

NORTHERN SCHOOL
OF CONTEMPORARY DANCE

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDING
31 JULY 2013

The Northern School of
Contemporary Dance

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FINANCIAL STATEMENTS FOR YEAR ENDED 31 JULY 2013

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OPERATING AND FINANCIAL REVIEW FOR THE YEAR FROM 1 AUGUST 2012 TO 31 JULY 2013

NATURE, OBJECTIVES AND STRATEGIES:

The members present their report and the audited financial statements for the year ended 31 July 2013. 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. The College 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 an affiliate of the Conservatoire for Dance and Drama.

Mission Statement

The College's mission statement as approved by its members is:

"The Northern School of Contemporary Dance is committed to maintaining its reputation, as a Centre of Excellence providing high quality educational and training opportunities in dance and dance related areas with particular concern for access and equal opportunities".

Public Benefit Statement

The Northern School of Contemporary Dance, as an affiliate 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.

The NSCD has had regard to the Charity Commission's guidance on public benefit. The primary public value delivered by the College within the framework of the Conservatoire is that it produces world-class alumni who go on to shape the future of the performing arts and are essential to sustaining the cultural life of the nation. This has cultural, economic and reputational value, which extends beyond the College. The specialist training needed to succeed at the highest levels is made available to the finest talents irrespective of background, and the College 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 affiliate 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 College 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.

Implementation of the Strategic Plan

The draft Strategic Plan for the period from 01 August 2012 to 31 July 2016 was presented for discussion at the Governor's Away Day in October 2012 and progress against the plan was reported during the spring and summer of 2013. Further work has been carried out during the academic year 2012-13 to obtain staff feedback and to revise the format of the Plan. The revised version will be finalised and presented to the Board for approval during the autumn term 2013. The plan includes all aspects of the College's provision, including curriculum, financial and resource planning. The Corporation monitors the performance of the College against the Plan through an annually produced operating statement, which details specific objectives for the period. The College's core strategic objectives are to:

- Provide high quality vocational dance courses of study which combine a conservatoire approach with the supporting mechanisms of a university education.
- Encourage individual development and professional competence of such a category that graduates will be well equipped to compete in the professional world of dance.
- Raise awareness of the educational aspects inherent in dance training through theatre, music, literature, art and design thus developing the body and intellect simultaneously.
- Widen access to Higher Education (HE) and Further Education (FE) by providing:-
 - Special entry procedures
 - A high level of student support
 - Part-time community courses
 - An access Foundation Course
 - An outreach programme
- Break down pre-conceptions regarding race and sex and artistic involvement and achievement.
- Remain informed of, influence and respond to, developments in the world of dance.
- Further improve on the acknowledged high quality of teaching and learning in the College.
- Further improve the efficiency and economy of the running of the College, ensuring the College has enough reserves to maintain the current level of activity and the excellence of its provision. The College also actively seeks new funding sources to help students with financial support, career development schemes and to keep enhancing the student offering and opportunities.

The College's specific objectives for 2012-13 and achievements against those objectives are addressed below:

1. The successful completion of the Periodic Programme Review (PPR) process conducted by the College's validating institution, the University of Kent in the autumn of 2012. This ensures that the University continues to validate NSCD's undergraduate and postgraduate courses. Any recommendations, as a result of the review, should be fully implemented during the prescribed framework.

Update: following the review in October 2012 NSCD received excellent informal initial feedback and the concluding report in February 2013 gave a very positive final outcome. From the findings no essential recommendations were made, with only two non-essential and three desirable suggestions noted. The University of Kent's Learning and Teaching Board and Graduate School board have approved the continuation of NSCD's undergraduate and postgraduate taught programmes of study and a new validation agreement spanning a six year period to 2019 will be finalised in October 2013.

Implementation of the Strategic Plan continued

2. Continuing to build on the student support provision, ensuring that appropriate and timely support is available and it addresses the demands of specialist conservatoire training, enhances student retention rates and allocates resources in the most efficient and effective manner.

Update: two posts dedicated to student support were introduced at the beginning of the year; that of a Student Support Co-ordinator and a Health and Well-being Co-ordinator. Appointments were made to these roles during the autumn term. A system is in place to provide timely monitoring and collection of statistical data. The information is reviewed, on a termly basis, by Academic Board. Fully integrated student support guidelines have been published at the start of 2013-14 and clear procedural documentation has been drawn up.

3. The development of external relationships in Leeds and the North, 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 current students and graduates, retaining talent and promoting cultural development in the region.

Update: graduate, Carlos Pons Guerra, is being supported by Spin Arts, Yorkshire Dance and NSCD through Catapult over a one year professional development opportunity made possible with funds from Lankelly Chase. Through relationships with Yorkshire Dance, Harewood House and the new Trinity Shopping Centre, many students have had public performance opportunities around Leeds, from Yorkshire Young Dancers through to final year students. In addition "A New Canvas for Dance", a consultancy project commissioned by the Arts Council of England (ACE) through NSCD has been delivered. This provides strategic planning for progression for Children and Young Peoples Dance in the Northern area. NSCD has also achieved grants for arts funding from ACE for programming participation and outreach activity to support the Riley Theatre's dance programme, benefitting both NSCD student artists and the wider community.

Looking forward to 2013-14 onwards

2012-13 saw the introduction of a new funding regime for higher education with The Conservatoire setting its fees at £9,000 for UK and EU students along with all other conservatoires, performing arts specialist institutions and the majority of universities. This new fee regime does represent a significant change which brings with it risks. The Conservatoire and its schools reviewed the risks and put in place a Conservatoire Scholarship Scheme to provide fee discounts to students. Discounts of up to £4,000 were made available alongside a government-sponsored National Scholarship Programme.

Across the Conservatoire there has been no negative impact on recruiting students from lower income backgrounds during 2012-13. The College has found that the higher tuition fee contribution level has not adversely effected student recruitment with applications increasing by approximately 14% and the quality of those applicants has been very high.

The Conservatoire is in close conversation with government and HEFCE about the future of its funding. By working together, the eight Conservatoire schools represent an elite group of vocational institutions in dance, drama and circus arts which strengthens the voice of performing arts training. It has been confirmed that specialist funding through the targeted allocation will continue until 2014-15. Institution-Specific Targeted Allocation will be subject to review in 2015-16.

