| Trade creditors | 1,447 | 1,729 | 1,265 | 1,490 |
| Overseas representatives | 2,561 | 1,639 | 2,561 | 1,639 |
| Refunds due to customers | 27 | 167 | 27 | 167 |
| Deferred Income: exam fees (note 3) | 3,039 | 2,802 | 3,039 | 2,802 |
| Other taxes and social security costs | 426 | 340 | 396 | 310 |
| Finance lease arrangements | - | 33 | - | 33 |
| Other creditors | 656 | 618 | 226 | 280 |
| Accruals and other deferred income | 2,142 | 2,416 | 2,126 | 2,410 |
| | 10,298 | 9,744 | 9,640 | 9,131 |

21. CREDITORS: amounts falling due after more than one year

| | Group | | Charity | |
|-----------------|--------------|--------------|----------------|--------------|
| | 2024 | 2023 | 2024 | 2023 |
| | £'000 | £'000 | £'000 | £'000 |
| Other creditors | 561 | 544 | 561 | 544 |
| | 561 | 544 | 561 | 544 |

FRS 102 requires the full amount of a dilapidation provision to be recognised when the obligation arises. Other creditors represent the estimated inflation indexed dilapidations fund potentially payable on exit from the lease of our current premises, Salters' Hall.

22. PROVISIONS

| | Group | Charity |
|----------------------------------|--------------|----------------|
| | £'000 | £'000 |
| Tax provision at 1 February 2023 | 1,643 | 1,643 |
| Total increased | 1,070 | 1,070 |
| Total settled | (576) | (576) |
| Tax provision at 31 January 2024 | 2,137 | 2,137 |

ABRSM continued to seek advice on its taxation position in relation to its international operations and expects that most resulting liabilities will be settled over the course of the next five years with the timescale being partly dependent on the speed of response of the relevant tax authorities.

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23. ENDOWMENT FUNDS

| | Movement in Funds | | | |
|--|---|--|--|---|
| | At 1 February 2023 £'000 | Income and gains £'000 | Expenditure and losses £'000 | At 31 January 2024 £'000 |
| Group and charity | | | | |
| Permanent prize endowment funds | | | | |
| Sheila Mossman Prize account | 156 | 6 | (2) | 160 |
| Ralph Bassett Prize account | 121 | 4 | (1) | 124 |
| Constance Haddon Prize account | 137 | 5 | (1) | 141 |
| Winifred Liversidge Prize account | 140 | 5 | (1) | 144 |
| Irene Lassen Bequest | 512 | 17 | (2) | 527 |
| Weinman/Duraisamy Prize | 5 | - | - | 5 |
| Sundry named prizes and general prizes account | 320 | 11 | (14) | 317 |
| | <u>1,391</u> | <u>48</u> | <u>(21)</u> | <u>1,418</u> |
| Expendable prize endowment funds | | | | |
| Gordon Bryan Fund | 111 | 4 | (1) | 114 |
| Alan Pickard Prize | 28 | 1 | (2) | 27 |
| Taylor White Gibbs Prize | 161 | 5 | (1) | 165 |
| | <u>300</u> | <u>10</u> | <u>(4)</u> | <u>306</u> |
| Total endowment funds | <u>1,691</u> | <u>58</u> | <u>(25)</u> | <u>1,724</u> |
| Interest receivable | | 58 | - | |
| Expenditure on prizes | | - | (17) | |
| Unrealised loss on investments | | - | (8) | |
| | | <u>58</u> | <u>(25)</u> | |
| | | Income and gains 2023 £'000 | Expenditure and losses 2023 £'000 | |
| Interest receivable and sundry income | | 54 | - | |
| Expenditure on prizes | | - | (3) | |
| Unrealised loss on investments | | - | (4) | |
| | | <u>54</u> | <u>(7)</u> | |

The endowment funds were established to provide prizes for musical achievements in ABRSM's examinations. For permanent prize endowment funds, unexpended income is accumulated as capital and added to the fund each year. Expendable prize endowment funds comprise unexpended balances of donations held on trust to be applied for specific purposes.

