



## **Financial Statements**

**31 July 2006**

The Conservatoire for Dance and Drama  
1-7 Woburn Walk  
London  
WC1H 0JJ

Company number: 04170092  
Charity number: 1095623



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## COMPANY INFORMATION

Governors (and members)	Sir Robert Reid (Chairman) Prof Christopher Bannerman Nicholas Barter John Bashford Stuart Beckett Nicholas Berwin Dr Virginia Brooke Tamasin Day-Lewis Tony Dyson Katherine Farr Dame Elizabeth Forgan Mark Gill	Russell Gilderson Teo Greenstreet Peter Gruen Melanie Johnson Veronica Lewis MBE Luke Rittner Michael Spenceley Patrick Stewart Sue Storr Andrew Summers John Talbot John Whitney
Joint Principals	Veronica Lewis MBE	Nicholas Barter
Director of Finance	Jennifer Blanchard	
Internal Auditor	Colin Shearing	
Registrar	John Gibbs up to 31 March 2006	
Clerk to the Board of Governors and Company Secretary	John Gibbs up to 31 March 2006 John Myerscough from 1 April 2006	
Registered Address	1-7 Woburn Walk London WC1H 0JJ	
Affiliates – founding	London Contemporary Dance School (LCDS) Royal Academy of Dramatic Art (RADA) Bristol Old Vic Theatre School (BOVTS) Northern School of Contemporary Dance (NSCD) Central School of Ballet (CSB) The Circus Space (TCS) London Academy of Music and Dramatic Art (LAMDA) Rambert School of Ballet and Contemporary Dance (Rambert)	
– from 1 August 2003		
– from 1 August 2004		
– from 1 August 2005		
Bankers	Lloyds TSB Bank Plc 2nd Floor, 25 Gresham Street London EC2V 7HN	
Solicitors	Beachcroft Wansbroughs 30 Eastcheap London EC3M 1HD	
External Auditor	BDO Stoy Hayward LLP Emerald House, East Street Epsom, Surrey, KT17 1HS	
Registered Company No	04170092 (a company limited by guarantee having no share capital)	
Registered Charity No	1095623	

Copies of these financial statements can be obtained from the Registered Address above

## REPORT OF THE BOARD OF GOVERNORS

The Governors present their report and the audited financial statements for the year ended 31 July 2006.

### Introduction

In 2005-06 the Conservatoire sought to consolidate its work following a period of very rapid growth. The renowned Rambert School of Ballet and Contemporary Dance became an eighth affiliate joining founding affiliates London Contemporary Dance School and the Royal Academy of Dramatic Art, the 2003-04 affiliates, Bristol Old Vic Theatre School and the Northern School of Contemporary Dance and the most recent affiliates, Central School of Ballet, The Circus Space and the London Academy of Music and Dramatic Art. Rambert School's Foundation and BA (Hons) degrees were both validated by the University of Kent.

The Conservatoire produced its first Corporate Plan in 2005-06, which outlined, for the first time in a published form, the values shared by all affiliate schools and its aspirations for the next three years which follow three broad themes:

- enabling deeper reflection informed by fuller dialogue with the professions of dance, drama and circus and expanded research activity;
- extending influence vertically up and down the training tree, engaging further with initiatives to strengthen pre-16/18-year old vocational training and building delivery of postgraduate training opportunities and other aspects of professional development;
- exploiting further the potential of CDD's collaborative structures to address new artistic goals and achieve extra gains in efficiency and effectiveness.

The Conservatoire performed extremely well in the first National Student Survey, published in 2005. This was the first full survey of graduating students from 2004-05 who were asked to comment their experience of higher education. Overall, the Conservatoire came second nationally.

### Learning, teaching and joint activities

The Conservatoire continued to foster joint activity across all its affiliate schools to support teaching, learning, staff development and artistic creation. The first important milestone during the year was a successful inaugural staff conference. Entitled *The Next Step*, the one-day conference brought together some 100 teaching staff across the affiliate schools. Staff engaged in discussion about conservatoire training, about the future of this new institution and how they wished to see it shaped. Presentations were given by Board member Dame Elizabeth Forgan, choreographer Shobana Jeyasingh, and actor Richard Wilson.

Second, 2005-06 saw the conclusion of the three-year HEFCE-funded disability project, *Improving provision for disabled students within the Conservatoire*. This had been a challenging project to deliver, not least because the original brief was to improve provision in two schools and the Conservatoire grew to eight schools over the lifetime of the project. A final project report was produced supported by a DVD: *"You can surprise someone by being yourself." disabled students at the Conservatoire for Dance and Drama* which was launched at the staff conference. The project received a positive response and paved the way for continued work in equality and diversity across all the Conservatoire's affiliate schools.

Third, the Conservatoire continued its residency programme with the year's major residency being held at Northern School of Contemporary Dance. Choreographer Shobana Jeyasingh (who also spoke at the conference) was in residence in the school, with her company, for a week and 100 NSCD students and 20 students from LCDS participated in classes and workshops run by company members. Students were taught extracts from *Exit No Exit*, *Flicker* and *Transtep* as well as from *Polar Sequences* and had classes in Bharatnatyam, Kalari or Release techniques. As with previous experiences, students were overwhelmingly positive about the residency.

Two Conservatoire drama schools, RADA and BOVTS, participated in the Royal Shakespeare Company's complete works festival and LAMDA students performed at the Royal Court as part of its 50<sup>th</sup> anniversary celebrations. Central School of Ballet welcomed a new principal, Bruce Samson. At

The Circus Space, the BA programme saw its first intake of students progressing onto a third year of this new programme.

