

**THE ROYAL NATIONAL COLLEGE FOR THE BLIND**  
**(a Company limited by guarantee)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 July 2020**

**Charity Registered Number 1000388**  
**Company Registered Number 02367626**

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**The Royal National College for the Blind**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**for the year ended 31 July 2020**

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**The Royal National College for the Blind**  
**CHAIRMAN'S STATEMENT**  
**for the year ended 31 July 2020**

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This is my first set of accounts as Chair of RNC, a position I was privileged to take up in February 2020. It has become a cliché to refer to the challenges of the pandemic as unprecedented but inevitably managing its impact has been a priority for the Board and for RNC staff and students. It is a credit to the creativity and commitment of everyone concerned that the College's main purpose, the education and training of blind and visually impaired students, has been discharged fully. On the announcement of the first national lockdown all student-facing activities moved on-line. Teaching and pastoral support of students was maintained throughout, and I am pleased to report that levels of achievement at the end of the year were excellent.

The College welcomed students back in September 2020 and we have ensured that students have enjoyed the best possible experience, despite the restrictions. Following half term in October we had an outbreak of Covid when three students tested positive, all within the same "bubble", which led to a period of self-isolation for the students affected. Thanks to our gifted and dedicated staff, our resourceful and resilient students, and the support of the excellent local outbreak team, the outbreak was controlled, teaching and other activities continued uninterrupted, including for those in self-isolation. It was especially gratifying that the PHE team acknowledged the excellent procedures that had been put in place and that the College's response had been exemplary.

In last year's report my predecessor referred to the development and implementation of a 3-year Business Recovery Plan, designed to secure for the College a financially sustainable future. At its heart lies a strategy to increase student numbers. I am pleased to report that the College achieved its student numbers target for 2019/20. Our investment in support for applicants applying for funding has been successful – expenditure of £50,000 has so far resulted in total student income of £1,500,000.

The funding climate remains extremely challenging. SEND tribunal figures for 2019/20 show:

- a 13% increase in tribunals registered. Over 50% of these went to a full hearing (20% before the 2014 Children and Families Act)
- Local Authorities spent £55m on tribunals (£200m spent since 2014)
- The Local Authority position was upheld in only 5% of cases – the lowest ever

A report commissioned jointly by the National Association of Specialist Education Colleges, the Association of Colleges, and the Local Government Association into the high needs FE system concluded that:

"high needs FE provision is unplanned and the system is overly complicated, resulting in young people, their parents, councils and colleges facing challenges which have a detrimental impact on students in further education with special educational needs and disabilities (SEND)".

It is against this backdrop that RNC and similar colleges struggle to prosper and to provide equality of access to the high quality education and training that our young people with special needs and disabilities rightly deserve. This situation will prevail until there is a radical reworking of the whole system, including funding, to enable Local Authorities better to budget for support for SEND students.

Recruitment activities in 2019/20 were impacted, firstly by severe flooding in Herefordshire in February, which caused the cancellation of a number of open events, and for the remainder of the year by the pandemic, which meant that all subsequent recruitment activities (open days, student assessments, etc.) had to be done virtually. Inevitably, students and their supporters were anxious about what lay in store, and needed to be reassured that RNC was able to offer a safe and healthy environment. In spite of the pandemic and continuing pressure on local authority funding, and thanks to the tireless work of the recruitment team and other staff, student numbers at the start of the 2020/21 held up well.

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**The Royal National College for the Blind**  
**CHAIRMAN'S STATEMENT (*continued*)**  
**for the year ended 31 July 2020**

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The Business Recovery Plan also sets out to increase income from commercial activities and from fundraising. I am pleased to report that the 2019/20 target for fundraising was exceeded. However, the pandemic impacted adversely on income from thePoint4 (tP4) because of the closure of the public gym, and the cancellation of external bookings for conferences and the use of sporting facilities. This position is on-going and remains uncertain. The Board has approved a new business plan for tP4, the implementation of which has inevitably been affected by Covid. The climate for fundraising will certainly become more competitive because of the pandemic. The fundraising team continue to be successful in winning grant aid and the Board has engaged the support of an external fundraising consultant who has worked with the team to refresh the fundraising strategy.

The RNC Board adopted formally the Charity Governance Code in May 2019. The Code has been used to inform the Board's annual review of its own effectiveness. The most recent review concentrated on two of the seven principles in the Code, Openness and Transparency and Diversity. Assessing itself against compliance with the key outcomes in the Code has assisted the Board in actions that will further its objective to meet the highest standards of governance as embodied in the Code.

In summary, 2019/20 was a hugely challenging year and these challenges will continue for some time. The Board and the Executive will continue to respond to these challenges and, working with our stakeholders, to take action to reach full and sustainable financial stability. We are blessed with an exceptionally skilled specialist staff who are fully committed to the future of the College and to our students. Our vision is a world where every person with a visual impairment has true equality. Our mission is to provide to our students education and training which is empowering, to provide them with the knowledge, skills and confidence to overcome barriers their visual impairment may present in a sighted world, leading to independent living, higher education, employment and self-employment. The experience of 2020 has thrown this into sharp relief and has reinforced our determination to ensure that we realise both our vision and our mission.



**John Ryan**  
**Chairman**

**Date:** 12th February 2021

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**The Royal National College for the Blind**  
**GOVERNORS' REPORT**  
**for the year ended 31 July 2020**

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The Governors (who are also the Company directors and charity trustees as listed on page 9) present their annual report and audited financial statements for the year ended 31 July 2020, which comply with the Charities Act 2011, the Companies Act 2006, RNC's Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

**Aims, objectives and activities**

***Aims***

The aim of The Royal National College for the Blind ("RNC") is to provide and promote education and training for people who are blind or visually impaired and for such other people as the Governors may determine from time to time.

***Charitable objectives***

The objectives of RNC are covered by its Vision and Mission statement.

Vision: People with visual impairment have true equality.

Mission statement: Education, employment and empowerment for people with a visual impairment.

***Activities***

The principal activity of RNC is that of a residential specialist college of Further Education, promoting the independence and potential of people who are blind or partially sighted aged 16 and over.

RNC's major funders are the Education and Skills Funding Agency, the Department for Work and Pensions, the Welsh Government and Local Authorities. In addition, some students are also funded through private funding.

Other areas of activity include providing disabled student assessments and the operation of a Sports and Complementary Therapy Centre (thePoint4). These facilities are widely used by our students and the general public. RNC also has a range of support services to offer to organisations which require assistance in addressing the needs of the visually impaired.

**Public benefit**

In setting our objectives and planning our activities our Governors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education and relief of those in need by reason of disability. The activities described above enable us to meet the definition of public benefit.

During the academic year 2019/20, there were 78 students aged 16 to 25 enrolled at RNC (2018/19: 75 students). Additionally, 14 Specialist Employability Support customers (2018/19: 13 customers) commenced employment during the financial year.

## **Strategic report**

### ***Achievements and performance***

Students who completed courses during 2019/20 maintained excellent levels of achievement despite significant impacts of the Covid 19 pandemic.

100% of students gained a pass at A Level, 45% of which gained A/A\* grades. 90% achieved AS grades A-E with 75% achieving grades A-C. Once again, this year, the AS Extended Project results had all 9 students achieving A\*- B grades. There was a 100% pass rate in GCSE English and maths, which is a 50% increase on 2018/19. The achievement rate was 75% and 80% respectively.

Vocational results saw 100% pass rates across Business, IT, Media, Health & Social Care, Introductory Courses and Sport.

Some students were unable to progress on to practical progression courses which could not be undertaken remotely. Similarly, numbers completing Braille courses were far fewer than previous years, but apart from two students, all other students have returned to complete this academic year.

The College's most recent Ofsted inspection was in February 2018 for our residential provision in which we were judged to be Outstanding in all areas. Education and training provision was inspected a year earlier and we received gradings of Good across the board.