Throughout 2013-14, the Conservatoire and schools will continue to monitor closely student applications, provide full and detailed information about the financial support available to students and respond to consultations and requests for information.

Looking forward to 2013-14 onwards

The Conservatoire and affiliates work closely with government and its agencies to protect the future of vocational training and the Conservatoire schools.

The College will carry on developing relationships and professional networks that support both staff and students, building on the contribution and profile of NSCD locally, nationally and internationally. A consultancy project named "A Canvas for Dance" was commissioned by the Arts Council of England during 2012-13 which will run into 2013-14. It is expected that, alongside partners, the NSCD will continue to play a major part in the development of a Leeds Dance Strategy which seeks to propose Leeds as a major city for dance outside of London.

Working through the European Dance Academy Network, of which NSCD is a founder member, the College will further strengthen partnerships with Fontys Academy (Tilburg), The Duncan Centre (Prague) and Artesis Academy of Dance (Antwerp) to develop learning and exchange opportunities for both students and staff. The College intends to initiate a programme of student exchange in 2013/14 with the department of dance at the University of Utah, USA. Through the CDD, the ERASMUS Charter will facilitate student exchange within Europe. Providing students with the chance to complete some study abroad would be a wonderful addition to the student offer at NSCD.

The College will place much focus on development and fund-raising activities. In terms of The Riley Theatre the aim will be to secure a permanent funding stream to build the programming profile and create a cultural hub for the North. 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.

The excellent quality of the postgraduate touring company, Verve, is a key marketing tool. The College will schedule the tour to raise the profile of NSCD, aid student recruitment and to forge relationships.

Financial Objectives

The College's financial objectives are:

- To achieve an annual operating surplus.

Update: A surplus of £185K has been achieved for the financial year 2012-13. This out-turn has provided the College with the required level of reserves (enhanced to four months of expenditure in value) and offers stability in more uncertain times. The budget for the forthcoming year is showing a small surplus of £6K and will be monitored closely throughout 2013-14. Any additional funds secured from development opportunities will be channelled into further enhancing the curriculum, together with building on the strong student support mechanism already in place.

- To assist eligible students by providing financial support bursaries, therefore improving student retention and enabling students to concentrate on their dance practice. This area is ever-increasing in its importance following the introduction of the higher student tuition fee contribution in 2012-13, combined with the general financial climate.

Update: The College already has a significant level of residential and hardship bursary funds to distribute to qualifying learners studying on the Foundation course due to the kind support of the Education Funding Agency and the Skills Funding Agency. In line with the introduction of the new tuition fee regime, the CDD has set up a Scholarship Fund to offer fee discounts to eligible students, alongside maintaining a bursary fund for those students paying levels per the old fee regime. The College will actively explore other funding opportunities over the next academic year and has already been successful in obtaining funds for distribution from a number of Trusts.

Performance Indicators

As a Higher Education Institution, affiliated to the Conservatoire for Dance and Drama (CDD), the College measures its performance by the overall employment targets set by HEFCE for conservatoire performing arts institutions and by successful qualification and completion rates. The College 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. Three key performance indicators are noted below:

Student Recruitment

Students can apply and book auditions via a bespoke online application system. 730 applications were received for 2013-14 entry to the BPA, Postgraduate and Foundation programmes, for which approximately 120 places were available. This equates to an increase of around 14% when compared to the previous year, where applications received totalled 642.

Qualification and Completion rates

From the students graduating in July 2013, 50 completed the BPA programme of which 20 achieved first class awards, 29 achieved a 2:1 classification and 1 achieved a 2:2 classification. No students failed the course and the student classifications reflect a significant increase in achievement when compared to last year (31% of a rise in first class awards). This increase in achievement is also replicated in the Postgraduate results where although student numbers were consistent, the number that gained a diploma with distinction rose by 22%. 29 students successfully completed the Foundation course, with four learners withdrawing during the academic year.

Student Destinations

As a member of the CDD, the College is subject to the conditions of Institution-Specific Targeted Allocation 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 most recent figures, for CDD as a whole, demonstrate an 89% success rate. The data was gathered over the summer of 2012.

FINANCIAL POSITION

Financial Results

The College has retained a surplus of £185K (2012: £136K) which has assisted in building reserves to the required value of covering four months expenditure.

A full review of expenditure was carried out at the end of the last academic year, combined with a full restructure of the Academic and Resources departments, following a restructure of the support staff during the autumn of 2011. Efficiencies gained and a re-allocation of resources enabled the College to refresh and enhance the curriculum and the student support provision in 2012/13. The College has received very encouraging feedback in terms of the changes made and student applications and retention have greatly improved.

The required savings targets were found and out-performed expectations in some areas. Extra income was also secured in the latter months of the year from external hires of the theatre and studio space. It is anticipated that the savings will flow through into 2013/14 allowing for additional investment in the core provision offered to students placing emphasis on delivering a relevant and further enhanced curriculum which reflects the skill set required in the competitive market place following graduation. The College is also committed to maintaining and building upon 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.

Financial Results continued

Some projects were delayed in 2012/13, with the associated costs equating to circa £50K. These will be carried out in the forthcoming academic year, including the creation of a new website, which will be developed and implemented during 2013/14.

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

Reserves Policy

The College normally adopts a policy of retaining 4 months working capital as a reserve. The current financial year has seen an increase in reserves, largely due to the pension liability decreasing by £135K and the realised surplus of £185K. The surplus generated in the year has assisted the College in achieving the revaluated level of reserves, as a value of around £945K equates to the prescribed amount.

The reserves will provide stability over a period of financial uncertainty in terms of Institution-Specific Targeted Allocation and postgraduate study, combined with any adverse effect from a further year of the higher student tuition fee contribution and the volatility of the pension liability. The reserves policy will enable the College to meet on-going commitments and cash-flow needs. Careful monitoring will continue to assess the likely impact associated with the Local Government Pension Scheme liability and the financial climate as a whole.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student Numbers

As an affiliate member of the Conservatoire for Dance and Drama in receipt of Institution-Specific Targeted Allocation funding, student numbers at NSCD are restricted to remain at under 200 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 9:1, with the same ratio also applying for the Postgraduate Pathways.

