


Northern School of
Contemporary Dance

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 JULY 2023

NORTHERN SCHOOL OF CONTEMPORARY DANCE
FINANCIAL STATEMENTS FOR YEAR ENDED 31 JULY 2023

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STRATEGIC REPORT

The Northern School of Contemporary Dance (NSCD) is a Higher Education Provider, delivering world-leading education and vocational training. The School continues to thrive and has now completed another year of both educational and artistic success.

Review of the year

We are very pleased to report another year of outstanding success and significant progress. The success of the School is most evident once again in the outstanding results achieved by our students. The level of attainment of our students continues to be exceptional:

- CertHE in Contemporary Dance - 26 students graduated with the Certificate in Higher Education, 67% of students were awarded a merit or above, with 33% achieving a distinction.
- We are delighted that 100% of students from the CertHE Contemporary Dance programme are progressing onto further training, with 50% of the cohort progressing to the first year of the School's BA programme and 11% of the cohort are progressing as direct entries into the second year of the BA programme, with 39% progressing onto programmes at other Conservatoire schools or Higher Education institutions.
- BA in Dance (Contemporary) – the final year cohort of 70 students graduated, with 91% of our students obtaining a 2.1 degree or above, with an exceptional 61% being First Class Honours awards.
- MA in Contemporary Dance Performance – 49 students graduated with an MA, 44 students from 2022-23 and 5 returning students from 2021-22. 71% of these students were awarded a Distinction and 6% were awarded a Merit. 4 Students are going through the process of a re-sit opportunity following their research project. 10 students chose to exit the course before the research project, having taken up roles in the dance profession, all of these were awarded the Postgraduate Diploma with Distinction. 3 students have intermitted studies before taking the research project and will be returning next year to complete their studies.
- MA in Dance and Creative Enterprise – 4 students graduated with a MA, 25% with a Distinction and 75% with a Merit. 2 students have a re-sit opportunity following their research project.
- MA Dance Teaching and Facilitating - 3 students graduated from this MA course, 100% with Distinctions.

The pre-vocational Centre for Advanced Training (CAT) is part of a national programme run for talented children and young people aged 13 to 18, which is run in conjunction with Northern Ballet, continues to flourish and this year the number of places we offered on the scheme was 65 (2022: 61) over the three year groups.

The Learning and Participation (L&P) team continues to provide an extensive range of opportunities for schools, community groups and young people. We are proud of our pioneering investment in widening participation, outreach and other activities which aims to enable as many people as possible, from diverse backgrounds and of all abilities, to engage in dance as audience members and participants.

Our profile in the dance industry and beyond, together with our academic results, is a testament to the high quality of education provided at the School and the skill and dedication of our teaching staff. The education we provide combines technical rigour and discipline with an invitation to our students to become both creative and innovative in their dance practice. The quality of our graduates and alumni strengthens and supports the dance sector not only in Leeds but at a regional, national and international level.

STRATEGIC REPORT (*continued*)

Strategic Developments

The School became independent on 1 August 2022 formally entering the register of Higher Education Providers on that date, having been part of the Conservatoire of Dance and Drama (CDD) consortium for the last nineteen years.

A new strategic plan for Strategic Plan for 2023-30 was delivered to and approved by the Board of Governors in January 2023, reflecting the School's independent status and ambition for the future. Highlights from our new Strategic Plan are published on our website.

In common with other HE institutions, we continue to face challenges in the external environment with the impact of the cost-of-living crisis, the residual impact of Covid19 and Brexit affecting our School and the HE Sector in general. We continue to monitor developments in the HE Sector and both locally and nationally and continue to communicate with Leeds City Council and lobby the Government on these crucial matters. However we are pleased to note our continuing strong demand for places from the UK, Europe and Overseas.

There have been several major developments which will impact future years and our provision of education to degree level and beyond:

- As noted above, the School has successfully become registered independently as a Higher Education Provider with the Office for Students and has left the Conservatoire for Dance and Drama.
- The School has begun the process of applying for Full Degree Awarding Powers with the Office for Students. However the University of Kent remains in place as our awarding body at the present time.
- The School was disappointed that it was not successful in its application for World Leading Specialist Provider Funding which is the successor funding to Institute Specific Targeted Allocation (ISTA). The School has benefited from this funding for many years and this has enabled the school to invest in an intensive, conservatoire standard education and professional preparation for our students.
- The School was however successful in being awarded Initiative Funding for Specialist Performing Arts Providers for a five-year period and transitional ISTA funding for the same period.
- Equality, Diversity and Inclusion (EDI) remains top of our agenda and, in making the creative case for diversity, the School continues with its mission to widen participation and create access routes into dance at all levels. We aim to remove barriers to participation for young people who find themselves at a disadvantage due to their background, socio economic circumstances, race, sexuality, or physicality. In memory of our founding Principal, the Nadine Senior Legacy Fund was launched in 2021 to continue her work in supporting and developing opportunities for students with backgrounds under-represented in Higher Education.
- The School was successful in its application to remain a National Portfolio Organisation (NPO) for 2023-26, having originally received this status from the Arts Council in 2018. This has enabled us to include six visiting professional performances into our annual programming in a typical year, as well as introducing performances for children and family audiences and supporting emerging artists through our Artist Development programmes. It also means we can champion the work of the Children and Young People's Network North. As an NPO, we ensure the organisation is meeting expectations across the following investment principles:

STRATEGIC REPORT (continued)

Ambition & Quality: Artistic, in all its forms. / Music / Digital
Inclusivity & Relevance: Social Value / Purpose / Communication
Dynamism: Financial Resilience/ Competitive Landscape, and Risk Navigation
Environmental Responsibility: Sustainability

- The work presented in the Riley Theatre remains focused and reflective of our communities, which is open and inclusive. We remain active and proud of the legacy of the Riley Theatre which impacts our communities and the dance sector at large. Our ability to scale and present work on a national scale whilst maintaining global importance is of utmost importance to us at NSCD.
- The School continues to seek out a solution to the need to expand our present estate and upgrade our facilities. We continue to invest in our current facilities maintaining and presenting them to the highest standard whilst continuing our search for additional space locally. We are now actively pursuing the option of acquiring a further site in Chapeltown to support our expansion plans and to help to create a vibrant campus in Chapeltown which would help to bring further investment to this part of Leeds. This will be financed by a combination of our own resources, grant funding and commercial lending.

