



**Royal Conservatoire  
of Scotland**

**A Company Limited by Guarantee**

**Annual Report**

**And**

**Financial Statements**

**For the Year Ended 31 July 2022**

**Company Registration No. SC04703  
Charity No: SC015855**

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## PATRONS AND OFFICE BEARERS

## PATRONS

Patron	His Royal Highness The Prince Charles, Duke of Rothesay DAcad Hon RSAMD
President	Nicola Benedetti CBE DMus Hon RCS
Vice President	Dr Bridget McConnell CBE FRSE EdD
Vice President	Lord Vallance of Tummel DCon Hon RCS
Patron of the Junior Conservatoire	Nicola Benedetti CBE DMus Hon RCS

## OFFICE BEARERS

Chair of Governors	Nick Kuenssberg OBE FRSE DUniv
Principal	Professor Jeffrey Sharkey
Secretary	Professor Vicky Gunn (from 06/09/21) Alan Smith (up to 05/09/21)
Registered Office	100 Renfrew Street Glasgow G2 3DB

## PROFESSIONAL ADVISERS

## Bankers

The Royal Bank of Scotland plc 10 Gordon Street Glasgow G1 3PL	Bank of Scotland PO Box 545 Faryners House 25 Monument Street London EC3R 8BQ	Western Union International Bank Gmb UK Branch (WUIB) Western Union Business Solutions Worldwide House, Thorpe Wood Peterborough PE3 6SB
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## External Auditors

Chiene + Tait LLP  
61 Dublin Street  
Edinburgh  
EH3 6NL

## Internal Auditors

Azets  
Exchange Place 3  
Semple Street  
Edinburgh  
EH3 8BL

## Investment Advisers

Evelyn Partners  
206 St. Vincent Street  
Glasgow  
G2 5SG

## Solicitors

MacRoberts LLP  
Capella, 60 York Street  
Glasgow  
G2 8JX

Clyde & Co (Scotland) LLP 144 West George Street Glasgow G2 2HG	Pinsent Masons LLP 141 Bothwell Street Glasgow G2 7EQ
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## CHAIR'S REVIEW

The financial year ending 31 July 2022 has continued to be one of challenge for the Royal Conservatoire of Scotland (RCS) both as an institution but also for the individuals who create this special community. In the past year many of the challenges caused by the pandemic have been replaced by a complex range of socio-economic and political factors, domestically and internationally. We continue to live in times of many uncertainties and continue to deal with the consequences of that. Against this backdrop it is of tremendous credit to both its staff and students that RCS has maintained a global ranking in the top five of the QS World University Rankings for Performing Arts. This speaks volumes for the hard work and resilience of the entire RCS community and means that the 175<sup>th</sup> anniversary year of this wonderful institution's foundation can be celebrated with pride.

In financial terms the Conservatoire has performed well, given the circumstances. While the overall deficit was £2,084K, this includes a non-cash FRS pension charge of £2,327K giving a surplus of £243K which is reflected in the positive cash movement of £160K. Significant changes during the year included: the embedding of sustainability goals throughout the organisation; the positive impact of investment in fundraising which in turn has enabled the creation of the Innovation Studio; good REF results as our research community increases, and further positive progress with the Transitions programme.

Cash and general investment balances remain healthy at £15,164K while the increase in the long-term discount rate has removed the pension liability and points to a reducing pension deficit going forward which will mitigate the budgeted deficit for 2022/23. This coming year however will continue to be difficult in financial terms as a direct result of a stand-still government settlement (i.e. a reduction in real terms) against an inflation-driven increase in our cost base. That said, the strategic thinking invested in the Conservatoire is of a high order including a number of changes to deliver growth. As well as undertaking a review of the undergraduate curriculum and considering future real estate requirements, strengthening the future long-term sustainability of the institution is always high on the agenda.

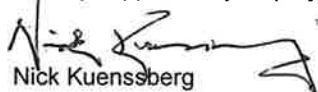
Once again, I must give huge credit to the leadership team, as well as staff and students across the RCS community who have worked together in an engaged, committed, and collaborative way which will hopefully continue as the 2023-30 strategy plan is finalised by summer 2023.

The senior management team has been strengthened by the welcome appointment of Gemma Bodinetz as Director of Drama, Dance, Production and Film, with Helen McVey returning to her core role as Director of Business Development. A refreshed Board of Governors has functioned extremely well with further change to follow the resignation of Professor Mark O'Thomas, Pro Vice Chancellor of the University of Greenwich on his appointment to be Principal of LAMDA and the retiral of Agnes Robson, Vice Chair and Senior Independent Governor who has been awarded an honorary fellowship in recognition of 10 years of exceptional service.

RCS is also delighted to have Nicola Benedetti CBE as the new Honorary President, taking over from Sir Cameron Mackintosh. Dr Bridget McConnell CBE has been appointed as an Honorary Vice President of the Conservatoire, joining Lord Vallance of Tummel in this role. As part of this time of change, Lord Gill has also stood down as an Honorary Vice President. I thank them all for their service of RCS past, present and future and wish them well.

I will be stepping down as Chair at the AGM on 8 December to be succeeded by the highly respected Professor Dorothy Miell, formerly Vice Principal of Edinburgh University with several years of experience on both our Academic Board as an external lay member and on the Board of Governors. My thanks are due to the staff and Board – and especially to the brilliant students - of the Royal Conservatoire of Scotland, who have made it both an honour and a pleasure to have served in this role since 2016.

I believe that the Conservatoire is fortunate in its people, led by an outstanding Principal in Professor Jeff Sharkey, skilfully supported by Deputy Principal Dr Lois Fitch, and is well positioned for our current and future challenges.

  
Nick Kuenssberg  
Chair

**REPORT OF THE GOVERNORS**

The Governors present their report together with the audited financial statements for the year ended 31 July 2022.

***Constitution***

RCS is a company limited by guarantee and having capital divided into shares with a Company Registration No.SC04703. It was incorporated as the Glasgow Athenaeum in December 1900, having been established in 1847 to provide further education for adults in the fields of commerce, science, and the arts. It is now an institution of higher education and was awarded degree awarding powers for taught degrees by the Privy Council on 13 May 1994.

The terms of the constitution, membership, powers and proceedings of the Board of Governors are currently set down in the Memorandum and Articles of Association as varied by, and in conformity with the provisions of, The Royal Conservatoire of Scotland Order of Council 2014 No. 268 as amended by The Royal Conservatoire of Scotland Amendment Order of Council 2020 No.3.

RCS is recognised by HMRC as a charity and is registered with the Office of the Scottish Charity Regulator – No.SC015855.

***Corporate Structure***

A representative of each of the key constituencies of RCS holds a block of shares. Those constituencies are: students represented by the President of the Students' Union; staff represented by their elected staff Governors; senior management and Academic Board represented by the Principal; and the Chair representing the Board of Governors and wider society. A descendant of one of RCS's philanthropic founding families also retains a shareholding. Shareholders are entitled to vote at the Annual General Meeting to which all staff, students and a wide range of external stakeholders are invited with the opportunity to ask questions.

***Principal activity***

The principal activity of RCS is the provision of teaching, learning and research in, and for, the performing arts. Programmes offered range from short courses for young children through to PhD and include all genres of the performing arts and education.

***Vision***

A community that nurtures, supports and celebrates inclusive art making from grass roots to world-leading performance and production.

***Mission***

For our education and research in the arts to be the catalyst to shape the future of art forms, artists and society

***Values***

- Creative courage
- Compassion
- Constructive challenge
- Curiosity
- Craft, rigour and talent

## STRATEGIC REPORT

Work has continued over the past year on the development of the Strategic Plan 2023-30 during which time the Board, Academic Board and senior management have evaluated the impact on RCS' strategic priorities in the post-Brexit and post-pandemic environment within the context of the rapidly changing economic landscape.

The vision, mission, values and objectives of our new plan can be viewed and will be evaluated through three perspectives: people, place and promise.

### People

We want to recruit, retain and develop world-leading staff and students, diversify our community and grow audiences, partnerships and alumni relationships.

### Place

We want to increase our impact in Glasgow, Scotland and the world. This means new building project(s) aligned to curriculum development and partnerships, renewed civic presence, access to our work across Scotland, and global reach online.

### Promise

We want to build opportunities for students, staff, graduates and partnerships by developing a strong culture of philanthropic giving, generating income through commercial short courses and project work and supporting both financial and environmentally sustainable practices.

The updated objectives and progress made during the year are as follows:

- **To reassert the distinctiveness of RCS' pioneering research-led, multi-arts education in an evolving international performing arts training sector, producing the highest quality graduates who both specialise and collaborate successfully**

To deliver this we will:

- learn from and build on our previous innovative curriculum reforms to refine existing programmes and introduce new programmes which will reflect and respond to the changing landscape of performing arts education and industry skills needs; and
- invest in staff development, widen the range of research activity and create more space for colleagues to bring their research into teaching content and practice.

Work continues to review the undergraduate curriculum which will come into effect from 2023-24. The key aims are to be bold, collaborative, more efficient and to provide agency for our students and graduates to create, develop and produce a more personal artistic vision, and ensure greater employability upon graduation and to foster cross-disciplinary dialogue and more personal and career management techniques. A new academic framework and set of curriculum principles have been agreed.

Preparations are underway for the new Quality Enhancement Standards Review process. Phase One, which reviews the RCS response to the Enhancement-Led Institutional Review (ELIR) 4, will take place towards the end of 2022.

The annual National Student Survey scores were disappointing this year, and the schools are analysing the results and feedback to separate out Covid disruption from issues which need to be addressed to improve the student experience.

RCS was again ranked highly in the QS World Rankings at No 5.

The post-doctoral research cohort continues to grow with a record number of PhD graduations in 2022.

The Research Excellence Framework outcome was positive, and RCS led the arts sector in Scotland in terms of the Impact Rating. The increased size of our submission demonstrated our capacity to develop researchers and the task now is to follow up with ambition for competitive grant sourcing, research centres, the Innovation Hub and build up world-leading/international quality outputs across our disciplines.

A two-year pilot Innovation Studio was launched and includes the appointment of two Innovators in Residence. Through a series of workshops, panels, on-line discussions and interdisciplinary collaborations and seed funds, Innovation Studio will support creative experimentation, skills development and collaboration and feed into future curricular development.

- **Play a prominent role in Glasgow civic life and revived city centre, national cultural leadership and enhance global significance**

To deliver this we will:

- continue to be strong advocates for the importance of high-quality arts education and to re-build our audiences post-pandemic both in person and to widen that audience base through the production and promotion of selected digital content;
- engage more consciously with diverse local communities in terms of both educational outreach and performance activity to strengthen those links and to widen the recruitment pipeline;
- continue to play a lead role in the work of Music for Scotland to ensure that momentum is maintained in the provision of sustained access to music education; and
- engage with Glasgow City Council and other partners to explore future estate development options which can contribute to the re-generation of the city centre.

The junior conservatoire and short course programmes play an important part in RCS' role within the life of the city of Glasgow and beyond; more so as provision expands. The junior conservatoire of music has a national reach with young people from 29 of 32 local authorities. The phased return over the year to in person learning was welcome and a range of initiatives have been introduced to enhance the offering to young learners to attract them back and progress their learning. A Primary Instrumental Programme was launched in September 2021 which is designed as an organic natural progression from Early Years Musicianship classes and designed to enable children to access instrumental learning in a structured and supportive specialist environment. This started with piano and strings with plans to expand to other instruments. The Fair Access department launched a **Get Ready** Initiative of weekly skill-set and collaboration classes to boost being prepared to audition for BA Musical Theatre. Bridging programmes are now offered in set construction and scenic art and workshops were held in schools and colleges to promote the technical programmes. Weekly programmes in contemporary dance have been introduced for professional dancers to enhance links with the dance community.

The expansion of the short courses includes a range of on-line/blended programmes many of which were developed and piloted successfully during the past two years when access to RCS was restricted. This is an effective way to extend reach into wider and new communities of learners.

RCS has engaged fully with the Scottish Government's Ukrainian refugee student scheme to offer auditions, pastoral and practical support with the application process to commence study at RCS from 2022-23.

2022 is the RCS' 175<sup>th</sup> Anniversary and a range of events have happened or are planned to use the opportunity to raise the institutional profile, including an exhibition from the archives in RCS entitled **All to Play For** and the publication of a limited-edition book charting the history, **Raising The Curtain**. There will also be a reception at Holyrood and a series of events in December to mark the occasion.

As RCS looks at options for possible future estate expansion in the city there has been increased and constructive engagement with Glasgow City Council to explore where and how RCS can play a part in the regeneration of the city centre.

RCS has successfully applied to be part of the new Turing Scheme for student mobility which will see students spend study periods abroad as far afield as the USA and Australia.

- **Create a compelling case for, and deliver, enhanced philanthropic and business development investment in RCS success to supplement core funding**

To deliver this we will:

- seek to generate a growing return on our investment in the development and fundraising function through cultivation of supporters and growing the donor pool, further development of links in North America and deepening engagement with the influential alumni community;
- identify growth areas in short course development including the expansion of the micro-credentials portfolio, on-line and blended programmes; and
- seek partners with which to develop new programmes with components of arts-based content to widen the scope of our market potential.

Following an external review, RCS is moving forward with a fundraising and development strategy and has built capacity through the appointment of a Strategic Director of Principal Gift and an Alumni Relations Manager. The department achieved its overall fundraising target for the year and, in the process, has been successful in cultivating new donors and in securing endowment support across a range of activities. An Alumni Ambassador strategy has been developed which aims to enhance the reputation of RCS across the world, build connections and develop a stronger student and alumni community which will support student recruitment and increase revenue through promoting a culture of giving.

In terms of core funding, RCS is engaging with SFC as it reviews its funding model to explore options which might achieve a more sustainable platform. Once the work on optimal size and scope has concluded, and if appropriate, this may include a review of overall funded places in the context of the ambition to grow in certain discipline areas.

- **RCS as partner-of-choice for prestigious forward-looking organisations, artistic leaders and entrepreneurs**

To deliver this we will:

- continue to cultivate our relationships with organisations at all levels from national institutions such as the BBC and Screen Scotland and the national performing arts companies through to emerging artists and companies via our innovation studio and entrepreneurs in residence to enhance the learning, networking and future employment opportunities for our students.

During the year the Quality and Standards Committee approved new Memoranda of Understanding with:

Korea National University of the Arts, and

College of Music Mahidol University (Thailand)

Discussions are also underway with the University of St Andrews to deepen the relationship by exploring the possibility of developing joint Masters programmes.

The Memorandum of Understanding with the BBC is of strategic importance as RCS scopes the future of film and television arts provision within the curriculum.

RCS has utilised SFC micro-credentials grant funding to develop upskilling, credit-rated short courses primarily aimed at the professional development market which over time will grow the network of, and association with, artistic leaders.

As the innovation studio become established it is anticipated that the Innovators in Residence programme will enhance RCS' ability to engage more effectively with arts entrepreneurs.

- **To be at the forefront of sustainable, ethical and inclusive performance, production and curriculum initiatives**

To deliver this we will:

- reflect changing industry practices in terms of production methods, materials and in relation to rehearsal and onstage delivery and behaviours. This will address issues such as environmental sustainability and embrace developments in digital production.
- diversify genres and repertoires to create more inclusive curricular content and production output, review and select organisations and individuals we will work with to enhance and promote this agenda further.

