

**Trinity College London**  
**(A company limited by guarantee)**

**Report and Financial Statements**  
**for the year ended 31 March 2013**

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## **Report of the Council Members for the year ended 31 March 2013**

The Council Members are pleased to present their report together with the audited financial statements of Trinity College London ("the company" or "the charitable company") for the year ended 31 March 2013 which are also prepared to meet requirements for a directors' report and accounts for Companies Act purposes

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association and the Statement of Recommended Practice – Accounting and Reporting by Charities ("SORP 2005")

## **Council Members' Report (continued)**

### **Structure, Governance and Management**

#### **Reference and administrative details**

Charity No	1014792
Company No	2683033
Registered office	89 Albert Embankment London SE1 7TP
Auditors	KPMG LLP 15 Canada Square London E14 5GL
Principal Bankers	NatWest Bank Plc North Audley Street Branch P O Box 4UQ 30 North Audley Street London W1A 4UQ
Principal Solicitors	Bates, Wells & Braithwaite Cheapside House 138 Cheapside London EC2V 6BB
Directors and Council Members	<p>The Directors of Trinity College London are its Council Members for the purpose of charity law and throughout this report are referred to as "the Council". The Directors who held office during the year and since year end were as follows</p> <p>Sir Keith Stuart <sup>2</sup> (Chairman) Mr Alan Britten CBE <sup>2</sup> Mr Michael Butcher <sup>2</sup> Dr Geoffrey Malcolm Copland (appointed 4 July 2012) <sup>1</sup> Mr Michael Esplen Mr Michael Hildesley (Deputy Chairman) <sup>1</sup> Ms Janette McKay Ms Evelyn Rugg Sir Robert Scott Ms Louise Sibley</p> <p><sup>1</sup> is member of the Board of Governors of Trinity Laban <sup>2</sup> is a trustee of the Trinity College of Music Trust</p>
Audit Committee	Mr Michael Butcher (Chairman) Mr Alan Britten Mr Duncan Greenland (appointed 10 July 2013) Mr Michael Hildesley Ms Janette McKay
Senior Management	Ms Sarah Kemp (Chief Executive) Mr Nick Beach (Director of Academic) Mrs Fiona Butcher (Director of Legal Services) Ms Janis Lines (Director of Human Resources & Corporate Services) Mr Richard Michel (Director of Operations and IT) Mr Pete Mobbs (Commercial Director) Mr Clinton Rae (Director of Business Development UK & Ireland) Mr Steve Roderick (International Finance Director)

## **Governing Document**

Trinity College London ("TCL") is a company limited by guarantee and a registered charity ("the charity"). It was established in 1992. In 1993, Trinity College of Music ("TCM") transferred the services offered by its external examinations and publications departments to TCL at the nomination of Trinity College of Music Trust ("TCMT") in a three-way agreement. The objects of TCL are set out in its governing instrument, the Articles of Association.

## **Organisation**

The governing body of TCL is the Council which is made up of the appointed Members. Council Members are unpaid. The Council meets regularly and retains full and effective control over the group. Through Council meetings Members monitor the performance of senior management and review the quality, effectiveness and timeliness of information provided to the Council. The Council is involved in major strategic decisions and has ultimate responsibility for the conduct and financial stability of TCL. For the purposes of the Companies Act, the Council is considered to be the Board of Directors of TCL and the Council Members are considered to be the Directors.

The Council delegates the operational management of the group to senior management which comprises the Chief Executive and Senior Executives. The titles of these Senior Executives include the word 'director' although these individuals are not Directors of TCL under company law.

## **Council Members and Related Parties**

A simple majority of Council Members must at all times be trustees of TCMT or nominated by TCMT. Additional Council Members who are neither trustees of the TCMT nor nominated by TCMT may be appointed by the Members of Council.

The charity is related to TCMT by virtue of the constitution of its Council and because TCL has a specific power in its Articles of Association to subscribe to and aid the interests of TCMT, and gives financial support by way of unconditional donations that are financed from surpluses after taking into account the reserve requirements of TCL.

TCL is also related indirectly to Trinity Laban Conservatoire of Music and Dance ("TL") by virtue of the fact that TCMT has, in addition to its general charitable purpose, a specific object to support and further the interests of TL.

Although related charities, TCMT (as a Trust), TCL, and TL, are not associated companies under the Companies Act.

## **Appointment of Council Members and Terms of Appointment**

All Council Members are involved in the appointment of nominated individuals as new Members. When considering selection, the Council has regard to the requirement for any specialist skills. Newly appointed Council Members are briefed on their legal obligations under charity and company law, the content of the Articles of Association, the governing structure of the charity, the business plan and the recent financial performance of the charity.

