
Northern School of Contemporary Dance

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDING
31 JULY 2016

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OPERATING AND FINANCIAL REVIEW FOR THE YEAR FROM 1 AUGUST 2015 TO 31 JULY 2016

NATURE, OBJECTIVES AND STRATEGIES:

The members present their report and the audited financial statements for the year ended 31 July 2016. The Operating and Financial Review was prepared in accordance with the Accounting Standards Board's Reporting Statement, Charity Commission guidance on public benefit and section 4 of the Charities Act 2011.

Legal Status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting The Northern School of Contemporary Dance (NSCD). The School is an exempt charity for the purposes of the Charities Act 1993 as amended by the Charities Act 2006 and 2011. Since 2003, the Northern School of Contemporary Dance has been a constituent school of the Conservatoire for Dance and Drama (CDD).

Mission Statement

The Northern School of Contemporary Dance's mission, as approved by its members, is to provide inspirational learning enabling aspiring contemporary dance artists and dance professionals, regardless of background, to shape the future of dance.

NSCD values:

- The transforming power of dance and arts education;
- Curiosity, self-reflection and open-mindedness;
- Inclusive learning, in a spirit of mutual respect and generosity;
- Innovation and research-led teaching;
- Aspiration and striving for excellence;
- Our diverse staff and student body that enriches and broadens the learning experience and inspires creativity;
- Collaboration by sharing and learning together;
- Continual development in artistic practice and in dance education;
- Our NSCD community and our relationship to the dance profession and to the wider community;
- Operating in the most cost-effective way to best support student achievement and staff development;
- Contributing to developing the cultural wealth of Leeds and the North.

Public Benefit Statement

The Northern School of Contemporary Dance, as a constituent School of the Conservatoire for Dance and Drama, uses its exceptional funding to deliver additional public value in six ways:

- a. Producing exceptional artists who shape the future of dance, drama and circus arts;
- b. Fostering talent and creativity through world-class vocational training;
- c. Finding and nurturing the finest UK talent;
- d. Supporting the cultural infrastructure;
- e. Fuelling development in the creative industries;
- f. International leadership in dance, drama and circus arts.

The Conservatoire was born from a need to protect high level vocational training in dance and drama and to sustain the UK's leadership in these fields internationally. The addition of circus arts to the Conservatoire's portfolio enhances the UK's reputation in this field.

Public Benefit Statement continued

NSCD has had regard to the Charity Commission's guidance on public benefit. The primary public value delivered by the School within the framework of the Conservatoire is that it produces world-class alumni who go on to shape the future of the performing arts.

This has cultural, economic and reputational value, which extends beyond the School.

The specialist training needed to succeed at the highest levels is made available to the finest talents irrespective of background, and the School is unstinting in the search for talent wherever it can be found, including non-traditional forms and sources. This process stimulates wider participation in the arts and provides in the Conservatoire and its constituent schools a national point of aspiration for dance, drama and circus students throughout the UK.

The additional public value cannot be secured without training of this kind, with its defining focus on nurturing young artists as individuals. The School is rigorous in its delivery of training, compassionate in its support for its students and imaginative in its promotion of dance. It provides valued support to the cultural infrastructure and fuels the development of the creative industries, pushing the boundaries of the art forms, developing national capability in new areas, building enterprise and enriching national life with its public performance programming. Its international work increases the UK's world standing in the arts and enhances the competitiveness of UK higher education. Its graduates are cultural ambassadors who extend and enhance the creative life of the UK.

Review of the Year

The current Strategic Plan covering the period from 2013 to 2018 was formally approved and adopted by the Board in July 2014. This plan, updated from the original, incorporates additional stakeholder feedback and contextualises the approved aims and objectives.

The Strategic Plan places focus on how the School can integrate further and maximise the benefits of its different departments and strands of activity to benefit student learning, and to contribute to artist and audience development. The Plan conceptualises this as three themes of work, which cut across departmental boundaries and feed into each other: developing artists, learning and performance. There is a virtuous spiral of engagement and learning in the interaction between NSCD students at all levels, professional artists and companies performing in the Riley Theatre and the School's audiences and community participants.

The School encourages learning for students, staff, the emerging and established artists it works with, as they engage with young people and contribute to developing the art form, and for audiences and community members participating in classes and performance related workshops. **Performance** is at the heart of everything the School does: full-time students are preparing for careers primarily in performance, building an audience for dance in Leeds through professional and student theatre programming, and young people and their parents are encouraged both to perform and to see performance. The final strand, **developing artists**, captures NSCD's role as a leader in arts education, not only in training students for careers as artists and arts professionals, but supporting talented retention and also artistic infrastructure with the North of England. In this the School seeks to empower others to develop the artists of the future through collaboration and strategic partnerships.

The School's strategic aims and objectives can be summarised as follows:

1. To provide **Inspirational Learning** for students, staff and artists
2. To be an **International Centre** in Leeds for dance education
3. To secure a **Sustainable Future** that enables NSCD to achieve its artistic aspirations

Progress is formally reviewed by the governing body on an annual basis, against key objectives for the year, supplemented by the receipt of regular reports on progress throughout the lifetime of the plan.

Objectives and Achievements in 2015/2016

The School set itself a wide range of targets last year and we have made significant progress in achieving our goals. The objectives of the School and the achievements made against them in the current year are noted in this section.

To work with the Conservatoire of Dance and Drama and the other eight schools of the Group to secure a further tranche of institute specific funding from HEFCE.

- In May 2016 we were delighted to receive confirmation that the Conservatoire for Dance and Drama had been judged as world-leading in its fields of dance, drama, circus arts and technical theatre, as part of the Higher Education Funding Council for England (HEFCE) review of institution specific targeted allocation (ISTA) funding. An independent panel, chaired by Professor Sir Christopher Frayling and including international experts, advised HEFCE in reaching this judgement. This accolade of providing 'world-leading teaching' and that the institution's 'students, graduates and teaching practitioners are maintaining world-leading developments in their specialisms, or creating the new industries or art forms of the future' is an outstanding achievement for NSCD and colleagues in CDD.
- However, the new funding is at a reduced level and transitional arrangements will smooth out that reduction, but guaranteed funding will only be available for a further four year period.

The Conservatoire and its constituent schools to continue to closely monitor and analyse student applications, provide full and detailed information about the financial support available to students and respond to consultations and requests for information. In particular, to monitor any impact of the withdrawal of government maintenance grants from 2016/17 on application and response levels.

- Although applications dropped by 8%, the number of students attending for audition and the quality of those students meant that offers remained consistent with previous years.

The School to launch an MA in Contemporary Dance, to provide an opportunity for those students who successfully complete a Postgraduate Diploma to progress onto a fourth term of study towards an MA qualification.

- Three of our 2014/15 PGDip students took up the offer to study for the MA last year, with one gaining a merit and two distinctions. Three more MA students are currently undertaking a fourth term to complete the programme this year.
- After a period of programme review in 2015/16 the School has upscaled the PGDip to become an MA in Contemporary Dance Performance. This has enabled students to access financial support of up to £10,000 from the government's newly introduced postgraduate loan scheme, available from 2016/17 onwards.

To continue the development of external relationships with a focus on forging new partnerships and strengthening existing ones in promoting Leeds as a major centre for dance. This objective will give rise to more opportunities for students, graduates and staff, retaining talent and promoting cultural development in the region and beyond. Partnership working will demonstrate the value of NSCD as a cultural partner and help build our profile locally, nationally and internationally. We will continue to play a part in the development of a Leeds Dance Strategy through partnership working which seeks to promote Leeds as a major dance hub. Dance is now seen as a major strength in Leeds City Council's bid for the 2023 European Capital of Culture. NSCD will benefit from these strategic nationally and internationally focused initiatives that support the School's vision and mission.

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- The Leeds Dance Partnership (LDP) was launched in April 2016 with an event opened by Darren Henley OBE, Chief Executive of the Arts Council and Judith Blake, Leader of Leeds City Council. There were six performances at the launch, three of these involving current students or alumni. Verve, our postgraduate dance company, alumnus Akeim Touissant-Buck and the Gary Clarke Company which underlined the dynamic impact of our graduates' on dance development in the city and the north. The vision is for the city to become an international centre of excellence for dance.
- A strategy and structure for implementation has now been developed, through an inclusive consultation process. Our Governors have approved NSCD's Partnership commitment as a member of the LDP Partnership Board, along with Northern Ballet, Phoenix Dance Theatre, Yorkshire Dance, West Yorkshire Playhouse and representation from the independent dance artist community. The Partnership has submitted an application to the Arts Council's Ambition for Excellence fund for approximately £750,000 to be apportioned over a three year period, enabling the appointment of a Director and Marketing Manager and delivery of projects to build the dance infrastructure and deliver a programme that supports artist development and gives access to excellence in dance, supporting partnership working to maximize impact and progression routes into dance.
- Despite Brexit, Leeds City Council is pushing forward on the 2023 European City of Culture bid and developing a strategy for the city with culture at its heart and NSCD is well-placed to be a partner in the development and delivery of the city's declared aim to have a dance curriculum for Leeds Schools.