Developing social responsibility and sustainability is an important thread running through the curriculum review and artistic practice. During the year a Creative Response Project was undertaken by Masters CCT students and a key action is to add this to the curriculum and create a performed response to classical, canonical texts through various contemporary lenses including anti-racism, anti-colonialism, and inclusion. The anti-racism action plan is in its second year, and it continues to be updated with progress communicated online to the community.

RCS was successful in securing support from the Cowrie Foundation for several years ahead which will provide scholarships for Black British undergraduate students from socio-economically disadvantaged backgrounds.

The Equality, Diversity and Inclusion (EDI) Team has worked on further enhancing training provision for staff and students on a range of areas, including *Embedding Anti-Racist Practice in an Arts Education* and *EDI Essentials for Audition Panel members*. The Team also undertook a British Sign Language survey of staff and students. As a result, the first of several scheduled *Introduction to Deaf Awareness* and BSL workshops was held and BSL Level 1 training is being scoped to provide to appropriate staff.

Ongoing work is taking place within the EDI Team in support of RCS *Equality Outcome: To develop knowledge and good practice to fully support neurodivergent students and staff within the creative arts*.

Support continued for bids from students and staff to promote, celebrate or explore any aspect of equality, diversity and inclusion. Due to the pandemic, all bids to the EDI Creative Fund were required to be of a digital nature. Successful bids included the development of a short film showcasing the wide range of languages spoken by students on the BA Acting programme, where all languages were valued equally and an exploration



of trans-masculinity through both an in-person exhibition and a subsequent online platform, which provided an ongoing supportive environment and source of meaningful representation.

The Sustainability Committee has been re-constituted and acts as a catalyst for the introduction of sustainability initiatives across the whole RCS operation. An annual sustainability prize was introduced for students' work that highlights sustainability issues through their art or showcases an innovative approach to sustainable performance. RCS is also committed to applying the good practices recommended in the Theatre Green Book wherever practicable.

- **Identify, scope and deliver the most industry-relevant curriculum portfolio, production activity and cohort capacities to drive competitive student recruitment and satisfaction, estate strategy and staff development, and to secure institutional sustainability**

To deliver this we will:

- streamline activities to create more space for reflection and development of craft.
- review the overall size and scope of our portfolio and the balance between undergraduate, postgraduate and other programmes through the lenses of industry relevance, student demand trends, financial sustainability and estate provision which will ensure that we continue to attract an appropriate number of high-quality students from across the world.

Work continues to define the size and scope of RCS through the next planning period. This is complex and is critical to inform the key supporting strategies and action plans. Areas under consideration are:

- Programme portfolio;
- Inter-relationship between programmes and synergies in curriculum delivery;
- Balance between music and drama, dance, production and film;
- Distribution and number of Scottish/RUK and international students and an optimal overall number; and
- Balance between undergraduate and postgraduate.

The undergraduate curriculum review of existing programmes currently underway is seeking to identify ways to streamline delivery and identify opportunities for overlapping delivery where possible. This includes a review of the production programmes and the central production unit where it is recognised that production throughput is unsustainable in its current form both financially and in terms of the impact on student experience.

It is evident that RCS should play a more prominent role in all aspects of training for the film and television industries and expand the discipline offerings in this area. Meetings have been held with industry professionals including Screen Scotland, to explore what might be the most appropriate areas to develop at undergraduate and postgraduate level.

Over the course of the pandemic there had been a noticeable increase in the volume and complexity of student complaints and mental health issues. Training staff is a priority as well as gaining the confidence and appropriate advice to review and enhance our practices across a range of areas including repertoire choice.

The Building Committee is undertaking some preliminary scoping of potential buildings and space within the city centre which will develop into feasibility studies when space needs are better defined.

## **Challenges presented by Covid and Brexit and mitigating actions**

### ***Covid***

RCS continued to plan and manage the operational environment throughout the year in response to the evolving situation and guidance from Scottish Government through the previously established Academic Continuity Group (ACG) which met regularly and consists of managers from across the institution and with student representation. The work of ACG has been scaled back but will be increased if circumstances change in the coming year. Estates alterations to facilitate working under covid guidelines have been mostly removed as performance activities with live audiences were gradually re-introduced over the course of the year although there were still several performances and showcases, which were filmed, edited, and streamed. In person learning also increased with larger lectures kept on-line and the Academic Board maintained elements of the 'no disadvantage' approach to student outcomes during the pandemic. A hybrid-working policy was developed in consultation with staff and implemented on a trial basis. The Welcome Home Team was retained to support both new arrivals and provide ongoing support in the event of covid-related disruption.

### ***Brexit***

The downward trend in the volume of applications from the EU continued with applications for commencement in 2022-23 at 205 compared with 425 in the previous year, a fall of over 50%.

The loss of EU formerly funded undergraduate places occurred at the same time as additional funded places were provided by the Scottish Funding Council. It was not possible for RCS to absorb sufficient additional Scots of appropriate quality in 2021-22, which resulted in a shortfall against target numbers and provision has been made for claw back of grant. The situation was exacerbated by the disruption to pre-HE performing arts opportunities due to the pandemic which affected the readiness of the applicant pool.

The numbers challenge remains going into 2022-23 as another EU cohort is replaced with Scots although the situation has been alleviated to an extent by the RCS recruiting a number of students under the Scottish Government's Ukrainian Refugee Scheme.

A number of initiatives are on-going across both Schools to raise awareness of career opportunities post-study at RCS and to provide additional support and bridging programmes to young Scots to build skills and encourage them into undergraduate study.

RCS continues to lobby for the cultural importance of having EU students in RCS, and to advocate for a greater targeted bursary support package from the Scottish government while also widening the international reach of recruitment efforts.

### Environmental Sustainability

RCS reports annually under the Climate Change Scotland Act 2009 and has shown a reduction in carbon consumption year on year since reporting was introduced until the pandemic. We have continued to become more efficient since then so that, despite a significant increase in annual activity, carbon emissions have increased only modestly. On-going initiatives include:

- Embedding the Sustainability Committee within the main committee structure reporting to the Academic Board;
- Commitment of zero waste to landfill;
- The creation of the RCS Green Room microsite as a gathering place for all our creative and operational activity in the spaces of sustainability and climate emergency;
- A project to invest in solar energy has been approved and further introduction of air source heat pump technology is being scoped;
- On-going LED lighting replacement programme;
- Phased upgrade to building energy management system;
- PIR and water saving devices;
- Centralised print hubs;
- Disinvestment from fossil fuels and mining stock is complete with re-investment in renewable stocks now included in the investment manager's mandate;
- Embedding consideration of sustainability issues in curriculum reviews;
- Achievement of Cycle Friendly Campus Award; and
- 'Green Recovery Challenge' as the focus of the first bids for project funding within the Innovation Studio pilot programme.

RCS is currently working on its plan for Carbon Net Zero and as part of that is gathering baseline data for Scope 3 emissions in terms of business travel to quantify carbon consumption in this area to inform future policy to reduce it and provide an indication of the level of potential offset costs.

### **COP 26**

RCS was heavily involved in the COP 26 programme with a series of events which both raised the institutional profile on a global stage and showcased RCS' engagement with the sustainability agenda. Events included:

- *Vital Signs of the Planet* concert in the Glasgow Royal Concert Hall with our 100-strong symphony orchestra (including junior students) along with internationally recognised conductor Emil de Cou;
- RCS Brass performed a new fanfare by former Principal John Wallace at Glasgow Cathedral;
- A group of guitar students performed for world leaders at COP26 at St Giles Cathedral in Edinburgh and also performed an environmentally themed concert in the Green Zone;
- Hope Springs Eternal: a series of original digital music, drama and dance performances which focused on the themes of climate, nature and resilience;
- Climate Portal Project – A converted shipping container, located on the RCS campus from August to November 2021, used immersive audio-visual technology to bring together people in the UK with communities and portals around the world. RCS also ran a Climate café during COP 26 with a series of events;
- A COP Legacy digital publication launched to tie in with Innovation Studio launch.

### Greenhouse Gas Emissions

The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 requires all non-quoted large companies to report the greenhouse gas emissions for which they are responsible and on any environmental matters which are material to the company's operations. This disclosure complies with the requirements of Streamlined Energy and Carbon Reporting (SECR).

Greenhouse gas emissions by year (tonnes CO<sub>2</sub>e):

Emissions source (tCO <sub>2</sub> e)	2021/22	% of Total	2020/21	% of Total
Fuel combustion: Natural gas	481	57.9%	505	63.0%
Purchased electricity	349	42.1%	296	37.0%
<b>Total emissions (tCO<sub>2</sub>e)</b>	<b>830</b>	<b>100.0%</b>	<b>801</b>	<b>100.0%</b>
<b>Intensity: (tCO<sub>2</sub>e per square metre)</b>	<b>0.0368</b>		<b>0.0355</b>	

Energy consumption by year (kWh):

Energy consumption by year (kWh)	2021/22	% of Total	2020/21	% of Total
Natural Gas	2,624,438	61.4%	2,761,918	66.4%
Purchased Electricity	1,646,328	38.6%	1,397,589	33.6%
<b>Total</b>	<b>4,270,766</b>	<b>100.0%</b>	<b>4,159,507</b>	<b>100.0%</b>

We are unable to provide figures for the consumption of fuel for the purposes of transport due to system limitations. We do not have responsibility for any emission sources that are not included in our Financial Statements.

Our greenhouse gas emissions have been calculated using HH (half-hourly) data and utility bills in line with the methodology set out in the UK Government's Environmental Reporting Guidelines 2019.

### Estates and Infrastructure Developments

With campus activity beginning to return to normal, focus has moved back to a refreshed estates strategy to support the delivery of the new strategic plan. This includes the development of a business case for expansion of estate and feasibility study/appraisal of various options for expansion and improvement of facilities. There has been positive engagement with Glasgow City Council both about the removal of the Savoy Bridge at the front of Renfrew St and more strategically about potential development sites in the city centre.

With student accommodation at a premium in Glasgow, RCS has decided to extend the lease capacity at BASE for academic year 2023-24.

### Outcome Agreement

The 2021/22 Outcome Agreement focused on outlining the Conservatoire's return to increased on-site teaching following the easing of Covid pandemic restrictions and a recommencement of targeted outreach activities which had been stalled or limited during this period.

The Conservatoire set, and met, ambitious targets related to widening access and Transitions and an increase to targeted Transitions outreach activities helped to extend our scope to build routes to further study for individuals in areas of deprivation.

A key aspect outlined in the Outcome Agreement was the Conservatoire's application of learning that had been gained through the Covid pandemic response in relation to the use of digital technologies to reach a wide, and inclusive, global audience.

The use of blended learning methodologies enabled us to expose our students to a wide range of outstanding international and national performers, experts and organisations to inform their learning and to widen their awareness and experience.

The continued progress that is being made in relation to the Conservatoire's Anti-Racism Action Plan, at both an institutional and individual departmental level, and to the increased diversification of our staff and Board members was an important factor outlined in the Outcome Agreement.

Work was also being progressed in further areas related to inclusivity, including developments to support neurodiverse staff, students and visitors to access and participate in the Conservatoire's work.

The opportunities afforded through the upcoming Undergraduate Curriculum Review process in terms of curriculum development, for example the aim to embed sustainability goals, methods and awareness into the curriculum, were highlighted in the Outcome Agreement.

Outlined activities planned by the Conservatoire in terms of supporting pandemic recovery included the launch of the RCS Innovation Studio which would have a key role in facilitating new knowledge exchange opportunities, new modes of working and new collaborations to support skills development and co-creation as a vital route to social innovation, recovery and resilience.

The Board of Governors approves both the Outcome Agreement and the associated annual self-evaluation report prior to submission to SFC. RCS's 2021-22 Outcome Agreement and self-evaluation report can be found at:

[Annual Accounts & Outcome Agreement - Royal Conservatoire of Scotland \(rcs.ac.uk\)](https://www.rcs.ac.uk/annual-accounts-and-outcome-agreement)

#### Future prospects

RCS has made a deficit of £2.1M in 2021-22. Discounting non-cash pension costs, restricted fund donations and losses on investments, the underlying operating position is a surplus of £146K. This is better than the original budget and has resulted in a positive movement in overall cash of £160K.

The revised forecast pension service charge for the year ahead under FRS102 has reduced significantly since the budget was set which helps to reduce the overall budget deficit. However, the underlying operating deficit is budgeted to worsen because of the level of grant settlement and forecast under-recruitment of Scots undergraduate students, set against a rising cost base notably for pay, utilities, software systems upgrades and leasing charges. This scale of deficit begins to erode cash levels and so is not sustainable in the medium term. RCS is looking at a range of options to make savings and to generate additional net income to reverse the decline and aims to re-establish a position where cash is generated from operations on a year-to-year basis.

The environment in which to achieve these goals has become significantly more challenging over the past year. Inflation has increased sharply, with the latest pay settlements now lagging other sectors and projected energy costs. This is compounded by the emergence of a severe shortage of student accommodation in and around Glasgow which has led to offer holders being unable to take up their place and a resulting loss of revenue when hitting recruitment targets is more critical than ever. Operationally, it is anticipated that the coming year will return to a nearer pre-pandemic normal which is welcome to the RCS community. As it works to finalise its strategic plan through to 2030, RCS will address the challenges of achieving longer term financial sustainability while also protecting its high reputation nationally and internationally through a balance of cost efficiencies and new income generation.

#### Academic developments

The BA Performance in BSL/English programme was re-approved following review in August 2022, with students commencing studies from September 2022 following a year of paused recruitment to the programme to support an increase in student numbers.

The first students will commence the MA Psychology in the Arts programme in session 2022-23 which had been validated in May 2021.

A Professional Graduate Diploma in Ballet programme was validated in September 2021 and ran during the year.

Intake to the BA Contemporary Performance Practice programme has been suspended for one year to allow it to be re-assessed as part of the curriculum review.

The Masters in Fine Arts ran for the first time during the session with the cohort graduating in January 2022.

A raft of credit-rated short courses and micro-credential modules were approved during the year including The Arts in Prison, Creative Filmmaking and Intimacy Coordination.

#### Access and employment of disabled persons

RCS's building and facilities are predominantly accessible in accordance with the requirements of the Equality Act 2010 and each refurbishment or new development continues to enhance the overall level of accessibility. There is an Access Policy in place for members of the public with disabilities who attend events at RCS.

Applications from disabled persons for employment are always fully considered, and if a disabled candidate meets the minimum essential criteria for a post they are always invited to attend an interview. Ultimately, however, the most suitable applicant for a post is selected, whether or not that person is disabled. It is the policy of RCS that the training, career development and promotion of disabled persons should, as far as possible, provide equality of opportunity to that available to other employees. In the event of existing employees becoming disabled, every effort is made to ensure that their employment within RCS continues and appropriate adjustments to the workplace and/or work patterns are made, along with the provision of relevant training to undertake suitable alternative employment.

#### Promotion of Equality of Service under the Equality Act 2010

The RCS [Mainstreaming Equality Report 2021](#) provides information on key ways in which we promote equality of delivery of service to different groups and have due regard to the public sector equality duties under the Equality Act 2010. The current [Equality Outcomes 2021-2025](#), which focus on our priority areas for action, also provide information on success measures, strategic links, and how the Equality Outcomes link to the general equality duty of the Equality Act 2010.