Council Members are updated regularly on their legal obligations and are also encouraged to attend appropriate events in order to facilitate the undertaking of their role.

Following the adoption of new Articles of Association on 10 March 2010 each Council Member shall retire from office on the third anniversary of that date or the commencement of his/her term of office, whichever is the later. Retiring Council Members may be reappointed for a further two terms of three years but the reappointment of a Member to Council who has served a period of three or more terms will be subject to annual review by the Council and further reappointments will be for one year at a time. Such one year appointments may be made in one or more successive years.

### **Subsidiary undertakings**

TCL owns 100% of the issued share capital of Trinity Brasil S/C Ltda, a company incorporated in Brazil. The company is presently dormant. The investment was made in order to facilitate the provision of examinations in that country.

TCL beneficially owns 100% of the issued share capital of Trinity College London (India) Private Limited, a company incorporated in India. The company is presently dormant. The investment was made to provide services in respect of the provision of examinations in that country.

TCL owns 49% of the issued share capital of Trinity London (Thailand) Ltd, a company incorporated in Thailand. The company is presently dormant. The investment was made in order to facilitate the provision of examinations in this country. The remaining shares are held for the benefit of TCL in a nominee account.

In September 2012, TCL incorporated a wholly owned trading subsidiary called Trinity College London Enterprises Ltd, a company incorporated in England & Wales. The company is presently dormant but is likely to commence trading during the forthcoming financial year.

### **Risk Management**

Council is responsible for overseeing the management of the risks faced by TCL. Council monitors progress against corporate objectives at each Council meeting, and a comprehensive review is carried out annually, on the basis of which detailed plans and budgets are approved for the following year.

Council has assessed the major risks to which the charity is exposed, in particular those related to the operations and financing of the charity, exposure to foreign currency movements, and the protection of TCL's name and reputation. Council is satisfied that systems are in place to mitigate exposure to the major risks. A risk management plan is reviewed regularly and formally approved annually. The Senior Executives have been delegated to manage these risks on a day-to-day basis, putting in place systems and procedures to limit the impact on the charity if any of those risks should materialise.

The Audit Committee scrutinises the charity's operations, corporate practice, financial management and areas of risk, and reports to the Council.

### **Objectives and Activities**

The objectives of the charity include -

- to advance education for the public benefit, in particular but without limitation, by promoting education, instruction and educational assessment in
  - performance and creative arts, and
  - language and communication

These objectives are pursued primarily through the provision of examinations, assessments, consultancy, training and the publication of relevant materials. TCL maintains a close association with TL, and at the same time exploits opportunities for the fullest development of all TCL's educational services.

TCL's examinations are conducted in schools, in work places and in registered examination centres in the UK and 70 countries internationally. TCL is regulated by the Office of Qualifications and Examinations Regulation as an independent awarding body and relevant qualifications are recognised within the UK Qualifications and Credit Framework (QCF) and National Qualifications Framework (NQF). Trinity is in contact with numerous education authorities around the world to promote the currency of its qualifications internationally. Staff in London set academic standards, devise syllabuses and examinations, process entries, administer the worldwide examination programme, and issue certificates and diplomas.

An important part of TCL's activities is the provision of publications for music, drama, and speech, together with supporting media. These provide resources for study, appreciation and teaching.

TCL in collaboration with the Arts Council also runs the Arts Award, which is a nationally recognised qualification based around any arts or media activity. It is open to all candidates and the only requirement is that the candidates must be aged between 11 and 25. Promotional activity for the Arts Award targets children and young adults from disadvantaged backgrounds in particular.

### **Achievements and Performance**

TCL had a satisfactory performance during the period, especially in the light of the global economic environment. Candidate numbers were 600,000 for the year ending March 2013 (2012 582,000). The increase in candidature was represented by Language (up 3%), Drama (up 4%), Arts Award (up 26%) with Music performing broadly in line with prior year.

TCL continues to explore and develop markets such as India and China. TCL's recent success in a tendering process held by the Central Board of Secondary Education (CBSE) of India could potentially increase candidature in the region significantly. TCL has shown significant growth in Language within key territories including Spain, Argentina, China and India.

Music has also shown positive results in certain territories, with notable successes in India, Malaysia and the UAE. Performance within Drama improved internationally, adding an increase of £240,000 in income from prior year.

The market for the new Rock & Pop suite of examinations launched in January 2012 continues to develop. The examinations are now taken in 18 countries and Rock & Pop is expected to become profitable during the forthcoming financial year. The Rock & Pop publication sales have continued to be profitable from launch.

