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Northern School of  
Contemporary Dance

REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDING  
31 JULY 2015

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NORTHERN SCHOOL OF CONTEMPORARY DANCE  
FINANCIAL STATEMENTS FOR YEAR ENDED 31 JULY 2015

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## **OPERATING AND FINANCIAL REVIEW FOR THE YEAR FROM 1 AUGUST 2014 TO 31 JULY 2015**

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

The members present their report and the audited financial statements for the year ended 31 July 2015. 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 constituent school of the Conservatoire for Dance and Drama (CDD).

### **Mission Statement**

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

NSCD values:

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

### **Public Benefit Statement**

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

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

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

## Public Benefit Statement continued

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

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

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

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

## Implementation of the Strategic Plan

An updated Strategic Plan for the period from 01 August 2013 to 31 July 2018 was approved and adopted by the Board on 15 July 2014. The updated plan incorporates additional stakeholder feedback and contextualises the approved aims and objectives.

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

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

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

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

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

## Implementation of the Strategic Plan continued

The School's specific objectives for 2014/15 and achievements against those objectives are addressed below:

1. Provide a clear and concise Development & Fundraising Strategy for approval and adoption by the Governing body.

*Update: two reports were commissioned during the year to ascertain the most effective ways of increasing development and fundraising activities at NSCD. Information was gathered and assessed from similar specialist institutions with a proven track record of being successful in this area. In addition, the potential to grow overseas recruitment in a targeted manner was evaluated. A Development & Fundraising Strategy, underpinned by the recommendations from the consultancy work, was presented and approved by the Board in the summer term 2015.*

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. In addition, work to improve NSCD's International profile as a world-leading centre for dance education.

*Update: Graceful 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 is in discussion with Spin Arts, our delivery partner on this award, who has approached the Arts Council England, to continue this provision in the future.*

*Through a successful Grant for the Arts application, the School programmed two showcases of graduate talent, both of which have been successfully received. NSCD also programmed both national and European cutting-edge performance work. Professional workshops have been provided as wrap-around activities to this provision and the School looks set to achieve audience targets for the season which ends in Spring 2016.*

*In partnership building and providing opportunities for current students and graduates, VERVE's performance at the opening of the Dance UK National industry conference was a highlight, with the presentation of graduate Jamaal Burkmar's "Ocean" as well as the high octane dancing attracting praise from industry leaders Wayne McGregor and Arlene Phillips.*

*Two of the artists, supported through the NSCD showcases, have achieved major breakthroughs in the industry this year, with Jamaal Burkmar being awarded the New Adventures choreography award and Carlos Pons Guerra being the only choreographer outside of the Rambert Dance Company invited to choreograph as part of the company's workshop performance programme for emerging talent.*

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

*Update: Over the year the School has detailed the ideal spaces and square footage required for a new build and assessed and ruled out as not appropriate the available buildings/sites within Chapeltown flagged up by Leeds City Council. NSCD is in dialogue with two national providers of student accommodation about the potential of a new build to include all academic facilities along with student accommodation, with a potential site in the cultural quarter of Leeds identified as ideal for a bespoke build. There is interest from the private owner in selling the land.*

### **Looking forward to 2015-16 onwards**

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 funding is subject to review in 2015/16. The Conservatoire has submitted a case to the review and it is anticipated that organisations will be informed of whether they will continue to qualify for this form of HEFCE funding beyond 2015/16 by January 2016. If the Conservatoire is successful, funding levels will be announced in March 2016. The Corporation meets in November 2015 to carry out scenario planning for a potential eventually of managing HEFCE funding cuts.

Throughout 2015/16 the Conservatoire and its constituent 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.

In 2015/16, NSCD launches an MA in Contemporary Dance, providing an opportunity for those students who have successfully completed a Postgraduate Diploma to progress onto a fourth term of study towards an MA qualification. This involves a student undertaking a substantial independent project, carrying out research at an advanced level, relative to the chosen field of study. The research project facilitates in-depth investigation into an aspect of contemporary dance practice, likely to be drawn from the experience and learning encountered on the Postgraduate Diploma course. The MA stage of study is characterised by self-directed research, with the guidance of a supervising tutor or mentor.

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 one of two major dance hubs outside of London. NSCD is seen as a key player in this ambition for Leeds and dance is a major strength in Leeds City Council's bid for the 2023 European Capital of Culture. 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.

As a partner in the European Dance Academy Network, of which NSCD is a founder member, the School will continue to work with the three European partner schools on delivering an ERASMUS+ programme of intensive study weeks and the production of an online learning resource as an outcome of the project. Following the completion of a successful study week in Spring 2015, students and staff representatives will take part in a week of seminars and a performance project at Fontys Academy, University of Tilburg, Holland, in October 2015.

With an outline Development Strategy now in place, a major drive for the School in 2015/16 will be to implement development and fundraising initiatives to reach strategic targets for the first year; the budget and new staffing structure have enhanced the resource allocated to these areas.