These documents are underpinned by a wide range of work and initiatives that include:

- An increase in EDI Team resource;
- Focused and challenging training for staff and students;
- Involvement in sector wide developments in EDI issues (i.e. equality impact assessment processes; Race Equality Charter for small specialist institutions);
- Working with departments and programmes to facilitate increased learning around race and diversity; and
- Development of in-house networks for staff and students that will feed back into policy development.

#### Fair Work Practices

In line with the Fair Work Framework, RCS has committed to alignment with the Living Wage Foundation rates of pay and is working towards Living Wage Employer recognition. RCS has held Healthy Working Lives Bronze award for several years and was close to achieving the Silver award when the Scheme was paused and then ceased. However, wellbeing practices continue to be based around its founding principles and activities. RCS is in the process of developing an institutional Learning and Development Strategy, which will enable progress towards Investors in People recognition. There is an established Staff Consultative Forum with representatives from across the institution, which provides a platform for consultation and employee voice and works to improve the effectiveness of the institution. This Forum has a dual role of Staff Consultation and Wellbeing.

#### Health, Safety, Well-being and Child Protection

RCS continued to deal with the impact of the removal of covid-related restrictions throughout the first half of the year, with the HSW team continuing to provide support, guidance, and assistance to our community to plan for and deliver increased on-site activity. The team have also worked to ensure that appropriate equipment and support is available for those who continue to work from home or, increasingly, on a hybrid basis. The HSW team has been developing resources and identifying appropriate training opportunities for staff relating to positive mental health and wellbeing, with a particular focus on managing their wellbeing whilst supporting students who are experiencing poor mental health.

RCS continues to develop and expand its policies and procedures for challenging and eliminating inappropriate behaviour within the performing arts sector. RCS has developed guidelines for staff regarding the use of pronouns for both our junior and UG / PG provision, and now offer trans- and gender diversity awareness training and Active Bystander training for staff and students. Anti-racism training and support for staff and students remains a focus. Refresher training for Designated Child Protection Contacts is being scheduled with the NSPCC.

## Financial Results

Financial Summary

	2022	2021
	£'000	£'000
Income	26,248	25,431
Expenditure	27,933	25,192
(Deficit)/surplus before other gains and losses	(1,685)	239
Loss on disposal of fixed assets	(6)	(4)
Realised gain on investments	50	109
(Deficit)/surplus before unrealised gains and losses	(1,641)	344
Unrealised (loss)/gain on investments	(443)	562
(Deficit)/surplus for the year	(2,084)	906
Operating (Deficit)/surplus (excluding gains and losses, endowment and restricted income)	(2,621)	254
Capital expenditure	473	165
Cash and cash equivalents	6,928	6,767
Net current assets	5,272	5,332
Pension Asset/(liability)	-	(7,748)

The deficit for the year before gains and losses is £1,641,000 (2021: a surplus of £344,000). This includes non-cash FRS102 service charge and net interest cost of £2,327,000 (2021: £1,699,000). In addition to the increase in pension charges, the deterioration in the operating result is due to a provision for claw back of recurrent grant in the year for under enrolment of domestic undergraduate students and additional operating costs arising from a return to more normal in-person on campus provision. This was mitigated by the contribution achieved from the resumption of short courses and box office activity and the receipt of an insurance claim. The prior year also benefited from an additional Covid emergency grant provided by the Scottish Funding Council.

The statement of financial position remains in good health with unrestricted general reserves before pension asset and capital asset donations of £12,558,000 (2021: £11,935,000).

The position relating to RCS's involvement in Strathclyde Pension Fund has improved due to the significant increase in the net discount rate (discount rate net of inflation) coupled with the slight decrease in the CPI assumption compared to the previous year. This creates a gain on the balance sheet resulting in a net pension asset at 31 July 2022 of £nil (2021: a net liability of £7,748,000). It should be noted that the pension asset has not been recognised in full and details are set out in accounting policy note 1h and note 23 to the financial statements.

Cash on hand including short term investments at 31 July 2022 was £6,928,000 (2021: £6,767,000).

Summary of Investment Performance

RCS's investments are managed on a discretionary basis by a professional fund manager on behalf of the Board of Governors and monitored by the Finance and General Purposes Committee. The total return across the managed portfolios for the year was as follows:

Benchmark	Total Return	Over/Under Performance
%	%	%
-1.9	-1.6	+0.3

There are three portfolios which are identical in terms of asset allocation, stock selection and the weightings in individual holdings. The General Fund provides income for unrestricted use within RCS; the Prize Fund provides income to fund annual prizes and the Piano Fund provides income in support of instrument leasing charges.

The performance of the General Fund has varied slightly as there has been a regular addition of funds for investment over the course of the year.

The investments have returned -1.6% for the year to 31 July 2022, compared to the benchmark which returned -1.9%. The investments produce an estimated annual gross yield of 3.6% which is an important part of the total return. The investments are well diversified and positioned against a fluid economic and political backdrop. RCS has divested from direct investment holdings in oil, gas and mining stocks and has invested a proportion of the portfolios in renewables which needs to be taken into account when considering performance against the benchmark. This is illustrative of RCS's wider engagement with, and commitment to, the sustainability and carbon reduction agenda.

## Risks and Uncertainties

### Strategic Risks

The Board of Governors has adopted a Risk Appetite Statement which defines risks that RCS is willing and prepared to take, risks that RCS needs to reduce and risks that RCS is not willing to accept. In addition the Risk Appetite Statement:

1. Provides guidance on the categorisation of risks inherent in existing and new activities;
2. Identifies the risk boundaries, where, if the risk were to crystallise, the impact is adverse and not acceptable;
3. Supports a comprehensive analysis of the risk across RCS, promoting awareness and understanding of how the risks inter-relate; and
4. Provides a consistent methodology for examining risks and identifying risks that have to be taken to achieve the strategic objectives.

RCS has identified key risks associated with the achievement of the strategic plan and determined the institutional risk appetite within a number of categories as follows:

Category	Risk Appetite
Compliance and adherence to statute, regulations and professional standards	Zero
Development of learning and teaching and research (incorporating digital innovation in academic and support functions)	High
International development and growth	Medium
Student experience and reputation	Low
Financial stability and flexibility	Low
People and culture	Medium
Major projects	Medium#
Physical environment	Medium
Virtual environment – cyber resilience and security	Low

# Risk appetite depends on the nature of the project.

The Board of Governors manages these risks through the senior management team which, together with lay Governor participation, forms the Risk Management Group. The Board receives regular reports through the Audit and Risk Committee on the controls and mitigating actions that are in place and planned.

COVID and Brexit continue to affect many elements of the corporate risk register to which has been added the far-reaching socio-economic consequences of the war in Ukraine. The higher strategic risk areas within the corporate risk register are regarded as being:

#### ***Failure to manage the academic standards and ensure the quality of the student experience***

The increased volume and complexity of student complaints has created a challenge for the institution in terms of reputation and trust and the involvement of senior staff reduces capacity to engage in strategic and operational planning. RCS mitigates this risk through:

- Agreed action plans continue to be implemented and further developed in both Schools to address issues raised in student feedback from surveys (particularly NSS at UG level);
- The Complaints Handling Process has been revised and further staff training on complaints handling is being given. Utilisation of a professional third party service in complex cases is also under consideration.

#### ***Failure to recruit a sustainable student population in terms of quality and diversity***

The diminishing opportunities for young Scots to secure sustained access to high quality performing arts education, further disrupted by COVID, is of concern to RCS for future home recruitment prospects when it is expected to increase intake of Scots undergraduates post-Brexit. RCS mitigates this risk through:

- In the relatively short term by engaging in the SG Ukrainian student refugee scheme;
- Junior Conservatoire initiatives such as bespoke support packages for near misses;
- The Transitions/Widening Access to the Creative industries Initiatives; and other more targeted 'taster' work with students related to specific undergraduate programmes;
- Short Courses and Summer Schools to attract applicants;
- Developing appropriate marketing materials, according to discipline funding category and priority group, as per our Contextualised Admissions Policy (e.g. SIMD 20/40 and minority ethnic groups);
- Forward planning of student recruitment targets by programme by category to flex particularly in terms of Scots recruitment;
- Through curriculum review identify opportunities in programme development that are attractive to Scots;

- Engaging with all aspects of the implementation of the Scottish Government manifesto commitment to provide free music tuition to school age children;
- Lobbying for a larger share of the Scottish Government international scholarship fund which appropriately recognises the importance of EU students to the RCS ecosystem;
- Developing bilateral arrangements with European institutions to continue to provide exchange opportunities which could lead to future recruitment and engaging with the new Turing Scheme to build relationships with a broader range of international institutions;
- Extending our international reach for high quality students; and
- Widening the appeal of the curriculum through the implementation of the anti-racism action plan.

#### ***Failure to maintain financial viability in the short to medium term***

Major uncertainties remain in the short term about student matriculation numbers and about the speed and extent of the recovery of other income streams. Inflationary pressures are increasing costs while income levels are largely already set. RCS will also be impacted by the change in holiday pay entitlement for zero hours contracts which will result in increased costs. The student accommodation shortage in Glasgow is a cause for concern for 2022-23 with a large number of both incoming and continuing students finding it difficult to secure accommodation. RCS mitigates these risks through:

- Lobbying Scottish Government/SFC to address funding differential with our main competitors in England and sector level push for sustainable future funding;
- Engagement with SFC to make the case that claw back of grant should be mitigated in recognition of the particular challenges RCS faces due to Brexit and the pandemic;
- Recruitment of Ukrainian students;
- Working to support students identify accommodation and provision of a travel bursary;
- Real terms increase applied to controllable tuition fees;
- Increased focus on generating a financial contribution from pre-HE and other short course activities;
- Close monitoring of cash balances and cash flow projections (majority of forecast operating deficit consists of FRS102 pension service change which is a non cash cost);
- General investment portfolio which could provide a cash buffer if required;
- Cost saving measures being identified;
- Forward contracts for utility costs have delayed the impact of increases;
- Investment in development and fundraising operation to boost philanthropic giving;
- Securing support for scholarships from RCS Endowment Trust to mitigate loss of other donations for scholarships;
- Negotiation of expansion of student accommodation lease; and
- Review of employment contracts of variable hours staff.

#### ***Failure to adapt to maintain longer term financial sustainability including the management of pension costs***

The challenge of longer term financial sustainability cannot be separated entirely from the issues which face RCS over the short/medium term and many of the mitigants overlap and support both risk areas. Other mitigations include:

- Institution-specific lobbying as the nation's only conservatoire;
- Continue to market RCS positively internationally with emphasis that programmes represent good value for money in the conservatoire sector while also looking at tuition fee setting strategy;
- Developing portfolio of on-line programmes that are scalable to improve financial contribution;
- Diversity of provision offers flexibility of recruitment in a rapidly changing environment;
- Planning for a range of scenarios in response to possible financial landscapes; and
- Annual pension scheme actuarial assumptions are pro-actively managed to more accurately reflect the Conservatoire's particular membership profile and an options exercise is being undertaken to explore possible alternative pension provision.

## **Monitoring of Performance**



The Board of Governors has agreed a comprehensive suite of performance indicators to assist it to monitor performance across the range of RCS's activities.

	2021-22	2020-21
<b>Income growth and diversity</b>		
(Deficit)/surplus before other unrealised gains and losses	£(1,641)K	£344K
Operating (deficit)/surplus (excludes gains and losses, endowment and restricted income)	£(2,621)K	£254K
<b>Percentage of funding</b>		
SFC	48%	54%
Undergraduate and postgraduate tuition fees	32%	34%
Junior Conservatoire and short course tuition fees	9%	7%
Box office and letting	0%	0%
Donations and other income	11%	5%
<b>Infrastructure</b>		
Capital Investment as % of insurance value	0%	0%
<b>Building condition</b>		
Category A – as new	64%	64%
Category B – completely fit for purpose	30%	30%
Category C – in need of improvement	6%	6%
<b>UG and PG Applicant demand, student achievement and satisfaction</b>		
Applicants: <sup>4</sup>		
Scottish	1,230	1,165
EU	425	780
RUK	2,110	1,685
International	1,025	935
Total	4,790	4,565
Students: <sup>4</sup>		
Scottish	No 670 % 51	No 650 % 48
EU	145 11	185 14
RUK	245 19	235 17
International	250 19	275 21
Total	1310 100	1,345 100
Applications: offers : acceptances <sup>4</sup>	10.1: 2.1: 1	9.7: 2.0: 1
Percentage of applicants with a declared disability	18%	16%
Percentage of undergraduate and postgraduate students with a declared disability	26%	27%
Scots undergraduate applicants from SIMD 20/40 as percentage of total Scots applicants	22%	21%
Scots undergraduate entrants from SIMD 20/40 as percentage of total Scots entrants	19%	21%
Scots undergraduates from SIMD 20/40 as percentage of total Scots undergraduates	29%	30%
Student Achievement Rate <sup>1</sup>	88%	89%
Course Completion Rate + 2years <sup>2</sup>	84%	84%
<b>External engagement</b>		
National Student Survey overall satisfaction rating	63%	79%
HESA Graduate Outcomes percentage in work or further study	91%*	90%*
Number of internally generated student performances <sup>3</sup>	240	4
Audience number <sup>3</sup>	17,472	132
Number of online streamed performances	71	165
Number of tickets sold for online performances	2,924	8,609

\* From the HESA Graduate Outcomes 18/19 return (most recent available) published in July 2021.

<sup>1</sup>The student achievement rate is a measure (expressed as a %) of those students who commence the year and become either eligible to progress or graduate on completion of the year of study.

<sup>2</sup>The course completion rate + 2 years is a measure (expressed as a %) of students who commence a programme and complete that programme within 2 years of the standard course duration.

<sup>3</sup>As a result of the pandemic the only public performances with audiences during 2020-21 were ballet showcases.

<sup>4</sup> Prior year statistics have been rebased in line with current year methodology.

To ensure that RCS's constitution is followed at all times and that its business is conducted in accordance with its various statutory obligations and that appropriate advice is available to enable this to happen.

To constructively challenge and support the management of RCS.

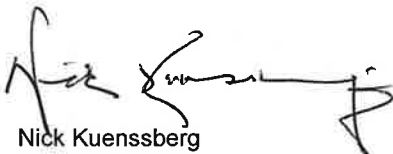
#### Reserved Powers

- The dismissal of the Chair of the Board of Governors;
- The appointment and dismissal of the Principal;
- The appointment and dismissal of all Lay Governors and the dismissal of elected Governors;
- The appointment and dismissal of the Secretary;
- The approval of changes to RCS's Articles of Association and related Statutory Instrument;
- The approval of the committee structure of the Board of Governors;
- The approval of capital projects with a value greater than £500,000;
- The approval of RCS's policies in respect of:
  - Health and safety
  - Equality of opportunity
  - Human resources
  - Dignity at Work
  - Treasury Management
  - Investment Management
  - Business Continuity
  - Reserves;
- The identification and mitigation of risk;
- The approval of the constitution of the Students' Union;
- Any matters which might have a significant bearing on the reputation of RCS; and
- Any other matters which may be identified by the Scottish Funding Council as requiring the approval of the full Board.

