

**Trinity College London**  
**(A company limited by guarantee)**  
**Company number 2683033**  
**Charity number 1014792**

**Report and Financial Statements**  
**for the year ended 31 March 2019**

## **Table of contents**

<b>Section</b>	<b>Page</b>
Report of Council Members Including Strategic Report and Statement of the Council Members' responsibilities	2-10
Independent Auditor's report to the Council Members of Trinity College London	11-12
Consolidated statement of financial activities ("SOFA") (including income and expenditure account)	13
Consolidated and company balance sheets	14
Consolidated cash flow statement	15
Notes to the financial statements	16-29

## Report of the Trustees and Council Members for the year ended 31 March 2019

The Council Members are pleased to present their report together with the audited financial statements of Trinity College London ("the company" or "the charitable company") for the year ended 31 March 2019 which are also prepared to meet requirements for a Directors' report and accounts for Companies Act purposes.

The financial statements have been prepared in accordance with the accounting policies as set out in the notes to the accounts and comply with the Charities Act 2011, the Companies Act 2006, the 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, published on 16 July 2014.

### Reference and administrative details

Charity No	1014792
Company No	2683033
Registered office	Blue Fin Building 110 Southwark Street London, SE1 0TA
Auditors	KPMG LLP 15 Canada Square London E14 5GL
Principal Bankers	Lloyds Bank Plc 39 Threadneedle Street Branch London EC2R 8AU
Principal Solicitors	Bates, Wells & Braithwaite Cheapside House 138 Cheapside London EC2V 6BB
Directors, Trustees and Council Members	<p>The Directors of Trinity College London are its trustees for the purpose of charity law and throughout this report are referred to as "Governors", "Council Members", "the Council" or "the Trustees". The Directors who held office during the year and since year end were as follows:</p> <p>Mr Michael Hildesley (Chairman) (retired 9 March 2019) Prof Charles Alderson Mr Michael Butcher (retired 10 October 2018) Ms Jane Carter (resigned 2 January 2019) Dr Geoffrey Copland CBE (Chairman from 18 March 2019, previously Deputy Chairman) Ms Susanna Eastburn (resigned 6 April 2018) Mr Michael Esplen (retired 9 March 2019) Mr Rajiv Jaitly (resigned 22 September 2019) Mr James Mullan Mr Michael Saunders Prof Geoff Smith Mr Charles Hindson (appointed 21 August 2018) Mr Salar Farzad (appointed 17 August 2018)</p>

**Audit Committee**

Dr Geoffrey Copland (resigned 18 March 2019)  
Mr Charles Hindson (appointed as Chairman 5 July 2019)  
Ms Susanna Eastburn (resigned 6 April 2018)  
Ms Hilary Milne  
Mr Rajiv Jaitly (resigned 22 September 2019)

**Key Management  
Personnel**

Mrs Sarah Kemp (Chief Executive)  
Mr Nick Beach (Academic Director) (resigned 30 April 2018)  
Mrs Fiona Butcher (Director of Legal Services & Company Secretary)  
Mr Andrew Freeman (Director – Europe)  
Mr Peter Harrington (Interim Director of Human Resources & Corporate Services) (resigned 20 August 2019)  
Mr Tom Lee (Director, Product Management & Development)  
Mrs Janis Lines (Customer Services Director)  
Mr Tony McEnery (Group Director, Sector Strategies (appointed 16 April – 2018 to 31 August 2018)  
Mr Richard Michel (Group Director, Delivery)  
Mr Pete Mobbs (Chief Financial Officer)  
Mr Dean Pateman (Group Director, Quality & Standards) (appointed 3 April 2018 and resigned 13 August 2019)  
Ms Jackie Wybrow (People Director) (appointed 12 August 2019)  
Ms Carolyn Brown (Group Director, Transformation) (appointed 20 August 2019)  
Mr Stuart Pearce (Director, UK & Ireland Markets)  
Prof Michael Rofo (Group Director, Sector Strategies) (appointed 8 October 2018)

## **Structure, Governance and Management**

### **Governing Document**

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

### **Organisation**

The governing body of TCL is the Council, which is made up of appointed Council Members (also known as "Governors"), who are also the members of TCL under the Companies Act. The Council meets regularly and retains full and effective control over the TCL group. Through Council meetings the Council Members monitor the performance of senior management and review the quality, effectiveness and timeliness of information provided to the Council. The Council is involved in major strategic decisions and has ultimate responsibility for the conduct and financial stability of TCL. For the purposes of the Companies Act, the Council is the Board of Directors of TCL and the Governors are the Directors. For the purpose of charity law, the Council Members are the Trustees.

At the date of this report the TCL group consists of TCL and seven subsidiary undertakings: BCELT S.R.L, Trinity College London (India) Private Limited, Trinity London (Thailand) Limited, Trinity College London (HK) Limited, Trinity College London Enterprises Limited, Trinity College London SELT Limited and Trinity College London Press Limited. TCL's subsidiary in Brazil, Trinity Brasil S/C Ltda was dissolved on 31<sup>st</sup> July 2018.

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

The Nominations and Remuneration Committee is responsible for determining the remuneration of the CEO and other key management personnel. In determining the remuneration, the Committee reviews and agrees:

- overall market positioning of the remuneration package
- base salaries and increases
- annual and long-term incentive/bonus arrangements and
- the relevant targets for performance related schemes and pension arrangements

### **Council Members and Related Parties**

Governors are appointed by Council. The Articles of Association were amended with effect from 23 July 2018 to remove the requirement that a simple majority of Governors are at all times Trustees of the TCMT or persons nominated by it.

The charity is related to Trinity Laban Conservatoire of Music and Dance ("TL") because TCL has a specific power in its Articles of Association to subscribe to, and aid, the interests of TL and gives financial support by way of unconditional donations that are financed from surpluses after taking into account the reserve requirements of TCL.<sup>1</sup>

Although related charities, TCL, and TL are not associated companies under the Companies Act.

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<sup>1</sup> On 23 July 2018, the Council Members voted to amend the Articles so that this power refers to Trinity Laban Conservatoire of Music and Dance rather than TCMT as the named beneficiary.

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

All Council Members are involved in the appointment of nominated individuals to Council. When considering selection, the Council has regard to skills, any specialist knowledge requirements and diversity of experience. Newly appointed Council Members are briefed on their legal obligations under charity and company law, the content of the Articles of Association, the governing structure of the charity, the business plan and the recent financial performance of the charity. On appointment, all Council Members commit to a Code of Conduct and are also familiarised with the Charity Governance Code.