Financial Review

The School has retained an operating surplus of £670K (2022: surplus £11K). In addition a surplus of £400K arose on the West Yorkshire Pension Fund (2022: surplus £2,286K) and this was credited to reserves via the statement of comprehensive income.

In total, an amount of £1,070K was added to unrestricted reserves (2022: £2,297K) with the total reserves year-end balance being £6,013K (2022: £4,943K). Whilst the impact of the pension fund adjustment is substantial from year to year it does not impact the School's cash or operational position. The School remains in a healthy financial position in relation to its cash position, operating surplus and the balance on reserves.

The income of the School rose by 18.9% to £5,158K from £4,338K primarily due to a rise in the level of Tuition Fees plus the award of one off Grant Income in the year. Costs rose by 3.7% to £4,485K from £4,326K, this rise primarily relates to the impact of inflation on the cost base.

The School invested £54K in the year completing the remainder of the roofing project, it has now completed a major six-year project which has seen over £1.5M spent in upgrading the School's building and facilities.

The School's cash balance increased by 15.3% to £5,849K (2022: £5,074K). In addition, its total reserves, before pension adjustment, increased by 15.4% to £6,013K (2022: £5,209K), total net reserves also rose by 21.6% to £6,013K (2022: £4,943K) due to the pension fund becoming being a £nil balance (2022: liability of £266K), as assessed annually by the pension fund actuaries.

One of the School's key financial targets is to retain a minimum reserves balance of seven months working capital (being approximately £2,616K) and this target is comfortably met. The reserves balance target is set prior to any pension fund adjustment.

The School has a reserves policy requiring us to retain a minimum of seven months working capital in reserves, which is considered both prudent and good practice in the HE Sector. The reserves policy enables the School to meet on-going commitments and cash-flow needs and also to manage the variable impact on financial results associated with the West Yorkshire Pension Fund.

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

STRATEGIC REPORT (continued)

Principal Risks and Uncertainties

The School has embedded a system of internal control, which includes financial and operational control and risk management which is designed to protect both the School's assets and reputation. A risk register is maintained at the School and relevant risks are reviewed and updated as needed by each of the School's Committees throughout the year. The Audit Committee then review the full risk register and recommend it to the Board. The principal risks and uncertainties relate to the continuing impact of the external environment, particularly the cost-of-living crisis on the HE and Arts Sectors.

Future Prospects

The School has just completed another highly successful year of operation despite the difficult economic situation. It continues to have strong application numbers and a high student retention and success rate which is reflected in student numbers going forward. The School also benefits from its ongoing financial strength. The new Strategic Plan will build on the strengths of the organisation in delivering further growth and expansion, including the development of new courses and expansion of the School's estate. Our ambitions will ensure each student is able to transform their learning and their experiences, adding value to the lives of students, staff, and our communities.

NSCD continues to strengthen the work of EDI with our Leadership and Governance and move forward in promoting our artistic excellence the social activities. There continues to be a need to pursue future growth and develop opportunities. The work we do within EDI is not seen as an end but as a tool to start recognising the power that heeds oppressive behaviours or structures. By taking affirmative action throughout the life of our school, NSCD are working to create a learning and working environment that is not only free of discrimination and harassment but an inclusive and welcoming space where all our students, staff and Governors can perform and work to their fullest potential.

On behalf of the members of the Corporation on 21 November 2023.



Professor Peter Moizer
Chair of Governors



Sharon Watson DL MBE
CEO and Principal

GOVERNORS' REPORT

Legal Status

The Corporation was established under the Education Reform Act 1988 for the purpose of conducting the operations of The Northern School of Contemporary Dance (NSCD). The powers of a Higher Education Corporation (HEC) are defined in Section 124 of the 1988 Act as amended by the Further and Higher Education (FHE) Act 1992, and subject to any relevant regulations, orders or directions made by the Secretary of State of Privy Council. These powers included the power to provide higher and further education and to carry out research and to publish the results of such research.

The School is a Higher Education Provider and educational charity, with exempt status for the purposes of the Charities Act 1993 as amended by the Charities Act 2006 and 2011. It is regulated by the Office for Students (OfS) in its capacity as Principal Regulator. NSCD has charitable purposes and applies them for the public benefit. It must comply with the general law of charity.

The Northern School of Contemporary Dance became independent on 1 August 2022.

Members of the Corporation Governing Body

The members who served on the Corporation's governing body during the year and up to the date of signature of this report were as listed on Page 11.

Key goals of our Strategic Plan

The School's Strategic Plan for 2023-2030 is published on our website, here <https://www.nscd.ac.uk/about/strategic-plan/>

- Shaping who we are

To utilise the very best of who we are as an organisation to the best of what we can and are able to do. To make a difference to society through our work (the art form, education, engagement, research and professional development) and through our people. To be globally-facing and achieve our ambition to be world leading.

- Building our Foundation

To create a resilient, sustainable and ambitious growth of our physical environment and activities which offers a financially secure future and great value for money for our stakeholders.

- Building our Profile

To utilise the strength of our brand and our work to tell our story, share our narratives and to create new and inspiring legacies.

- Shaping our Future

To realise our ambition to connect with others, secure our drive to offer our own degrees and encourage others to advocate for the work we do and who we are as a provider for the region, sector and global market.

GOVERNORS' REPORT (*continued*)

Public Benefit Statement

In shaping our objectives and planning our activities the School has considered the Charity Commission Guidance on public benefit. The School is confident that it fully satisfies the public benefit requirements of the Charity Commission as there is a direct benefit to students from its activities and also benefit to the public at large. The primary public value delivered by the School is that it produces world-class alumni who go on to shape the future of the performing arts.