The roll-out of the new operating system has progressed smoothly with all major products and territories now being processed within the new system. The final territories were brought on-line in June 2013, leaving only minor products utilising the old operating system. This will benefit the business as a whole and will ensure that reporting is consistent and flexible.

### **Financial Review**

Incoming resources were £30,564,000 (2012 £28,266,000) during the year to 31 March 2013. Of this sum, examination fees decreased by 1% primarily due to adverse foreign exchange movements against prior year, and publication income increased by 14%. The pricing structure on examinations fees has remained consistent in the year, with respect paid to the economic environment of markets. Careful attention has been paid to any market in which we operate in terms of affordability of examinations.

Resources expended were £29,758,000 (2012 £27,263,000) including total donations payable of £920,000 (2012 £900,000).

The net incoming resources for the year, after donations paid, were £806,000 (2012 income surplus of £1,003,000). The results for the forthcoming period are expected to be broadly comparable with the results for the year ended 31 March 2013.

During the period the Council resolved, in light of the level of reserves and subject to the cash flow position, to pay donations totalling £900,000 (2012 £900,000) to TCMT. Of this sum £300,000 (2012 - £300,000) was settled after the balance sheet date.

### **Public Benefit**

In setting objectives and planning activities, the Council has given careful consideration to the Charity Commission's general guidance on public benefit and its supplementary and interim guidance on advancing education for the public benefit and on fee-charging. TCL's primary objective is to provide education for the public benefit. This is achieved mainly through its broad suite of assessments, examinations and moderations in Performing & Creative Arts and Languages. TCL's philosophy of assessment is based on a combination of technical skills and communication, be it in the arts or language, often demonstrated through one-on-one assessment and syllabuses designed to give

students a broad education in the subject while achieving measurable progress. Evidence from teachers and candidates is that the skills gained in preparing to meet the standards set by TCL provide successful candidates with a range of benefits in communication, as well as self-confidence.

In addition, TCL provides teacher support and training, for example for Teachers of English for Speakers of Other Languages (TESOL), classroom teachers in Music (through Music Services), and Arts Award advisers, as well as for teachers and examination centres in countries less familiar with arts and language assessment. TCL has contracts with government departments or agencies extending assessments and/or training into new areas supporting wider initiatives for the public benefit.

TCL undertakes research and development in the appraisal of performance and communication skills and in the measurement of creativity which is highlighting the importance of good communication and creativity for society as well as for individuals. TCL is an active member of associations in the Performing Arts and English Language which are committed to improving education and assessment.

Historically, TCL has generated surpluses that have enabled donations to be paid to other educational charities or in support of educational needs, which in turn have supported student bursaries, scholarships or the further development of higher education, as well as recovery of educational activities in areas where TCL operates that have suffered major natural disasters.

The fees of the charity are set at a level to enable as much surplus as possible to be generated whilst ensuring affordability in the markets in which we operate.

### **Reserves Policy**

It is TCL's policy to maintain reserves that will permit it to maintain and grow its business for the purpose of enhancing over time its ability to meet its charitable objectives. To that end, the Council seeks to ensure that there are sufficient reserves to afford reasonable protection to the organisation in the context of current and anticipated levels of activity, commitments, risks and exposures to specific markets.

Group cash balances at the balance sheet date stood at £5,123,000 (2012 £5,031,000). Group unrestricted general reserves at the balance sheet date stood at £4,423,000 (2012 £4,206,000). During the year TCL has invested a further £546,000 (2012 £863,000) in the administration and operating system for the long term benefit of the group. This expenditure means the free reserves of the charity (i.e. unrestricted funds excluding designated reserves and fixed assets) are a shortfall of £271,000 (2012 shortfall of £405,000). The charity considers this position satisfactory in light of the decision to wholly own rather than lease under long term operating contracts the administrative and operating support infrastructure. The long term policy is for the free reserves to become a net surplus.

The benefits of the investment in the administration and operating system are now being realised and accordingly depreciation is charged to SOFA. The spend on operational infrastructure was required to further the charitable objectives and to allow the growth in activity envisaged in the business plan for the long term. Accordingly, the Council considers the ongoing liquidity and trading position to be healthy and appropriate.

### **Donations Policy**

The Council seeks to optimise charitable donations in a way consistent with the stated reserves policy and subject to there being sufficient cash and liquid resources available to support TCL's ongoing business.