We are ambitious for our students and have much to celebrate. Ultimately colleges like ours are judged by the achievements of our students and we know that our students rate their experience with us very highly. Despite the decision to move all teaching to remote platforms from March, there are still a good number of highlights to celebrate:

- Four students were selected to be part of the Great Britain women's goalball team that competed for a place at the Tokyo 2020 paralympics, one of which was nominated for Sport Aid's prestigious One-to-Watch Award.
- An A Level student joined the team for the One Show's Rickshaw Challenge for Children in Need in October 2019. He took part with 5 other young people and the presenter Matt Baker in the eight-day, 400 mile challenge on a custom-made rickshaw.
- A student was awarded runner-up in the Inspirational Young Person of the Year category in the 2019 Guide Dogs People Awards.
- Four A level Mathematics students took part in the Annual A Level Mathematics Pop Quiz, hosted by the University of South Wales, finishing in a creditable mid table position.
- The sixth annual 'Dine in the Dark' event was a success in January 2020, with students taking the roles of guest liaison, supported servers, and comperes. Diners were entertained by a talented student musician and students who told moving personal stories.
- In February 2020, a former student returned to the College to inspire current business students with his personal story. He currently works for an independent sight loss charity in a role that provides help and support to people who are new to accessible technology.
- During Lockdown, students took part in a virtual exchange trek, which saw a cumulative total of 5467km travelled.

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**The Royal National College for the Blind**  
**GOVERNORS' REPORT (*continued*)**  
**for the year ended 31 July 2020**

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***Risk management***

The principal risks and uncertainties facing RNC are: the recruitment of an appropriate quality and quantity of staff; maintaining the current high standard of education and care within funding parameters; increasing student numbers at a time when local authorities are under ever-increasing budgetary constraints; maintaining financial viability under the current financing arrangements for high needs students; and maintaining standards of education and care through the ongoing Covid-19 pandemic whilst managing the risk of a full or partial closure of the College.

The Board has examined the principal areas of RNC's operations and considered what major risks may arise in each of these areas. RNC keeps a detailed risk register, including strategies to mitigate each risk, which is reviewed and updated by Governors and the Senior Management Team every three months. In the opinion of the Governors, RNC has therefore established policies, resources and review systems, which under normal conditions should allow the risks identified by them to be mitigated to an acceptable level in its day to day operations.

***Financial review***

One of the principal risks of RNC is maintaining financial viability in light of continual changes to funding arrangements for high needs students. Monthly accounts and cash flows are monitored by the Senior Management Team and Governors to identify potential issues at the earliest opportunity. Covid-19 has brought an additional challenge, with the College campus closed from mid-March for the remainder of the financial year. All teaching was carried out online for the summer term and student fees were paid in full. However, the closure meant that the gym and sports facilities were closed to the public for four and a half months of the financial year, resulting in income from the trading subsidiary being 50% of the prior year figure, and the trading subsidiary returning a loss of £105,000 for the year.

A summary of key figures over the last three year have been:

	2020	2019	2018
	£000	£000	£000
Total income of the Charitable Group	5,635	5,827	6,173
Income from donations and legacies	448	225	157
Net expenditure before pension scheme	(65)	(1,175)	(2,672)
Net movement in funds after pension scheme	(462)	(358)	(1,569)
Net assets at year end	8,440	8,902	9,260
Unrestricted funds at year end	7,420	8,043	8,367

Despite the continual challenges of obtaining placements and funding from Local Authorities, and the impact of the Covid-19 pandemic, income from student services showed a 0.1% increase in 2020 (7.1% decrease in 2019).

Included within the above figures are those of the trading subsidiary, R N C Enterprises Limited. Detailed results of the subsidiary are shown in note 5 to these financial statements; turnover for the year was £383,000 (2019: £781,000), and the amount gift-aided to the charity during the year was £33,665 (2019: £44,713).

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**The Royal National College for the Blind**  
**GOVERNORS' REPORT (*continued*)**  
**for the year ended 31 July 2020**

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***Going concern***

RNC has a bank loan facility with a final repayment date of 31st January 2025, and a significant deficit on its defined benefit pension scheme, but is working through a detailed recovery plan to address this which has the full support of its bankers, pension fund trustees and other funders. RNC has a three year financial forecast and a three year cash flow forecast which, despite the impact of the Covid-19 pandemic, show that the Group can continue to trade within its current bank loan and overdraft facilities. The Governors therefore believe that it is appropriate to prepare these financial statements on the basis that RNC is a going concern.

***Pension liability***

RNC operates a defined benefit funded pension plan in the UK. The scheme is closed to new entrants and benefits ceased to accrue with effect from 31 March 2012. A full actuarial valuation was carried out at 30 September 2019 and showed a deficit in the scheme of £5,953,000. Following the valuation, the pension trustee and the employer agreed that additional contributions would continue to be paid to the scheme by the employer at the rate of £332,688 per annum over a period of 11 years 11 months as from 1 April 2021.

***Reserves policy***

The Governors have examined the requirement for free reserves which are those unrestricted funds not invested in tangible fixed assets, restricted funds or otherwise committed. The Governors consider that, given the nature of RNC's operations, this should be approximately £500,000, equivalent to one month's expenditure, which gives flexibility to cover temporary timing differences for fees and grants, adequate working capital for core costs, and will allow a quick response to emergencies.

The free reserves as at 31 July 2020 consist of unrestricted investments plus unrestricted net current assets/liabilities less long term liabilities, which total -£1,416,000 (2019: -£452,000). However, despite having negative free reserves, as at 31 July 2020 the group had net current assets of £447,000 (2019: £806,000) giving it sufficient working capital in the short term.

Governors acknowledge that having negative free reserves is well below the desired level, however the recently implemented business recovery plan, referred to elsewhere within these financial statements, aims to increase student numbers gradually over three years, sell property that is surplus to requirement reduce the cost base of the college and increase income from fundraising and trading, thus maintaining working capital and improving the level of free reserves within the longer term.

At year end, the Group had funds of £8,440,000 (2019: £8,902,000) which consisted of £7,420,000 unrestricted funds (2019: £8,043,000) and £1,020,000 restricted funds (2019: £859,000). Included within the unrestricted funds was the pension reserve, which currently sits at a deficit of £3,363,000 (2019: £3,212,000).

***Land and buildings***

The freehold land and buildings were bought by the Royal National College and Academy of Music for the Blind Trust in 1978, and transferred to RNC on incorporation in 1989.

Under the transition to FRS 102, the net book value of the freehold land and buildings as at the transition date has been used as the historical cost.



### **Investment policy**

The memorandum of association authorises the Governors to invest in such stocks, shares, investments and property in the UK as they see fit. The Governors' policy is to adopt a medium risk investment strategy based upon maintaining the real value of investments and achieving a reasonable income. RNC currently owns a number of properties which are rented to third parties and therefore treated as Investment Properties. Note 10 to these accounts gives more information on the investments held at the year end.

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

#### ***Governing document***

RNC is a registered charity (No. 1000388) and a Company limited by guarantee (No. 02367626). RNC is governed by memorandum and articles of association adopted by special resolution of the Board of Governors dated 8 December 2009.

#### ***Trustee recruitment, induction and training***

The Board has a sub-Group, the Nominations and Governance Committee, who manage the recruitment of Governors. They identify skills/ethnicity gaps and target recruitment to fill those gaps. There is an extensive induction process for new Governors and regular training events are organised aligned to priorities identified within the self assessment process.

#### ***Organisation***

The Governors ratify the general direction and policy of RNC and monitor its performance, whilst the day to day leadership and management of the College and its subsidiary is delegated to the Executive Principal.

#### ***Pay policy for key management personnel***

The pay of key management personnel is set by the Governors having regard for levels of responsibility, corresponding positions in similar organisations and pay scales issued by the Association of Colleges.

#### ***Related parties***

R N C Enterprises Limited (RNCE) is RNC's wholly-owned trading subsidiary and carries out non-charitable trading activities for RNC. The results of RNCE are consolidated within the overall RNC results. Further details of RNCE's activities are shown above in the Financial Review, and in Note 5 to these financial statements.

With effect from 1 January 2019, RNC became the sole beneficiary of an independent charity, Blindcare (charity registration number 1020073). Income received from Blindcare during the year is included within donations and legacies. The full results of Blindcare have not been consolidated into these financial statements as they are deemed immaterial to the Group.