Our commitment to widening access means we invest significant sums in resources to support students and by direct payment of financial support. 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. The future of dance will be shaped by the boldest most innovative artists. Our approach to nurturing talent comes in many forms, not one size fits all.

The Riley Theatre and a range of dance studios are open to hire at reduced rates to local community groups and charities as well as our alumni and emerging dance artists. The theatre maintains its status as a National Portfolio Organisation for 2023-26 following submission of a successful application.

Employees and Diversity

Discovering and nurturing talent is something the School has done for over 35 years. We believe that strengthening and facilitating the opportunities from a grass roots level is vitally important and instrumental in sustaining future relationships with the industry.

The School is committed to encouraging and enabling staff to achieve their full potential and aims to ensure that no job applicant, employee or former employee receives less favourable treatment on the grounds of age, carer responsibilities, disabilities, class, marital or civil partnership status, gender identity, parental responsibilities, race, religion or belief, sex, sexual orientation, or any other category where discrimination cannot be reasonably justified.

Employee Involvement

It is the School's policy to communicate with and involve all employees, subject to commercial and practical limitation, in matters affecting their interests at work and to inform them of the School's performance. Employees are provided with information about the School, which is supplemented by regular team briefings and staff forums as well as its website, intranet and internal email. It is important we remain ready to respond to the needs of the sector. This role becomes the responsibility of all who engage with the School in the various forms of employment offered by the school. We invest significant resources, time and expertise to create the best conditions for learning and teaching.

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 all taken steps to be aware of any relevant audit information and pass it to the School's Auditors.

GOVERNORS' REPORT (*continued*)

Going concern

The School's activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report and the Governors' Report which forms part of the Financial Statements. The Strategic Report also describes the financial position of the Institution, its cash flows and liquidity position.

The financial statements have been prepared on a going concern basis which the Board of Governors consider to be appropriate.

The School has prepared cash flow forecasts for a period of twelve months from the date of approval of these financial statements. After reviewing these forecasts the Board of Governors is of the opinion that, taking account all factors, the School will have sufficient funds to meet their liabilities as they fall due over the period of twelve months from the date of approval of the financial statements (the going concern assessment period). In conducting the assessment the School has considered the following matters:

- The School has, at the year end, a cash balance which represents in excess of twelve months operating cash expenditure.
- The School retains Reserves (before the deduction of any long term pension liability) of in excess of twelve months of operating cash expenditure.
- The School does not have any secured lending facilities in place but has property and other assets which are not subject to any charges over them.
- The School has prepared forecasts for the going concern period based on the number of students registered at the start of the academic year and addressing a number of potential outcomes for the year all of which indicate that the School will continue to remain a going concern.

Consequently, the Board of Governors is confident that the School will have sufficient funds to continue to meet their liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

On behalf of the members of the Corporation on 21 November 2023



Professor Peter Moizer
Chair of Governors



Sharon Watson DL MBE
CEO and Principal

PROFESSIONAL ADVISERS

External Auditor	Saffery LLP, Mitre House, North Park Road, Harrogate HG1 5RX
Internal Auditor	KCG Audit Limited, 7 Bell Yard Street, London, WC2A 2JR
Bankers	HSBC Bank plc, 33 Park Row, Leeds, LS1 1LD
Solicitors	Eversheds LLP, Bridgewater Place, Water Lane, Leeds, LS11 5DR Wrigleys Solicitors LLP, 3 rd Floor, 3 Wellington Place, Leeds, LS1 4AP

MEMBERS 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
Dr Jawad Ahmad	09/05/2023	4 years	08/05/2027	Independent member	
Mr Mark Baker	21/07/2016 Reappointed 11/05/2021	4 years	10/05/2025	Co-opted member (Staff)	
Mrs Theresa Beattie	23/05/2022	4 years	22/05/2026	Independent member	Member: Finance & Resources (from March 2023)
Mrs Kate Buckham	17/10/2017 Reappointed 17/10/2021	4 years	16/10/2025	Independent member	Member: Audit Chair: Remuneration & Staffing (from July 2023)
Mr Gary Clarke	16/01/2018 Reappointed 16/01/22	4 years	15/01/2026	Independent member	
Ms Tamsin Cooper	16/10/2014 Re-appointed 16/10/2018	4 years	15/10/2022	Independent member	Chair: Remuneration & Staffing (to October 2022) Member: Nominations & Governance (to October 2022)
Ms Emma Leah Culen Khei	31/01/2023	1 year	31/07/2023	Student member	
Mr David Jones	25/10/2022	4 years	24/10/2026	Independent member	
Mrs Vinny Leach	12/03/2019 Re-appointed 07/03/2023	4 years	11/03/2027	Independent member	Chair: Audit Vice-Chair – Board of Governors (from 13 July 2023) Member: Nominations & Governance
Mr Amaury Lebrun	21/11/2023	4 years	20/11/2027	Staff member	
Mr Ben Mitchell	01/09/2016 Re-appointed 01/09/2020	4 years	31/08/2024	Independent member	Vice Chair – Board of Governors (to 12 July 2023) Chair: Finance & Resources Member: Nominations & Governance Member: Remuneration & Staffing
Professor Peter Moizer	12/03/2019 Re-appointed 07/03/2023	4 years	11/03/2027	Independent member	Chair: Board of Governors Chair: Nominations & Governance Member: Finance & Resources Member: Remuneration & Staffing
Professor Cathy Myles	11/05/2021	4 years	10/05/2025	Independent member	Member: Audit Member: Remuneration & Staffing (from July 2023)
Cllr Jonathan Pryor	26/10/2021	4 years	25/10/2025	Co-opted member	
Mr Phil Sanger	22/10/2019	4 years	21/10/2023	Staff member	
Ms Mandy Smits	31/01/2023	1 year	31/07/2023	Student member	
Ms Peri Thomas	17/10/2017 Re-appointed 17/10/2021	4 years	20/03/2023	Independent member	Member: Finance & Resources Chair: Remuneration & Staffing (from October 2022 to March 2023)
Ms Griselda Togobo	09/05/2023	4 years	08/05/2027	Independent member	
Ms Sharon Watson	11/05/2020			Principal	Member: Finance & Resources

NORTHERN SCHOOL OF CONTEMPORARY DANCE
FINANCIAL STATEMENTS FOR YEAR ENDED 31 JULY 2023

					Member: Nominations & Governance
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On behalf of the Governing Body



Joan Matthews
Clerk to Governors

MEMBERS OF THE CORPORATION

STATEMENT OF CORPORATE GOVERNANCE

The School is committed to exhibiting best practice in all aspects of corporate governance.

