

Private and Confidential

The Board of Governors
Guildhall School of Music and Drama
Silk Street
Barbican
London
EC2Y 8DT

2 February 2021

Our ref: PW/JH/GSM&D

City of London Corporation (City's Cash)
Guildhall
London EC2P 2EJ

Dear Madams/Sirs

Guildhall School of Music and Drama ("the School")

1 Introduction

- 1.1 This letter, together with the enclosures (the "Engagement Letter"), sets out the basis on which we are to provide professional services to the Guildhall School of Music and Drama (the "Engagement").
- 1.2 You have appointed BDO to report on the Statement of Comprehensive Income ("the subject matter"). Our report will be an independent reasonable assurance opinion as to whether the Statement of Comprehensive Income statement has, on the basis of agreed criteria and in all material respects, been correctly extracted from the audited accounts of City's Cash for the period 1 August 2019 to 31 March 2020 (8 months) and from its unaudited accounts for the period 1 April 2020 to 31 July 2020 (4 month).

We will also provide a reasonable assurance opinion on whether, in all material respects, income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the Guildhall School of Music and Drama have been properly applied for the purposes for which they were received.

We will, based on the work performed in giving our reasonable assurance opinion on the subject matter, also provide an opinion that we have nothing to report, on the following matters which the OfS requires us to report to you if, in our opinion:

- The School's grant and fee income, as disclosed in the note to the accounts, has been materially misstated.
- The School's expenditure on access and participation activities for the financial year has been materially misstated.

Our work will be conducted in accordance with International Standard on Assurance Engagements (UK) 3000.

- 1.3 The intended users of the subject matter and our assurance report are the Board of Governors of the Guildhall School of Music and Drama and the City of London Corporation.
- 1.4 The scope of the engagement as set out in this letter has been based solely on the information provided by you.
- 1.5 Should we discover that we are not able to undertake the work as set out in this letter, we will discuss the options with you. You should note that this is likely to incur additional fees.

2 Scope of Professional Services

- 2.1 Our role is to provide the professional services detailed in the enclosed schedule(s) (the “Services”). By accepting these terms you are agreeing that the scope of the Services set out in the schedule(s) is appropriate for your needs. We will perform the Services with reasonable skill and care but our duties and responsibilities shall be limited to the matters set out in the schedules.
- 2.2 We are not therefore (unless otherwise agreed by us in writing) responsible for:
 - (a) providing legal or other advice outside the scope of the Engagement;
 - (b) reviewing (or otherwise being responsible for) the services provided by any other professional advisers retained by you;
 - (c) providing any other services beyond the scope of the Engagement.
- 2.3 Our opinions, reports, letters, information and advice (“Deliverable”) will reflect relevant law and regulation at the time they are sought and provided and we accept no responsibility for the consequences of a change of law or regulation after such Deliverables have been provided.
- 2.4 We are not responsible for the appropriateness of any commercial or strategic decisions taken by you (including any decision to proceed or not to proceed with a particular transaction).

3 Your Responsibilities

- 3.1 It is your responsibility to provide us with complete, accurate and timely instructions and information relevant to our Engagement and we will not therefore be responsible for any losses caused by any failure by you or your agents to do so. Detailed responsibilities are set out in the appendices to this letter.
- 3.2 You agree to send Paula Willock copies of any correspondence that you send to or receive from any regulator that relates to your financial statements, internal controls or affairs immediately upon sending or receipt. Such regulators may include (without limitation) the Financial Reporting Council, the Financial Conduct Authority (including the UK Listing Authority), the Prudential Regulation Authority, the Takeover Panel, the U.S. Securities and Exchange Commission, the Public Company Accounting Oversight Board, the Canadian Public Accountability Board, or any other overseas audit or securities regulator.