Finally, affiliates welcomed a number of other visiting artists to work with students during the year: Darren Ellis from Richard Alston Dance Company, Mark Bruce, Ana Lujan Sanchez from Rambert Dance Company, Hofesh Schechter, Stacey Spence from the Trisha Brown Dance Company, Stephen Petronio, Marina Collard from Carol Brown Dances, Sean Feldman, formerly from Siobhan Davies Dance Company, Henri Oguike, Aurora Bosch, former principal dancer with the Cuban National Ballet, Darrell Toulon (director of Ballet Graz), Yoko Ischino (Ballet Mistress with Northern Ballet Theatre), Lucy Potter, Christel Wallin, Lisi Perry, Sasha Roubicek, Caroline Scott, Sian Williams and Michael Merwitzer (The Kosh), artists from Momix, Rachel Lopez de la Nieta, Thea Sharrock, Janette Smith, Josie O'Rourke and Kathryn Hunter

### **Student achievement and graduate employment**

Student recruitment continued to be healthy, with total numbers reaching 1,077 of whom nearly 1,000 were home/EU students.

We are pleased to note that Conservatoire students won the following awards during the year: Katie Green (LCDS) and Frederike Gerstner (The Circus Space) both Deutsche Bank 'Pyramid' Awards; Jo Kloska (RADA), the Carleton Hobbs, BBC Radio Award and Julia Davies (CSB) Bronze Medal at the International Genée Awards.

Graduating dancers found employment with (amongst others): Cork City Ballet, Phoenix Dance Company, Northern Ballet Theatre, Ballett Dortmund, Regensburg Ballet, Ballet Ireland, Scottish Dance Theatre, Maiden Voyage, Mark Bruce Dance Company, Lisbon Dance Company, Inland Pacific Ballet, Diversions Dance Company.

Graduating actors are performing in *On the Third Day* at the New Ambassadors Theatre, *Fabulation*, at the Tricycle, *Silverland* at the Arcola, *Orestes* tour by Shared Experience Theatre Company, *Titus Andronicus* and *The Comedy of Errors* at The Globe, *The Birthday Party* at Bristol Old Vic, *Myrmidons* at the Samuel Beckett Theatre, *The Beard* at the Old Red Lion Theatre, *The Three Musketeers* at Bristol Old Vic, in films *El Greco*, *Capturing Mary* (Stephen Poliakoff), Mike Leigh's untitled new work, and in television productions such as *Afterlife*, *Lewis* and *Trial and Retribution*, *The Innocence Project*, *The Amazing Mrs Pritchard*, *The History of Mr Polly* and *Bon Voyage*.

Graduating circus artists have performed with The Generating Company, a permanent circus company in Turku, Finland and in devised pieces with Jonzie D.

Graduating stage managers and theatre technicians are working with Rambert Dance Company, Cirque Bijou, Gynedebourne Opera, with Autograph Sound as a sound technician, Assistant Stage Manager at the Royal Court Theatre, at Dundee Repertory Theatre, as Assistant Stage Manager on the tour of *Guys and Dolls*, Deputy Stage Manager for Red Shift Theatre Company and working in a number of regional theatres.

### **Conclusion**

The year has been a busy and positive one for the Conservatoire and we look forward to a new academic year with eight affiliates. Particular tribute should be given first to John Gibbs, the Conservatoire's former Registrar and Clerk to the Governors who was instrumental in helping this new institution find its feet. Second, we would wish to note with sadness the death of Ian Horsburgh, one of the Conservatoire's former governors who offered guidance and support to institutions new to higher education.

## Operating and financial review

Between August 2005 and July 2006, the Conservatoire received funding from the HEFCE of £10.0m (2004-05 - £8.7m).

In addition, the Conservatoire charges tuition fees for its HE programmes, which are delivered by the affiliates on behalf of the Conservatoire. Such tuition fees amounted to £2.3m in the year (2004-05 - £2m). Fees are collected from individual students by affiliates on behalf of the Conservatoire and are accounted for, together with the public contributions received via the Conservatoire from the Student Loan Company, by the affiliates.

The only other source of income is bank interest of £30,000 (2004-05 - £26,000).

Operating costs were £481,000 (2004-05 - £481,000), representing less than 4% (2004-05 – 5%) of total grant and tuition fee income. These included some minor continuing set up costs which are not expected to recur.

The surplus for the year at £42,000 (2004-05 - £24,000) increased accumulated reserves to £281k (2004-05 - £239k).

## Enhanced Business Review

Key performance indicators are not thought to be as relevant to the Conservatoire as to more conventional businesses. The Conservatoire itself has no borrowing or estate. Management aims to keep central administration costs below 5% of total income, in order to maximise the amount of grant available to affiliates. Small surpluses are targeted only in order to build reserves as a cushion to deal with uncertainties. In the longer term, the Conservatoire does not aim to generate significant reserves except to meet working capital needs, of between 3% to 5% of total income, in line with HEFCE guidelines. Reserves are held as cash. Any funds not required to meet the Conservatoire's own operating costs will be invested in developing the education provision of its affiliates and related support functions.

