



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

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED**

31 July 2022

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

The Royal National College for the Blind
ANNUAL REPORT AND FINANCIAL STATEMENTS
for the year ended 31 July 2022

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The Royal National College for the Blind
CHAIR'S STATEMENT
for the year ended 31 July 2022

2022 marked the College's 150 year anniversary and we have enjoyed a number of events celebrating our long history enriching the lives of those who are blind and visually impaired. We ended our year of celebration by welcoming to the College our patron, King Charles III. His Majesty witnessed many examples of the inspirational work of staff and students. It was certainly a milestone in our history and a day we shall all remember for a very long time. Students played a central part in The King's visit, as they did in the planning of other events, showing to everyone involved their own pride in the work of the College, and demonstrating how much they benefit from their attendance at RNC.

In my note to last year's financial statements, I referred to a significant increase in the number of students in September 2021. The final total number of students studying in the 2021/22 academic year was 101, a 25% increase on the previous year and the highest number of students registered at RNC since 2012/13. Although this included a higher than usual number of students whose period of study was extended because of the impact of Covid-19, we welcomed to the College 40 new students, the highest first-year intake since 2016/17. This represents an excellent achievement against a continuing backdrop of substantial pressure on funding bodies. Our staff continue to play a crucial part in supporting applicants and their supporters in navigating a challenging and often perplexing system in order to win funding to pursue their chosen path.

The sharp increase in student numbers was a cause of celebration but brought with it significant challenges for staff. Covid continued to play its part. We maintained a well-planned and managed system of regular testing of staff and students and other measures including mask wearing and extra ventilation. In spite of this there were a number of positive cases amongst staff and students, leading to periods of isolation. This placed additional pressure on staff, who were required to take on additional duties and to cover for absent colleagues, and on students, who were required to join classes virtually from their College accommodation during periods of isolation. Staff and students continued to respond magnificently, with creativity and resilience. Their caring support of each other was a source of great pride and inspiration.



The year saw many physical changes. All activities transferred to the northern campus. The refurbishment of Armitage Hall was finished for the start of the academic year, which was timely, because it allowed for the transfer of teaching to Armitage from less well-ventilated rooms in thePoint4 building. The refurbishment of Armitage was supported by a significant grant from the Bradbury Foundation, and includes a dedicated facility for the teaching of Independent Living Skills. Following another very successful fundraising campaign, which included a generous grant from the Eveson Foundation, work began on the installation of a new Media Centre for the teaching of media and related subjects: the Centre is now in operation. Other work undertaken has included improvement to ventilation in tP4, and the construction of a sensory garden. Our next priority is the refurbishment of two student halls of residence, currently at the planning stage and for which we will shortly launch a fundraising initiative.

The 2021/22 accounts that follow show a significant surplus, testament to the work of all concerned in building a sustainable future for the College. This success has been achieved through increased student numbers and another successful year for fundraising, despite the more challenging climate because of the on-going impact of the pandemic and the worsening economic climate. The pandemic has continued to impact upon commercial income from thePoint4 but this is being addressed. The improved financial position has allowed the Board to begin to address a number of longstanding issues, including those relating to the reward and remuneration of our exceptionally dedicated and highly skilled staff and to the infrastructure. This important work will continue.

The Royal National College for the Blind
CHAIR'S STATEMENT (*continued*)
for the year ended 31 July 2022



I have referred in previous reports to our progress in achieving the outcomes in RNC's Business Recovery Plan (BRP). Our success in recruitment in 2021/22 has been consolidated in September 2022 (currently a total of 95 students against a target of 90 with the prospect of additional students joining later in the year). I am therefore delighted to report that the Board is now able to move to a state of "Business as Usual". Our progress against the objectives in the BRP has been recognised by our external stakeholders – in the course of the 2021/22 financial year the Education and Skills Funding Agency

took us out of special measures and our bankers, Barclays, have stepped back and we are no longer in business support. We have worked closely with both bodies throughout the duration of our business recovery and have welcomed their input and the keen interest they have shown in our work. We shall continue to work to guarantee RNC's long term financial sustainability.

The Board adopted a new Strategic Plan (2021-2026) in February 2022. We re-stated our Vision – 'a world where every person with a visual impairment has true equality' – and our Mission – 'education, employment and empowerment for all people with a visual impairment'. The new strategic plan identifies a set of key strategic objectives aligned with the themes of our vision and mission and is accessible via the RNC website at www.rnc.ac.uk.



The Board has continued to assess its performance against the principles in the Charity Code of Governance. We strive to meet the highest standards of governance embedded in the Code. We have reviewed our own development and training needs and are implementing a programme of briefings on key issues that take place before each board meeting. These are supplemented by the mandatory completion of on-line training on critical areas including safeguarding and cyber security and individual attendance on relevant external courses. We continue to recruit new trustees through external advertisement using a skills matrix, and have welcomed in the course of the year four new trustees who have brought additional knowledge and experience to the Board.



In summary, 2021/22 has been another challenging but successful year and I would like to take this opportunity to acknowledge and thank the contribution made by: my colleagues on the Board and to other volunteers who contribute so much to the College; to the Executive Principal and her management team who have shown outstanding leadership; to all student facing and support staff who never fail to rise to the many challenges placed before them; and finally, to our students, the lifeblood of the College, whose achievements make our work worthwhile.

John Ryan MBE
Chair

Date: 3rd March 2023

The Royal National College for the Blind

GOVERNORS' REPORT

for the year ended 31 July 2022

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 2022, 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 2019).

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: A world where every person with a visual impairment has true equality.

Mission statement: Education, employment and empowerment for all 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 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 2021/22, there were 101 students aged 16 to 25 enrolled at RNC (2020/21: 81 students).



Strategic report

Achievements and performance

This was a challenging year, with covid having a serious impact in the autumn and spring terms, although College life began to return to some semblance of normality as the year progressed. Staff and students showed great resilience and flexibility, moving between face to face, remote and hybrid working in response to isolation needs.