### **Plans for Future Periods**

The long-term strategic plan continues to be developed and accordingly investment continues in refreshing the portfolio of products and researching new product opportunities. TCL expects to see a widening and deepening of its customer base as a consequence. Work will continue to maintain and enhance the validity, currency and reputation, of Trinity examinations at both institutional and



governmental levels. TCL is also investing in digitalising products to increase accessibility, and steps have been taken to rationalise and streamline the distribution of its publications.

In October 2011, Arts Council England (ACE) announced its decision to outsource Artsmark, its flagship arts education programme for schools. Given the synergies with Arts Award and other qualifications, TCL took the decision to take part in the commissioned grant process and, in March 2012, ACE announced that TCL had been successful. TCL will now be delivering Artsmark on behalf of ACE for three years from April 2012. At the same time, ACE made the decision to increase the grant funding for Arts Award. This funding is directed at increasing participation in the Arts Award across schools and the cultural and youth sectors.

TCL has been delivering Arts Award and Artsmark, successfully on behalf of the ACE and will continue to do so for the next two years until March 2015.

#### **Statement of responsibilities of the Council Members in respect of the Council Members' annual report and the financial statements**

The Council Members are responsible for preparing the Council Members' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Council Members to prepare financial statements for each financial year. Under that law they are required to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the Council Members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charitable company and of the group's excess of income over expenditure for that year. In preparing each of the group and charitable company financial statements, the Council Members are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the charitable company will continue its activities.

The Council Members are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

#### **Disclosure of information to auditors**

The Council Members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each Council Member has taken all the steps that he/she ought to have taken to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information. Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Council

Sir Keith Stuart  
Chairman



21 October 2013

## **Independent auditor's report to the members of Trinity College London Limited**

We have audited the financial statements of Trinity College London for the year ended 31 March 2013 set out on pages 10 to 23. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Council, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its Council Members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Council and auditor**

As explained more fully in the Statement of Council Members' Responsibilities set out on page 8, the Council (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2013 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the Companies Act 2006.

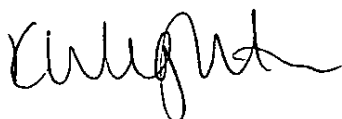
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information in the Council Members' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



1 November 2013

Karen Wightman (Senior Statutory Auditor) for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square  
London E14 5GL

## Consolidated Statement of Financial Activities for the year ended 31 March 2013

[Including income and expenditure account]

	Note	Unrestricted General Funds Year ended 31 March 2013 £'000	Restricted Funds Year ended 31 March 2013 £'000	Total Funds Year ended 31 March 2013 £'000	Total Funds Year ended 31 March 2012 £'000
Incoming resources					
Incoming resources from charitable activities					
Examination fees		26,458	-	26,458	26,637
Training fees		-	2,685	2,685	351
Publication income		1,355	-	1,355	1,188
Incoming resources from generated funds					
Investment income		12	-	12	11
Other incoming resources		54	-	54	79
Total Incoming Resources	2	27,879	2,685	30,564	28,266
Resources expended					
Charitable activities					
Provision of examinations & training	3	(26,077)	(2,096)	(28,173)	(25,824)
Production of publications	3	(627)	-	(627)	(501)
Donations	4	(920)	-	(920)	(900)
Governance	5	(38)	-	(38)	(38)
Total resources expended		(27,662)	(2,096)	(29,758)	(27,263)
Net incoming resources before transfers	8	217	589	806	1,003
Net movement in funds		217	589	806	1,003
Fund balances as at 1 April 2012		4,206	6	4,212	3,209
Fund balances as at 31 March 2013		4,423	595	5,018	4,212

All of the above results are derived from continuing activities  
There were no gains or losses other than those reported above