## Governors

The Governors who were in office during the year were:

Name	Date of appointment
Sir Robert Reid (Independent Governor)	1 August 2001 (Chairman of the Board)
Ian Fisher (Affiliate nominee)	1 August 2001, resigned 13 December 2005
John Talbot (Independent Governor)	1 August 2001 (Chairman of Finance Committee)
Dame Elizabeth Forgan (Independent Governor)	1 August 2001
Sue Storr (Independent Governor)	1 August 2001
Nicholas Barter (Joint Principal)	1 August 2001
Veronica Lewis (Joint Principal)	1 August 2001
Katherine Farr (Independent Governor)	7 October 2002 (Chairman of Audit Committee)
Dr Mary Evelyn (Staff Governor)	1 December 2002, resigned 30 September 2005
Ellen Newman (Staff Governor)	1 December 2002, resigned 30 September 2005
Tamasin Day Lewis (Affiliate nominee)	16 December 2003
Peter Gruen (Affiliate nominee)	16 December 2003
John Whitney (Affiliate nominee)	26 April 2004
Mark Gill (Independent Governor)	14 December 2004
Dr Virginia Brooke (Affiliate nominee)	14 December 2004
Russell Gilderson (Affiliate nominee)	14 December 2004
Luke Rittner (Affiliate nominee)	14 December 2004

**Governors (continued)**

<b>Name</b>	<b>Date of appointment</b>
Prof Christopher Bannerman (Independent Governor)	16 March 2005
Teo Greenstreet (Independent Governor)	16 March 2005
Melanie Johnson (Independent Governor)	13 July 2005
Patrick Stewart (Independent Governor)	13 July 2005
John Bashford (Staff Governor)	14 December 2005
Stuart Beckett (Staff Governor)	14 December 2005
Nicholas Berwin (Affiliate nominee)	14 December 2005
Michael Spenceley (Student Governor)	14 December 2005
Andrew Summers (Independent Governor)	14 December 2005

**Auditors**

Following a tendering exercise, BDO Stoy Hayward LLP were appointed to be the Conservatoire's external auditors for 2005-06 onwards.

**Awareness of relevant audit information**

The Governors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Conservatoire's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Governors are not aware of any relevant audit information of which the auditors are unaware.

## RESPONSIBILITIES OF THE BOARD OF GOVERNORS

The Board of Governors is responsible for preparing the Report of the Board of Governors and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice, for each financial year, which give a true and fair view of the Conservatoire's financial activities during the year and of its financial position at the end of the year. In preparing those financial statements the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Conservatoire will continue in operation.

The Board of Governors is responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the Conservatoire and to ensure that the financial statements comply with the Companies Act 1985. The Board of Governors is also responsible for safeguarding the assets of the Conservatoire and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Governors has taken steps to:

- ensure that funds from the HEFCE 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;
- secure the economic, efficient and effective management of the Conservatoire's resources and expenditure; and
- comply with the guidance to institutions of higher education published by the Committee of University Chairmen in its Guide for Members of Governing Bodies of Universities and Colleges in England, Wales and Northern Ireland (2004), known as the CUC Governance Code of Practice, except in respect of the number of Board meetings per year, where it was agreed to continue to meet three times per annum rather than four as required by the CUC Governance Code of Practice. It is felt that this is sufficient for an institution of the size and structure of CDD and in which much of the business which might be undertaken by the governing body of a typical Higher Education Institution is, in the case of CDD, undertaken by affiliate governing bodies.

Signed on behalf of the Board

John Myerscough  
Clerk to the Board of Governors

19 December 2006

## **CDD STUDENT PUBLIC PERFORMANCES 2005-06**

(for information and not part of the audited accounts)

### **Bristol Old Vic Theatre School**

*The Pickwick Papers*, by Charles Dickens adapted and directed by Christopher Denys  
*The Lion the Witch and the Wardrobe*, by CS Lewis dramatised by Adrian Mitchell and directed by John Hartoch  
*The Nativity*, written and directed by Christopher Denys  
*Peace in Our Time*, by Noel Coward, directed by Antony Tuckey  
*The Roaring Girl*, by Thomas Middleton & Thomas Dekker, directed by John Hartoch  
*As you like it*, by William Shakespeare, directed by Andrew Normington  
*Director's Cut* (four diverse plays)\*, *Running Wilde* by DFS associates and *A Day in the Life of a Pencil* by Ray Scannel, both directed by Maeve Saunders. *The Home Coming* by Harold Pinter, and *Beauty Queen of Leenane*, by Martin Mc Donagh, both directed by Francis Morrissey  
*Sisterly Feelings*, by Alan Ayckbourn directed by Christopher Denys  
*Under Milk Wood*, by Dylan Thomas, directed by Sue Wilson  
*Moll Flanders*, based on the novel by Daniel Defoe, directed by Elwyn Johnson

### **The Circus Space**

*The Handsomest Drowned Man*, ensemble performance devised by The Kosh  
*Difficult Loves and other Death Defying Feats*, ensemble performance devised by Mitch Mitchelson  
*Circus with Intent*, two student devised projects: (Foundation Degree project directed by Bea Pemberton and BA (Hons) Degree project directed by Joyce Henderson)

### **Central School of Ballet**

*Coppélia*, choreographed by Arthur Saint Leon, staged by Carol Gable  
*Design for Dance*, with Central St Martin's, choreographed by second year students  
*End of Year Repertoire*, nine new works showcasing all of the schools disciplines, choreographed by various choreographers  
*Philip Lawrence Awards*, performance choreographed by third year student Katherine Hollinson  
*Ballet Central Tour*, venues across the UK which included amongst others:  
*Moving On*, new neo ballet choreographed by Jenna Lee  
*Waltzing is Hip*, new jazz piece devised by Lucy Potter  
*St Paul's Suite* by Michael Corder  
*Going South For The Winter* and *Futility* by Sara Matthews  
*Fireside Pas De Deux* by Christopher Gable