In January 2022 our residential provision was inspected by Ofsted under the Social Care Common Inspection Framework, securing a grade of Good across all areas. We were delighted by this result in the context not only of covid, but also the business recovery plan.

Following two years of teacher assessed grades, the majority of outcomes for 2021/22 were based on exams, including vocational qualifications assessed on coursework/ assignments and exams. We operate very small class sizes, so if a single student fails to achieve in a subject this has a disproportionate impact on the overall rates.

Of students studying A Levels, 73% of students achieved at grades A-E, 50% at grades A-C. All students who applied to university were accepted on to their first choice of degree course at their first choice of university. At AS Level, 85% of students achieved at grades A-E, 51% at grades A-C.

A number of subjects saw 100% achievement, including BTEC Level 1 Home Cooking Skills, BTEC Level 3 Sporting Excellence year one, and OCR Levels 2 and 3 Health and Social Care. BTEC Level 1 Introductory Qualifications, NVQ Business Administration Level 2, OCR Levels 2 and 3 Business, and Complementary Therapy all saw very high achievement rates.

As restrictions eased, we were pleased to reintroduce a programme of educational and social activities. Groups visited Spain and France, where they enhanced their language skills and experienced different cultures. Closer to home, trips included Barry Island, Cadbury World, the Windrush exhibition and the Welsh National Opera performance of 'Migrations'.

Massage and Complementary Therapy students delivered a clinic for a staff wellbeing day at a local school, Sport and Recreation students ran weekly fitness sessions for National Star College, and Business Administration students organised a concert by Talgarth Male Voice Choir, with solo performances from several RNC students. Duke of Edinburgh students achieved their bronze and silver awards after challenges including climbing Pen y Fan. Students visited the University of Worcester as part of preparation for higher education, and we hosted a conference for professionals working in the field of visual impairment.



As always it was a busy and successful year in sport. Amongst many other achievements, RNC Hereford won the FA Disability Cup for the second year in a row, while RNC Academy took bronze at the Goalfix Cup, the most prestigious trophy in the Goalball calendar. Students took part in the Herefordshire Track and Field County Championships and the summer term ended with a staff/student cricket match.

The Royal National College for the Blind
GOVERNORS' REPORT (*continued*)
for the year ended 31 July 2022

Risk management

The principal risks and uncertainties facing RNC, and the mitigation measures in place are:

Risk	Mitigation measures
Failure to increase student numbers at a time when local authorities are under ever-increasing budgetary constraints and based on current commissioning practices/law	Investment in legal support and specialist staffing to support applicants. Work actively and collaboratively with other VI organisations, departments of state, NATSPEC, funders and others to develop strategies. Active lobbying of political parties and local authorities. Visit key people in local authorities and Welsh Government. Explore overseas opportunities.
Failure of tP4 membership/classes/sales income to grow	Targeted promotional activities to reach key audiences, locally and nationally, to include charitable USP. Identify and develop relationships with sport and social groups for other disabilities. Business Consultant appointed.
Failure of Fundraising activities to achieve annual targets based on current market and trends	Active engagement by the Board in supporting the fundraising team. Working with external consultant, reviewing Blindcare position, developing strategy for next five years (to tie in with campus development strategy and education provision strategy).
Inability to recruit to fill key roles plus impact of staff absences on colleagues	External factors (eg shortages in care sector) and internal factors (salaries, need for specialist skills) mean recruitment is extremely challenging. Staff absences due to illness, isolation or family circumstances increasing pressure. Introduction of refer a friend' bonus for staff. Additional roles on fixed term contracts being advertised. More flexibility in recruitment process to ensure fast turnaround for strong applications, while still meeting safer recruitment standards for appointments. Senior staff covering gaps where possible.
Staff shortages (sickness absence / Covid measures) in key areas, leading to loss of provision in the short and medium term	Willingness of staff to cover outside their immediate area of work. Ensuring staff cover is remunerated appropriately. Investigations into agencies and their areas of specialism.
Impact of revisions to curriculum, Covid adjustments and campus development having a negative impact on Ofsted grading	ESQAC meet regularly to review quality standards. Evidence in place to demonstrate robust measures taken to continue learning activities during Covid pandemic.
Major IT fail - hacking/phishing/ransomware	Tech team well versed in the risks and run regular exercises to check understanding across staff and students. Strong firewall in place, all systems backed up regularly, Cyber Essentials status.
Campus buildings long term condition inadequately assessed and resourced	Compliance work is progressing, with a full life cycle assessment of the estate required which would feed in to budgets and the fundraising strategy. In the short term there is an increased risk of unexpected costs arising.

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 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.

The Royal National College for the Blind
GOVERNORS' REPORT (*continued*)
for the year ended 31 July 2022

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.

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

	2022	2021	2020
	£000	£000	£000
Total income of the Charitable Group	7,761	5,620	5,635
Income from donations and legacies	451	507	448
Net income / (expenditure) before pension scheme	1,594	107	(65)
Net movement in funds after pension scheme	2,410	613	(462)
Net assets at year end	11,463	9,053	8,440
Unrestricted funds at year end	10,436	7,904	7,420

Despite the continual challenges of obtaining placements and funding from Local Authorities, there was a significant increase in student numbers during the year resulting in income from student services showing a 33.9% increase in 2022 (3.7% increase in 2021).

Included within the above figures are those of the trading subsidiary, R N C Enterprises Limited, and the controlled charity, Blindcare. Detailed results of these entities are shown in note 5 to these financial statements.

Turnover of R N C Enterprises Limited for the year was £400,000 (2021: £260,000), and the amount gift-aided to RNC during the year was £nil (2021: £nil). R N C Enterprises returned an operating deficit in both 2021 and 2022 as a direct result of reduced usage of the facilities due to the Covid-19 pandemic. There is a business plan in place that will enable the subsidiary to return to profit once operations are able to return to pre-pandemic levels.