As a partner in the European Dance Academy Network, of which NSCD is a founder member, the School will continue to work with the three European partner schools: The Royal Conservatoire, Antwerp, Fontys Academy at the University of Tilburg and The Duncan Centre, Prague, to deliver an ERASMUS+ programme of intensive study weeks and the production of an online learning resource as an outcome of the project which will complete in 2016/17.

- In 2016 a group of students and staff members participated in a stimulating intensive study week at the University of Tilburg as part of the Erasmus + funded project, with workshops, seminars and site specific performances. The focus was on the transferable skills of dancers, whilst addressing the relationship between dance and the urban environment and architecture and dance as activism.
- In June 2016 the School was notified by the British Council of its successful application for Erasmus+ funding, thereby allowing both staff and students the opportunity to apply for funding to study and train in partner countries in the next two years.

The Riley Theatre to form an integral part of the School's offering. The intention is to secure a permanent funding stream and build the professional development and European performance profile of the theatre, and continue work on promoting Riley Theatre as a performance venue and cultural hub. This will be enhanced by capital investment in the foyer as a front of house facility for the theatre, improving furnishing and lighting as well as by enhanced promotion through marketing of the venue. The theatre can provide professional development opportunities for graduates, encouraging talent retention whilst also bridging the gap between specialist education and securing employment in the dance industry. Riley Theatre also makes a valuable contribution to Dance programming in the city, helping attract students to the School as part of its offer. Riley Theatre remains important to the dance ecology as a potential touring venue.

- Through a previous successful Arts Council Grants for the Arts (G4A) application, we continued our provision of European and Northern Connections professional programming. This enabled NSCD to present three performances of high quality new European work and also a second of two Northern Connections Showcases developing and promoting emerging artists in the north. Featuring James Finnemore, the Middleton Corpus and Gracefool Collective – all talented NSCD alumni – this

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project provided each with rehearsal space and technical/staging and mentoring support. Workshops and post show discussions provided wrap-around engagement support for these events.

- All six commissioned Showcase artists benefitted from the support and exposure of this provision, attracting Arts Council or other sources of funding to further develop and tour their work. They continue to thrive and develop, enriching the contemporary dance scene. Carlos Pons Guerra's DeNada Dance Theatre, featured in the spring 2015 Showcase is now touring internationally. Carlos has been commissioned both nationally and internationally as a choreographer, working with Rambert Dance Company, the National Ballet of the Dominican Republic and Attakalari in India. We were also delighted that Carlos was also nominated as Best Emerging Dance Artist in the National Dance Awards 2015, which included 15 NSCD alumni within the nominated artists and companies.
- The G4A funded performances included Joan Clevillé Dance, and Anton Lachky Company, each of which drew standing ovations, and also the award winning children's work, MOKO, created by alumnus, Akram Kahn. Additionally we hosted a performance by Igor and Moreno as part of Thinking Dance, an ambitious two week programme of research through a partnership with Yorkshire Dance and Leeds Beckett University, Phoenix Dance Theatre and NSCD. We are delighted to have received a further G4A grant enabling NSCD to continue Northern and European Connections programming in 2016/17.
- Verve, NSCD's postgraduate performance company, premiered their tour at the theatre, presenting new works choreographed by European artists Anton Lachky, Efrosini Protopapa, Renaud Wisser and Athina Vahla, before touring in the UK and Europe. The School also continued its partnership hosting of performances by UK and European graduate companies. The student Annual Showcase and End of Year Performances highlighting the talents of students throughout the school, and profiling the work of an eclectic range of choreographers were very successful and the School continues to present and host a number of community dance platforms, including celebrating the work of our own centre based groups, as well as groups from across the city. Finally, we staged our own very successful 30th Anniversary Gala event at the Riley theatre in May 2016 for staff and alumni.
- Riley Theatre performances meant that NSCD reached audiences of over 5,000.
- During the summer months the Riley Theatre underwent an extensive external repair and refurbishment programme which included cleaning and pointing the façade and repairing external lighting. The foyer area has been refreshed and photographs from our archive have been restored and displayed. There are plans to continue enhancing our offering with more promotion of the theatre as a venue and of the events taking place, thereby continuing to build our visibility and audience base.

To continue our extensive Widening Participation and outreach work which encompasses the whole student lifecycle. From initial contact in outreach activities, through pre-entry support, auditions and application and through to success within and progression beyond NSCD and the Conservatoire's schools. The projects interlink across faculties at NSCD and knit together our overall aim to embed widening participation across the school.

- Our Learning & Participation team specifically work with the initial contact and outreach activities and in the past year have targeted work specifically at Low Participation Neighbourhoods, State Schools, students from disadvantaged and/or BAME backgrounds those with disabilities or from a care setting.
- VERVE our postgraduate company led outreach workshops, supported by NSCD teaching staff which took place in schools targeted from Polar 3 areas (quintiles 1 and 2) with high levels of free school meals (FSM) in Yorkshire. We also ran workshops at NSCD targeting for participants from schools and youth groups that have little or no access to dance. In recent years we have worked with Dance Action

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Zone Leeds (DAZL) and RJC Dance in Chapeltown and also maintained links with Leeds Fostering Service and Leeds City Council's 'Art Forms', both of who deal with young people in care.

- Youth Masterclasses were delivered by the Middleton Corpus and ACE Music and Dance – both companies' Artistic Directors are NSCD Alumni thus connecting our prospective students with our alumni and developing our NSCD student's lifecycle.
- Free NSCD Summer School places were provided for five talented young people who are spotted in the above activities, they were also given a travel bursary to attend. The Summer School was an ideal opportunity for those interested in dance training to gain intensive experience of training and build familiarity with the NSCD staff and facilities.
- Linking with the Children and Young People's Dance Network North we partnered with Gateway Studios in the NE for a pilot Taster Day. Participants had the opportunity to participate in a contemporary technique and creative class, be given a talk on CDD / NSCD and dance training culminating in a question and answer session with two lecturers from NSCD.
- The School is supporting young male dancers by running a Male Youth Company and has run a series of workshops specifically targeting males from Polar 3 quintiles 1 & 2, from varying ethnic background in partnership with Phoenix Dance Theatre, DAZL and Yorkshire Dance.
- NSCD is one of nine national Centres for Advanced Training providing classes for talented 13-17 year olds, with grants available for students through the Department of Education. In this year's student cohort 77% of CAT students were eligible for DfE funding, 44% being on full grants. The summer saw our largest graduating cohort so far with 22 students completing their final year. We are delighted that 35% are progressing to NSCD, 35% to other vocational/ conservatoire studies, 17% to university dance related studies and 13% to non-dance related university degrees.
- Through our Learning and Participation team we also provide community access and participation in dance through weekly classes, in 2015/16 over 1,000 participants attended these classes. Our summer school and dance workshops, delivered locally, regionally, nationally and in Europe engaging approximately 1,300 participants.

To develop a clear and concise Overseas Development & Fundraising Strategy for NSCD.

- Following the approval by the Board of an Overseas Development and Fundraising Strategy for NSCD, work began on this project in early 2016. Following on from a major piece of market research commissioned as part of this project, a new MA in Dance and Creative Enterprise has been written to focus upon the creative artist as entrepreneur. Business and marketing are indicative components within the programme, which it is hoped will appeal to the international market, to develop the international standing of the School and increase and improve its business model. This course will have its first intake in September 2017.
- In 2016/17 the School will hold its first overseas auditions in Singapore and Hong Kong which have been identified as target overseas markets.
- The School continues to work on its overall fundraising strategy, both to support the students and educational activities of the school and to contribute to the future funding required to replace the ISTA funding to be withdrawn over a four year period. Investment in fundraising, developing our fundraising culture and building delivery to targets is a key development area for the immediate and long term future. The School will also prepare to address providing for future capital building development needs.

To further develop the potential for the School to provide student accommodation and state of the art facilities synonymous with specialist conservatoire education.

- This is a major strategic project that is likely to progress over the course of several years. In 2015 the School set out the size and layout we envisaged for an ideal new build. We are currently updating this work in the light of demand and plans for potential new courses at the school, including the requirement for student accommodation. Potential sites in Chapeltown and throughout the city will continue to be assessed for both suitability and affordability.

