

NORTHERN SCHOOL  
OF CONTEMPORARY DANCE

REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDING  
31 JULY 2014

**The Northern School of**  
Contemporary Dance

NORTHERN SCHOOL OF CONTEMPORARY DANCE  
FINANCIAL STATEMENTS FOR YEAR ENDED 31 JULY 2014

**CONTENTS**

	Page Number
Operating and Financial Review	3
Chair of Governors Report	15
Corporate Governance Statement	17
Responsibilities of the Board of Governors	19
Report of the Auditors	23
Income and Expenditure Account	25
Statement of Historical Cost Surpluses and Deficits	26
Statement of Total Recognised Gains and Losses	26
Balance Sheet as at 31 July	27
Cash Flow Statement	28
Statement of Principal Accounting Policies	29
Notes to the Financial Statements	29

## **OPERATING AND FINANCIAL REVIEW FOR THE YEAR FROM 1 AUGUST 2013 TO 31 JULY 2014**

### **NATURE, OBJECTIVES AND STRATEGIES:**

The members present their report and the audited financial statements for the year ended 31 July 2014. 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 an affiliate of the Conservatoire for Dance and Drama.

### **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 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.

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.

## Public Benefit Statement continued

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 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 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.

## Implementation of the Strategic Plan

The draft Strategic Plan for the period from 01 August 2013 to 31 July 2018 was presented for discussion at the Governor's Away Day in December 2013 and progress against the plan was reported during the spring and summer of 2014. Further work has been carried out during the academic year 2013/14 to incorporate stakeholder feedback and contextualise the approved aims and objectives. The final version was presented and adopted by the Board on 15 July 2014.

Part of the preparation of the Strategic Plan was to consider 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.

## Implementation of the Strategic Plan continued

The School's specific objectives for 2013/14 and achievements against those objectives are addressed below:

1. The successful completion of the revalidation process for the Foundation Course with the School's validating institution, Certa in the spring of 2014. This ensures that the organisation continue to validate NSCD's Foundation Course in Contemporary Dance.

*Update: the revalidation provided an opportunity for the School to modernise the curriculum, aligning it towards the undergraduate course and developments within the profession. A revalidation panel, including experts from Trinity Laban and Rambert School of Ballet and Contemporary Dance, contributed to the panel and were highly supportive of the course and changes introduced.*

2. The continuing 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: Carlos Pons Guerra was supported by Spin Arts for an extended period through Catapult – a one year professional development opportunity made possible by funds from The LankellyChase Foundation. This enabled him to employ graduates and give work opportunities to students from the School, performing his work nationally and internationally. He has now also been successful in achieving Arts Council funding to develop further work. Gracefool Collective, a collaboration of five graduate choreographers from NSCD, has been successful in receiving the new Catapult award. This is the final year of The LankellyChase funding, which has proved highly successful as a stepping stone from the School into the profession. The School will seek to continue Catapult in partnership with another funder.*

*As part of The Riley Theatre programme, NSCD collaborated with Yorkshire Dance, a Leeds-based national dance agency, to programme "arrivals and departures"; a weekend event for students and graduates across the North designed to help artists build links into Europe and understand how to produce their work for international touring.*

*Noted above are just two examples of many ways the School has collaborated to promote dance in Leeds and the North. NSCD is the lead organisation on a consortium bid for Arts Council strategic funding to take forward dance strategy across the North during 2014/15. NSCD also contributed to a bid to Leeds City Council to promote Leeds as the City of Dance, which has been taken forward at Council level. In addition, the School is working towards promoting Leeds as a City of Culture with the Council.*

3. Further develop the School's governance by reviewing the current framework and committee structure in order to ensure that the School has an approach which is appropriate to its size and resources.

*Update: A task and finish group was established to consider a range of options. The group reported its preferred option to governors at a meeting in July 2014. The meeting endorsed the proposal to slim down the governance framework to a minimal committee structure and focus the work of the Corporation into a smaller Board which would meet six times per year, and would be supported by a number of lead governors. Final recommendations will be approved at the meeting of the Board of Governors on 16 October 2014 and the revised framework will be trialled until the end of January 2015.*

### **Looking forward to 2014-15 onwards**

After a phased implementation spanning three years, 2014/15 will be the final year of moving to the new funding regime for higher education. The Conservatoire has set 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, cash bursaries or a mixture of the two options to students. Discounts of up to £4,000 were made available alongside a government-sponsored National Scholarship Programme.

As seen in 2012/13, across the Conservatoire there has been no negative impact on recruiting students from lower income backgrounds during 2013/14. The School has found that the higher tuition fee contribution level has not negatively impacted on student recruitment, either in terms of quality or the number of applications received, which remains in line with the previous year. The School has seen an increase in the places accepted by overseas students across all courses offered; 14 overseas students have enrolled for the academic year 2014/15 compared to 7 in 2013/14.

The Conservatoire continues to be 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. The provision of Institution-Specific Targeted Allocation (ISTA) will be subject to review in 2015/16. The Conservatoire will commission a research project with the London School of Economics (LSE) early in 2014/15 to substantiate the case to government for maintaining ISTA funding beyond the next funding review.