Curriculum Developments

2012-13:

A new academic staffing structure was implemented at the start of 2012-13, which allows staff to teach and offer into different subject areas of the curriculum, creating greater fluidity. This change has closed the separation between technique, choreography and other parts of the BPA course programme and, along with other developments to the curriculum, has embedded a performance practice within technique which underlines the purpose of technique training and broadens the student offer. The BPA course has also been enriched from the first year to include Dance and Media Arts, presenting an opportunity to build skills in digital, video and sound technology.

The changes reflect developments in current professional practice, ensuring NSCD graduates will be equipped with a diverse portfolio of skills, much needed in the competitive market place of dance employment.

2012-13 also saw the introduction of the award of a Certificate of Higher Education (Cert HE) for year one students who have not completed the first year of the BPA programme and have achieved 120 credits but do not wish, or are unable to progress into the second year.

Curriculum Developments

2013-14:

NSCD underwent a very successful Periodic Programme Review (PPR), conducted by the University of Kent in October 2012, receiving commendations in 8 areas from the PPR panel including: a clear vision that permeates the staff and student body; a positive student experience; an inclusive working environment; a sense of community within the College and the trusteeship and responsibility of the College.

Following the PPR Report, two advisable recommendations are being addressed, updating programme and Module Specifications to more closely reflect and articulate the vision of NSCD and submission of an updated Critical Evaluation Document in October 2013 to consolidate and showcase developments (a recognition that the College is in a process of change).

The assessment weightings and learning outcomes have been revised on one module of the Postgraduate Company pathway and, in respect of the Postgraduate Apprenticeship Scheme; two modules have been amalgamated into one with a revised specification. These changes have brought the two pathways in line with each other (both now include one 100 credit professional practice module and one 20 credit theoretical module).

The Foundation Course will undergo review and a revalidation process during 2014-15, presenting an opportunity to appraise and refresh the programme content. The potential changes would reflect developments in the profession to ensure the course continues to be industry relevant.

The College continues to invest in student support and integrated Student Support Guidelines will be launched at the start of 2013-14.

2014-15:

Looking forward, the process of consolidation and development will continue, potentially leading to a re-write of the BPA programme. The College recognises the importance of flexibility across all course offerings to allow programmes to be adaptive in line with the changing artistic landscape.

Payment Performance

The College'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 College'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 College 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 colleges, 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.

Post-Balance Sheet Events

There are no reportable post-balance sheet events.

Resources

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

- Tangible resources include the main College site and equipment.
- The College has £2,292K net assets (including £462K pension liability).
- The College employs 38.3 people (expressed as full time equivalents) of whom 14.6 are teaching staff and 7.9 teaching support staff.
- The College has an excellent reputation both in the UK and internationally, providing a unique provision at conservatoire standard. Maintaining this quality is essential for the College's success in attracting students, staff and external relationships.

Principal Risks and Uncertainties

The College 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 College's assets and reputation.

Based on the strategic plan, the College has undertaken a comprehensive review of the risk to which the College is exposed. Systems and procedures have been identified which should mitigate any potential impact on the College. In addition, issues are mitigated by internal audit visiting twice a year, appraising areas as identified in the three-year rolling plan. This year focused on governance, student systems and a review of the student support provision. The Governing Body will also commission special projects, as required, if an area of particular concern has been identified.

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

Outlined below is a description of the principal risk factors that may affect the College. Not all factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

1. The College is working closely with the CDD to address the issues surrounding future funding and the impact of the higher tuition fee level, which will relate to two years of the BPA Programme from 2013-14. The CDD continue to be pro-active in terms of protecting Institution-Specific Targeted Allocation, monitoring developments in postgraduate funding and assessing the impact of the higher student tuition fee contribution. The College found that, during the current year, there has been no significant impact in student retention, but the risk around income receipt is heightened. Tight controls are in place to mitigate the risk.
2. Student affordability is a key area to focus upon across all provisions. The College has a number of bursaries for allocation to eligible students demonstrating financial need. During the next academic year, 2013-14, a fund-raising campaign "Brilliant but Broke" will be launched with a view to securing further funds for distribution, alongside other initiatives. The student support function has been enhanced during 2012-13, following a restructure over the summer of 2012. The extra assistance has been welcomed by the student cohort and has greatly improved retention.

Stakeholder Relationships

The College has many stakeholders, these include:

Students, staff, Funding Councils, the Conservatoire for Dance and Drama (CDD), Local Authorities, The Leverhulme Trust, The Lankelly Chase Foundation, the Department for Children, Schools and Families, The Arts Council of England and the local community.

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

Staff and Student Involvement

The College 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. Twice a year staff meetings are held at which staff are able to raise questions and express views about the working of the College. A Strategy day was also arranged in July 2013 to give staff and students the opportunity to feed their ideas into the strategic planning process.

Student Union

The College has developed a code of practice designed to work with the student union representatives to meet the requirements for a constitution. This allows for the College to review the accounting and banking procedures and ensures that students who are not members of the student union are not disadvantaged by their status. To date, despite active encouragement from the College, 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 regularly organise events for which they ask the College for a financial contribution.

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 College 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 Employment Committee of the Corporation.

The College 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 College continues. The College's policy is to provide training, career development and opportunities for promotion which are, as far as possible, identical to those for other employees. An equalities plan is published each year and monitored by managers and governors.

Charitable and Taxation Status

The College 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 College'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 College's auditors are aware of that information.

Going Concern

The activities of the College, 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 College, its cash flow, liquidity and borrowings are described in the Financial Statements and the accompanying Notes.