Future Developments for 2016/2017 onwards

There are a number of key developments to be considered alongside the existing Strategic Plan aims and objectives:

- To closely monitor the impact of Brexit on the HE Sector in general and on our own EU application numbers for 2017/18.
- To continue to lobby the Government to ensure that the status of EU students is clarified as soon as possible for applicants intending to start their studies in 2017/18.
- To support the Conservatoire of Dance and Drama in their application for Taught Degree Awarding powers.
- To support the Conservatoire of Dance and Drama response to the White Paper, Higher Education and Research Bill, and Teaching Excellence Framework (TEF) Technical Consultation.
- To consider the implementation of a new Strategic Plan which recognises both the recent changes to staff and governing body and reflects the changing external landscape and the many challenges as well as opportunities that lie ahead.

Financial Objectives

The School's financial objectives are:

To ensure that NSCD continues to be a going concern by maintaining financial stability, exploring new income streams to aid development and capital investment, delivering a net surplus year on year and building reserves to provide future security.

- The School continues to remain financially stable during uncertain times, whilst maintaining standards and enhancing the student experience. An operating surplus of £482K has been achieved for the financial year 2015/16, which after the deduction of £370K, to be set aside for the increased liabilities of the West Yorkshire Pension Fund, equates to an addition of £112K to Reserves which now stand at £1,956K which slightly exceeds the target of a minimum of seven months of operating costs as set out in our Reserves Policy.

To maintain existing and build new funding streams to assist eligible students by providing financial support via scholarships and bursaries; therefore improving student retention and enabling students to concentrate on their dance practice.

- The School distributes residential and hardship bursary funds from both the Education Funding Agency and the Skills Funding Agency to qualifying students on the Foundation course. The Conservatoire of Dance and Drama has set up a Scholarship Fund to offer substantial cash bursaries to eligible undergraduate students. In addition we are delighted that the Leverhulme Trust will provide a three

year programme of support for undergraduates from 2016/17 onwards. Postgraduate students studying in 2015/16 received bursaries funded by both the Leverhulme Trust and the School but these will not be available in future years. From 2016/17 onwards postgraduate students can access loans from the student loan company and, in addition, eligible students may receive support from the Linbury Trust.

- The School will continue to actively explore other funding opportunities over the coming years in line with its agreed fundraising strategy.

Performance Indicators

As a Higher Education Institution, affiliated to the Conservatoire for Dance and Drama (CDD), the School measures its performance by the overall employment targets set by HEFCE for conservatoire performing arts institutions and by successful qualification and completion rates. The School also carefully monitors student recruitment and retention, reflecting its concern for providing the widest possible access to the highest level dance training opportunities available in the UK. Four key performance indicators are noted below:

Student Recruitment

Students can apply and book auditions via a bespoke online application system. 611 applications were received for 2016/17 entry to the BPA, Postgraduate and Foundation programmes, for which approximately 110 places were available. This is slightly lower (-8%) when compared to the previous year, where applications received totalled 664. The decrease is in relation to the BPA and Foundation auditions, whilst applications for the postgraduate pathways increased from the previous year. The overall quality of the applications was of a higher standard than previously, with the number of shortlisted candidates rising by 11%. It was also noted that acceptance and confirmation rates improved on the previous year.

Qualification and Completion rates

Our students continue to perform exceptionally well and we are proud of their achievements. Of the students graduating in July 2016, 45 completed the BPA programme of which 91% achieved a 2:1 classification or above. 24 achieved first class awards, 19 achieved a 2:1 classification, 2 students received a 2:2 classification. These results reflect an alteration in regulations and marking scales introduced by the University of Kent in 2015/16, which no longer enabled some of the rounding up to take place, as of the previous year and thereby made the highest grades more difficult to achieve. Postgraduate achievement continues to be high with 18 students being awarded a Distinction and 2 students a Merit across both Postgraduate Pathways.

A total of 30 students successfully completed the Foundation Course, with one learner deferring during the academic year.

Student Destinations

As a member of the CDD, the School is subject to the conditions of Institution-specific funding for specialist institutions, specifically with regard to employment outcomes. The target set for achieving professional employment for CDD graduates in the dance/drama and circus arts fields is 75% within 3 years of graduation. The 2015 Destination of Leavers in Higher Education survey saw the best response rate to date with 85% of UK domiciled leavers from full time courses responding to the survey and thus meeting the target set by HEFCE. The most recent figures from the 2015 survey demonstrate that, 6 months after graduating, 100% of BPA respondents were engaged in employment or further training. 80% of respondents were known to be in significant dance, drama or circus employment or undertaking further study.

National Student Survey

We were pleased that more students than ever this year engaged in the survey (96%) up 21% on last year. The results of the survey continue to be strong against the sector and are above the top quartile of all HE institutions. Results are comparable across other conservatoire schools with a similar survey return sample. Although scores were slightly lower as a school than 2015, they still remained higher than 2014 and previously. The exception being assessment & feedback and this still remains higher than the industry standard. As a school we remain significantly strong against same subject disciplines across the conservatoire group.

The scores obtained, from a 96% response rate are: teaching 4.4, assessment & feedback 3.9, academic support 4.4, organisation & management 4.2, learning resources 4.7 and personal development 4.7. The scores cumulate into an overall satisfaction rate of 4.3 (each category being based on highest score available being 5). Analysis of qualitative data in comparison with 2015 has not identified any additional reasons why scores should be any different from the excellence of the previous year. Overall satisfaction increased by 1% to 89% from the previous year's score.

Student Numbers

As a constituent school of the Conservatoire for Dance and Drama in receipt of Institution-specific funding, student numbers at NSCD are restricted to remain at approximately 211 Full Time Equivalent (FTE) places. The ratio of applications to enrolments across the Foundation and Degree courses (a joint audition is held for those courses) equates to 8:1, with a ratio of 6:1 also applying for the Postgraduate Pathways. This has stayed consistent in comparison with previous years previous years. Although applications dropped by 8%, the number of students attending for audition and the quality of those students meant that offers remained consistent with previous years.

Curriculum Developments, Research & Scholarly Activity

As part of a new staffing structure, the Director of Studies began a period of programme review, to re-align areas of the curriculum in preparation for the re-validation of the undergraduate and postgraduate provision in 2016/17. The key agenda for this review was to be responsive to last year's more organic approach to the holistic development of a dancer and a career focus, whilst at the same time to build a progressive 'scaffolded' curriculum to identify and unite re-occurring strands and themes of study, across programmes. This approach supported a further educational aim of the re-validation process which was to create a portfolio of programmes where knowledge transfer, progression and the learning journey can be more readily identified. The BPA programme has been re-validated as a BA (Hons) degree programme to support visibility and to enable applicants to search for the programme more easily. It was felt that the standardisation of the title to be a BA rather than BPA enabled more people to fully understand the qualification that they are applying for.

Major course revisions for the BPA and MA in Contemporary Dance performance (VERVE / PAS) have been presented to the University of Kent, new programme designs will be in place for 2017 intake.

In order to respond to the challenges in funding postgraduate provision, the PG Dip programmes were converted into MA qualifications, so that students from 2016 onwards can access the new postgraduate loans.

Following on from a piece of market research, a new MA in Dance and Creative Enterprise has been written to focus upon the creative artist as an entrepreneur. Business and marketing are indicative components within the programme which, it is hoped, will appeal to the international market, to develop the international standing of the School and increase and improve its business model. This course will have its first intake in September 2017.

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NSCD continues to improve on the consistency of excellence in teaching delivery. Over this year emphasis has been given to embedding peer observation, to tutorial and feedback training for teaching staff and to building methodologies for sharing best practice. A focus upon research informed teaching will enable the school to set a foundation for its research strategy for the next 5 years, drawing carefully upon the best applied and developed scholarship into pockets of research with the capability of world leading arts practice.

During the year the performance faculty undertook a piece of collaborative research with Professor Matt Wyon to analyse how periodisation might have a positive effect on students training. Its aim was to introduce periodisation across the curriculum, theming and phasing activity to enhance learning, achieve peak performance and reduce injury for young dancers training for the profession. The results of which are being presented at a national conference to be held here at the school in October 2016.

The profile of practice-led research continues to grow with the school and its curriculum. A significant number of staff have applied for small research project grants through CDD and a number are disseminating their practice through a national conference in October 2016. We plan to introduce monthly 'research cafes' to support the mentoring of these activities and further promote the work of the school and its potential to be world leading in the field of practice based research.

FINANCIAL POSITION

Financial Results

The School has retained an operating surplus of £482K (2014: £359K) which has assisted in building reserves to the required value of covering a minimum of seven months expenditure and thereby to providing a buffer in a challenging environment where government funding is expected to diminish over the next four years and the impact of Brexit on the HE Sector is yet to be determined.

Whilst the operating surplus was £482K, the School was required to set aside a further amount of £370K to cover the increased liabilities of the West Yorkshire Pension Fund, thereby meaning that a net amount of £112K was added to reserves.

The operating surplus was achieved primarily due to confirmation that there would be no clawback of Government Funding for the year and the recovery of some old outstanding tuition fee balances. As a result our Income increased by 4.9% from £3,050K in 2014/15 to £3,201K in 2015/16. Expenditure rose by 0.8% from £2,701K in 2014/15 to £2,722K in 2015/16.