Throughout 2014/15 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.

The School 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. 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. Grant income has been secured from the Arts Council England for the Northern Children and Young Peoples Network for Dance; a project which aims to provide progression routes into dance for children and young people in the North of England via a solid support network.

Working through the European Dance Academy Network, of which NSCD is a founder member, the School 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 School ran a successful student exchange programme with the department of dance at the University of Utah, USA in the summer term of 2014. The School has applied to be part of the ERASMUS Charter which will facilitate student exchange within Europe, providing students with further opportunities to complete some study abroad would be a wonderful addition to the student offer at NSCD.

The School will place much focus on development and fund-raising activities; the budget and new staffing structure have enhanced the resource allocated to these areas. 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 School will schedule the tour to raise the profile of NSCD both nationally and internationally, aid student recruitment and to forge key relationships.

## 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 capital investment, delivering a net surplus year on year and building reserves to provide security.

*Update: A surplus of £208K has been achieved for the financial year 2013/14, after absorbing exceptional costs pertaining to a full staff restructure of £86K. This out-turn has provided the School with the required level of reserves, being a value equal to at least four months of expenditure, and offers stability in more uncertain times. The budget for the forthcoming year is showing a net surplus of £73K against a target set by the Board of £100K net surplus. The forecast will be monitored closely throughout 2014/15 with a view to achieving the determined target. Any additional funds secured from development opportunities will be channelled into further enhancing the curriculum and capital projects; particularly in exploring those which, in the long-term, could provide more studio capacity and student accommodation.*

- 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.

*Update: The School already has a significant level of residential and hardship bursary funds to distribute to qualifying learners studying on the Foundation course due to the generous support provided by both 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 the option of a fee discount or cash bursary to eligible students. This Scholarship Fund has gradually replaced the Bursary Fund which was available for students paying the old regime tuition fee levels. The School will continue to 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 and individuals.*

## 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. Three key performance indicators are noted below:

### Student Recruitment

Students can apply and book auditions via a bespoke online application system. 725 applications were received for 2014/15 entry to the BPA, Postgraduate and Foundation programmes, for which approximately 110 places were available. This is consistent when compared to the previous year, where applications received totalled 730. The number of submitted applications also remains in line for each type of course; 577 applications for the joint BPA and Foundation auditions and 153 for the postgraduate pathways (575 and 155 respectively in the prior year).

### Qualification and Completion rates

From the students graduating in July 2014, 54 completed the BPA programme of which 29 achieved first class awards, 24 achieved a 2:1 classification and 1 achieved a 2:2 classification. The student classifications reflect a notable increase in first class awards of 14% when compared to last year, building further on the significant rise of 31% in 2012/13 when assessed against 2011/12. This increase in achievement is also replicated in the Postgraduate results. A combined number of 21 students completed the two Postgraduate pathways, 20 achieved a diploma with distinction and 1 obtained a diploma with merit.

A total of 28 students successfully completed the Foundation Course, with 3 learners withdrawing during the academic year and 1 learner gaining 54 credits as a result of choosing not to take the opportunity to resubmit an assignment to gain the full diploma with 60 credits.

### **Student Destinations**

As a member of the CDD, the School 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, from the 2013 Destination of Leavers Higher Education demonstrate that 88% of NSCD graduates were engaged in dance-related employment or further training/study.

## **FINANCIAL POSITION**

### **Financial Results**

The School has retained a surplus of £208K (2013: £185K) which has assisted in building reserves to the required value of covering a minimum of four months expenditure.

A full staff restructure was undertaken in the summer term and concluded at the end of July 2014. The new structure will give rise to financial savings whilst also enabling the re-alignment of resource to meet the key strategic aims of the School, particularly across development and fundraising activities.

Savings achieved in general expenditure were obtained from the start of 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 guest artist and teacher budget was increased to offer diversity, supplementing the core staff base with specialist knowledge and ensuring current industry insight.

The School 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.

The use of technology is now so ubiquitous with learning, teaching and the modern workplace that ensuring an up-to-date provision of student resource across a range of special areas is crucial. Capital purchases have targeted in particular the video camera and editing provision, which has enabled a far higher technical standard within the student's creative work, while a new lighting desk has ensured they are able to engage with equipment relevant to prepare them for the profession.

The School continues to maintain its buildings and improve utilisation of space wherever possible. A building feasibility project is underway to assess both medium and long-term needs, including the potential to provide student accommodation and to increase classroom and studio capacity in order to facilitate smaller class sizes.

Some projects were delayed in 2013/14, with the associated costs equating to circa £60K. These will be carried out in the forthcoming academic year, including the creation of a new website, which will be developed and implemented during 2014/15.

The School appreciates the generous financial support for students it has received from The Leverhulme Trust, The LankellyChase Foundation, 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 Policy**

The School 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 £202K and the realised surplus of £208K.

The strengthened 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 the final year of the higher student tuition fee contribution and the volatility of the pension liability. The reserves policy enables the School 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 8:1, with the same ratio also applying for the Postgraduate Pathways.

### **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 School and the trusteeship and responsibility of the School.

Following the PPR Report, two advisable recommendations have been 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 School was in a process of change).