- 3.3 You agree to inform Paula Willock of any change to the population of your Affiliates (as defined in the following sentence) and of any changes to your board of directors or key management personnel. For the purposes of this Engagement Letter, "Affiliates" shall have the meaning given to it in the Glossary of Terms (Auditing and Ethics) published by the FRC, as amended or restated from time to time, and "entity relevant to the engagement" shall mean the entity to whom this Engagement Letter is addressed and any entity listed in Schedule 1. The December 2019 edition of the FRC's Glossary of Terms (Auditing and Ethics) defines "Affiliates" as any entities that have any of the following relationships with an entity relevant to the Engagement: (a) an entity that has direct or indirect control over the entity relevant to the Engagement if the entity relevant to the Engagement is material, quantitatively or qualitatively, to such entity; (b) An entity with a direct financial interest in the entity relevant to the Engagement if that entity has significant influence over the entity relevant to the Engagement and the interest in the entity relevant to the Engagement is material, quantitatively or qualitatively, to such entity; (c) An entity over which the entity relevant to the Engagement has direct or indirect control; (d) An entity in which the entity relevant to the Engagement, or an affiliate of the entity relevant to the Engagement under (c) above, has a direct financial interest that gives it significant influence over such entity and the interest is material, quantitatively or qualitatively, to the entity relevant to the Engagement and its affiliate in (c); and (e) An entity which is under common control with the entity relevant to the Engagement (a "sister entity") if the sister entity and the entity relevant to the Engagement are both material, quantitatively or qualitatively, to the entity that controls both the entity relevant to the Engagement and sister entity.
- 3.4 You agree to consult with Paula Willock prior to engaging us or any other BDO Member Firm (as defined in the attached Terms of Business) to provide you or any of your Affiliates with any non-audit services. If you do not do so, we may be required to resign from our audit appointment due to the threat that such services may pose to our independence as auditor.
- 3.5 You agree inform us immediately if you or your Affiliates employ or otherwise engage any of our (or any other BDO Member Firm's) partners or staff or any individual that has worked for us in the last 5 years. Dependent on the role and responsibilities of any of our (former) partners or staff that you employ, we may be required to resign from our audit appointment due to the threat to our independence as auditor.

4 Personnel

- 4.1 Paula Willock is responsible for the conduct of this Engagement on our behalf. Our contact details are as follows:

Paula Willock
Direct telephone: +44(0)1293 848 970
Email address: paula.willock@bdo.co.uk

5 Use of our Deliverables

- 5.1 Any Deliverables will be provided in writing and addressed to you. The Services are provided solely for the purpose set out in the Engagement Letter and we will not be liable for any losses arising from any other use of our Deliverables. Any Deliverables should not be reproduced or referred to in any other document or made available to any third party without our prior written consent, unless the exceptions noted in the

attached Terms of Business apply and we shall not be liable for any losses arising from any third party using or relying upon our Deliverables.

- 5.2 Our report is designed to meet the agreed requirements of the Guildhall School of Music and Drama and the City of London Corporation determined by the Guildhall School of Music and Drama and the City of London Corporation's needs at the time. Our report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company for any purpose or in any context. Any party other than the Guildhall School of Music and Drama and the City of London Corporation who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept no responsibility and deny any liability to any party, other than the Guildhall School of Music and Drama and the City of London Corporation, for our work, for the assurance report we will issue, and for the conclusions we reach.
- 5.3 We understand that you may wish our assurance report to be published on your website in a static page which will not be edited without consultation with us. Arrangements for achieving this including suitable terms or notifications will need to be agreed and documented separately as part of this engagement.

6 Fees

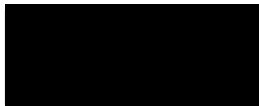
- 6.1 Our fees for this engagement are estimated to be £10,000 before disbursements and VAT.
- 6.2 In addition to the clauses in the attached Terms of Business, our fees are also (without limitation) based on the following assumptions:
- 6.2.1 Key documents are provided on the dates agreed and there are no significant delays in the audit timetable outside of our control.
- 6.3 We reserve the right to make reasonable adjustments to the fee if any of these assumptions prove not to be correct and as a consequence we are required to expend more time on the Engagement than we otherwise would.
- 6.4 Our fees are calculated in accordance with our Terms of Business.