The Corporation believe that the College 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 College'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 College 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 17 October 2013 and signed on its behalf by:

**Janet Jurica
Acting Chair**

Professional Advisors

External auditors	KPMG LLP, 1 The Embankment, Neville Street, Leeds, LS1 4DW
Internal auditor	Colin Shearing, Internal Auditor for the CDD
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
Chartered Surveys	Carter Towler LLP, Coronet House, Queen Street, Leeds, LS1 2TW Tuffen Ferraby Taylor LLP, 2 Throgmorton Avenue, London, EC2N 2DG
Property Valuers	Chestertons, Minerva House, 29 East Parade, Leeds, LS1 5PS

Chair of Governors Report

I am extremely pleased to report another year of continuing progression, with exceptional results being achieved by all the student cohorts. 2012-13 is the first complete academic year under the leadership of Janet Smith, appointed as the new Principal in February 2012.

This year has seen a further improvement in completion rates, together with a higher level of attainment in the classifications awarded for both the BPA Hons in Contemporary Dance and across the postgraduate pathways. It is very pleasing to see that 40% of students graduating from the BPA programme have obtained a first class award. Students graduating from the postgraduate programmes have obtained employment with well-respected professional companies, such as New Adventures, Phoenix Dance Theatre, James Wilton Dance and Utilite Publique. In addition, Verve '13 achieved excellent performance reviews for the tour.

Very sadly, our Chair of Governors Kathleen Tattersall passed away during this year. Kathleen's remarkable and excellent leadership skills have left the College in a strong, forward-facing and resilient position, with vision, structure and staffing in place for a successful future. Kathleen was an inspiration to us all and will be greatly missed.

The College continues to work closely with colleagues from the CDD on academic and administrative matters. Full engagement is in place at all levels between NSCD and the CDD extending to professional, managerial and the student base. The unique relationship with the Conservatoire is continually valuable and particularly so during a period of major change in Higher Education with the introduction of the higher tuition fee in 2012-13 and uncertainty in relation to the future of Institution-Specific Targeted Allocation levels and the financing of postgraduate study. Successful relationships remain in place with both the University of Kent, which validates the Degree and Postgraduate/MA programmes and the Open College Network (Yorkshire and the Humber), which validates the Foundation Course.

The University of Kent has undertaken a Periodic Programme review during the autumn term in which the College obtained extremely positive feedback. The University will continue to validate the BPA Course and the Postgraduate pathways for a further six years. They have also approved the validation of a new MA in Contemporary Dance which will be introduced in 2014-15. The reviewers awarded numerous commendations and no essential recommendations were raised, with only a few recommendations for NSCD's consideration.

The Foundation Course will undergo a process of revalidation by the Open College Network during 2013-14. This presents an opportunity to review and refresh the course offering to ensure that the programme equips students with the skills required to access Further Education.

The College remains mindful that student expectations have increased in direct correlation with the introduction of a higher student tuition fee contribution. It is vitally important that academic standards and the quality of learning opportunities reflect those high expectations. The curriculum will continue to develop and progress in line with industry requirements.

NSCD continues to preserve and further invest in student services, increasing the level of student support available, whilst also focusing on preventative measures by promoting healthy practice and awareness through initiatives such as the Healthy Dancer Days. Significant improvements have been made to stabilise and enhance the College's ICT systems this year, with wireless access available throughout the building. The College has invested in digital archiving technology and NSCD is leading development across the CDD by Chairing the CDD Learning and Resources Committee.

Throughout the year there has been a focus on strengthening existing partnerships and building new ones. NSCD is keen to continue collaborating with local partners to provide existing students, graduates and emerging artists with project opportunities. A student fundraising campaign will be launched at the start of 2013-14 with a view to generating additional financial support for those talented dancers in need, particularly in light of the new fees regime. On a broader note, the College will embark on a development programme to source new income streams which will enhance the curriculum offering.

NORTHERN SCHOOL OF CONTEMPORARY DANCE
FINANCIAL STATEMENTS FOR YEAR ENDED 31 JULY 2013

Over the summer months, the College has undertaken a significant maintenance programme, including a full refurbishment of teaching and administrative office space and refreshing the dance studios.

The Yorkshire Young Dancers (YYD) Scheme, in conjunction with Northern Ballet, continues to flourish and expand, with satellite provision now established in three locations; Hull, Sheffield and Penrith. The number of places offered on the scheme will increase in 2013-14 to 71 over three year groups, compared to 61 students enrolling in 2012-13. On completion of the YYD Scheme in 2012-13, around 40% of students have secured a place in dance-related education. Two students will join the NSCD's Foundation Course in 2013-14 and two students will enrol on the BPA Programme.

Learning and Participation deliver Saturday classes at NSCD from the age of 5 years old, linking with an external provision "Mini Movers" who offer classes from age 0 to 5. This means that a learner can be involved in dance education via continuity of provision from birth through to postgraduate level.

As reported elsewhere we have also ensured that our policies, contracts and strategic plans have been regularly updated, reviewed and rolled forward in the light of a very dynamic external environment. A major review of Governance material has been undertaken during 2012-13, together with an overhaul of many of the College's policies, procedures and handbooks.

Finally, I would like to thank my colleagues at the Corporation, the College staff, and above all, the students, for their contribution and commitment during this academic year and in preparation for the forthcoming year.



Janet Jurica

Acting Chair of the Corporation

Statement of Corporate Governance

The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles set out in the UK Corporate Governance Code issued by the London Stock Exchange in June 2010.

The Corporation 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 2013, the College 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 Colleges.

The College's Governing Body comprises of lay members, students, and employees appointed under the Statutes of the College, 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 College's Chief Executive, the Principal. The matters specially reserved to the Governing Body for decision are set out in the Statutes of the College. The Governing Body holds to itself the responsibilities for the on-going strategic direction of the College, 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. There are several Committees including Finance and Policy Committee, Audit Committee, Employment Committee, Remuneration Committee and Nominations 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.

The Finance & Policy Committee inter alia recommends to the Governing Body the College's annual revenue and capital budgets and monitors performance in relation to the approved budgets.

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 College's external and internal auditor in attendance. The Committee considers detailed reports together with recommendations for the improvement of the College'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 College'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.

The Board approved some changes to its committees at a meeting held in July 2013. These will be implemented at the start of the 2013-14 academic year. The changes include Finance and Policy Committee being renamed as Finance Committee, together with Nominations Committee becoming Nominations and Governance Committee.