The assessment weightings and learning outcomes were 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 underwent a successful review and a revalidation process in March 2014 with the Open College Network Yorkshire and Humber Region, who operate under the name Certa. The procedure presented an opportunity to appraise and refresh the programme content. Some minor changes were made to unit titles and content. The rationale for the changes is to clarify and consolidate practice; aligning the units more closely with the current HE provision at NSCD, shifts in the global arena and trends in the dance profession. The assessment calendar remains similar to previous years to ensure quality assurance.

The School continued to invest in student support and integrated Student Support Guidelines were launched at the start of 2013/14.

2014/15:

A new staffing structure was implemented at the start of 2014/15 which addresses both the desire within the School to take a more organic approach to the holistic development of a dancer and to have a sharper careers focus for preparing students for the profession.

Academic subjects now fall within only two faculties; performance and creative and contextual studies. A new role, Head of Professional Development, brings together the theatre programming and careers work with an attention on artistic development, encouraging innovation and supporting graduates beyond the School.

Over the coming year, the School will embed minor changes to the marking system of contemporary and ballet technique. The final mark will be weighted towards continuous assessment, in order to emphasise the process and acknowledge that various factors may contribute towards a student's progress and ability at any given time. Both partner work and improvisation will be featured more within the performance curriculum to reflect needs within the profession and in response to graduate feedback.

Professional development, including careers-related sessions and opportunities to undertake co-curricular and extra-curricular experiences will be given a stronger focus over the year. Students are already undertaking apprenticeship opportunities in company settings, via an application process NSCD has set in place from the start of the year.

The guest artists budget has been increased and year groups will be divided into smaller groupings, wherever possible, to work with visiting choreographers within the curriculum.

## **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.

## **Post-Balance Sheet Events**

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 £2,669K net assets (including £260K pension liability).
- The School employs 40.9 people (expressed as full time equivalents) of whom 15.0 are teaching staff and 9.0 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 four-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 Human Resources, payroll and an initial review of a planned workload modeling project, which will be applied to teaching roles during autumn 2014. 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 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.

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

1. The School is working closely with the CDD to address the issues surrounding future funding and the impact of the higher tuition fee level, which will be in place across all years the BPA Programme from the academic year 2014/15. 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 School found that no adverse impact in student retention has arisen over the first two years of phasing in the new tuition fee regime, but the risk around income receipt is heightened. Tight controls are in place to mitigate this risk.
2. Student affordability is a key area to focus upon across all provisions, particularly in relation to the high tuition fee levels for the BPA Course compared to studying in Europe, where government support and subsidise conservatoire training. The School has a number of bursaries for allocation to eligible students demonstrating financial need. During the next academic year, 2014/15, a fund-raising campaign "Brilliant but Broke" will be launched with a view to securing further funds for distribution, alongside other initiatives.

## **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 Lankelly Chase Foundation, 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. Twice a year staff meetings are held at which staff are able to raise questions and express views about the working of the School. 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 School 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 School 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 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 regularly organise events for which they ask the School 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 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 Employment Committee of 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. An equalities plan is published each year and monitored by managers and governors.

## **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, liquidity and borrowings 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.

NORTHERN SCHOOL OF CONTEMPORARY DANCE  
FINANCIAL STATEMENTS FOR YEAR ENDED 31 JULY 2014

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 16 October 2014 and signed on its behalf by:**

**Clive Macdonald  
Chair**

## Professional Advisors

External auditors	KPMG LLP, 1 The Embankment, Neville Street, Leeds, LS1 4DW
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
Chartered Surveys	Carter Towler LLP, Coronet House, Queen Street, Leeds, LS1 2TW Tuffen Ferraby Taylor LLP, 2 Throgmorton Avenue, London, EC2N 2DG
Property Valuers	Chesterton International, Minerva House, 29 East Parade, Leeds, LS1 5PS

### **Chair of Governors Report**

I am extremely pleased to report another year of significant progress. This is most evident in the exceptional results achieved by all the student cohorts.

The level of attainment in the classifications awarded for both the BPA Hons in Contemporary Dance and across the postgraduate pathways has been outstanding - 54% of students graduating from the BPA programme have obtained a first class award.

It is also very pleasing to hear of students graduating from the two postgraduate pathways securing employment with well-respected professional companies, such as Smallpetitklein, Earthfall Dance, ACE Dance and Music and Tognadanza. This no doubt reflects excellent performance reviews achieved by Verve '14 during their tour.

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, Barnsley and Penrith. The number of places offered on the scheme will increase in 2014/15 to 80 over three year groups, compared to 70 students enrolling in 2013/14. 78% of students have secured a place in dance-related education on completion of the YYD Scheme in 2013/14, compared to 40% in the previous year. 5 students will join NSCD's Foundation Course in 2014/15 and 3 students will enrol directly onto the BPA Programme. As the Scheme celebrates its 10<sup>th</sup> year, a key highlight is a lobbying event aimed to attract interest at government level in underlining the need for continued funding for this national initiative ahead of the next spending review.