The School continues to invest heavily in the core provision offered to students; placing emphasis on delivering great value and a relevant and further enhanced curriculum which reflects the skill set required in the competitive market place following graduation. The guest artist and teacher budget was maintained to offer diversity, supplementing the core staff base with specialist knowledge and ensuring current industry insight.

The School is also committed to maintaining and developing the learner support provision already in place, to enable the continued well-being of its students, whilst ensuring the support is tailored to satisfy the particular needs of those studying dance within a Conservatoire environment.

The School has now introduced the new student records system and so have moved to using electronic registration in the new academic year, which will aid all aspects of student monitoring and support. In the next financial year a review and feasibility study of new online learning platforms will be undertaken so that this can be introduced in 2016/17.

The School is also continuing the process of investing in the process of developing new courses and entering new markets in order to grow the school and its curriculum and academic offering.

The School conducted a detailed condition survey of its existing premises in the year in order to produce a rolling programme of maintenance and improvement to ensure that our student facilities remain both attractive and functional. A major refurbishment of the exterior of the building and foyer area has been completed in the year. A building feasibility project continues to assess both medium and long-term needs of the school, including the aspiration to provide student accommodation and to increase classroom and studio capacity in order to facilitate smaller class sizes and expand the School's range of courses and other offerings.

The School appreciates the generous financial support for students it has received from The Leverhulme Trust, The Linbury Trust, HEFCE via the Conservatoire for Dance and Drama (CDD), the Education Funding Agency (EFA), the Skills Funding Agency (SFA), Friends of NSCD and individual donations. Support for core School activities in the year was also received from the CDD (HEFCE teaching grant and related funds), the EFA, the SFA, the Department for Education (music and dance scheme) and Arts @ Leeds.

Reserves

The School has agreed and adopted a reserves policy of retaining at least seven months working capital as a reserve which is considered both prudent and good practice in the HE Sector. The reserves policy enables the School to meet on-going commitments and cash-flow needs and also to manage the liability associated with the West Yorkshire Pension Fund.

The current financial year has seen an increase of £112K in reserves, this surplus has assisted in building reserves to £1,956K. The required reserves value to cover a minimum of seven months expenditure is approximately £1,700K which provides a buffer for the School in a challenging environment where government funding is expected to diminish over the next four years and the impact of Brexit on the HE Sector is yet to be determined.

The impact of the ongoing volatility of the liability associated with the WYPF continues to be felt and is being closely monitored. There is an expectation that further funds will need to be set aside to meet those liabilities, these funds being in addition to the working capital reserve requirement.

The School does not currently carry any mortgage or commercial lending costs and so expects that any further surplus funds would potentially be set aside to invest in the next phase of expansion or redevelopment of our property requirements.

Payment Performance

The School's policy is to use its purchasing power fairly and to pay promptly and as agreed.

The terms for payments for purchases under major contracts are settled when agreeing other terms negotiated with the suppliers. It is the School's usual policy to make payments for other purchases by the end of the month following the date of supply, provided that the relevant invoice is presented to the School in a timely fashion and is complete. Smaller organisations and individuals may be paid more promptly.

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 01 November 1998, requires schools, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. This timescale is adhered to in the absence of an alternative agreement being in place.

Events after the Reporting Period

There are no reportable post-balance sheet events.

Resources

The School has various resources that it can deploy in pursuit of its strategic objectives:

- Tangible resources include the main School site and equipment.
- The School has £1,956K net assets (after deducting the £841K pension liability).
- The School employs 40.2 people (expressed as full time equivalents) of whom 13.9 are teaching staff and 8.1 teaching support staff.
- The School has an excellent reputation both in the UK and internationally, providing a unique provision at conservatoire standard. Maintaining this quality is essential for the School's success in attracting students, staff and external relationships.

Principal Risks and Uncertainties

The School has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the School's assets and reputation.

Based on the strategic plan, the School has undertaken a comprehensive review of the risk to which the School is exposed. Systems and procedures have been identified which should mitigate any potential impact on the School. In addition, issues are diminished by internal audit visiting twice a year, appraising areas as identified in the approved three-year rolling plan. The plan contains a standard audit programme of work, whilst also allowing flexibility for a tailored audit to be conducted in an area of potential high risk. This year focused on the Workload Modelling Project and implementation of student new systems. The Governing Body will also commission special projects, as required, if an area of particular concern has been identified outside the usual programme of work set for internal audit.

A risk register is maintained at School level which is reviewed at each cycle of Committee meetings throughout the year. Distinct areas of risk are also reviewed by the Academic Board. The risk register identifies key risks, the likelihood of those risks occurring, their potential impact on the School, the actions being taken to reduce and mitigate those risks and future plans to further develop systems risks are prioritised using a consistent scoring system.

Stakeholder Relationships

The School has many stakeholders, these include: Students, Staff, Funding Councils, the Conservatoire for Dance and Drama (CDD), Local Authorities, The Leverhulme Trust, The Linbury Trust, The Dance in Partnership Trust, the Department for Education, The Arts Council of England and the local community.

The School recognises the importance of these relationships and engages in productive communication via formal and informal channels - including extending invitations to key stakeholders to School performances and other social events.

Staff and Student Involvement

The School considers good communication with its staff to be very important and encourages staff and student involvement through membership of formal committees, including representation on the Board of Governors and the Academic Board. Staff meetings are held on a termly basis at which staff are able to raise questions and express views about the working of the School. Staff have also been encouraged to contribute to the process of identifying the ideal size and layout of a new building and to give input into our plans for the future during facilitated meeting sessions. They are also consulted throughout the process of any major changes taking place within the organisation.

Student Union

The School has developed a code of practice designed to work with the student union representatives to meet the requirements for a constitution. This ensures that students who are not members of the student union are not disadvantaged by their status. To date, despite active encouragement from the School, the NSCD student body has chosen not to elect

official union representatives and to take advantage of the associated benefits. However, student representatives have organised the distribution of student union cards and organise events.

Equal Opportunities and Employment of Disabled Persons

The Northern School of Contemporary Dance is committed to ensuring equality of opportunity for all students and employees. The School actively promotes a culture which respects and positively values differences in race, gender, sexual orientation, ability, class and age. It also strives to remove conditions which place people at a disadvantage and actively combats bigotry. This policy will be resourced, implemented and monitored on an annual basis by the Corporation.

The School considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled every effort is made to ensure that employment with the School continues. The School's policy is to provide training, career development and opportunities for promotion which are, as far as possible, identical to those for other employees.

Charitable and Taxation Status

The School is an exempt charity for the purposes of *The Charities Act 2011* and is not liable to Corporation tax.

Disclosure of Information to Auditors

The members who held office at the date of approval of this report confirm that, as far as they are each aware, there is no relevant audit information of which the School's auditors are unaware; and each member has taken steps that he or she ought to have taken to be aware of any relevant audit information that the School's auditors are aware of that information.

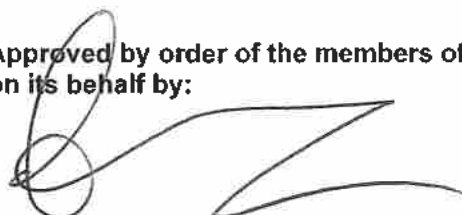
Going Concern

The activities of the School, together with the factors likely to affect its future development and performance are set out in the Operating and Financial Review. The financial position of the School, its cash flow and liquidity are described in the Financial Statements and the accompanying Notes.

The Corporation believe that the School is well placed to manage its risks successfully despite the current uncertain economic outlook and is satisfied that reliable control systems are in place, together with an effective monitoring system.

The School's current forecasts and predictions, taking account of reasonable sensitivities in relation to the key risks set out elsewhere in the Financial Statements, show that the School has adequate resources to continue in operational existence for the foreseeable future and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Approved by order of the members of the Corporation on 20 October 2016 and signed on its behalf by:



Clive Macdonald
Chair

Professional Advisors

External auditors	KPMG LLP, 1, Sovereign Square, Sovereign St, Leeds LS1 4DA
Internal auditor	Colin Shearing, Internal Auditor for the CDD, The Conservatoire for Dance and Drama, Tavistock House, Tavistock Square, London, WC1H 9JJ
Bankers	HSBC Bank plc, 108 Harrogate Road, Leeds, LS7 4NU Barclays Bank plc, Commercial Street, Leicester, LE87 2BB
Solicitors	Eversheds LLP, Bridgewater Place, Water Lane, Leeds, LS11 5DR

Chair of Governors Report

I am very pleased to report another year of outstanding success and significant progress. This is most evident once again in the exceptional results achieved by our students.