In terms of Riley Theatre programming, the aim will be to secure a permanent funding stream and build the professional development and European performance profile of the theatre, and continue work on promoting Riley Theatre as a cultural hub. This will be enhanced by capital investment in the foyer as a Front of House facility for the theatre, improving furnishing and lighting, as well as by enhanced promotion through marketing of the venue. The theatre can provide professional development opportunities for graduates, encouraging talent retention whilst also bridging the gap between specialist education and securing employment in the dance industry.

Positive discussions have been held with three notable choreographers and the School will be working in collaboration to enhance the student offer at the School by building links and strengthening relationships to increase student employability.

## Financial Objectives

The School's financial objectives are:

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

*Update: A surplus of £387K has been achieved for the financial year 2014/15. This out-turn has provided the School with the required level of reserves, being a value equal to at least six months of expenditure, and offers stability in more uncertain times. Development plans were delayed during 2014/15 and, as a result, the Board has approved a transfer from reserves of £80K to enhance activities in 2015/16. A key risk for NSCD is the reduction or discontinuation of Institute-specific funding, combined with any efficiency cuts applied to HEFCE funding. The budget for the forthcoming year is in line with the target set by the Board of £100K net surplus. The forecast will be monitored closely throughout 2015/16 with a view to achieving the determined target, irrespective of funding cuts, whilst still protecting the student experience. 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. Four key performance indicators are noted below:

### Student Recruitment

Students can apply and book auditions via a bespoke online application system. 664 applications were received for 2014/15 entry to the BPA, Postgraduate and Foundation programmes, for which approximately 110 places were available. This is slightly lower when compared to the previous year, where applications received totalled 730. The decrease is in relation to the BPA and Foundation auditions, with applications for the postgraduate pathways in line with the previous year. Applications for entry to 2015/16 degree programmes have reduced across the sector and NSCD numbers are consistent with the trend. However, the overall quality of the applications was of a higher standard than previously.

### Qualification and Completion rates

From the students graduating in July 2015, 51 completed the BPA programme of which 36 achieved first class awards, 15 achieved a 2:1 classification. No students achieved a 2:2 or a 3<sup>rd</sup> classification.

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The student classifications reflect a notable increase in first class awards of 18% when compared to last year, building further on the rise of 13% in 2013/14. This rise is in part due to a new regulation introduced by the University of Kent in 2014/15 which 'rounded up' the marks of 5 students who in the past would have achieved a 2:1 rather than an award in the First Class category. Postgraduate achievement continues to be high with 14 students being awarded a Distinction and 2 students a Merit across both Postgraduate Pathways.

A total of 30 students successfully completed the Foundation Course, with 1 learner deferring during the academic year, returning to study in 2015/16.

### **Student Destinations**

As a member of the CDD, the School is subject to the conditions of Institution-specific funding for specialist institutions, specifically with regard to employment outcomes. The target set for achieving professional employment for CDD graduates in the dance/drama and circus arts fields is 75% within 3 years of graduation. The most recent figures from the 2014 Destinations of Leavers in Higher Education demonstrate that, 6 months after graduating, 100% of BPA respondents were engaged in employment or further training. 75% of respondents were known to be in significant dance, drama or circus employment or undertaking further study. The further 25% were known to be in other employment not related to the field of study.

### **National Student Survey**

The results of the survey have out-performed previous years in all categories and are far higher than the industry standard. The scores obtained, from a 92% response rate are: teaching 4.6, assessment & feedback 4.2, academic support 4.6, organisation & management 4.4, learning resources 4.7 and personal development 4.5. The scores cumulate into an overall satisfaction rate of 4.5 (each category being based on highest score available being 5).

## **FINANCIAL POSITION**

### **Financial Results**

The School has retained a surplus of £387K (2014: £208K) which has assisted in building reserves to the required value of covering a minimum of six months expenditure and to provide a buffer should government funding significantly diminish. It has also supported the Corporation's decision to approve a transfer from reserves in 2015/16 of £80K to fund development initiatives. The transfer relates to funds not utilised in 2014/15 due to the Development & Fundraising Strategy being adopted towards the end of the summer term.

A full staff restructure was undertaken and concluded at the end of July 2014 in time for the start of this academic year. The new structure has enabled the re-alignment of resource to meet the key strategic aims of the School, particularly across academic areas. The School has been operating with a number of vacancies over the final term of 2015 as recruitment was placed on hold until a review of the structure was undertaken in the Spring 2015. It is expected that the School will have a full complement of staff early in 2016.

Savings achieved in general expenditure have allowed 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.



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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 included upgrading the Riley Theatre, installing projectors, purchasing ICT equipment and improving the infrastructure. A new student records system has been purchased, which has also aided the move to an electronic registration system from the start of 2015/16.

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. Additional facilities would enable the School to explore expanding the academic offering, which aligns with development plans.

Some projects were delayed in 2014/15, with the associated costs equating to circa £35K. These will be carried out in the forthcoming academic year, including the creation of a new and more visible reception and security area. The relocation of reception has, in turn, enabled the relocation of the Student Services department; the new office is more accessible to students and increases an already good customer-focus.