### **London Academy of Music and Dramatic Art**

*Travesties*, written by Tom Stoppard, directed by Peter James  
*Cries from the Mammal House*, by Terry Johnson, directed by Stephen Jameson  
*Andorra*, by Max Frisch (translated by M Bullock), directed by Helena Kaut-Howson  
*Candide*, new version by John Caird, directed by Anne Durham and Stephen Jameson  
*Edmond*, by David Mamet and *Celebration* by Harold Pinter (double bill), directed by Aaron Mullen  
*4:48 Psychosis*, by Sarah Kane, directed by Kathryn Hunter  
*Fight without End*, new play by Stephen Waters for LAMDA's *Long Project*, directed by Rosie Rouke  
*Dancing at Lughnasa*, by Brian Friel, directed by Joseph Blatchley  
*Events While Guarding the Borfors Gun*, by John McGrath, directed by Penny Cherna  
*Showtime*, new play by John Donnelly for LAMDA's *Long Project*, directed by Janette Smith  
*Serious Money*, by Caryl Churchill, directed by John Bashford  
*The Misanthrope*, adapted from Moliere by Martin Crimp, directed by Aaron Mullen  
*Mathilde*, new work by Conor Mitchell, directed by Matt Peover  
*Much Ado About Nothing*, by William Shakespeare, directed by Helena Kaut-Howson  
*The White Devil*, by John Webster, directed by Rodney Cottier  
\**Top Girls*, by Caryl Churchill, directed by Peter James (performed at the Royal Court's 50<sup>th</sup> Anniversary Celebrations)  
\**The Changing Room*, by David Storey, directed by Colin Cook (performed at the Royal Court's 50<sup>th</sup> Anniversary Celebrations)

### **(LAMDA performances continued)**

*What the Butler Saw*, written by Joe Orton, and directed by John Bashford  
*For Services Rendered*, by W.Somerset Maugham and directed by John Link  
*Hobson's Choice* by Harold Brighouse, and directed by Stephen Jameson

### **London Contemporary Dance School**

*Chum*, choreographed by Tom Roden & Anna Williams  
*Gypsy Mixture*, choreographed by Richard Alston  
*Patterns of Behaviour*, choreographed by Jonathan Lunn  
*Strange Attractors Part II (2000) excerpt*, choreographed by Stephen Petronio  
*Finale*, Henri Oguike

Student Choreography: *À Huis-close*, choreographed by Élisabeth Yvelin, *Under the Sign*, Pierre Tappon, *"I Hate the Way I Love You"*, choreographed by Christopher Evans, *Dentro De Tí (Inside You)*, Jesús Rubio Gamó, *In and in and in ... which way?* Paul Rechtman Bulajich, *How Like the Mind It Is*, Daniela B Larsen, *Sentient Item*, Javiera Peón-Veiga, *Offering of Piece*, Philip Hulford, *Triptych: 1*, Stephen Moynihan, *6 ½ Beginnings*, Wesley Pritchard, *A sister in trouble*, Leonie McDonagh, *Nowhere, Somewhere, Everywhere, Anywhere*, Laura Corazzi, Bénédicte Mottart, *PREtTy intense without SHOES*, Luke Wells, *Masters of War*, Bryony Perkins, *How Far Down?*, Michael Phillip Thomas, Aya Jane Saotome, *Zyklus*, Rosalind Masson, *L'Oiseau Carmen*, Etoile, *Miss S*, Siri Perrson, *Before: Stillnes – Beyond: Silence*, Franziska Eckers, *Ravishing in Red*, Aura Lopez, *"All I've got is your hand"*, Emma Fitzgerald, *We speak in silence*, Victoria Hammond and Hannah Shepherd, *Bottomless Echo*, Marie Chabert, *Rough Touch*, Roberta D'Amore, *X-Square*, Stephanos Bizas, *Engineered Loneliness: 3 objectives*, Marcella Cappelletti, *Knose book*, Marine Combrade-Germa, *Minutia*, Pepa Ubera, *Oh! Mercy*, Emily Katsuno, *Anger Management*, Rachel Birch, *Rapid Eye Movements*, Carolina Yagüe Norote, *Caprice*, Cristina M Gómez, *Mythikos Logos*, Thalia-Marie Papadopoulos, *Ambas (Both)*, Alicia Rodriguez & Aurea Romero, *Loop Whole*, Steve Johnstone, *Under the Sign*, Pierre Tappon, Andrea Santato, *Just Five More Minutes*, Linnea Gunnesson, *Breeze*, Christopher Evans, *Waiting for ...*, Max Kin-Wai Lee,

Postgraduate choreography: *down the hall, to the left*, Shandoah Goldman, *Noises for the Leg (part 2)*, Kathinka Walter. Dance for the Screen work by Lindsey Knight, Rachael Doble and Sérgio Cruz

### **Northern School of Contemporary Dance**

*Go Lightly to the Turning Gate*, choreographed by Debbi Purtil  
*Risk*, choreographed by Helen Smith  
*From what we were Told*, Hagit Bar- Fleming  
*Blood is a Fad*, choreographed by Luis Malvacias  
*Telotaxis*, choreographed by Tom Dale  
*Bitter Ripples*, choreographed by Hofesh Schecter  
*Dowland Suite*, choreographed by Yolanda Snaith

### **Rambert School of Ballet and Contemporary Dance**

*Design for Dance*, with students from Central St.Martins choreographed by  
*A programme of Ballet and Contemporary Dance*, including selections from *Paquita* (choreography by Joseph Mazilier) and the *Pas De Trois* from *Swan Lake* (choreography by Marius Petipa)  
*Student Choreography*, showcase of student work  
*Professional and Student work*, devised/choreographed by Khamaline Halsackda, Hellena Holland (Associate Choreographer with Rambert School) and Ross McKim

### **Royal Academy of Dramatic Art**

*A Dance of the Forests* by Wole Soyinka and directed by Tim Carroll  
*Assassins* by Stephen Sondheim and directed by Geoff Bullen  
*Dusa, Fish, Stas and Vi* by Pam Gems and directed by Gari Jones  
*The Love of the Nightingale* by Timberlake Wertenbaker and directed by Orla O'Loughlin  
*The Good Soldier* by Ford Madox Ford, adapted by Daniel Slater, directed by Guy Slater