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

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

## **Subsidiary undertakings**

TCL beneficially owned 100% of the issued share capital of Trinity Brasil S/C Ltda, a company incorporated in Brazil until its dissolution on 31<sup>st</sup> July 2018. The investment was made in order to facilitate the provision of examinations in that country.

TCL beneficially owns 100% of the issued share capital of Trinity College London (India) Private Ltd, a company incorporated in India. The company provides services in respect of the provision of examinations in that country.

TCL beneficially owns 100% of the issued share capital of Trinity London (Thailand) Ltd, a company incorporated in Thailand. The company is dormant. The investment was made in order to facilitate the provision of examinations in that country.

TCL beneficially owns 100% of the issued share capital of Trinity College London (HK) Ltd, a company incorporated in Hong Kong. The company provides services in respect of the provision of examinations in that country.

TCL owns 100% of the issued share capital of Trinity College London Enterprises Ltd, a company incorporated in England & Wales. The company is currently dormant.

TCL owns 100% of the issued share capital of Trinity College London SELT Ltd, a company incorporated in England & Wales that primarily provides services in respect of the provision of Secure English Language Test (SELT) examinations in the United Kingdom.

TCL owns 100% of the issued share capital of Trinity College London Press Ltd, a company incorporated in England & Wales that provides publishing services.

## Objectives and Activities

The objectives of the charity include:

- to advance education for the public benefit, in particular but without limitation, by promoting education, instruction and educational assessment in:
  - performing and creative arts; and
  - language and communication.<sup>2</sup>

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

TCL's examinations are conducted in registered examination centres (schools, private centres, work places etc.) in the UK and approximately 65 countries internationally. TCL is regulated by the Office of Qualifications and Examinations Regulation as an independent awarding body and relevant qualifications are recognised within the UK Regulated Qualifications Framework ("RQF"). Trinity is in contact with numerous education authorities around the world to promote the currency of its qualifications internationally. Staff at the central office in London set academic standards, write specifications, syllabuses and examinations, devise marking schemes and verify standards, process entries, administer the worldwide examination programme, and issue certificates and diplomas.

An important part of TCL's activities is the provision of resource materials for music, drama and English language, together with supporting media, for study, appreciation and teaching. In collaboration with the Arts Council England ("ACE"), TCL also runs the Arts Award, which is a nationally recognised qualification based around any arts or media activity that inspires young people to grow their arts and leadership talents. It is a qualification with five levels and is open to all children and young people up to the age of 25. There are no entry requirements, no time limit for completing the award and no set rules about how to present the final work. Promotional activity for the Arts Award is aimed at children and young adults from disadvantaged backgrounds in particular.

## Strategic Report

### Achievements and Performance

The results for the 2018/19 financial year show Trinity College London achieving a record surplus, buoyed by continued strong candidature both internationally and in the United Kingdom.

Government recognition of Trinity's English language examinations continues to grow. Contracts with Provincial Education Examinations Authorities in Beijing and Hubei in China, Delhi Department of Education in India and Xuntia de Galicia in Spain prove true reach across multiple continents.

Trinity continues to offer Secure English Language Tests (SELT) in the UK, supporting the UK Visa and Immigration in its requirement for secure testing for immigration and visa purposes. The provision is conducted in 10 centres across England, Scotland, Wales and Northern Ireland and has also been utilised for private hire drivers within England.

Arts Award, a range of unique qualifications that supports anyone aged up to 25 to grow as artists and arts leaders, inspiring them to connect with and take part in the wider arts world through taking challenges in an art form - from fashion to digital art, pottery to poetry has seen solid growth with 80,000 young people across England taking part.

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<sup>2</sup> The objects of the charity were amended by the Trustees on 23 July 2018, subsequently approved by the Charity Commission on 8 November 2018, and now refer to advancing education *and the performing and creative arts* for the public benefit.

After the refresh of the Rock & Pop value proposition, including the BETT awarding app, and with a focus on "Real Songs, Real Skills and Real Progress", there has been significant growth in both candidature and income globally.

The timing of Easter and resultant school term time has an impact on timing of examinations in the UK and when considered, both Music and Drama continued to grow across the home nations. India and Hong Kong have continued to grow not only across the traditional music grade market but also in music theory and diplomas.

As expected Publication sales dipped in 2019 as 2018 was an exceptional year due to new syllabus releases for Rock & Pop, Singing and Piano.

### **Financial Review**

Income was £57,905,000 (2018: £54,116,00) during the year to 31 March 2019 and, of this, examination fee income increased by 7.8% primarily as a result of increases in candidature across the product suites, and price movements against prior year.

Expenditure was £54,601,000 (2018: £51,331,000), including total donations payable of £1,975,000 (2018: £1,133,000).

During the period the Council resolved, in light of the level of reserves and subject to the cash flow position, to pay donations totalling £1,950,000 (2018: £1,100,000) to TCMT/TL. This sum has been included in expenditure above.

The underlying results from TCL's traditional activity continued to perform to expectations and the performance of SELT under the Home Office concession has proved particularly strong.

Trinity has extensive operations overseas and, as a result, a number of assets and liabilities are denominated in a foreign currency. During the year, adverse currency movements to sterling reduced the conversion value of such assets by £54,342 (2018: £373,973). These movements have been included as part of the overall exchange loss within expenditure.

The net income for the year, after donations paid, was £3,304,000 (2018: £2,785,000).

The Council wishes to thank the CEO, senior management, staff, the network of representatives and the panels of examiners for delivering another satisfactory year of growth in the scope and scale of TCL and its activities. The Council wishes also to thank Mr Michael Hildesley, Mr Michael Butcher and Mr Michael Esplen our retiring trustees for their hard work and dedicated service.

### **Public Benefit**

In setting strategic goals and planning activities, the Council has given careful consideration to the Charity Commission's guidance on the public benefit. TCL's primary objective is to advance education for the public benefit. This is achieved mainly through its broad suite of assessments, examinations and moderations in the Performing and Creative Arts and English Language. TCL's philosophy of assessment is based on a combination of technical skills and communication, often demonstrated through one-on-one assessment and specifications and syllabuses designed to give students a broad education in the subject while achieving measurable progress. Evidence from teachers and candidates indicates that the skills gained in preparing to meet the standards set by TCL provide successful candidates with a range of technical and soft skills in communication, as well as greater self-confidence.