The notes on pages 13 to 23 form part of these financial statements

## Consolidated and Company Balance Sheets as at 31 March 2013

	Note	Consolidated 31 March 2013 £'000	Consolidated 31 March 2012 £'000	Company 31 March 2013 £'000	Company 31 March 2012 £'000
<b>Fixed assets</b>					
Tangible assets	9	4,200	4,458	4,200	4,458
Intangible assets	10	494	153	494	153
Investments	11	-	-	1	1
		<u>4,694</u>	<u>4,611</u>	<u>4,695</u>	<u>4,612</u>
<b>Current assets</b>					
Stocks	12	432	305	432	305
Debtors	13	4,113	3,016	4,108	3,016
Cash at bank and in hand	14	5,123	5,031	5,123	5,031
		<u>9,668</u>	<u>8,352</u>	<u>9,663</u>	<u>8,352</u>
Creditors Amounts falling due within one year	15	(9,332)	(8,731)	(9,332)	(8,737)
<b>Net current assets/(liabilities)</b>		<u>336</u>	<u>(379)</u>	<u>331</u>	<u>(385)</u>
<b>Total assets less current liabilities</b>		<u>5,030</u>	<u>4,232</u>	<u>5,026</u>	<u>4,227</u>
Creditors Amounts falling due after one year	16	(12)	(20)	(12)	(20)
<b>Net assets</b>		<u>5,018</u>	<u>4,212</u>	<u>5,014</u>	<u>4,207</u>
<b>Funds</b>					
Unrestricted general funds	24	4,423	4,206	4,419	4,201
Restricted funds	24	595	6	595	6
<b>Total Funds</b>		<u>5,018</u>	<u>4,212</u>	<u>5,014</u>	<u>4,207</u>

The financial statements were approved by the Council on  
on its behalf by -

21 October

2013 and signed

*Keith Stuart*

Sir Keith Stuart  
Chairman

The notes on pages 13 to 23 form part of these financial statements

## **Consolidated Cash Flow Statement** **for the year ended 31 March 2013**

	Note	Year ended 31 March 2013  £'000	Year ended 31 March 2012 £'000
Net cash flow from operating activities	17	<u>1,141</u>	<u>529</u>
Returns on investments and servicing of finance			
Interest Received		<u>12</u>	<u>11</u>
		12	11
Capital expenditure			
Purchase of tangible fixed assets		(645)	(962)
Purchase of intangible assets		(416)	(156)
		<u>(1,061)</u>	<u>(1,118)</u>
Net increase/(decrease) in bank and cash balances	18	<u>92</u>	<u>(578)</u>

The notes on pages 13 to 23 form part of these financial statements

## **Notes to the financial statements for the year ended 31 March 2013**

### **1 Principal accounting policies**

The financial statements relate to the year ended 31 March 2013

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

#### **1.1 Basis of preparation and consolidation**

The financial statements have been prepared in accordance with applicable accounting standards and under the historic cost convention, modified to include the revaluation of investments, and in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 (SORP 2005)

The financial statements are drawn up on the going concern basis which assumes the group will continue in operational existence for the foreseeable future

The charity's activities, together with the factors likely to affect its future development, performance and position are set out in the Council Members' Report on pages 2 to 8. The financial position of the charity, its cashflows and liquidity position are described in the primary financial statements on pages 10 to 12. In addition, notes 1 to 25 in the financial statements include the charity's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposure to credit risk and liquidity risk.

The charity has contracts with a number of customers and suppliers across different geographic regions and industries. Investment has been made during this and the preceding period in a new administration and operational system which has reduced current liquidity. This will be reversed in future periods through ongoing trading and cash flow. As a consequence the Council Members believe that the charity is well placed to manage its business risks successfully despite the uncertain economic outlook.

The Council Members have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. No material uncertainties that cast significant doubt about the ability of the group to continue as a going concern have been identified by the Council Members. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The consolidated statement of financial activities and balance sheet include the financial results of the charity (Trinity College London) and its non-trading subsidiaries details of which are included in note 11 to these financial statements.

A separate Statement of Financial Activities, or income and expenditure account, has not been presented for the charity in accordance with Section 408 of the Companies Act 2006 and paragraph 397 of SORP 2005. The charity adopts the FRS 1 exemption from preparing a standalone cashflow statement for the charity.

#### **1.2 Fund accounting**

The general fund is an unrestricted fund which is available for use at the discretion of the Council in furtherance of the general objectives of the charity. Designated funds, when arising, are unrestricted funds which are available for use for specific purposes identified by the Council. Restricted funds are available for use only for the specific purpose specified by the donor or grantor. These include funds received from the Arts Council of England (ACE) designated for the promotion of Art's culture for young persons.

### 1.3 Incoming resources

All incoming resources are included in the statement of financial activities (SOFA) when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy

Examination and training income represents fees earned in respect of examinations taken and training provided during the period and are recognised as arising when the examination or training has taken place. Income excludes cash received at the balance sheet date in respect of examinations to be taken after the year end. Such fees are shown under creditors in the balance sheet as fees received in advance.

Sales of publications are recognised at the date the sale arises and is invoiced.

Grants received are recognised in full at the point when the Charity becomes entitled to such funds. Such income is recognised in full although such grants may fund spend over differing financial periods.

### 1.4 Resources expended and support Costs

Resources expended are accounted for on an accruals basis. The irrecoverable element of VAT has been included with the item of expense to which it relates.