**(RADA performances continued)**

*Playhouse Creatures*, by April de Angelis, directed by Nick Hutchison  
*In the Jungle of the Cities*, by Bertolt Brecht, directed by William Gaskill  
*Widows*, by Ariel Dorfman and directed by Jamie Glover  
*Mothers and Sons*, (*Suddenly Last Summer* and *Auto-Da- Fe* by Tennessee Williams) directed by David Salter  
*Platonov*, by Anton Chekhov, adapted by S Coyne and L Marton, directed by Helena Kaut- Howson  
*Timon of Athens*, by William Shakespeare, directed by Kathryn Hunter  
*The Cosmonaut's last message (to the woman he once loved in the former Soviet Union)* by David Greig, directed by Derek Goldby  
*Love's Comedy*, written by Henrik Ibsen and directed by Bardy Thomas  
*The Balm in Gilead*, by Lanford Wilson directed by Che Walker  
*The Ash Girl*, by Timberlake Wertenbaker and directed by Tom Daley  
*Richard III*, by William Shakespeare adapted and directed by Jennie Buckman  
*8 Carmen 1936*, by Stephen Jeffrey, directed Alex Clifton

## **CORPORATE GOVERNANCE STATEMENT for the year ended 31 July 2006**

The Conservatoire is an independent corporation, established as a Higher Education Institution under the terms of the Education Reform Act 1988 and the Further and Higher Education Act 1992. Its objects, powers and framework of governance are set out in the Articles of Association, the current version of which was approved by the Board of Governors in August 2001 and by the Privy Council in July 2001.

The Board of Governors endeavours to conduct its business in accordance with the seven Principles identified by the Committee of Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership). The Board has undertaken to comply with the guidance to institutions of higher education published by the Committee of University Chairmen in its Guide for Members of Governing Bodies of Universities and Colleges in England, Wales and Northern Ireland (2004) except in respect of the number of meetings per year, where it was agreed to continue to meet three times per annum rather than four as required by the CUC Governance Code of Practice, it being felt that this was sufficient for an institution of the size and structure of CDD and in which much of the business which might be undertaken by the governing body of a typical Higher Education Institution was, in the case of CDD, undertaken by affiliate governing bodies.

The Board is also aware of its obligation under the Financial Memorandum (2003) with the HEFCE, paragraphs 16 and 25, to take into account any relevant guidance on accountability, probity or value for money issued from time to time by the HEFCE, the National Audit Office or the Public Accounts Committee.

Since the Conservatoire's establishment as a Higher Education Institution on 1 August 2001 it has put in place systems and procedures for effective management. As new affiliates are brought into the Conservatoire they are required to do likewise, over a transitional period.

A summary of the Conservatoire's arrangements is given below.

### **Board of Governors**

The Board of Governors, which meets formally at least three times a year, comprises lay and academic persons appointed in accordance with the Conservatoire's Articles of Government. There is a clear separation of roles of the non-executive Chairman and other non-executive Governors and the Conservatoire's Chief Executive, the Joint Principals. Staff and students are represented on the Board. The Board approves the Conservatoire's long-term objectives and strategies and provides overall financial and organisational control. The Board has a number of committees including a Finance Committee, an Audit Committee, an Academic Board, a Nominations Committee and other *ad hoc* committees as required from time to time. The responsibilities of the Board of Governors are set out above.

### **Finance Committee**

This Committee comprises not less than three independent members of the Board and the Joint Principals, including one of the Joint Principals who carries responsibility as Accounting Officer. The Committee is established to oversee all matters relating to the finances and business concerns of the Conservatoire and to make recommendations to the Board of Governors on appropriate courses of action in relation to these matters.

In particular, the Committee recommends to the Board of Governors the Conservatoire's annual revenue and expenditure budgets, including grant allocations to the affiliates, and monitors performance in relation to approved budgets. Also, it recommends to the Board the annual financial statements, having been satisfied that management is discharging its responsibilities to control and account for the income, expenditure and assets of the Conservatoire in compliance with the guidelines of the HEFCE and the applicable laws.

## **Audit Committee**

The Committee comprises a Chairman, who is an independent member of the Board of Governors, with at least two further independent Governors. The Committee meets at least twice a year with the auditors of the Conservatoire and reviews their work.

The Committee considers internal audit reports, together with recommendations for the improvement of the Conservatoire's systems of internal control and management's responses and implementation plans. It also receives and considers reports from the HEFCE insofar as they affect the Conservatoire's business and monitors adherence with the regulatory requirements. It reviews the Conservatoire's annual financial statements, together with the accounting policies. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee and the Committee meets with the auditors on their own for independent discussions.

## **Academic Board**

The Academic Board is chaired by the Joint Principals of the Conservatoire and membership comprises the Principal of each affiliated school, one further member nominated by each affiliated school, a student representative from a dance school affiliated to the Conservatoire and a student representative from a drama school affiliated to the Conservatoire. There is provision for up to three co-opted members although no members were co-opted during 2005/06.

The Board is responsible for advising the Board of Governors with regard to the academic activities of the Conservatoire and the resources required to support them, for defining the academic strategy of the Conservatoire, for scrutinising and approving quality assurance systems in affiliated schools, for considering annual reports from affiliated schools on their delivery of programmes and revision and implementation of their Learning and Teaching Strategies, for encouraging and facilitating collaboration between affiliated schools, and for identifying and disseminating good practice in learning and teaching, and for ensuring that affiliated schools have in place appropriate staff development strategies.