The level of attainment of both the BPA Hons in Contemporary Dance and across the postgraduate pathways has been outstanding – 91% of students graduating from the BPA programme have obtained a 2:1 degree or above. Students graduating from the two postgraduate pathways have secured employment with well-respected professional companies and individuals.

The Centre for Advance Training (formerly Yorkshire Young Dancers Scheme), run in conjunction with Northern Ballet, continues to flourish and this year the number of places NSCD offered on the scheme was 61 over the three year groups.

Our Learning & Participation team continue to provide an extensive range of opportunities for schools, community groups and young people. We are proud of our pioneering investment in widening participation, outreach and other activities which enables as many people as possible to engage in dance as audience members and participants.

Our offer to professional dance artists is increasingly significant and very important to the holistic nature of the School's role.

The 2015/16 academic year marked the 30th anniversary of NSCD. So it was with great sadness that we received the news of the passing of Nadine Senior MBE, dance pioneer and founder of the school, in January 2016. Nadine retired in 2001 and the tremendous impact of her contribution continues to resonate. It underpins not only our School but Leeds as a City of Dance with Phoenix Dance Theatre, RJC Dance and many other individual artists and arts administrators touched by her inspiration.

The school marked the occasion of the 30th Anniversary with a photographic exhibition and a well-attended event for alumni and staff. This included moving performances from current students, our postgraduate company Verve, associated dance artists and Namron OBE, one of the school's founding teachers. The academic year also saw the 10th anniversary of the postgraduate company VERVE which continues to flourish.

The School has been proactive in the light of increased student expectations that has accompanied the introduction of a much higher student tuition fee contribution. It has been essential that academic standards and the quality of learning opportunities reflect those higher expectations. The student offering continues to adapt, taking into consideration student feedback and to make sure that graduates are equipped with the necessary skills to obtain employment in a competitive industry. The benefits of refreshing and renewing the student experience are underpinned by continuing high ranking via the National Student Survey where NSCD achieved positive scores of 89%, well above averages for the higher education sector.

NSCD has continued to recognise the importance of its already well regarded student services, ensuring student support is accessible and of high quality. Our leading edge work on access to the curriculum and providing alternative assessments has allowed us to widen participation and ensure that students from all backgrounds are able to access our courses. Our extensive pastoral care and system of bursaries as well as willingness to assist with hardship means that we have high retention and success rates for all our students. We also promote healthy practice and awareness through initiatives such as the Healthy Dancer Days and injury support clinics.

Over the year the School has put together a long term maintenance plan and completed essential building repairs. In particular the exterior of the Riley Theatre, which is a listed former synagogue has been cleaned and repointed and work done to preserve the stained glass windows and light the dome. A refurbishment of the reception and foyer area is also underway. The school continues to work on establishing the most efficient ways to use the

existing space and to identify future space requirements to support the aspirations of the school over a longer timeframe.

NSCD is one of the eight members of the Conservatoire for Dance and Drama through which it is able to access institute specific funding from HEFCE. In May 2016 Northern School of Contemporary Dance was delighted to share news that the Conservatoire for Dance and Drama has been judged as world-leading in its fields of dance, drama, circus arts and technical theatre, as part of the Higher Education Funding Council for England (HEFCE) review of institution-specific targeted allocation (ISTA) funding. An independent panel, chaired by Professor Sir Christopher Frayling and including international experts, advised HEFCE in reaching this judgement. This accolade of providing 'world-leading teaching' and that the institution's 'students, graduates and teaching practitioners are maintaining world-leading developments in their specialisms, or creating the new industries or art forms of the future' is an outstanding achievement for NSCD and colleagues in CDD.

NSCD continues to place heavy emphasis on its development plans in response to the future changes to funding of specialist institutions and the challenges posed to student recruitment by rising tuition fees, the withdrawal of maintenance grants and external factors such as the Brexit vote. These plans include recruitment of more international students, development of a robust fundraising strategy and the introduction of more short courses and events.

Just over 30% of our degree and postgraduate students come from overseas, with the majority currently being from the EU. The school, like all other Higher Education institutions, faces significant challenges in the future due to the uncertainty of access by, and funding for, European Union students following the Brexit vote in 2016. This poses a particular challenge to recruitment for our courses from 2017/18 onwards.

During the year we strengthened Senior Management, in particular by introducing the post of Director of Education and appointing to in year vacancies including that of Director of Finance and Resources. These changes and the talent we have brought into senior posts will provide resilience and creativity to our leadership team in a changing climate and enable the School to concentrate on achieving our fundraising and strategic development goals.

I would like to note how the School continues to flourish under the outstanding leadership and guidance of NSCD's Principal, Janet Smith. I am sure she would be the first to want to recognise the contributions of colleagues on the Board who give up their time freely and generously for the benefit of the Corporation and are crucial to the on-going success of NSCD. My final thanks are to the bedrock of the outstanding success of the School during the year – the dedication and professional skill of the staff and the energy, hard work and talent of the students.



Clive Macdonald

Chair of the Corporation

Statement of Corporate Governance

The School is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the School has applied the principles set out in the UK Corporate Governance Code issued by the London Stock Exchange in September 2012.

The School is aware of its obligation under its Financial Memorandum with the Conservatoire for Dance and Drama. The purpose of this statement is to help the reader to the financial statements understand how the principles have been applied.

Throughout the year ended 31 July 2016, the School has been in compliance with all the Code provisions set out in Section 1 of the Combined Code on Corporate Governance in so far as they relate to Schools.

The School's Governing Body comprises of lay members, students, and employees appointed under the Statutes of the School, the majority of whom are non-executive. The roles of Chair and Vice-Chair of the Governing Body are separated from the role of the School's Chief Executive, the Principal. The matters specially reserved to the Governing Body for decision are set out in the Statutes of the School. The Governing Body holds to itself the responsibilities for the on-going strategic direction of the School, approval of major developments and the receipt of regular reports from the Executive Officers on the day-to-day operations of its business.

The Governing Body meets at least once per term, but will also arrange extraordinary meetings as required. The Governing Body met four times during 2015/16. There are several Committees including the Audit Committee, Remuneration Committee, Nominations Committee and newly reintroduced Finance Committee. All of the Committees are formally constituted with terms of reference and comprise mainly of lay members of the Governing Body, one of whom is the Chair.

Following a review of governance, lead governors have been introduced and allocated responsibility for key areas, including finance and safeguarding.

The Remuneration Committee determines the remuneration of the most senior staff, including the Principal.

The Audit Committee met three times during the year and met with the School's external and internal auditor in attendance. The Committee considers detailed reports together with recommendations for the improvement of the School's systems of internal control and management's responses and implementation plans. It also receives and considers reports from the Conservatoire and the Higher Education Funding Council for England as they affect the School's business and monitors adherence to the regulatory requirements. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee.

In July 2016 it was agreed to reintroduce a formal Finance Committee which will meet three times a year, with the first meeting to be held in September 2016.



Janet Smith
Principal

The Work of the Corporation

The members who served on the Corporation during the year and up to the date of signature of this report were as listed in the table below:

	Date of Appointment	Term of Office	Until	Status of Appointment	Committees Served
Mr Mark Baker	21/07/2016	4 years		Staff member	
Ms Pam Bone	11/07/2013	4 years		Independent member	Member: Finance
Ms Charlotte Burton	16/07/2015		31/07/2016	Student member	
Ms Frances Byrnes	01/07/2008 Re-appointed 01/07/2012 Re-appointed 01/07/2016	1 year		Independent member	Member: Remuneration
Ms Tamsin Cooper	16/10/2014	4 years		Independent member	Member: Remuneration
Ms Stephanie Ferguson	05/02/2013	4 years		Independent member	Member: Audit
Mr Niall Gault	14/03/2013	4 years	15/10/2015	Independent member	Member: Audit
Mr Roger Harington	14/03/2013	4 years		Co-opted member	Member: Audit
Ms Simone Hoggart	19/03/2015		10/06/2016	Staff member	
Ms Charlotte Jones	21/07/2016	To 31/07/2017		Student member	
Ms Ros Lehany	05/02/2013	4 years	26/05/2016	Staff member	
Ms Pam Lund	08/11/2007 Re-appointed 08/11/2011 Re-appointed 19/03/2015	2 years		Independent member	Vice-chair Chair: Finance Member: Remuneration
Mr Clive Macdonald	23/01/2014	4 years		Independent member	Chair: Board of Governors, Remuneration, Nominations Member: Finance
Mr Ben Mitchell	01/09/2016	4 years		Independent member	
Ms Vicki Pollard	16/10/2014	4 years		Independent member	Chair: Audit
Ms Janet Smith	13/02/2012			Principal	Member: Finance, Nominations
Ms Natasha Smith	16/07/2015		31/07/2016	Student member	
Mr Randall Whittaker	19/03/2015	4 years		Co-opted	
Mr Mark Wood	19/03/2015	4 years		External Expert Member – Audit Committee	

On behalf of the College Governing Body



Sarah Johnson
Clerk to Governors

Responsibilities of the Board of Governors

In accordance with the Charter of Incorporation, the Board of Governors of the School is responsible for the administration and management of the affairs of the School and is required to present audited financial statements for each financial year.