Turnover of Blindcare for the 12 months ended 31 July 2022 was £85,000 (2021: £96,000) and the amount donated to RNC during the year was £85,000 (2021: £69,000).

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 has worked through a detailed recovery plan to address this and 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 has sufficient headroom to 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 £5,932,000. 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.

The Royal National College for the Blind
GOVERNORS' REPORT (*continued*)
for the year ended 31 July 2022

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 2022 consist of unrestricted investments plus unrestricted net current assets/liabilities less long term liabilities (excluding pension reserve), which total -£475,000 (2021: -£1,741,000). However, despite having negative free reserves, as at 31 July 2022 the group had net current assets of £1,212,000 (2021: £23,000) giving it sufficient working capital in the short term. The significant improvement in reserves and net current assets is a direct result of the net income for the year being £1,594,000, further details of which are in the Financial Review section above. It should be noted however that the net income includes an amount of £575,000 received during the year from a construction company as compensation for defects in the main college building. These funds will be spent in future years on maintenance and repairs in order to address the building defects.

Governors acknowledge that having negative free reserves is below the desired level, however they continue with the ethos of the recent business recovery plan by aiming to stabilise or grow student numbers, sell the one remaining property that is surplus to requirement and closely monitor and control the cost base of the college thus maintaining working capital and improving the level of free reserves within the longer term.

At year end, the Group had funds of £11,463,000 (2021: £9,053,000) which consisted of £10,436,000 unrestricted funds (2021: £7,904,000) and £1,027,000 restricted funds (2021: £1,149,000). Included within the unrestricted funds was the pension reserve, which currently sits at a deficit of £1,369,000 (2021: £2,572,000).

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.

At year end, RNC owned one property which is surplus to requirement and on the market to be sold and is therefore treated as an Investment Property. Note 10 to these accounts gives more information on the investment 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.

The Royal National College for the Blind
GOVERNORS' REPORT (*continued*)
for the year ended 31 July 2022

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 subsidiaries 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.

RNC is the sole beneficiary of an independent charity, Blindcare (charity registration number 1020073). The results of Blindcare are consolidated within the overall RNC results as RNC controls the Board of Blindcare. Further details of the results of Blindcare are given in Note 5 to these financial statements.

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.

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 (2.8 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.

The Royal National College for the Blind
GOVERNORS' REPORT (*continued*)
for the year ended 31 July 2022

Future development and plans

There is a clear ongoing need for RNC as a national centre of expertise. We are secure in our mission and our specialism, and remain committed to providing our students with a holistic experience which includes the embedding of essential skills for life alongside academic and vocational qualifications. We will continue to review our curriculum to ensure that it meets the needs of both our students and their future employers, while recognising the value of study for its own sake. We will develop strategies to support new students whose education has been interrupted by the pandemic. Having consolidated our provision on to a single site, we will implement a multi-year Estates strategy, investing in student accommodation, teaching areas and recreation spaces to ensure that our facilities support and enhance the student experience throughout their time at RNC.

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, 4th Floor, St James House, St James Square,
Cheltenham, GL50 3PR
Bankers Barclays Bank plc, 1 - 3 Broad Street, Hereford, HR4 9BH
Solicitors Eversheds Sutherland, 115 Colmore Row, Birmingham, B3 3AL

Key management personnel

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

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:

Ms J Barnes	(appointed 1 February 2022)	
Mr E Bastable		
Mr J Brew		Also a director of Blindcare
Mrs S Bryson	(appointed 1 February 2022)	
Mr J Clarke-Morris		Also a director of R N C Enterprises Limited
Miss K Diamond		
Mr P Flynn		Also a director of R N C Enterprises Limited
Mr P Gebbie	(appointed 1 February 2022)	
Mr S Hairsnape		Also a director of Blindcare
Ms H Miles	(appointed 1 February 2022)	
Mrs S Penny		
Mr A Powell	(appointed 11 February 2022)	Staff governor
Mrs L Proctor		Also a director of Blindcare
Mrs V Pugh		
Mrs L Roberts	(appointed 11 February 2022)	Staff governor
Mr J Ryan	(Chair)	
Mr P Walker	(appointed 1 February 2022)	

The Royal National College for the Blind
GOVERNORS' REPORT (*continued*)
for the year ended 31 July 2022

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 reviewed the Charity Governance Code (the "Code") published in July 2017. Following an in-depth review of the Code carried out at the Governors' meeting held on 20th December 2018, the Governors agreed to adopt the Code in full at their meeting on 17th May 2019. Governors have reviewed the updated Code issued in December 2020, which is 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.

The Royal National College for the Blind
GOVERNORS' REPORT (*continued*)
for the year ended 31 July 2022

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 3rd March 2023 and is signed on its behalf by:



John Ryan
Chair

Date: 3rd March 2023



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ROYAL NATIONAL COLLEGE FOR THE BLIND for the year ended 31 July 2022

Opinion

We have audited the financial statements of The Royal National College for the Blind ('the Charitable Company') and its subsidiaries ('the Group') for the year ended 31 July 2022 which comprise the Consolidated statement of financial activities, Consolidated balance sheet, College balance sheet, Consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the Charitable Company's affairs as at 31 July 2022 and of the Group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Charitable Company's or the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE ROYAL NATIONAL COLLEGE FOR THE BLIND for the year ended 31 July 2022 (*continued*)**

financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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:

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

Responsibilities of Governors

As explained more fully in the Governors' responsibilities statement 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 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.

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE ROYAL NATIONAL COLLEGE FOR THE BLIND for the year ended 31 July 2022 (*continued*)**

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

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

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

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

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the Charitable Company's and the Group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context were Ofsted.