The School aims to conduct its business in accordance with the principles identified in the Committee on Standards in Public Life (Nolan Committee) and the Committee of University Chairs (CUC) Higher Education Code of Governance (the Code).

The School is aware of and meets its obligation under its Conditions of Registration with the Office for Students.

Throughout the year ended 31 July 2023, the School has been in compliance with all the provisions set out in Section 1 of the UK Corporate Governance Code issued by the London Stock Exchange in September 2012, in so far as they relate to higher education.

The Board of Governors formally reviews its effectiveness in line with the Code's recommendation that reviews take place every three years. An external review of effectiveness by Advance HE was commissioned in October 2020 and an action plan drawn up resulting from that review.

Corporate Governance Structure

The School's Board of Governors 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 Board of Governors are separated from the role of the School's chief executive, the Principal. The matters specially reserved to the Board of Governors for decision are set out in the statutes of the School. The Board of Governors 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 Board of Governors meets at least once per term in line with a fixed cycle of meetings and also holds exceptional meetings and working groups as required. The Board of Governors met five times during 2022/23. Full minutes of meetings, except those deemed to be confidential by the Corporation are available on the website at <http://www.nscd.ac.uk/about/governance/> or 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 publicly available on the website.

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 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 Chair and Principal are separate.

STATEMENT OF CORPORATE GOVERNANCE *(continued)*

Committee Structure

The Board has four committees established - Audit, Remuneration and Staffing, Nominations and Governance, and Finance and Resources. All of the committees are formally constituted with terms of reference and comprise mainly of lay members of the Board of Governors, one of whom is the Chair. The Board of Governors has designated one of its members as lead governor for safeguarding and prevent.

The Audit Committee

The Audit 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 Office for Students as they affect the School's business and monitors adherence to the regulatory requirements. The Committee oversees the School's risk management process on behalf of the Board of Governors. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee.

The Audit Committee met three times during 2022/23, with the School's external and internal auditors in attendance.

The Remuneration and Staffing Committee

The Remuneration and Staffing Committee determines the remuneration of senior post holders, including the Principal and makes recommendations to the Board of Governors regarding the remuneration of all other staff. The Committee met twice during 2022/23.

Pay awards are made in line with the Policy on Remuneration of Senior Posts, taking into account benchmarking across the sector and appropriate inflationary rises, as well as any award made to other staff in the School.

The Nominations and Governance Committee

The Nominations and Governance Committee considers nominations for filling vacancies in the Board of Governors' membership under the School's Instrument of Government and makes recommendations to the Board of Governors. The Committee also oversees wider governance matters.

The Nominations and Governance Committee met three times during 2022/23.

The Finance and Resources Committee

As well as monitoring and reviewing the financial performance of the School the Finance and Resources Committee considers all matters of financial strategy and policy and makes recommendations to the Board of Governors as appropriate. The Committee also oversees estates and capital projects, health and safety and the financial implications of new business developments.

The Finance and Resources Committee met four times during 2022/23.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for consideration of the Corporation as a whole, on the advice of the Nominations and Governance Committee. The Corporation is responsible for ensuring that 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.



Sharon Watson DL MBE
CEO and Principal

STATEMENT OF BOARD OF GOVERNORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT AND THE FINANCIAL STATEMENTS

The Board of Governors is responsible for preparing the Strategic Report and the financial statements in accordance with the requirements of the Office for Students' Terms and conditions of funding for higher education institutions and Research England's Terms and conditions of Research England grant and applicable law and regulations.

The Board is required to prepare School financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The terms and conditions of funding further require the financial statements to be prepared in accordance with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education, in accordance with the requirements of the Accounts Direction issued by the Office for Students. The Board of Governors is required to prepare financial statements which give a true and fair view of the state of affairs of the School and of their income and expenditure, gains and losses and changes in reserves for that period.

In preparing each of the School financial statements, the Board of Governors is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the School's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the School or to cease operations, or have no realistic alternative but to do so.

The Board of Governors is responsible for keeping proper accounts and proper records in relation to the accounts. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the School and to prevent and detect fraud and other irregularities.

The Board of Governors is also responsible for ensuring that:

- 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;
- funds provided by the Office for Students and Research England have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing the economical, efficient and effective management of the School's resources and expenditure.

The Board of Governors is responsible for the maintenance and integrity of the corporate and financial information included on the School's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 or of effectiveness.

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 2023. 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 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.

Scope of responsibility

The Corporation is ultimately responsible for the School's system of internal control and for reviewing its effectiveness.

The Corporation has delegated the day-to-day responsibility to the CEO & 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 in the OfS Terms and Conditions of Funding for Higher Education Institutions. The CEO & 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 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 2023 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 2023 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.

STATEMENT OF INTERNAL CONTROL *(continued)*

The School appointed KCG to serve as its internal auditors from August 2022, having previously used an internal audit service provided through the Conservatoire for Dance and Drama (CDD). The work of the internal audit service is informed by reviewing key areas of risk, control and governance. The internal auditor provides regular reports to the Audit Committee.

Review of effectiveness of the System of Internal Control

The Board of Governors has responsibility for reviewing the effectiveness of the system of internal control. The following processes have been established:

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

The Audit Committee receives regular reports from the internal auditor which includes their independent opinion on the adequacy and effectiveness of the institution's system of internal control, together with recommendations for improvement.

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

Statement of Regularity and Propriety in the Use of Public Funding

The Governing Board has considered its responsibility to notify the Office for Students (OfS) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the financial memorandum and operating agreement. As part of our consideration, we have had due regard to the requirements of the financial memorandum and operating agreement.