#### ***Equal opportunities***

It is the policy of RNC to provide equal employment opportunities to ensure that no employee receives less favourable treatment than others on the grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation. Staff development programmes have been run with the aim of promoting equal opportunities amongst staff, Governors and students.

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**The Royal National College for the Blind**  
**GOVERNORS' REPORT (*continued*)**  
**for the year ended 31 July 2020**

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***Employees***

RNC is an equal opportunities employer, committed to the promotion of equality, diversity and a supportive environment for all members of our community. We are committed to safeguarding and all staff are subject to necessary Disclosure and Barring Service checks, which are reviewed on a three year cycle. RNC has safeguarding and equality and diversity groups with staff representation which meet on a regular basis and ensure that policies and practices are up to date.

There is mandatory training on safeguarding, equality and diversity and data protection for all staff. Managers involved in staff recruitment all have to complete a "Safer Recruitment in Education" programme. There is also an extensive programme of other developmental training for staff.

RNC has a staff consultation group made up of representatives from across RNC who meet on a regular basis and there is an open policy in the provision of information to employees.

***Fundraising***

RNC employs a small fundraising team (2.5 FTE staff) who concentrate mainly on grant applications to Trusts and Foundations. No professional fundraisers or commercial participators are used, and there is no direct fundraising from the general public. As a result, the fundraising team were not required to implement any policies regarding the safeguarding of vulnerable members of the general public, nor did they receive any complaints during the year. A detailed fundraising report is presented to Governors at all board meetings, which sets out the current strategy, fundraising income received year to date against budget, income pledged but not yet received, and any other issues of which Governors should be aware. RNC therefore has no fundraising activities requiring disclosure under S162A of the Charities Act 2011.

***Reference and administrative details***

Charity name: The Royal National College for the Blind (also known as "RNC")  
Charity number: 1000388  
Company number: 02367626  
Principal and registered office: thePoint4, Venns Lane, Hereford, HR1 1DT

***Our advisers***

Independent auditor: Crowe U.K. LLP, Carrick House, Lypiatt Road, Cheltenham, GL50 2QJ  
Bankers: Barclays Bank plc, 1 - 3 Broad Street, Hereford, HR4 9BH  
Solicitors: Eversheds LLP, 115 Colmore Row, Birmingham, B3 3AL

***Key management personnel***

Executive Principal	L Proctor (ex-officio trustee)
Director of Student Support	M Fisher
Director of Learning	J Lynch
Director of Learning	N Smith

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**The Royal National College for the Blind**  
**GOVERNORS' REPORT (*continued*)**  
**for the year ended 31 July 2020**

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***Governors, Directors and Trustees***

The Governors of The Royal National College for the Blind are also the trustees and Company directors. The Governors and elected directors who served during the year and since the year end were as follows:

Prof. TJ Thompson OBE (Chairman)	(resigned 14 February 2020)
Mr E Bastable	(appointed 1 October 2020)
Mr J Brew	
Mr J Clarke-Morris ***	
Miss K Diamond	
Mr P Flynn ***	
Mr S Hairsnape	
Mr E Lloyd	(resigned 24 January 2021)
Mr C Mill	(resigned 14 February 2020)
Mrs S Penny	
Mrs V Pugh	(appointed 1 October 2020)
Mr J Ryan (Chairman)	
Mr P Smith *	(resigned 14 November 2019)
The Hon. J White **	

\* Mr P Smith served as a Staff Governor but not an elected director.

\*\* The Hon. J White is an elected director but does not serve as a College Governor.

\*\*\* Also a director of R N C Enterprises Limited

Governors are elected by the Board for a renewable term of three years by rotation. New Governors are given a full induction to the College and its activities.

There are three sub-committees of the Board of Governors that meet at various times during the year; the Audit and Assurance Committee, the Finance, Development and Commercial Committee and the Education and Training Committee.

**Charity Governance Code**

As RNC is a not for profit organisation which aims to follow charity sector best practice, the Governors have reviewed the updated version of the Charity Governance Code (the "Code") published in July 2017. An in-depth review of the Code was carried out at the Governors' meeting held on 20th December 2018, following which Governors agreed to adopt the Code in full at their meeting on 17th May 2019. The Code will be used to measure the Board of Governors' effectiveness and is built into the annual Governor Self-Assessment Report (SAR).

### **Statement of Governors' responsibilities**

The Governors (who are also directors of The Royal National College for the Blind for the purposes of Company law) are responsible for preparing the Governors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Governors to prepare financial statements for each financial year. Under Company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and the Group and of the incoming resources and application of resources, including the income and expenditure, of the Charitable Group for that period. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- 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 Charitable Group will continue in business.

The Governors are responsible for keeping proper accounting records that are sufficient to show and explain the Charitable Company's transactions, disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the provisions of the Charitable Company's constitution. They are also responsible for safeguarding the assets of the Charitable Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Disclosure of Information to Auditor**

In so far as each of the directors of RNC at the date of approval of this report is aware, there is no relevant audit information (information needed by RNC's auditor in connection with preparing the audit report) of which RNC's auditor is unaware. Each director has taken all of the steps that he/she should have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that RNC's auditor is aware of that information.

The Governor's Report, including the Strategic Report, was approved by the Board of Governors of The Royal National College for the Blind on 12th February 2021 and is signed on its behalf by:



**John Ryan**  
**Chairman**  
**Date: 12th February 2021**

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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ROYAL NATIONAL COLLEGE FOR THE BLIND**

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### **Opinion**

We have audited the financial statements of The Royal National College for the Blind for the year ended 31 July 2020 which comprise the Consolidated Statement of Financial Activities, Consolidated and College Balance Sheets, Consolidated 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 the Group's and the Charitable Company's affairs as at 31 July 2020 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Charitable Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

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

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

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
THE ROYAL NATIONAL COLLEGE FOR THE BLIND (*continued*)**

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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 our audit:

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

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

In light of the knowledge and understanding of the Group and the Charitable Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report included within the Governors' report.

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

- the parent Company has not kept adequate accounting records; or
- the parent Company 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 Governors**

As explained more fully in the statement of Governors' responsibilities set out on page 10, the Governors (who are also the directors of the Charitable Company for the purposes of Company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the 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 Group's or the Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the Charitable Company or to cease operations, or have no realistic alternative but to do so.

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

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

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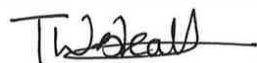
## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ROYAL NATIONAL COLLEGE FOR THE BLIND (*continued*)

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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 this report

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



Tara Westcott FCCA

### Senior Statutory Auditor

For and on behalf of

**Crowe U.K. LLP**

Statutory Auditor

Carrick House

Lypiatt Road

Cheltenham

Gloucestershire

GL50 2QJ

Date: 24 February 2021

**The Royal National College for the Blind**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES *(incorporating an income and expenditure account)***

**for the year ended 31 July 2020**

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2020 £'000	Total 2019 £'000
<b>Income from:</b>					
Donations and legacies	2	183	265	448	225
Charitable activities	2	4,503	72	4,575	4,444
Other trading activities	5	392	-	392	799
Investments	2	196	-	196	346
Other income		24	-	24	13
<b>TOTAL INCOME</b>		<b>5,298</b>	<b>337</b>	<b>5,635</b>	<b>5,827</b>
<b>Expenditure on:</b>					
Raising funds	4	492	1	493	756
Charitable activities	4	5,034	113	5,147	6,229
<b>TOTAL EXPENDITURE</b>	4	<b>5,526</b>	<b>114</b>	<b>5,640</b>	<b>6,985</b>
Net loss on investments	10	(60)	-	(60)	(17)
<b>NET (EXPENDITURE) / INCOME</b>		<b>(288)</b>	<b>223</b>	<b>(65)</b>	<b>(1,175)</b>
Transfers between funds	16	62	(62)	-	-
<b>Other recognised gains</b>					
Actuarial (loss) / gain on defined benefit pension scheme	21	(397)	-	(397)	817
<b>NET MOVEMENT IN FUNDS</b>		<b>(623)</b>	<b>161</b>	<b>(462)</b>	<b>(358)</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward	15	8,043	859	8,902	9,260
<b>Total funds carried forward</b>	15	<b>7,420</b>	<b>1,020</b>	<b>8,440</b>	<b>8,902</b>

The notes on pages 17 to 38 form part of these financial statements.