## **Nominations Committee**

This Committee comprises the Chairman of the Board of Governors and two other independent members of the Board. This Committee advises the Board of Governors in relation to the appointment of independent members of the Board as and when required.

## **Remuneration Committee**

The Board of Governors has established a Remuneration Committee as required by the CUC Governance Code of Practice. This Committee comprises the Chairs of the Board of Governors, the Audit and Finance Committees and the Joint Principals. The Committee's terms of reference include determination of salaries and conditions of service for CDD staff whose full-time equivalent salary is in excess of £70,000 per annum. At present there are no such staff and hence it has not been necessary for this Committee to meet.

## **Principals' Management Group**

The Joint Principals carry out the responsibilities as Chief Executive of the Conservatoire, and are responsible for the organisation, direction and management of the institution and the leadership of the staff. One of the Joint Principals is designated as the Accounting Officer and takes responsibility for the conduct of the business of the Conservatoire. The Principals' Management Group (PMG) consists of all the Principals/Directors of affiliate schools led by the Joint Principals. It holds executive responsibility for the management of CDD. PMG deliberates on policy, receives minutes from the Academic Board and CDD's various working groups, considers recommendations from these bodies and determines CDD's executive actions. For administrative and practical reasons, the Joint Principals meet weekly, with the Secretary to the Board, the Administrative and Finance Directors in attendance, and full meetings of the PMG are held three or four times a term.

## Internal Control and Risk Management

The Board of Governors is aware of the requirement of the HEFCE to provide a statement in respect of internal financial control to cover all internal controls, including financial, operational, compliance and the management of risk. However, any system of internal control can provide only reasonable, but not absolute, assurance against material misstatement or loss.

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

During the year, the Board has continued implementing the requirements of the HEFCE guidance and has carried out a review of the effectiveness of internal control processes, including the effective management of risk. From 1 August 2005 to the date of approval of these annual accounts the Conservatoire itself was fully compliant with the HEFCE requirements. As for the eight affiliates:

- LCDS became fully compliant in 2004/05;
- NSCD became compliant in 2005/06 in all but one area,(the length of time the Chair has held post) where it would prefer to explain rather than comply;
- BOVTS will be compliant by the end of 2006;
- RADA has undertaken to be fully compliant by the end of March 2007;
- LAMDA, TCS and CSB have been subject to compliance 'stocktakes' in 2006 and are aware of the areas to be addressed by the end of 2006/07; and
- Rambert has started the compliance process and will be subject to an initial 'stocktake' in the Spring term 2007.

The process will continue during 2006-07 to ensure that all affiliates become fully compliant as soon as practicable.

In line with HEFCE guidelines incorporating the Combined Code, the key elements of the Conservatoire's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- clear definitions of the responsibilities of the respective members of the management team;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of academic performance and regular reviews of financial results involving variance reporting and updates of forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review as determined by the Board;
- comprehensive Financial Regulations and Procedures, detailing financial controls and procedures approved by the Board; and
- monitoring processes in relation to the affiliates by reference to financial and other data supplied to the Conservatoire.

The Conservatoire is committed to the development and operation of effective risk management processes as part of a risk-based system of internal control. The risk management policy originally approved by the Board in July 2003, then revised and approved by the Board in July 2005, ensures that:

- CDD has in place policies and procedures set by the Board of Governors and communicated by senior management to staff. Written procedures support the policies where appropriate and there is an on-going programme of risk awareness training for staff;
- risk management is embedded into normal business processes and aligned to the Conservatoire's strategic objectives. Through planning and budgeting processes objectives

are set, action plans agreed and resources allocated. Progress towards meeting action plans is monitored regularly with variances investigated;

- there is on-going identification and evaluation of risks by staff members, with regular reporting through CDD's committees and Board. All risks are covered: governance, quality, management, reputation, systems and financial – and are rated according to their possible impact and/or likelihood;
- within the risk register, those risks which are rated most significant, and most likely to occur, are monitored by the Board of Governors directly. These high level risks and any mitigating actions to be taken are reviewed regularly;
- the Audit Committee is required to report to the Board of Governors on internal controls and alert governors to any emerging issues. In addition, the committee oversees internal audit and external audit. The committee is therefore well-placed to provide advice to the board on the effectiveness of the internal control system, including the institution's system for the management of risk;
- internal audit is an important element of the internal control process. Apart from its normal programme of work, internal audit is responsible for aspects of the annual review of the adequacy and effectiveness of the internal control system within the organisation together with recommendations for improvement;
- external audit provides feedback to the Audit Committee on the operation of the internal financial controls reviewed as part of the annual audit;
- the external auditors of each affiliate are invited to provide assurance on compliance with CDD's financial memorandum. This system was introduced in 2005/06. Where assurances have not been forthcoming from the external auditor, the Board of Governors has looked to the affiliates Accounting Officer for such assurance;
- a process is being embedded for monitoring compliance by the Conservatoire's affiliates with their obligations under the Operating Agreements in place between each of them and the Conservatoire.

The review of the effectiveness of the system of internal control is informed by:

- the work of the Principals' Management Group within the institution, which has responsibility for the development and maintenance of the internal control framework;
- the work of the in-house internal auditor appointed during 2005-06, who operates to standards defined in the HEFCE Audit Code of Practice;
- comments made by the external auditors in their management letter and other reports.