We confirm on behalf of the Board of Governors, that after due enquiry, and to the best of our knowledge, we are not able to identify any material irregular or improper use of funds by the School, or material non-compliance with the terms and conditions of funding under the financial memorandum and operating agreement.

We confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to OfS.

INDEPENDENT AUDITOR'S REPORT TO BOARD OF GOVERNORS OF NORTHERN SCHOOL OF CONTEMPORARY DANCE

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Northern School of Contemporary Dance ("the School") for the year ended 31 July 2023 which comprise the statement of comprehensive income and expenditure, statement of changes in reserves, balance sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the School's affairs as at 31 July 2023 and of the income and expenditure, gains and losses and changes in reserves, and of the School's cash flows, for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice Accounting for Further and Higher Education 2019.
- the financial statements meet the requirements of the Accounts Direction 2019 issued by the Office for Students.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the School's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board of Governors with respect to going concern are described in the relevant sections of this report.

Other information

The Board of Governors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Report on other legal and regulatory requirements

We are required to report on the following matters by the Accounts Direction 2019 issued by the Office for Students.

In our opinion, in all material respects:

- funds from whatever source administered by the provider for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.
- funds provided by the OfS, the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions.
- The requirements of the OfS's accounts direction have been met.

Matters on which we are required to report by exception

We are required to report by exception, the following matters by the Accounts Direction 2019 issued by the Office for Students:

- Grant and fee income, as disclosed in the note to the accounts, has been materially misstated; or
- expenditure on access and participation activities for the financial year has been materially misstated.

We have nothing to report in these respects.

Responsibilities of the Board of Governors

As explained more fully in the Statement of Responsibilities of the Board of Governors set out on page 15, the Board of Governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governors are responsible for assessing the School's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the School or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the School's financial statements to material misstatement and how fraud might occur, including through discussions with the board of Governors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the School by discussions with Governors and updating our understanding of the sector in which the charity operates.

Laws and regulations of direct significance in the context of the School include the Education Reform Act 1988, the SORP for Further and Higher Education 2019 and the OfS Accounts Direction 2019, the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and guidance issued by the Charity Commission for England and Wales.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the School's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the School's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

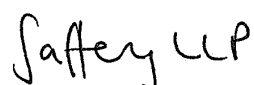
During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Board of Governors, as a body, in accordance with the School's Articles of Government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to them 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 charity and the trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Sally Appleton

22 November 2023

Date

For and on behalf of Saffery LLP
Chartered Accountants, Statutory Auditors

Mitre House
North Park Road
Harrogate
North Yorkshire
HG1 5RX

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

Year Ended 31 July 2023

	Notes	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Income			
Tuition fees and education contracts	2	2,909	2,840
Funding body grants	3	1,814	1,208
Other income	4	368	284
Investment income	5	67	6
Total income before endowments and donations		5,158	4,338
Donations and endowments	13	(3)	(1)
Total income		5,155	4,337
Expenditure			
Staff costs	6	2,796	2,632
Other operating expenses	7	1,486	1,507
Depreciation	9	203	187
Total expenditure		4,485	4,326
Surplus before tax		670	11
Taxation	8	0	0
Surplus for the year		670	11
Actuarial gain in respect of pension schemes	19	400	2,286
Total comprehensive income for the year		1,070	2,297
Represented by:			
Endowment comprehensive income for the year		(3)	(1)
Unrestricted comprehensive income for the year		1,073	2,298
		1,070	2,297

STATEMENT OF CHANGES IN RESERVES

Year ended 31 July 2023

Northern School of Contemporary Dance	Income and expenditure account		Total £'000
	<i>Endowment</i> £'000	<i>Unrestricted</i> £'000	
Balance at 1 August 2021	20	2,626	2,646
Surplus from the income and expenditure statement	(1)	12	11
Other comprehensive income	0	2,286	2,286
Balance at 31 July 2022	19	4,924	4,943
Balance at 1 August 2022	19	4,924	4,943
Surplus from the income and expenditure statement	(3)	673	670
Other comprehensive income		400	400
Balance at 31 July 2023	16	5,997	6,013

BALANCE SHEET

As at 31 July 2023

	Notes	As at 31 July 2023 £'000	As at 31 July 2022 £'000
Non-current assets			
Fixed assets	9	1,340	1,489
		1,340	1,489
Current assets			
Stock		4	6
Trade and other receivables	10	163	128
Cash and cash equivalents	14	5,849	5,074
		6,016	5,208
Less: Creditors: amounts falling due within one year	11	(707)	(809)
Net current assets		5,309	4,399
Total assets less current liabilities		6,649	5,888
Creditors: amounts falling due after more than one year	12	(636)	(679)
Provisions			
Pension provisions	19		(266)
Total net assets		6,013	4,943
Unrestricted Reserves			
Income and expenditure reserve - endowment reserve	13	16	19
Income and expenditure reserve – unrestricted		5,997	4,924
Total Reserves		6,013	4,943

The financial statements were approved by the Governing Body on 21 November 2023 and were signed on its behalf on that date by:



Professor Peter Moizer
Chair of Governors



Sharon Watson DL MBE
CEO and Principal

STATEMENT OF CASH FLOWS

Year ended 31 July 2023

	Notes	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Cash flow from operating activities			
Surplus for the year		670	11
Adjustment for non-cash items			
Depreciation	9	203	187
(Increase) in stock		2	(1)
(Increase) in debtors	10	(35)	(75)
Increase/(decrease) in creditors	11/12	(145)	(116)
Pension costs less contributions payable	19	134	355
Adjustment for investing or financing activities			
Capital grant receipts		(21)	(5)
Investment income	5	(67)	(6)
Endowment income	13	(3)	(4)
Net cash inflow from operating activities		738	346
Cash flows from investing activities			
Capital grant receipts		21	5
Investment income	5	67	6
Payments made to acquire fixed assets	9	(54)	(161)
		34	(150)
Cash flows from financing activities			
Endowment cash received	13	3	4
		3	4
Increase in cash and cash equivalents in the year	14	775	200
Cash and cash equivalents at beginning of the year	14	5,074	4,874
Cash and cash equivalents at end of the year	14	5,849	5,074

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF ACCOUNTING POLICIES YEAR ENDED 31 JULY 2023

Basis of Preparation

These financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019 edition). They have also been prepared in accordance with the 'carried forward' powers and duties of previous legislation (Further and Higher Education Act 1992 and the Higher Education Act 2004) and the new powers of the Higher Education and Research Act 2017 during the transition period to 31 July 2019, the Accounts Direction issued by the Office for Students (OfS), the Terms and conditions of funding for higher education institutions issued by the Office for Students and the Terms and conditions of Research England Grant.