#### Payment of creditors

It is RCS's policy to obtain the best terms for all goods and services. There is thus no single policy as to the terms used. In agreements negotiated with suppliers, RCS endeavors to include and abide by specific payment terms. The creditors' balance at 31 July 2022 represented 9% of total purchases for the year, equivalent to 32 creditor days. No interest was paid in terms of the Late Payments of Commercial Debts (Interest) Act 1998.

APPROVED BY THE GOVERNORS ON 28 OCTOBER 2022 AND SIGNED ON THEIR BEHALF BY



Nick Kuenssberg  
Chair



Professor Jeffrey Sharkey  
Principal

**THE BOARD OF GOVERNORS OF THE ROYAL CONSERVATOIRE OF SCOTLAND**

The Board of Governors of RCS is collectively responsible for overseeing RCS's activities, determining its future direction, and fostering an environment in which RCS's mission is achieved and the potential of all of its students is achieved. The Board of Governors ensures that RCS complies with the legislative, regulatory and best-practice framework within which Scottish higher education operates.

**Primary Responsibilities**

To approve the mission, strategic vision and values of RCS, long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders.

Under the general control and direction of the Board, to delegate authority to the Principal, as Chief Executive, for the academic, corporate, financial, estate and human resource management of RCS and to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the Principal.

To retain strategic responsibility for quality and provide public accountability for all aspects of institutional activities, including quality assurance and enhancement.

To delegate to the Academic Board the function of the Board relating to the overall planning, co-ordination, development and supervision of the academic work of RCS and such other functions of the Board of Governors as may be assigned to the Academic Board by the Board of Governors. Under these arrangements, the Board of Governors must satisfy itself that there are appropriate processes in place with regard to quality assurance and enhancement of educational provision.

To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, procedures for handling internal grievances, complaints from students/staff and others (including whistleblowing) and for managing conflicts of interest.

To ensure that processes are in place to monitor and evaluate the performance and effectiveness of RCS against the plans and approved key performance indicators, which should be – where possible and appropriate – benchmarked against other comparable institutions.

To establish processes to monitor and evaluate the performance and effectiveness of the Board of Governors itself, its Committees and the Chair of the Board of Governors.

To conduct its business in an open and transparent manner and in accordance with the Scottish Code of Good HE Governance, bearing in mind the principles of proportionality and relevance to the nature of RCS, and with the principles of public life drawn up by the Committee on Standards in Public Life.

To establish and oversee processes which secure the election of the Chair of the Board of Governors.

To ensure that RCS meets its commitments to the Scottish Funding Council.

To safeguard the good name and values of RCS.

To appoint the Principal as Chief Executive, and to put in place suitable arrangements for monitoring her/his performance.

To appoint a Secretary to the Board of Governors and to ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability.

To be the employing authority for all staff in RCS and to be responsible for establishing a human resources strategy together with all relevant human resources policies.

To be the principal financial and business authority of RCS, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for RCS's assets, property and estate.

To ensure that public funds are appropriately applied and are properly accounted for and that RCS delivers value for money.

To be RCS's legal authority and, as such, to ensure that systems are in place for meeting all of its legal obligations, including those arising from contracts and other legal commitments made in RCS's name.

To make such provision as it thinks fit for the general welfare of students, in consultation with the Academic Board.

To act as custodian for any legacy, endowment, bequest or gift made directly to RCS.

**Directors' and Officers' liability insurance**

RCS has arrangements for directors' and officers' liability insurance cover.

**Governors' interests**

Susan Lee Kidd	60 ordinary shares of £1
Nick Kuenssberg	60 ordinary shares of £1
Professor Jeffrey Sharkey	120 ordinary shares of £1
John Anthony Craig	60 ordinary shares of £1

Professor Jeffrey Sharkey temporarily holds an additional 60 shares pending the appointment by election of an academic staff governor.

Governors' interests are shown as at the date of this report.

The Memorandum and Articles of Association prohibit payment of any dividend on the shares, prohibit any distribution to the shareholders in the event of a liquidation and require the Chair to vote in accordance with the wishes of the Governors on certain matters. RCS maintains a register of Governors' interests and a register of gifts to governors and staff.

**Student and Staff Engagement in Governance and Quality Processes**

Students are represented at all levels of RCS's governance and academic quality assurance and enhancement processes. The President and one of the two Vice Presidents of the Students' Union are members of both the Board of Governors and the Academic Board, the President of the Students' Union is a member of the Nominations and Health, Safety & Welfare Committees and students are members of all academic-related committees and processes that report to the Academic Board, other than Boards of Examiners and progress committees.

Membership of the Board of Governors includes two elected staff Governors (one by academic and the other by professional services staff) and one staff Governor nominated by the Academic Board, which itself includes two elected staff (one from each School) and two staff nominated by School Committees. Uniquely in higher education, both elected staff Governors and the President of the Students' Union are shareholders in the Company (the Royal Conservatoire being a Company Limited by Guarantee with a Shareholding). As well as being of significant symbolic and governance importance, rights of shareholders include the ability to propose resolutions at RCS's Annual General Meeting.

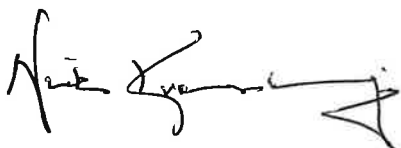
**Fixed assets**

The fixed asset movements for the year are detailed in Note 11 to the financial statements.

**Auditors**

In accordance with Section 485 of the Companies Act 2006 a resolution for the re-appointment of Chiene + Tait LLP as auditors of RCS is to be proposed at the forthcoming annual general meeting.

APPROVED BY THE GOVERNORS ON 28 OCTOBER 2022 AND SIGNED ON THEIR BEHALF BY



Nick Kuenssberg  
Chair



Professor Jeffrey Sharkey  
Principal

**GOVERNORS' REPORT*****Honorary doctorates of the Royal Conservatoire of Scotland***

The following honorary doctorates were awarded during the academic session 2021-22:

Doctor of Drama

Ncuti Gatwa  
Sam Heughan

Doctor of Music

Marin Allsop  
Errollyn Wallen CBE

***Governors***

The Governors set out in the table below have held office during the whole of the period from 1 August 2021 to the date of this report unless otherwise noted.

***Lay Governors***

Nick Kuenssberg OBE (Chair)  
Agnes Robson (Vice Chair and Senior Independent Governor)  
Jo Buckley  
Andrew Butcher  
Morag Campbell  
Professor Stuart Cross  
David Hare  
Professor Donald MacRae OBE (retired 8/12/21)  
Carol Main MBE  
Sharon Mair  
Dorothy Miell (Vice Chair and Chair Designate)  
Ed Monaghan  
Professor Mark O'Thomas  
Professor Nacim Pak-Shiraz  
Philip Rodney  
Professor Matthew Rooke  
Caroline Roxburgh  
John Taylor

***Governors ex officii***

The Principal:  
Professor Jeffrey Sharkey

The Deputy Principal:  
Dr Lois Fitch

The President, Students' Union:  
Ken Fairbrother (from 1/8/22)  
John Anthony Craig (up to 31/7/22)

***Nominated by Academic Board***  
Jean Sangster

***Student nominated***

The Vice President, Students' Union  
Ulysse Tonnele – Music (from 1/8/22) or  
Scotty Scott – DDPF (from 1/8/22)  
Ken Fairbrother – Music (up to 31/7/22) or  
Daniella Dampsey – DDPF (up to 31/7/22)

***Staff Governors-elected***

Elizabeth Jenkinson (Academic staff) (elected 29/10/21)  
Ruth McGowan (Professional staff) (elected 29/10/21; resigned 30/9/22)

Register of Governors' interests can be viewed on the website at [http://www.rcs.ac.uk/about\\_us/governors/register/](http://www.rcs.ac.uk/about_us/governors/register/)

## CORPORATE GOVERNANCE STATEMENT

The Royal Conservatoire of Scotland Board of Governors follows best practice in all aspects of corporate governance relevant to the higher education sector and with specific reference to the Scottish Code of Good Higher Education Governance, 2017.

In the opinion of the Board of Governors, RCS complies with all the principles and provisions of the 2017 Scottish Code of Good Higher Education Governance, 2017. The RCS also complies with the relevant Scottish legislation which regulates higher education in Scotland (eg Post-16 Education (Scotland) Act 2013 and the Higher Education Governance (Scotland) Act 2016). These acts make provision for the main statutory bodies in the governance of the RCS – the Academic Board and the Board of Governors. RCS updated its constitutional documentation in 2020 to enact the requirements of the Higher Education Governance Act (Scotland) 2016.

All governance matters have followed the annual schedule of business, with normal agendas, and supported by regular premeeting briefings. During the pandemic period (2020-2022) these meetings have been held largely virtually with papers being issued electronically. Between formal meetings of the Board of Governors and its sub committees, the Chair of the Board has kept in regular contact with the Principal and senior officers.

The Board of Governors has adopted a Code of Practice for the Conduct of Public Business which sets out the corporate and individual responsibilities of Governors; the procedures for their appointment, induction and training; the role of the Chair, Principal (as Designated Officer) and Secretary; guidelines for conflicts of interest and procedures for matters related to openness, whistle blowing, and independent review.

### Commitment to diversity

The composition of the Board takes into consideration the need for as full a representation of all protected characteristics within the Board's membership as possible. As such, a review of the composition of the Board of Governors was undertaken as part of the RCS' approach to the election of a new Chair. Subsequent to this, the Nominations Committee will review the equalities composition annually.

### Size and Composition of the Board of Governors

As of the date of this report, the Board of Governors comprises 24 Governors – 17 Lay Governors (including the senior lay governor – the Chair), 3 ex officio, 1 student member and 2 elected/nominated Governors. Board of Governors membership is given at page 21 of this report. RCS's Order of Council specifies that the number of Lay Governors should be not less than 11 and not more than 19.

There are a number of factors that influence the size and composition of the Board of Governors – some of which are, we believe, unique to RCS. Most obviously, and in common with all other HEIs, the Board of Governors needs to ensure that the skills and experience profile of its total membership is sufficient to meet the Board of Governors' commitments in terms of its Statement of Primary Responsibilities and to operate its various Committees. As a national institution with an international reach, the Board of Governors also seeks to recruit Governors from the length and breadth of Scotland and, in support of RCS's international profile and ambitions, from out with Scotland. The Board of Governors also believes that, in the context of RCS's singular focus on the performing arts, that its membership should include Governors with either direct experience of performance or with leadership/senior management experience in the performing arts. In combination, these factors mean that the number of Lay Governor members of RCS's Board of Governors has always been closer to the maximum number permissible of 19 rather than the minimum number of 11.

### The Board of Governors consists of:

Lay members with proven experience in the performing arts, industrial, commercial or employment matters or the practice of any profession;

Governors ex officio – the Principal, the Deputy Principal and the President of the Students' Union; and  
A Governor appointed by the Academic Board, a Governor elected by academic staff, a Governor elected by professional services staff and one of the student vice-presidents.

The Board of Governors elects the Vice-Chairs from those in category 1 above.

The business of RCS is overseen by the Board of Governors who may exercise all the powers of the company. The statement of Governors' responsibilities for preparing the financial statements is set out on pages 28 and 29.

The Board of Governors may delegate any of its powers to any committee of one or more Governors. The Board of Governors is responsible for RCS's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve its business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board of Governors meets five times per year and, additionally, normally holds an annual meeting to consider strategic planning issues. The Board of Governors has several committees, memberships of which are listed on page

53. All of these committees are formally constituted with their own terms of reference. Eight of these committees are particularly important in ensuring that RCS meets its various governance commitments.

The **Academic Board** is responsible to the Board of Governors for the overall planning, co-ordination, development and supervision of the academic work and for Quality Assurance and Quality Enhancement within RCS. The membership comprises the Principal, the Deputy Principal, the Senior Academic Managers, the Head of Information Services, a member co-opted from another academic institution, three elected student members, five elected academic staff members and a lay governor in attendance.

The **Finance and General Purposes Committee** inter alia recommends to the Board of Governors RCS's annual revenue and capital budgets and monitors performance in relation to these approved budgets.

The Committee examines all matters which have major financial implications for RCS and therefore it is involved in the examination of all aspects of RCS's planning and budgetary processes. The scope of the Committee's remit may, from time to time, include the examination of issues which extend beyond financial, but which are nevertheless of strategic importance. In carrying out its broad remit, the Committee will:

- scrutinise draft budgets and forward financial forecasts and make recommendations to the Board of Governors for approval of those draft budgets and forecasts;
- scrutinise monthly management accounts;
- monitor and examine key performance indicators;
- scrutinise draft statutory accounts prior to audit;
- monitor treasury management activities and, in particular:
- appoint/re-appoint investment managers;
- set the parameters of investment policy within which investment managers will operate;
- monitor the performance of investment managers;
- scrutinise proposals for material alterations to staff contractual arrangements, including pensions provision, and make recommendations to the Board of Governors accordingly; and
- prior to its submission to the full Board, receive and comment upon the annual report in respect of progress in relation to the Strategic Plan and the Outcome Agreement.

The membership comprises the Chair of the Board of Governors, Principal and five Lay Governors. The Convenor of the Audit and Risk Committee is in attendance. Whilst the Director of Finance and Estates and Deputy Director of Finance attend meetings of the Finance and General Purposes Committee, they are not members of the Committee.

The **Remuneration Committee** is responsible for:

- Formulating, advising on and keeping under review RCS's policy and procedures for remuneration of senior staff, for approval by the Board of Governors;
- Reviewing and determining the salary and terms and conditions of members of senior management;
- Formulating and advising on RCS's policy on severance arrangements and approving the terms of any severance or early retirement arrangement for a senior manager; and
- Determining any issue referred to it by the Board of Governors concerning remuneration and terms and conditions of senior staff; and reporting its decisions to the Board of Governors.

The membership comprises a lay governor appointed by the Board of Governors as Convenor, the Chair of the Board of Governors, the Convenor of the Finance and General Purposes Committee and an additional lay governor appointed by the Board of Governors.

The group of senior staff whose remuneration is determined by the Remuneration Committee comprises: the Principal, Deputy Principal, the Director of Finance and Estates, the Director of External Relations, the Director of Human Resources, the Director of Fair Access, the Director of Drama, Dance, Production and Film, the Director of Music, the Director of Business Development, the Director of Research and Knowledge Exchange and Academic Registrar/Board Secretary.

#### Policy for setting remuneration of senior staff

The purpose of the policy is to ensure that the pay and reward arrangements for senior staff are fair in relation to other staff within RCS, whilst at the same time offering a reward that will recruit, retain and motivate key staff.

The performance of the Principal is subject to an annual appraisal by the Chair and takes account of RCS's plans and achievements. The Chair takes soundings from Board of Governors members including staff and student governors to ensure that a rounded view of performance is obtained. The resulting performance evaluation is reported to and agreed by the Remuneration Committee before it considers the Principal's salary.

The Principal will recommend to the Remuneration Committee salary increases for senior staff and in doing so will demonstrate that consideration has been given to: an assessment of the performance of the individual, data supplied by the Director of Human Resources on salary benchmarking for the Conservatoire/Public Sector as appropriate and RCS pay award. The Secretary is in attendance.