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24. UNRESTRICTED FUNDS

| Group | At 1 February 2023 £'000 | Income £'000 | Expenditure £'000 | Transfers £'000 | At 31 January 2024 £'000 |
|---------------------------------|---|-------------------------|------------------------------|----------------------------|---|
| Fixed asset fund | 5,043 | - | - | (439) | 4,604 |
| Designated funds | | | | | |
| Development funds | 3,750 | - | (1,880) | 1,500 | 3,370 |
| Examiner fund | 780 | - | - | 250 | 1,030 |
| General charitable funds | 9,702 | 48,832 | (42,653) | (1,311) | 14,570 |
| Total | 19,275 | 48,832 | (44,533) | - | 23,574 |
| Charity | | | | | |
| Fixed asset fund | 5,043 | - | - | (439) | 4,604 |
| Designated funds | | | | | |
| Development funds | 3,750 | - | (1,880) | 1,500 | 3,370 |
| Examiner fund | 780 | - | - | 250 | 1,030 |
| General charitable funds | 9,692 | 43,110 | (36,930) | (1,311) | 14,561 |
| Total | 19,265 | 43,110 | (38,810) | - | 23,565 |

Designated funds represent development funds set aside for the development of ABRSM's digital infrastructure and development of overseas markets, and funds relating to examiner costs.

After the year end but before the date of approval of these accounts, distributions of £1m in total were made to members.

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
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25. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances as at 31 January 2024 are represented by:

| Group | Unrestricted Funds (including Pension Reserve) £'000 | Prize Endowment Funds £'000 | Total 2024 £'000 |
|---|---|--|-----------------------------|
| Tangible fixed assets | 1,255 | - | 1,255 |
| Intangible fixed assets | 3,349 | - | 3,349 |
| Investments | - | 1,666 | 1,666 |
| Current assets | 31,935 | 89 | 32,024 |
| Current liabilities | (10,267) | (31) | (10,298) |
| Non-current liabilities | (561) | - | (561) |
| Provisions | (2,137) | - | (2,137) |
| Net assets before pension deficit | 23,574 | 1,724 | 25,298 |
| Pension deficit | (1,796) | - | (1,796) |
| Total net assets after pension deficit & provisions | 21,778 | 1,724 | 23,502 |
| Charity | | | |
| Tangible fixed assets | 1,255 | - | 1,255 |
| Intangible fixed assets | 3,349 | - | 3,349 |
| Investments | 782 | 1,666 | 2,448 |
| Current assets | 30,486 | 89 | 30,575 |
| Current liabilities | (9,609) | (31) | (9,640) |
| Non-current liabilities | (561) | - | (561) |
| Provisions | (2,137) | - | (2,137) |
| Net assets before pension deficit & provisions | 23,565 | 1,724 | 25,289 |
| Pension deficit | (1,796) | - | (1,796) |
| Total net assets after pension deficit & provisions | 21,769 | 1,724 | 23,493 |
| Group and Charity | | | |
| Unrealised gains included above on investment assets (see note below) | - | 787 | 787 |
| Unrealised gains as at 1 February 2023 | - | 795 | 795 |
| Net (loss) arising from revaluations in the year | - | (8) | (8) |
| Unrealised gains as at 31 January 2024 | - | 787 | 787 |

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26. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2024 £'000 | 2023 £'000 |
|---|---------------|---------------|
| Net income for the reporting period: | 6,973 | 7,346 |
| Depreciation charge | 433 | 416 |
| Amortisation charge | 2,079 | 3,123 |
| Loss on disposal of fixed assets | 13 | - |
| Interest received | (895) | (218) |
| Loss/(gain) on investments | 8 | 4 |
| Decrease in stocks | 127 | 9 |
| (Increase)/decrease in debtors | 440 | (444) |
| (Decrease)/increase in creditors | 604 | (435) |
| Increase in provisions | 494 | 221 |
| Net cash movement in pension deficit | (2,641) | (3,475) |
| Net cash inflow provided by operating activities | 7,635 | 6,547 |

27. ANALYSIS OF CHANGES IN NET DEBT

| | At 1 February 2023 £'000 | Cash flows £'000 | At 31 January 2024 £'000 |
|----------------------------------|--------------------------------|---------------------|--------------------------------|
| Cash and cash equivalents | | | |
| Cash | 8,235 | (2,939) | 5,296 |
| Cash equivalents | 6,050 | (500) | 5,550 |
| | 14,285 | (3,439) | 10,846 |
| Borrowings | | | |
| Finance lease | (33) | 33 | - |
| | (33) | 33 | - |
| TOTAL | 14,252 | (3,406) | 10,846 |