Costs which are directly attributable to charitable activities are recorded against those activities. Costs which are not directly attributable to charitable activities and which are not governance costs are termed support costs. Support costs are allocated to charitable activities on the basis of average staff numbers. Costs which are partly attributable to charitable activities and support activities are allocated on the basis of average staff numbers before total support costs are allocated to charitable activities.

### 1.5 Governance costs

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include audit fees and costs linked to the strategic management of the charity.

### 1.6 Tangible fixed assets and depreciation

Depreciation is provided evenly on cost to write off fixed assets (over £500) to their estimated residual values over their expected useful lives. Where there is evidence of impairment, fixed assets are written down to recoverable amount. The principal annual rates are:

Furniture, fittings & equipment	25%
Computer equipment	33%
Computerised operational and administration system	14%
Leasehold improvements	Over the primary lease term

### 1.7 Intangible assets

Development costs are amortised over the anticipated life of the first syllabus produced, which is expected to be 4 years.

### 1.8 Stocks

Stocks of publications and work in progress are stated at the lower of cost and net realisable value.

### 1.9 Foreign currencies

Transactions in foreign currency are translated at the exchange rate ruling at the date of the transaction. Foreign currency gains and losses are recognised in the SOFA.

Examination fees earned in foreign currency are translated at the prevailing exchange rate at the date the income is recognised as earned.

The charity recognises its foreign currency commitments in accordance with SSAP 20. Furthermore the company enters into a number of foreign exchange hedging contracts. When

these are transacted as foreign exchange options the cost of entering into such options is charged to the SOFA at the date the contract is acquired. The charity enters into forward contracts to hedge its exposure to foreign exchange fluctuations on future income.

#### 1.10 Taxation

TCL is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

#### 1.11 Pension scheme

The charity provides defined contributions towards individual employees' Personal Pension Plans, which are charged to the SOFA as incurred.

#### 1.12 Leased assets

Rentals payable under operating leases are charged to the SOFA on a straight line basis over the life of the lease.

#### 1.13 Investments

Investments in shares of group undertakings are recorded at cost less provision for permanent diminution in value in the individual balance sheet of the charity.

#### 1.14 Debtors and incomplete examinations

##### Recoverability of debts

Outstanding debts are reviewed for recoverability according to age and specific circumstances. Provision is made to the extent that debts are deemed to be irrecoverable.

##### Income

An invoice for the examination fee is raised under the operating system when the examination booking date is confirmed. When this is in advance of the examination date the examination fee is held in the Balance Sheet as deferred income. Examination fees are transferred to SOFA at the date the examination arises.

## 2 Analysis of Income

	2013 £'000	2012 £'000
United Kingdom	11,624	9,073
Rest of Europe, Middle East & Africa	11,060	11,189
Rest of World	7,868	7,993
	<u>30,552</u>	<u>28,255</u>
Interest receivable	12	11
Total incoming resources	<u>30,564</u>	<u>28,266</u>



### 3 Analysis of charitable expenditure

	2013 Activities Undertaken Directly £'000	2013 Support Costs £'000	2013 Total £'000	2012 Total £'000
Provision of examinations	20,786	7,387	28,173	25,824
Production of publications	537	90	627	501
Donations	920	-	920	900
Total support costs expended	22,243	7,477	29,720	27,225

The allocation of the costs of support activities to charitable activities and governance is set out in note 6 below

### 4 Donations payable

	2013 £'000	2012 £'000
Donations payable to Trinity College of Music Trust	900	900
Other donations	20	-
	920	900

### 5 Governance costs

	2013 £'000	2012 £'000
Audit fees	37	33
Meeting costs	1	5
	38	38

### 6 Allocation of support costs

The support costs allocated to charitable activities are set out below

	2013 £'000	2012 £'000
Executive office	1,357	1,023
HR & corporate services	1,571	1,328
IT	1,633	964
Finance	1,588	1,550
Communications	1,238	890
Publications	90	177
Total support costs expended	7,477	5,932

The basis of cost allocation used is staff numbers and by departmental activity

## 7 Staff costs

The average number of employees calculated on a full time equivalent basis was

	2013 No	2012 No
Employees	151	129

The staff costs in respect of the above employees were

	2013 £'000	2012 £'000
Wages and salaries	6,091	5,081
Social security costs	590	517
Pension contributions	296	262
	6,977	5,860

The number of employees whose emoluments exceeded £60,000 were as follows

	2013 No	2012 No
£60,001 - £70,000	6	1
£70,001 - £80,000	4	3
£80,001 - £90,000	-	4
£90,001 - £100,000	4	-
£110,001 - £120,000	-	1
£120,001 - £130,000	1	-
£160,001 - £170,000	-	1
£200,001 - £210,000	1	-
Total	16	10

The group made contributions to the pension plans of 11 (2012 10) employees during the period whose emoluments exceeded £60,000. The disclosure below has been computed aggregating the emoluments of all employees for the year ended 31 March 2013.