**The Royal National College for the Blind (a Company limited by guarantee no. 02367626)**  
**CONSOLIDATED AND COLLEGE BALANCE SHEETS**  
as at 31 July 2020

		Consolidated		College	
	Notes	2020 £'000	2019 £'000	2020 £'000	2019 £'000
<b>FIXED ASSETS</b>					
Tangible assets	9	12,945	12,313	12,942	12,309
Investments	10	1,035	1,833	1,035	1,833
<i>Total fixed assets</i>		<u>13,980</u>	<u>14,146</u>	<u>13,977</u>	<u>14,142</u>
<b>CURRENT ASSETS</b>					
Stock	11	1	2	-	1
Debtors	12	177	283	272	234
Cash at bank and in hand		1,043	1,239	1,027	1,218
<i>Total current assets</i>		<u>1,221</u>	<u>1,524</u>	<u>1,299</u>	<u>1,453</u>
<b>LIABILITIES</b>					
Creditors: amounts falling due within one year	13	(774)	(718)	(734)	(667)
<i>Net current assets</i>		<u>447</u>	<u>806</u>	<u>565</u>	<u>786</u>
<i>Total assets less current liabilities</i>		<u>14,427</u>	<u>14,952</u>	<u>14,542</u>	<u>14,928</u>
Creditors: amounts falling due after more than one year	14	(2,624)	(2,838)	(2,624)	(2,838)
<i>Net assets excluding pension scheme liability</i>		<u>11,803</u>	<u>12,114</u>	<u>11,918</u>	<u>12,090</u>
Defined benefit pension scheme liability	21	(3,363)	(3,212)	(3,363)	(3,212)
<b>TOTAL NET ASSETS</b>		<u><b>8,440</b></u>	<u><b>8,902</b></u>	<u><b>8,555</b></u>	<u><b>8,878</b></u>
<b>THE FUNDS OF THE GROUP</b>					
Restricted income funds	16	1,020	859	1,020	859
<i>Unrestricted funds</i>					
General		10,783	11,255	10,898	11,231
Defined benefit pension scheme liability	21	(3,363)	(3,212)	(3,363)	(3,212)
<i>Total unrestricted funds</i>	17	<u>7,420</u>	<u>8,043</u>	<u>7,535</u>	<u>8,019</u>
<b>TOTAL GROUP FUNDS</b>	15	<u><b>8,440</b></u>	<u><b>8,902</b></u>	<u><b>8,555</b></u>	<u><b>8,878</b></u>

The notes on pages 17 to 38 form part of these financial statements.

The College only net income for the year totalled £74,000 (2019: net expenditure of £1,161,000).

The financial statements were approved and authorised for issue by the Governors on 12 February 2021 and were signed on their behalf by:



**John Ryan**  
Chairman

**Date: 12 February 2021**

**The Royal National College for the Blind**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the year ended 31 July 2020**

	Notes	2020 £'000	2019 £'000
<b>Cash flows from operating activities:</b>			
<b>Net cash used in operating activities</b>	23(a)	(31)	(2,417)
<b>Cash flows from investing activities:</b>			
Rents from investment properties		194	343
Bank interest received		2	3
Proceeds from sale of tangible fixed assets		24	2,014
Proceeds from sale of investments		-	3,988
Purchase of tangible fixed assets		(172)	(64)
<b>Net cash provided by investing activities</b>		48	6,284
<b>Cash flows from financing activities:</b>			
Repayment of borrowing		(93)	(1,814)
Repayment of finance lease		(29)	(31)
Interest paid		(91)	(146)
<b>Net cash used in financing activities</b>		(213)	(1,991)
<b>Change in cash and cash equivalents in the year</b>		<b>(196)</b>	<b>1,876</b>
Cash and cash equivalents at the beginning of the year		1,239	(637)
<b>Cash and cash equivalents at the end of the year</b>	23(b)	<b>1,043</b>	<b>1,239</b>

The notes on pages 17 to 38 form part of these financial statements.

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**The Royal National College for the Blind**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**for the year ended 31 July 2020**

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## **1 STATEMENT OF ACCOUNTING POLICIES**

The Royal National College for the Blind ("RNC") is a Charitable Company limited by guarantee and was incorporated on 3 April 1989 (Company no: 02367626). The Royal National College for the Blind is registered as a charity with the Charity Commission England and Wales (charity no. 1000388). Its registered and principal office is thePoint4, Venns Lane, Hereford, HR1 1DT. This is also the registered office of the 100% wholly-owned subsidiary, R N C Enterprises Limited.

### **Basis of accounting**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and Charities Act 2011.

The Royal National College for the Blind meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

### **Going concern**

RNC has a bank loan facility with a final repayment date of 31st January 2025, and a significant deficit on its defined benefit pension scheme, but is working through a detailed recovery plan to address this which has the full support of its bankers, pension fund trustees and other funders. RNC has a three year financial forecast and a three year cash flow forecast which, despite the impact of the Covid-19 pandemic, show that the Group can continue to trade within its current bank loan and overdraft facilities. The Governors therefore believe that it is appropriate to prepare these financial statements on the basis that RNC is a going concern.

### **Income**

Income is included in the Statement of Financial Activities when the Group has entitlement to the funds, any performance conditions have been met, it is probable the income will be received and the amount can be measured reliably.

### **Student services and grants**

Student services and grants are accounted for in the period in which the service is provided. Student services consist of income from student fees and any sundry receipts.

### **Government grants**

Grants from government bodies and other sources are received for specific projects/costs and are recognised in accordance with their individual terms and conditions. Income is recognised when the Group has entitlement to the funds which is when any performance conditions attached are met, it is probable that the income will be received and the amount can be reliably measured. Grant income will be deferred if received in advance of meeting performance conditions or if the funder specifically states that the income must be spent in a future accounting period.

## **1 STATEMENT OF ACCOUNTING POLICIES** *(continued)*

### **Donations and covenanted subscriptions**

Donations received for the general purposes of the Group are credited to unrestricted funds but shown separately from direct Group income. Donations subject to specific wishes of the donors are carried to the relevant restricted fund. Donations are accounted for when received.

### **Legacies**

Legacies received for the general purposes of RNC are credited to unrestricted funds and shown within donations and legacies. Legacies subject to specific wishes of the donor are included within restricted funds. Legacy income is accounted for based upon settlement of the Estate Accounts, or receipt of payment, whichever is earlier.

### **Income from trading**

Income from trading activities is included in the financial statements in the period in which the relevant goods and services have been provided, and is stated net of Value Added Tax.

### **Investment and similar income**

Investment and similar income is accounted for when receivable.

### **Taxation**

As a charity, RNC is generally exempt from corporation tax on income it receives which is properly applied for its Charitable purpose.

### **Expenditure**

Group expenditure is accounted for on an accruals basis. Where expenditure is apportioned across cost categories, it is apportioned at the best estimate of the Governors based on the level of activity during the year. Costs are allocated to the appropriate cost categories in the Statement of Financial Activities.

Support costs are those costs directly incurred in administering and supporting RNC operations as an educational establishment. Governance costs comprise the costs of running the charity, including external audit and all the costs of complying with constitutional and statutory requirements, such as the cost of the Board and Committee meetings and of preparing statutory accounts.

Expenditure of trading and the costs of raising funds are accounted for in the period in which the expenditure is incurred.

### **Redundancy payments**

Redundancy payments are accounted for when notice of a redundancy is given and the amount payable is known.

## 1 STATEMENT OF ACCOUNTING POLICIES (*continued*)

### Investments

Investment properties are stated in the Balance Sheet at potential freehold market value. A formal professional valuation is carried out at least every five years, and prepared on an informal basis in the intervening period. Gains or losses are taken to the Statement of Financial Activities. No depreciation is provided on investment properties.

### Leased assets and obligations

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the Statement of Financial Activities in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to the Statement of Financial Activities on a straight line basis over the term of the lease.