NSCD ran a very successful Summer School in July 2014, which attracted 97 attendees from across the UK and Europe. The week of study provided an energetic, fun and challenging experience for dancers aged 12 years and above. The work programme featured a range of classes and workshops culminating with an informal performance in The Riley Theatre. In addition, a professional intensive week was hosted at the School in partnership with Phoenix Dance Theatre, where professionals enrolled from the UK, France, Belgium and Hong Kong.

The National Awarding Organisation & Access Validating Agency, Certa, re-validated the Foundation Course during 2013/14 and this presented an opportunity for NSCD to refresh the course, aligning more with the undergraduate provision and ensuring that the current programme best equips students with the skills required to access Higher Education. We welcomed the support of the validation panel, including experts from Trinity Laban and Rambert School of Ballet and Contemporary Dance, for these changes.

The School remains mindful that student expectations have increased as a result of the introduction of a much higher student tuition fee contribution. It is vitally important that academic standards and the quality of learning opportunities reflect those higher expectations.

NSCD has preserved and further invested in student services, ensuring a high level of student support is accessible, whilst also endorsing the benefits of preventative measures by promoting healthy practice and awareness through initiatives such as the Healthy Dancer Days. Further improvements have been made to stabilise and enhance the School's ICT systems and increase technical equipment available for student use. The library continues to provide and develop services for students to access at NSCD and off-site, including a wide range of online resources alongside a growing catalogue of physical resources. Digital footage is constantly added, providing students and staff with access to recordings of visiting guest performances, assessments and off-air recordings.

The School successfully managed a staff restructure over the summer term that became effective from the start of the new academic year 2014/15. Whilst the project was initiated due to some financial pressures, the new structure will provide greater resilience in a changing climate and enabling the School to be better placed to achieve its forward-facing mission in preparing aspiring young dance professionals for the industry. The new structure will also enable the School to achieve its vision as an international centre for dance education in Leeds. NSCD is also paving the way to build and execute a development and fundraising strategy.

NORTHERN SCHOOL OF CONTEMPORARY DANCE  
FINANCIAL STATEMENTS FOR YEAR ENDED 31 JULY 2014

Over the year the School has undertaken a significant maintenance programme, including essential building repairs and refreshment. A review was undertaken to establish the best way to utilise existing space and to identify building requirements over a longer timeframe. NSCD would like to expand the available studio and classroom space, whilst also exploring the potential of offering purpose designed student accommodation.

As a member of The Conservatoire for Dance and Drama we are in a much stronger position leading up to the higher education funding review in 2015/16, which will address 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), now operating as 'Certa', which validates the Foundation Course.

I would also wish to pay tribute to the wonderful contribution of Janet Jurica who retired as Acting Chair of the Corporation in January 2014 after an association with the School spanning a period of around ten years. On behalf of the Board I would like to thank Janet for her service and extend our best wishes for the future. We would also like to extend thanks to members who stepped down during the year for their contribution.

A review of the governance structure has been undertaken during 2013/14, building on the work completed in the previous year. NSCD is currently in the process of recruiting new governors to serve on the Board.

Finally, I would like to note how the School continues to flourish under the outstanding leadership and guidance of Janet Smith, appointed as Principal in February 2012. 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. The contributions and the School staff, and above all, the students, during this academic year and in preparation for the forthcoming year, have been exceptional and make all this possible. A huge thank you to all those who have made this possible.

*[Insert electronic signature]*

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 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 2014, 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. There are several Committees including Finance Committee, Audit Committee, Employment Committee, Remuneration Committee and Nominations and Governance 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 Committee inter alia recommends to the Governing Body the School'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 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.

The Board approved some changes to its committees at a meeting held in July 2014. These will be implemented as a pilot for one year at the start of the academic year 2014/15.

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	Member: Employment, Finance, Nominations and Governance
Mr C Macdonald	23/01/2014	4 years		Co-opted member	Chair: Board of Governors, Remuneration, Nominations and Governance Member: Finance
Miss J Jurica	16/03/2004; Re-appointed 15/03/2008, 11/03/2012 & 05/02/2013	Note <sup>1</sup>	23/01/2014	Co-opted member	Acting Chair: Board of Governors, Nomination and Governance Chair: Employment Member: Remuneration
Cllr R Harington	14/03/2013	4 years		Co-opted member	Member: Audit
Ms P Bone	11/07/2013	4 years		Independent member	Member: Finance
Ms F Byrnes	01/07/2008; Re-appointed 01/07/2012	4 years		Independent member	Member: Employment , Finance
Mr S Ellwood	16/10/2000; Re-appointed 17/10/2008 & 18/10/2012	1 year	17/10/2013	Independent member	Member: Employment, Remuneration, Finance
Ms S Ferguson	05/02/2013	4 years		Independent member	Member: Nominations and Governance, Audit
Mr P Flynn	01/01/2010; Re-appointed 11/07/2013	To 31/12/2018	31/12/2013	Independent member	Chair: Audit
Mr N Gault	14/03/2013	4 years		Independent member	Member: Audit
Ms J Hennessey	14/03/2012	4 years	24/04/2014	Independent member	Member: Employment, Remuneration, Finance
Ms P Lund	08/11/2007; Re-appointed 08/11/2011	4 years		Independent member	Chair: Finance Member: Remuneration
Mr S Piasecki	11/03/2008; Re-appointed 11/03/2012 & 14/03/2013	4 years	17/10/2013	Independent member	Member: Audit
Mr A Nichols	02/07/2009; Re-appointed 14/03/2013	1 year	13/06/2014	Independent member	Acting Vice Chair: Board of Governors Chair: Remuneration Member: Employment, Nominations and Governance, Finance
Ms E Southworth	14/03/2012	4 years	Note <sup>2</sup>	Independent member	Member: Finance
Ms R Lehany	05/02/2013	4 years		Staff member	Member: Employment
Ms C Brierley	23/01/2014	4 years	30/06/2014	Staff member	
Mr C Wilkinson	23/10/2008 Re-appointed 18/10/2013	1 year	17/10/2013	Staff member	Member: Employment
Mr A Hinchcliffe	05/02/2013	2 years	31/07/2014	Student member	Member: Employment
Ms A Kompart	05/02/2013	2 years	31/07/2014	Student member	Member: Employment