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


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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE ROYAL NATIONAL COLLEGE FOR THE BLIND for the year ended 31 July 2022 (*continued*)**

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

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

4th Floor

St James House

St James Square

Gloucestershire

GL50 3PR

Date: 28 March 2023

The Royal National College for the Blind
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES *(incorporating an income and expenditure account)*
for the year ended 31 July 2022

		Unrestricted Funds £'000	Restricted Funds £'000	Total 2022 £'000	Total 2021 £'000
	Notes				
Income from:					
Donations and legacies	2	259	192	451	507
Charitable activities	2	6,210	106	6,316	4,817
Other trading activities	5	414	-	414	264
Investments	2	1	-	1	20
Other income	2	579	-	579	12
TOTAL INCOME		7,463	298	7,761	5,620
Expenditure on:					
Raising funds	4	508	-	508	376
Charitable activities	4	5,522	212	5,734	5,143
TOTAL EXPENDITURE	4	6,030	212	6,242	5,519
Net gain on investments	10	75	-	75	6
NET INCOME		1,508	86	1,594	107
Transfers between funds	16	208	(208)	-	-
Other recognised gains					
Actuarial gain on defined benefit pension scheme	21	816	-	816	506
NET MOVEMENT IN FUNDS		2,532	(122)	2,410	613
Reconciliation of funds:					
Total funds brought forward	15	7,904	1,149	9,053	8,440
Total funds carried forward	15	10,436	1,027	11,463	9,053

The notes on pages 19 to 40 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 2022

		Consolidated		College	
	Notes	2022	2021	2022	2021
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	9	13,059	13,125	13,058	13,124
Investments	10	350	641	350	641
<i>Total fixed assets</i>		<u>13,409</u>	<u>13,766</u>	<u>13,408</u>	<u>13,765</u>
CURRENT ASSETS					
Stock	11	6	5	1	1
Debtors	12	390	151	543	281
Cash at bank and in hand		1,579	712	1,499	692
<i>Total current assets</i>		<u>1,975</u>	<u>868</u>	<u>2,043</u>	<u>974</u>
LIABILITIES					
Creditors: amounts falling due within one year	13	(763)	(845)	(737)	(814)
<i>Net current assets</i>		<u>1,212</u>	<u>23</u>	<u>1,306</u>	<u>160</u>
<i>Total assets less current liabilities</i>		<u>14,621</u>	<u>13,789</u>	<u>14,714</u>	<u>13,925</u>
Creditors: amounts falling due after more than one year	14	(1,789)	(2,164)	(1,789)	(2,164)
<i>Net assets excluding pension scheme liability</i>		<u>12,832</u>	<u>11,625</u>	<u>12,925</u>	<u>11,761</u>
Defined benefit pension scheme liability	21	(1,369)	(2,572)	(1,369)	(2,572)
TOTAL NET ASSETS		<u>11,463</u>	<u>9,053</u>	<u>11,556</u>	<u>9,189</u>
THE FUNDS OF THE GROUP					
Restricted income funds	16	1,027	1,149	1,027	1,149
<i>Unrestricted funds</i>					
General	15	11,805	10,476	11,898	10,612
Defined benefit pension scheme liability	21	(1,369)	(2,572)	(1,369)	(2,572)
<i>Total unrestricted funds</i>	17	<u>10,436</u>	<u>7,904</u>	<u>10,529</u>	<u>8,040</u>
TOTAL GROUP FUNDS	15	<u>11,463</u>	<u>9,053</u>	<u>11,556</u>	<u>9,189</u>

The notes on pages 19 to 40 form part of these financial statements.

The College only net income for the year totalled £1,551,000 (2021: net income of £128,000).

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



John Ryan
Chair

Date: 3rd March 2023

The Royal National College for the Blind
CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 July 2022

		2022		2021	
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities:					
<i>Net cash generated by operating activities</i>	23(a)		1,287		263
Cash flows from investing activities:					
Rents from investment properties		-		20	
Bank interest received		1		-	
Proceeds from sale of tangible fixed assets		4		12	
Proceeds from sale of investments		366		400	
Purchase of tangible fixed assets		(281)		(495)	
<i>Net cash provided by / (used in) investing activities</i>			90		(63)
Cash flows from financing activities					
Repayment of borrowing	23(c)	(402)		(428)	
Repayment of finance lease	23(c)	(28)		(28)	
Interest paid		(80)		(75)	
<i>Net cash used in financing activities</i>			(510)		(531)
Change in cash and cash equivalents in the year			867		(331)
Cash and cash equivalents at the beginning of the year			712		1,043
Cash and cash equivalents at the end of the year	23(b)		1,579		712

The notes on pages 19 to 40 form part of these financial statements.

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, and the controlled charity, Blindcare.

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 2019) - (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 has worked through a detailed recovery plan to address this and 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 show that the Group has sufficient headroom to 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

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.

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.

1 STATEMENT OF ACCOUNTING POLICIES *(continued)*

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.

Creditors

Short term creditors are initially measured at their settlement amount.

1 STATEMENT OF ACCOUNTING POLICIES *(continued)*

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.

RNC is also the sole beneficiary of an independent charity, Blindcare (charity registration number 1020073). RNC controls the Board of Blindcare, so its results have been included in the consolidated accounts on a line by line basis, with all intra-Group transactions fully eliminated on consolidation. The results of Blindcare were not included in the 2021 consolidated financial statements on the grounds that the results were immaterial to the Group. The 2022 financial statements of Blindcare have been produced for a 16 month period in order to align the year end with that of RNC and R N C Enterprises Limited. A summary of the results of Blindcare is shown in note 5 to the consolidated financial statements.

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.

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 2022. 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.