The **Nominations Committee** receives and considers proposals for Board of Governors and Committee membership and makes recommendations to the Board of Governors. The Committee monitors Board of Governors membership in terms of its agreed statement of balance of skills and attributes and equality and diversity and reports annually to the Board of Governors. The membership consists of the Chair, Vice-Chair, Principal, Student Union President, one elected staff Governor and up to two Lay Governors appointed by the Board of Governors. The Secretary is in attendance.

The **Audit and Risk Committee** was established by the Board of Governors to advise and assist on the assurance and control environment of RCS in respect of:

- proper financial management;
- safeguarding RCS's assets;
- the economy, efficiency and effectiveness of RCS's activities;
- corporate governance and the conduct of RCS's operations;
- risk management; and
- counter-fraud and whistleblowing.

The duties of the Committee include:

- review and advise on the appointment, fees, scope and effectiveness of internal and external auditors;
- receive their reports and discuss appropriate action with senior management and the Board of Governors in relation to the effectiveness of RCS's financial and other internal control systems and for ensuring that value for money is achieved;
- approve the external audit plan;
- approve the internal audit plan;
- review the audit needs assessment;
- ensure that risk management systems are in place;
- review reports on risk management arrangements;
- consider and recommend annual audited financial statements to the Board of Governors;
- review reports from relevant bodies including the Scottish Funding Council, Audit Scotland and the National Audit Office; and
- producing an annual report for the governing body, including its opinion on the adequacy and effectiveness of governance arrangements and financial controls.

Annually the Committee meets formally with the external auditor and the internal auditor for independent discussions.

The current membership of the Committee consists of a minimum of 3 Lay Governors one of whom is Convenor and one of whom may be a member of the Finance and General Purposes Committee. The Convenor of the Finance and General Purposes Committee is in attendance. Whilst the Director of Finance and Estates and Deputy Director of Finance attend meetings of the Audit and Risk Committee, they are not members of the Committee.

The **Development & Fundraising Committee** was established to ensure integrated operation of senior management within RCS and the Board of Governors to achieve revenue and capital targets outwith routine revenue streams. Its duties are to:

- support actively the delivery of revenue sources and income streams to provide scholarship;
- support actively the achievement of unrestricted income; and
- support actively the delivery of capital projects covering both Renfrew Street and Speirs Lock.

The Committee acts as the liaison with the current International Advisory Board (to be renamed in due course); develops relevant processes, projects, budgets and timescales; and reports quarterly to the Board of Governors. The relevant report is generated by Director of External Relations working with the Head of Fundraising and introduced by the Convenor. The report includes funds raised via RCS Trusts, legacies, endowments, sponsorship, Company of Donors, commercial activities, consultancy activity and projects.

The current membership of the Development and Fundraising Committee consists of the Principal, Chair of the Board of Governors, Director of External Relations, Director of Business Development, Head of Fundraising and up to 5 Lay Governors appointed by the Board of Governors (one of whom is elected Convenor).

The **Health, Safety & Well-Being Committee** oversees the governance of health, safety and well-being, Child Protection and Prevent as well as promoting a culture of wellbeing within RCS. Its duties are to:

- present an annual report to the Board of Governors which includes certification that the institution has discharged its duties and responsibilities in relation to health, safety and well-being;
- set the strategic direction of health, safety and wellbeing and Child Protection within the institution and monitor progress;
- receive and consider recommendations on the implementation and monitoring of PREVENT legislation across RCS;
- raise awareness of Health and Safety across RCS and promote a culture of continuous improvement;
- promote a culture of wellbeing within RCS;

- receive and consider recommendations to improve the health, safety and well-being environment and practice;
- receive and consider recommendations to improve the health and well-being of staff and students, including those pertaining to Dignity at Work and Study;
- receive departmental health, safety and well-being action group reports from across RCS and monitor progress, which will include operational procedures and the delivery of appropriate training to staff and students;
- receive reports on health, safety and well-being expenditure and to ensure that adequate resources are allocated for this purpose; and
- consider accident reports and statistics and seek to reduce the number of incidents through proactive management of the data.

The membership is comprised of a Lay Governor appointed by the Board of Governors as Convenor, RCS's Senior Management Team, Students' Union President, up to 2 additional Lay Governors appointed by the Board of Governors, elected staff representative from the academic staff and academic support staff, an elected health and safety representative from the academic trade union.

The **Fair Access Committee** has been constituted to raise awareness of the importance of widening access and inclusivity in all of its aspects throughout RCS community and, in particular, to stimulate discussion of related issues at the Board of Governors. It assists in advocating RCS's approach and commitment to the promotion of access and inclusivity to a range of stakeholders, including Scottish Government; helps promote an ethos of equality and inclusivity throughout RCS; makes recommendations to Academic Board and to the Board of Governors as the Committee sees fit.

The Membership includes a Lay Governor appointed by the Board of Governors as Convenor, up to 2 additional Lay Governors appointed by the Board of Governors, Academic Directors, Equality and Diversity Officer, Student representatives and School/Fair Access representatives.

#### Risk Assessment and Management

RCS Senior Management Team, together with one Lay Governor, form the Risk Management Group (RMG). The RMG has responsibility for the Strategic Risk Register which is prioritised in terms of the overall net impact each identified risk has on the achievement of the business objectives of the institution. Operational risk registers are maintained at departmental level so that risks are properly identified, owned and managed at all levels of the institution. Department heads regularly attend the Risk Management Group to widen the understanding of the risk environment across RCS management teams. The Strategic Risk Register is reviewed regularly by the RMG, the Audit and Risk Committee and the Board of Governors.

New areas of risk and/or weaknesses identified by the RMG (which reports through the Audit and Risk Committee to the Board of Governors) are addressed. Where opportunities to further enhance the control environment are identified, appropriate actions are defined and completion dates scheduled, so that progress can be monitored closely.

In summary, a suitable process for identifying, evaluating and managing the significant risks faced by RCS has been in place for the year under review and up to the date of approval of these financial statements.

RCS's Risk Management process is compliant with the terms of the Scottish Code of Good Higher Education Governance.

The Internal Auditors of RCS assess the adequacy and effectiveness of the organisational governance, risk management, internal controls and value for money. Any recommendations as a result of the internal audit are reviewed and planned into the development of policies, internal controls and future strategic plans.

In the opinion of the Internal Auditors for the financial year, RCS has a framework of controls in place that provides reasonable assurance regarding the adequacy and effectiveness of the organisation's governance, risk management, internal controls and value for money.

In October each year the Board of Governors receives an Annual Report, forwarded through the Audit and Risk Committee, which reports on the process of internal controls and risk management at RCS.

#### Governors' Statement on Annual Report and Financial Statements

The Governors have considered the Annual Report and Financial Statements as a whole and consider them to be fair, balanced and understandable and to provide the information necessary for stakeholders to assess RCS's performance, business model and strategy.

#### Institutional Sustainability

The Board of Governors monitors and enhances institutional sustainability through a number of channels. These

include:

- Strategic planning;
- The setting and monitoring of budgets and future financial forecasts with the aim of producing operating surpluses year on year;
- Regular reports on student recruitment and retention;
- Setting targets and receiving regular progress reports on fundraising activity from the Executive;
- Expansion of fundraising capacity; and
- Appointment of a business development director.

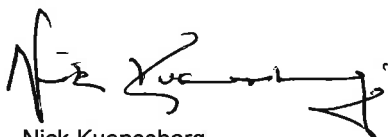
#### Reserves

RCS carries reserves to allow it to continue to support the advancement of the business through, for example, investment in new and replacement capital equipment and the cost of development of new programmes and to provide a buffer in the event that operating losses need to be absorbed. The Board of Governors through the Finance and General Purposes Committee undertakes an annual review of the adequacy of reserves to support RCS's operational and strategic requirements. The latest review in October 2022 confirmed that the level of reserves was adequate for these purposes.

#### Going Concern

As noted in the Annual Report, RCS has produced an operating deficit for the year under review after unrealised losses on investments. The latest information available indicates that the forecast outturn for the year ahead will also be an operating deficit. However, taking into account current liquidity, cash flow projections, future expected cash generation and the level of acceptances for places on programmes commencing in September 2022, it is considered that there are adequate resources to meet RCS's future financial commitments. There are currently long term borrowings of £1,286,000 from RCS Infrastructure Trust which are not repayable on demand and are more than offset by cash and unrestricted investments as set out in in the statement of cash flows and notes 12 and 14 to the accounts. The Governors believe that RCS can manage its business risks despite the current uncertain economic outlook and have a reasonable expectation that RCS will continue to receive adequate support from the SFC and from RCS Trusts. Accordingly, the Governors consider that RCS will have sufficient resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

APPROVED BY THE GOVERNORS ON 28 OCTOBER 2022 AND SIGNED ON THEIR BEHALF BY



Nick Kuenssberg  
Chair



Professor Jeffrey Sharkey  
Principal

## STATEMENT OF GOVERNORS' RESPONSIBILITIES

In accordance with the Companies Act 2006 and the Financial Memorandum with the Scottish Funding Council, the Governors are responsible for the administration and management of the affairs of RCS, including ensuring an effective system of internal control, and are required to present audited financial statements for each financial year which disclose a true and fair view of the state of affairs of RCS and of the surplus or deficit and cash flows for that year.

The Governors are responsible for ensuring that proper accounting records are maintained which disclose with reasonable accuracy at any time the financial position of RCS and which enable them to ensure that the financial statements are prepared in accordance with the Companies Acts, the Accounts Direction issued by Scottish Funding Council, the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions effective from 1 January 2019 and other relevant accounting standards.

In preparing the financial statements, the Governors have ensured that:-

- Suitable accounting policies are selected and applied consistently;
- Judgments and estimates are made that are reasonable and prudent;
- Applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Financial statements are prepared on a going concern basis unless it is inappropriate to presume that RCS will continue in operation. The Governors are satisfied that RCS has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Governors have taken reasonable steps to:-

- Ensure that funds from the Scottish Funding Council are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Council and any other conditions which they may from time to time prescribe;
- Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- Safeguard the assets of RCS and hence to take reasonable steps to prevent and detect fraud and other irregularities;
- Secure the economical, efficient and effective management of RCS's resources and expenditure; and
- Ensure sound corporate governance and the proper conduct of RCS's operations.

The key elements of RCS's system of internal financial control, which is designed to discharge the responsibilities, set out:-

- Clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments;
- A comprehensive short and medium-term planning process, supplemented by detailed annual income, expenditure and capital budgets;
- Regular reviews of key performance indicators and business risks and financial results involving variance reporting and updates of forecast outcomes;
- Clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Board of Governors;
- Comprehensive financial regulations, detailing financial controls and procedures, approved by the Audit and Risk Committee and Finance & General Purposes Committee; and
- The appointment of a firm of Chartered Accountants offering internal audit services, whose annual programme is approved by the Audit and Risk Committee and endorsed by the Board of Governors, provides them with a report on the internal audit activity within RCS and an opinion on the adequacy and effectiveness of RCS's system of internal controls, including internal financial control.

Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

### Impact on internal controls of COVID-19

RCS has maintained a robust governance and internal control structure throughout the year despite the disruption to the normal business operation caused by COVID-19. The Board of Governors and its sub-committees and internal management committees have continued to function and report as usual with full agendas through a blend of remote and in-person meetings. The internal controls in place for the on-going financial and administrative management of the business have been amended as necessary to accommodate remote working and have operated effectively.

**Statement as to disclosure of information to auditors**

The Governors have taken all the necessary steps to make themselves aware, as Governors, of any relevant audit information and to establish that the auditors are aware of that information. As far as the Governors are aware, there is no relevant audit information of which the company's auditors are unaware. The Governors confirm that, whilst the auditors have been engaged in non-audit work during the year, sufficient safeguards have been implemented from the audit firm to ensure that the independence of the audit was not compromised.

THIS REPORT WAS APPROVED BY THE GOVERNORS ON 28 OCTOBER 2022 AND SIGNED ON THEIR BEHALF BY



Nick Kuenssberg  
Chair



Professor Jeffrey Sharkey  
Principal

**Independent Auditor's Report to the Board of Governors of the Royal Conservatoire of Scotland****Opinion**

We have audited the financial statements of the Royal Conservatoire of Scotland (the 'RCS') for the year ended 31 July 2022 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of RCS's affairs as at 31 July 2022, and of its incoming resources and application of resources, including its 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 14 of the Charities Accounts (Scotland) Regulations 2006.

**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 RCS 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 governors' 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 RCS's ability to continue as a going concern for a period of at least twelve months from then the financial statements are authorised for issue.

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

**Other information**

The governors are responsible for the other information. The other information comprises the information included in the annual report and the chair's foreword, 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.

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

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the annual report (incorporating the strategic report and the directors' report) 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 have been prepared in accordance with applicable legal requirements.

**Opinion on other matters prescribed by the terms of our engagement**

In our opinion, in all material respects:

- Funds from whatever source administered by the RCS for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation, and any other terms and conditions attached to them; and
- Funds provided by the Scottish Funding Council have been applied in accordance with the Financial Memorandum and the requirements attached to the Financial Memorandum.
- The requirements of the Scottish Funding Council's accounts direction have been met.

**Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the RCS and its environment obtained in the course of the audit, we have not identified material misstatements in the annual report (incorporating the strategic report and the directors' 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 require 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 governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of the Board of Governors**

As explained more fully in the governors responsibilities statement, the governors (who are also the trustees and directors of the RCS for the purposes of charity and 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 governors 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 governors are responsible for assessing the RCS'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 RCS or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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

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

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

We gained an understanding of the legal and regulatory framework applicable to the RCS and the sector in which it operates and considered the risk of acts by the RCS which were contrary to applicable laws and regulations, including fraud. These included but were not limited to the Charities and Trustee Investment (Scotland) Act 2005, and Health and Safety Regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

We focused on laws and regulations that could give rise to a material misstatement in the RCS's financial statements. Our tests included, but were not limited to:

**Auditor's responsibilities for the audit of the financial statements (continued)**

- agreement of the financial statement disclosures to underlying supporting documentation;
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- enquires of senior management and the governors; and
- review of minutes from the Finance & General Purposes Committee meetings and Audit and Risk Committee meetings throughout the period.

There are inherent limitations in an audit of financial statements and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the RCS's governors, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and in accordance with Regulation 14 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the RCS's governors 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 RCS, the RCS's governors as a body, for our audit work, for this report, or for the opinions we have formed.