In addition, TCL provides teacher support and training, for example for Teachers of English for Speakers of Other Languages (TESOL), classroom teachers in Music and Arts Award advisers, as well as for teachers and examination centres in countries less familiar with arts and language assessment. TCL also runs workshops for teachers and provides them with numerous useful free resources on its Virtual Learning Environment. TCL has contracts with government departments and agencies extending assessments and/or training into new areas supporting wider initiatives for the public benefit.

TCL undertakes research and development in the appraisal of performance and communication skills and in the measurement of creativity, which highlights the importance of good communication and creativity for society as well as for individuals. It has also created a corpus of words spoken by learners in recordings of TCL's Graded Exams in Spoken English for research purposes in collaboration with the University of Lancaster. TCL is an active member of associations in the Performing Arts and English Language which are committed to improving education and assessment.

Historically, TCL has generated surpluses that have enabled donations to be paid to other educational charities, notably to TCMT (now paid directly to TL), or in support of educational needs, which in turn have supported student bursaries, scholarships or the further development of higher education, as well as recovery of educational activities in areas where TCL operates that have suffered major natural disasters. During the period, TCL made donations of £1,950,000 to TCML/TL and £25,000 to third parties.

### **Reserves Policy**

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

Group cash balances at the balance sheet date stood at £21,013,000 (2018: £15,626,000). Group unrestricted general reserves at the balance sheet date stood at £13,063,000 (2018: £9,412,000).

During the year TCL, has invested a further £624,000 (2018: £700,000) in the administration and operating IT system for the long-term benefit of the group which has been covered by cash income. The free reserves of the charity (i.e. unrestricted funds excluding designated reserves and fixed assets) are £10,744,000 (2018: £5,093,000). The charity considers this position satisfactory in light of the decision to wholly own rather than lease under long term operating contracts the administrative and operating support infrastructure. The policy over the five-year business planning cycle is for the free reserves to remain a net surplus.

The funding for new products, the capital investment spends, and the cash call for the donation are decisions made based upon TCL being able to meet its current obligations, having regard to the existing and projected performance.

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

### **Donations Policy**

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

### **Plans for Future Periods**

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

TCL is seeking to strengthen its organisational and academic structures in key markets overseas to support the growing international demand for its products. In addition, TCL is investing in digitising products to increase accessibility and scalability, as well as in digitising delivery through the continued

enhancement of its IT platform and the development of digital resources for examiners, teachers and learners. An online booking platform for music exams at public centres is currently being trialled in the UK as part of a drive towards simplifying and streamlining delivery through digitisation.

## **Risk Management**

Council is responsible for overseeing the management of the risks faced by TCL. A comprehensive review is carried out annually, on the basis of which detailed plans and budgets are approved for the following year.

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

Key risks include:

- Currency fluctuations – managed through hedging contracts and natural hedging
- Changing political and competitive landscape – controlled through the development of alternative markets and products
- Maintaining academic quality – controlled through internal quality and standards reporting

The Audit Committee scrutinises the charity's finances, internal controls, risk management and reports to the Council.

This report constitutes the Strategic Report and the Directors Report required under the Companies Act 2006.

By order of the Council



Dr Geoffrey Copland, CBE  
Chairman

9 October 2019

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

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

Company law requires the Council Members to prepare financial statements for each financial year. Under that law they are required to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in UK and Republic of Ireland.

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

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

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

**Disclosure of information to auditors**

The Council Members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each Council Member has taken all the steps that he/she ought to have taken to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the Council



Dr Geoffrey Copland, CBE  
Chairman

9 October 2019

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

### **Opinion**

We have audited the financial statements of Trinity College London ("the charitable company") for the year ended 31 March 2019 which comprise the consolidated statement of financial activities, consolidated and company balance sheets, consolidated cash flow statement and related notes including the accounting policies in note.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2019 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **The impact of uncertainties due to the UK exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the Trustees and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance. Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

### **Going concern**

The Trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the charitable company or to cease their operations, and as they have concluded that the group and charitable company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period"). We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Trustees' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and charitable company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the charitable company will continue in operation.

### **Other information**

The Trustees are responsible for the other information, which comprises the Report of the Trustees and Council Members and Strategic Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our

financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Report of the Trustees and Council Members and the Strategic Report for the financial year, is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

**Trustees' responsibilities**

As explained more fully in their statement set out on page 10, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group's and 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 they either intend to liquidate the group or the charitable company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**The purpose of our audit work and to whom we owe our responsibilities**

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 its members as a body, for our audit work, for this report, or for the opinions we have formed.



**Joanne Lees (Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
**Chartered Accountants**  
**15 Canada Square, London E14 5GL**

**12 November 2019**

**Consolidated Statement of Financial Activities  
for the year ended 31 March 2019  
(including income and expenditure account)**

	Note	Unrestricted General Funds Year ended 31 March 2019	Restricted Funds Year ended 31 March 2019	Total Funds Year ended 31 March 2019	Total Funds Year ended 31 March 2018
		£'000	£'000	£'000	£'000
<b>Income:</b>					
Income from Charitable activities					
Examination fees		55,593	-	55,593	51,544
Publication income		1,920	-	1,920	2,325
Other income		255	50	305	220
Investment income		87	-	87	27
<b>Total Income</b>	<b>2</b>	<b>57,855</b>	<b>50</b>	<b>57,905</b>	<b>54,116</b>
<b>Expenditure:</b>					
Expenditure on Charitable activities					
Provision of examinations & training	3	(51,430)	-	(51,430)	(48,787)
Production of publications	3	(1,196)	-	(1,196)	(1,411)
Donations	4	(1,975)	-	(1,975)	(1,133)
<b>Total expenditure</b>		<b>(54,601)</b>	<b>-</b>	<b>(54,601)</b>	<b>(51,331)</b>
<b>Net income/(expenditure)</b>	<b>8</b>	<b>3,254</b>	<b>50</b>	<b>3,304</b>	<b>2,785</b>
Transfer to reserves of gains/(losses) on foreign exchange hedging contracts		397	-	397	318
<b>Net movement in funds</b>		<b>3,651</b>	<b>50</b>	<b>3,701</b>	<b>3,103</b>
<b>Reconciliation of funds:</b>					
Fund balances as at 1 April 2018	23	9,412	50	9,462	6,359
<b>Fund balances as at 31st March 2019</b>	<b>23</b>	<b>13,063</b>	<b>100</b>	<b>13,163</b>	<b>9,462</b>

There were no gains or losses other than those reported above.