The Royal National College for the Blind
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*
for the year ended 31 July 2022

2 INCOME

	2022	2021
	£'000	£'000
Donations and legacies		
Donations	105	22
Blindcare reserves brought into the Group	74	-
Trusts and Foundations	226	364
Legacies	46	121
Income from donations and legacies	451	507
	2022	2021
	£'000	£'000
Charitable activities		
Student fees from: Education & Skills Funding Agency	905	794
Welsh Government	464	388
Local Authorities	4,664	3,238
Private sources	57	4
Department for Work & Pensions	-	120
Other income	3	5
Income from student services	6,093	4,549
Grants		
Education & Skills Funding Agency	125	86
Department for Education	51	61
Government Job Retention Scheme	4	97
Other grants	43	24
Income from charitable activities	6,316	4,817
	2022	2021
	£'000	£'000
Investment and other income		
Rental income	-	20
Bank interest	1	-
Income from investments	1	20
	2022	2021
	£'000	£'000
Other income		
Profit on sale of fixed assets	4	12
Compensation payment received from construction company	575	-
Other income	579	12

The Royal National College for the Blind
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*
for the year ended 31 July 2022

3 NET INCOME

	2022	2021
	£'000	£'000
Net income for the year is stated after charging:		
Auditor's remuneration - audit fees	21	14
- accountancy and tax services	2	1
- grant assurance	1	-
Operating lease rentals	42	42
Depreciation - owned assets	319	285
- leased assets	28	30
Interest payable - finance lease interest	5	5
- loan interest	75	70

4 ANALYSIS OF TOTAL EXPENDITURE

Expenditure on Charitable activities:	Staff costs	Expenses	Deprec'n	Total 2022	Total 2021
	£'000	£'000	£'000	£'000	£'000
Education and training	2,537	172	-	2,709	2,396
Welfare	148	384	-	532	421
Premises	200	450	222	872	792
Marketing	120	26	-	146	132
Support costs	743	561	125	1,429	1,372
Governance costs (see below)	19	27	-	46	30
	3,767	1,620	347	5,734	5,143
Expenditure on raising funds:					
Fundraising	84	22	-	106	101
Trading activities	222	174	-	396	275
Blindcare activities	-	6	-	6	-
	306	202	-	508	376
	4,073	1,822	347	6,242	5,519

Governance costs comprise:

	2022	2021
	£'000	£'000
Staff costs	19	16
Audit & accountancy costs	22	14
Legal & professional fees	5	-
	46	30

The Royal National College for the Blind
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*
for the year ended 31 July 2022

5 OTHER GROUP ENTITIES

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:

	2022	2021
	£'000	£'000
Turnover	400	260
Cost of sales	(72)	(19)
Gross profit	328	241
Administrative expenses	(339)	(262)
Operating loss	(11)	(21)
Retained deficit at start of period	(136)	(115)
Retained deficit at end of period	(147)	(136)
	2022	2021
	£'000	£'000
Total assets at balance sheet date	50	32
Total liabilities at balance sheet date	(197)	(168)

In addition to income of £400,000 (2021: £260,000) shown above, miscellaneous trading income of £14,000 (2021: £4,000) is included within the results of the College.

RNC is the sole beneficiary and controlling party of an independent charity, Blindcare (charity registration number 1020073, company number 02806606). Blindcare receives donations from various payroll giving schemes and makes donations to the parent charity at the discretion of the Blindcare directors. The summary financial performance of Blindcare alone is:

	2022	2021
	12 months	12 months
	£'000	£'000
Income	85	96
Costs of raising funds	(6)	(5)
Charitable activities	(99)	(35)
Net (deficit) / income	(20)	56
Retained income at start of period	74	31
Retained income at end of period	54	87
	2022	2021
	£'000	£'000
Total assets at balance sheet date	59	93
Total liabilities at balance sheet date	(5)	(6)

The Royal National College for the Blind
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31 July 2022

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 153 (2021: 138).

	2022	2021
	Number	Number
Education and training	95	82
Student welfare	10	9
Premises	6	6
Support	21	20
Marketing	5	5
Fundraising	5	4
R N C Enterprises Limited	11	12
	153	138

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

	2022	2021
	£'000	£'000
Salaries and wages	3,343	2,998
Social security costs	283	240
Pension contributions - teaching	268	233
- non-teaching	50	45
Defined benefit pension scheme contributions	129	132
Total staff costs	4,073	3,648

Included in the above is an amount of £11,676 paid in respect of a termination agreement.

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

The Executive Principal, Mrs Lucy Proctor, is an ex-officio trustee and received emoluments of £70,296 (2021: £70,000) with employer pension contributions of £2,100 (2021: £2,100). Mr Andy Powell and Mrs Lisa Roberts were appointed as Staff Governors during the year and received emoluments of £19,332 and £14,959 respectively whilst serving as staff governors, with employer pension contributions of £557 and £2,668 respectively.

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, no Governors were reimbursed expenses or costs (2021: 1 Governor total of £242).

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

	2022	2021
	No.	No.
£60,000 - £69,999	1	-
£70,000 - £79,999	1	1

Pension contributions for the higher paid employee(s) amounted to £14,066 (2021: £2,100).

The key management personnel of the Group during the year, who were remunerated, comprise the Executive Principal, the Head of College, the Director of Student Support and the Directors of Learning. The total employee benefits of the key management personnel, including pension contributions and employer national insurance contributions, were £326,815 (2021: £307,383).

The Royal National College for the Blind
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*
for the year ended 31 July 2022

9 TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Fixtures, fittings & equipment £'000	Leased assets £'000	Group Total £'000
Consolidated				
Cost				
At 1 August 2021	13,781	1,541	152	15,474
Additions	133	148	-	281
Disposals	-	(213)	-	(213)
At 31 July 2022	13,914	1,476	152	15,542
Depreciation				
At 1 August 2021	950	1,275	124	2,349
Charge for the year	222	97	28	347
Disposals	-	(213)	-	(213)
At 31 July 2022	1,172	1,159	152	2,483
Net book values				
At 31 July 2022	12,742	317	-	13,059
At 31 July 2021	12,831	266	28	13,125

The net book value of tangible fixed assets owned by R N C Enterprises Limited is £519 (2021: £1,280). The net book value of freehold land and buildings includes an amount of £4,173,000 (2021: £4,173,000) in respect of land.

