



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

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 July 2021**

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

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**The Royal National College for the Blind**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
for the year ended 31 July 2021

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## The Royal National College for the Blind

### CHAIR'S STATEMENT

#### for the year ended 31 July 2021

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In my note to last year's set of accounts I referred to the challenge posed by the pandemic and to the outstanding response of staff and students, whose creativity and resilience ensured that the College's main purpose, the education and training of blind and visually impaired students, was fully discharged.



We welcomed students back on campus in September 2020, taking every precaution possible to safeguard staff and students. Students were taught, resided and socialised in three separate "bubbles" and face-to-face teaching was delivered throughout the autumn term. A small number of students tested positive after the half-term break, fortunately all in the same "bubble" which led to a period of self-isolation for the students affected. Thanks to the dedicated commitment of staff and the resourcefulness of our students, the outbreak was controlled and teaching and other activities continued uninterrupted. On the announcement of a further national lockdown in January 2021 all student-facing activities moved on-line. The valuable experience gained during the first lockdown proved invaluable; teaching and pastoral support of students was maintained throughout and staff and students worked in partnership to identify and resolve any issues as they arose.

Students returned to College for the summer term with the focus on preparation for end-of-year assessments. For the second year students were assessed based on teacher grades. This proved demanding on staff and students and was the source of some anxiety. However the outcomes were excellent and students achieved high attainment levels. In some more practical subjects the constraints of covid restrictions and the difficulties of delivering practical classes remotely, meant that students were unable to complete all their assessments. As well as the acquisition of formal qualifications, there is a heavy emphasis on independent living skills. This area of provision was inevitably impacted by the pandemic and prevented some students from progressing to further study. I am pleased to report that we were able to support students affected in applying for extensions to funding to allow them to complete their studies and acquire the qualifications and life skills to move on as planned.



I referred in my previous report to the progress in implementing the College's Business Recovery Plan, designed to achieve long term financial stability. Recruitment activities for 2020/21 were inevitably affected by the pandemic and, although student numbers held up well, they fell a little short of the planned target. The pandemic has continued to impact upon commercial income from the Point4, because of further closures of the public gym and very significantly reduced bookings for conferences and the use of sporting facilities. As a result of closure of the public gym and the move to remote teaching during lockdown we were able to make space available to the NHS and to PHE to use for covid testing and related activities. The Board reviewed the targets in the Business Recovery Plan and concluded that they remained appropriate, but acknowledged that the impact of the pandemic meant that they should be rolled forward by one year. Close contact with RNC's bankers, who remain very supportive, has been maintained throughout the pandemic. The environment for fundraising has been made considerably more competitive because of the impact of the pandemic, but thanks to the excellent work of the fundraising team the fundraising target for 2020/21 was achieved. We continued to monitor expenditure closely and I am pleased to report that, in spite of all the challenges thrown up by the pandemic, we ended the financial year in surplus, a very positive outcome and a good foundation on which to build.



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**The Royal National College for the Blind**  
**CHAIR'S STATEMENT (*continued*)**  
**for the year ended 31 July 2021**

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September 2021 saw a significant increase in student numbers and with several students joining after the start of term as a result of successful funding appeals, the total number of 18-25 year old students stands at 98, against a target of 80. This includes a higher than usual number of students with extensions of funding because of the pandemic, but also includes 40 first year students, the highest for many years. This represents an excellent achievement but one that has brought with it additional demands on staff, because of the continuing demands of managing the effects of the pandemic and also because of recruitment difficulties in key areas. September saw the end of the bubble system, very much welcomed by students. A well planned and managed system of regular testing of staff and students is in place and there have been several positive cases amongst staff and students, leading to periods of isolation. This has undoubtedly placed additional pressure on staff who have taken on extra duties and covered for colleagues' absence, and on those students affected. Staff and students continue to respond magnificently, and their caring support of each other is a source of great pride and inspiration.



The Board has continued to assess its performance against the principles in the Charity Code of Governance. Its most recent review of its own effectiveness concentrated on three of the principles in the Code – Organisational Purpose, Leadership, and Integrity. Following moderation of the outcomes by the Audit and Assurance Committee an action plan will be developed to further the Board's objective to meet the highest standards of governance embedded in the Code.

In May 2021, in anticipation of its 150 year anniversary in 2022, the Board commenced a review of its existing strategic plan. It renewed its absolute commitment to achieving on-going financial sustainability as encapsulated in the Business Recovery Plan and at the same time sought to identify a set of objectives and activities to achieve 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 Board had a wide-ranging discussion and proposed a number of key strategic aims around the themes of education, employment and empowerment. These are now the focus of further work and consultation by the Executive Principal and her team with the intention of adopting a new strategic plan in the first part of 2022.



In summary, 2020/21 was a hugely challenging but ultimately a successful year - we achieved a financial surplus; despite everything our students excelled and achieved outstanding results; and for a second year our staff rose to all the challenges of the pandemic. At the time of writing, the future course of the pandemic remains uncertain as we await the full impact of the latest covid variant. Our focus as always is on ensuring the safety and wellbeing of staff and students, that our students have the best possible experience and achieve their full potential, and that our staff are well supported. In short to provide an outstanding environment in which to live, learn and work. Our 150th anniversary in 2022 will provide us with the opportunity to celebrate the outstanding achievements of past and present, and to renew and reinforce our commitment to our aim and mission. We are looking forward to it.