The notes on pages 16 to 29 form part of these financial statements.

**Consolidated and Company Balance Sheets  
as at 31 March 2019**

	Note	Consolidated 31 March 2019 £'000	Consolidated 31 March 2018 £'000	Company 31 March 2019 £'000	Company 31 March 2018 £'000
<b>Fixed assets</b>					
Intangible assets	9	517	2,257	292	701
Tangible assets	10	1,802	2,061	1,745	2,034
Investments	11	-	-	3,420	3,420
		<u>2,319</u>	<u>4,318</u>	<u>5,457</u>	<u>6,155</u>
<b>Current assets</b>					
Stocks	12	612	645	91	117
Debtors	13	7,081	5,720	8,536	6,996
Cash at bank and in hand	14	21,013	15,626	19,671	14,774
		<u>28,706</u>	<u>21,991</u>	<u>28,298</u>	<u>21,887</u>
Creditors: Amounts falling due within one year	15	(17,542)	(16,667)	(16,712)	(16,375)
<b>Net current assets</b>		<u>11,164</u>	<u>5,324</u>	<u>11,586</u>	<u>5,512</u>
<b>Total assets less current liabilities</b>		<u>13,483</u>	<u>9,642</u>	<u>17,043</u>	<u>11,667</u>
Creditors: Amounts falling due after one year	16	(320)	(180)	(320)	(180)
<b>Net assets</b>		<u>13,163</u>	<u>9,462</u>	<u>16,723</u>	<u>11,487</u>
<b>Funds</b>					
Unrestricted general funds	23	12,708	9,454	16,268	11,479
Restricted funds	23	100	50	100	50
Foreign exchange hedging reserve	23	355	(42)	355	(42)
<b>Total Funds</b>		<u>13,163</u>	<u>9,462</u>	<u>16,723</u>	<u>11,487</u>

The Council have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011.

The financial statements were approved by the Council on 9 October 2019 and signed on its behalf by:



Dr Geoffrey Copland, CBE  
Chairman

## Consolidated Cash Flow Statement for the year ended 31 March 2019

	Note	Year ended 31 March 2019	Year ended 31 March 2018
		£'000	£'000
<b>Cash provided by operating activities</b>	17	6,126	6,469
<b>Investing activities</b>			
Interest Received		87	27
Purchase of tangible assets- Others		(801)	(983)
Purchase of intangible assets- Others		(25)	(607)
Purchase of BCELT		-	(1,791)
<b>Cash used in investing activities</b>		(739)	(3,354)
<b>Increase/(decrease) in cash and cash equivalents in the year</b>		5,387	3,115
Cash acquired with subsidiary			1,040
<b>Cash and cash equivalents at the beginning of the year</b>		15,626	11,471
<b>Total cash and cash equivalents at the end of the year</b>		21,013	15,626

## **Notes to the financial statements for the year ended 31 March 2019**

### **1 Principal accounting policies**

The financial statements relate to the year ended 31 March 2019.

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

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

The financial statements have been prepared in accordance with Financial Reporting Standard (FRS 102) applicable in UK and Republic of Ireland and in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (Charities SORP FRS 102, effective 1 January 2015).

Trinity College London "TCL" 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.

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

A separate Statement of Financial Activities, or income and expenditure account, has not been presented for the charity in accordance with Section 408 of the Companies Act 2006. The charity adopts the FRS 102 exemption from preparing a standalone cash flow statement for the charity.

#### **1.1b Going concern**

The financial statements are drawn up on the going concern basis, which assumes the group will continue in operational existence for the foreseeable future. The charity's activities, together with the factors likely to affect its future development, performance and position are set out in the Council Members' Report on pages 2 to 10. The financial position of the charity, its cash flows and liquidity position are described in the primary financial statements on pages 13 - 15. In addition, notes 1 to 25 in the financial statements include: the charity's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities and its exposure to credit risk and liquidity risk.

The charity has contracts with a number of customers and suppliers across different geographic regions and industries. Investment spend has been made during this and the preceding period in a new administration and operational system which has started to pay off through ongoing trading, benefit realisation and positive cash flow. Therefore, as a consequence, the Council Members believe that the charity is well placed to manage its financial and operational risks successfully despite the uncertain economic outlook.

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

### **1.2 Fund accounting**

The general fund is an unrestricted fund which is available for use at the discretion of the Council in furtherance of the general objectives of the charity. Designated funds, when arising, are unrestricted funds which are available for use for specific purposes identified by the Council.

Restricted funds are available for use only for the specific purpose specified by the donor or grantor. These include funds to establish a bursary for students of the Communicative Arts.

### 1.3 Income

Income is included in the statement of financial activities (SOFA) when the charity is legally entitled to the income, it is probable that the income will be received and the amount can be quantified with reasonable accuracy.

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

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

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

### 1.4 Expenditure and support costs

Expenditure is accounted for on an accruals basis and recognised once there is a legal or constructive obligation to make a payment to a third party, probable that settlement will be required and the amount of the obligation can be reliably measured. The irrecoverable element of VAT is included with the item of expense to which it relates.

Costs which are directly attributable to charitable activities are recorded against those activities. Costs which are not directly attributable to charitable activities and which are not governance costs are termed support costs. Support costs are allocated on a basis consistent with the use of service departmental resources and apportioned to the respective charitable activity.

### 1.5 Governance

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include audit fees and costs linked to the strategic management of the charity. Governance costs are allocated to charitable activities based on the activities' total direct costs.

### 1.6 Tangible fixed assets and depreciation

Depreciation is provided evenly on cost to write off fixed assets (over £2,000) to their estimated residual values over their expected useful lives. Where there is evidence of impairment, fixed assets are written down to recoverable amount. The principal annual rates are:

Furniture, fittings & equipment	4 years
Computer equipment & Software	3 years
Computerised operational and administration system	7 years (from initial release date)
Leasehold improvements	over the primary lease term

Where a tangible asset has been acquired to deliver a specific and designated project which may have a term less than the above period, the asset is depreciated over the shorter between the life of the project and the useful life of the asset.

Disposal of assets if any, are authorised by the Chief Financial Officer.

### 1.7 Intangible assets

Development costs are amortised over the anticipated life of the first syllabus produced, which is expected to be 5 years.