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
Ms J Smith	13/02/2012			Principal	
Ms J Jurica	16/03/2004; Re-appointed 15/03/2008, 11/03/2012 and 05/02/2013	Note 1		Co-opted member	Acting Chair: Corporation, Nominations Chair: Employment Member: Remuneration
Ms K Tattersall	18/05/2011	4 years	23/01/2013	Co-opted member	Chair: Corporation, Finance and Policy, Nominations Member: Remuneration
Cllr R Harington	14/03/2013	4 years		Co-opted member	Member: Corporation, Audit
Mr F Hamilton MP	04/10/2000; Re-appointed 04/10/2008	4 years	09/10/2012	Co-opted member	Member: Corporation, Finance and Policy
Ms P Bone	11/07/2013	4 years		Independent member	Member: Corporation
Ms F Byrnes	01/07/2008; Re-appointed 01/07/2012	4 years		Independent member	Member: Corporation, Employment , Finance and Policy
Mr S Ellwood	16/10/2000; Re-appointed 17/10/2008 and 18/10/2012	1 year		Independent member	Member: Corporation, Employment, Remuneration, Finance and Policy
Ms S Ferguson	05/02/2013	4 years		Independent member	Member: Corporation, Nominations
Mr P Flynn	01/01/2010; Re-appointed 11/07/2013	To 31/12/20 18		Independent member	Chair: Audit Member: Corporation
Mr N Gault	14/03/2013	4 years		Independent member	Member: Corporation
Ms J Hennessey	14/03/2012	4 years		Independent member	Member: Corporation, Employment, Remuneration, Finance and Policy
Ms P Lund	08/11/2007; Re-appointed 08/11/2011	4 years		Independent member	Chair: Finance and Policy Member: Corporation
Mr S Piasecki	11/03/2008; Re-appointed 11/03/2012 and 14/03/2013	4 years		Independent member	Member: Corporation, Audit
Mr A Nichols	02/07/2009; Re-appointed 14/03/2013	1 year		Independent member	Acting Vice Chair: Corporation Chair: Remuneration Member: Employment, Nominations, Finance and Policy
Ms E Southworth	14/03/2012	4 years		Independent member	Member: Corporation, Finance and Policy
Ms R Lehany	05/02/2013	4 years		Staff member	Member: Corporation
Mr C Wilkinson	23/10/2008 Re-appointed 18/10/2013	1 year		Staff member	Member: Corporation, Employment

The Work of the Corporation continued

	Date of Appointment	Term of Office	Until	Status of Appointment	Committees Served
Mr A Hinchcliffe	05/02/2013	2 years		Student member	Member: Corporation, Employment
Ms A Kompart	05/02/2013	2 years		Student member	Member: Corporation, Employment

¹ Appointed until such a time as a new Chair of the Board of Governors is appointed. The arrangement will be reviewed on a periodic basis. During this year, Ms J Jurica acted as Chair of Audit Committee until 03 September 2013 when the role undertaken changed to Vice-Chair. Ms J Jurica became Acting Chair of the Corporation in January 2013.

On behalf of the College Governing Body

Sarah Johnson
Clerk to Governors
17 October 2013

Responsibilities of the Board of Governors

In accordance with the Charter of Incorporation, the Board of Governors of the College is responsible for the administration and management of the affairs of the College 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 College and enable it to ensure that the financial statements are prepared in accordance with the College's Charter of Incorporation, the Statement of Recommended Practice (2007): 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 College, 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 College 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 College will continue in operation. The Corporation is satisfied that the College 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 College and to prevent and detect fraud;
- secure the economical, efficient and effective management of the College'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 2013. The system that monitors risk and controls has been embedded into the Committee structure and the Directorate 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 College, 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.

The Corporation meets each term, in line with the fixed cycle of meetings and also holds exceptional meetings and working parties as required.

The Corporation conducts its business through a number of Committees. Each Committee has terms of reference, which have been approved by the Corporation. These Committees are Employment, Remuneration, Finance and Policy, 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 College'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.

Appointments to the Corporation continued

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 College'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.

Scope of responsibility continued

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 College'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.

The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of College 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 2013 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 College 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 College's significant risks that has been in place for the period ending 31 July 2013 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 risk and control framework continued

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 affiliate 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) 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 have 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 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 programme of risk awareness training has been undertaken; 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.

Auditors Report [\[to be printed on KPMG letterhead\]](#)

**INDEPENDENT AUDITORS REPORT TO THE GOVERNING BODY OF THE
NORTHERN SCHOOL OF CONTEMPORARY DANCE**

We have audited the College financial statements (the “financial statements”) of the Northern School of Contemporary Dance for the year ended 31 July 2013 which comprise of the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the statement of total recognised gains and losses and the related notes. 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).

This report is made solely to the Governing Body, in accordance with paragraph 13(2) of the University's Articles of Government and section 124B of the Education Reform Act 1988. 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 Statement, the Governing Body 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 College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governing Body; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report, and financial statements, to identify material inconsistencies with the audited financial statements. 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 affairs of the College as at 31 July 2013 and of the College's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education.

Opinion on other matters prescribed in the HEFCE Audit Code of Practice issued under the Further and higher Education Act 1992

In our opinion, all material respects:

- funds from whatever source administered by the College for specific purposes have been properly applied to those purposes; and
- funds provided by HEFCE, via the CDD, have been applied in accordance with the Financial Memorandum and any other terms and conditions attached to them.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matter where the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 requires us to report to you if, in our opinion:

- the statement of internal control is inconsistent with our knowledge of the College.