A handwritten signature in brown ink, which appears to read 'John Ryan'.

**John Ryan MBE**  
**Chair**

**Date:** 11 February 2022

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**The Royal National College for the Blind**  
**GOVERNORS' REPORT**  
**for the year ended 31 July 2021**

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The Governors (who are also the Company directors and charity trustees as listed on page 9) present their annual report and audited financial statements for the year ended 31 July 2021, which comply with the Charities Act 2011, the Companies Act 2006, RNC's Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

**Aims, objectives and activities**

***Aims***

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

***Charitable objectives***

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

Vision: People with visual impairment have true equality.

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

***Activities***

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

RNC's major funders are the Education and Skills Funding Agency, the 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 2020/21, there were 81 students aged 16 to 25 enrolled at RNC (2019/20: 78 students). Due to the termination of the contract with DWP at the start of the financial year, no Specialist Employability Support customers (2019/20: 13 customers) commenced employment during the financial year.

## **Strategic report**

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

Students who completed courses during 2020/21 maintained excellent levels of achievement despite significant impacts of the Covid 19 pandemic.

100% of students gained a pass at A Level, 71% of which gained A\* - B grades. 100% achieved AS grades A-E with 78% achieving grades A\*-C. There was a 100% achievement rate in GCSE English and Maths, which is an improvement of 25% and 20% respectively on 2019/20.

Vocational results saw 100% pass rates across Business, IT, Media, Introductory Skills and Sport.

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

We are ambitious for our students and have much to celebrate. Ultimately colleges like ours are judged by the achievements of our students and we know that our students rate their experience with us very highly. Despite several periods of remote teaching for either the college as a whole and individuals across the year, there are still a good number of highlights to celebrate:

- In the National Blind Football League, RNC were the Disability Cup Champions 2020 - This game was live on BT Sport.
- The College hosted and took part in four Blind Football Festival days offering opportunity for our students and blind football players around the country to resume participation in blind football after Covid-19.
- In the National Partially Sighted Football League, three students were selected for the England trials with two of them being put on the England Talent Pathway for VI futsal. We also had the first ever all female team to play a full futsal match in the UK, which was hosted and officiated by RNC.
- In March, an A level student organised a sponsored walk with the aim of reaching an accumulated target of 500 miles in one day. The mileage target was exceeded - 721 miles - and enough money was raised so that a projector and giant screen could be purchased for students to enjoy regular film nights.
- Staff and students from the College's Mathematics Department joined in the International Day of Mathematics with a programme of activities for all abilities throughout the week.



- As part of an English assignment a fourth year student started up a blog to raise awareness of the challenges that the deafblind community face and to share how Covid has impacted his world personally.
- In July, RNC's Massage and Complementary Therapies students were excited to take part in a two-day workshop hosted at the College by practising Remedial and Sports Massage Therapist and three-time Paralympic cycling Gold medallist, Anthony Kappes MBE.

**The Royal National College for the Blind**  
**GOVERNORS' REPORT (continued)**  
**for the year ended 31 July 2021**

***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;	Investment in specialist staffing to support applicants. Work actively and collaboratively with other VI organisations, NATSPEC, funders and others to develop strategies. Transparent communication with local authorities. 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 extremely challenging. Staff absences due to illness and isolation 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. Final phased move to a one site campus has been completed.
Maintaining financial viability under the current financing arrangements for high needs students	Regular meetings with College bankers. Management accounts sent monthly to bank and pensions trustee. Detailed budget planning prior to start of financial year. Three year forecast in place. Major contracts regularly tendered. Cash flow forecast continually monitored and updated.

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.

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**The Royal National College for the Blind**  
**GOVERNORS' REPORT (continued)**  
**for the year ended 31 July 2021**

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**Financial review**

One of the principal risks of RNC is maintaining financial viability in light of continual changes to funding arrangements for high needs students. Monthly accounts and cash flows are monitored by the Senior Management Team and Governors to identify potential issues at the earliest opportunity. Covid-19 continues to bring additional challenges, with the College campus closed from early December 2020 through to March 2021. All teaching was carried out online throughout this period and student fees were paid in full. However, Covid-19 restrictions meant that the gym and sports facilities were closed to the public for four and a half months of the financial year, and restrictions on usage were in place during the periods when able to be open. Income from the trading subsidiary was consequently 32% lower than the prior year figure, which was also affected by Covid-19 closures.

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

	2021	2020	2019
	£000	£000	£000
Total income of the Charitable Group	5,620	5,635	5,827
Income from donations and legacies	507	448	225
Net income / (expenditure) before pension scheme	107	(65)	(1,175)
Net movement in funds after pension scheme	613	(462)	(358)
Net assets at year end	9,053	8,440	8,902
Unrestricted funds at year end	7,904	7,420	8,043

Despite the continual challenges of obtaining placements and funding from Local Authorities, and the impact of the Covid-19 pandemic, income from student services showed a 3.7% increase in 2021 (0.1% increase in 2020).