The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the School and enable it to ensure that the financial statements are prepared in accordance with the School's Charter of Incorporation, the Statement of Recommended Practice (2015): Accounting in Higher Education Institutions (SORP) and applicable Accounting Standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Conservatoire for Dance and Drama and the Board of Governors of the School, the Board, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the School and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, the Corporation has to ensure that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- financial statements are prepared on a going concern basis unless it is inappropriate to presume that the School will continue in operation. The Corporation is satisfied that the School has adequate resources to continue in operation for the foreseeable future: for this reason, the going concern basis continues to be adopted in the preparation of the financial statements.

The Corporation has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England, via the CDD, are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the School and to prevent and detect fraud;
- secure the economical, efficient and effective management of the School's resources and expenditure.

Statement of Internal Control

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance against material misstatement or loss.

The system of internal control is based on an on-going process designed to identify the principle risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks, and to manage them efficiently, effectively and economically. This process has been in operation for the whole of the period for the year ended 31 July 2016. The system that monitors risk and controls has been embedded into the Committee structure and the Leadership Team for the whole of the year.

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. The Corporation is provided with regular and timely information on the overall financial performance of the School, together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues.

NORTHERN SCHOOL OF CONTEMPORARY DANCE
FINANCIAL STATEMENTS FOR YEAR ENDED 31 JULY 2016

The Corporation meets at least each term, in line with the fixed cycle of meetings and also holds exceptional meetings and working parties as required. During 2015/16 the Corporation met four times.

The Corporation conducts some of its business through Committees. Each Committee has terms of reference, which have been approved by the Corporation. These Committees are Remuneration, Audit and Nominations. Full minutes of all meetings, except those deemed to be confidential by the Corporation are available from the Clerk to the Governors at:

Northern School of Contemporary Dance
98 Chapeltown Road, Leeds, LS7 4BH

The Clerk to the Governors maintains a register of financial and personal interests of the Governors. The register is available for inspection at the above address.

All Governors are able to take independent professional advice in furtherance of their duties at the School's expense and have access to the Clerk to the Governors, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

Formal agendas, papers and reports are supplied to Governors in a timely manner, prior to Board meetings. Briefings are also provided on an ad-hoc basis.

The Corporation has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

There is a clear division of responsibility in that the roles of the Chairperson and Principal are separate.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for consideration of the Corporation as a whole. The Corporation has a Nominations Committee which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that the appropriate induction and on-going development is provided as required. Members of the Corporation are appointed for a term of office not exceeding four years.

Scope of responsibility

The Corporation is ultimately responsible for the School's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable not absolute assurance against material misstatement or loss.

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the School's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Financial Memorandum between the Northern School of Contemporary Dance and the Conservatoire for Dance and Drama. The Principal is also responsible for reporting to the Corporation any material weakness and breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

NORTHERN SCHOOL OF CONTEMPORARY DANCE
FINANCIAL STATEMENTS FOR YEAR ENDED 31 JULY 2016

The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of School policies, aims and objectives, to evaluate the likelihood and the impact of those risks being realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Northern School of Contemporary Dance for the year ended 31 July 2016 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the School is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal on-going process for identifying, evaluating and managing the School's significant risks that has been in place for the period ending 31 July 2016 and up to the date of approval of the annual report and accounts. The process is regularly reviewed by the Corporation.

The risk and control framework

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting systems with an annual budget which is reviewed and agreed by the governing body;
- regular reviews and updates of a rolling five-year financial plan;
- regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts;
- setting targets to measure financial and other performance;
- clearly defined capital investment control guidelines;
- the adoption of formal project management disciplines, where appropriate.

The Northern School of Contemporary Dance has an internal audit service provided by the Conservatoire for Dance and Drama (CDD). The same internal auditor visits each constituent school of the CDD. The work of the internal audit service is informed by reviewing areas on a cyclical basis using a three-year rolling plan, paying particular attention to risk. The internal auditor provides reports to the Audit Committee bi-annually, combined with follow-up reports addressing progress on points outstanding from previous visits.

Review of effectiveness

As the Governing Body, we have responsibility for reviewing the effectiveness of the system of internal control. The following processes have been established:

- We meet at regular intervals (at least once every term, extending to four over a full year) to consider the plans and strategic direction of the institution;
- We receive periodic reports from the Chair of the Audit Committee concerning internal control, and we require regular reports from managers on the steps they are taking to manage risks in their areas of responsibility, including progress reports on key projects;
- We requested the Audit Committee provide oversight of the risk management process.

The Audit Committee receives regular reports from our internal auditor, contracted to provide an internal audit service by the CDD, which includes their independent opinion on the adequacy and effectiveness of the institution's system of internal control, together with the recommendations for improvement.

A system of key performance and risk indicators has been developed and an organisation-wide risk register is maintained in conjunction with the risk policy.

REPORT OF THE AUDITORS

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF THE NORTHERN SCHOOL OF CONTEMPORARY DANCE

We have audited the financial statements of the Northern School of Contemporary Dance for the year ended 31 July 2016 set out in pages 26 to 44. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the Governing Body, in accordance with the Charters and Statutes of the institution. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to it 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 Board of Governors for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Governing Body and auditor

As explained more fully in the Responsibilities of the Board of Governors set out on page 21 the Board of Governors is responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the School's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Governors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Operating and Financial Review to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the School's affairs as at 31st July 2016 and of the School's income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education; and
- meet the requirements of HEFCE's *Accounts direction to higher education institutions for 2015-16 financial statements*.

Opinion on other matters prescribed in the HEFCE Audit Code of Practice (effective 1 August 2014) issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the School for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the School's Statutes;
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them; and
- the corporate governance and internal control requirements of HEFCE's *Accounts direction to higher education institutions for 2015-16 financial statements* have been met.



Clare Partridge
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1, Sovereign Square,
Sovereign St,
Leeds
LS1 4DA

26 October 2016

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

Year Ended 31 July 2016

	Notes	Year ended 31 July 2016 £'000	Year ended 31 July 2015 £'000
Income			
Tuition fees and education contracts	2	1,956	1,877
Funding body grants	3	1,088	1,029
Other income	4	149	137
Investment income	5	8	7
Total income before endowments and donations		3,201	3,050
Donations and endowments	13	3	10
Total income		3,204	3,060
Expenditure			
Staff costs	6	1,591	1,576
Other operating expenses	7	1,043	1,026
Depreciation	9	88	99
Total expenditure		2,722	2,701
Surplus / (Deficit) before tax		482	359
Taxation	8	-	-
Surplus / (Deficit) for the year		482	359
Actuarial (loss)/gain in respect of pension schemes	21	(370)	(92)
Total comprehensive income for the year		112	267
Represented by:			
Endowment comprehensive income for the year		(3)	9
Unrestricted comprehensive income for the year		115	258
		112	267

STATEMENT OF CHANGES IN RESERVES

Year ended 31 July 2016

Northern School of Contemporary Dance	Income and expenditure account		Total £'000
	Endowment £'000	Unrestricted £'000	
Balance at 1 August 2014	4	1,573	1,577
Surplus/(deficit) from the income and expenditure statement	9	350	359
Other comprehensive income	-	(92)	(92)
Total comprehensive income for the year	9	258	267
Balance at 1 August 2015	13	1,831	1,844
Surplus/(deficit) from the income and expenditure statement	(3)	485	482
Other comprehensive income	-	(370)	(370)
Total comprehensive income for the year	(3)	115	112
Balance at 31 July 2016	10	1,946	1,956

BALANCE SHEET

As at 31 July 2016

	Notes	As at 31 July 2016 £'000	As at 31 July 2015 £'000
Non-current assets			
Fixed assets	9	<u>1,340</u>	<u>1,276</u>
		<u>1,340</u>	<u>1,276</u>
Current assets			
Stock		2	1
Trade and other receivables	10	108	84
Cash and cash equivalents	14	<u>3,246</u>	<u>2,706</u>
		<u>3,356</u>	<u>2,791</u>
Less: Creditors: amounts falling due within one year	11	<u>(926)</u>	<u>(814)</u>
Net current (liabilities)/assets		<u>2,430</u>	<u>1,977</u>
Total assets less current liabilities		<u>3,770</u>	<u>3,253</u>
Creditors: amounts falling due after more than one year	12	<u>(973)</u>	<u>(1,013)</u>
Provisions			
Pension provisions	21	<u>(841)</u>	<u>(396)</u>
Total net assets		<u>1,956</u>	<u>1,844</u>
Unrestricted Reserves			
Income and expenditure reserve - endowment reserve	13	10	13
Income and expenditure reserve - unrestricted		<u>1,946</u>	<u>1,831</u>
Total Reserves		<u>1,956</u>	<u>1,844</u>