None of the Council Members, who are regarded as Directors, received any remuneration for services as a Director during the year.

## 8 Net incoming resources

Net incoming resources are stated after charging / (crediting)

	2013 £'000	2012 £'000
Depreciation	903	811
Amortisation of development costs	75	3
Lease of land and buildings (including service charge)	596	580
Audit of these financial statements	37	33
Amounts received by auditors and their associates in respect of		
Other services relating to taxation – advisory basis	46	31
Premium paid on foreign exchange hedging options	-	76
Foreign exchange (gains)/losses	(531)	(175)

**9 Tangible fixed assets**  
(Company & Group)

	Fixtures & Fittings	Other Equipment	Computer Equipment	Computer System	Leasehold Improv's	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
At 1 April 2012	181	109	691	5,864	271	7,116
Additions	22	7	70	546	-	645
Disposals	-	-	-	(1,006)	-	(1,006)
At 31 March 2013	203	116	761	5,404	271	6,755
<b>Depreciation</b>						
At 1 April 2012	148	94	544	1,647	225	2,658
Charge for the year	26	9	88	754	26	903
On Disposals	-	-	-	(1,006)	-	(1,006)
At 31 March 2013	174	103	632	1,395	251	2,555
<b>Net book value</b>						
At 31 March 2013	29	13	129	4,009	20	4,200
At 31 March 2012	33	15	147	4,217	46	4,458

**10 Intangible fixed assets**  
(Company & Group)

	Development costs £'000
<b>Cost</b>	
At 1 April 2012	156
Additions	416
Reclassification	
At 31 March 2013	572
<b>Amortisation</b>	
At 1 April 2012	3
Charge for the year	75
Reclassification	
At 31 March 2013	78
<b>Net book value</b>	
At 31 March 2013	494
At 31 March 2012	153

## 11 Investments

The movements in investments during the year were as follows -

	Holding Company Investments £'000
<b>Cost</b>	
At 1 April 2012	4
At 31 March 2013	4
<b>Provision for impairment</b>	
At 1 April 2012	3
At 31 March 2013	3
<b>Net book value</b>	
At 31 March 2012	1
At 31 March 2013	1

At 31 March 2013, investment in subsidiary undertakings comprised

	Principal Activity	Country of Incorporation	Beneficial Interest
Trinity Brasil S/C Ltda	Dormant	Brazil	100%
Trinity College London India Private Limited	Dormant	India	100%
Trinity Thailand	Dormant	Thailand	100%
Trinity College London Enterprises Limited	Dormant	United Kingdom	100%

### Trinity College London India Private Limited

Trinity College London India Private Limited ceased to trade on 31 March 2011 and has been dormant since that date. All shares of Trinity College London India Private Limited are held by nominee shareholders beneficially for Trinity College London.

### Trinity Brasil S/C Ltda

The provision of £3,000 (2012: £3,000) in the books of Trinity College London against the full cost of its investment in Trinity Brasil S/C Ltda remains at 31 March 2013.

### Trinity London (Thailand) Limited

TCL owns 49% of the issued share capital of Trinity London (Thailand) Ltd, a company incorporated in Thailand. The remaining shares are held for the benefit of TCL in a nominee account.

### Trinity College London Enterprises Limited

Trinity College London Enterprises Limited is a wholly owned subsidiary of TCL that was incorporated in September 2012.

All subsidiaries of Trinity College London are dormant. The net assets/(liabilities) of the subsidiary companies at the balance sheet date are -

	2013 £'000	2012 £'000
Trinity Brasil S/C Ltda	(254)	(254)
Trinity College London India Private Limited	5	5
Trinity London (Thailand) Limited	(8)	(8)
Trinity College London Enterprises Limited	-	-

**12 Stock**

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
Publications stock	432	305	432	305

**13 Debtors**

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
Trade debtors	2,260	1,445	2,260	1,445
Value added taxation	26	60	26	60
Other debtors	351	295	346	295
Deferred expenses	1,454	1,163	1,454	1,163
Accrued income	22	53	22	53
	4,113	3,016	4,108	3,016