Included within the above figures are those of the trading subsidiary, R N C Enterprises Limited. Detailed results of the subsidiary are shown in note 5 to these financial statements; turnover for the year was £260,000 (2020: £383,000), and the amount gift-aided to the charity during the year was £nil (2020: £33,665). R N C Enterprises returned an operating deficit in both 2020 and 2021 as a direct result of restrictions imposed due to the Covid-19 pandemic (see Note 5). 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.

**Going concern**

RNC has a bank loan facility with a final repayment date of 31st January 2025, and a significant deficit on its defined benefit pension scheme, but is working through a detailed recovery plan to address this which has the full support of its bankers, pension fund trustees and other funders. RNC has a three year financial forecast and a three year cash flow forecast which, despite the impact of the Covid-19 pandemic, show that the Group 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.



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**The Royal National College for the Blind**  
**GOVERNORS' REPORT (*continued*)**  
**for the year ended 31 July 2021**

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**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 2021 consist of unrestricted investments plus unrestricted net current assets/liabilities less long term liabilities (excluding pension reserve), which total -£1,741,000 (2020: -£1,416,000). However, despite having negative free reserves, as at 31 July 2021 the group had net current assets of £23,000 (2020: £447,000) giving it sufficient working capital in the short term.

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

At year end, the Group had funds of £9,053,000 (2020: £8,440,000) which consisted of £7,904,000 unrestricted funds (2020: £7,420,000) and £1,149,000 restricted funds (2020: £1,020,000). Included within the unrestricted funds was the pension reserve, which currently sits at a deficit of £2,572,000 (2020: £3,363,000).

**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 two properties which are surplus to requirements and on the market to be sold and are therefore treated as Investment Properties. Note 10 to these accounts gives more information on the investments held at the year end.

**Structure, Governance and Management**

***Governing document***

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

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

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

***Organisation***

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

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**The Royal National College for the Blind**  
**GOVERNORS' REPORT (*continued*)**  
**for the year ended 31 July 2021**

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

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

***Related parties***

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

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

***Equal opportunities***

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

***Employees***

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

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

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

***Fundraising***

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

***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

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**The Royal National College for the Blind**  
**GOVERNORS' REPORT (*continued*)**  
**for the year ended 31 July 2021**

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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 LLP, 115 Colmore Row, Birmingham, B3 3AL

***Key management personnel***

Executive Principal	L Proctor (ex-officio trustee)
Deputy Principal - Head of College	R Seddon
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:

Mr E Bastable	(appointed 1 October 2020)
Mr J Brew	
Mr J Clarke-Morris *	
Miss K Diamond	
Mr P Flynn *	
Mr S Hairsnape	
Mr E Lloyd	(resigned 24 January 2021)
Mrs S Penny	
Mrs L Proctor	(appointed 1 July 2021)
Mrs V Pugh	(appointed 1 October 2020)
Mr J Ryan (Chair)	
The Hon. J White	(resigned 4 May 2021)

\* Also a director of R N C Enterprises Limited

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

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

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**The Royal National College for the Blind**  
**GOVERNORS' REPORT (*continued*)**  
**for the year ended 31 July 2021**

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**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.

**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 11th February 2022 and is signed on its behalf by:



**John Ryan**  
**Chair**

**Date:** 11 February 2022

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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ROYAL NATIONAL COLLEGE FOR THE BLIND for the year ended 31 July 2021**

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### **Opinion**

We have audited the financial statements of The Royal National College for the Blind ('the Charitable Company') and its subsidiary ('the Group') for the year ended 31 July 2021 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 2021 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

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
THE ROYAL NATIONAL COLLEGE FOR THE BLIND for the year ended 31 July 2021 (continued)**

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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.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
THE ROYAL NATIONAL COLLEGE FOR THE BLIND for the year ended 31 July 2021 (continued)**

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

**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, taxation legislation, employment legislation, 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 Finance 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.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
THE ROYAL NATIONAL COLLEGE FOR THE BLIND for the year ended 31 July 2021 (continued)**

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**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: 3 March 2022



The Royal National College for the Blind

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

for the year ended 31 July 2021

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2021 £'000	Total 2020 £'000
<b>Income from:</b>					
Donations and legacies	2	220	287	507	448
Charitable activities	2	4,756	61	4,817	4,575
Other trading activities	5	264	-	264	392
Investments	2	20	-	20	196
Other income		12	-	12	24
<b>TOTAL INCOME</b>		<b>5,272</b>	<b>348</b>	<b>5,620</b>	<b>5,635</b>
<b>Expenditure on:</b>					
Raising funds	4	376	-	376	493
Charitable activities	4	4,961	182	5,143	5,147
<b>TOTAL EXPENDITURE</b>	4	<b>5,337</b>	<b>182</b>	<b>5,519</b>	<b>5,640</b>
Net gain / (loss) on investments	10	6	-	6	(60)
<b>NET (EXPENDITURE) / INCOME</b>		<b>(59)</b>	<b>166</b>	<b>107</b>	<b>(65)</b>
Transfers between funds	16	37	(37)	-	-
<b>Other recognised gains / (losses)</b>					
Actuarial gain / (loss) on defined benefit pension scheme	21	506	-	506	(397)
<b>NET MOVEMENT IN FUNDS</b>		<b>484</b>	<b>129</b>	<b>613</b>	<b>(462)</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward	15	7,420	1,020	8,440	8,902
<b>Total funds carried forward</b>	15	<b>7,904</b>	<b>1,149</b>	<b>9,053</b>	<b>8,440</b>

The notes on pages 18 to 38 form part of these financial statements.