### Tangible fixed assets and depreciation

The Group took advantage of the transition to FRS 102 and all freehold land and buildings are recognised at their deemed cost which was their net book value at the date of transition. The historic cost basis will apply going forward. Other fixed assets are stated at historical cost.

Depreciation is calculated so as to write off the cost of assets over their estimated useful lives as follows:

Freehold land	No depreciation
Freehold buildings	2% straight line
Building improvements	5% - 10% straight line
Fixtures, fittings and equipment	20% - 25% straight line
Leased assets	20% straight line

Equipment costing more than £1,000 is capitalised and carried in the Balance Sheet at historical cost.

### Cash

Cash is represented by cash in hand and deposits with financial institutions.

### Stocks

Stocks comprise goods for resale by the Group. They are included in the financial statements at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

### Debtors

Short term debtors are initially measured at their settlement amount.

## **1 STATEMENT OF ACCOUNTING POLICIES** *(continued)*

### **Creditors**

Short term creditors are initially measured at their settlement amount.

### **Financial instruments**

The Group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of the bank loan and the finance lease obligations which are subsequently measured at amortised cost using the effective interest method.

### **Unrestricted funds**

Unrestricted funds can be used at the discretion of the Governors in accordance with RNC's and the Group's objects.

### **Restricted funds**

Restricted funds are those funds whose income is for a specific purpose as stipulated by the donor, the details of which are set out in the notes to the financial statements.

### **Pension schemes**

The Group contributes to the Teachers' Pension Defined Benefits Scheme at rates based either on instructions from the Department for Education or actuarial advice. The scheme is a multi-employer scheme and it is not possible to identify the assets and liabilities of the scheme which are attributable to the Group. The scheme is therefore accounted for as a Defined Contribution scheme. The amount charged to the Consolidated Statement of Financial Activities in respect of pension costs and other post retirement benefits is the contributions payable in the year.

The Group also contributed to a Defined Benefit pension scheme for non-teaching staff up until its closure to future accruals on 31st March 2012. The assets of the scheme are held separately from those of The Group, and are administered by TPT Retirement Solutions ("TPTRS"). Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained every three years and are updated at each Balance Sheet date. The resulting defined asset or liability is presented separately after other net assets on the face of the Balance Sheet.

The amounts charged to expenditure are the notional interest charges and the other costs charged by the trustee for running the scheme. Actuarial gains and losses are recognised within "Other recognised losses".

Since 1st April 2012 the Group has contributed to a Defined Contribution Scheme for non-teaching staff, administered by TPTRS. The amount charged to the Consolidated Statement of Financial Activities is the contributions payable by the Group in the year.

All pension fund costs are charged against unrestricted funds in line with the associated staff costs.

## 1 STATEMENT OF ACCOUNTING POLICIES (*continued*)

### **Consolidation**

RNC has a 100% wholly owned trading subsidiary, R N C Enterprises Limited, a Company registered in England and Wales. The results of the subsidiary are included in the consolidated accounts on a line by line basis, with all intra-Group transactions fully eliminated on consolidation. A summary of the results of R N C Enterprises Limited is shown in note 5 to the consolidated financial statements.

With effect from 1 January 2019, RNC became the sole beneficiary of an independent charity, Blindcare (charity registration number 1020073). Income received from Blindcare during the year is included within donations and legacies. The full results of Blindcare have not been consolidated into these financial statements as they are deemed immaterial to the Group.

The Group has taken advantage of Section 408 of the Companies Act 2006 by not providing a separate Statement of Financial Activities for the Charity.

The Group has taken advantage of the exemptions in FRS 102 from the requirements to present a charity only Statement of Cash Flows and certain disclosures about the Charity's financial instruments.

### **Critical judgements and key sources of estimation uncertainty**

Preparation of the financial statements requires management to consider making any significant judgements and estimates where necessary. Significant judgements and estimations have been made on the following items:

#### *Useful economic lives of tangible fixed assets*

The annual depreciation charges for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on economic utilisation and the physical condition of the assets. See note 9 for the carrying amount of the tangible fixed assets and note 1 for the useful lives for each class of assets.

#### *Impairment of debtors*

The Group makes an estimate of the recoverable value of student fees and other debtors. When assessing impairment of these debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 12 for the carrying amount of the debtors.

#### *Defined benefit pension fund*

The present value of the TPTRS defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 30 September 2019 has been used by the actuary in valuing the pensions liability at 31 July 2020. Any difference between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

#### *Impairment of fixed assets*

Governors considered there to be no impairment of fixed assets during the year.

## 2 INCOME

	2020 £'000	2019 £'000
<b>Donations and legacies</b>		
Donations	26	69
Trusts and Foundations	346	156
Legacies	76	-
<b>Income from donations and legacies</b>	<b>448</b>	<b>225</b>

	2020 £'000	2019 £'000
<b>Charitable activities</b>		
Student fees from: Education & Skills Funding Agency	817	866
Welsh Government	361	180
Local Authorities	2,683	2,384
Private sources	61	295
Department for Work & Pensions	419	652
Other income	45	4
<b>Income from student services</b>	<b>4,386</b>	<b>4,381</b>

### Grants

Education & Skills Funding Agency	30	41
Football Association	-	22
Department for Education	75	-
Government Job Retention Scheme	74	-
Other grants	10	-
<b>Income from charitable activities</b>	<b>4,575</b>	<b>4,444</b>

	2020 £'000	2019 £'000
<b>Investment and other income</b>		
Rental income	194	343
Bank interest	2	3
<b>Income from investments</b>	<b>196</b>	<b>346</b>

## 3 NET (EXPENDITURE) / INCOME

	2020 £'000	2019 £'000
Net (expenditure) / income for the year is stated after charging:		
Auditor's remuneration - audit fees	14	15
- accountancy and tax services	3	4
Operating lease rentals	55	55
Depreciation - owned assets	247	266
- leased assets	31	30
Interest payable - finance lease interest	5	5
- loan interest	86	128
- bank overdraft interest	-	13



**The Royal National College for the Blind**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
for the year ended 31 July 2020

**4 ANALYSIS OF TOTAL EXPENDITURE**

<b>Expenditure on Charitable activities:</b>	<b>Staff costs £'000</b>	<b>Expenses £'000</b>	<b>Deprec'n £'000</b>	<b>Total 2020 £'000</b>	<b>Total 2019 £'000</b>
Education and training	2,269	319	-	2,588	2,988
Welfare	122	286	-	408	550
Premises	175	405	188	768	1,063
Marketing	104	25	-	129	129
Support costs	638	499	88	1,225	1,470
Governance costs (see below)	12	17	-	29	29
	<b>3,320</b>	<b>1,551</b>	<b>276</b>	<b>5,147</b>	<b>6,229</b>
<b>Expenditure on raising funds:</b>					
Fundraising	66	5	-	71	81
Trading activities	214	206	2	422	675
	<b>280</b>	<b>211</b>	<b>2</b>	<b>493</b>	<b>756</b>
	<b>3,600</b>	<b>1,762</b>	<b>278</b>	<b>5,640</b>	<b>6,985</b>

Governance costs comprise:

	<b>2020 £'000</b>	<b>2019 £'000</b>
Staff costs	12	12
Audit costs	16	15
Meeting expenses	1	2
	<b>29</b>	<b>29</b>

**5 INVESTMENT IN SUBSIDIARY COMPANY**

The wholly owned trading subsidiary, R N C Enterprises Limited, is incorporated in the United Kingdom (Company number 01747998) and pays all of its profits to the parent charity under the gift aid scheme. R N C Enterprises Limited operates all commercial trading activities of RNC, including the sports and conferencing facilities. The summary financial performance of the subsidiary alone is:

	<b>2020 £'000</b>	<b>2019 £'000</b>
Turnover	383	781
Cost of sales	(84)	(149)
Gross profit	299	632
Administrative expenses	(404)	(601)
Operating (loss) / profit	(105)	31
Retained earnings at start of period	24	38
Gift aid donation paid	(34)	(45)
Retained earnings at end of period	<b>(115)</b>	<b>24</b>

**The Royal National College for the Blind**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** *(continued)*  
**for the year ended 31 July 2020**

**5 INVESTMENT IN SUBSIDIARY COMPANY** *(continued)*

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Total assets at balance sheet date	26	126
Total liabilities at balance sheet date	(141)	(102)

In addition to income of £383,000 (2019: £781,000) shown above, miscellaneous trading income of £9,000 (2019: £18,000) is included within the results of the College.