7 Liability

- 7.1 You agree that our aggregate liability to you of whatever nature whether in contract, tort or otherwise, for any loss whatsoever and howsoever caused by or arising from this Engagement, shall not exceed £500,000 or, if greater, 10 times the total of fees invoiced under this Engagement Letter.
- 7.2 Where any loss is suffered by you for which we would otherwise be jointly and severally liable with any third parties, the extent to which such loss shall be recoverable by you from us, as opposed to the third party, shall be limited so as to be in proportion to our contribution to the overall fault for such damage or loss, as agreed between the parties, or in the absence of agreement, as finally determined by an English Court (ignoring for these purposes the ability of the third party to pay or any limitation of liability that you might have agreed with such third party).

- 7.3 We refer you to the attached Terms of Business which sets out other limitations on our liability to you. Please consider these provisions carefully as your continuing instructions will be an acknowledgement that the liability limitations in this paragraph and in the Terms of Business are reasonable having regard to all the circumstances.
- 7.4 Should this Engagement require the use of any BDO Member Firms as sub-contractors, your attention is drawn to important terms in the attached Terms of Business at paragraph 19. These terms provide that we are solely responsible for the delivery of the Services and that you can have no recourse to either our BDO sub-contractors or any BDO International entities in the event of any acts and/or omissions causing Loss.
- 8 Terms**
- 8.1 A copy of our Terms of Business is enclosed. You should ensure that you read and understand these as they contain important terms including those in connection with your responsibilities, fees, use of our advice and our liability. The Terms of Business, together with the other schedules, form part of the Engagement Letter. Should any of the terms included in the Terms of Business (or the schedule(s)) conflict with any of the other terms in this letter, the terms of this letter will prevail.
- 8.2 You agree and understand that the terms in the Engagement Letter apply to all services provided by us pursuant to the Engagement, whether such services were performed or provided before or after the signing of the Engagement Letter. The Engagement Letter will remain in place and fully effective until varied or replaced by written agreement between us.
- 8.3 Please confirm your agreement to the terms in this Engagement Letter by signing and returning to us the enclosed copy. If you do not do so, your continuing instructions will amount to an acceptance of these terms.

Yours faithfully



Paula Willock
Director
For and on behalf of BDO LLP



To BDO LLP:

I hereby confirm that BDO LLP is appointed to carry out the Engagement in accordance with the terms set out in this Engagement Letter.

Signed on behalf of the Board of Governors

Name:

Date:

Signed on behalf of the City of London Corporation

Name:

Date:

Your Responsibilities

Our engagement will be conducted on the basis that you acknowledge and understand that you have responsibility for the preparation of the subject matter in accordance with an agreed criteria. You are responsible for the agreed criteria and for determining the basis on which the Guildhall School of Music and Drama's accounts will be extracted from those of City's Cash. You are also responsible for the design, implementation and maintenance of such internal control as you determine is necessary to ensure the subject matter is free from material misstatement, whether due to fraud or error, and for the prevention and detection of fraud and for identifying and ensuring that the Guildhall School of Music and Drama complies with laws and regulations applicable to its activities.

The engaging party also acknowledges and understands that they have responsibility to provide us with:

- Access to all information that is relevant to the preparation of the subject matter such as records, source documentation and other matters;
- Additional information that we may consider necessary for the purpose of the engagement; and
- Unrestricted access to persons within the School from whom we determine if necessary to obtain evidence.

Our Responsibilities

We will conduct the engagement in accordance with International Standard on Assurance Engagements (UK) 3000 (ISAE (UK) 3000) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. That standard requires that we:

- comply with the requirements of Parts A and B of the Code of Ethics for Professional Accountants, including independence, issued by the International Ethics Standards Board for Accountants (the IESBA Code);
- implement quality control procedures that are applicable to the individual engagement in accordance with the requirements of International Standard on Quality Control 1 Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements (ISQC 1); and
- plan and perform our engagement to comply with the requirements of ISAE (UK) 3000; which include obtaining sufficient evidence to establish reasonable assurance about whether:
 - the Statement of Comprehensive Income has, on the basis of agreed criteria and in all material respects, been correctly extracted from the audited accounts of City's Cash for the period 1 August 2019 to 31 March 2020 (8 months) and from its unaudited accounts for the period 1 April 2020 to 31 July 2020 (4 month).
 - in all material respects, income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the Guildhall School of Music and Drama have been properly applied for the purposes for which they were received
 - based on the work performed in giving our reasonable assurance opinion on the subject matter, we have nothing to report, on the following matters which the OfS requires us to report to you:

- The School's grant and fee income, as disclosed in the note to the accounts, has been materially misstated.
- The School's expenditure on access and participation activities for the financial year has been materially misstated.