Goodwill, being the excess of the purchase price of acquisitions over the fair value of the net assets acquired, is capitalised in accordance with FRS102 and amortised over its estimated useful economic life. Amortisation is restricted to the life of any services or contractual terms where these are related to the goodwill arising. Accordingly, the balance on goodwill on the acquisition of BCELT has been fully written off. Goodwill is only recognised in the Group.

### 1.8 Stocks

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

**1.9 Foreign currencies**

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

Examination fees earned in foreign currency are translated at the prevailing exchange rate at the date the income is recognised as earned. The charity recognises its foreign currency commitments in accordance with FRS 102.

Furthermore, the company enters into a number of foreign exchange hedging contracts. The charity enters into forward contracts to hedge its exposure to foreign exchange fluctuations on future income. The gain and losses are accounted for in the SOFA.

**1.10 Taxation**

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

**1.11 Pension scheme**

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

**1.12 Leased assets**

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

**1.13 Investments**

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

**1.14 Debtors and incomplete examinations**

a) Recoverability of debts

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

b) Income

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

**1.15 Judgements and estimates**

In determining the carrying amounts of certain assets and liabilities the charity makes assumptions of the effects of uncertain future events on those assets and liabilities at the balance sheet date. The Charity's estimates and assumptions are based on historical experience and expectation of future events and are reviewed periodically. Further information about key assumptions concerning the future and other key sources of estimation

**Goodwill impairment**

An annual assessment is made out in note 1.7 as to whether the current carrying value of goodwill is impaired.

**General Provisions**

The Charity has recognised provisions for an amount of £480,608 (2018:Nil) related to legal claims and other exposures. The provisions represent the best estimate of the risks but the final amount required is subject to uncertainty.

### 1.15 Judgements and estimates (continued)

#### Contingent liabilities

The existence of contingent liabilities requires from management making assumptions and estimates continuously related to the possibility that future events may or may not occur as well as the effects that those events may have on the activities of the Charity.

### 2 Analysis of Income

	2019 £'000	2018 £'000
United Kingdom	27,869	25,019
Rest of Europe, Middle East & Africa	14,626	15,472
Rest of World	15,323	13,598
	<u>57,818</u>	<u>54,089</u>
Interest receivable	87	27
Total income	<u>57,905</u>	<u>54,116</u>

### 3 Analysis of charitable expenditure

	2019 Activities Undertaken Directly £'000	2019 Support Costs £'000	2019 Governance Costs £'000	2019 Total £'000	2018 Total £'000
Provision of examinations	43,387	7,979	64	51,430	48,787
Production of publications	847	341	8	1,196	1,411
Donations	1,975	-	-	1,975	1,133
Total costs expended	<u>46,209</u>	<u>8,320</u>	<u>72</u>	<u>54,601</u>	<u>51,331</u>

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

### 4 Donations

	2019 £'000	2018 £'000
Donations payable to Trinity College of Music Trust/TL	1,950	1,100
Other donations	25	33
	<u>1,975</u>	<u>1,133</u>

### 5 Governance costs

	2019 £'000	2018 £'000
Statutory Audit fees	45	42
Internal Audit fees	19	12
	<u>64</u>	<u>54</u>

<b>6 Allocation of support costs</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Executive office	1,473	1,360
HR & corporate services	2,447	2,152
IT	2,039	1,959
Delivery	479	454
Finance	1,099	1,882
Communications	442	532
Publications	341	354
	<u>8,320</u>	<u>8,693</u>

The basis of cost allocation used is by departmental activity.

## 7 Staff Costs

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

	<b>2019</b>	<b>2018</b>
	<b>No</b>	<b>No</b>
Employees	<u>279</u>	<u>275</u>

The staff costs in respect of the above employees were:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	11,913	10,493
Social security costs	1,110	1,061
Pension contributions	504	511
Total costs expended	<u>13,527</u>	<u>12,065</u>

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

	<b>2019</b>	<b>2018</b>
	<b>No</b>	<b>No</b>
£60,001 - £70,000	8	7
£70,001 - £80,000	6	4
£80,001 - £90,000	2	2
£90,001 - £100,000	4	5
£100,001 -£110,000	3	-
£110,001 -£120,000	2	2
£120,001 -£130,000	-	2
£140,001 -£150,000	3	1
£150,001 -£160,000	-	2
£160,001 -£170,000	2	2
£190,001 -£200,000	1	-
£280,001 -£290,000	-	1
£320,001- £330,000	1	-
Total	<u>32</u>	<u>28</u>

## 7 Staff Costs (continued)

The group made contributions of £202,000 (2018: £218,000) to the pension plans of 32 (2018: 28) employees during the period whose emoluments exceeded £60,000. The disclosure above has been computed aggregating the emoluments of all employees for the year ended 31 March 2019.

Redundancy & termination payments made to staff and charged to Statement of Financial Activities during the year totalled £48,330 (2018: £54,750).

Total employee benefits of the key management personnel of the parent charity and the group as detailed under the Reference and Administrative details were £1,761,613 (2018: £1,625,288)

None of the Council Members, who are regarded as Directors, received any remuneration for services as a Director during the year. Total expenses reimbursed to 6 Council Members in connection with travel to meetings were £2,951 (2018: £2,345).

## 8 Net income

Net income is stated after charging/ (crediting):

	2019	2018
	£'000	£'000
Depreciation	1,061	1,786
Amortisation of development costs & goodwill	1,765	673
Lease of land and buildings (including service charge)	3,267	3,060
Audit of these financial statements	45	42
Amounts received by auditors and their associates in respect of:		
Other services relating to taxation – advisory basis	42	43
Foreign exchange losses /(gains)	54	373

## 9a Intangible fixed assets

(Group)

	Development costs	Goodwill	Total
Cost	£'000	£'000	£'000
At 1 April 2018	2,167	1,880	4,047
Additions	25	-	25
At 31 March 2019	2,192	1,880	4,072
<b>Amortisation</b>			
At 1 April 2018	1,142	648	1,790
Charge for the year	533	1,232	1,765
At 31 March 2019	1,675	1,880	3,555
<b>Net book value</b>			
At 31 March 2019	517	-	517
At 31 March 2018	1,025	1,232	2,257

**9b Intangible fixed assets**  
(Company)

	<b>Development costs £'000</b>
<b>Cost</b>	
At 1 April 2018	1,360
Additions	30
At 31 March 2019	<u>1,390</u>
<b>Amortisation</b>	
At 1 April 2018	659
Charge for the year	439
At 31 March 2019	<u>1,098</u>
<b>Net book value</b>	
At 31 March 2019	<u>292</u>
At 31 March 2018	<u>701</u>