10 INVESTMENT ASSETS

	Investment Properties £'000
Consolidated Fixed Assets	
Balance at 1 August 2021	641
Sold in year - sale proceeds	(366)
Gain on property value	75
Balance at 31 July 2022	350

The investment property is located within the county of Herefordshire. The investment is primarily held to provide a return where monies are not required immediately for Charitable activities.

College	£'000
Balance at 31 July 2022 as above	350
Investment in subsidiary Company (see note 5) amounts to £15	-
	350

No investments were held by R N C Enterprises Limited or Blindcare.

The residential property was valued in September 2022 at open market value by Flint & Cook. The Governors are of the opinion that there has been no diminution in value of the property since the date of the valuation.

The Royal National College for the Blind
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*
for the year ended 31 July 2022

11 STOCKS

	Consolidated		College	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Goods for resale	6	5	1	1
	<u>6</u>	<u>5</u>	<u>1</u>	<u>1</u>

12 DEBTORS

	Consolidated		College	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Due within one year:				
Student fees	296	114	296	114
Amount due from subsidiary	-	-	177	137
Prepayments	30	21	25	20
Other debtors	64	16	45	10
	<u>390</u>	<u>151</u>	<u>543</u>	<u>281</u>

13 CREDITORS: amounts falling due within one year

	Consolidated		College	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Bank loan	156	192	156	192
Finance lease payments	9	28	9	28
Trade creditors	136	190	131	188
Taxation and social security	79	77	76	75
Pension contributions	43	38	43	38
Other creditors	50	89	50	89
Accruals and deferred income	290	231	272	204
	<u>763</u>	<u>845</u>	<u>737</u>	<u>814</u>

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

14 CREDITORS: amounts falling due after more than one year

	Consolidated		College	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Bank loan	1,789	2,155	1,789	2,155
Finance lease payments	-	9	-	9
	<u>1,789</u>	<u>2,164</u>	<u>1,789</u>	<u>2,164</u>

The bank loan is repayable at £38,899 per quarter, with the remaining balance repayable in full on 31st January 2025. Interest is charged at 2.5% over Base.

The Royal National College for the Blind
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*
for the year ended 31 July 2022

15 ALLOCATION OF THE GROUP NET ASSETS

	Tangible fixed assets £'000	Investm'ts £'000	Net current assets/ (liabilities) £'000	Long term liabilities & prov'ns £'000	2022 Total £'000
The net assets are held for various funds as follows:					
Restricted funds (note 16)	685	-	342	-	1,027
Unrestricted funds:					
- General (note 17)	12,373	350	964	(1,789)	11,898
- Pension reserve (note 21)	-	-	-	(1,369)	(1,369)
Total RNC	13,058	350	1,306	(3,158)	11,556
Total Subsidiary (note 17)	1	-	(148)	-	(147)
Total Blindcare (note 17)	-	-	54	-	54
Total Group	13,059	350	1,212	(3,158)	11,463

	Tangible fixed assets £'000	Investm'ts £'000	Net current assets/ (liabilities) £'000	Long term liabilities & prov'ns £'000	2021 Total £'000
At 31 July 2021 the net assets were held as follows:					
Restricted funds (note 16)	771	-	378	-	1,149
Unrestricted funds:					
- General (note 17)	12,353	641	(218)	(2,164)	10,612
- Pension reserve (note 21)	-	-	-	(2,572)	(2,572)
Total RNC	13,124	641	160	(4,736)	9,189
Total Subsidiary (note 17)	1	-	(137)	-	(136)
Total Group	13,125	641	23	(4,736)	9,053

The Royal National College for the Blind
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*
for the year ended 31 July 2022

16 RESTRICTED FUNDS	Balance				Balance
	31.7.21	Income	Expenditure	Transfers	31.7.22
	£'000	£'000	£'000	£'000	£'000
Football Foundation Grant	444	-	(10)	-	434
Overseas Scholarship Fund	181	-	-	-	181
Sport England Grant	133	-	(3)	-	130
Media Equipment	38	78	(19)	(7)	90
Student Garden	10	39	(5)	(3)	41
Keyless Swipe System	-	26	(1)	6	31
Refurbish Student Gym	29	5	(8)	-	26
Students from Malvern area	18	-	-	(3)	15
Teacher Training	-	55	(43)	-	12
Braille Notes & Brailliants	14	10	-	(14)	10
Independent Living Skills	24	7	(8)	(14)	9
Spa Refurbishment	8	-	-	-	8
Gym Floor Sweeper	19	-	(1)	(12)	6
Student Equipment	9	-	-	(5)	4
Running and Cycling Club	6	-	(4)	-	2
College Move	105	-	-	(105)	-
IT Equipment	31	-	(2)	(29)	-
European Exchange Project	24	-	(24)	-	-
Covid Costs	18	-	(4)	(14)	-
ETF Training / Filming	10	-	(10)	-	-
Building Maintenance	-	51	(51)	-	-
Miscellaneous Small funds	28	27	(19)	(8)	28
	1,149	298	(212)	(208)	1,027

The Royal National College for the Blind
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*
for the year ended 31 July 2022

16 RESTRICTED FUNDS *(continued)*

	Balance				Balance
Prior year comparative	1.8.20	Income	Expenditure	Transfers	31.7.21
	£'000	£'000	£'000	£'000	£'000
Football Foundation Grant	454	-	(10)	-	444
Overseas Scholarship Fund	181	-	-	-	181
Sport England Grant	136	-	(3)	-	133
College Move	38	67	-	-	105
Students from Malvern area	27	-	-	(9)	18
Independent Living Skills	27	1	(4)	-	24
Astro Pitch	25	-	-	(25)	-
European Exchange Project	24	-	-	-	24
Braille Notes & Brailiants	17	-	(3)	-	14
Refurbish Fitness Studio	17	-	(1)	(12)	4
ETF Training / Filming	10	-	-	-	10
Spa Refurbishment	8	-	-	-	8
Student Equipment	8	8	(7)	-	9
IT Equipment	6	31	(6)	-	31
Running and Cycling Club	6	-	-	-	6
Media Equipment	6	31	(2)	3	38
Refurbish Student Gym	6	24	(1)	-	29
Gym Floor Sweeper	-	17	-	2	19
Covid Costs	-	94	(76)	-	18
Student Garden	-	4	-	6	10
Building Maintenance	-	61	(61)	-	-
Miscellaneous Small funds	24	10	(8)	(2)	24
	1,020	348	(182)	(37)	1,149

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.