**The Royal National College for the Blind (a Company limited by guarantee no. 02367626)**  
**CONSOLIDATED AND COLLEGE BALANCE SHEETS**  
as at 31 July 2021

	Notes	Consolidated		College	
		2021 £'000	2020 £'000	2021 £'000	2020 £'000
<b>FIXED ASSETS</b>					
Tangible assets	9	13,125	12,945	13,124	12,942
Investments	10	641	1,035	641	1,035
<i>Total fixed assets</i>		<u>13,766</u>	<u>13,980</u>	<u>13,765</u>	<u>13,977</u>
<b>CURRENT ASSETS</b>					
Stock	11	5	1	1	-
Debtors	12	151	177	281	272
Cash at bank and in hand		712	1,043	692	1,027
<i>Total current assets</i>		<u>868</u>	<u>1,221</u>	<u>974</u>	<u>1,299</u>
<b>LIABILITIES</b>					
Creditors: amounts falling due within one year	13	(845)	(774)	(814)	(734)
<i>Net current assets</i>		<u>23</u>	<u>447</u>	<u>160</u>	<u>565</u>
<i>Total assets less current liabilities</i>		<u>13,789</u>	<u>14,427</u>	<u>13,925</u>	<u>14,542</u>
Creditors: amounts falling due after more than one year	14	(2,164)	(2,624)	(2,164)	(2,624)
<i>Net assets excluding pension scheme liability</i>		<u>11,625</u>	<u>11,803</u>	<u>11,761</u>	<u>11,918</u>
Defined benefit pension scheme liability	21	(2,572)	(3,363)	(2,572)	(3,363)
<b>TOTAL NET ASSETS</b>		<b><u>9,053</u></b>	<b><u>8,440</u></b>	<b><u>9,189</u></b>	<b><u>8,555</u></b>
<b>THE FUNDS OF THE GROUP</b>					
Restricted income funds	16	1,149	1,020	1,149	1,020
<i>Unrestricted funds</i>					
General	15	10,476	10,783	10,612	10,898
Defined benefit pension scheme liability	21	(2,572)	(3,363)	(2,572)	(3,363)
<i>Total unrestricted funds</i>	17	<u>7,904</u>	<u>7,420</u>	<u>8,040</u>	<u>7,535</u>
<b>TOTAL GROUP FUNDS</b>	15	<b><u>9,053</u></b>	<b><u>8,440</u></b>	<b><u>9,189</u></b>	<b><u>8,555</u></b>

The notes on pages 18 to 38 form part of these financial statements.

The College only net income for the year totalled £128,000 (2020: net income of £74,000).

The financial statements were approved and authorised for issue by the Governors on 11 February 2022 and were signed on their behalf by:

  
**John Ryan**  
Chair

**Date:** 11 February 2022

The Royal National College for the Blind  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
for the year ended 31 July 2021

	Notes	2021		2020	
		£'000	£'000	£'000	£'000
<b>Cash flows from operating activities:</b>					
<b>Net cash generated by / (used in) operating activities</b>	25(a)		263		(31)
<b>Cash flows from investing activities:</b>					
Rents from investment properties		20		194	
Bank interest received		-		2	
Proceeds from sale of tangible fixed assets		12		24	
Proceeds from sale of investments		400		-	
Purchase of tangible fixed assets		(495)		(172)	
<b>Net cash (used in) / provided by investing activities</b>			(63)		48
<b>Cash flows from financing activities:</b>					
Repayment of borrowing	25(c)	(428)		(93)	
Repayment of finance lease	25(c)	(28)		(29)	
Interest paid		(75)		(91)	
<b>Net cash used in financing activities</b>			(531)		(213)
<b>Change in cash and cash equivalents in the year</b>			<b>(331)</b>		<b>(196)</b>
Cash and cash equivalents at the beginning of the year			1,043		1,239
<b>Cash and cash equivalents at the end of the year</b>	25(b)		<b>712</b>		<b>1,043</b>

The notes on pages 18 to 38 form part of these financial statements.

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**The Royal National College for the Blind**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**for the year ended 31 July 2021**

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## **1 STATEMENT OF ACCOUNTING POLICIES**

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

### **Basis of accounting**

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

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

### **Going concern**

RNC has a bank loan facility with a final repayment date of 31st January 2025, and a significant deficit on its defined benefit pension scheme, but is working through a detailed recovery plan to address this which has the full support of its bankers, pension fund trustees and other funders. RNC has a three year financial forecast and a three year cash flow forecast which, despite the impact of the Covid-19 pandemic, show that the Group 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 and covenanted subscriptions**

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

### **Legacies**

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

### **Income from trading**

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

### **Investment and similar income**

Investment and similar income is accounted for when receivable.