28. FINANCIAL COMMITMENTS

Scholarships

Scholarships awarded for which no provision has been made in these accounts are expected to become payable as follows:-

| | 2024 £'000 | 2023 £'000 |
|-----------------------------|---------------|---------------|
| Year ending 31 January 2024 | - | 1,230 |
| Year ending 31 January 2025 | 1,231 | 832 |
| Year ending 31 January 2026 | 788 | 369 |
| Year ending 31 January 2027 | 350 | 193 |
| Year ending 31 January 2028 | 200 | - |
| | 2,569 | 2,624 |

All scholarships offered by the balance sheet date for the current academic year are provided in full. Awards for future years are subject to review and authorisation by ABRSM each year and are therefore not included in provisions as at the balance sheet date.

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28. FINANCIAL COMMITMENTS (continued)

Other Financial Commitments

At 31 January 2024 the group and charity had future total minimum operating lease payments as follows:

| | Land and buildings | | Other | |
|-------------------|---------------------------|--------------|--------------|--------------|
| | 2024 | 2023 | 2024 | 2023 |
| | £'000 | £'000 | £'000 | £'000 |
| One year | 1,207 | 1,207 | 10 | 11 |
| Two to five years | 4,169 | 4,827 | 24 | 34 |
| Over five years | - | 549 | - | - |
| | <u>5,376</u> | <u>6,583</u> | <u>34</u> | <u>45</u> |

The total future minimum finance lease payments as the end of the reporting period are as follows:

| | Group | Charity | | |
|---|--------------|----------------|--------------|--------------|
| | 2024 | 2023 | 2024 | 2023 |
| | £'000 | £'000 | £'000 | £'000 |
| Not later than one year | - | 33 | - | 33 |
| Later than one year and not later than five years | - | - | - | - |
| | <u>-</u> | <u>33</u> | <u>-</u> | <u>33</u> |

29. TRANSACTIONS WITH RELATED PARTIES

ABRSM made contributions of £500,000 (2023: £nil) to each of four Royal Schools of Music or their charitable trusts. Two representatives from each of these organisations sit on the Governing Body.

ABRSM was party to a number of financial transactions with its trading subsidiary, ABRSM Publishing during the year as follows:

| | 2024 | 2023 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Charged by ABRSM to ABRSM Publishing: | | |
| Administrative expenses recharged | 8 | 18 |
| Pension costs recharged | 391 | 565 |
| Loan interest | 53 | 29 |
| Management charge | 118 | 2,108 |
| Copyright charge | 336 | 319 |
| Charged by ABRSM Publishing to ABRSM: | | |
| Paper stock recharged | - | - |
| Printed music and recordings | 4 | 3 |
| Gift aid donation from ABRSM Publishing to ABRSM: | 807 | 606 |
| Balance at the year end: | | |
| Due to ABRSM from ABRSM Publishing | 2,546 | 2,467 |
| Due from ABRSM to ABRSM Publishing | - | - |

During the year Profession Colin Lawson was due £0 (2023: £3) in royalties by ABRSM (Publishing) Limited on normal commercial terms. The balance outstanding at the year end was £0 (2023: £8).

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
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29. TRANSACTIONS WITH RELATED PARTIES (continued)

ABRSM provided examination services to related parties on normal commercial terms as follows:

| | 2024 | 2023 |
|---------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Charged by ABRSM | | |
| Royal College of Music | 2 | 2 |
| Royal Academy of Music | 6 | 5 |
| Royal Northern College of Music | 11 | 7 |
| Royal Conservatoire of Scotland | 16 | 13 |
| Balance at the year end: | | |
| Royal College of Music | - | - |
| Royal Academy of Music | - | - |
| Royal Northern College of Music | - | - |
| Royal Conservatoire of Scotland | 4 | - |

There have been no other related party transactions during the year.