<sup>1</sup> Appointed until such a time as a new Chair of the Board of Governors was appointed.

<sup>2</sup> A suspension of membership was agreed by the Board from 06/02/2014 to 05/08/2014

On behalf of the School Governing Body

Sarah Johnson  
Clerk to Governors  
**16 October 2014**

## **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 (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 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.

NORTHERN SCHOOL OF CONTEMPORARY DANCE  
FINANCIAL STATEMENTS FOR YEAR ENDED 31 JULY 2014

This process has been in operation for the whole of the period for the year ended 31 July 2014. 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 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.

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, 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

NORTHERN SCHOOL OF CONTEMPORARY DANCE  
FINANCIAL STATEMENTS FOR YEAR ENDED 31 JULY 2014

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.

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 2014 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 2014 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 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;

NORTHERN SCHOOL OF CONTEMPORARY DANCE  
FINANCIAL STATEMENTS FOR YEAR ENDED 31 JULY 2014

- 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 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.

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 financial statements (the “financial statements”) of the School for the year ended 31 July 2014 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 School'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 School as at 31 July 2014 and of the School'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, in all material respects:

- funds from whatever source administered by the School 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 School.

**Clare Partridge**

**On behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

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

16 October 2014



## INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR FROM 1 AUGUST 2013 TO 31 JULY 2014

Continuing Operations

	Notes	12 months 2013/2014 £'000	12 months 2012/2013 £'000
<b>Income</b>			
Funding Council grants	2	1282	1337
Tuition fees and education contracts	3	1535	1145
Other operating income	4	150	131
Investment income	5	10	5
<b>Total Income</b>		<b>2977</b>	<b>2618</b>
<b>Expenditure</b>			
Staff costs	6	1634	1427
Other operating expenses	8	1027	909
Depreciation	10	108	97
<b>Total Expenditure</b>		<b>2769</b>	<b>2433</b>
<b>Surplus</b> on continuing operations after depreciation of assets at cost and tax		<b>208</b>	<b>185</b>

All income and expenditure is from continued operations

## STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS

FOR THE YEAR FROM 1 AUGUST 2013 TO 31 JULY 2014

	Notes	12 months 2013/2014 £'000	12 months 2012/2013 £'000
Surplus on continuing operations before tax		208	185
<b>Historical Cost Surplus for the Year</b>		<b>208</b>	<b>185</b>

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR FROM 1 AUGUST 2013 TO 31 JULY 2014

	Notes	12 months 2012/2013 £'000	12 months 2011/2012 £'000
Surplus on continuing operations after depreciation of assets at valuation & tax		208	185
Actuarial gain/(loss) in respect of pension scheme	16	237	135
<b>Total recognised gains/(losses) relating to the period</b>		<b>445</b>	<b>320</b>

**BALANCE SHEET AS AT 31 JULY 2014**

	Notes	2014 £'000	2013 £'000
<b>Fixed Assets</b>			
Tangible assets	10	1326	1391
		<u>1326</u>	<u>1391</u>
<b>Current Assets</b>			
Stock		1	2
Debtors	11	65	66
Cash at bank and in hand	18	2124	1866
		<u>2190</u>	<u>1934</u>
<b>Creditors:</b>			
Amounts falling due within one year	12	587	571
		<u>1603</u>	<u>1363</u>
<b>Net current assets</b>		<b>1603</b>	<b>1363</b>
<b>Total assets less current liabilities</b>		<b>2929</b>	<b>2754</b>
<b>Net assets excluding pension liabilities</b>		<b>2929</b>	<b>2754</b>
Pension liabilities	16	(260)	(462)
<b>Net assets including pension liabilities</b>		<b>2669</b>	<b>2292</b>
<b>Deferred capital grant</b>	13	1096	1164
<b>Reserves</b>			
Revaluation reserve	14	0	40
Income and expenditure account	15	1573	1088
		<u>1573</u>	<u>1128</u>
<b>Total funds</b>		<b>2669</b>	<b>2292</b>