### **Taxation**

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

### **Expenditure**

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

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

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

### **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.

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

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

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

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

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

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

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

#### *Impairment of debtors*

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

#### *Defined benefit pension fund*

The present value of the TPTRS defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 30 September 2019 has been used by the actuary in valuing the pensions liability at 31 July 2021. 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 2021

**2 INCOME**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Donations and legacies</b>		
Donations	22	26
Trusts and Foundations	364	346
Legacies	121	76
<b>Income from donations and legacies</b>	<u>507</u>	<u>448</u>

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Charitable activities</b>		
Student fees from: Education & Skills Funding Agency	794	817
Welsh Government	388	361
Local Authorities	3,238	2,683
Private sources	4	61
Department for Work & Pensions	120	419
Other income	5	45
<b>Income from student services</b>	<u>4,549</u>	<u>4,386</u>

**Grants**

Education & Skills Funding Agency	86	30
Department for Education	61	75
Government Job Retention Scheme	97	74
Other grants	24	10
<b>Income from charitable activities</b>	<u>4,817</u>	<u>4,575</u>

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Investment and other income</b>		
Rental income	20	194
Bank interest	-	2
<b>Income from investments</b>	<u>20</u>	<u>196</u>

**3 NET (EXPENDITURE) / INCOME**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Net (expenditure) / income for the year is stated after charging:		
Auditor's remuneration - audit fees	14	14
- accountancy and tax services	1	3
Operating lease rentals	42	55
Depreciation - owned assets	285	247
- leased assets	30	31
Interest payable - finance lease interest	5	5
- loan interest	70	86

The Royal National College for the Blind  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** *(continued)*  
for the year ended 31 July 2021

**4 ANALYSIS OF TOTAL EXPENDITURE**

<b>Expenditure on Charitable activities:</b>	<b>Staff costs £'000</b>	<b>Expenses £'000</b>	<b>Deprec'n £'000</b>	<b>Total 2021 £'000</b>	<b>Total 2020 £'000</b>
Education and training	2,228	168	-	2,396	2,588
Welfare	132	289	-	421	408
Premises	193	398	201	792	768
Marketing	115	17	-	132	129
Support costs	719	541	112	1,372	1,225
Governance costs (see below)	16	14	-	30	29
	<b>3,403</b>	<b>1,427</b>	<b>313</b>	<b>5,143</b>	<b>5,147</b>
<b>Expenditure on raising funds:</b>					
Fundraising	80	21	-	101	71
Trading activities	165	108	2	275	422
	<b>245</b>	<b>129</b>	<b>2</b>	<b>376</b>	<b>493</b>
	<b>3,648</b>	<b>1,556</b>	<b>315</b>	<b>5,519</b>	<b>5,640</b>

<b>Governance costs comprise:</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
Staff costs	16	12
Audit & accountancy costs	14	16
Meeting expenses	-	1
	<b>30</b>	<b>29</b>

**5 INVESTMENT IN SUBSIDIARY COMPANY**

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

	<b>2021 £'000</b>	<b>2020 £'000</b>
Turnover	260	383
Cost of sales	(19)	(84)
Gross profit	241	299
Administrative expenses	(262)	(404)
Operating loss	(21)	(105)
Retained (deficit) / earnings at start of period	(115)	24
Gift aid donation paid	-	(34)
Retained deficit at end of period	<b>(136)</b>	<b>(115)</b>

**The Royal National College for the Blind**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 July 2021**

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

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
Total assets at balance sheet date	32	26
Total liabilities at balance sheet date	<u>(168)</u>	<u>(141)</u>

In addition to income of £260,000 (2020: £383,000) shown above, miscellaneous trading income of £4,000 (2020: £9,000) is included within the results of the College.

**6 CORPORATION TAXATION**

RNC is exempt from corporation tax on its Charitable activities.

**7 STAFF NUMBERS**

The average monthly headcount of full time and part time staff was 138 (2020: 138).

	<b>2021</b> <b>Number</b>	<b>2020</b> <b>Number</b>
Education and training	82	86
Student welfare	9	9
Premises	6	5
Support	20	19
Marketing	5	4
Fundraising	4	3
R N C Enterprises Limited	12	12
	<u>138</u>	<u>138</u>

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

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
Salaries and wages	2,998	2,927
Social security costs	240	234
Pension contributions - teaching	233	243
- non-teaching	45	42
Defined benefit pension scheme contributions	132	154
<b>Total staff costs</b>	<u>3,648</u>	<u>3,600</u>

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 £70,000 (2020: £63,872) with employer pension contributions of £2,100 (2020: £1,916).

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, 1 Governor were reimbursed a total of £242 (2020: £278) in respect of costs associated with attending meetings throughout the year.

**The Royal National College for the Blind**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** *(continued)*  
**for the year ended 31 July 2021**

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

	<b>2021</b>	<b>2020</b>
	<b>No.</b>	<b>No.</b>
£60,000 - £69,999	-	1
£70,000 - £79,999	1	-

Pension contributions for the higher paid employee(s) amounted to £2,100 (2020: £1,916).

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 £307,383 (2020: £242,271).