30. FINANCIAL INSTRUMENTS

ABRSM has the following financial assets which are included at fair value through the statement of financial activities:

| | 2024 | 2023 |
|--|------------------|------------------|
| | £'000 | £'000 |
| Financial assets at fair value through the statement of financial activities: | | |
| Investments | <u>1,666</u> | <u>1,574</u> |

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31. PENSION SCHEMES

The charity operates two pension schemes; a group stakeholder pension plan and a defined benefit scheme.

From 1 February 2014, qualifying staff joining ABRSM are auto enrolled into the group stakeholder pension plan provided by Scottish Equitable plc under the brand name Aegon (Financial Services Register number 165548). Contributions are recognised in the Statement of Financial Activities in the year in which they are earned. The minimum employee contribution is 3% of basic salary. ABRSM contributes 5% of basic salary. Each percentage increase in the employee contribution is matched by ABRSM up to a maximum employer contribution of 10%.

The defined benefit scheme was established to provide retirement benefits for the charity's employees based upon final pensionable salaries for those joining before 6 April 2006 or career average salaries for those joining from 6 April 2006. On 1 April 2013 all members of the final salary section of the scheme transferred to the career average section of the scheme. The assets of the scheme are held separately from those of the charity. The scheme closed on 31 December 2018 to future accrual. Active members had the option to join the organisation's group stakeholder pension scheme at 1 January 2019.

Contributions payable are determined on the basis of triennial valuations carried out by a qualified actuary. The charity's contributions are charged as resources and expended in the year in which contributions are made. The charity ceased contributions for the accrual of future benefits from 1 January 2019.

The pension service costs for the year were £nil (2023: £nil). The present value of the scheme liabilities includes £795,000 (2023: £761,000), carried forward from the prior years as an estimate of the past service cost of GMP equalisation.

These accounts reflect the requirements of FRS 102.

The economic assumptions listed below have been calculated by a qualified independent actuary. They are based on market conditions as at 31 January 2024 but have been derived using the methodology set out in FRS 102.

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31. PENSION SCHEMES (continued)

- The discount rate has been derived using a corporate bond yield curve approach as required by FRS 102. The iBoxx over 15 year corporate AA rated bond index had a yield of 4.82% per annum as at 31 January 2024. This index has a duration of around 14.8 years, which is less than the duration of the Scheme's liabilities. The discount rate has been increased by 0.2%, which is similar to the increase in gilt spot yields at 15 and 20 years' duration, resulting in a discount rate of 5.0% per annum (to 1 decimal place).
- Retail price inflation (RPI) has been derived from the spot inflation rates published by the Bank of England. At duration of 20 years, the spot rate for inflation is 3.34% per annum as at 31 January 2024. An RPI increase assumption of 3.3% has been used (to 1 decimal place).
- In the prior year it was assumed that Consumer price inflation (CPI) would be 0.6% a year lower than RPI. However, it is expected that the RPI will be calculated in the same way as CPI-H from 2030, so the difference between the two indices should reduce considerably. Nonetheless, until 2030 the two indices will be calculated differently and it should be noted that a significant proportion of the deferred pensioner liabilities will retire before the indices are aligned. It is proposed that the assumption of the difference between RPI and CPI remains at 0.6%. This results in a CPI increase assumption of 2.7%.
- No estimated salary increases due to the scheme closure at 31 December 2018.
- Increases to pensions in payment which are related to price inflation have been taken to increase in line with the RPI assumption or the annual increase cap, whichever is lower.
- Increases to deferred pensions which are related to price inflation have been taken to increase in line with the CPI assumption, or the cap, whichever is the lower.
- Commutation of pension by members estimated at 25%, allowing for an increase in commutation rates since the actuarial valuation. It is also assumed that commutation factors will be increased by 20% and this is reflected in the FRS 102 liabilities.