**14 Cash at bank and in hand**

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
Bank balances held in the United Kingdom	3,388	3,631	3,388	3,631
Bank balances held overseas	1,735	1,400	1,735	1,400
	5,123	5,031	5,123	5,031

**15 Creditors – amounts falling due within one year**

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
Trade creditors	924	708	924	708
Taxation and social security	235	133	235	137
Other creditors	485	666	485	668
Accrued expenses	1,301	921	1,301	921
Deferred income	6,387	6,303	6,387	6,303
	9,332	8,731	9,332	8,737

All deferred income relates to examination fees

**16 Creditors – amounts falling due after one year**

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
Deferred expenses amortisation of rent free period	12	20	12	20
	12	20	12	20

A rent-free period was negotiated at the beginning of the new lease for additional office space. The amount saved through this rent-free period was £52,080 which is being amortised over the term of the lease.

**17 Reconciliation of net incoming resources to net cash flow from operating activities**

	2013 £'000	2012 £'000
Net incoming resources	806	1003
Interest receivable	(12)	(11)
Depreciation of tangible fixed assets	903	811
Amortisation of development costs	75	3
(Increase) in stocks	(127)	(97)
(Increase) in debtors	(1,097)	(1,812)
Increase in creditors	593	632
Net cash flow from operating activities	1,141	529

**18 Analysis of changes in group bank and cash balances**

	2013 £'000	2012 £'000
Net bank and cash balances at beginning of the year	5,031	5,609
Net increase/(decrease) in bank and cash balances	92	(578)
Net bank and cash balances at the end of the year	5,123	5,031

**19 Financial commitments**

The annual commitment under an operating lease is analysed according to the period in which the lease expires as follows -

	Land & Buildings		Other		Total	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Within one year	-	-	19	93	19	93
After one but no more than 5 years	427	427	18	-	445	427
	427	427	37	93	464	520

**20 Financial instruments**

The group receives a large percentage of its revenue in foreign currencies and covers this risk by using forward currency contracts

During the year the foreign currency hedging policy was reviewed and a decision taken to increase the proportion of non-sterling income that is hedged. As at the year end the group had commitments outstanding in respect of forward foreign exchange contracts (primarily Sterling Euros) amounting to £15,408,027 (2012 £3,899,206)

## 21 Guarantee by Members

In the event of a winding up or dissolution of the charity, under the terms of the guarantee the liability of each Member shall be limited to £1

## 22 Related party transactions

As noted in the Report of the Directors', a majority of the group's Directors are either Trustees of the Trinity College of Music Trust or nominated by the Trustees of TCMT

During the period the following payments were paid to Members of the TCL Council (being the directors of the group)

	2013 £'000	2012 £'000
Reimbursement of expenses to 2 (2012: 2) Members	1	-
Consultancy work	20	12

No other payments or expenses were reimbursed to other Members of Council in 2013

The consultancy services represent payments to Mr M Esplen, a Council Member, provided under an arm's length agreement on terms approved by Council in advance of the services commencing

During the year the Council resolved to pay donations totalling £900,000 (2012: £900,000) to TCMT. A total amount of £900,000 was paid during the year. At 31 March 2013 £300,000 (2012: £300,000) remained outstanding and was settled after the balance sheet date

## 23 Group Funds – movements in the year

	Balance 1 April 2012 £'000	Income 2013 £'000	Expense 2013 £'000	Donations 2013 £'000	Balance 31 March 2013 £'000
General fund	4,206	27,879	(26,742)	(920)	4,423
Restricted funds – ACE grants	6	2,685	(2,096)	-	595
	4,212	30,564	(28,838)	(920)	5,018

The ACE restricted fund represents funding received from Arts Council England for specific projects relating to the Arts Award and Artsmark, the whole costs of which have not been incurred at the balance sheet date

There are no significant differences between the company and group and as such no separate note is included for the charity

## 24 Analysis of funds

The group's net assets belong to the various funds at 31 March 2013 as follows -

	Fixed & Intangible assets £'000's	Current assets £'000's	Current (liabilities) £'000's	Long Term (liabilities) £'000's	Net assets £'000's
General fund	4,694	9,073	(9,332)	(12)	4,423
Restricted funds – ACE grant	-	595	-	-	595
	<u>4,694</u>	<u>9,668</u>	<u>(9,332)</u>	<u>(12)</u>	<u>5,018</u>

## 25 Post balance sheet events

As a result of changes to the organisational structure of TCL the charity has entered into a new building lease in which to relocate the headcount and infrastructure directly associated with the UK & Ireland region. Thus, new premises have been leased in East Croydon from 1 May 2013.

There were no other significant post balance sheet events.