Steve Clark

On behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

Leeds Office, 1 The Embankment, Neville Street, Leeds, LS1 4DW

17 October 2013

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR FROM 1 AUGUST 2012 TO 31 JULY 2013

Continuing Operations

	Notes	12 months 2012/2013 £'000	12 months 2011/2012 £'000
Income			
Funding Council grants	2	1337	1591
Tuition fees and education contracts	3	1145	899
Other operating income	4	131	138
Investment income	5	5	3
Total Income		2618	2631
Expenditure			
Staff costs	6	1427	1587
Other operating expenses	8	909	809
Depreciation	10	97	99
Total Expenditure		2433	2495
Surplus on continuing operations after depreciation of assets at cost and tax		185	136

All income and expenditure is from continued operations

STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS

FOR THE YEAR FROM 1 AUGUST 2012 TO 31 JULY 2013

	Notes	12 months 2012/2013 £'000	12 months 2011/2012 £'000
Surplus on continuing operations before tax		185	136
Historical Cost Surplus for the Year		185	136

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR FROM 1 AUGUST 2012 TO 31 JULY 2013

	Notes	12 months 2012/2013 £'000	12 months 2011/2012 £'000
Surplus on continuing operations after depreciation of assets at valuation & tax		185	136
Actuarial gain/(loss) in respect of pension scheme	16	135	(227)
Total recognised gains/(losses) relating to the period		320	(91)

BALANCE SHEET AS AT 31 JULY 2013

	Notes	2013 £'000	2012 £'000
Fixed Assets			
Tangible assets	10	1391	1400
		<u>1391</u>	<u>1400</u>
Current Assets			
Stock		2	6
Debtors	11	66	120
Cash at bank and in hand	18	1866	1451
		<u>1934</u>	<u>1577</u>
Creditors:			
Amounts falling due within one year	12	571	385
		<u>1363</u>	<u>1192</u>
Net current assets		1363	1192
Total assets less current liabilities		2754	2592
Net assets excluding pension liabilities		2754	2592
Pension liabilities	16	(462)	(558)
Net assets including pension liabilities		2292	2034
Deferred capital grant	13	1164	1226
Reserves			
Revaluation reserve	14	40	40
Income and expenditure account	15	1088	768
		<u>1128</u>	<u>808</u>
Total funds		2292	2034

The financial statements on pages 24 to 40 were approved by the Corporation on 17 October 2013 and were signed on its behalf by:

Janet Jurica
Chair

Janet Smith
Principal

CASH FLOW STATEMENT

FOR THE YEAR FROM 1 AUGUST 2012 TO 31 JULY 2013

	Notes	12 months 2012/2013 £'000	12 months 2011/2012 £'000
Cashflow from operating activities	17	487	118
Returns on investments and servicing of finance	19	5	3
Capital expenditure and financial investment	19	(88)	(8)
Management of liquid resources	19	0	0
Financing	19	11	0
Increase/(Decrease) in cash in the period	18	415	113
Reconciliation of net cash flow to movement in net funds			
			£'000
Increase in cash in the period			415
Movement in net funds in the period			415
Net funds at 1 August 2012			1451
Net funds at 31 July 2013			1866

In this statement negative figures refer to cash outflows and all other figures are cash inflows to the College.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR FROM 1 AUGUST 2012 TO 31 JULY 2013

1. STATEMENT OF ACCOUNTING POLICIES

Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (2007) "Accounting in Further and Higher Education Institutions" and in accordance with applicable Accounting Standards.

Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

Recognition of Income

Income from contracts and other services rendered is included to the extent of the completion of the contract or service concerned. All income from short-term deposits is credited to the income and expenditure account in the year in which it is earned. The annual recurrent allocation from the HEFCE, the EFA and the SFA, which is intended to meet recurrent costs, is credited direct to the income and expenditure account. Income on leases is recognised in a straight line over the lease term.

Pension Schemes

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme (SERPS). Contributions to the TPS are charged as incurred.

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 College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. 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 16.

Tangible Fixed Assets

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

1. STATEMENT OF ACCOUNTING POLICIES (continued)

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.

b. Equipment

Equipment costing less than £500 (2012: £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.

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

- general office furniture 20 per cent per year on a straight line basis.
- office plant and equipment, musical instruments and sound equipment 20 per cent per year on a straight line basis.
- computer equipment 33.3 per cent per year on a straight line basis.

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 College leases the basement of the Holy Rosary church which is used as a dance studio for the Foundation course. Expenditure on operating leases is recognised in a straight line over the lease term.

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.

Maintenance of Premises

The cost of routine corrective maintenance is charged to the income and expenditure account in the year it is incurred. The College has a planned maintenance programme. The schedule is reviewed on an annual basis. The actual costs of carrying out planned maintenance are charged to the income and expenditure account as incurred.

Taxation

As an exempt charity the College benefits by being broadly exempt from Corporation tax on income it receives from tuition fees, interest and rents.

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

Provisions

Provisions are recognised when the College 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.

2. FUNDING COUNCIL GRANTS

	12 months 2012/2013 £'000	12 months 2011/2012 £'000
HEFCE recurrent grant	1061	1290
HEFCE other grants	98	116
EFA/SFA recurrent grant – FE provision	140	141
EFA/SFA other grants	0	0
Deferred capital grant released during the year:		
Buildings (note 13)	7	8
Equipment (note 13)	31	36
	1337	1591

3. TUITION FEES AND EDUCATION CONTRACTS

EDUCATION CONTRACTS

Local education authority	22	26
Other Education Contracts	192	211

TUITION FEES, CHARGES AND SUPPORT GRANTS

Full time student fees:		
Home and other European Union	889	625
Non-European Union	29	24
Further Education - Home and other European Union	13	13
Further Education - Non European Union	0	0
	1145	899

4. OTHER OPERATING INCOME

Releases from deferred capital grants:		
Non Funding Council (note 13)	36	36
Other income generating activities	55	36
Other income	40	66
	131	138

5. INVESTMENT INCOME

Other interest receivable	5	3
	5	3

6. STAFF COSTS

The average number of persons (including senior post holders) employed by the College during the year expressed as full-time equivalents was:

	12 months 2012/2013	12 months 2011/2012
	Number	Number
Teaching departments	14.6	16.7
Teaching support services	7.9	7.9
Administration and central services	13.7	10.7
Premises	1.0	2.1
Other income generating activities	1.1	1.7
	38.3	39.1
	£'000	£'000
Staff costs for the above persons		
Teaching departments	577	662
Teaching support services	220	243
Administration and central services	584	494
Premises	23	50
Research	0	0
Other income generating activities	23	24
Restructuring costs	0	114
	1427	1587
Wages and salaries	1211	1278
Social security costs	78	77
Other pension costs	99	94
FRS17 other movements	39	24
Restructuring costs	0	114
	1427	1587

7. EMOLUMENTS OF SENIOR POST HOLDERS

For the year to 31 July	2012/2013	2011/2012
Emoluments (including pension contributions and benefits in kind)	<u>£198,117</u>	<u>£178,926</u>
Emoluments of the principal (who is also the highest paid senior post holder):		
Salary	£63,033	£29,343
Pension Contribution	<u>£8,888</u>	<u>£4,137</u>
	<u>£71,921</u>	<u>£33,480</u>

The figures for 2011/12 are lower due to new Principal being appointed in February 2012. Whilst the College was operating with a vacancy, an interim arrangement was set in place with the Joint Principal of the Conservatoire for Dance and Drama. A charge of £9K was incurred in 2011/12 for the interim arrangements (£16K in 2010/11).