Such an engagement involves performing procedures to obtain evidence about the amounts and disclosures including the regularity and propriety of expenditure.

The procedures selected, and our determination of the nature, timing and extent of these procedures, will depend on our judgment, including an assessment of the risks of material misstatement, non-compliance with laws and regulation and fraud in the subject matter.

In making these risk assessments, we consider internal control relevant to the School's preparation of the subject matter in order to design procedures that are appropriate in the circumstances. Therefore, they are not designed for the purpose of expressing a conclusion on the effectiveness of the School's system of internal control as a whole. However, we will communicate to you in writing any significant deficiencies in internal control that we have identified during our engagement.

The determination of the scope, emphasis, timing and conduct of the engagement may change as a result of unexpected events, changes in the circumstances surrounding the engagement or the evidence obtained from the results of evidence-gathering procedures. As a result, we may need to revise the overall engagement strategy and plan, and therefore the planned nature, timing and extent of further procedures.

Our engagement is planned and performed to obtain reasonable assurance, but not absolute assurance, about whether the subject matter is free of fraud/misstatement/non-compliance whether caused by fraud or error.

Therefore, there is an unavoidable risk that some fraud, misstatement or non-compliance may not be detected by an assurance engagement performed in accordance with ISAE (UK) 3000, even though the engagement is properly planned and performed in accordance with that standard. Furthermore, such an assurance engagement is not designed to detect matters that are immaterial to the subject matter information.

When the subject matter and our report are included in a larger report, we are required to read the larger report as a part of our engagement to identify any inconsistencies or material misstatements with our conclusion. We will discuss with you any such matters with you.

We are the auditors of the City of London Corporation (City's Cash) and have audited the annual accounts of the City of London Corporation (City's Cash) and reported to the Corporation in accordance with our engagement letter dated 14 June 2019. Our audit of the accounts of the City of London Corporation (City's Cash) was not intended to address this assurance engagement, or other matters in which the users of this assurance report may be primarily interested. In particular, the scope of our audit work was established and our judgments made by reference to our assessment of materiality in the context of the audited accounts taken as a whole, rather than in the context of the assurance report contemplated in this ISAE (UK) 3000 assurance engagement.

As part of our work we may seek to rely on the working papers that we prepared during the course of our audit. In signing this letter you give your permission for us to use information from our audit file as part of this engagement.

Engagement Deliverable

The purpose of this engagement is to provide an assurance report on the subject matter in accordance with ISAE (UK) 3000.

We cannot provide assurance that an unqualified conclusion will be provided. Circumstances may arise in which it is necessary for us to modify our report or withdraw from the engagement. In such circumstances, our findings or reasons for withdrawal will be communicated to you in writing.

A draft of the expected form and content of our report is included at Appendix 1: Draft Assurance Report. The form and content of our report are indicative at this time and may be amended in the light of our findings, as noted earlier.

Communications regarding key findings

We will communicate in writing any other matter of interest that comes to our attention during the course of our work and that has not otherwise been communicated. We are not required to design procedures for the specific purpose of identifying such matters and therefore, our engagement may not identify such matters. This may also lead to us modifying our assurance conclusion or adding an Other Matter paragraph and also may result in us withdrawing from the engagement.

Written Representations

As part of our engagement process, we will request written representations in connection with the engagement and in relation to matters on which independent corroboration is not available.

Appendix 1 - draft assurance report

Independent Reasonable Assurance Report to the Guildhall School of Music and Drama and City of London Corporation

We were engaged by the Guildhall School of Music and Drama and the City of London Corporation to report on the Guildhall School of Music and Drama's Statement of Comprehensive Income comprising the Statement of Comprehensive Income and related notes.