The principal actuarial assumptions used per annum are:

| | 2024 | 2023 |
|--|-------------|-------------|
| Discount Rate | 5.0% | 4.5% |
| Retail price inflation | 3.3% | 3.5% |
| Consumer price inflation | 2.7% | 2.9% |
| Increases to pensionable earnings | n/a | n/a |
| Increases to pensions in payment | | |
| Earned up to 31 December 2001 | 5.0% | 5.0% |
| Earned from 1 January 2002 to 5 April 2005 | 3.3% | 3.5% |
| Earned from 6 April 2005 | 2.5% | 2.5% |
| Pre-retirement increases for deferred pensions | | |
| Earned before 6 June 2009 | 2.7% | 2.9% |
| Earned from 6 June 2009 | 2.5% | 2.5% |

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31. PENSION SCHEMES (continued)

Reconciliation of funded status to balance sheet

| | 2024 £'000 | 2023 £'000 |
|------------------------------|----------------|----------------|
| Present value of liabilities | (42,141) | (46,343) |
| Fair value of plan assets | 40,345 | 42,545 |
| Deficit | <u>(1,796)</u> | <u>(3,798)</u> |

Assets

| | 2024 £'000 | Weight % | 2023 £'000 | Weight % |
|---------------------------------------|---------------|--------------|---------------|--------------|
| Equities | 11,835 | 29.3 | 20,820 | 48.9 |
| Bonds | 27,384 | 67.9 | 20,842 | 49.0 |
| Cash (including dividends receivable) | 1,126 | 2.8 | 883 | 2.1 |
| Total market value of assets | <u>40,345</u> | <u>100.0</u> | <u>42,545</u> | <u>100.0</u> |

The amounts recognised in the Statement of Financial Activities are as follows:

| | 2024 £'000 | 2023 £'000 |
|------------------------------------|----------------|----------------|
| Interest expense | 2,051 | 1,527 |
| Interest income | (1,942) | (1,358) |
| Pension Finance charge | <u>109</u> | <u>169</u> |
| Employer's deficit contributions | <u>(2,750)</u> | <u>(3,644)</u> |
| Defined Benefit Pension Adjustment | <u>(2,750)</u> | <u>(3,644)</u> |

Changes in the present value of the Defined Benefit Obligation (DBO) during the year are as follows:

| Year ending 31 January: | 2024 £'000 | 2023 £'000 |
|---|---------------|---------------|
| Present value of the liabilities as at the start of year | 46,343 | 67,033 |
| Current service cost | - | - |
| Contributions by the members | - | - |
| Interest expense | 2,051 | 1,527 |
| Past service cost | - | - |
| Re-measurement – effect of experience adjustments loss/(gain) | 887 | 2,070 |
| Re-measurement – effect of changes in assumptions (gain)/loss | (5,621) | (23,004) |
| Benefits paid | (1,519) | (1,283) |
| Present value of the liabilities as at the end of year | <u>42,141</u> | <u>46,343</u> |

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
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31. PENSION SCHEMES (continued)

Changes in the fair value of assets during the year are as follows:

| Year ended 31 January: | 2024 £'000 | 2023 £'000 |
|--|-----------------------------|---------------|
| Fair value of plan assets as at start of year | 42,545 | 57,867 |
| Interest income | 1,942 | 1,358 |
| Re-measurement – return on plan assets excluding interest income | (5,373) | (19,041) |
| Employer's normal contributions | - | - |
| Employer's deficit contributions | 2,750 | 3,644 |
| Contributions by the members | - | - |
| Benefits paid | (1,519) | (1,283) |
| Fair value of plan assets as at end of year | 40,345 | 42,545 |
| Actual return on plan assets (loss)/gain | (3,431) | (17,683) |

Based on current pensionable earnings and the deficit recovery plan agreed in 2022, the employer's deficit recovery contributions expected to be paid to the Scheme for the year ending 31 January 2025 amounts to £2,750,000 (2024: £2,750,000).

Amounts for the current and previous four periods are as follows:

| As at 31 January: | 2024 £'000 | 2023 £'000 | 2022 £'000 | 2021 £'000 | 2020 £'000 |
|--|-----------------------------|---------------|---------------|---------------|---------------|
| Present value of the liabilities | (42,141) | (46,343) | (67,033) | (75,661) | (69,209) |
| Fair value of plan assets | 40,345 | 42,545 | 57,867 | 49,242 | 43,090 |
| Deficit | (1,796) | (3,798) | (9,166) | (26,419) | (26,119) |
| Re-measurement – Effect of experience adjustment on scheme liabilities (loss)/gain | (887) | (2,070) | 739 | 42 | (1,192) |
| Re-measurement – Effect of change in assumption on scheme liabilities gain/(loss) | 5,621 | 23,004 | (7,947) | (6,181) | 9,073 |
| Re-measurement – Return on plan assets excluding interest income (loss)/gain | (5,373) | (19,041) | (594) | 2,835 | 3,821 |
| FRS 102 adjustment | (639) | 1,893 | 8,092 | (3,304) | (6,444) |