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 at least 6 months working capital as a reserve. The current financial year has seen an increase in reserves, largely due to realising a net surplus of £387K, partly offset by the pension liability increasing by £136K.

The strengthened reserves will provide stability over a period of financial uncertainty in terms the continuation and level of Institution-specific funding and funding for postgraduate study. Furthermore, the reserve levels will increase the School's ability to absorb any efficiency cuts applied by the government following the comprehensive spending review in the autumn 2015 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 a constituent school of the Conservatoire for Dance and Drama in receipt of Institution-specific funding, student numbers at NSCD are restricted to remain at 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**

#### **2014/15**

A new staffing structure was implemented at the start of the year 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.

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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.

NSCD continues to improve on the consistency of excellence in teaching delivery. Over this year emphasis has been given to embedding peer observation, to tutorial and feedback training for teaching staff and to building methodologies for sharing best practice.

During the year, the School embedded curriculum and academic developments including adjusting the marking system of contemporary and ballet technique to give more weighting to continuous assessment and strengthening both partner work and improvisation within the curriculum to reflect industry requirements and respond to graduate feedback.

A stronger focus has been given to professional development, including careers-related sessions and opportunities to undertake co-curricular and extra-curricular experiences.

Students have undertaken apprenticeship opportunities in company settings, via an application process NSCD set in place from the start of the year. In addition, the guest artists budget was increased and year groups divided into smaller groupings, wherever possible, to work with visiting choreographers within the curriculum.

Following the revalidation of the Foundation Course in 2013/14 small changes were made to reduce the assessment pressure on students, these changes will give students more time to develop their critical skills before being involved in a formal assessment.

### **2015/16**

The BPA Programme will be reviewed to ensure maximum cohesion and connectivity across all strands of learning. The School will work with Professor Matthew Wyon to introduce periodisation across the curriculum, theming and phasing activity to enhance learning, achieve peak performance and reduce injury for young dancers training for the profession.

2015/16 sees the introduction of an MA in Contemporary Dance, which gives students who have successfully completed the Postgraduate Diploma, the opportunity to study for a further term to obtain an MA qualification.

Over 2015/16 the School will develop a new one year postgraduate programme designed for 12 overseas students, to be introduced in September 2017 following validation through the University of Kent. The provision is aimed to develop the international standing of the School and increase and improve its business model.

### **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 £2,901K net assets (including £396K pension liability).
- The School employs 41.1 people (expressed as full time equivalents) of whom 14.8 are teaching staff and 8.0 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 three-year rolling plan. The plan contains a standard audit programme of work, whilst also allowing flexibility for a tailored audit to be conducted in an area of potential high risk. This year focused on finance and an interim review of the data collected for the first part of a Workload Modeling Project. The aim of the project is to review and assess the allocation of work across teaching staff and to obtain the input hours required for each area of delivery. 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 the potential reduction or withdrawal of HEFCE Institute-specific funding. The funding is secured for the forthcoming year, but a review is being undertaken in 2015/16 to ascertain whether the CDD would qualify in future years should the fund still exist. The CDD continue to be pro-active in terms of protecting Institute-specific funding and have submitted a consolidated paper to the review. Institutions will be notified of outcomes around January 2016, with future funding levels published in March 2016, should the CDD be eligible and the funding stream still be in existence.
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 adverse impact may be that affordability prevents the most talented students from coming to NSCD. The School has a number of bursaries for allocation to eligible students demonstrating financial need. During the next academic year, 2015/16, a fund-raising campaign will be launched with a view to securing further funds for distribution, alongside other initiatives. The new website will be used as a tool to capitalise on sharing new of graduate achievement and the celebration of NSCD's 30<sup>th</sup> anniversary to promote the School internationally.

## **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. Staff meetings are held on a termly basis at which staff are able to raise questions and express views about the working of the School. Staff are also encouraged to contribute to strategic plans outside the meetings forum, such as being consulted throughout the process of a full staff restructure, from conception through to a review once embedded for an academic term.

## **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 Corporation.

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

## **Charitable and Taxation Status**

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

## **Disclosure of Information to Auditors**

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

## **Going Concern**

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

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 15 October 2015 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 very 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 - 71% of students graduating from the BPA programme have obtained a first class award. Students graduating from the two postgraduate pathways have secured employment with well-respected professional companies and individuals, such as Phoenix Dance Theatre, Company Chameleon, Russel Maliphant and Darshan Singh Bhuller.

The Yorkshire Young Dancers (YYD) Scheme, run in conjunction with Northern Ballet Theatre, continues to flourish and expand, celebrating its 10<sup>th</sup> Anniversary this year. The number of places NSCD offered on the scheme increased to 80 over three year groups, compared to 70 students in 2013/14.

The 2015/16 academic year is the 30<sup>th</sup> anniversary of NSCD. The School is planning to mark the occasion with a number of celebratory performances and exhibitions both on-site at Riley Theatre and in Leeds city centre. There will be a collaborative event with Leeds College of Music, who are also celebrating an anniversary and a fundraising gala in the Spring. In addition, NSCD will celebrate the 10<sup>th</sup> anniversary of the postgraduate company VERVE in 2015/16.