Signed on 19 December 2006

Sir Robert Reid

Veronica Reid MBE

Nicholas Barter

Chairman of the Board

Joint Principal and  
Accounting Officer

Joint Principal

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CONSERVATOIRE FOR DANCE AND DRAMA**

We have audited the financial statements of the Conservatoire for the year ended 31 July 2006 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of the Board of Governors and Auditors**

As described in the Statement of Responsibilities of the Board of Governors the Conservatoire's Board is responsible for preparing the annual report and the financial statements in accordance with applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice on Accounting in Further and Higher Education Institutions.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) and the Audit Code of Practice issued by the Higher Education Funding Council for England.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and the Statement of Recommended Practice on Accounting in Further and Higher Education Institutions and whether the information given in the Report of the Board of Governors is consistent with those financial statements. We also report to you if, in our opinion, the Board has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding the remuneration of the Board of Governors or other transactions is not disclosed.

We also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the Conservatoire have been properly applied only for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England.

We read the other information contained in the Report of the Board of Governors and consider whether it is consistent with the audited financial statements. The other information comprises only the Corporate Governance Statement and the Statement of the Responsibilities of the Board of Governors. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and the Audit Code of Practice issued by the Higher Education Funding Council for England. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Conservatoire in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the Conservatoire and the group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Conservatoire as at 31 July 2006 and of its surplus of income over expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985 and the Statement of Recommended Practice: "Accounting for Further and Higher Education Institutions";
- the information given in the Report of the Board of Governors is consistent with the financial statements;
- in all material respects income from the Higher Education Funding Council for England, grants and income for the year to 31 July 2006 for specific purposes administered by the Conservatoire have been applied for the purposes for which they were received; and
- in all material respects income for the year to 31 July 2006 has been applied in accordance with the Conservatoire's statutes and, where appropriate, with the applicable Financial Memorandum with the Higher Education Funding Council for England.

*BDO Stoy Hayward LLP*  
*Chartered Accountants and Registered Auditors*  
*Epsom*

*19 December 2006*

**INCOME AND EXPENDITURE ACCOUNT  
for the year ended 31 July 2006**

	Note	2006 £	2005 £
<b>Income</b>			
Funding council grants	2	10,063,829	8,773,229
Interest receivable		29,803	26,193
Miscellaneous income		250	-
Total income		<u>10,093,882</u>	<u>8,799,422</u>
<b>Expenditure</b>			
Grant allocations to affiliates	3	9,571,273	8,294,368
Staff costs	4	171,159	140,571
Other operating expenses	5	309,442	340,565
Total expenditure		<u>10,051,874</u>	<u>8,775,504</u>
Surplus before tax		42,008	23,918
Taxation		-	-
Retained surplus for the period		<u>42,008</u>	<u>23,918</u>
Balance brought forward		<u>239,493</u>	<u>215,575</u>
Balance carried forward		<u>281,501</u>	<u>239,493</u>

The income and expenditure account is in respect of continuing activities for the year ended 31 July 2006. There were no recognised gains or losses other than the surplus for the year.

The notes on pages 22 to 27 form part of these financial statements.

**MANAGEMENT INCOME AND EXPENDITURE ACCOUNT FOR REPORTING TO HEFCE  
for the year ended 31 July 2006  
(FOR INFORMATION AND NOT PART OF THE AUDITED ACCOUNTS)**

	2006 £	2005 £
<b>Income</b>		
Funding council grants	10,063,829	8,773,229
Tuition fees	2,369,597	2,009,990
Interest receivable	29,803	26,193
Misc income	250	-
Total income	<u>12,463,479</u>	<u>10,809,412</u>
<b>Expenditure</b>		
Grant allocations to affiliates	11,940,870	10,304,358
Staff costs	171,159	140,571
Other operating expenses	309,442	340,565
Total expenditure	<u>12,421,471</u>	<u>10,785,494</u>
Surplus for the year	<u>42,008</u>	<u>23,918</u>

The above income and expenditure includes tuition fees recognised in the individual affiliates' financial statements.

**BALANCE SHEET  
at 31 July 2006**

	<b>Note</b>	<b>2006 £</b>	<b>2005 £</b>
<b>Tangible assets</b>			
Fixed assets	6	<u>1,021</u>	<u>7,758</u>
<b>Current assets</b>			
Debtors	7	8,720	31,308
Prepayments		9,862	9,403
Cash at bank		582,994	517,070
		<u>601,576</u>	<u>557,781</u>
<b>Creditors: Amounts falling due within one year</b>	8	<u>(321,096)</u>	<u>(326,046)</u>
<b>Net current assets</b>		280,480	231,735
<b>Total assets less current liabilities</b>		<u>281,501</u>	<u>239,493</u>
<b>Total net assets</b>		<u>281,501</u>	<u>239,493</u>
<b>Reserves</b>			
Income and expenditure account		281,501	239,493
<b>Total funds</b>		<u>281,501</u>	<u>239,493</u>

The notes on pages 22 to 27 form part of these financial statements.

The financial statements were approved by the Board of Governors on 19 December 2006 and signed on its behalf by:

Sir Robert Reid

Veronica Reid MBE

Nicholas Barter

Chairman of the Board

Joint Principal and  
Accounting Officer

Joint Principal

**CASH FLOW STATEMENT**  
**for the year ended 31 July 2006**

	<b>Note</b>	<b>2006</b> £	<b>2005</b> £
<b>Net cash inflow from operating activities</b>	9A	36,121	10,325
Returns on investments and servicing of finance	9B	29,803	26,193
<b>Increase in cash in the period</b>	9C	<u>65,924</u>	<u>36,518</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase in cash in the period	9C	65,924	36,518
Net funds at 1 August		<u>517,070</u>	<u>480,552</u>
Net funds at 31 July		<u>582,994</u>	<u>517,070</u>

The notes on pages 22 to 27 form part of these financial statements

**STATEMENT OF PRINCIPAL ACCOUNTING POLICIES**  
**Year ended 31 July 2006**

**1 Accounting convention**

These financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985, the Statement of Recommended Practice on Accounting for Further and Higher Education Institutions (SORP) and applicable Accounting Standards.