Volatility of FRS 102

The results disclosed above are inherently volatile. This is because the liabilities have been calculated by discounting the benefits using the yield on a suitable AA-rated corporate bond, whereas the scheme does not invest solely in high quality corporate bonds. To that extent there is, for FRS 102 purposes, a 'mismatch' between the assets and liabilities, which means that the assets and liabilities (and hence the surplus or deficit) can be volatile between different accounting periods, depending on general movements in the market.

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32. CHARITY STATEMENT OF FINANCIAL ACTIVITY

| | | Unrestricted Funds £'000 | Pension Reserve (note 31) £'000 | Restricted & Endowment Funds £'000 | Total Funds 2024 £'000 | Total Funds 2023 £'000 |
|--------------------------------------|-----------|--------------------------------|--|---|---------------------------------|---------------------------------|
| | Notes | | | | | |
| INCOME & ENDOWMENTS FROM: | | | | | | |
| Charitable activities: | | | | | | |
| Examinations | 3 | 41,098 | - | - | 41,098 | 38,546 |
| Teacher Support | 4 | 14 | - | - | 14 | 3 |
| Other trading activities: | | | | | | |
| Covenant from subsidiary | | 807 | - | - | 807 | 606 |
| Copyright fees | | 336 | - | - | 336 | 319 |
| Investments | 5 | 801 | - | 58 | 859 | 226 |
| Other | | 54 | - | - | 54 | 16 |
| Total income | | 43,110 | - | 58 | 43,168 | 39,716 |
| EXPENDITURE ON: | | | | | | |
| Charitable Activities | | | | | | |
| Examinations | | 34,698 | (2,749) | 17 | 31,966 | 30,174 |
| Teacher Support | | 442 | (1) | - | 441 | 390 |
| Scholarships | 9 | 1,379 | - | - | 1,379 | 1,372 |
| Music education | 10 | 2,291 | - | - | 2,291 | 260 |
| | | 38,810 | (2,750) | 17 | 36,077 | 32,196 |
| Pension finance charge | 7 | - | 109 | - | 109 | 169 |
| Total expenditure | | 38,810 | (2,641) | 17 | 36,186 | 32,365 |
| Net (loss)/gain on investment | 16 | - | - | (8) | (8) | (4) |
| Net income/(expense) | | 4,300 | 2,641 | 33 | 6,974 | 7,347 |
| Other recognised gains: | | | | | | |
| Actuarial gain on pension scheme | 31 | - | (639) | - | (639) | 1,893 |
| Total comprehensive income | | 4,300 | 2,002 | 33 | 6,335 | 9,240 |
| RECONCILIATION OF FUNDS: | | | | | | |
| Balance brought forward | | 19,265 | (3,798) | 1,691 | 17,158 | 7,918 |
| Total comprehensive income | | 4,300 | 2,002 | 33 | 6,335 | 9,240 |
| Balance carried forward | | 23,565 | (1,796) | 1,724 | 23,493 | 17,158 |

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33. COMPARATIVE GROUP STATEMENT OF FINANCIAL ACTIVITY FOR YEAR ENDED 31 JANUARY 2023