Jeremy Chittleburgh CA (Senior Statutory Auditor)

For and on behalf of Chiene + Tait LLP

Chartered Accountants and Statutory Auditor

61 Dublin Street

Edinburgh

EH3 6NL

31/10/2022



## Statement of Comprehensive Income for the year ended 31 July 2022

	Note	2022 £'000	2021 £'000
<b>INCOME</b>			
Funding body grants	2	13,244	13,797
Tuition fees and education contracts	3	10,982	10,419
Research grants and contracts	4	134	114
Other income	5	908	660
Investment Income	6	280	260
Donations and endowments	7	700	181
<b>Total Income</b>		<b>26,248</b>	<b>25,431</b>
<b>EXPENDITURE</b>			
Staff costs	8	20,920	19,369
Other operating expenses	10	6,109	4,895
Depreciation	11	904	928
<b>Total Expenditure</b>		<b>27,933</b>	<b>25,192</b>
(Deficit)/Surplus before other gains and losses		(1,685)	239
Loss on disposal of fixed assets		(6)	(4)
Realised gain on investments		50	109
(Deficit)/Surplus before unrealised gains and losses		(1,641)	344
Unrealised (loss)/gain on investments	12	(443)	502
<b>(Deficit)/Surplus for the year</b>		<b>(2,084)</b>	<b>906</b>
Actuarial Gain/(loss) in respect of pension schemes	23	10,075	(225)
<b>Total comprehensive income for the year</b>		<b>7,991</b>	<b>681</b>
Represented by:			
Endowment comprehensive income for the year		202	139
Restricted comprehensive income for the year		(45)	6
Unrestricted comprehensive income for the year		7,834	536
		<b>7,991</b>	<b>681</b>

All items of income and expenditure relate to continuing activities

## Statement of Changes In Reserves for the year ended 31 July 2022

	Share Capital	Restricted (Endowment)	Restricted (Other)	Unrestricted (General)	Unrestricted (Pension)	Unrestricted (Revaluation)	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2020	8	1,862	265	21,843	(5,824)	1,636	19,810
Surplus from the comprehensive income and expenditure statement	-	194	116	2,285	(1,699)	-	906
Other comprehensive income	-	-	-	-	(225)	-	(225)
Transfers between revaluation and income and expenditure reserve	-	-	-	(452)	-	452	-
Release of restricted funds spent in the year	-	(41)	(110)	151	-	-	-
Transfers between Prize Fund and Unrestricted Reserve	-	(14)	-	14	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>139</b>	<b>6</b>	<b>2,008</b>	<b>(1,924)</b>	<b>452</b>	<b>681</b>
Balance at 1 August 2021	8	2,021	271	23,851	(7,748)	2,088	20,491
Deficit from the comprehensive income and expenditure statement	-	245	116	(118)	(2,327)	-	(2,084)
Other comprehensive income	-	-	-	-	10,075	-	10,075
Transfers between revaluation and income and expenditure reserve	-	-	-	377	-	(377)	-
Release of restricted funds spent in the year	-	(38)	(161)	199	-	-	-
Transfers between Prize Fund and Unrestricted Reserve	-	(5)	-	5	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>202</b>	<b>(45)</b>	<b>463</b>	<b>7,748</b>	<b>(377)</b>	<b>7,891</b>
Balance at 31 July 2022	8	2,223	226	24,314	-	1,711	28,482

Statement of Financial Position as at 31 July 2022  
(Company Registration No.SC04703)

	Note	2022 £'000	2021 £'000
<b>Non-current assets</b>			
Tangible fixed assets	11	33,614	34,052
Investments	12	8,236	7,695
		<u>41,850</u>	<u>41,747</u>
<b>Current assets</b>			
Trade and other receivables	13	1,264	866
Investments	14	1,392	1,391
Cash and cash equivalents		5,536	5,376
		<u>8,192</u>	<u>7,633</u>
Less: Creditors - amounts falling due within one year	15	(2,920)	(2,301)
<b>Net current assets</b>		<u>5,272</u>	<u>5,332</u>
<b>Total assets less current liabilities</b>		<u>47,122</u>	<u>47,279</u>
Creditors: amounts falling due after more than one year	16	(18,328)	(18,649)
<b>Provisions</b>			
Pension provisions	23	-	(7,748)
Other provisions	18	(312)	(391)
<b>Total net assets</b>		<u>28,482</u>	<u>20,491</u>
<b>Restricted reserves</b>			
Endowment reserve	19	2,223	2,021
Other restricted reserve	20	226	271
		<u>2,449</u>	<u>2,292</u>
<b>Unrestricted reserves</b>			
General reserve		24,314	23,851
Pension reserve		-	(7,748)
Revaluation reserve		1,711	2,088
		<u>26,474</u>	<u>20,463</u>
Share capital	21	8	8
<b>Total reserves</b>		<u>28,482</u>	<u>20,491</u>

The financial statements on pages 33 to 51 were approved and authorised for issue by the Board of Governors on 28 October 2022 and were signed on its behalf on that date by:



Professor Jeffrey Sharkey  
Designated Officer



Alan Smith  
Director of Finance and Estates



Nick Kuensberg OBE  
Chair

## Statement of cash flows for the year ended 31 July 2022

	Nota	2022 £'000	2021 £'000
<b>Cash flow from operating activities</b>			
(Deficit)/Surplus for the year		(2,084)	906
<b>Adjustment for non-cash items</b>			
Depreciation	11	904	928
Loss/(Gain) on investments		393	(671)
(Increase)/Decrease in debtors	13	(398)	172
Increase/(Decrease) in creditors	15 / 16 / 17	298	(88)
(Decrease) in other provisions	18	(79)	(29)
Pension costs less contributions payable	23	2,327	1,699
<b>Adjustment for investing or financing activities</b>			
Investment income	6	(280)	(250)
Loss on the sale of fixed assets		5	4
Endowment income		(206)	-
<b>Net cash inflow from operating activities</b>		<u>881</u>	<u>2,681</u>
<b>Cash flows from Investing activities</b>			
Proceeds from sales of fixed assets/investments		699	749
Short term investments	14	(1)	-
Investment income	6	280	260
Endowment funds invested	12	(147)	(190)
Funds invested	12	(1,285)	(767)
Payments to acquire fixed assets	11	(473)	(165)
		<u>(927)</u>	<u>(113)</u>
<b>Cash flows from financing activities</b>			
Endowment cash received		206	-
<b>Increase in cash and cash equivalents in the year</b>		<u>160</u>	<u>2,568</u>
Cash and cash equivalents at beginning of the year		5,376	2,808
Cash and cash equivalents at end of the year		5,536	5,376

## Analysis of changes in net debt

	At 1 August 2021 £'000	Cash flows £'000	Other non cash changes £'000	At 31 July 2022 £'000
<b>Cash and cash equivalents</b>				
Cash	5,376	10	150	5,536
Overdrafts	-	-	-	-
Cash equivalents	-	-	-	-
	<u>5,376</u>	<u>10</u>	<u>150</u>	<u>5,536</u>
<b>Borrowings</b>				
Debt due within one year	(66)	-	-	(66)
Debt due after one year	(1,285)	66	-	(1,220)
	<u>(1,352)</u>	<u>66</u>	<u>-</u>	<u>(1,286)</u>
<b>Total</b>	<u>4,024</u>	<u>76</u>	<u>150</u>	<u>4,250</u>

**Notes to the Financial Statements****1 STATEMENT OF PRINCIPAL ACCOUNTING POLICIES**

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

**A Basis of preparation**

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS 102). The RCS is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention, modified to include the investments at fair value and the revaluation of certain musical instruments. The presentational and functional currency of the RCS is sterling (£).

**1. Going Concern**

These financial statements have been prepared on a going concern basis. The Governors have assessed the RCS's ability to continue as a going concern, as outlined more fully in the Report of the Governors, specifically relating to the impacts of COVID-19, and have reasonable expectation that the RCS has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

**B Tangible Fixed Assets****1. Land and Buildings**

The RCS's buildings are specialised buildings and therefore it is not appropriate to value them on the basis of open market value. Land and buildings are stated in the Statement of Financial Position at cost. The main RCS heritage buildings are depreciated over their expected useful economic life to the institution of 100 years. The Wallace Studios which is built on leasehold land is depreciated over its remaining useful life of 90 years (2021: 90 years). Material building improvements completed in 2017 are depreciated over their expected useful economic life of 25 years.

Where land and buildings are acquired with the aid of specific grants or donations they are capitalised and depreciated as above. Where the related grants come from government bodies, there are credited to deferred income and are released to the Statement of Comprehensive Income over the expected useful economic life of the related asset on a basis consistent with the depreciation policy. Where the related grants or donations come from other sources, these are recognised in the Statement of Comprehensive Income in the period in which they are receivable.

No depreciation is charged on land or assets in the course of construction.

**2. Equipment**

Equipment costing less than £10,000 for a group of related items is written off to the Statement of comprehensive income in the year of acquisition. All other equipment is normally capitalised at cost. Capitalised equipment is depreciated over its useful economic life as follows:

Furniture, Fittings, Fixtures and Equipment	20% per annum
---	---------------

**3. Musical Instruments**

Musical instruments costing less than £2,000 are written off to the comprehensive income and expenditure account in the year of acquisition. All other musical instruments, with the exception of certain stringed instruments and pianos, are normally capitalised at cost.

Stringed instruments with a value of £2,000 and above were revalued as at July 2019 as assessed by Mr David Raltray, an external professional valuation expert. These stringed instruments were originally brought onto the Statement of Financial Position at valuation, there is therefore no historical cost associated with these assets. A revaluation will be carried out again in 2024.

The John Webb Brass instrument collection was revalued by Dr Graham Wells in 2020, an external professional valuation expert. These brass instruments were originally brought onto the Statement of Financial Position at valuation, there is therefore no historical cost associated with these assets. A revaluation will be carried out again in 2025.

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

Capitalised musical instruments are depreciated over their useful economic life as follows:

Stringed instruments	1% per annum
Other musical instruments	10% per annum

It is not possible to disclose the historical cost and depreciation for the stringed or brass instruments as this relates to donated items, which do not have a cost attached to them.

## Notes to the Financial Statements (continued)

## 1 STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

## C Investments

Listed investments held as fixed assets are held at fair value with movements recognised in the Surplus or Deficit for the year.

## D Cash and cash equivalents

Cash includes cash at hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

## E Provisions

Provisions are recognised when the institution has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

## F Recognition of Income

Government revenue grants including funding council block grant and research grants are recognised in income over the periods in which the RCS recognises the related costs for which the grant is intended to compensate. Government capital grants are recognised in income over the expected useful life of the asset. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Revenue and capital grants (including research grants) from non government sources are recognised in income when the RCS is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Statement of Financial Position and released to income as the conditions are met. Deferred income will be allocated between creditors due within one year and due after more than one year as appropriate.

Tuition fee and education contract income is recognised in the year to which it relates. Income from investments, including tax credits, is recognised on a receivable basis.

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the RCS is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the RCS is entitled to the funds.

Investment and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms of the restriction applied to the individual endowment fund.

There are three main types of donations and endowments identified within reserves:

1. Restricted donations - the donor has specified that the donation must be used for a particular objective.
2. Restricted expendable endowments - the donor has specified a particular objective and the RCS has the power to use the capital.
3. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

## G Maintenance of Premises

The RCS has a rolling long-term maintenance plan, which forms the basis of the on-going maintenance of the estate. The cost of long-term and routine corrective maintenance is charged to the comprehensive income and expenditure account as incurred.

## Notes to the Financial Statements (continued)

## 1 STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

## H Pension Costs

The RCS participates in three pension schemes two of which provide benefits based on final pensionable pay, the Strathclyde Pension Fund and Scottish Teachers Pension Scheme. Both of these schemes are available to staff of more than one employer, are contracted out of the State Earnings-Related Pension Scheme, and the assets of the schemes are held separately from those of the RCS. The Funds are valued by actuaries, the rates of contributions being determined by the trustees on the advice of the actuaries. The schemes are accounted for under Financial Reporting Standard 102. The third pension scheme is a defined contribution scheme; The Universities and Colleges Retirement Savings Scheme (UCRSS). This scheme is available to all staff.

*Strathclyde Pension Fund*

The scheme is a defined benefit scheme.

Pension scheme assets are measured using market values. For quoted securities the current bid price is taken as at the financial year end. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is taken to the comprehensive income and expenditure account. The actuarial gains and losses are shown in the statement of comprehensive income and expenditure.

*Scottish Teachers' Pension Scheme*

The RCS also participates in the Scottish Teachers' Pension Scheme. The scheme is available to staff of more than one employer and it is not possible to identify each participating institution's share of the underlying assets and liabilities on a consistent and reasonable basis. Accordingly, the RCS has utilised the provisions of FRS 102 whereby the contributions to the scheme are accounted for as if it were a defined contribution scheme. The cost recognised within the RCS's statement of comprehensive income and expenditure is equal to the contribution payable to the scheme for the relevant accounting period.

The RCS also provides enhanced pensions to former employees who accepted early retirement and provision is made on an actuarial basis for the liability to those former employees at the time of their retirement.

## I Taxation Status

The RCS is a charity within the meaning of the Charities and Trustee Investment (Scotland) Act 2005 and as such is a charity within the meaning of Para 1 of Schedule 6 to the Finance Act 2010 and is recorded on the index of charities maintained by the Office of the Scottish Charity Regulator (Charity No. SC015855). Accordingly the RCS is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988 (ICTA)) or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

## J Operating Leases

Operating leases rentals are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

## K Concessionary Loans

Concessionary loans are recognised at the monetary value received, are interest free and are made wholly to advance the charitable purposes of the RCS.

## L Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the RCS, are held as a permanently restricted fund which the RCS must hold in perpetuity.

Other restricted reserves include balances where the donor has included a specific purpose and therefore the RCS is restricted in use of these funds.

## Notes to the Financial Statements (continued)

## 1 STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

## M Financial Instruments

Financial assets and financial liabilities are recognised when RCS becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of RCS after deducting all of its liabilities.

*(i) Financial assets and liabilities*

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and RCS intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions of being 'basic' financial instruments as defined in paragraph 11.9 of FRS102 are subsequently measured at amortised cost using the effective interest method.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an

## N Accounting Estimates and Judgements

The RCS prepares its financial statements in accordance with FRS 102 as issued by the UK Financial Reporting Council, the application of which often requires judgements to be made when formulating the financial position and results. Under FRS 102, the Governors are required to adopt those accounting policies most appropriate to the circumstances for the purpose of presenting fairly the RCS's financial position, financial performance and cash flows. In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the RCS; it may later be determined that a different choice would have been more appropriate. Management considers that certain accounting estimates and assumptions relating to the pension costs and Fixed Assets are its critical accounting estimates.

A discussion of these critical accounting estimates is provided below.

Management has discussed its critical accounting estimates and associated disclosures with its external auditors, its Finance and General Purposes Committee and its Audit Committee.

Fixed Assets

Land and Buildings at the Wallace Studios are presently depreciated over the duration of the remainder of the leasehold which is 90 years. Material building improvements at Renfrew Street are presently depreciated over their useful life of 25 years.

Pension costs

In relation to the cost associated with membership of the Strathclyde Pension Fund the RCS makes estimates in relation to the assumptions which the scheme actuary applies to the annual valuation of the assets, liabilities and charges and which can have a material bearing on the figures.