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.

Media Suite

Various grants were received towards the building of a new Media suite and the purchase of media and sound equipment, including £34,306 from the Eveson Trust and £30,000 from the Foyle Foundation.

Student Garden

A number of grants have been received for the development of a new student garden area.

16 RESTRICTED FUNDS *(continued)*

Keyless Swipe System

A number of grants have been received for the purchase of a keyless swipe system to be installed on all student bedroom doors.

Refurbish Student Gym

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

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.

Teacher Training

A grant was received from the Department for Education to enable three members of staff to undergo a two year programme of teacher training.

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.

Independent Living Skills

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

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.

Gym Floor Sweeper

Several grants were received for the purchase of a floor sweeper to use on the main hall floor within the sports centre.

Student Equipment

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

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.

College Move

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

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.

European Exchange Project

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

Covid Costs

A number of grants were received to go towards the additional costs the College incurred for the health and safety of staff and students as a result of the Covid pandemic. This included £50,000 from the Foyle Foundation and £39,693 from the National Lottery Fund.

The Royal National College for the Blind
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31 July 2022

16 RESTRICTED FUNDS (continued)

ETF Training / Filming

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

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, acoustic shooting equipment, mental health training, Duke of Edinburgh programme, refurbishment of fitness studios, office equipment and a new switchboard.

17 UNRESTRICTED FUNDS

	Balance	Expenditure & net loss on			Balance
GENERAL	1.8.21	Income	investments	Transfers	31.7.22
	£'000	£'000	£'000	£'000	£'000
RNC (excluding pension fund valuation)	10,612	7,053	(5,514)	(253)	11,898
Pension fund	(2,572)	-	816	387	(1,369)
Trading Company	(136)	400	(411)	-	(147)
Blindcare	-	85	(105)	74	54
	<u>7,904</u>	<u>7,538</u>	<u>(5,214)</u>	<u>208</u>	<u>10,436</u>

	Balance	Expenditure & net loss on			Balance
Prior year comparative	1.8.20	Income	investments	Transfers	31.7.21
	£'000	£'000	£'000	£'000	£'000
RNC (excluding pension fund valuation)	10,898	5,018	(5,056)	(248)	10,612
Pension fund	(3,363)	-	506	285	(2,572)
Trading Company	(115)	260	(281)	-	(136)
	<u>7,420</u>	<u>5,278</u>	<u>(4,831)</u>	<u>37</u>	<u>7,904</u>

18 OTHER FINANCIAL COMMITMENTS

Commitments in respect of operating lease rentals are as follows:

	Equipment 2022	Equipment 2021
	£'000	£'000
Commitment payable:		
Within one year	45	38
Within two to five years	46	55
	<u>91</u>	<u>93</u>

The Royal National College for the Blind
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31 July 2022

19 CAPITAL COMMITMENT

At the year end, RNC had a commitment to pay the remaining £190,000 of the total contract cost for the conversion of office space to a new media suite (2021: £75,000 committed towards the refurbishment of Armitage Hall).

20 RELATED PARTY DISCLOSURES

During the year RNC recharged expenses of £288,772 (2021: £223,436) to R N C Enterprises Limited and paid £2,305 (2021: £nil) for products and services. The amount due from R N C Enterprises Limited at the year end was £177,221 (2021: £136,777) and the amount due to R N C Enterprises Limited at the year end was £nil (2021: £nil).

RNC is the sole beneficiary of an independent charity, Blindcare (charity registration number 1020073). During the year, RNC received income of £85,000 from Blindcare (2021: £65,351). There was no balance due to or from Blindcare (2021: £nil) at the year end.

During the year RNC paid £69,384 (2021: £98,100) 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 was completed as at 30 September 2019 and the results of this have been updated to 31 July 2022 by a qualified actuary, independent of the scheme's sponsoring employer.

The most recent completed actuarial valuation, as at 30 September 2019, showed a deficit of £5,932,000. 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 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).

Present values of defined benefit obligation, fair value of assets and defined benefit liability

	31 July 2022	31 July 2021
	£000	£000
Assets		
Equity Type	553	834
Bonds	5,812	6,921
Property	1,231	1,074
Other	3,190	3,910
LDI	5,217	7,856
Cash	196	449
Fair value of plan assets	16,199	21,044
Present value of defined benefit obligations	(17,568)	(23,616)
Deficit in plan	(1,369)	(2,572)
Defined benefit liability to be recognised under FRS102	(1,369)	(2,572)

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.