**6 CORPORATION TAXATION**

RNC is exempt from corporation tax on its Charitable activities.

**7 STAFF NUMBERS**

The average monthly headcount of full time and part time staff was 138 (2019: 162).

	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>
Education and training	86	97
Student welfare	9	10
Premises	5	8
Support	19	23
Marketing	4	4
Fundraising	3	5
R N C Enterprises Limited	12	15
	<b>138</b>	<b>162</b>

**8 ANALYSIS OF STAFF COSTS, GOVERNOR REMUNERATION AND EXPENSES, AND THE COST OF KEY MANAGEMENT PERSONNEL**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Salaries and wages	2,927	3,402
Social security costs	234	279
Pension contributions - teaching	243	161
- non-teaching	42	50
Defined benefit pension scheme contributions	154	239
Redundancy and settlement costs	-	195
<b>Total staff costs</b>	<b>3,600</b>	<b>4,326</b>

Pension contributions were made to the Teachers' Pension Scheme for teaching staff and to a fund independently administered by TPTRS for non-teaching staff.

As per the Memorandum and Articles of Association of the College there is a requirement to appoint staff governors. During the year, one staff governor received remuneration and benefits whilst serving as a Governor: Mr P Smith received emoluments of £2,586 (2019: 2 staff Governors received £50,549) with employer pension contributions of £nil (2019: £769). The Executive Principal, Mrs Lucy Proctor, is an ex-officio trustee and received emoluments of £63,872 (2019: £60,000) with employer pension contributions of £1,916 (2019: £1,800).

**The Royal National College for the Blind**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**for the year ended 31 July 2020**

No other Governors nor persons connected with them received any remuneration from the College or any connected organisation in either financial year.

During the year, 3 Governors were reimbursed a total of £278 (2019: £Nil reimbursed) in respect of costs associated with attending meetings throughout the year.

The number of higher paid employees whose emoluments exceeded £60,000 were:

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
£60,000 - £69,999	1	2
£90,000 - £99,999	-	1

The emoluments for 2019 include a redundancy payment made to one member of staff. Pension contributions for the higher paid employee(s) amounted to £1,916 (2019: £5,344).

The key management personnel of the Group during the year, who were remunerated, comprise the Executive Principal, the Director of Student Support and the Directors of Learning. The total employee benefits of the key management personnel, including pension contributions, employer national insurance contributions and redundancy payments, were £242,271 (2019: £239,638).

**9 TANGIBLE FIXED ASSETS**

	<b>Freehold land and buildings £'000</b>	<b>Fixtures, fittings &amp; equipment £'000</b>	<b>Leased assets £'000</b>	<b>Group Total £'000</b>
<b>Consolidated</b>				
<b>Cost</b>				
At 1 August 2019	12,665	1,398	152	14,215
Additions	39	133	-	172
Transfer from Investment Assets	738	-	-	738
Disposals	-	(138)	-	(138)
<b>At 31 July 2020</b>	<b>13,442</b>	<b>1,393</b>	<b>152</b>	<b>14,987</b>
<b>Depreciation</b>				
At 1 August 2019	561	1,278	63	1,902
Charge for the year	188	59	31	278
Disposals	-	(138)	-	(138)
<b>At 31 July 2020</b>	<b>749</b>	<b>1,199</b>	<b>94</b>	<b>2,042</b>
<b>Net book values</b>				
At 31 July 2020	12,693	194	58	12,945
At 31 July 2019	12,104	120	89	12,313

The net book value of tangible fixed assets owned by R N C Enterprises Limited is £3,354 (2019: £3,720). The net book value of freehold land and buildings includes an amount of £4,173,000 (2019: £3,933,000) in respect of land.

Under the transition to FRS 102, the net book value of the freehold land and buildings as at the transition date was used as the historical cost.

**The Royal National College for the Blind**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 July 2020**

**10 INVESTMENT ASSETS**

	<b>Investment Properties £'000</b>
<b>Consolidated Fixed Assets</b>	
Balance at 1 August 2019	1,833
Transfer to Fixed Assets	(738)
Unrealised loss on property values	(60)
<b>Balance at 31 July 2020</b>	<b>1,035</b>

All of the investment properties are located within the county of Herefordshire. Such investments are primarily held to provide a return where monies are not required immediately for Charitable activities.

	<b>£'000</b>
<b>College</b>	
Balance at 31 July 2020 as above	1,035
Investment in subsidiary Company (see note 5) amounts to £15	-
	<b>1,035</b>

No investments were held by R N C Enterprises Limited.

The three residential properties were valued in December 2018 at open market value by Colliers International Valuation UK LLP. The residential properties at 54 Venns Lane and 49 Venns Lane were both under offer at year end and have been included in the accounts at the offer value. The Governors are of the opinion that there has been no diminution in value of the property at 56 Venns Lane since the date of the valuation.

**11 STOCKS**

	<b>Consolidated</b>		<b>College</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Goods for resale	1	2	-	1
	<b>1</b>	<b>2</b>	<b>-</b>	<b>1</b>

**The Royal National College for the Blind**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**for the year ended 31 July 2020**

**12 DEBTORS**

	Consolidated		College	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
<b>Due within one year:</b>				
Student fees	89	103	89	103
Amount due from subsidiary	-	-	101	49
Prepayments	28	23	28	21
Other debtors	60	157	54	61
	<u>177</u>	<u>283</u>	<u>272</u>	<u>234</u>

**13 CREDITORS: amounts falling due within one year**

	Consolidated		College	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Bank loan	188	96	188	96
Finance lease payments	28	28	28	28
Trade creditors	112	110	111	110
Taxation and social security	72	109	69	91
Pension contributions	35	31	35	31
Other creditors	118	62	118	62
Amount due to subsidiary	-	-	-	1
Accruals and deferred income	221	282	185	248
	<u>774</u>	<u>718</u>	<u>734</u>	<u>667</u>

Barclays Bank have security over all of RNC's properties.

**14 CREDITORS: amounts falling due after more than one year**

	Consolidated		College	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Bank loan	2,587	2,772	2,587	2,772
Finance lease payments	37	66	37	66
	<u>2,624</u>	<u>2,838</u>	<u>2,624</u>	<u>2,838</u>

The bank loan is repayable at £47,023 per quarter, commencing 30 April 2020, with the remaining balance repayable in full on 31st January 2025. Interest is charged at 2.5% over Base.

**15 ALLOCATION OF THE GROUP NET ASSETS**

The net assets are held for various funds as follows:	Tangible fixed assets £'000	Investm'ts £'000	Net current assets/ (liabilities) £'000	Long term liabilities & prov'ns £'000	2020 Total £'000
Restricted funds (note 16)	628	-	392	-	1,020
Unrestricted funds:					
- General (note 17)	12,314	1,035	173	(2,624)	10,898
- Pension reserve (note 21)	-	-	-	(3,363)	(3,363)
<b>Total RNC</b>	<b>12,942</b>	<b>1,035</b>	<b>565</b>	<b>(5,987)</b>	<b>8,555</b>
<b>Total Subsidiary (note 17)</b>	<b>3</b>	<b>-</b>	<b>(118)</b>	<b>-</b>	<b>(115)</b>
<b>Total Group</b>	<b>12,945</b>	<b>1,035</b>	<b>447</b>	<b>(5,987)</b>	<b>8,440</b>

At 31 July 2019 the net assets were held as follows:	Tangible fixed assets £'000	Investm'ts £'000	Net current assets/ (liabilities) £'000	Long term liabilities & prov'ns £'000	2019 Total £'000
Restricted funds (note 16)	606	-	253	-	859
Unrestricted funds:					
- General (note 17)	11,703	1,833	533	(2,838)	11,231
- Pension reserve (note 21)	-	-	-	(3,212)	(3,212)
<b>Total RNC</b>	<b>12,309</b>	<b>1,833</b>	<b>786</b>	<b>(6,050)</b>	<b>8,878</b>
<b>Total Subsidiary (note 17)</b>	<b>4</b>	<b>-</b>	<b>20</b>	<b>-</b>	<b>24</b>
<b>Total Group</b>	<b>12,313</b>	<b>1,833</b>	<b>806</b>	<b>(6,050)</b>	<b>8,902</b>