The School is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable UK laws and accounting standards.

Going concern

The School's activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report and the Director's Report which forms part of the Financial Statements. The Strategic Report also describes the financial position of the Institution, its cash flows, liquidity position and borrowing facilities.

The financial statements have been prepared on a going concern basis which the Board of Governors consider to be appropriate for the following reasons.

The School has prepared cash flow forecasts for a period of twelve months from the date of approval of these financial statements. After reviewing these forecasts the Board of Governors is of the opinion that, taking account of all factors the School will have sufficient funds to meet its liabilities as they fall due over the period of twelve months from the date of approval of the financial statements (the going concern assessment period). In conducting the assessment the School has considered the following matters:

- The School has, at the year end, a cash balance which represents in excess of twelve months operating cash expenditure.
- The School does not have any secured lending facilities in place but has property and other assets which are not subject to any charges over them.
- The School has prepared forecasts for the going concern period based on the number of students registered at the start of the academic year and addressing a number of potential outcomes for the year all of which indicate that the School will continue to remain a going concern.

Consequently, the Board of Governors is confident that the School will have sufficient funds to continue to meet their liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Income Recognition

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

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

receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure is not deducted from income.

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

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

- **Grant Funding**

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

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

- **Donations and Endowments**

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

- **Capital Grants**

Government capital grants are recognised in income. Capital grants awarded are currently recognised in income when the School becomes entitled to the funds, subject to any performance related conditions being met.

Government capital grants awarded prior to 2017 continue to be released over the life of the asset for which they were awarded.

Accounting for Retirement Benefits

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

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

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

The assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the

period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

Further details of the pension schemes are given in Note 19.

Employee Benefits

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

Tangible Fixed Assets

- **Land and buildings**

Land and buildings inherited from the Local Education Authority and acquired since incorporation are stated in the balance sheet at cost. Freehold land is not depreciated as it is considered to have an indefinite useful life.

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

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

- **Equipment**

Equipment costing less than £12,500 (2022: £10,000) 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	5 years
Office plant and equipment	5 years
Computer equipment	3 years

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

Leased Assets

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

Stocks

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

Taxation

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

The School is exempt 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.

Financial Instrument Policy:

Financial instruments

The School has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the School's statement of financial position when the School becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2. TUITION FEES AND EDUCATION CONTRACTS

	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
EDUCATION CONTRACTS		
Local education authority	0	0
Other Education Contracts	282	251
TUITION FEES, CHARGES AND SUPPORT GRANTS		
Full time student fees:		
Home and other European Union	1,968	1,900
Non-European Union	659	689
Further Education - Home and other European Union	0	0
Further Education - Non European Union	0	0
	2,909	2,840

3. FUNDING BODY GRANTS

	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Recurrent grant		
OfS recurrent grant	1,439	899
EFA/ SFA recurrent grant – FE provision	0	0
Specific grants		
Research England other grants	193	120
Arts Council England grants	153	153
Deferred capital grant released during the year:	29	36
	1,814	1,208
Grant and Fee Income		
The source of grant and fee income, included in notes 2-3 is as follows:	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Grant income from the OfS	1,439	945
Grant income from other bodies	657	514
Fee income for taught awards (exclusive of VAT)	2,586	2,579
Fee income for research awards (exclusive of VAT)	0	0
Fee income for non-qualifying courses (exclusive of VAT)	41	10
Total grant and fee income	4,723	4,048

4. OTHER INCOME

	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Other capital grants	35	12
Other income	333	272
	368	284

5. INVESTMENT INCOME

	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Investment income	67	6
	<u>67</u>	<u>6</u>

6. STAFF COSTS

	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Staff costs:		
Wages and salaries	2,143	1,850
Social security costs	174	148
Other pension costs	479	634
	<u>2,796</u>	<u>2,632</u>

Average full time equivalent staff numbers by category:

	No	No
Academic	31.9	29.9
Management and Specialist	20.1	17.2
Other	5.1	5.4
	<u>57.1</u>	<u>52.5</u>

Senior Post Holders

Emoluments of the Principal:

	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Sharon Watson		
Salary	£94,531	£82,751
Pension Contribution	<u>£22,385</u>	<u>£19,274</u>
	<u>£116,916</u>	<u>£102,025</u>

Pay Ratios

Sharon Watson

Principal Basic Salary Ratio	2.72	2.55
Principal Total Ratio Remuneration Ratio	2.84	2.64

6. STAFF COSTS (continued)

The Governing Board has adopted the CUC Higher Education Senior Staff Remuneration Code and assesses the Principal's pay in line with its principles. The remuneration package of key management staff including the CEO and Principal is subject to annual review by the Remuneration and Staffing Committee which uses benchmarking information to provide objective guidance. The Remuneration and Staffing Committee assesses the School's performance against KPIs and the attainment of students in year, as well as progress against the School's long term strategic objectives when reviewing the remuneration package of the key management personnel including the CEO and Principal. The level of pay is benchmarked against the pay of similar institutions in the prior financial year and the general trend within the sector.

No compensation for loss of office was paid to senior post holders during the year (2022 £nil)

Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the School. There are four key management personnel (2022 – four). Staff costs includes compensation paid to key management personnel.