The Royal National College for the Blind
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*
for the year ended 31 July 2022

21 PENSION OBLIGATIONS *(continued)*

Change in assets during the year

	2022	2021
	£'000	£'000
Assets at the start of the year	21,044	20,634
Interest income on assets	345	288
Expenses	(79)	(79)
Experience on plan assets (excluding amounts included in interest income)	(5,002)	295
Employer contributions	506	408
Benefits paid	(615)	(502)
Assets at the end of the year	<u>16,199</u>	<u>21,044</u>

Change in liabilities during the year

	2022	2021
	£'000	£'000
Liabilities at the start of the year	23,616	23,997
Interest expense	385	332
Actuarial gain on changes in assumptions	(6,654)	(55)
Actuarial loss/(gain) due to scheme experience	836	(156)
Benefits paid	(615)	(502)
Liabilities at the end of the year	<u>17,568</u>	<u>23,616</u>

Analysis of amount charged to income statement

	2022	2021
	£'000	£'000
Expenses	79	79
Interest income on assets	(345)	(288)
Interest cost of defined benefit obligation	385	332
Total expense recognised in the statement of financial activities	<u>119</u>	<u>123</u>

Actuarial gain recognised in Statement of Financial Activities

	2022	2021
	£'000	£'000
Return on assets excluding interest income	(5,002)	295
Experience (losses)/gains on scheme liabilities	(836)	156
(Loss)/gain due to change in demographic assumptions	(84)	238
Gain/(loss) due to change in financial assumptions	6,738	(183)
Actuarial gain recognised in statement of financial activities	<u>816</u>	<u>506</u>

The Royal National College for the Blind
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31 July 2022

21 PENSION OBLIGATIONS (continued)

Movement in balance sheet liability during the year

	2022	2021
	£'000	£'000
Deficit in plan at the start of the year	(2,572)	(3,363)
Net interest cost	(40)	(44)
Expenses	(79)	(79)
Re-measurements included in the statement of financial activities	816	506
Employer contributions	506	408
Deficit in plan at the end of the year	<u>(1,369)</u>	<u>(2,572)</u>

Assumptions	2022	2021	2020
	% p.a.	% p.a.	% p.a.
Discount rate	3.49	1.65	1.40
Inflation (RPI)	3.16	3.20	2.90
Inflation (CPI)	2.63	2.60	1.90
Deferred revaluations	3.16	3.20	2.90
Earnings growth	3.13	3.10	2.40
Pension increases in payment:			
RPI max 5.5% pa	3.10	3.15	2.85
Pension increases in payment:			
CPI max 2.5% pa	1.90	1.90	1.55
Allowance for commutation	75% of maximum allowance	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 July 2022 imply the following life expectancies:

	Life expectancy at age 65 (years)
Male retiring in 2022	21.4
Female retiring in 2022	23.7
Male retiring in 2042	22.7
Female retiring in 2042	25.2

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 £50,317 (2021: £45,534) to the scheme and at the year end £11,674 (2021: £10,708) was outstanding in respect of contributions to this scheme.

21 PENSION OBLIGATIONS *(continued)*

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 £268,471 (2021: £232,681) and at the year end £31,249 (2021: £26,968) 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%.

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 government announced on 4 February 2021 that it intends to proceed with a deferred choice underpin under which members will be able to choose either legacy or reformed scheme benefits in respect of their service during the period between 1 April 2015 and 31 March 2022 at the point they become payable.

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. The pause was lifted in July 2020, and a consultation was launched in June 2021 on proposed changes to the cost control mechanism following a review by the Government Actuary. Following the public consultation, the Government have accepted three key proposals recommended by the Government Actuary, and are aiming to implement these changes in time for the 2020 valuations.

The 2016 cost control valuations have since been completed in January 2022, and the results indicated that there would be no changes to benefits or member contributions required. The results of the cost cap valuation are not used to set the employer contribution rate, and HM Treasury has confirmed that any changes to the employer contribution rate resulting from the 2020 valuations will take effect in April 2024.

Until the 2020 valuation is completed 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 CONTINGENT LIABILITY

As at the balance sheet date, an amount of £90,000 was payable to TPT Retirement Solutions subject to certain conditions being met. This was an additional payment towards the defined benefit scheme pension deficit from the proceeds of sale of investment properties in September 2021.

RNC operates a defined benefit pension scheme in the UK, through TPT Retirement Solutions, and have been made aware that some historical changes made to the scheme's benefits may not have been in accordance with the scheme rules. The trustees of the pension scheme are seeking court direction as to whether the changes were made in accordance with the rules and whether they have the power to make changes in respect of benefits built up after the date the changes were made. The court ruling could potentially give rise to an additional liability for RNC. As the pension scheme trustees are currently going through the court process any potential liability has not been recorded in the balance sheet.

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

	2022	2021
	£'000	£'000
Net income for the year as per the Statement of Financial Activities	1,594	107
<i>Adjustments for:</i>		
Gain on sale of assets	(4)	(12)
Gain on investments	(75)	(6)
Interest paid	80	75
Depreciation charges	347	315
Rents from investments	-	(20)
Bank interest received	(1)	-
Payment into Defined Benefit Pension Scheme	(506)	(408)
Pension FRS102 adjustment	119	123
Increase in stock	(1)	(4)
(Increase) / decrease in debtors	(239)	26
(Decrease) / increase in creditors	(27)	67
Net cash generated by operating activities	1,287	263

23 (b) ANALYSIS OF CASH AND CASH EQUIVALENTS

	2022	2021
	£'000	£'000
Cash at bank and in hand	1,579	712
Total cash and cash equivalents	1,579	712

23 (c) CHANGE IN NET DEBT

	2022	2021
	£'000	£'000
Net debt brought forward	2,384	2,840
Repayment of borrowing	(402)	(428)
Repayment of finance lease	(28)	(28)
Net debt carried forward	1,954	2,384

24 PRIOR YEAR ANALYSIS OF CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2021 £'000
Income from:			
Donations and legacies	220	287	507
Charitable activities	4,756	61	4,817
Other trading activities	264	-	264
Investments	20	-	20
Other income	12	-	12
TOTAL INCOME	5,272	348	5,620
Expenditure on:			
Raising funds	376	-	376
Charitable activities	4,961	182	5,143
TOTAL EXPENDITURE	5,337	182	5,519
Net gain on investments	6	-	6
NET (EXPENDITURE) / INCOME	(59)	166	107
Transfers between funds	37	(37)	-
Other recognised gains			
Actuarial gain on defined benefit pension scheme	506	-	506
NET MOVEMENT IN FUNDS	484	129	613
Total funds brought forward	7,420	1,020	8,440
Total funds carried forward	7,904	1,149	9,053