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. The student offering continues to adapt, taking into consideration student feedback and to make sure that graduates are equipped with the necessary skills to obtain employment in a competitive industry. The benefits of refreshing and renewing the student experience are underpinned by the exceptionally high statistics obtained via the National Student Survey. NSCD has out-performed previous years in all seven categories, with a 90% overall satisfaction rate. This satisfaction rating by our students places us amongst the best in the higher education sector.

NSCD has invested further in its already well regarded student services, ensuring a high level of student support is accessible. A particular feature of the support service is the emphasis placed upon the benefits of preventative measures by promoting healthy practice and awareness through initiatives such as the Healthy Dancer Days. A new way of assessing and signposting students with injuries was introduced in the summer term and has received excellent feedback from the student base, whilst also freeing time within the teaching staff base for delivery. These changes provide a mechanism for ensuring students receive the most appropriate and timely injury support that is carefully monitored. It also ensures a clear communication link is in place so tutors are aware of any adjustments required to their training.

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 outstanding services for students to access at NSCD and off-site. This provision includes a wide range of online resources alongside a growing catalogue of physical resources. Digital performance footage is now routinely added to the NSCD Media Archive throughout the year, providing students and staff with access to recordings of visiting guest performances, assessments, student shows and off-air recordings. Subscriptions, to widen access to online research tools, have increased to cater for the developing postgraduate provision and the emphasis on research across all of the constituent schools of the Conservatoire for Dance and Drama (CDD).

The School is conscious of future changes to the Disabled Student Allowance support available to students and will take steps to mitigate any negative effect by further developing the inclusive use of the School's resources and via innovative central initiatives introduced at Conservatoire group level.

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NSCD successfully managed a full staff restructure in 2013/14 that became effective from the start of the 2014/15 academic year. The introduction of an Academic Management Team has greatly improved the organisation of operational activities and communication flow across the School. A review of the new structure was conducted in the Spring term and the feedback from staff was positive and welcomed. The review highlighted the need to increase resource within the Senior Management Team and this has been addressed by introducing an additional post at Directorate level. The enhancement will provide greater resilience in a changing climate and enable the School to concentrate on building strong fundraising and strategic development. Furthermore, the School will have more capacity to continue achieving its forward-facing mission in preparing aspiring young dance professionals for the industry and will enable the School to achieve its vision as an international centre for dance education in Leeds.

NSCD will place focus on development plans during the forthcoming year, implementing the strategy approved by the Corporation in the summer 2015. In order to ensure effective implementation, the Board has agreed an £80K investment in development in 2015/16.

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. The Board is working with senior staff in exploring how to expand the available studio and classroom space and the potential of offering purpose designed student accommodation.

As a member of the CDD 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 funding levels. Successful relationships remain in place with both the University of Kent, which validates the Degree and Postgraduate/MA programmes and the National Awarding Organisation and Access Validating Agency, Certa, which validates the Foundation Course.

A review of the governance structure was undertaken during 2013/14, building on the work completed in the previous year. The new ways of working were piloted during 2014/15 and have now been adopted by the Corporation as a permanent change. The Corporation will meet 5-6 times each academic year and lead governors have been appointed responsibility for key areas, including finance and safeguarding. Another lead governor will be appointed in the forthcoming year to oversee development and fundraising.

Finally, I would like to note how the School continues to flourish under the outstanding leadership and guidance NSCD's Principal, Janet Smith. I am sure she would be the first to want to recognise the contributions of colleagues on the Board who give up their time freely and generously for the benefit of the Corporation and are crucial to the on-going success of NSCD. 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.



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 2015, the School has been in compliance with all the Code provisions set out in Section 1 of the Combined Code on Corporate Governance in so far as they relate to Schools.

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

The Governing Body meets at least once per term, but will also arrange extraordinary meetings as required. The Governing Body met six times during 2014/15, although two of those meetings were inquorate. There are several Committees including Audit Committee, Remuneration Committee and Nominations and Committee. All of the Committees are formally constituted with terms of reference and comprise mainly of lay members of the Governing Body, one of whom is the Chair.

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

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

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

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		Independent member	Chair: Board of Governors, Remuneration, Nominations and Governance
Cllr R Harington	14/03/2013	4 years		Co-opted member	Member: Audit
Ms P Bone	11/07/2013	4 years		Independent member	
Ms F Byrnes	01/07/2008; Re-appointed 01/07/2012	4 years		Independent member	
Ms S Ferguson	05/02/2013	4 years		Independent member	Member: Nominations and Governance, Audit
Mr N Gault	14/03/2013	4 years		Independent member	Member: Audit
Ms P Lund	08/11/2007; Re-appointed 08/11/2011	4 years		Independent member	Vice Chair: Board of Governors Member: Remuneration
Ms V Pollard	16/10/2014	4 years		Independent member	Chair: Audit
Ms E Southworth	14/03/2012	4 years	Note <sup>1</sup>	Independent member	
Dr R Whittaker	19/03/2015	4 years		Co-opted member	
Ms R Lehany	05/02/2013	4 years		Staff member (Academic)	
Ms S Hoggart	19/03/2015	4 years		Staff member (Support)	
Ms C Burton	16/07/2015	2 years		Student member	
Ms N Smith	16/07/2015	2 years		Student member	
Mr M Wood	19/03/2015	4 years		External expert	Member: Audit

On behalf of the School Governing Body

Sarah Johnson  
Clerk to Governors  
**15 October 2015**

<sup>1</sup> A suspension of membership was agreed by the Board from 06/02/2014 to 05/08/2014, the extension was continued to October 2014 at which point Emma Southworth resigned from the Board.