	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Key Management Personnel compensation	341	315

Access and Participation

	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Access Investment	184	138
Financial Support		
Disability Support	50	45
Research and Evaluation	7	3
	<u>241</u>	<u>186</u>

A link to the published plan agreed for NSCD is here:

<http://www.nscd.ac.uk/higher-education/access-participation/>

Members of the Corporation

During the year, there were no transactions with members of the Corporation or organisations in which the members of the Corporation had an interest (2022 £nil).

The members of the Corporation did not receive any remuneration from the School during the year (2022 £nil).

Total expenses paid on behalf of the 18 members of the Corporation was £477 (2022 £nil).

7. ANALYSIS OF OTHER OPERATING EXPENSES BY ACTIVITY

	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Teaching departments	146	113
Teaching support services	157	211
Other support services	190	239
Administration and central support services	243	214
General education services	232	248
Premises costs	314	308
Planned maintenance	89	40
Pension finance costs	7	36
Other income-generating activities	108	98
	1,486	1,507

Other operating expenses include:

Auditor's remuneration		
- internal audit	11	0
- external audit	16	14
- other services from either external or internal audit	5	3
(Gains)/losses on disposal of tangible fixed assets	0	0
Operating lease expenses	12	17

Access and Participation

Access Investment	184	138
Financial Support	53	100
Disability Support	58	57
Research and Evaluation	16	12
	311	307

Of the £311K (2022 £307K) Access and Participation costs £241K (2022 £186K) are already included in the overall staff cost figures included in Note 6.

A link to the published plan agreed for NSCD is here:

<http://www.nscd.ac.uk/higher-education/access-participation/>

8. TAXATION

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

9. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings	Fixtures, Fittings and Equipment	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 August 2022	2,063	1,795	3,858
Additions	45	9	54
Disposals	-	-	-
At 31 July 2023	2,108	1,804	3,912
Depreciation			
At 1 August 2022	1,105	1,264	2,369
Charge for year	52	151	203
Eliminated in respect of disposals	-	-	-
At 31 July 2023	1,157	1,415	2,572
Net book value at 31 July 2023	951	389	1,340
Net book value at 31 July 2022	958	531	1,489
Inherited	40	-	40
Financed by Funding Council capital grants	150	5	155
Financed from own resources	529	-	529
Financed by other capital grants	232	384	616
	951	389	1,340

Freehold land and buildings included £40K (2022 - £40K) in respect of freehold land which is not depreciated.

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 £59,303 (2022: £63,276) and a cost of £158,956 (2022: £158,956) have been funded from Treasury sources: should these particular buildings be sold, the School would either have to surrender the proceeds to the Treasury or use them in accordance with the Financial Memorandum with the Higher Education Funding Council for England.

10. TRADE AND OTHER RECEIVABLES

	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Amounts falling due within one year		
Other trade receivables	52	27
Other receivables	26	38
Prepayments and accrued income	85	63
	<u>163</u>	<u>128</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Trade payables	82	108
Social security and other taxation payable	87	87
Other payables	8	0
Accruals	213	284
Deferred income	274	287
Other creditors	43	43
	<u>707</u>	<u>809</u>

12. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Deferred Capital Funding	636	679
	<u>636</u>	<u>679</u>

13. ENDOWMENT RESERVES

	Unrestricted 2023 £'000	Unrestricted 2022 £'000
At 1 August 2022	19	20
New endowments	1	4
Bursary awards made to students in the year	(4)	(5)
At 31 July 2023	<u>16</u>	<u>19</u>
Balance represented by:		
Cash at bank held for endowments	16	19
At 31 July 2023	<u>16</u>	<u>19</u>

14. ANALYSIS OF CHANGES IN NET FUNDS AND RECONCILIATION OF CASH FLOW TO STATEMENT OF FINANCIAL POSITION

	At 1 August 2022 £'000	Cash flows £'000	At 31 July 2023 £'000
Cash at bank and in hand	5,074	775	5,849
Current asset investments	128	35	163
Total short-term funds	<u>5,202</u>	<u>810</u>	<u>6,012</u>
Debts due within one year	(128)	(35)	(163)
Debts due after one year	0	0	0
Total	<u>5,074</u>	<u>775</u>	<u>5,849</u>

15. EVENTS AFTER THE REPORTING PERIOD

None noted.

16. CAPITAL AND OTHER COMMITMENTS

	Year Ended 31 July 2023 £'000	Year Ended 31 July 2022 £'000
Commitments contracted for at 31 July 2023	-	54
Authorised but not contracted for at 31 July 2023	-	0

17. LEASE OBLIGATIONS

Total rentals payable under operating leases:

	Year Ended 31 July 2023 £'000	Year Ended 31 July 2022 £'000
Payable during the year	12	18
Future minimum lease payments due:		
Not later than one year	7	12
Later than 1 year and not later than 5 years	15	1
Later than 5 years	0	0
Total lease payments due	22	13

18. RELATED PARTY DISCLOSURES

Sharon Watson, a member of the Corporation is on the Board of the Leeds Dance Partnership (LDP). During the year the School paid the LDP a membership contribution of £nil (2022:£5,000). The School also received £25,000 (2022: £nil) which was used to run the Black Women in Leadership Symposium in February 2023. Sharon Watson is a Patron of the Geraldine Connor Foundation who paid £25 (2022 £nil) for use of a meeting room. Sharon Watson is an adviser to the Central School of Ballet and the School and the School paid £831 (2022 £nil) to the CSB for regulatory data support services.

Gary Clarke, a member of the Corporation, was paid £529 for various artistic support to the school - including a speaker fee for the BWILS symposium (2022: £4,910).

Jonathan Pryor, who has joined as a member of the Corporation in the year, is an Elected Member of Leeds City Council. During the year the school paid Leeds City Council £14,549 (2022:£11,899) in relation to business rates and other fees.

Theresa Beattie who has joined as a member of the Corporation in the year, is on the Board of Hofesh Shechter who were paid £nil (2022: £1,453).