| | Unrestricted Funds £'000 | Pension Reserve £'000 | Restricted & Endowment Funds £'000 | Total Funds 2023 £'000 |
|---|--------------------------------|-----------------------------|---|---------------------------------|
| INCOME & ENDOWMENTS FROM: | | | | |
| Charitable activities | | | | |
| Examinations | 38,546 | - | - | 38,546 |
| Teacher Support | 3 | - | - | 3 |
| Other trading activities: | | | | |
| Publishing sales | 6,746 | - | - | 6,746 |
| Investments | 164 | - | 54 | 218 |
| Other | 16 | - | - | 16 |
| Total income | <u>45,475</u> | <u>-</u> | <u>54</u> | <u>45,529</u> |
| EXPENDITURE ON: | | | | |
| Charitable Activities | | | | |
| Examinations | 33,879 | (3,644) | 3 | 30,238 |
| Teacher Support | 390 | - | - | 390 |
| Scholarships | 1,372 | - | - | 1,372 |
| Music education | 260 | - | - | 260 |
| Other trading activities: | | | | |
| Publishing | 5,750 | - | - | 5,750 |
| | <u>41,651</u> | <u>(3,644)</u> | <u>3</u> | <u>38,010</u> |
| Pension finance charge | - | 169 | - | 169 |
| Total expenditure | <u>41,651</u> | <u>(3,475)</u> | <u>3</u> | <u>38,179</u> |
| Net (loss)/gain on investment | - | - | (4) | (4) |
| Net income/(expenditure) | 3,824 | 3,475 | 47 | 7,346 |
| Other recognised gains/(losses): | | | | |
| Actuarial gain on pension scheme | - | 1,893 | - | 1,893 |
| Total comprehensive income | 3,824 | 5,368 | 47 | 9,239 |
| RECONCILIATION OF FUNDS: | | | | |
| Balance brought forward | 15,451 | (9,166) | 1,644 | 7,929 |
| Net movement in funds | 3,824 | 5,368 | 47 | 9,239 |
| Balance carried forward | <u><u>19,275</u></u> | <u><u>(3,798)</u></u> | <u><u>1,691</u></u> | <u><u>17,168</u></u> |

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34. COMPARATIVE GROUP ANALYSIS OF EXPENDITURE FOR YEAR ENDED 31 JANUARY 2023

| | Direct Charitable £'000 | Support Costs £'000 | Staff Costs £'000 | Depreciation & amortisation £'000 | Total 2023 £'000 |
|-------------------------------|-------------------------------|---------------------------|----------------------|---|------------------------|
| Charitable activities: | | | | | |
| Examinations | 12,921 | 6,908 | 6,956 | 3,453 | 30,238 |
| Teacher Support | - | 141 | 222 | 27 | 390 |
| Scholarship payments | 1,372 | - | - | - | 1,372 |
| Music education | 260 | - | - | - | 260 |
| Publishing | 2,482 | 890 | 2,323 | 55 | 5,750 |
| | <u>17,035</u> | <u>7,939</u> | <u>9,501</u> | <u>3,535</u> | <u>38,010</u> |
| Pension finance charge | - | - | 169 | - | 169 |
| | <u>-</u> | <u>-</u> | <u>169</u> | <u>-</u> | <u>169</u> |
| Total | <u><u>17,035</u></u> | <u><u>7,939</u></u> | <u><u>9,670</u></u> | <u><u>3,535</u></u> | <u><u>38,179</u></u> |

35. COMPARATIVE GROUP ANALYSIS OF SUPPORT COSTS FOR YEAR ENDED 31 JANUARY 2023

| | Examinations Restated £'000 | Teacher Support £'000 | Publishing £'000 | Total 2023 £'000 |
|-----------------------|-----------------------------------|-----------------------------|---------------------|------------------------|
| Exam Support | 424 | - | - | 424 |
| IT | 2,539 | 116 | 429 | 3,084 |
| Sales and Marketing | 779 | 5 | 137 | 921 |
| Finance | 72 | - | 11 | 83 |
| Facilities | 1,832 | 20 | 161 | 2,013 |
| Governance | 176 | - | 4 | 180 |
| HR & other management | 1,086 | - | 148 | 1,234 |
| | <u>6,908</u> | <u>141</u> | <u>890</u> | <u>7,939</u> |

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
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36. COMPARATIVE MOVEMENT OF ENDOWMENT FUNDS FOR YEAR ENDED 31 JANUARY 2023