The financial statements were approved by the Governing Body on 20 October 2016 and were signed on its behalf on that date by:



Clive MacDonald
Chair



Janet Smith
Principal

STATEMENT OF CASH FLOWS

Year ended 31 July 2016

		Year ended 31 July 2016	Year ended 31 July 2015
	Notes	£'000	£'000
Cash flow from operating activities			
Surplus for the year		482	359
Adjustment for non-cash items			
Depreciation	9	88	99
Decrease/(increase) in stock		(1)	0
Decrease/(increase) in debtors	10	(24)	(19)
Increase/(decrease) in creditors	11	72	148
Pension costs less contributions payable	21	75	44
Adjustment for investing or financing activities			
Capital grant receipts		(16)	(26)
Investment income	5	(8)	(7)
Endowment income	13	(3)	(10)
Net cash inflow from operating activities		665	588
Cash flows from investing activities			
Capital grant receipts		16	26
Investment income	5	8	7
Payments made to acquire fixed assets	9	(152)	(49)
		(128)	(16)
Cash flows from financing activities			
Endowment cash received	13	3	10
		3	10
(Decrease)/increase in cash and cash equivalents in the year	14	540	582
Cash and cash equivalents at beginning of the year	14	2,706	2,124
Cash and cash equivalents at end of the year	14	3,246	2,706

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2016

Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards FRS102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets and derivative financial instruments).

Income Recognition

Income from the sale of goods or services is credited to the Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Fee income is stated gross of any expenditure which is not a discount and credited to the Statement of Income and Expenditure over the period in which the students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure is not deducted from income.

Investment income is credited to the Statement of Income and Expenditure on a receivable basis.

The funds that the School receives as a paying agent on behalf of funding bodies are excluded from income and expenditure as we incur minimal risk and derive minimal economic benefit related to the transaction.

- **Grant Funding**

Government revenue grants including funding council block grant and research grants are recognised in income over the periods in which the School recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due with one year and after one year as appropriate.

Grants (including research grants) from non-government sources are recognised in income when the School is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

- **Donations and Endowments**

Donations and endowments with donor imposed restrictions are recognised in income when the School is entitled to the funds. Income is retained within a restricted reserves until such a time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserves transfer. Donations with no restrictions are recognised in income when the School is entitled to the funds.

- **Capital Grants**

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the School is entitled to the funds, subject to any performance related conditions being met.

Accounting for Retirement Benefits

The School offers two defined benefit schemes. Retirement benefits to employees of the School are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS).

Under these defined benefit plans the School's obligation is to provide the agreed benefits to current and former employees, and the actuarial risk and investment risk are borne, in substance, by the School. The School therefore recognises a liability for its obligations under defined benefit plans net of plan assets.

Contributions to the TPS scheme are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the School in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll values. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method.

The assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

Further details of the pension schemes are given in Note 21.

Employee Benefits

Short term benefits such as salaries and compensated absences are recognised as an expense in the year in which employees render service to the School. Any unused benefits are accrued and measured as the additional amount the School expects to pay as a result of unused entitlement.

Tangible Fixed Assets

- **Land and buildings**

Land and buildings inherited from the Local Education Authority and acquired since incorporation are stated in the balance sheet at cost on the basis of the open market value with existing use. Freehold land is not depreciated as it is considered to have an indefinite useful life.

Freehold buildings are depreciated over the expected useful economic life of 40 years.

Where buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

- **Equipment**

Equipment costing less than £500 (2014: £500) per individual items in aggregate is written off to the income and expenditure account in the year of acquisition. All other equipment is capitalised at cost.

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Inherited equipment has been identified and is depreciated on a straight line basis over its remaining useful economic life to the School calculated on an individual basis. All other equipment is depreciated over its useful economic life as follows:

General office furniture	5 years
Office plant and equipment	5 years
Computer equipment	3 years

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

Leased Assets

The School leases the basement of the Holy Rosary church which is used as a dance studio. Expenditure on operating leases is recognised on a straight line basis over the term of the lease.

Stocks

Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Taxation

The School is an exempt charity so benefits by being broadly exempt from Corporation tax on income it receives from tuition fees, interest and rents.

The School is exempted from levying VAT on most of the services it provides to students. For this reason the School is generally unable to recover input VAT it suffers on goods and services purchased.

Provisions

Provisions are recognised when the School has a present (legal or constructive) obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Transition to 2015 SORP

The School is preparing its financial statements in accordance with FRS102 for the first time and consequently has applied first time adoption requirements. An explanation of how the transition to the 2015 HE SORP has affected the reported financial position, financial performance and cash flows for the results is provided in Note 20.

2. TUITION FEES AND EDUCATION CONTRACTS

	Year ended 31 July 2016 £'000	Year ended 31 July 2015 £'000
EDUCATION CONTRACTS		
Local education authority	30	29
Other Education Contracts	241	246
TUITION FEES, CHARGES AND SUPPORT GRANTS		
Full time student fees:		
Home and other European Union	1,421	1,396
Non-European Union	263	184
Further Education - Home and other European Union	1	11
Further Education - Non European Union	0	11
	1,956	1,877

3. FUNDING BODY GRANTS

Recurrent grant		
HEFCE recurrent grant	828	805
EFA/SFA recurrent grant – FE provision	145	103
Specific grants		
HEFCE other grants	94	91
Deferred capital grant released during the year:	21	30
	1,088	1,029

4. OTHER INCOME

Other capital grants	36	35
Other income	113	102
	149	137

5. INVESTMENT INCOME

Investment income	8	7
	8	7

6. STAFF COSTS

	Year ended 31 July 2016 £'000	Year ended 31 July 2015 £'000
Staff costs:		
Wages and salaries	1,331	1,348
Social security costs	84	81
Other pension costs	176	144
	<u>1,591</u>	<u>1,573</u>
Average full time equivalent staff numbers by category:	No	No
Academic	22.0	22.8
Management and Specialist	15.2	15.7
Other	3.0	2.6
	<u>40.2</u>	<u>41.1</u>
Senior Post Holders		
Emoluments of the Principal:		
Salary	£76,538	£73,983
Pension Contribution	<u>£11,105</u>	<u>£9,433</u>
	<u>£87,643</u>	<u>£83,416</u>

Remuneration of other higher paid staff, excluding employer's pension contribution

	No.	No.
£60,000 to £69,999	-	1

No compensation for loss of office was paid to senior post holders during the year (2015 £nil)

Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the School. Staff costs includes compensation paid to key management personnel.

	Year ended 31 July 2016 £'000	Year ended 31 July 2015 £'000
Key Management Personnel compensation	169	153

Members of the Corporation

During the year, there were no transactions with members of the Corporation or organisations in which the members of the Corporation had an interest (2015 £nil).

The members of the Corporation did not receive any remuneration from the School during the year (2015 £nil).

Total expenses paid on behalf of the 19 members of the Corporation was £1,561 (2015 £1,858)

7. ANALYSIS OF TOTAL EXPENDITURE BY ACTIVITY

	Year ended 31 July 2016 £'000	Year ended 31 July 2015 £'000
Teaching departments	154	152
Teaching support services	247	245
Other support services	32	25
Administration and central support services	136	157
General education services	112	97
Premises costs	245	236
Planned maintenance	47	73
Research	0	0
Pension finance costs	20	10
Other income-generating activities	50	31
	1,043	1,026

Other operating expenses include:

Auditors remuneration		
- internal audit	0	0
- external audit	12	12
- other services from either external or internal audit	5	1
(Gains)/losses on disposal of tangible fixed assets	0	0
Operating lease expenses	10	10

8. TAXATION

The members of the Corporation do not believe the School was liable for any Corporation tax arising out of its activities during the year.

9. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings	Fixtures, Fittings and Equipment	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 August 2015	1,941	957	2,898
Additions	95	57	152
Disposals	0	0	0
At 31 July 2016	2,036	1,014	3,050
Depreciation			
At 1 August 2015	761	861	1,622
Charge for year	48	40	88
Eliminated in respect of disposals	0	0	0
At 31 July 2016	809	901	1,710
Net book value at 31 July 2016	1,227	113	1,340
Net book value at 31 July 2015	1,180	96	1,276
Inherited	40	0	40
Financed by Funding Council capital grants	203	37	240
Financed from own resources	207	76	283
Financed by other capital grants	777	0	777
	1,227	113	1,340

Freehold land and buildings included £40K (2015- £40K) in respect of freehold land which is not depreciated.

Some of the School buildings are subject to a Grade II listing. Due to the particular nature of the School and its location the open market value is below the build cost.

Other tangible fixed assets inherited from the Local Education Authority at incorporation have been valued by the Corporation on a depreciated replacement cost basis with the assistance of independent professional advice.