Griselda Togobo who has joined the Board in the year is on the Board of Forward Ladies who were paid £1,860 (2022: £nil) for goodie boxes and a speaker fee for the BWILS symposium.

Kate Buckham is a partner in Wrigleys Solicitors who were paid £6,900 (2022: £nil) for legal advice.

All transactions involving organisations in which a member of the Corporation may have an interest are conducted at arms-length and in accordance with the School's financial regulations and normal procurement procedures.

19. PENSION SCHEMES

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal four year actuarial valuation of the TPS was 31 March 2020 (although the impact of factors in this valuation is yet to be announced), with the previous valuation being at March 2016 and impact of new factors applied on 1 September 2019. The LGPS has valuations every three years with the last one being at 31 March 2022, the impact of this valuation is already being applied.

Total pension costs for the year	2023	2022
	£'000	£'000
Teachers' Pension Scheme: contributions paid	267	249
Local Government Pension Scheme: contributions paid	225	184
Total Pension Cost for Year within staff costs	492	433

Contributions amounting to £Nil (2022 £Nil) were payable to the schemes at 31st July and are included within creditors.

Teachers' Pension Scheme (TPS)

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

The Teachers' Pension Budgeting and Valuation Account

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

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

19. PENSION SCHEMES (continued)

Valuation of the Teachers' Pension Scheme

The last published actuarial review of the TPS was carried out as at 31 March 2016 (results at 31 March 2020 not yet published) and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 10 April 2019. The key results of the valuation are:

- New employer contribution rates were set at 23.68% of pensionable pay (including administration fees of 0.08%);
- total scheme liabilities for service to the effective date of £218.1 billion, and notional assets of £196.1 billion, giving a notional past service deficit of £22.0 billion;
- an employer cost cap of 7.3% of pensionable pay.

The new employer contribution rate for the TPS was implemented on 1 September 2019.

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

<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>

Scheme Changes

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

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

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

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

The pension costs paid to TPS in the year amounted to £267,000 (2022: £249,000).

FRS 102 (28)

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

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

19. PENSION SCHEMES (continued)

West Yorkshire Pension Scheme (WYPS)

The WYPS is a funded defined-benefit pension, with assets held in separate trustee administered funds. The agreed contribution rates for 2022/23 are 16.00% for employers and range from 5.50% to 12.50% for employees (based on salary bands).

The following information is based upon a full actuarial valuation of the fund at 31 March 2022 updated as at 31 July each year up to 31 July 2023 by a qualified, independent actuary. The major assumptions used by the actuary were:

	31 July 2023	31 July 2022
CPI Inflation	2.60%	2.50%
Rate of increase in salaries	3.85%	3.75%
Rate of increase in pensions	2.60%	2.50%
Rate of increase to deferred pensions	2.60%	2.50%
Rate of revaluation of pension accounts	2.60%	2.50%
Discount rate for liabilities	4.90%	3.40%

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

	31 July 2023	31 July 2022
Retiring today		
Males	21.0	21.8
Females	24.1	24.6
Retiring in 20 years		
Males	22.2	22.5
Females	25.1	25.7

The following amounts have been recognised in the performance statements in the year to 31 July 2023 under the requirements of FRS102:

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

	2023 £'000	2022 £'000
Current service cost	284	442
Past service cost	0	0
Interest on net defined benefit liability	7	36
Pension expense recognised in the Statement of Comprehensive Income	291	478

Amounts recognised in Other Comprehensive Income

	2023 £'000	2022 £'000
Asset (losses)/gains arising during the period	(65)	84
Actuarial gains due to changes in assumptions	1,334	0
Liability losses (surpluses) arising in period	(660)	2,202
Surplus not recognised as an asset in the accounts*	(209)	0
Surplus in the scheme	400	2,286

The Scheme valuation was an asset of £209K but has been reduced to £nil in the Accounts.

19. PENSION SCHEMES (continued)

Movement in net defined benefit liability in the year:

	2023	2022
	£'000	£'000
School's estimated asset share	3,692	3,488
Present value of scheme liabilities	(3,483)	(3,754)
Surplus not recognised as an asset*	(209)	0
	<u>-</u>	<u>(266)</u>

	2023	2022
	£'000	£'000
Net defined benefit liability in scheme at 1 August	(266)	(2,197)
Movement in year:		
Current service charge	(284)	(442)
Contributions	157	123
Net interest/return on assets	(7)	(36)
Actuarial gain	609	2,286
Surplus not recognised as an asset*	(209)	0
	<u>-</u>	<u>(266)</u>
Net defined benefit liability at 31 July	-	(266)

Asset and liability reconciliation

Changes in the present value of defined benefit obligations

	2023	2022
	£'000	£'000
Defined benefit obligations at the start of the period	3,754	5,434
Service cost	284	442
Interest cost	128	92
Employee contributions	67	56
Prior year employee transfers in		
Actuarial (gains)	(674)	(2,202)
Past service cost	0	0
Benefits paid	(76)	(68)
	<u>3,483</u>	<u>3,754</u>

Changes in fair value of plan assets

	2023	2022
	£'000	£'000
Fair value of plan assets at start of period	3,488	3,237
Expected return on assets	121	56
Actuarial gain	(65)	84
Prior year adjustment	0	0
Employer contributions	157	123
Employee contributions	67	56
Benefits paid	(76)	(68)
Surplus not recognised as an asset*	(209)	0
	<u>3,483</u>	<u>3,488</u>

20. FINANCIAL INSTRUMENTS

	2023	2022
	£'000	£'000
Carrying amount of financial assets:		
Cash	5,849	5,074

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

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

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

Other key sources of estimation uncertainty

- Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate.

- West Yorkshire Pension Fund

Asset values are reported using estimated asset allocations prepared by the scheme Actuary. This asset value is calculated at each triennial valuation, the last one being at 31 March 2022. Thereafter it is rolled forward for accounting valuation purposes using investment returns, contributions received, and benefits paid out. During each annual reporting period between triennial valuations asset returns are estimated using eleven months of market experience and one month of extrapolation being assumed.

The present value of the Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in Note 19, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 July 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.