**The Royal National College for the Blind**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**for the year ended 31 July 2020**

<b>16 RESTRICTED FUNDS</b>	<b>Balance</b>				<b>Balance</b>
	<b>1.8.19</b>	<b>Income</b>	<b>Expenditure</b>	<b>Transfers</b>	<b>31.7.20</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Football Foundation Grant	464	-	(10)	-	454
Overseas Scholarship Fund	181	-	-	-	181
Sport England Grant	139	-	(3)	-	136
College Move	-	68	(30)	-	38
Students from Malvern area	27	-	-	-	27
Independent Living Skills	15	14	(2)	-	27
Astro Pitch	-	25	-	-	25
European Exchange Project	-	31	(7)	-	24
Braille Notes & Brailliants	-	32	(2)	(13)	17
Refurbish Fitness Studio	-	18	(1)	-	17
ETF Training / Filming	-	10	-	-	10
Spa Refurbishment	8	-	-	-	8
Student Equipment	-	9	(1)	-	8
IT Equipment	6	42	(7)	(35)	6
Running and Cycling Club	-	10	(2)	(2)	6
Media Equipment	-	8	(2)	-	6
Refurbish Student Gym	-	6	-	-	6
Complimentary Therapies	-	9	(1)	(6)	2
Building Maintenance	-	30	(30)	-	-
Miscellaneous Small funds	19	25	(16)	(6)	22
	<b>859</b>	<b>337</b>	<b>(114)</b>	<b>(62)</b>	<b>1,020</b>

<b>Prior year comparative</b>	<b>Balance</b>				<b>Balance</b>
	<b>1.8.18</b>	<b>Income</b>	<b>Expenditure</b>	<b>Transfers</b>	<b>31.7.19</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Football Foundation Grant	474	-	(10)	-	464
Overseas Scholarship Fund	191	-	-	(10)	181
Sport England Grant	142	-	(3)	-	139
Students from Malvern area	27	-	-	-	27
IT Equipment	44	43	(18)	(63)	6
Spa Refurbishment	8	-	-	-	8
Minibus	5	21	(1)	(21)	4
Independent Living Skills	-	15	-	-	15
Duke of Edinburgh	-	5	(1)	-	4
Mental Health Project	-	7	(3)	-	4
Building Maintenance	-	41	(41)	-	-
Football Academy	-	23	(23)	-	-
Miscellaneous Small funds	2	18	(13)	-	7
	<b>893</b>	<b>173</b>	<b>(113)</b>	<b>(94)</b>	<b>859</b>

Once the restriction has been fulfilled in line with SORP (FRS 102), restricted assets are transferred to unrestricted funds, as shown above. Where a grant or donation has been given and the asset is required to be held for a number of years the fund has remained restricted and the appropriate depreciation has been charged against the fund.

**16 RESTRICTED FUNDS** *(continued)*

**Football Foundation**

The Football Foundation awarded a grant of £1million in total towards a new Sports Centre.

**Overseas Scholarship Fund**

The Overseas Scholarship Fund is represented by cash at bank, and is only to be used for issuing scholarships to learners and teachers from abroad.

**Sport England**

Sport England awarded a grant of £200,000 in total towards a new Sports Centre.

**College Move**

Grants were received from the Bradbury Foundation and the Bernard Sunley Charitable Foundation towards building works to enable the College to vacate the southern campus following its sale in March 2019.

**Students from Malvern area**

A donation was received from the KJ Tandy Will Trust to assist with the education and training of ten students from the Malvern area.

**Independent Living Skills**

A number of grants have been received for the purchase of equipment to be used in developing students' independent living skills.

**Astro Pitch**

A grant of £25,000 was received from the Clothworkers to resurface the College astro pitch.

**European Exchange Project**

Erasmus funding was received to enable students to partake in an exchange project with a partner college in France.

**Braille Notes and Brailliants**

A number of grants have been received for the purchase of Braille Notes and Brailliants, specialist equipment for the visually impaired. This included £8,740 received from the MacRobert Trust.

**Refurbish Fitness Studio**

A grant of £17,933 was received from the Peter Harrison Foundation to refurbish the College fitness studio, including the addition of air conditioning and an upgraded sound system.

**ETF Training / Filming**

A grant of £9,999 was received from the Education and Training Foundation to undertake a filming and training project.

**Spa Refurbishment**

Sponsorship and donations were received in respect of a 24 hour spinathon event, with 50% of the monies pledged towards refurbishment of the spa areas in thePoint4 sports centre.

**Student Equipment**

Several grants were received for the purchase of specialist equipment for students, including video magnifiers and talking calculators.

**IT Equipment**

A number of grants and donations continue to be received for support towards the cost of specialist computer equipment and assistive technology software.



**16 RESTRICTED FUNDS (continued)**

**Running and Cycling Club**

A grant of £9,911 was received from Sport England towards enabling students to participate in running and cycling activities, including the purchase of tandem bikes, clothing and accessories.

**Media Equipment**

Various grants were received for the purchase of new media and sound equipment.

**Refurbish Student Gym**

A number of grants and donations were received in order that the student gym could be refurbished.

**Complimentary Therapies**

Two grants were received for the purchase of new massage chairs and a lifesize anatomical figure, including £4,000 received from the Hodge Foundation.

**Building Maintenance**

A grant was received from the ESFA towards ongoing maintenance and upkeep of RNC buildings.

**Miscellaneous Small Funds**

Includes a number of separate small restricted funds for a variety of activities, including the RNC cricket team, student overseas visits, trips to the theatre, Duke of Edinburgh programme, staff development, office equipment and a new switchboard.

**17 UNRESTRICTED FUNDS**

	Balance	Expenditure & net loss on			Balance
GENERAL	1.8.19	Income	investments	Transfers	31.7.20
	£'000	£'000	£'000	£'000	£'000
RNC (excluding pension fund valuation)	11,231	4,915	(5,064)	(184)	10,898
Pension fund	(3,212)	-	(397)	246	(3,363)
Trading Company	24	383	(522)	-	(115)
	8,043	5,298	(5,983)	62	7,420

	Balance	Expenditure & net loss on			Balance
Prior year comparative	1.8.18	Income	investments	Transfers	31.7.19
	£'000	£'000	£'000	£'000	£'000
RNC (excluding pension fund valuation)	13,504	4,873	(6,094)	(1,052)	11,231
Pension fund	(5,175)	-	817	1,146	(3,212)
Trading Company	38	781	(795)	-	24
	8,367	5,654	(6,072)	94	8,043

## 18 OTHER FINANCIAL COMMITMENTS

Commitments in respect of operating lease rentals are as follows:

	Equipment 2020 £'000	Equipment 2019 £'000
Commitment payable:		
Within one year	43	63
Within two to five years	93	105
	<u>136</u>	<u>168</u>

## 19 FUTURE RENTAL INCOME

Future guaranteed income receivable from the rental of investment properties is as follows:

	2020 £'000	2019 £'000
Rent receivable:		
Within one year	14	14
	<u>14</u>	<u>14</u>

## 20 RELATED PARTY DISCLOSURES

During the year RNC recharged expenses of £358,023 (2019: £580,919) to R N C Enterprises Limited and paid £1,005 (2019: £2,250) for products and services. The amount due from R N C Enterprises Limited at the year end was £101,352 (2019: £48,674) and the amount due to R N C Enterprises Limited at the year end was £nil (2019: £1,110).

With effect from 1 January 2019, RNC became the sole beneficiary of an independent charity, Blindcare (charity registration number 1020073). During the year, RNC received income of £26,000 from Blindcare, which is included within donations and legacies. The full results of Blindcare have not been consolidated into these financial statements as they are deemed immaterial to the Group.

During the year RNC paid £9,180 (2019: £11,501) in respect of legal services to Harrison Clark Rickerby, a firm of solicitors in which Mr J Brew, a trustee of RNC, is a former partner. There was no balance outstanding at the year end.