**10a Tangible fixed Assets**  
(Group)

	<b>Fixtures &amp; Fittings</b>	<b>Other Equipment</b>	<b>Computer Equipment</b>	<b>Computer System</b>	<b>Leasehold Property &amp; Improv's</b>	<b>Total</b>
	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>
<b>Cost</b>						
At 1 April 2018	511	280	1,620	9,182	566	12,159
Additions	56	-	40	674	31	801
At 31 March 2019	<u>567</u>	<u>280</u>	<u>1,660</u>	<u>9,856</u>	<u>597</u>	<u>12,960</u>
<b>Depreciation</b>						
At 1 April 2018	407	257	1,268	7,773	392	10,097
Charge for Year	57	7	271	667	59	1,061
At 31 March 2019	<u>464</u>	<u>264</u>	<u>1,539</u>	<u>8,440</u>	<u>451</u>	<u>11,158</u>
<b>Net Book Value</b>						
At 31 March 2019	<u>103</u>	<u>16</u>	<u>121</u>	<u>1,416</u>	<u>146</u>	<u>1,802</u>
At 31 March 2018	<u>104</u>	<u>23</u>	<u>352</u>	<u>1,408</u>	<u>174</u>	<u>2,062</u>

**10b Tangible fixed Assets  
(Company)**

	Fixtures & Fittings	Other Equipment	Computer Equipment	Computer System	Leasehold Property & Improv's	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>Cost</b>						
At 1 April 2018	408	273	1,503	9,181	566	11,931
Additions	53	-	43	674	-	770
At 31 March 2019	461	273	1,546	9,855	566	12,701
<b>Depreciation</b>						
At 1 April 2018	324	254	1,156	7,773	392	9,899
Charge for Year	53	7	272	667	58	1,057
At 31 March 2019	377	261	1,428	8,440	450	10,956
<b>Net Book Value</b>						
At 31 March 2019	84	12	118	1,415	116	1,745
At 31 March 2018	84	20	348	1,408	174	2,034

**11 Investments**

The movements in investments during the year were as follows:

	Company investments in subsidiary undertakings £'000
<b>Cost</b>	
At 1 April 2018	3,423
Additions	-
At 31 March 2019	3,423
<b>Provision for impairment</b>	
At 1 April 2018	3
Additions	-
At 31 March 2019	3
<b>Net Book Value</b>	
At 31 March 2019	3,420
At 31 March 2018	3,420

# 11 Investments (continued)

At 31 March 2019, investment in subsidiary undertakings comprised:

	Principal Activity	Country of incorporation	Beneficial interest
Trinity Brasil S/C Ltda	Dormant	Brazil	100%
Trinity College London India Private	Examination services	India	100%
Trinity Thailand	Dormant	Thailand	100%
Trinity College London Enterprises Limited	Non-trading	United Kingdom	100%
Trinity College London SELT Limited	Examination services	United Kingdom	100%
Trinity College London Press Limited	Music publication	United Kingdom	100%
Trinity College (BCELT) S.R.L	Examination services	Italy	100%

## Trinity College London India Private Limited

All shares of Trinity College London India Private Limited are held by Trinity College London and the CEO as a nominee shareholder.

## Trinity Brasil S/C Ltda

The provision of £3,000 (2014: £3,000) in the books of Trinity College London against the full cost of its investment in Trinity Brasil S/C Ltda remains at 31 March 2019.

## Trinity London (Thailand) Limited

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

## Trinity College London Enterprises Limited

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

## Trinity College London SELT Limited

Trinity College London SELT Limited is a wholly owned subsidiary of TCL that was acquired in February 2015.

## Trinity College London Press Limited

Trinity College London Press Limited is a wholly owned subsidiary of TCL that began trading on 1 April 2016.

## Trinity College (BCELT) S.R.L

Trinity College (BCELT) S.R.L is a wholly owned subsidiary of TCL that was acquired on 16 October 2017.

The net asset/(liabilities) of the subsidiary companies at the balance sheet date are:

	2019 £'000	2018 £'000
Trinity Brasil S/C Ltda	-	-
Trinity College London India Private Limited	0	30
Trinity London (Thailand) Limited	6	6
Trinity College London Enterprises Limited	-	-
Trinity College London SELT Limited	-	100
Trinity College London Press Limited	-	478
Trinity College (BCELT) S.R.L	0	355

These are subsidiaries of the company under the definition of FRS 102.

## 12 Stock

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Publications and material stock	612	645	91	117

## 13 Debtors

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Trade Debtors	3,265	2,465	3,009	2,111
Value added taxation	49	26	49	26
Due from related party	15	-	2,145	2,069
Other Debtors	1,158	1,161	813	795
Gain on Foreign exchange contracts	354	-	354	-
Prepayments and deferred expenses	2,126	2,000	2,058	1,955
Accrued Income	114	68	108	40
	7,081	5,720	8,536	6,996

Due from related party for the Company includes a loan balance of £2,000,000 (2018: £2,000,000 ) that is receivable in more than one year.

## 14 Cash at bank and in hand

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Bank balances held in United Kingdom	19,455	12,657	18,470	12,020
Bank balances held overseas	1,558	2,969	1,201	2,754
	21,013	15,626	19,671	14,774

## 15 Creditors-amounts falling due within one year

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Trade Creditors	2,021	928	2,006	869
Taxation and Social Security	516	477	471	441
Related parties	-	-	101	147
Loss on Foreign exchange contracts	-	49	-	42
Other Creditors	1,176	1,214	980	1,124
Accrued expenses	4,244	3,476	3,569	3,229
Deferred income	9,585	10,523	9,585	10,523
	17,542	16,667	16,712	16,375

All deferred income relates to examination invoices raised in advance of the examination delivery date. In accordance with the Charity's income recognition policy, all amounts deferred in 2017/18 in respect of examinations taken place in 2018/19 have now been recognised in the Statement of Financial Activities.

#### 16 Creditors-amounts falling due after one year

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Deferred expenses: rent free period	20	180	20	180
Deferred Consideration - Claudia Beccheroni	300	-	300	-
	<u>320</u>	<u>180</u>	<u>320</u>	<u>180</u>

A rent-free period was negotiated at the beginning of the new leases for office space both in Blue Fin and Croydon. The aggregate sum amount saved through this rent-free period was £583,935 which is being amortised over the term of the leases.