## **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. This process has been in operation for the whole of the period for the year ended 31 July 2015. The system that monitors risk and controls has been embedded into the Committee structure and the Leadership Team for the whole of the year.

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Corporation is provided with regular and timely information on the overall financial performance of the School, together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues.

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The Corporation meets at least each term, in line with the fixed cycle of meetings and also holds exceptional meetings and working parties as required. During 2014/15 the Corporation met six times, although two meetings were inquorate.

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

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

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

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

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

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

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

### **Appointments to the Corporation**

Any new appointments to the Corporation are a matter for consideration of the Corporation as a whole. The Corporation has a Nominations Committee which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that the appropriate induction and on-going development is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years.

#### *Scope of responsibility*

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

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

#### *The purpose of the system of internal control*

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

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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 2015 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 2015 and up to the date of approval of the annual report and accounts. The process is regularly reviewed by the Corporation.

*The risk and control framework*

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

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

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

*Review of effectiveness*

As the Governing Body, we have responsibility for reviewing the effectiveness of the system of internal control.

The following processes have been established:

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

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Risk awareness training has been undertaken by some members of the Board with additional training to be scheduled in the future for new members, 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.

**Audit Report 7: Non-company group and parent Higher Education Institutions in England** [\[to be printed on KPMG letterhead\]](#)

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

We have audited financial statements (the "financial statements") of the School for the year ended 31 July 2015 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 the Charters and Statutes of the institution. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Governors for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the Governing Body and auditor**

As explained more fully in the Responsibilities of the Board of Governors Statement set out on page 19 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 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the School as at 31 July 2015 and of the School's income and expenditure, recognised gains and losses and cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education; and
- meet the requirements of HEFCE's *Accounts* direction to higher education institutions for 2014-15 financial statements.

**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 managed in accordance with relevant legislation;
- income has been applied in accordance with the School's Statutes;
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them; and
- the corporate governance and internal control requirements of HEFCE's Accounts direction to higher education institutions for 2014-15 financial statements have been met.

Clare Partridge  
For and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
Leeds  
15 October 2015



**INCOME AND EXPENDITURE ACCOUNT**

FOR THE YEAR FROM 1 AUGUST 2014 TO 31 JULY 2015

Continuing Operations

	Notes	12 months 2014/2015 £'000	12 months 2013/2014 £'000
<b>Income</b>			
Funding Council grants	2	1029	1282
Tuition fees and education contracts	3	1877	1535
Other operating income	4	137	150
Investment income	5	7	10
<b>Total Income</b>		<b>3050</b>	<b>2977</b>
<b>Expenditure</b>			
Staff costs	6	1573	1642
Other operating expenses	8	991	1019
Depreciation	10	99	108
<b>Total Expenditure</b>		<b>2663</b>	<b>2769</b>
<b>Surplus</b> on continuing operations after depreciation of assets at cost and tax		<b>387</b>	<b>208</b>

All income and expenditure is from continued operations

## STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS

FOR THE YEAR FROM 1 AUGUST 2014 TO 31 JULY 2015

	Notes	12 months 2014/2015 £'000	12 months 2013/2014 £'000
Surplus on continuing operations before tax		387	208
<b>Historical Cost Surplus for the Year</b>		<b>387</b>	<b>208</b>

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR FROM 1 AUGUST 2014 TO 31 JULY 2015

	Notes	12 months 2014/2015 £'000	12 months 2013/2014 £'000
Surplus on continuing operations after depreciation of assets at valuation & tax		387	208
Actuarial gain/(loss) in respect of pension scheme	16	(129)	237
Total recognised gains/(losses) relating to the period		<b>258</b>	<b>445</b>

**BALANCE SHEET AS AT 31 JULY 2015**

	Notes	2015 £'000	2014 £'000
<b>Fixed Assets</b>			
Tangible assets	10	1276	1326
		<u>1276</u>	<u>1326</u>
<b>Endowment Assets</b>			
	14	13	4
<b>Current Assets</b>			
Stock		1	1
Debtors	11	84	65
Cash at bank and in hand	18	2693	2120
		<u>2778</u>	<u>2186</u>
<b>Creditors:</b>			
Amounts falling due within one year	12	770	583
		<u>2008</u>	<u>1603</u>
<b>Net current assets</b>		<b>2008</b>	<b>1603</b>
<b>Total assets less current liabilities</b>		<b>3297</b>	<b>2933</b>
<b>Net assets excluding pension liabilities</b>		<b>3297</b>	<b>2933</b>
Pension liabilities	16	(396)	(260)
<b>Net assets including pension liabilities</b>		<b>2901</b>	<b>2673</b>
<b>Deferred capital grant</b>	13	1057	1096
<b>Endowment Funds</b>	14	13	4
<b>Reserves</b>			
Income and expenditure account	15	1831	1573
		<u>1831</u>	<u>1573</u>
<b>Total funds</b>		<b>2901</b>	<b>2673</b>