**9 TANGIBLE FIXED ASSETS**

<b>Consolidated</b>	<b>Freehold land and buildings £'000</b>	<b>Fixtures, fittings &amp; equipment £'000</b>	<b>Leased assets £'000</b>	<b>Group Total £'000</b>
<b>Cost</b>				
At 1 August 2020	13,442	1,393	152	14,987
Additions	339	156	-	495
Disposals	-	(8)	-	(8)
<b>At 31 July 2021</b>	<b>13,781</b>	<b>1,541</b>	<b>152</b>	<b>15,474</b>
<b>Depreciation</b>				
At 1 August 2020	749	1,199	94	2,042
Charge for the year	201	84	30	315
Disposals	-	(8)	-	(8)
<b>At 31 July 2021</b>	<b>950</b>	<b>1,275</b>	<b>124</b>	<b>2,349</b>
<b>Net book values</b>				
At 31 July 2021	12,831	266	28	13,125
At 31 July 2020	12,693	194	58	12,945

The net book value of tangible fixed assets owned by R N C Enterprises Limited is £1,280 (2020: £3,354). The net book value of freehold land and buildings includes an amount of £4,173,000 (2020: £4,173,000) in respect of land.

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

**The Royal National College for the Blind**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
for the year ended 31 July 2021

**10 INVESTMENT ASSETS**

<b>Consolidated Fixed Assets</b>	<b>Investment Properties £'000</b>
Balance at 1 August 2020	1,035
Sold in year - sale proceeds	(400)
Gain on property values	6
<b>Balance at 31 July 2021</b>	<b>641</b>

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

<b>College</b>	<b>£'000</b>
Balance at 31 July 2021 as above	641
Investment in subsidiary Company (see note 5) amounts to £15	-
	<b>641</b>

No investments were held by R N C Enterprises Limited.

The two residential properties were valued in December 2018 at open market value by Colliers International Valuation UK LLP. The residential property at 49 Venns Lane was under offer at year end and sold in September 2021 so has been included in the accounts at the offer value. The Governors are of the opinion that there has been no diminution in value of the property at 56 Venns Lane since the date of the valuation.

**11 STOCKS**

	<b>Consolidated</b>		<b>College</b>	
	<b>2021 £'000</b>	<b>2020 £'000</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
Goods for resale	5	1	1	-
	<b>5</b>	<b>1</b>	<b>1</b>	<b>-</b>

**12 DEBTORS**

	<b>Consolidated</b>		<b>College</b>	
	<b>2021 £'000</b>	<b>2020 £'000</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
<b>Due within one year:</b>				
Student fees	114	89	114	89
Amount due from subsidiary	-	-	137	101
Prepayments	21	28	20	28
Other debtors	16	60	10	54
	<b>151</b>	<b>177</b>	<b>281</b>	<b>272</b>

The Royal National College for the Blind  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** *(continued)*  
for the year ended 31 July 2021

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

	Consolidated		College	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Bank loan	192	188	192	188
Finance lease payments	28	28	28	28
Trade creditors	190	112	188	111
Taxation and social security	77	72	75	69
Pension contributions	38	35	38	35
Other creditors	89	118	89	118
Accruals and deferred income	231	221	204	185
	<u>845</u>	<u>774</u>	<u>814</u>	<u>734</u>

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

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

	Consolidated		College	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Bank loan	2,155	2,587	2,155	2,587
Finance lease payments	9	37	9	37
	<u>2,164</u>	<u>2,624</u>	<u>2,164</u>	<u>2,624</u>

The bank loan is repayable at £47,893 per quarter, commencing 30 April 2020, with the remaining balance repayable in full on 31st January 2025. Interest is charged at 2.5% over Base.

**15 ALLOCATION OF THE GROUP NET ASSETS**

	Tangible fixed assets	Investm'ts	Net current assets/ (liabilities)	Long term liabilities & prov'ns	2021 Total
	£'000	£'000	£'000	£'000	£'000
The net assets are held for various funds 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)
<b>Total RNC</b>	<u>13,124</u>	<u>641</u>	<u>160</u>	<u>(4,736)</u>	<u>9,189</u>
<b>Total Subsidiary</b> (note 17)	<u>1</u>	<u>-</u>	<u>(137)</u>	<u>-</u>	<u>(136)</u>
<b>Total Group</b>	<u>13,125</u>	<u>641</u>	<u>23</u>	<u>(4,736)</u>	<u>9,053</u>

The Royal National College for the Blind

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

for the year ended 31 July 2021

15 ALLOCATION OF THE GROUP NET ASSETS *(continued)*

	Tangible fixed assets £'000	Investm'ts £'000	Net current assets/ (liabilities) £'000	Long term liabilities & prov'ns £'000	2020 Total £'000
At 31 July 2020 the net assets were held as follows:					
Restricted funds (note 16)	628	-	392	-	1,020
Unrestricted funds:					
- General (note 17)	12,314	1,035	173	(2,624)	10,898
- Pension reserve (note 21)	-	-	-	(3,363)	(3,363)
<b>Total RNC</b>	<b>12,942</b>	<b>1,035</b>	<b>565</b>	<b>(5,987)</b>	<b>8,555</b>
<b>Total Subsidiary</b> (note 17)	<b>3</b>	<b>-</b>	<b>(118)</b>	<b>-</b>	<b>(115)</b>
<b>Total Group</b>	<b>12,945</b>	<b>1,035</b>	<b>447</b>	<b>(5,987)</b>	<b>8,440</b>

16 RESTRICTED FUNDS

	Balance 31.7.20 £'000	Income £'000	Expenditure £'000	Transfers £'000	Balance 31.7.21 £'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
	<b>1,020</b>	<b>348</b>	<b>(182)</b>	<b>(37)</b>	<b>1,149</b>

**The Royal National College for the Blind**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
for the year ended 31 July 2021

**16 RESTRICTED FUNDS (continued)**

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

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.