The financial statements on pages 25 to 41 were approved by the Corporation on 16 October 2014 and were signed on its behalf by:

Clive MacDonald  
Chair

Janet Smith  
Principal

## CASH FLOW STATEMENT

FOR THE YEAR FROM 1 AUGUST 2013 TO 31 JULY 2014

	Notes	12 months 2013/2014 £'000	12 months 2012/2013 £'000
Cashflow from operating activities	17	286	487
Returns on investments and servicing of finance	19	10	5
Capital expenditure and financial investment	19	(43)	(88)
Management of liquid resources	19	0	0
Financing	19	5	11
<b>Increase/(Decrease) in cash in the period</b>	<b>18</b>	<b>258</b>	<b>415</b>
<b>Reconciliation of net cash flow to movement in net funds</b>			£'000
Increase in cash in the period			258
Movement in net funds in the period			258
Net funds at 1 August 2013			1866
<b>Net funds at 31 July 2014</b>			<b>2124</b>

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

## **NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR FROM 1 AUGUST 2013 TO 31 JULY 2014

### **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 School 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 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 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 School 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 (2013: £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 School 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 School 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 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.

### **Maintenance of Premises**

The cost of routine corrective maintenance is charged to the income and expenditure account in the year it is incurred. The School has a planned maintenance programme and 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 School 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.

## 2. FUNDING COUNCIL GRANTS

	12 months 2013/2014 £'000	12 months 2012/2013 £'000
HEFCE recurrent grant	1004	1061
HEFCE other grants	96	98
EFA/SFA recurrent grant – FE provision	144	140
EFA/SFA other grants	0	0
Deferred capital grant released during the year:		
Buildings (note 13)	8	7
Equipment (note 13)	30	31
	<b>1282</b>	<b>1337</b>

## 3. TUITION FEES AND EDUCATION CONTRACTS

### EDUCATION CONTRACTS

Local education authority	22	22
Other Education Contracts	233	192

### TUITION FEES, CHARGES AND SUPPORT GRANTS

Full time student fees:		
Home and other European Union	1162	889
Non-European Union	105	29
Further Education - Home and other European Union	13	13
Further Education - Non European Union	0	0
	<b>1535</b>	<b>1145</b>

## 4. OTHER OPERATING INCOME

Releases from deferred capital grants:		
Non Funding Council (note 13)	35	36
Other income generating activities	57	55
Other income	58	40
	<b>150</b>	<b>131</b>

## 5. INVESTMENT INCOME

Other interest receivable	10	5
	<b>10</b>	<b>5</b>

## 6. STAFF COSTS

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

	12 months 2013/2014	12 months 2012/2013
	Number	Number
Teaching departments	15.0	14.6
Teaching support services	9.0	7.9
Administration and central services	14.9	13.7
Premises	1.0	1.0
Other income generating activities	1.0	1.1
	<b>40.9</b>	<b>38.3</b>
	£'000	£'000
<b>Staff costs for the above persons</b>		
Teaching departments	629	577
Teaching support services	233	220
Administration and central services	637	584
Premises	23	23
Research	0	0
Other income generating activities	26	23
Restructuring costs	86	0
	<b>1634</b>	<b>1427</b>
Wages and salaries	1326	1211
Social security costs	85	78
Other pension costs	102	99
FRS17 other movements	35	39
Restructuring costs	86	0
	<b>1634</b>	<b>1427</b>

The restructuring costs, amounting to £86K, were fully approved by the Corporation in June 2014.

## 7. EMOLUMENTS OF SENIOR POST HOLDERS

	2013/2014	2012/2013
For the year to 31 July		
Emoluments (including pension contributions and benefits in kind)	<u>£210,282</u>	<u>£198,117</u>
Emoluments of the principal (who is also the highest paid senior post holder):		
Salary	£65,666	£63,033
Pension Contribution	<u>£9,215</u>	<u>£8,888</u>
	<u>£74,881</u>	<u>£71,921</u>



## 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 School other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

### Overseas Activities

Costs of £1,777 (2013: £494) were incurred in the year in respect of overseas activities.

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## 8. OTHER OPERATING EXPENSES

	12 months 2013/2014 £'000	12 months 2012/2013 £'000
Teaching departments	224	159
Teaching support services	187	96
Other support services	23	35
Administration and central support services	144	161
General education services	84	76
Premises costs	251	251
Planned maintenance	89	97
Research	0	0
Other income-generating activities	25	34
	<b>1027</b>	<b>909</b>

Other operating expenses include:

Auditors remuneration		
- internal audit	0	0
- external audit	12	12
- other services from either external or internal audit	2	0
(Gains)/losses on disposal of tangible fixed assets	0	0

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## 9. TAXATION

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

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## 10. TANGIBLE FIXED ASSETS