Guildhall School of Music and Drama and the City of London Corporation's Responsibilities

The Governors of the Guildhall School of Music and Drama and the City of London Corporation are responsible for preparing the Statement of Comprehensive Income that is correctly extracted in accordance with the stated criteria and for the information contained therein. The Governors of Guildhall School of Music and Drama and the City of London Corporation are also responsible for ensuring that, in all material respects, income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the Guildhall School of Music and Drama have been properly applied for the purposes for which they were received.

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation of the Statement of Comprehensive Income. It also includes developing the criteria around the correct extraction of the Statement of Comprehensive Income and Expenditure statement from the audited accounts of City's Cash for the period 1 August 2019 to 31 March 2020 (8 months) and from its unaudited accounts for the period 1 April 2020 to 31 July 2020 (4 month).

The Governors of the Guildhall School of Music and Drama and City of London Corporation are also responsible for preventing and detecting fraud and for identifying and ensuring that the Guildhall School of Music and Drama complies with laws and regulations applicable to its activities. The Governors of the Guildhall School of Music and Drama and City of London Corporation are responsible for ensuring that staff involved with the preparation of the Statement of Comprehensive Income and Expenditure are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units/operational sites.

Our Responsibilities

Our responsibility is to examine the Statement of Comprehensive Income prepared by the Guildhall School of Music and Drama and the City of London Corporation and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (UK) 3000, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE (UK)) issued by the International Auditing and Assurance Standards Board. That standard requires that we comply with ethical requirements, including independence requirements, and plan and perform our procedures to obtain reasonable assurance about whether:

- on the basis of agreed criteria and in all material respects, correctly extracted from the audited accounts of City's Cash for the period 1 August 2019 to 31 March 2020 (8 months) and from its unaudited accounts for the period 1 April 2020 to 31 July 2020 (4 month).

- in all material respects, income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the Guildhall School of Music and Drama have been properly applied for the purposes for which they were received.
- based on the work performed in giving our reasonable assurance opinion on the subject matter, we have nothing to report, on the following matters which the OfS requires us to report to you:
 - The School's grant and fee income, as disclosed in the note to the accounts, has been materially misstated.
 - The School's expenditure on access and participation activities for the financial year has been materially misstated.

Scope of the Assurance Engagement

The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the Statement of Comprehensive Income and Expenditure whether due to fraud or error.

In making those risk assessments, we have considered internal control relevant to the preparation of the Statement of Comprehensive Income in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Guildhall School of Music and Drama and the City of London Corporation's internal control over the preparation of the Statement of Comprehensive Income and Expenditure. Our engagement also included: assessing the appropriateness of the Statement of Comprehensive Income, the suitability of the criteria used by Guildhall School of Music and Drama and the City of London Corporation in preparing the Statement of Comprehensive Income and Expenditure in the circumstances of the engagement. Reasonable assurance is less than absolute assurance.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

In our opinion:

- the Statement of Comprehensive Income and Expenditure statement has, on the basis of agreed criteria and in all material respects, been correctly extracted from the audited accounts of City's Cash for the period 1 August 2019 to 31 March 2020 (8 months) and from its unaudited accounts for the period 1 April 2020 to 31 July 2020 (4 month).
- in all material respects, income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the Guildhall School of Music and Drama have been properly applied for the purposes for which they were received.

Based on the work performed in giving our reasonable assurance opinion on the subject matter, we have nothing to report on the following matters which the OfS requires us to report to you if, in our opinion:

- The School's grant and fee income, as disclosed in the note to the accounts, has been materially misstated.
- The School's expenditure on access and participation activities for the financial year has been materially misstated.

Restriction of Use of Our Report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than Guildhall School of Music and Drama and the City of London Corporation for any purpose or in any context. Any party other than Guildhall School of Music and Drama and the City of London Corporation who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Guildhall School of Music and Drama and the City of London Corporation for our work, for this independent reasonable assurance report, or for the conclusions we have reached.

Our report is released to Guildhall School of Music and Drama and the City of London Corporation on the basis that it shall not be copied, referred to or disclosed, in whole (save for Guildhall School of Music and Drama and the City of London Corporation's own internal purposes) or in part, without our prior written consent.

BDO LLP
Chartered Accountants
London
United Kingdom

Date

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).