**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.

**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.



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

**Independent Living Skills**

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

**Astro Pitch**

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

**European Exchange Project**

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

**Braille Notes and Brailiants**

A number of grants have been received for the purchase of Braille Notes and Brailiants, specialist equipment for the visually impaired.

**Refurbish Fitness Studio**

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

**ETF Training / Filming**

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

**Spa Refurbishment**

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

**Student Equipment**

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

**IT Equipment**

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

**Running and Cycling Club**

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

**Media Equipment**

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

**Refurbish Student Gym**

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

**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.

**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.

**Student Garden**

A number of grants have been received for the development of a new student garden area following the sale of College properties and the move from the Southern campus.

The Royal National College for the Blind  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** *(continued)*  
for the year ended 31 July 2021

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

**Building Maintenance**

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

**Miscellaneous Small Funds**

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

**17 UNRESTRICTED FUNDS**

<b>GENERAL</b>	<b>Balance</b>	<b>Expenditure &amp; net gain on</b>			<b>Balance</b>
	<b>1.8.20</b>	<b>Income</b>	<b>investments</b>	<b>Transfers</b>	<b>31.7.21</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
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>

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

**18 OTHER FINANCIAL COMMITMENTS**

Commitments in respect of operating lease rentals are as follows:

	<b>Equipment 2021</b>	<b>Equipment 2020</b>
	<b>£'000</b>	<b>£'000</b>
Commitment payable:		
Within one year	38	43
Within two to five years	55	93
	<u>93</u>	<u>136</u>

**19 FUTURE RENTAL INCOME**

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

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Rent receivable:		
Within one year	-	14
	<u>-</u>	<u>14</u>

## 20 CAPITAL COMMITMENT

At the year end, RNC had a commitment to pay the remaining £75,000 (2020: £nil) of the total contract cost for the redesign and refurbishment of Armitage Hall.

## 21 RELATED PARTY DISCLOSURES

During the year RNC recharged expenses of £223,436 (2020: £358,023) to R N C Enterprises Limited and paid £nil (2020: £1,005) for products and services. The amount due from R N C Enterprises Limited at the year end was £136,777 (2020: £101,352) and the amount due to R N C Enterprises Limited at the year end was £nil (2020: £nil).

RNC is the sole beneficiary of an independent charity, Blindcare (charity registration number 1020073). During the year, RNC received income of £65,351 from Blindcare, which is included within donations and legacies. The full results of Blindcare have not been consolidated into these financial statements as they are deemed immaterial to the Group.

During the year RNC paid £98,100 (2020: £9,180) 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.

## 22 PENSION OBLIGATIONS

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

RNC operates a defined benefit scheme in the UK. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities. Benefits ceased to accrue within the scheme with effect from 31 March 2012. An actuarial valuation has been carried out as at September 2019 and the results of this have been updated to 31 July 2021 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).

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

	31 July 2021	31 July 2020	31 July 2019
	£000	£000	£000
<b>Assets</b>			
Equity Type	834	1,190	4,767
Bonds	14,777	14,097	12,758
Property	1,074	995	1,074
Other	3,910	4,233	-
Cash	449	119	102
	<hr/>	<hr/>	<hr/>
Total market value of assets	21,044	20,634	18,701
Present value of scheme liabilities	(23,616)	(23,997)	(21,913)
Deficit in scheme	(2,572)	(3,363)	(3,212)
Defined benefit liability to be recognised under FRS102	<u>(2,572)</u>	<u>(3,363)</u>	<u>(3,212)</u>

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 2021

**22 PENSION OBLIGATIONS** *(continued)*

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

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Opening value of assets	20,634	18,701
Interest income on assets	288	409
Expenses	(79)	(80)
Return on assets excluding interest income	295	1,773
Employer contributions	408	393
Benefits paid	(502)	(562)
Market value of scheme assets at end of period	<u>21,044</u>	<u>20,634</u>

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

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Opening liabilities	23,997	21,913
Interest cost on defined benefit obligation	332	476
Actuarial (gain)/loss on changes in assumptions	(55)	3,023
Experience gain on liabilities	(156)	(853)
Benefits paid	(502)	(562)
Present value of scheme liabilities at end of period	<u>23,616</u>	<u>23,997</u>

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

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Expenses	79	80
Interest income on assets	(288)	(409)
Interest cost on defined benefit obligation	332	476
<b>Defined benefit costs recognised in statement of financial activities</b>	<u>123</u>	<u>147</u>