7. EMOLUMENTS OF SENIOR POST HOLDERS continued

The pension contributions in respect of the Principal and senior post holders are in respect of employer's contributions to the Teacher's Pension Scheme or the Local Government Pension Scheme and are paid at the same rate as for other employees.

The members of the Corporation other than the Principal did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

There are four senior post holders at the College, including the Principal, of which no individual member of staff earns over £100K.

Overseas Activities

Costs of £494 (2012: £389) were incurred in the year in respect of overseas activities.

8. OTHER OPERATING EXPENSES

	12 months 2012/2013 £'000	12 months 2011/2012 £'000
Teaching departments	159	159
Teaching support services	96	102
Other support services	35	38
Administration and central support services	161	178
General education services	76	88
Premises costs	251	204
Planned maintenance	97	14
Research	0	0
Other income-generating activities	34	26
	909	809

Other operating expenses include:

Auditors remuneration		
- internal audit	0	0
- external audit	12	9
- other services from either external or internal audit	0	0
(Gains)/losses on disposal of tangible fixed assets	0	0

9. TAXATION

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

10. TANGIBLE FIXED ASSETS

	Land and buildings Freehold	Equipment	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 August 2012	1917	914	2831
Additions	20	68	88
Disposals	0	(50)	(50)
At 31 July 2013	1937	932	2869
Depreciation			
At 1 August 2012	617	814	1431
Charge for year	47	50	97
Eliminated in respect of disposals	0	(50)	(50)
At 31 July 2013	664	814	1478
Net book value at 31 July 2013	1273	118	1391
Net book value at 31 July 2012	1300	100	1400
Inherited	40	0	40
Financed by Funding Council capital grants	227	54	281
Financed from own resources	123	64	187
Financed by other capital grants	883	0	883
	1273	118	1391

Some of the College buildings are Grade II listed inside and out. Due to the particular nature of the College and its location in a mainly suburban residential area 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 £99,140 (2012: £103,093) and a cost of £158,956 (2012: £158,956) have been funded from Treasury sources: should these particular buildings be sold, the College 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.

11. DEBTORS

	2012/2013 £'000	2011/2012 £'000
Amounts falling due within one year		
Trade debtors	19	51
Sundry debtors	3	1
Prepayments and accrued income	44	68
	66	120

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Payments received on account	143	28
Trade creditors	51	21
Other taxation and social security	38	37
Other creditors	91	96
Accruals	248	203
	571	385

13. DEFERRED CAPITAL GRANTS

	Funding Council £'000	Other Grants £'000	Total £'000
At 1 August 2012			
Land and buildings	234	919	1153
Equipment	74	0	74
Cash received:			
Land and buildings	0	0	0
Equipment	11	0	11
Released to income and expenditure account			
Land and buildings (notes 2 and 4)	(7)	(36)	(43)
Equipment (note 2)	(31)	0	(31)
At 31 July 2013			
Land and buildings	227	883	1110
Equipment	54	0	54
Total	281	883	1164

14. REVALUATION RESERVE

	£'000
At 1 August 2012	40
Revaluations in the year	0
Transfer from revaluation reserve to income and expenditure account	0
At 31 July 2013	40

15. INCOME AND EXPENDITURE ACCOUNT RESERVE

	2013 £'000	2012 £'000
At 1 August	768	859
Surplus/(deficit) retained for the year	185	136
Additional (loss)/gain in respect of pension scheme	135	(227)
At 31 July	1088	768

15. INCOME AND EXPENDITURE ACCOUNT RESERVE (continued)

Balance represented by:

Pension reserve	(462)	(558)
Income & expenditure reserve excluding pension reserve	1550	1326
At 31 July	<u>1088</u>	<u>768</u>

16. PENSION AND SIMILAR OBLIGATIONS

The College's employees belong to two principal pension schemes, the Teachers' Pension Scheme (TPS) and the West Yorkshire Pension Fund (WYPF).

Teachers' Pension Scheme (TPS)

The TPS is an unfunded defined benefit scheme. Contributions on a pay as you go basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. The charge to the income and expenditure account in relation to this scheme for 2012/13 was £64,161.

FRS 17

Under the definitions set out in Financial Reporting Standard 17 (Retirement Benefits), the TPS is a multi-employer pension scheme because of the mutual nature of the scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly the College has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The College has set out the information available on the deficit in the scheme and the implications for the College in terms of the anticipated contribution rates.