#### 17 Reconciliation of net income to net cash flow from operating activities

	2019 £'000	2018 £'000
Net income	3,304	2,785
Interest receivable	(87)	(27)
Depreciation of tangible assets	1,061	1,786
Amortisation of development costs & Goodwill	1,765	673
Foreign exchange hedging	397	318
(Increase)/decrease in Stocks	33	(224)
Decrease/(increase) in debtors	(1,362)	1,396
Increase in creditors	1,015	(238)
Net cashflow from operating activities	<u>6,126</u>	<u>6,469</u>

#### 18 Analysis of changes in group cash and cash equivalent balances

	2019 £'000	2018 £'000
Net bank and cash balances at beginning of year	15,626	11,471
Net increase/(decrease) in bank and cash balances	5,387	3,115
Bank and cash balances acquired with subsidiary	-	1,040
Net bank and cash balance at the end of the year	<u>21,013</u>	<u>15,626</u>

#### 19 Financial commitments

The annual commitment and total future minimum payments under an operating lease is analysed according to the period in which the lease expires as follows:

	Land & Buildings		Other		Total future minimum lease payments	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Commitments < 1 year	2,038	1,647	18	19	2,056	1,666
Commitments 1- 5 years	5,071	5,146	24	28	5,095	5,174
Commitments > 5 years	-	445	-	-	-	445
	<u>7,109</u>	<u>7,238</u>	<u>42</u>	<u>47</u>	<u>7,151</u>	<u>7,285</u>

## 20 Financial instruments

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

As at the year end, the group had commitments outstanding in respect of forward foreign exchange contracts (primarily Sterling: Euros) amounting to £16,254,204 (2018: £18,750,000 ).

£397,000 was the movement in the Fair Value of Fixed Currency Contracts.

These contracts are with settlement dates beyond the year end. Currency favourable reserves of £354,290 (2018: £42,489 adverse) were recognised in the Statement of Financial Activities following the application of fair valuation at the year end. Of this sum £27,650 gain (2018: £132,310 gain) relates to contracts crystallising after more than one year.

## 21 Guarantee by Council Members

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

## 22 Related party transactions

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

	2019	2018
	£	£
Reimbursement of expenses to 6 (2018: 4) Members	2,951	2,345

In 2019 no payment (2018: £9,000) was made to Earthrise Music Ltd for consultancy. The individual providing the consultancy was on the Board of Directors of both TCL and TCL Press Ltd.

The Charity conducted other transactions with its subsidiaries as follows:

	2019	2018
	£'000	£'000
Trinity College London SELT	1,426	1,196
Trinity College London Press	1,691	2,088
Trinity College London Enterprises	-	-
Trinity College London India Private	825	601
Trinity College (BCELT)	1,311	634

These amounts receivable by the charity relate to the provision of examination services and were made at arm's length. The subsidiaries will continue to provide the services for the foreseeable future.

At the year-end, the net balance due to the Charity from the subsidiaries totalled £2,044,309 (2018 : £1,921,532).

During the year, the Council resolved to pay donations totalling £1,950,000 (2018:£1,100,000) to TCMT/TL. A total amount of £1,850,000 cash was paid during the year. At 31 March 2019 £450,000 (2018: £350,000) remained outstanding and was settled after the balance sheet date.

## 22 Related party transactions (continued)

On 16 October 2017 Trinity College London transferred the activities of BCELT (Italy) to wholly owned subsidiary Trinity College (BCELT) S.R.L. The subsidiary has remained wholly owned throughout the period under review.

The trade assets were transferred at fair value. Trinity College London recognised the goodwill arising on acquisition which has been fully amortised as at 31 March 2019.

### 23a Group Funds - movement in the year

	Balance 1 April 2018 £'000	Income 2019 £'000	Expense 2019 £'000	Donations 2019 £'000	Balance 31 March 2019 £'000
General funds	9,454	57,855	(52,626)	(1,975)	12,708
Restricted funds	50	50	-	-	100
Foreign exchange hedging reserve	(42)	397	-	-	355
	9,462	58,302	(52,626)	(1,975)	13,163

### 23b Group funds - movements in the prior year

	Balance 1 April 2017 £'000	Income 2018 £'000	Expense 2018 £'000	Donations 2018 £'000	Balance 31 March 2018 £'000
General funds	6,328	54,116	(49,857)	(1,133)	9,454
Restricted funds	391	-	(341)	-	50
Foreign exchange hedging reserve	(360)	318	-	-	(42)
	6,359	54,434	(50,198)	(1,133)	9,462

### 23c Charity Funds - movements in the year

	Balance 1 April 2018 £'000	Income 2019 £'000	Expense 2019 £'000	Donations 2019 £'000	Balance 31 March 2019 £'000
General funds	11,479	56,913	(50,129)	(1,995)	16,268
Restricted funds	50	50	-	-	100
Foreign exchange hedging reserve	(42)	397	-	-	355
	11,487	57,360	(50,129)	(1,995)	16,723

**23d Charity Funds - movements in the prior year**

	Balance 1 April 2017 £'000	Income 2018 £'000	Expense 2018 £'000	Donations 2018 £'000	Balance 31 March 2018 £'000
General funds	7,965	53,005	(48,378)	(1,113)	11,479
Restricted funds	391		(341)	-	50
Foreign exchange hedging reserve	(360)	318	-	-	(42)
	<u>7,996</u>	<u>53,323</u>	<u>(48,719)</u>	<u>(1,113)</u>	<u>11,487</u>

**24 Analysis of funds**

The group's net assets belong to the various funds at 31 March 2019 as follows:

	Fixed & Intangible assets £'000	Current assets £'000	Current (liabilities) £'000	Long Term (liabilities) £'000	Net assets £'000
General funds	2,319	28,606	(17,541)	(320)	13,063
Restricted funds- Charles Tyler Smith	-	50	-	-	50
Restricted funds- Joy Cicely Wise	-	50	-	-	50
	<u>2,319</u>	<u>28,706</u>	<u>(17,541)</u>	<u>(320)</u>	<u>13,163</u>

The Joy Cicely Wise bequest restricts the use of £50,000 to establishing a bursary for students of the Communicative Arts and to promote clarity of speech through drama, oratory, poetry or verse.

The Charles Tyler Smith Award is restricted for the purposes of supporting and developing individual staff business qualities.

**25 Post balance sheet events**

There was no post balance sheet event at the time of signing this accounts.