The financial statements on pages 25 to 41 were approved by the Corporation on 15 October 2015 and were signed on its behalf by:

Clive MacDonald  
Chair

Janet Smith  
Principal

**CASH FLOW STATEMENT**

FOR THE YEAR FROM 1 AUGUST 2014 TO 31 JULY 2015

	Notes	12 months 2014/2015 £'000	12 months 2013/2014 £'000
Cashflow from operating activities	17	589	286
Returns on investments and servicing of finance	19	7	10
Capital expenditure and financial investment	19	(49)	(43)
Management of liquid resources	19	0	0
Financing	19	26	5
<b>Increase/(Decrease) in cash in the period</b>	<b>18</b>	<b>573</b>	<b>258</b>
<b>Reconciliation of net cash flow to movement in net funds</b>			£'000
Increase in cash in the period			573
Movement in net funds in the period			573
Net funds at 1 August 2014			2120
<b>Net funds at 31 July 2015</b>			<b>2693</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 2014 TO 31 JULY 2015

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

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 2014/2015 £'000	12 months 2013/2014 £'000
HEFCE recurrent grant	805	1004
HEFCE other grants	91	96
EFA/SFA recurrent grant – FE provision	103	144
EFA/SFA other grants	0	0
Deferred capital grant released during the year:		
Buildings (note 13)	8	8
Equipment (note 13)	22	30
	<b>1029</b>	<b>1282</b>

## 3. TUITION FEES AND EDUCATION CONTRACTS

### EDUCATION CONTRACTS

Local education authority	29	22
Other Education Contracts	246	233

### TUITION FEES, CHARGES AND SUPPORT GRANTS

Full time student fees:		
Home and other European Union	1396	1162
Non-European Union	184	105
Further Education - Home and other European Union	11	13
Further Education - Non European Union	11	0
	<b>1877</b>	<b>1535</b>

## 4. OTHER OPERATING INCOME

Releases from deferred capital grants:		
Non Funding Council (note 13)	35	35
Other income generating activities	52	57
Other income	50	58
	<b>137</b>	<b>150</b>

## 5. INVESTMENT INCOME

Other interest receivable	7	10
	<b>7</b>	<b>10</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 2014/2015	12 months 2013/2014
	Number	Number
Teaching departments	14.8	15.0
Teaching support services	8.0	9.0
Administration and central services	14.2	14.9
Premises	2.6	1.0
Other income generating activities	1.5	1.0
	<b>41.1</b>	<b>40.9</b>

	£'000	£'000
<b>Staff costs for the above persons</b>		
Teaching departments	573	629
Teaching support services	230	233
Administration and central services	638	637
Premises	70	23
Research	0	0
Other income generating activities	38	26
FRS17 other movements	24	8
Restructuring costs	0	86
	<b>1573</b>	<b>1642</b>

Wages and salaries	1348	1326
Social security costs	81	85
Other pension costs	113	102
FRS17 other movements	31	43
Restructuring costs	0	86
	<b>1573</b>	<b>1642</b>

## 7. EMOLUMENTS OF SENIOR POST HOLDERS

	2014/2015	2013/2014
For the year to 31 July		
Emoluments (including pension contributions and benefits in kind)	<u>£169,347</u>	<u>£210,282</u>
Emoluments of the principal (who is also the highest paid senior post holder):		
Salary	£73,983	£65,351
Pension Contribution	<u>£9,433</u>	<u>£9,215</u>
	<u>£83,416</u>	<u>£74,566</u>

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.



## 7. EMOLUMENTS OF SENIOR POST HOLDERS continued

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 £1,406 (2014: £1,777) were incurred in the year in respect of overseas activities.

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## 8. OTHER OPERATING EXPENSES

	12 months 2014/2015 £'000	12 months 2013/2014 £'000
Teaching departments	152	224
Teaching support services	245	187
Other support services	25	23
Administration and central support services	157	144
General education services	97	84
Premises costs	236	251
Planned maintenance	73	89
Research	0	0
FRS17 finance costs	(24)	(8)
Other income-generating activities	30	25
	<b>991</b>	<b>1019</b>

Other operating expenses include:

Auditors remuneration		
- internal audit	0	0
- external audit	12	12
- other services from either external or internal audit	1	2
(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 2014	1941	959	2900
Additions	0	49	49
Disposals	0	(51)	(51)
<b>At 31 July 2015</b>	<b>1941</b>	<b>957</b>	<b>2898</b>
<b>Depreciation</b>			
At 1 August 2014	713	861	1574
Charge for year	48	51	99
Eliminated in respect of disposals	0	(51)	(51)
<b>At 31 July 2015</b>	<b>761</b>	<b>861</b>	<b>1622</b>
<b>Net book value at 31 July 2015</b>	<b>1180</b>	<b>96</b>	<b>1276</b>
Net book value at 31 July 2014	1228	98	1326
Inherited	40	0	40
Financed by Funding Council capital grants	211	33	244
Financed from own resources	116	63	179
Financed by other capital grants	813	0	813
	<b>1180</b>	<b>96</b>	<b>1276</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 £91,170 (2014: £95,155) and a cost of £158,956 (2014: £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

	2014/2015 £'000	2013/2014 £'000
<b>Amounts falling due within one year</b>		
Trade debtors	28	31
Sundry debtors	2	4
Prepayments and accrued income	54	30
	<b>84</b>	<b>65</b>

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

Payments received on account	148	81
Trade creditors	36	42
Other taxation and social security	40	60
Other creditors	120	101
Accruals	426	299
	<b>770</b>	<b>583</b>

## 13. DEFERRED CAPITAL GRANTS

	Funding Council £'000	Other Grants £'000	Total £'000
<b>At 1 August 2014</b>			
Land and buildings	219	848	1067
Equipment	29	0	29
<b>Cash received:</b>			
Land and buildings	0	0	0
Equipment	26	0	26
<b>Released to income and expenditure account</b>			
Land and buildings (notes 2 and 4)	(8)	(35)	(43)
Equipment (note 2)	(22)	0	(22)
<b>At 31 July 2015</b>			
<b>Land and buildings</b>	<b>211</b>	<b>813</b>	<b>1024</b>
<b>Equipment</b>	<b>33</b>	<b>0</b>	<b>33</b>
<b>Total</b>	<b>244</b>	<b>813</b>	<b>1057</b>

## 14. ENDOWMENTS

	2015 £'000	2014 £'000
At 1 August	4	2
New endowments	10	3
Expenditure for the year related to endowment balances	(1)	(1)
At 31 July	13	4
<b>Balance represented by:</b>		
Cash at bank held for endowments	13	4
At 31 July	13	4

## 15. INCOME AND EXPENDITURE ACCOUNT RESERVE

	2015 £'000	2014 £'000
At 1 August	1573	1088
Surplus/(deficit) retained for the year	387	208
Transfer from revaluation reserve to general reserve	0	40
Additional (loss)/gain in respect of pension scheme	(129)	237
At 31 July	1831	1573
<b>Balance represented by:</b>		
Pension reserve	(396)	(260)
Income & expenditure reserve excluding pension reserve	2227	1833
At 31 July	1831	1573

## 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 2014/15 was £75,699.

### **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 2015 was £36,249. The agreed contribution rates for 2015/16 are 8.7% for employers and range from 5.8% to 9.9% for employees (based on salary bands).

The following information is based upon a full actuarial valuation of the fund at 31 March 2004 updated as at 31 July each year up to 31 July 2015 by a qualified, independent actuary. The major assumptions used by the actuary were:

## 16. PENSION AND SIMILAR OBLIGATIONS (continued)

	31 July 2015	31 July 2014	31 July 2013
RPI Inflation	3.2%	3.2%	3.6%
CPI Inflation	2.1%	2.2%	2.7%
Rate of increase in salaries	3.6%	3.7%	4.6%
Rate of increase in pensions	2.1%	2.2%	2.7%
Rate of increase to deferred pensions	2.1%	2.2%	2.7%
Rate of revaluation of pension accounts	2.1%	2.2%	n/a
Discount rate for liabilities	3.6%	4.1%	4.5%

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

	31 July 2015	31 July 2014
Retiring today		
Males	22.6	22.5
Females	25.5	25.4
Retiring in 20 years		
Males	24.8	24.7
Females	27.8	27.7

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

	rate of return expected at 31 July 2015	31 July 2015 £'000	rate of return expected at 31 July 2014	31 July 2014 £'000	rate of return expected at 31 July 2013	31 July 2013 £'000
Equities	7.0%	1198	7.5%	1051	7.8%	956
Government Bonds	2.5%	164	3.2%	144	3.3%	149
Other Bonds	3.1%	73	3.7%	73	4.0%	75
Property	6.2%	71	6.8%	46	7.3%	39
Cash/Liquidity	1.1%	24	1.1%	55	0.9%	50
Other	7.0%	49	7.5%	31	7.8%	41
Total market value of School assets		<u>1579</u>		<u>1400</u>		<u>1310</u>

	2015 £'000	2014 £'000	2013 £'000
School's estimated asset share	1579	1400	1310
Present value of scheme liabilities	(1975)	(1660)	(1772)
(Deficit)/ surplus in the scheme	<u>(396)</u>	<u>(260)</u>	<u>(462)</u>

The following amounts have been recognised in the performance statements in the year to 31 July 2015 under the requirements of FRS17:

Operating profit:		
	2015	2014
	£'000	£'000
Service cost	(67)	(78)
Total operating charge	<u>(67)</u>	<u>(78)</u>
Other financing income:		
	2015	2014
	£'000	£'000
Expected return on pension scheme assets	93	89
Interest on pension scheme liabilities	(69)	(81)
Net return	<u>24</u>	<u>8</u>

## 16. PENSION AND SIMILAR OBLIGATIONS (continued)

*In 2013/14 due to the materiality level, finance income gained of £8K was included within staff costs, netted against the pension charge to the income & expenditure account. The prior-year figures have been re-stated to analyse the finance costs as a separate item within other operating expenses.*

Statement of total recognised gains and losses (STRGL):

	2015 £'000	2014 £'000
Actual return less expected return on pension scheme assets	(129)	237
Experience gains and losses arising on the scheme liabilities	0	0
Actuarial gain/(loss) recognised in STRGL	<u>(129)</u>	<u>237</u>

Movement in deficit during year:

	2015 £'000	2014 £'000
Deficit in scheme at beginning of year	(260)	(462)
Movement in year:		
Current service charge	(67)	(78)
Contributions	36	35
Exceptional pensions past service credit	0	0
Net interest/return on assets	24	8
Actuarial gain or (loss)	(129)	237
Deficit in scheme at end of year	<u>(396)</u>	<u>(260)</u>

Asset and Liability Reconciliation:

	2015 £'000	2014 £'000
Liabilities at start of period	1660	1772
Service cost	67	78
Interest cost	69	81
Employee contributions	26	24
Actuarial (gains)/loss	167	(263)
Benefits paid	(14)	(32)
Liabilities at end of period	<u>1975</u>	<u>1660</u>

Asset and Liability Reconciliation:

	2015 £'000	2014 £'000
Assets at start of period	1400	1310
Expected return on assets	93	89
Actuarial gain/(loss)	38	(26)
Employer contributions	36	35
Employee contributions	26	24
Benefits paid	(14)	(32)
Assets at end of period	<u>1579</u>	<u>1400</u>

## 16. PENSION AND SIMILAR OBLIGATIONS (continued)

History of experience gains or losses:	2015	2014	2013	2012	2011
	£'000	£'000	£'000	£'000	£'000
Difference between the expected and actual returns on assets:					
Amount	38	(26)	125	(55)	23
% of scheme assets	2.4	1.9	9.5	5.1	2.3
Experience gains and losses on scheme liabilities:					
Amount	11	30	1	2	152
% of scheme assets	0.7	2.1	0.1	0.2	15.1
Total amounts recognised in statement of total recognised gains and losses:					
Amount	(129)	237	135	(227)	187
% of scheme liabilities	6.5	14.3	7.6	13.9	14.2

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

	Notes	2015 £'000	2014 £'000
Surplus/(Deficit) on continuing operations after depreciation of assets at valuation and tax	15	387	208
Depreciation	10	99	108
Deferred capital grants released to income	2 & 4	(65)	(73)
Loss on disposal of tangible assets		0	0
Pension cost less contributions payable		7	35
(Increase)/Decrease in stocks		0	1
(Increase)/Decrease in debtors	11	(19)	1
Increase/(Decrease) in creditors	12	187	12
(Decrease) in provisions		0	0
Interest receivable	5	(7)	(10)
<b>Net cash inflow from operating activities</b>		<b>589</b>	<b>282</b>

## 18. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 August 2014 £'000	Cash flows £'000	At 31 July 2015 £'000
Cash at bank and in hand	2120	573	2693
<b>Total</b>	<b>2120</b>	<b>573</b>	<b>2693</b>

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

	2015 £'000	2014 £'000
<b>Returns on investments and servicing of finance:</b>		
Interest received	7	10
<b>Net cash flow from returns on investments and servicing of finance</b>	<b>7</b>	<b>10</b>
<b>Capital expenditure and financial investment:</b>		
Purchase of tangible fixed assets	(49)	(43)
Deferred capital grants received	26	5
<b>Net cash outflow for capital expenditure and financial investment</b>	<b>(23)</b>	<b>(38)</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

	2015 £'000	2014 £'000
Commitments contracted for at 31 July 2015	6	0
Authorised but not contracted for at 31 July 2015	0	0

## 22. FINANCIAL COMMITMENTS

The School has operating lease commitments in respect of land and buildings for the 2014/15 financial year on leases expiring:

	2015 £'000	2014 £'000
Land and buildings		
Expiring within one year	0	0
Expiring within two and five years inclusive	25	36
Expiring in over five years	0	0
	<b>25</b>	<b>36</b>



### 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.

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### 24. ACCESS FUNDS

	2014/2015 £'000	2013/2014 £'000
Funding Council grants	59	58
Disbursed to students	(56)	(60)
Audit fees	0	0
Balance unspent at 31 July 2015	<u>3</u>	<u>(2)</u>

Funding Council grants are available solely for students: the School acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure account. As approved by the Education Skills Agency and the Skills Funding Agency, additional funds equating to £4.3K were disbursed to students during 2014/15 (arising from un-utilised bursary funds carried forward in previous years).