## Notes to the Financial Statements (continued)

## 2 FUNDING BODY GRANTS

	2022 £'000	2021 £'000
SFC		
Recurrent grant for teaching	12,221	12,789
Research development foundation	266	265
Research postgraduate grant	76	75
Specific initiative grants:		
Disabled student premium	54	53
University innovation fund	372	360
Deferred capital grants released in year:		
Buildings	253	253
Equipment	2	2
	<u>13,244</u>	<u>13,797</u>

## 3 TUITION FEES AND EDUCATION CONTRACTS

	2022 £'000	2021 £'000
Scotland home domicile fees	441	343
EU domicile fees	597	468
RUK domicile fees	2,094	2,034
Non-EU domicile fees	4,144	4,402
Non-credit bearing course fees *	2,333	1,739
Education contracts	1,111	1,149
Other (registration and resit fees)	262	284
Total	<u>10,982</u>	<u>10,419</u>

\* relates to Short Courses and Junior Conservatoire programmes

## 4 RESEARCH GRANTS AND CONTRACTS

	2022 £'000	2021 £'000
Miscellaneous research grants and contracts	<u>134</u>	<u>114</u>

## 5 OTHER INCOME

	2022 £'000	2021 £'000
Income from front of house	115	11
Government grants (Coronavirus Job Retention Scheme)*	-	227
Sundry income	527	311
European funded projects	141	21
RCS works	56	19
QAA income	6	8
Widening access to the creative industries grant	63	63
	<u>908</u>	<u>660</u>

## Notes to the Financial Statements (continued)

## 6 INVESTMENT INCOME

Note

	2022 £'000	2021 £'000
Investment income on endowments	61	61
Other investment income	216	198
Bank interest	3	1
	<u>280</u>	<u>280</u>

## 7 DONATIONS AND ENDOWMENTS

	2022 £'000	2021 £'000
Unrestricted donations	268	65
Restricted donations	432	116
	<u>700</u>	<u>181</u>

Restricted donations of £66K (2021 - £66K) relate to the redevelopment of part of the Renfrew Street Campus building, £50K (2021 - £50K) funding from the William Grant Foundation to develop outreach work, £98K funding from Professor Richard Rose (2021: ENII) to support a number of specific projects and programmes across the Conservatoire and £200K from Louis Sterne (2021: ENII) to support the impact and interdisciplinarity of the Pibroch Network.

Unrestricted donations include the donation of a Steinway Piano to the value of £150K.

## 8 STAFF COSTS

The average number of employees expressed as full-time equivalents was:

	2022 Number	2021 Number
Senior management	10	10
Teaching staff	194	190
Teaching support	29	30
Research grants and contracts	9	9
Other support services	19	19
Administration and central services	67	64
Premises	51	52
Other income generating activities	1	1
	<u>380</u>	<u>375</u>

## Staff costs for the above persons:

	2022 £'000	2021 £'000
Wages and salaries	14,790	13,979
Social security costs	1,327	1,222
Pension contributions paid	2,479	2,454
Pension net service cost	2,186	1,607
Other staff costs	138	107
	<u>20,920</u>	<u>19,369</u>

Senior management	1,166	1,093
Teaching staff	11,437	10,675
Teaching support	1,572	1,403
Research grants and contracts	631	508
Other support services	1,452	1,341
Administration and central services	3,046	2,826
Premises	1,558	1,503
Other income generating activities	58	20
	<u>20,920</u>	<u>19,369</u>

## Governors' salaries (included therein)

Salaries (staff members)	366	351
Pension contributions	81	77
	<u>447</u>	<u>428</u>

The number of Governors accruing benefits under pension schemes during the year was 5 (2021: 5).

## Notes to the Financial Statements (continued)

## 8 STAFF COSTS (continued)

## Key management personnel

Key management personnel are the senior management team who have authority for planning, directing and controlling the activities of the RCS. Key management personnel comprise: the Principal; Deputy Principal; Director of Finance and Estates; Director of Human Resources; Director of Fair Access; Director of Music; Director of Drama, Dance, Production and Film; Director of External Relations; Director of Business Development; Director of Research and Knowledge Exchange, and the Academic Registrar/Board Secretary. Staff costs including compensation paid to key management personnel as follows:

	2022 £'000	2021 £'000
Total (including salaries, social security costs and other benefits)	1,166	1,093

The Chair and other non-staff Governors received no remuneration. The Principal, who is also the highest paid Governor, received emoluments of:

Principal	2022 £'000	2021 £'000
Salary	148	146
Pension contributions	34	33
Benefits in kind*	6	5
	188	184
Accrued pension as at 31 July	20	17
Accrued lump sum as at 31 July	59	50

\* Benefits in kind relate to private medical insurance

The ratio of the remuneration of the Principal to the median salary of a RCS staff member is 3.19 (2021: 3.19). The ratio including salary, benefits in kind and pension is 3.29 (2021: 3.28).

The number of Governors receiving emoluments (excluding pension contributions) falls into the following ranges:

	2022 Number	2021 Number
Nil	18	19
£10,001 - £20,000	2	1
£30,001 - £40,000	1	-
£40,001 - £50,000	-	1
£50,001 - £60,000	1	1
£90,001 - £90,000	1	1
£150,001 - £160,000	1	1

There were no other Senior Managers receiving remuneration (excluding pension contributions) above £100,000, who are not Governors.

## 9 TRAVEL AND SUBSISTENCE

	2022 £'000	2021 £'000
Travel and subsistence		
- Board members	6	-
- Staff	22	3
Hospitality		
- Board members	6	-
- Staff	8	3
	42	6

The total expenses paid to or on behalf of Board members was £6K (2021 - £nil). This represents travel and subsistence expenses and hospitality costs incurred in attending Board, Committee meetings and other events in their official capacity.

## Notes to the Financial Statements (continued)

## 10 OTHER OPERATING EXPENSES

	2022 £'000	2021 £'000
Teaching departments	1,704	1,039
Contracted-out lecturing services	175	196
Teaching support services	540	334
Other support services	507	403
Administration and central services	653	592
General education	251	206
Premises costs	827	854
Repairs, renewals and maintenance	260	290
Student residences	33	115
Other income generating activities	513	368
Agency staffing costs	214	175
Pension fund net interest	141	92
Other expenses	291	229
	<u>6,109</u>	<u>4,895</u>

## Other operating expenses include:

	2022 £'000	2021 £'000
Auditors' remuneration		
External Audit	18	17
FFELP Contract	2	3
Non-audit services	3	2
Internal audit	18	17
Operating lease rentals		
Other than Land and Buildings	420	250

## 11 TANGIBLE FIXED ASSETS

	Freehold Buildings £'000	Leasehold Buildings £'000	Furn/Fix/ Fittings/ Equipment £'000	Other Stringed Instruments £'000	Musical Instruments £'000	Total £'000
<i>Cost or valuation</i>						
At 1 August 2021	30,281	11,837	5,649	959	699	49,425
Additions	-	-	323	-	150	473
Disposals	-	-	(184)	-	-	(184)
Revaluations	-	-	-	-	-	-
At 31 July 2022	<u>30,281</u>	<u>11,837</u>	<u>5,788</u>	<u>959</u>	<u>849</u>	<u>49,714</u>
<i>Aggregate Depreciation</i>						
At 1 August 2021	8,498	1,733	4,866	35	241	15,373
Depreciation charge	362	132	346	10	54	904
Disposals	-	-	(177)	-	-	(177)
Revaluations	-	-	-	-	-	-
At 31 July 2022	<u>8,860</u>	<u>1,865</u>	<u>5,035</u>	<u>45</u>	<u>295</u>	<u>16,100</u>
<i>Net Book Value</i>						
NBV at 1 August 2021	<u>21,783</u>	<u>10,104</u>	<u>783</u>	<u>924</u>	<u>458</u>	<u>34,052</u>
NBV at 31 July 2022	<u>21,421</u>	<u>9,972</u>	<u>753</u>	<u>914</u>	<u>554</u>	<u>33,614</u>

The RCS building on Ranfrew Street may not be sold without the prior approval of the First Minister of the Scottish Government, to whom the RCS is accountable for the proceeds of the sale.

The Alexander Gibson Opera School may not be sold without the written permission of Creative Scotland. In the event of a sale or disposal, Creative Scotland's share of the proceeds shall be in direct proportion to the share of the project costs originally met from the Lottery.

## Notes to the Financial Statements (continued)

## 12 INVESTMENTS

	General	Prize	Piano	Total	Total
	Fund 2022 £'000	Fund 2022 £'000	Fund 2022 £'000	2022 £'000	2021 £'000
Market value at 1 August	6,054	941	900	7,895	7,017
Additions	1,285	75	72	1,432	957
Disposals	(511)	(70)	(67)	(648)	(841)
(Decrease)/increase in market value	(347)	(49)	(47)	(443)	562
Market value at 31 July	<u>6,481</u>	<u>897</u>	<u>858</u>	<u>8,236</u>	<u>7,895</u>
Listed investments		2022 Market Value £'000	2022 Cost £'000	2021 Market Value £'000	2021 Cost £'000
Fixed interest stocks		2,191	2,424	2,052	1,979
Equities		6,045	5,190	5,843	4,811
		<u>8,236</u>	<u>7,614</u>	<u>7,895</u>	<u>6,790</u>

## 13 TRADE AND OTHER RECEIVABLES

	2022 £'000	2021 £'000
Amounts falling due within one year:		
Trade receivables	93	81
Receivables due from students - net of provision for doubtful debts	220	144
Other receivables	186	139
Prepayments and accrued income	765	502
	<u>1,264</u>	<u>866</u>

## 14 CURRENT INVESTMENTS

	2022 £'000	2021 £'000
Short term deposits	1,392	1,391
	<u>1,392</u>	<u>1,391</u>

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

At 31 July 2022 the weighted average interest of these fixed rate deposits was 0.06% per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was 3 months. The fair value of these deposits was not materially different from the book value.

## Notes to the Financial Statements (continued)

## 15 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £'000	2021 £'000
Trade payables	378	211
Other creditors	267	330
Accruals and deferred income	2,209	1,694
Loans	66	66
	<u>2,920</u>	<u>2,301</u>

## DEFERRED INCOME

Included within accruals and deferred income are the following items of income which have been deferred until specific performance related conditions have been met.

	2022 £'000	2021 £'000
Donations	37	-
Grant income	255	255
	<u>292</u>	<u>255</u>

## 16 CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022 £'000	2021 £'000
Deferred grant income	17,108	17,363
Loans	1,220	1,286
	<u>18,328</u>	<u>18,649</u>

## 17 PUBLIC BENEFIT ENTITY CONCESSIONARY LOANS

	2022 £'000	2021 £'000
Amounts repayable within one year	66	66
Amounts repayable between one and two years	66	66
Amounts repayable between three and five years	132	133
Amounts repayable in five years or more	1,021	1,087
Amounts repayable after more than one year	<u>1,220</u>	<u>1,286</u>
Total public benefit entity concessionary loans	<u>1,286</u>	<u>1,352</u>

Lender	Amount	Term	Interest rate %	Borrower
RCS Infrastructure Trust	£1,885,000	2042	Nil	RCS

## Notes to the Financial Statements (continued)

## 18 PROVISIONS FOR LIABILITIES AND CHARGES

	Pensions £'000
Balance at 1 August 2021	391
Decrease in provision	(37)
Paid/released	(42)
Balance at 31 July 2022	<u>312</u>

A valuation of the existing pension provision was carried out at 31 July 2022 by Hymans Robertson, an independent firm of actuaries.

## 19 ENDOWMENT FUNDS - PERMANENT

	Louis Sterne Capital £'000	Prize Fund Capital £'000	Prize Fund Income £'000	Piano Fund Capital £'000	2022 Total £'000	2021 Total £'000
Balance at 1 August 2021						
Capital	-	874	-	909	1,783	1,651
Accumulated income	-	-	232	-	232	222
	<u>-</u>	<u>874</u>	<u>232</u>	<u>909</u>	<u>2,015</u>	<u>1,873</u>
<i>Income</i>						
Funds introduced	200	-	6	-	206	-
Investment income	-	-	31	31	62	60
(Loss)/gain on sale of investments	-	6	-	(5)	1	26
(Decrease)/increase in value of investments	-	(49)	-	(47)	(96)	133
	<u>200</u>	<u>531</u>	<u>269</u>	<u>888</u>	<u>2,168</u>	<u>2,092</u>
<i>Expenditure</i>						
Prizes	-	-	(18)	-	(18)	(17)
Transfer to unrestricted reserves to meet expenditure incurred	-	-	-	(22)	(22)	(38)
Management fees	-	-	(4)	(4)	(8)	(8)
Transfer between Prize Fund and Unrestricted Reserve	-	(5)	-	-	(5)	(14)
Balance at 31 July 2022	<u>200</u>	<u>826</u>	<u>247</u>	<u>862</u>	<u>2,135</u>	<u>2,015</u>
Represented by:						
Capital	200	826	-	862	1,888	1,783
Accumulated income	-	-	247	-	247	232
	<u>200</u>	<u>826</u>	<u>247</u>	<u>862</u>	<u>2,135</u>	<u>2,015</u>
Analysis by asset						
Current and non-current asset investments	200	826	247	862	2,135	2,015
	<u>200</u>	<u>826</u>	<u>247</u>	<u>862</u>	<u>2,135</u>	<u>2,015</u>

Louis Sterne to support the impact and interdisciplinarity of the Pibroch Network.

Prize Funds are held in trust and are used to make prizes to students at the RCS.

The Piano Fund consists of capital gifts, the income from which contributes towards the leasing costs of the RCS's fleet of pianos.

## Notes to the Financial Statements (continued)

## 19 ENDOWMENT FUNDS - EXPENDABLE

	2022 Professor Richard Rose Fund £'000	2022 Instrument Fund £'000	2022 Total £'000	2021 Total £'000
Balance at 1 August 2021	-	6	6	9
Accumulated income	-	6	6	9
<i>Income</i>				
Funds/capital introduced	98	-	98	-
Investment income	-	-	-	-
	98	6	104	9
<i>Expenditure</i>				
Transfer to deferred capital grant	-	-	-	-
Transfer to unrestricted reserves to meet expenditure incurred	(15)	(1)	(16)	(3)
Balance at 31 July 2022	83	5	88	6
Represented by:				
Accumulated income	83	5	88	6
	83	5	88	6
Analysis by asset:				
Cash and cash equivalents	83	5	88	6
	83	5	88	6

The Professor Richard Rose Fund is to maintain and/or enhance activities within the Departments of Opera, Ballet, Traditional Song and Jazz. The Instrument Fund comprises two donations which have been made to fund the purchase of two collections of brass and woodwind instruments.

## 20 RESTRICTED FUNDS

	Other £'000	RCS Infrastructure Trust £'000	The Robertson Trust £'000	2022 Total £'000	2021 Total £'000
Balance at 1 August 2021	82	-	189	271	265
<i>Income</i>					
Funds/capital introduced	50	66	-	116	116
<i>Expenditure</i>					
Release of restricted funds spent in the year	(85)	(66)	(10)	(161)	(110)
Total restricted comprehensive income for the year	(35)	-	(10)	(45)	6
Balance at 31 July 2022	47	-	179	226	271

Other includes The Bruce Millar Memorial Trust providing financial assistance to emerging creative artists, The William Grant Foundation for improving the Student Experience and Skills through Technology and Equipment and Community Outreach and John Mather Foundation for the purchase of equipment and support of a number of series and productions.

The donation from the RCS Infrastructure Trust was used in support of a capital development.

The Robertson Trust funds represent a donation which was used in support of a capital development.