# TRINITY

COLLEGE LONDON

Blue Fin Building      T +44 (0)20 3752 4700  
110 Southwark Street    E info@trinitycollege.com  
London SE1 0TA UK      trinitycollege.com

Joanne Lees  
KPMG LLP  
15 Canada Square  
London E13 5GL

09 October 2019

Dear Joanne

This representation letter is provided in connection with your audit of the Group and Parent Charitable Company financial statements of Trinity College London ("the Charitable Company"), for the year ended 31 March 2019, for the purpose of expressing an opinion:

- i. as to whether these financial statements give a true and fair view of the state of the Group and Parent Charitable Company's affairs as at year end and of the Group's and Parent Charitable Company's surplus or deficit for the financial year then ended;
- ii. whether these financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice, (including Charities SORP FRS 102: 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)); and
- iii. whether the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

These financial statements comprise the Group and Parent Charitable Company Balance Sheet, the Group Statement of Financial Activities and the Group Cash Flow Statement, and notes, comprising a summary of significant accounting policies and other explanatory notes.

The Board of Trustees confirm that the representations it makes in this letter are in accordance with the definitions set out in the Appendix to this letter. For the avoidance of doubt, however, it should be noted that certain of the actions of the trustees in paragraph 1-10 below may have been carried out by management on the trustees' behalf.

The Board of Trustees confirm that, to the best of its knowledge and belief, having made such inquiries as it considered necessary for the purpose of appropriately informing itself:

## Financial statements

1. The Board of Trustees have fulfilled its responsibilities, as set out in the terms of the audit engagement dated 14 February 2018, for the preparation of financial statements that:
  - i. give a true and fair view of the state of the Group's and the Parent Charitable Company's affairs as at the end of its financial year and of the Group's and the Parent Charitable Company's surplus or deficit for that financial year;
  - ii. have been properly prepared in accordance with UK Generally Accepted Accounting Practice ("UK GAAP") (including Charities SORP FRS 102:



- 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)); and
- iii. have been prepared in accordance with the requirements of the Companies Act 2006.

The financial statements have been prepared on a going concern basis.

2. Measurement methods and significant assumptions used by the Board of Trustees in making accounting estimates, including those measured at fair value, are reasonable.
3. All events subsequent to the date of the financial statements and for which section 32 of FRS 102 requires adjustment or disclosure have been adjusted or disclosed.
4. A difference of £83k relating to the foreign exchange balance identified as part of the audit has not been amended for due to level of estimation used to calculate the balance. The effects of the uncorrected difference is immaterial, both individually and in aggregate, to the financial statements as a whole.

#### **Information provided**

5. The Board of Trustees have provided you with:
  - access to all information of which it is aware, that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
  - additional information that you have requested from the Board for the purpose of the audit; and
  - unrestricted access to persons within the Group and the Charitable Company from whom you determined it necessary to obtain audit evidence.
6. All transactions have been recorded in the accounting records and are reflected in the financial statements.
7. The Board of Trustees confirm the following:
  - i) The Board of Trustees have disclosed to you the results of their assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Included in the Appendix to this letter are the definitions of fraud, including misstatements arising from fraudulent financial reporting and from misappropriation of assets.

- ii) The Board of Trustees have disclosed to you all information in relation to:
  - a) Fraud or suspected fraud that it is aware of and that affects the Charitable Company's and involves:
    - management;
    - employees who have significant roles in internal control; or
    - others where the fraud could have a material effect on the financial statements; and



- b) allegations of fraud, or suspected fraud, affecting the Charitable Company's financial statements communicated by employees, former employees, analysts, regulators or others.

In respect of the above, the Board of Trustees acknowledge their responsibility for such internal control as they determine necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In particular, the Board of Trustees acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

- 8. The Board of Trustees have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- 9. The Board of Trustees have disclosed to you and have appropriately accounted for and/or disclosed in the financial statements, in accordance with section 21 of FRS 102, all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
- 10. The Board of Trustees have disclosed to you the identity of the Group and the Charitable Company's related parties and all the related party relationships and transactions of which it is aware. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with section 33 of FRS 102.
- 11. The Board of Trustees confirm that:
  - a) The financial statements disclose all of the key risk factors, assumptions made and uncertainties surrounding the Group and the Charitable Company's ability to continue as a going concern as required to provide a true and fair view.
  - b) No events or circumstances have been identified that may cast significant doubt on the ability of the Group and Parent Charity to continue as a going concern.

This letter was tabled and agreed at the meeting of the Board of Trustees on 09 October 2019.

Yours faithfully,



Dr Geoffrey Copland CBE  
Chairman



Sarah Kemp  
Chief Executive Officer



## **Appendix to the Board of Trustees Representation Letter of Trinity College London:**

### **Definitions**

[Criteria for applying the disclosure exemptions within FRS 102

- The Company discloses in the notes to its financial statements:
  - A brief narrative summary of the disclosure exemptions adopted; and
  - The name of the parent of the group in whose consolidated financial statements its financial statements are consolidated, and from where those financial statements may be obtained]

### **Financial Statements**

A complete set of financial statements (before taking advantage of any of the FRS 102 exemptions) comprises:

- Group and Parent Charitable Company Balance Sheet as at the end of the period;
- Group and Parent Charitable Company Statement of Financial Activities for the period;
- Group and Parent Charitable Company Cash Flow Statement for the period; and
- notes, comprising a summary of significant accounting policies and other explanatory information.

### **Material Matters**

Certain representations in this letter are described as being limited to matters that are material.

FRS 102 states that:

Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or combination of both, could be the determining factor.

### **Fraud**

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

### **Error**

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:



- a) was available when financial statements for those periods were authorised for issue; and
- b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

### **Management**

For the purposes of this letter, references to “management” should be read as “management and, where appropriate, those charged with governance”.

### **Qualifying Entity**

A member of a group where the parent of that group prepares publicly available consolidated financial statements which are intended to give a true and fair view (of the assets, liabilities, financial position and profit or loss) and that member is included in the consolidation by means of full consolidation.

### **Related parties**

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in FRS 102 as the “reporting entity”).

- a) A person or a close member of that person’s family is related to a reporting entity if that person:
  - i. has control or joint control over the reporting entity;
  - ii. has significant influence over the reporting entity; or
  - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b) An entity is related to a reporting entity if any of the following conditions apply:
  - i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - iii. Both entities are joint ventures of the same third party.
  - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - vi. The entity is controlled, or jointly controlled by a person identified in (a).
  - vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.



**Related party transaction:**

A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