**Actuarial gain / (loss) recognised in Statement of Financial Activities**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Return on assets excluding interest income	295	1,773
Experience gains on scheme liabilities	156	853
Gain / (loss) due to change in demographic assumptions	238	(550)
Loss due to change in financial assumptions	(183)	(2,473)
<b>Actuarial gain / (loss) recognised in statement of financial activities</b>	<u>506</u>	<u>(397)</u>

**The Royal National College for the Blind**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
for the year ended 31 July 2021

**22 PENSION OBLIGATIONS (continued)**

**Movement in balance sheet liability during the period**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Deficit in scheme at the beginning of the period	(3,363)	(3,212)
Net interest cost	(44)	(67)
Expenses	(79)	(80)
Re-measurements included in the statement of financial activities	506	(397)
Employer contributions to the scheme	408	393
Deficit in scheme at the end of the period	<u>(2,572)</u>	<u>(3,363)</u>

<b>Assumptions</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<b>% p.a.</b>	<b>% p.a.</b>	<b>% p.a.</b>
Discount rate	1.65	1.40	2.20
Inflation (RPI)	3.20	2.90	3.20
Inflation (CPI)	2.60	1.90	2.20
Deferred revaluations	3.20	2.90	3.20
Salary Growth	3.10	2.40	2.70
Allowance for pension in payment increases of RPI or 5.5% pa if less	3.15	2.85	3.15
Allowance for pension in payment increases of CPI or 2.5% pa if less	1.90	1.55	1.70
Allowance for commutation of pension for cash at retirement	75% of maximum using notional commutation factors	75% of maximum using notional commutation factors	75% of maximum using notional commutation factors

The mortality assumptions adopted at 31 July 2021 imply the following life expectancies:

	Life expectancy at age 65 (years)
Male retiring in 2021	21.3
Female retiring in 2021	23.6
Male retiring in 2041	22.6
Female retiring in 2041	25.1

**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 £45,534 (2020: £41,809) to the scheme and at the year end £10,708 (2020: £10,084) was outstanding in respect of contributions to this scheme.

## 22 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 £232,681 (2020: £243,413) and at the year end £26,968 (2020: £24,922) 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 on 24 June 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. In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until the cost cap mechanism revision 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.

### 23 POST BALANCE SHEET EVENT

One of the two remaining investment properties was sold after the balance sheet date, with completion taking place on 29th September 2021. Sales proceeds of £366,000 were received on that day, which was the value at which the property was included in the year end accounts.

### 24 CONTINGENT LIABILITY

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.

### 25 (a) RECONCILIATION OF NET (EXPENDITURE) / INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	2021 £'000	2020 £'000
Net income / (expenditure) for the year as per the Statement of Financial Activities	107	(65)
<i>Adjustments for:</i>		
Gain on sale of assets	(12)	(24)
(Gain) / loss on investments	(6)	60
Interest paid	75	91
Depreciation charges	315	278
Rents from investments	(20)	(194)
Bank interest received	-	(2)
Payment into Defined Benefit Pension Scheme	(408)	(393)
Pension FRS102 adjustment	123	147
(Increase) / decrease in stock	(4)	1
Decrease in debtors	26	106
Increase / (decrease) in creditors	67	(36)
<b>Net cash used in operating activities</b>	<u>263</u>	<u>(31)</u>

### 25 (b) ANALYSIS OF CASH AND CASH EQUIVALENTS

	2021 £'000	2020 £'000
Cash at bank and in hand	712	1,043
<b>Total cash and cash equivalents</b>	<u>712</u>	<u>1,043</u>

### 25 (c) CHANGE IN NET DEBT

	2021 £'000	2020 £'000
Net debt brought forward	2,840	2,962
Repayment of borrowing	(428)	(93)
Repayment of finance lease	(28)	(29)
<b>Net debt carried forward</b>	<u>2,384</u>	<u>2,840</u>

The Royal National College for the Blind  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** *(continued)*  
for the year ended 31 July 2021

**26 PRIOR YEAR ANALYSIS OF CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2020 £'000
<b>Income from:</b>			
Donations and legacies	183	265	448
Charitable activities	4,503	72	4,575
Other trading activities	392	-	392
Investments	196	-	196
Other income	24	-	24
<b>TOTAL INCOME</b>	<b>5,298</b>	<b>337</b>	<b>5,635</b>
<b>Expenditure on:</b>			
Raising funds	492	1	493
Charitable activities	5,034	113	5,147
<b>TOTAL EXPENDITURE</b>	<b>5,526</b>	<b>114</b>	<b>5,640</b>
<b>Net loss on investments</b>	<b>(60)</b>	<b>-</b>	<b>(60)</b>
<b>NET (EXPENDITURE) / INCOME</b>	<b>(288)</b>	<b>223</b>	<b>(65)</b>
Transfers between funds	62	(62)	-
<b>Other recognised losses</b>			
Actuarial loss on defined benefit pension scheme	(397)	-	(397)
<b>NET MOVEMENT IN FUNDS</b>	<b>(623)</b>	<b>161</b>	<b>(462)</b>
Total funds brought forward	8,043	859	8,902
Total funds carried forward	7,420	1,020	8,440