## 21 PENSION OBLIGATIONS

### a) Defined Benefit Scheme - TPT Retirement Solutions

RNC operates a defined benefit scheme in the UK. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities. Benefits ceased to accrue within the scheme with effect from 31 March 2012. An actuarial valuation has been carried out as at September 2019 and the preliminary results of this have been updated to 31 July 2020 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

**21 PENSION OBLIGATIONS (continued)**

The most recent actuarial valuation, as at 30 September 2019, showed a deficit of £5,953,000. RNC has agreed with the trustees that it will aim to eliminate the deficit over a period of 11 years 11 months from 1 April 2021 by the payment of annual contributions of £332,688. In addition, from 1 April 2021, RNC will pay £77,340 per annum to cover scheme expenses (including the Pension Protection Fund levy).

**Market value of assets, present value of scheme liabilities and pension liability to be recognised**

	31 July 2020	31 July 2019	31 July 2018
	£000	£000	£000
<b>Assets</b>			
Equity Type	1,190	4,767	4,471
Bonds	14,097	12,758	9,766
Property	995	1,074	766
Other	4,233	-	-
Cash	119	102	30
Total market value of assets	20,634	18,701	15,033
Present value of scheme liabilities	(23,997)	(21,913)	(20,208)
Deficit in scheme	(3,363)	(3,212)	(5,175)
Defined benefit liability to be recognised under FRS102	(3,363)	(3,212)	(5,175)

None of the market values of the assets shown above include any direct investments in RNC's own financial instruments or any property occupied by, or other assets used by, RNC.

**Reconciliation of opening and closing balances of the market value of scheme assets**

	2020	2019
	£'000	£'000
Opening value of assets	18,701	15,033
Interest income on assets	409	409
Expenses	(80)	(107)
Return on assets excluding interest income	1,773	2,457
Employer contributions	393	1,373
Benefits paid	(562)	(464)
Market value of scheme assets at end of period	20,634	18,701

**The Royal National College for the Blind**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** *(continued)*  
for the year ended 31 July 2020

**21 PENSION OBLIGATIONS** *(continued)*

**Reconciliation of opening and closing balances of the present value of scheme liabilities**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Opening liabilities	21,913	20,208
Interest cost on defined benefit obligation	476	529
Actuarial loss on changes in assumptions	3,023	1,697
Experience gain on liabilities	(853)	(57)
Benefits paid	(562)	(464)
Present value of scheme liabilities at end of period	<u>23,997</u>	<u>21,913</u>

**Defined benefit costs recognised in Statement of Financial Activities**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Expenses	80	107
Interest income on assets	(409)	(409)
Interest cost on defined benefit obligation	476	529

**Defined benefit costs recognised in statement of financial activities**

<u>147</u>	<u>227</u>
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**Actuarial (loss) / gain recognised in Statement of Financial Activities**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Return on assets excluding interest income	1,773	2,457
Experience gains on scheme liabilities	853	57
(Loss) / gain due to change in demographic assumptions	(550)	212
Loss due to change in financial assumptions	(2,473)	(1,909)

**Actuarial (loss) / gain recognised in statement of financial activities**

<u>(397)</u>	<u>817</u>
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**Movement in balance sheet liability during the period**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Deficit in scheme at the beginning of the period	(3,212)	(5,175)
Net interest cost	(67)	(120)
Expenses	(80)	(107)
Re-measurements included in the statement of financial activities	(397)	817
Employer contributions to the scheme	393	1,373
Deficit in scheme at the end of the period	<u>(3,363)</u>	<u>(3,212)</u>

**21 PENSION OBLIGATIONS (continued)**

Assumptions	2020 % p.a.	2019 % p.a.	2018 % p.a.
Discount rate	1.40	2.20	2.65
Inflation (RPI)	2.90	3.20	3.20
Inflation (CPI)	1.90	2.20	2.20
Deferred revaluations	2.90	3.20	3.20
Salary Growth	2.40	2.70	2.45
Allowance for pension in payment increases of RPI or 5.5% pa if less	2.85	3.15	3.15
Allowance for pension in payment increases of CPI or 2.5% pa if less	1.55	1.70	1.70
Allowance for commutation of pension for cash at retirement	75% of maximum using notional commutation factors	75% of maximum using notional commutation factors	75% of maximum using notional commutation factors

The mortality assumptions adopted at 31 July 2020 imply the following life expectancies:

	Life expectancy at age 65 (years)
Male retiring in 2020	21.6
Female retiring in 2020	23.7
Male retiring in 2040	22.9
Female retiring in 2040	24.9

**b) Defined Contribution Scheme - TPT Retirement Solutions (TPTRS)**

During the year RNC contributed to a Defined Contribution Scheme for non-teaching staff. It is operated by TPTRS and the assets/(liabilities) in the scheme are held separately from those of RNC. During the year RNC paid contributions of £41,809 (2019: £49,681) to the scheme and at the year end £10,084 (2019: £10,622) was outstanding in respect of contributions to this scheme.

**c) Defined Benefit Scheme - Teachers' Pension Scheme**

RNC participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £243,413 (2019: £161,031) and at the year end £24,922 (2019: £19,059) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a 'pay as you go' basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the valuation report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

**c) Defined Benefit Scheme - Teachers' Pension Scheme (continued)**

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until a remedy to the discrimination conclusion has been determined by the Employment Tribunal it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

**22 FINANCIAL INSTRUMENTS**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Financial assets measured at settlement value (a)	1,192	1,499
Financial liabilities measured at settlement value (b)	(486)	(475)
Financial liabilities measured at amortised cost (c)	(2,840)	(2,962)
(a) Financial assets measured at settlement value comprise cash at bank and in hand, student fees and other debtors.		
(b) Financial liabilities measured at settlement value comprise bank overdraft, trade creditors, pension contributions, other creditors and accruals.		
(c) Financial liabilities measured at amortised cost comprise bank loans, other loans and finance lease payments.		

**23 (a) RECONCILIATION OF NET (EXPENDITURE) / INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Net expenditure for the year as per the Statement of Financial Activities	(65)	(1,175)
<i>Adjustments for:</i>		
Gain on sale of assets	(24)	(13)
Loss on investments	60	17
Interest paid	91	146
Depreciation charges	278	296
Rents from investments	(194)	(343)
Bank interest received	(2)	(3)
Payment into Defined Benefit Pension Scheme	(393)	(1,000)
Pension FRS102 adjustment	147	(146)
Decrease in stock	1	2
Decrease / (increase) in debtors	106	(28)
Decrease in creditors	(36)	(170)
<b>Net cash used in operating activities</b>	<b>(31)</b>	<b>(2,417)</b>

**23 (b) ANALYSIS OF CASH AND CASH EQUIVALENTS**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Cash at bank and in hand	1,043	1,239
<b>Total cash and cash equivalents</b>	<b>1,043</b>	<b>1,239</b>

The Royal National College for the Blind  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** *(continued)*  
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**24 PRIOR YEAR ANALYSIS OF CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000
<b>Income from:</b>			
Donations and legacies	115	110	225
Charitable activities	4,381	63	4,444
Other trading activities	799	-	799
Investments	346	-	346
Other income	13	-	13
<b>TOTAL INCOME</b>	<b>5,654</b>	<b>173</b>	<b>5,827</b>
<b>Expenditure on:</b>			
Raising funds	756	-	756
Charitable activities	6,116	113	6,229
<b>TOTAL EXPENDITURE</b>	<b>6,872</b>	<b>113</b>	<b>6,985</b>
<b>Net loss on investments</b>	<b>(17)</b>	<b>-</b>	<b>(17)</b>
<b>NET (EXPENDITURE) / INCOME</b>	<b>(1,235)</b>	<b>60</b>	<b>(1,175)</b>
Transfers between funds	94	(94)	-
<b>Other recognised losses</b>			
Actuarial gain on defined benefit pension scheme	817	-	817
<b>NET MOVEMENT IN FUNDS</b>	<b>(324)</b>	<b>(34)</b>	<b>(358)</b>
Total funds brought forward	8,367	893	9,260
Total funds carried forward	8,043	859	8,902