Buildings with a net book value of £87,174 (2015: £91,170) and a cost of £158,956 (2015: £158,956) have been funded from Treasury sources: should these particular buildings be sold, the School would either have to surrender the proceeds to the Treasury or use them in accordance with the Financial Memorandum with the Higher Education Funding Council for England.

10. TRADE AND OTHER RECEIVABLES

	Year ended 31 July 2016 £'000	Year ended 31 July 2015 £'000
Amounts falling due within one year		
Other trade receivables	81	28
Other receivables	3	2
Prepayments and accrued income	24	54
	108	84

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Trade payables	216	36
Social security and other taxation payable	45	40
Other payables	91	120
Accruals	319	426
Deferred income	211	148
Deferred capital grants	44	44
	926	814

12. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

Deferred capital grants	973	1013
	973	1,013

13. ENDOWMENT RESERVES

	Unrestricted 2016 £'000	Unrestricted 2015 £'000
At 1 August 2015	13	4
New endowments	3	10
Expenditure for the year related to endowment balances	(6)	(1)
At 31 July 2016	<u>10</u>	<u>13</u>
Balance represented by:		
Cash at bank held for endowments	10	13
At 31 July 2016	<u>10</u>	<u>13</u>

14. CASH AND CASH EQUIVALENTS

	At 1 August 2015 £'000	Cash flows £'000	At 31 July 2016 £'000
Cash at bank and in hand	2,706	540	3,246
Total	<u>2,706</u>	<u>540</u>	<u>3,246</u>

15. EVENTS AFTER THE REPORTING PERIOD

There are no significant post balance sheet events.

16. CAPITAL AND OTHER COMMITMENTS

	Year Ended 31 July 2016 £'000	Year Ended 31 July 2015 £'000
Commitments contracted for at 31 July 2016	<u>0</u>	<u>6</u>
Authorised but not contracted for at 31 July 2016	<u>0</u>	<u>0</u>

17. LEASE OBLIGATIONS

Total rentals payable under operating leases:

	Year Ended 31 July 2016 £'000	Year Ended 31 July 2015 £'000
Land and buildings		
Payable during the year	10	10
Future minimum lease payments due:		
Not later than one year	10	10
Later than 1 year and not later than 5 years	5	15
Later than 5 years	0	0
Total lease payments due	<u>15</u>	<u>25</u>

18. RELATED PARTY DISCLOSURES

Due to the nature of the School's operations and the composition of the Board of Governors (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the Corporation Governors will have an interest. All transactions involving organisations in which a member of the Corporation may have an interest are conducted at arms-length and in accordance with the School's financial regulations and normal procurement procedures.

The School is an affiliate of the Conservatoire for Dance and Drama (CDD) through which funding is received.

19. ACCESS FUNDS

	Year ended 31 July 2016 £'000	Year ended 31 July 2015 £'000
Funding Council grants	49	59
Disbursed to students	(49)	(56)
Audit fees		
Balance unspent at 31 July 2016	<u>0</u>	<u>3</u>

Funding Council grants are available solely for students: the School acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure account.

20. TRANSITION TO FRS102 and the 2015 SORP

As explained in the accounting policies these are the School's first financial statements prepared in accordance with FRS 102 and the SORP. The accounting policies set out in Note 1 have been applied in preparing the financial statements to 31 July 2016.

	Year Ended 31 July 2016	Year Ended 31 July 2015
	£'000	£'000
Total Reserves under 2007 SORP	2,974	2,901
Employee leave accrual	-	-
Deferred Capital Grants	(1,018)	(1,057)
Total effect of transition to FRS102	<u>(1,018)</u>	<u>(1,057)</u>
Total Reserves under 2015 SORP	<u>1,956</u>	<u>1,844</u>

Employee leave accrual, being the value of holidays unused at the year end date was included in full in the accounts both in 2015 and 2016. This therefore doesn't form part of the transition adjustments.

Under FRS102 no Deferred Capital Grant reserve is held. Deferred capital grants are now recognised as a Creditor and split between Creditors falling due under one year and falling due in over one year. Amounts are released to income on an annual basis to offset depreciation cost in line with the stated Accounting Policy.

Included within 'Other Operating Expenses' (Note 7), the School has recognised an amount equivalent to year end pension liability, multiplied by the applicable discount rate at year end (2015/16: £7k / 2014/15: £4k)

21. PENSION SCHEMES

The School's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the West Yorkshire Pension Fund (WYPF) for non-teaching staff, which is managed by Aon Hewitt. Both are multi-employer defined-benefit plans.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2013.

	2016	2015
	£000	£000
Total pension cost for the year		
Teachers' Pension Scheme: contributions paid	135	117
Local Government Pension Scheme:	113	80
Total Pension Cost for Year within staff costs	<u>248</u>	<u>197</u>

Contributions amounting to £17,406 (2015 £15,507) were payable to the schemes at 31st July and are included within creditors.

21. PENSION SCHEMES (continued)

Teachers' Pension Scheme (TPS)

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation are:

- New employer contribution rates were set at 16.48% of pensionable pay (including administration fees of 0.08%);
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay.

The new employer contribution rate for the TPS was implemented in September 2015.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

Scheme Changes

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further

21. PENSION SCHEMES (continued)

transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme commenced on 1 April 2015.

The pension costs paid to TPS in the year amounted to £88,000 (2015: £76,000)

FRS 102 (28)

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The College is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

West Yorkshire Pension Scheme (WYPS)

The WYPS is a funded defined-benefit pension, with assets held in separate trustee administered funds. The agreed contribution rates for 2015/16 are 8.7% for employers and range from 5.8% to 9.9% for employees (based on salary bands).

The following information is based upon a full actuarial valuation of the fund at 31 March 2004 updated as at 31 July each year up to 31 July 2016 by a qualified, independent actuary. The major assumptions used by the actuary were:

	31 July 2016	31 July 2015
RPI Inflation	2.9%	3.2%
CPI Inflation	1.8%	2.1%
Rate of increase in salaries	3.3%	3.6%
Rate of increase in pensions	1.8%	2.1%
Rate of increase to deferred pensions	1.8%	2.1%
Rate of revaluation of pension accounts	1.8%	2.1%
Discount rate for liabilities	2.4%	3.6%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at 65 are:

	31 July 2016	31 July 2015
Retiring today		
Males	22.7	22.6
Females	25.6	25.5
Retiring in 20 years		
Males	24.9	24.8
Females	28.0	27.8

The following amounts have been recognised in the performance statements in the year to 31 July 2016 under the requirements of FRS102:

21. PENSION SCHEMES (continued)

Amounts included in the Statement of Comprehensive Income Statement in respect of the plan are:

	2016 £'000	2015 £'000
Current service cost	93	70
Past service cost	0	0
Interest on net defined benefit liability	20	10
Pension expense recognised in the Statement of Comprehensive Income	<u>113</u>	<u>80</u>

Amounts recognised in Other Comprehensive Income

	2016 £'000	2015 £'000
Asset gains arising during the period	122	75
Liability losses arising during the period	(492)	(167)
(Deficit) / surplus in the scheme	<u>(370)</u>	<u>(92)</u>

Movement in net defined benefit liability in the year:

	2016 £'000	2015 £'000
School's estimated asset share	1,806	1,579
Present value of scheme liabilities	(2,647)	(1,975)
(Deficit) / surplus in the scheme	<u>(841)</u>	<u>(396)</u>

	2016 £'000	2015 £'000
Net defined benefit liability in scheme at 1 August	(396)	(260)
Movement in year:		
Current service charge	(93)	(70)
Contributions	38	36
Exceptional pensions past service credit	0	0
Net interest/return on assets	(20)	(10)
Actuarial gain or (loss)	(370)	(92)
Net defined benefit liability at 31 July	<u>(841)</u>	<u>(396)</u>

Asset and liability reconciliation

Changes in the present value of defined benefit obligations

	2016 £'000	2015 £'000
Defined benefit obligations at the start of the period	1,975	1,660
Service cost	93	70
Interest cost	78	68
Employee contributions	28	26
Actuarial (gains)/loss	492	167
Benefits paid	(19)	(16)
Liabilities at end of period	<u>2,647</u>	<u>1,975</u>

21. PENSION SCHEMES (continued)

Changes in fair value of plan assets

	2016 £'000	2015 £'000
Fair value of plan assets at start of period	1,579	1,400
Expected return on assets	58	58
Actuarial gain/(loss)	122	75
Employer contributions	38	36
Employee contributions	28	26
Benefits paid	(19)	(16)
Assets at end of period	1,806	1,579

22. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing these financial statements, management have made the following judgements:

- Determine whether leases entered into by the School either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the School's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- West Yorkshire Pension Fund

The present value of the West Yorkshire Pension Fund 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 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 July 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