## 21 SHARE CAPITAL

	2022 £	2021 £
<u>Authorised</u>		
15,000 Ordinary Shares of £1 each	15,000	15,000
<u>Alotted, Issued and Fully Paid</u>		
7,284 Ordinary Shares of £1 each	7,284	7,284
<u>Alotted and Issued</u>		
300 Ordinary Shares of £1 each	300	300
	7,584	7,584



## Notes to the Financial Statements (continued)

## 22 LEASE OBLIGATIONS

			2022	2021
	Student Accommodation £'000	Musical Instruments/AV Equipment £'000	Total £'000	Total £'000
Future minimum lease payments due:				
Not later than 1 year	1,216	473	1,689	1,358
Later than 1 year and not later than 5 years	4,864	1,397	6,261	5,431
Later than 5 years and not later than 10 years	3,648	-	3,648	5,997
Total lease payments due	<u>9,728</u>	<u>1,870</u>	<u>11,598</u>	<u>12,786</u>

## Student accommodation

The Royal Conservatoire of Scotland has a lease arrangement with BASE Glasgow OpCo Ltd and acts as an administrator in relation to student accommodation rental income in a private build student accommodation facility at McPhater St, Glasgow and underwrites any shortfall in the annual rent. Total rental income from students for the year was £1,137K and total rent due was £1,170K leaving a balance due to BASE Glasgow Ltd of £33K. The lease is for a period of 20 years commencing on 14 September 2020 with a break option exercisable by RCS after 10 years.

	2022 £'000	2021 £'000
Rental income	1,137	1,146
Rental costs	1,170	1,261
Net costs	<u>(33)</u>	<u>(115)</u>

## 23 PENSION COMMITMENTS

The RCS's employees belong to three principal pension schemes; the Scottish Teachers' Pension Scheme (STPS), Local Government Pension Scheme administered by the Strathclyde Pension Fund (SPF) which are of the defined benefit type, and a defined contribution scheme - The Universities and Colleges Retirement Savings Scheme (UCRSS).

The RCS also makes pension payments to former employees who have taken early retirement.

The total pension cost for the year was :

	2022 £'000	2021 £'000
Contributions to STPS	1,452	1,379
Contributions to SPF	3,253	2,657
Contributions to UCRSS	1	1
	<u>4,706</u>	<u>4,037</u>
(Decrease)/Increase in pension provision	<u>(37)</u>	<u>14</u>
	<u>4,669</u>	<u>4,051</u>

The actual cost of contributions paid by the RCS during the year to the SPF was £1,067K.

There were no outstanding contributions payable at 31 July 2022.

## Scottish Teachers' Pension Scheme

The RCS participates in the Scottish Teachers' Pension Scheme. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2016. This valuation informed an increase in the employer contribution rate from 17.2% to 23% of pensionable pay from September 2019 and an anticipated yield of 9.4% employers contributions.

The RCS has no liability for other employers obligations to the multi-employer scheme. As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme. The scheme is an unfunded multi-employer defined benefit scheme.

It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where the RCS is unable to identify its share of the underlying assets and liabilities of the scheme.

The employer contribution rate for the period from 1 April 2020 is 23% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.4% of pensionable pay.

While a valuation was carried out as at 31 March 2016, it is not possible to say what deficit or surplus may affect future contributions. Work on the valuation was suspended by the UK Government pending the decision from the Court of Appeal (McCloud (Judiciary scheme)/Sargeant (Firefighters' Scheme) cases) that held that the transitional protections provided as part of the 2015 reforms was unlawfully discriminated on the grounds of age. Following consultation and an announcement in February 2021 on proposals to remedy the discrimination, the UK Government confirmed that the cost control element of the 2016 valuations could be completed. The UK Government has also asked the Government Actuary to review whether, and to what extent, the cost control mechanism is meeting its original objectives. The 2020 actuarial valuations will take the report's findings into account. The interim report is complete (restricted) and is currently being finalised with a consultation. Alongside these announcements, the UK Government confirmed that current employer contribution rates would stay in force until 1 April 2024.

The RCS's level of participation in the scheme is 0.2% based on the proportion of employer contributions paid in 2020-21.

## Strathclyde Pension Fund

The Strathclyde Pension Fund provides benefits on final pensionable salary for employees of local government and some other institutions.

The fund is valued every three years by a professionally qualified independent actuary using the projected unit method, with the most recent comprehensive valuation being prepared as at 31 March 2020. The rates of contribution payable are determined by the SPF Board on the advice of the actuary. In the intervening years the actuaries review the progress of the scheme and prepare an interim valuation for the purposes of reporting under FRS 102 as at the end of July. The employer contribution rate for the period from 1 August 2020 to 31 July 2021 was 19.3% of pay. The employee contribution rate for the period from 1 August 2020 to 31 July 2021 was a variable rate dependent on the level of salary ranging from 5.5% to 11.2%.

Principal actuarial assumptions at the Statement of Financial Position date:

## Investment Returns

	2022 %	2021 %
Total Returns from 1 August 2021 to 31 July 2022	1.00	22.10

## Financial assumptions

	2022 %	2021 %
Future Pension increases	2.70	2.75
Future Salary increases	3.20	2.00
Discount rate	3.50	1.60

The RCS expects to contribute £1,060K to its defined benefit pension plans in 2022/23.

## Mortality assumptions

The remaining life expectancies used to determine benefit obligations are as follows:

	Male	Female
Current pensioners	19.6 years	22.4 years
Future pensioners	21.0 years	24.5 years

The major categories of plan assets as a percentage of stated plan assets are as follows:

	2022 %	2021 %
Equities	60	66
Bonds	27	24
Property	11	9
Cash	2	1

## Notes to the Financial Statements (continued)

The fair value of the plan assets and the return on those assets were as follows:

## Changes in the fair value of plan assets, defined benefit obligation and net liability

	Assets £'000	Obligations £'000	2022 Net (Liability)/ Asset £'000	2021 Net (Liability)/ Asset £'000
Fair value of employer assets	40,661	-	40,661	32,595
Present value of funded liabilities	-	48,409	(48,409)	(38,419)
<b>Opening Position as at 31 July 2021</b>	<b>40,661</b>	<b>48,409</b>	<b>(7,748)</b>	<b>(6,824)</b>
Service Cost	-	-	-	-
Current Service Cost	-	3,246	(3,246)	(2,647)
Past service Cost	-	-	-	-
<b>Total Service Cost</b>	<b>-</b>	<b>3,246</b>	<b>(3,246)</b>	<b>(2,647)</b>
Net Interest	-	-	-	-
Interest income on plan assets	657	-	657	482
Interest Cost on defined benefit obligation	-	798	(798)	(554)
<b>Total Net Interest</b>	<b>657</b>	<b>798</b>	<b>(141)</b>	<b>(82)</b>
<b>Total defined benefit cost recognised in income and expenditure</b>	<b>657</b>	<b>4,044</b>	<b>(3,387)</b>	<b>(2,739)</b>
Cashflows	-	-	-	-
Plan participants contributions	346	346	-	-
Employer contributions	1,060	-	1,060	1,040
Benefits paid	(527)	(527)	-	-
<b>Expected closing position</b>	<b>42,197</b>	<b>62,272</b>	<b>(10,075)</b>	<b>(7,623)</b>
Re-measurements (actuarial losses)	-	-	-	-
Changes in demographic assumptions	-	(19,548)	19,548	(7,375)
Changes in financial assumptions	-	(195)	195	811
Other experience	-	135	(135)	(476)
Return on assets excluding amounts included in net interest	(244)	-	(244)	6,815
<b>Total re-measurements recognised in other comprehensive income</b>	<b>(244)</b>	<b>(19,608)</b>	<b>19,364</b>	<b>(225)</b>
Fair value of plan assets	41,953	-	41,953	40,661
Present value of funded liabilities	-	32,664	(32,664)	(48,409)
<b>Closing position as at 31 July 2022</b>	<b>41,953</b>	<b>32,664</b>	<b>9,289</b>	<b>(7,748)</b>

\* The defined benefit asset has been restricted to Enil in the Statement of Financial Position as the Conservatoire does not have the rights to a refund or to reduce its payments into the pension scheme.

## The Universities and Colleges Retirement Savings Scheme

The Universities and Colleges Retirement Savings Scheme provides a defined contribution pension scheme which is open to all employees. The minimum pension contributions for both employer and employee is 5%. The employer will match an employees contribution up to 5%. There is no cap to the level of employee contributions into the scheme.

## 24 CONTINGENT LIABILITIES

The Royal Conservatoire of Scotland is aware of the Supreme Court ruling in July 2022 on changes to entitlement to holiday pay. At this stage it is not possible to quantify the potential liability, nor is there certainty that it would fall due.

The Royal Conservatoire of Scotland is also in the process of seeking clarification around the classification of pensionable pay. At this stage it is not possible to quantify the potential liability, nor is there certainty that it would fall due.

## 25 RELATED PARTY TRANSACTIONS

Due to the nature of the RCS's operations and the composition of the Board of Governors (being drawn from public and private sector organisations in Scotland) it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the RCS's financial regulations and normal procurement procedures.

The Board member and the significant related party transactions with their associated organisations during the year to 31 July 2022 are detailed below:

Member	Organisation	Relationship	Grant Received	Sales to related party	Purchases from related party	Amounts owed from related party	Amounts owed to related party
Jo Buckley and Philip Rodney	Dunedin Consort	Chief Executive and Board Member	£ -	£ 403	£ -	£ -	£ -
Ken Fairbrother	Harrison Parrott Systems	Trustee	£ -	£ 20,066	£ -	£ -	£ -
Lois Fitch	Scotland Erskine	Board Member	£ -	£ 80	£ 1,600	£ -	£ -
David Hare	Stewart's Concerts	Member of Governing Council	£ -	£ 170	£ -	£ -	£ -
Carol Main	Melville Live Music Nrw1	Arts Manager	£ -	£ 2,157	£ -	£ 173	£ -
Carol Main	The List	Classical Music Editor	£ -	£ -	£ 1,000	£ -	£ 1,000
Jeffrey Sharkey	ABRSM	Board Member	£ -	£ 149,763	£ 12,426	£ -	£ -

All members above held their posts for the full year.

## 26 DISCRETIONARY AND CHILDCARE FUNDS

	Childcare £	Discretionary £	Covid 19 hardship £	June 2021 Covid 19 hardship £	Total £
Balance unspent at 1 August 2021	17,716	19,952	6,550	60,309	104,527
Repaid during the year	(17,716)	(19,952)	(6,550)	-	(44,218)
Allocation received in year	7,768	33,493	-	-	41,261
Expenditure	(7,500)	(33,761)	-	(59,867)	(101,148)
<b>Balance unspent at 31 July 2022</b>	<b>268</b>	<b>(268)</b>	<b>-</b>	<b>422</b>	<b>422</b>
Repayable as claw back	268	(268)	-	-	-

Grants for discretionary and childcare funds are available solely for students: the RCS acts only as paying agent. The grants and related disbursements are therefore excluded from the comprehensive income and expenditure account.

**COMMITTEE MEMBERSHIPS**

Membership of the committees reporting to the Board of Governors are detailed below.

**Academic Board**

- Principal (Convener)
- Deputy Principal
- Director of Drama, Dance, Production and Film
- Director of Music
- Director of Fair Access
- Head of Research and Knowledge Exchange
- Head of Information Services
- President of the Students' Union
- Vice President of the Students' Union
- Member elected by the academic staff from the full-time academic staff of the School of Drama, Dance and Film
- Member elected by the academic staff from the full-time academic staff of the School of Music
- 3 co-opted internal members to be determined by the Academic Board
- A member co-opted from another academic institution

**Audit and Risk**

- Minimum of 3 Lay Governors who are not members of the Finance & General Purposes Committee (one of whom is elected Convener)
- 1 Lay Governor who may be a member of the Finance & General Purposes Committee, but not Convener

**Finance & General Purposes**

- Chair of the Board of Governors
- Principal
- 5 Lay Governors appointed by the Board of Governors (one of whom is elected Convener)

**Buildings**

- The Convener is elected from within the membership of the Committee
- Chair of the Board of Governors
- Principal
- Up to 3 Lay Governors appointed by the Board of Governors
- 1 External member as approved by the Nominations Committee

**Development and Fundraising**

- Principal
- Chair of the Board of Governors
- Director of External Relations
- Director of Business Development
- Head of Fundraising
- Up to 5 Lay Governors appointed by the Board of Governors (one of whom is elected Convener)

**Nominations**

- Chair of the Board of Governors (Convener)
- Vice Chair/Senior Independent Governor
- 1 Elected Staff Governor appointed by the Board of Governors
- President of the Students' Union
- Principal
- 2 Lay Governors appointed by the Board of Governors

**Remuneration**

- A Lay Governor appointed by the Board of Governors as Convener
- Chair of the Board of Governors
- Convener of the Finance & General Purposes Committee
- An additional Governor appointed by the Board of Governors

**Health, Safety and Well-being**

- A Lay Governor appointed by the Board of Governors as Convener
- Principal
- Deputy Principal
- Additional Governor appointed by the Board of Governors
- Health, Safety and Wellbeing Manager
- Director of Drama, Dance, Production and Film
- Director of Music
- Director of Finance and Estates
- Director of Human Resources
- Director of External Relations
- Director of Fair Access
- President of the Students' Union
- An elected staff representative from the academic staff
- An elected staff representative from the academic support staff
- An elected staff representative from the academic trade union (EIS)
- External expert/isa as required and appropriate

**Fair Access**

- A Lay Governor appointed by the Board of Governors as Convener
- Additional Governor appointed by the Board of Governors
- External membership as approved by the Nominations Committee
- Academic Directors
- Equality and Diversity Officer
- Student representatives
- School/Short Courses representatives

**GOVERNOR ATTENDANCE AT COMMITTEE MEETINGS THROUGHOUT THE YEAR**

	Board of Governors	Finance & General Purposes	Audit and Risk	Health, Safety & Wellbeing	Remuneration	Fair Access	Nominations	Academic Board	Development & Fundraising	Buildings
Nick Kuenstberg	6/6	5/5			1/1		3/3		3/3	4/5
Aignes Robson	6/6		2/3		1/1		2/3			
Jo Buckley	3/5	5/5							2/3	
Andrew Butcher	6/6	5/5	1/1						3/3	
Morag Campbell	6/6			4/4		3/3				4/5
Stuart Cross	5/6	3/5					3/3	1/1**		
David Hare	6/6	5/5					3/3			
Donald MacRae	1/2	2/2			1/1					1/1
Carol Main	4/6			4/4						
Sharon Mair	5/6			2/4					3/3	
Dorothy Miell	5/6					3/3				
Ed Monaghan	6/6									5/5
Mark O'Thomas	6/6	3/5						4/5		
Diacin Pak-Shiraz	5/6			3/4	1/1					
Philo Rodney	5/6	5/5							3/3	
Matthew Rooke	5/6		2/3							4/5
Caroline Roxburgh	5/6		3/3							
John Taylor	6/6		3/3						2/3	
Jeffrey Sharkey	6/6	3/5		2/4	1/1*		3/3	5/5	3/3	4/5
Lois Fitch	5/6			4/4				5/5		
John Anthony Craig	5/6			0/4			3/3	4/5		
Ken Falkbrother	6/6					0/3				
Daniella Daintrey						0/3		2/5		
Jean Sangster	6/6						3/3	5/5		
Elizabeth Jenkinson	6/6									
Ruth McGowan	4/6									

\* The Principal is in attendance only and is not a member  
 \*\* Attended as a guest only not a member