	Land and buildings Freehold	Equipment	Total
	£'000	£'000	£'000
<b>Cost or valuation</b>			
At 1 August 2013	1937	932	2869
Additions	4	39	43
Disposals	0	(12)	(12)
<b>At 31 July 2014</b>	<b>1941</b>	<b>959</b>	<b>2900</b>
<b>Depreciation</b>			
At 1 August 2013	664	814	1478
Charge for year	49	59	108
Eliminated in respect of disposals	0	(12)	(12)
<b>At 31 July 2014</b>	<b>713</b>	<b>861</b>	<b>1574</b>
<b>Net book value at 31 July 2014</b>	<b>1228</b>	<b>98</b>	<b>1326</b>
Net book value at 31 July 2013	1273	118	1391
Inherited	40	0	40
Financed by Funding Council capital grants	219	30	249
Financed from own resources	121	68	189
Financed by other capital grants	848	0	848
	<b>1228</b>	<b>98</b>	<b>1326</b>

Some of the School buildings are Grade II listed inside and out. Due to the particular nature of the School 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 £95,155 (2013: £99,140) and a cost of £158,956 (2013: £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.

## 11. DEBTORS

	2013/2014 £'000	2012/2013 £'000
<b>Amounts falling due within one year</b>		
Trade debtors	31	19
Sundry debtors	4	3
Prepayments and accrued income	30	44
	<b>65</b>	<b>66</b>

## 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Payments received on account	81	143
Trade creditors	42	51
Other taxation and social security	60	38
Other creditors	105	91
Accruals	299	248
	<b>587</b>	<b>571</b>

## 13. DEFERRED CAPITAL GRANTS

	Funding Council £'000	Other Grants £'000	Total £'000
<b>At 1 August 2013</b>			
Land and buildings	227	883	1110
Equipment	54	0	54
<b>Cash received:</b>			
Land and buildings	0	0	0
Equipment	5	0	5
<b>Released to income and expenditure account</b>			
Land and buildings (notes 2 and 4)	(8)	(35)	(43)
Equipment (note 2)	(30)	0	(30)
<b>At 31 July 2014</b>			
<b>Land and buildings</b>	<b>219</b>	<b>848</b>	<b>1067</b>
<b>Equipment</b>	<b>29</b>	<b>0</b>	<b>29</b>
<b>Total</b>	<b>248</b>	<b>848</b>	<b>1096</b>

## 14. REVALUATION RESERVE

	£'000
At 1 August 2013	40
Revaluations in the year	0
Transfer from revaluation reserve to general reserve	(40)
<b>At 31 July 2014</b>	<b>0</b>

## 15. INCOME AND EXPENDITURE ACCOUNT RESERVE

	2014 £'000	2013 £'000
At 1 August	1088	768
Surplus/(deficit) retained for the year	208	185
Transfer from revaluation reserve to general reserve	40	0
Additional (loss)/gain in respect of pension scheme	237	135
<b>At 31 July</b>	<b>1573</b>	<b>1088</b>

## 15. INCOME AND EXPENDITURE ACCOUNT RESERVE (continued)

### Balance represented by:

Pension reserve	(260)	(462)
Income & expenditure reserve excluding pension reserve	1833	1550
At 31 July	1573	1088

## 16. PENSION AND SIMILAR OBLIGATIONS

The School'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 2013/14 was £66,687.

### 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 School is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly the School 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 School has set out the information available on the deficit in the scheme and the implications for the School 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 2014 was £35,474. The agreed contribution rates for 2014/15 are 9.1% 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 2014 by a qualified, independent actuary. The major assumptions used by the actuary were:

	31 July 2014	31 July 2013	31 July 2012
RPI Inflation	3.2%	3.6%	3.1%
CPI Inflation	2.2%	2.7%	2.1%
Rate of increase in salaries	3.7%	4.6%	4.6%
Rate of increase in pensions	2.2%	2.7%	2.1%
Rate of increase to deferred pensions	2.2%	2.7%	2.1%
Rate of revaluation of pension accounts	2.2%	n/a	n/a
Discount rate for liabilities	4.1%	4.5%	4.1%

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

	31 July 2014	31 July 2013
Retiring today		
Males	22.5	22.1
Females	25.4	24.3

## 16. PENSION AND SIMILAR OBLIGATIONS (continued)

Retiring in 20 years		
Males	24.7	23.9
Females	27.7	26.2

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

	rate of return expected at 31 July 2014	31 July 2014 £'000	rate of return expected at 31 July 2013	31 July 2013 £'000	rate of return expected at 31 July 2012	31 July 2012 £'000
Equities	7.5%	1051	7.8%	956	7.5%	750
Government Bonds	3.2%	144	3.3%	149	2.5%	143
Other Bonds	3.7%	73	4.0%	75	3.2%	61
Property	6.8%	46	7.3%	39	7.0%	39
Cash/Liquidity	1.1%	55	0.9%	50	1.4%	30
Other	7.5%	31	7.8%	41	7.5%	50
Total market value of School assets		<u>1400</u>		<u>1310</u>		<u>1073</u>

	2014 £'000	2013 £'000	2012 £'000
School's estimated asset share	1400	1310	1073
Present value of scheme liabilities	(1660)	(1772)	(1631)
(Deficit)/ surplus in the scheme	<u>(260)</u>	<u>(462)</u>	<u>(558)</u>

The following amounts have been recognised in the performance statements in the year to 31 July 2014 under the requirements of FRS17:

Operating profit:	2014 £'000	2013 £'000
Service cost	(78)	(75)
Total operating charge	<u>(78)</u>	<u>(75)</u>
Other financing income:	2014 £'000	2013 £'000
Expected return on pension scheme assets	89	69
Interest on pension scheme liabilities	(81)	(69)
Net return	<u>8</u>	<u>0</u>

*Due to the materiality level, finance income gained of £8K has been included within staff costs, netted against the pension charge to the Income & Expenditure account.*

Statement of total recognised gains and losses (STRGL):	2014 £'000	2013 £'000
Actual return less expected return on pension scheme assets	237	135
Experience gains and losses arising on the scheme liabilities	0	0
Actuarial gain/(loss) recognised in STRGL	<u>237</u>	<u>135</u>

## 16. PENSION AND SIMILAR OBLIGATIONS (continued)

Movement in deficit during year:

	2014 £'000	2013 £'000
Deficit in scheme at beginning of year	(462)	(558)
Movement in year:		
Current service charge	(78)	(75)
Contributions	35	36
Exceptional pensions past service credit	0	0
Net interest/return on assets	8	0
Actuarial gain or (loss)	237	135
Deficit in scheme at end of year	<u>(260)</u>	<u>(462)</u>

Asset and Liability Reconciliation:

	2014 £'000	2013 £'000
Liabilities at start of period	1772	1631
Service cost	78	75
Interest cost	81	69
Employee contributions	24	22
Actuarial (gains)/loss	(263)	(10)
Benefits paid	(32)	(15)
Liabilities at end of period	<u>1660</u>	<u>1772</u>

Asset and Liability Reconciliation:

	2014 £'000	2013 £'000
Assets at start of period	1310	1073
Expected return on assets	89	69
Actuarial gain/(loss)	(26)	125
Employer contributions	35	36
Employee contributions	24	22
Benefits paid	(32)	(15)
Assets at end of period	<u>1400</u>	<u>1310</u>

History of experience gains or losses:	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Difference between the expected and actual returns on assets:					
Amount	(26)	125	(55)	23	63
% of scheme assets	1.9	9.5	5.1	2.3	7.1
Experience gains and losses on scheme liabilities:					
Amount	30	1	2	152	3
% of scheme assets	2.1	0.1	0.2	15.1	0.3
Total amounts recognised in statement of total recognised gains and losses:					
Amount	237	135	(227)	187	169
% of scheme liabilities	14.3	7.6	13.9	14.2	12.6

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

	Notes	2014 £'000	2013 £'000
Surplus/(Deficit) on continuing operations after depreciation of assets at valuation and tax	15	208	185
Depreciation	10	108	97
Deferred capital grants released to income	2 & 4	(73)	(74)
Loss on disposal of tangible assets		0	0
Pension cost less contributions payable		35	39
(Increase)/Decrease in stocks		1	4
(Increase)/Decrease in debtors	11	1	54
Increase/(Decrease) in creditors	12	16	187
(Decrease) in provisions		0	0
Interest receivable	5	(10)	(5)
<b>Net cash inflow from operating activities</b>		<b>286</b>	<b>487</b>

## 18. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 August 2013 £'000	Cash flows £'000	At 31 July 2014 £'000
Cash at bank and in hand	1866	258	2124
<b>Total</b>	<b>1866</b>	<b>258</b>	<b>2124</b>

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

	2014 £'000	2013 £'000
<b>Returns on investments and servicing of finance:</b>		
Interest received	10	5
<b>Net cash flow from returns on investments and servicing of finance</b>	<b>10</b>	<b>5</b>
<b>Capital expenditure and financial investment:</b>		
Purchase of tangible fixed assets	(43)	(88)
Deferred capital grants received	5	11
<b>Net cash outflow for capital expenditure and financial investment</b>	<b>(38)</b>	<b>(77)</b>
<b>Net cash inflow/(outflow) from management of liquid resources</b>	<b>0</b>	<b>0</b>
<b>Net cash inflow/outflow from financing</b>	<b>0</b>	<b>0</b>

## 20. POST BALANCE SHEET EVENTS

There are no significant post balance sheet events.

## 21. CAPITAL COMMITMENTS

	2014 £'000	2013 £'000
Commitments contracted for at 31 July 2014	0	0
Authorised but not contracted for at 31 July 2014	0	0

## 22. FINANCIAL COMMITMENTS

The School has operating lease commitments in respect of land and buildings for the 2013/14 financial year on leases expiring:

	2014 £'000	2013 £'000
Land and buildings		
Expiring within one year	0	0
Expiring within two and five years inclusive	36	46
Expiring in over five years	0	0
	36	46

## 23. FRS 8 – 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 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 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.

## 24. ACCESS FUNDS

	2013/2014 £'000	2012/2013 £'000
Funding Council grants	58	66
Disbursed to students	(60)	(65)
Audit fees	0	0
Balance unspent at 31 July 2014	(2)	1



**24. ACCESS FUNDS (continued)**

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. As approved by the Skills Funding Agency, additional funds equating to £2.5K were disbursed to students during 2013/14 (arising from un-utilised bursary funds carried forward in previous years).