West Yorkshire Pension Scheme (WYPS)

The WYPF is a funded defined-benefit pension, with assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2013 was £35,830. The agreed contribution rates for 2013/14 are 9.9% for employers and range from 5.5% to 7.5% 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 2013 by a qualified, independent actuary. The major assumptions used by the actuary were:

	31 July 2013	31 July 2012	31 July 2011
RPI Inflation	3.6%	3.1%	3.7%
CPI Inflation	2.7%	2.1%	2.8%
Rate of increase in salaries	4.6%	4.6%	5.2%
Rate of increase in pensions	2.7%	2.1%	2.8%
Rate of increase to deferred pensions	2.7%	2.1%	2.8%
Discount rate for liabilities	4.5%	4.1%	5.3%

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

	31 July 2013	31 July 2012
Retiring today		
Males	22.1	22.0
Females	24.3	24.1

16. PENSION AND SIMILAR OBLIGATIONS (continued)

Retiring in 20 years		
Males	23.9	23.8
Females	26.2	26.1

The assets in the scheme and the expected rates of return were:

	rate of return expected at 31 July 2013	31 July 2013 £'000	rate of return expected at 31 July 2012	31 July 2012 £'000	rate of return expected at 31 July 2011	31 July 2011 £'000
Equities	7.8%	956	7.5%	750	7.9%	736
Government Bonds	3.3%	149	2.5%	143	3.9%	117
Other Bonds	4.0%	75	3.2%	61	4.7%	40
Property	7.3%	39	7.0%	39	7.4%	36
Cash/Liquidity	0.9%	50	1.4%	30	1.5%	21
Other	7.8%	41	7.5%	50	7.9%	56
Total market value of College assets		<u>1310</u>		<u>1073</u>		<u>1006</u>
				2013 £'000	2012 £'000	2011 £'000
College's estimated asset share				1310	1073	1006
Present value of scheme liabilities				(1772)	(1631)	(1313)
(Deficit)/ surplus in the scheme				<u>(462)</u>	<u>(558)</u>	<u>(307)</u>

The following amounts have been recognised in the performance statements in the year to 31 July 2013 under the requirements of FRS17:

Operating profit:		
	2013 £'000	2012 £'000
Service cost	(75)	(64)
Total operating charge	<u>(75)</u>	<u>(64)</u>
Other financing income:		
	2013 £'000	2012 £'000
Expected return on pension scheme assets	69	72
Interest on pension scheme liabilities	(69)	(72)
Net return	<u>0</u>	<u>0</u>
Statement of total recognised gains and losses (STRGL):		
	2013 £'000	2012 £'000
Actual return less expected return on pension scheme assets	135	(227)
Experience gains and losses arising on the scheme liabilities	0	0
Actuarial gain/(loss) recognised in STRGL	<u>135</u>	<u>(227)</u>

16. PENSION AND SIMILAR OBLIGATIONS (continued)

Movement in deficit during year:

	2013 £'000	2012 £'000
Deficit in scheme at beginning of year	(558)	(307)
Movement in year:		
Current service charge	(75)	(64)
Contributions	36	40
Exceptional pensions past service credit	0	0
Net interest/return on assets	0	0
Actuarial gain or (loss)	135	(227)
Deficit in scheme at end of year	<u>(462)</u>	<u>(558)</u>

Asset and Liability Reconciliation:

	2013 £'000	2012 £'000
Liabilities at start of period	1631	1313
Service cost	75	64
Interest cost	69	72
Employee contributions	22	23
Actuarial (gains)/loss	(10)	172
Benefits paid	(15)	(13)
Liabilities at end of period	<u>1772</u>	<u>1631</u>

Asset and Liability Reconciliation:

	2013 £'000	2012 £'000
Assets at start of period	1073	1006
Expected return on assets	69	72
Actuarial gain/(loss)	125	(55)
Employer contributions	36	40
Employee contributions	22	23
Benefits paid	(15)	(13)
Assets at end of period	<u>1310</u>	<u>1073</u>

History of experience gains or losses:	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Difference between the expected and actual returns on assets:					
Amount	125	(55)	23	63	(87)
% of scheme assets	9.5	5.1	2.3	7.1	11.7
Experience gains and losses on scheme liabilities:					
Amount	1	2	152	3	(1)
% of scheme assets	0.1	0.2	15.1	0.3	0.1
Total amounts recognised in statement of total recognised gains and losses:					
Amount	135	(227)	187	169	(179)
% of scheme liabilities	7.6	13.9	14.2	12.6	13.7

17. RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Notes	2013 £'000	2012 £'000
Surplus/(Deficit) on continuing operations after depreciation of assets at valuation and tax	15	185	136
Depreciation	10	97	99
Deferred capital grants released to income	2 & 4	(74)	(80)
Loss on disposal of tangible assets		0	0
Pension cost less contributions payable		39	24
(Increase)/Decrease in stocks		4	(3)
(Increase)/Decrease in debtors	11	54	(18)
Increase/(Decrease) in creditors	12	187	(37)
(Decrease) in provisions		0	0
Interest receivable	5	(5)	(3)
Net cash inflow from operating activities		487	118

18. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 August 2012 £'000	Cash flows £'000	At 31 July 2013 £'000
Cash at bank and in hand	1451	415	1866
Total	1451	415	1866

19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2013 £'000	2012 £'000
Returns on investments and servicing of finance:		
Interest received	5	3
Net cash flow from returns on investments and servicing of finance	5	3
Capital expenditure and financial investment:		
Purchase of tangible fixed assets	(88)	(13)
Deferred capital grants received	11	5
Net cash outflow for capital expenditure and financial investment	(77)	(8)
Net cash inflow/(outflow) from management of liquid resources	0	0
Net cash inflow/outflow from financing	0	0

20. POST BALANCE SHEET EVENTS

There are no significant post balance sheet events.

21. CAPITAL COMMITMENTS

	2013 £'000	2012 £'000
Commitments contracted for at 31 July 2013	0	0
Authorised but not contracted for at 31 July 2013	0	0

22. FINANCIAL COMMITMENTS

The College has operating lease commitments in respect of land and buildings for the 2011/12 financial year on leases expiring:

	2013 £'000	2012 £'000
Land and buildings		
Expiring within one year	0	4
Expiring within two and five years inclusive	46	0
Expiring in over five years	0	0
	46	4

23. FRS 8 – RELATED PARTY DISCLOSURES

Due to the nature of the College'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 Board of Governors will have an interest. All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arms-length and in accordance with the College's financial regulations and normal procurement procedures.

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

24. ACCESS FUNDS

	2012/2013 £'000	2011/2012 £'000
Funding Council grants	66	63
Disbursed to students	(65)	(58)
Audit fees	0	0
Balance unspent at 31 July 2013	1	5

24. ACCESS FUNDS (continued)

Funding Council grants are available solely for students: the College acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure account. The unspent balance of £1K is repayable to the awarding bodies, the Education Funding Agency (EFA) and Skills Funding Agency (SFA).