| | At 1 February 2022 £'000 | Income and gains £'000 | Expenditure and losses £'000 | At 31 January 2023 £'000 |
|--|-----------------------------------|------------------------------|------------------------------------|-----------------------------------|
| Group and charity | | | | |
| Permanent prize endowment funds | | | | |
| Sheila Mossman Prize account | 151 | 5 | - | 156 |
| Ralph Bassett Prize account | 118 | 4 | (1) | 121 |
| Constance Haddon Prize account | 133 | 4 | - | 137 |
| Winifred Liversidge Prize account | 136 | 5 | (1) | 140 |
| Irene Lassen Bequest | 497 | 16 | (1) | 512 |
| Weinman/Duraisamy Prize | 5 | - | - | 5 |
| Sundry named prizes and general prizes account | 310 | 11 | (1) | 320 |
| | <u>1,350</u> | <u>45</u> | <u>(4)</u> | <u>1,391</u> |
| Expendable prize endowment funds | | | | |
| Gordon Bryan Fund | 108 | 3 | - | 111 |
| Alan Pickard Prize | 27 | 1 | - | 28 |
| Taylor White Gibbs Prize | 159 | 5 | (3) | 161 |
| | <u>294</u> | <u>9</u> | <u>(3)</u> | <u>300</u> |
| Total endowment funds | <u>1,644</u> | <u>54</u> | <u>(7)</u> | <u>1,691</u> |
| Interest receivable | | 54 | - | |
| Expenditure on prizes | | - | (3) | |
| Unrealised loss on investments | | - | (4) | |
| | | <u>54</u> | <u>(7)</u> | |

THE ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
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37. COMPARATIVE MOVEMENT OF UNRESTRICTED FUNDS FOR YEAR ENDED 31 JANUARY 2023

| Group | At 1 February 2022 £'000 | Income £'000 | Expenditure £'000 | Transfers £'000 | At 31 January 2023 £'000 |
|-------------------------------------|---|-------------------------|------------------------------|----------------------------|---|
| Fixed asset fund | 6,243 | - | - | (1,200) | 5,043 |
| Designated funds | | | | | |
| Development funds | 3,946 | - | (1,696) | 1,500 | 3,750 |
| Examiner fund | 530 | - | - | 250 | 780 |
| General charitable funds | 4,732 | 45,475 | (39,955) | (550) | 9,702 |
| Total | 15,451 | 45,475 | (41,651) | - | 19,275 |
| Charity | | | | | |
| Fixed asset fund | 6,243 | - | - | (1,200) | 5,043 |
| Designated funds | | | | | |
| Development funds | 3,946 | - | (1,696) | 1,500 | 3,750 |
| Examiner fund | 530 | - | - | 250 | 780 |
| General charitable funds | 4,721 | 39,662 | (34,141) | (550) | 9,692 |
| Total | 15,440 | 39,662 | (35,837) | - | 19,265 |

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38. COMPARATIVE ANALYSIS OF NET ASSETS BETWEEN FUNDS FOR YEAR ENDED 31 JANUARY 2023

| Group | Unrestricted Funds (including Pension Reserve) £'000 | Prize Endowment Funds £'000 | Total 2023 £'000 |
|---|---|--|---------------------------------|
| Tangible fixed assets | 1,677 | - | 1,677 |
| Intangible fixed assets | 3,366 | - | 3,366 |
| Investments | - | 1,574 | 1,574 |
| Current assets | 26,145 | 135 | 26,280 |
| Current liabilities | (9,726) | (18) | (9,744) |
| Non-current liabilities | (544) | - | (544) |
| Provisions | (1,643) | - | (1,643) |
| Net assets before pension deficit | 19,275 | 1,691 | 20,966 |
| Pension deficit | (3,798) | - | (3,798) |
| Total net assets after pension deficit & provisions | 15,477 | 1,691 | 17,168 |
| Charity | | | |
| Tangible fixed assets | 1,677 | - | 1,677 |
| Intangible fixed assets | 3,366 | - | 3,366 |
| Investments | 782 | 1,574 | 2,356 |
| Current assets | 24,740 | 135 | 24,875 |
| Current liabilities | (9,113) | (18) | (9,131) |
| Non-current liabilities | (544) | - | (544) |
| Provisions | (1,643) | - | (1,643) |
| Net assets before pension deficit & provisions | 19,265 | 1,691 | 20,956 |
| Pension deficit | (3,798) | - | (3,798) |
| Total net assets after pension deficit & provisions | 15,467 | 1,691 | 17,158 |
| Group and Charity | | | |
| Unrealised gains included above on investment assets (see note below) | - | 795 | 795 |
| Unrealised gains as at 1 February 2022 | - | 799 | 799 |
| Net gain/(loss) arising from revaluations in the year | - | (4) | (4) |
| Unrealised gains as at 31 January 2023 | - | 795 | 795 |