The financial statements comprise only the financial results of the Conservatoire and do not consolidate the financial results of its affiliates to which it provides funding but in respect of which it does not exercise management or financial control. Please refer to Note 1 of the accounts.

These accounting policies remain unchanged from the previous year.

**2 Recognition of income**

Recurrent grants of a revenue nature and capital grants for disbursement to the affiliates are credited to the income and expenditure account on a receivable basis. Grants of a capital nature applied by the Conservatoire are recognised as deferred income and credited to income and expenditure account over the useful economic life of the related assets.

**3 Leases**

Rental costs under operating leases are charged to expenditure in equal annual amounts over the period of the leases.

**4 Equipment**

Equipment costing less than £3,000 per individual item or group of related items is written off in the year of acquisition. All other equipment is capitalised.

Additions are stated at cost. Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follow :-

Fixtures and fittings	20%
Computer equipment	33%

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated as above. The related grants are treated as deferred capital grants and released to income over the expected useful life of the equipment.

**5 Taxation status**

The Conservatoire believes that it is exempt from income tax, corporation tax, capital gains tax and where relevant value added tax. Tax suffered on expenditure is included under the various expenditure heads.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2006**

**1 Application of HEFCE funding - Related party transactions**

Funding is received by the Conservatoire from the HEFCE and it distributes Higher Education funding to its affiliates. The Conservatoire applies a small proportion of the funding towards its own operating costs. The affiliates are separate legal entities over which the Conservatoire does not have control, although their activities are subject to Operating Agreements and Financial Memoranda. These financial statements do not therefore include the transactions or assets and liabilities of the affiliates. The Conservatoire accounts do not report on the application by the affiliates of the HEFCE funds distributed to them. In addition, the Conservatoire makes payments to the affiliates for the provision of services of their employees and the use of their facilities and support arrangements.

During the year, the payments due to affiliates were as follows:

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
a) Higher Education grants	9,467,908	8,194,238
b) Other payments for the use of staff, services etc		
London Contemporary Dance School	23,243	27,445
Royal Academy of Dramatic Art	7,721	9,148
Bristol Old Vic Theatre School	1,100	700
Northern School of Contemporary Dance	-	-
The Circus Space	-	-
Central School of Ballet	-	-
London Academy of Music and Dramatic Art	-	-
Rambert School of Ballet and Contemporary Dance	-	-
	<u>9,499,972</u>	<u>8,231,531</u>

and the balances due to the affiliates at 31 July were as follows:

London Contemporary Dance School	515	44,458
Royal Academy of Dramatic Art	-	11,448
Bristol Old Vic Theatre School	3,750	5,060
Northern School of Contemporary Dance	12,485	9,515
The Circus Space	-	1,150
Central School of Ballet	-	808
London Academy of Music and Dramatic Art	-	-
Rambert School of Ballet & Contemporary Dance	-	-
	<u>16,750</u>	<u>72,439</u>

**2 Funding Council grants**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
<b>HEFCE</b>		
Recurrent grant	9,598,068	8,342,288
Selective initiatives	132,187	140,433
Capital grants	<u>230,209</u>	<u>190,378</u>
	9,960,464	8,673,099
<b>Further Education</b>		
Grants receivable	103,365	100,130
	<u>10,063,829</u>	<u>8,773,229</u>

### 3 Allocations to affiliates

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
London Contemporary Dance School	1,561,139	1,412,104
Royal Academy of Dramatic Art	1,493,322	1,448,587
Bristol Old Vic Theatre School	1,306,958	1,347,910
Northern School of Contemporary Dance	1,512,181	1,537,843
The Circus Space	623,153	342,324
Central School of Ballet	907,703	875,982
London Academy of Music & Dramatic Art	1,409,565	1,329,618
Rambert School of Ballet & Contemporary Dance	757,252	-
	<u>9,571,273</u>	<u>8,294,368</u>

Comprising allocations of income received as follows:

Recurrent grant from the HEFCE	9,133,504	7,930,632
Specific grants from the HEFCE	334,405	263,606
Further education grants	103,365	100,130
	<u>9,571,273</u>	<u>8,294,368</u>

### 4 Staff costs

	<b>2006</b>	<b>2005</b>
	<b>No.</b>	<b>No.</b>
Staff – full time	1	-
Staff – part time	5	7
	<b>£</b>	<b>£</b>
Direct salary costs	155,976	127,976
Social security costs	15,183	12,595
	<u>171,159</u>	<u>140,571</u>

Amounts payable to affiliates for the services of the Joint Principals

<u>£30,964</u>	<u>£36,593</u>
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The Joint Principals are employed by the respective affiliates of which they are the Principal. Those affiliates have invoiced the Conservatoire for time spent by the Joint Principals in discharging their responsibilities for the Conservatoire.

No remuneration was paid to any Governor or the Joint Principals. Expenses were reimbursed to the Joint Principals and to Governors during the year. The Conservatoire has in place Directors' and Officers' insurance.

**5 Other operating expenses**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Services outsourced to affiliates and third parties	108,393	157,228
Auditors' remuneration:		
- External audit	11,551	15,345
- Internal audit	-	2,500
Office expenses	53,742	33,240
Premises	31,611	27,690
Validation fees	1,255	-
Marketing and development projects	95,252	89,120
Bank charges	901	1,613
Depreciation	6,737	13,829
	<u>309,442</u>	<u>340,565</u>

**6 Fixed assets and leases**

	<b>Fixtures and fittings</b>	<b>Computer equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>At cost</b>			
At 1 August 2005	<u>5,105</u>	<u>38,427</u>	<u>43,532</u>
At 31 July 2006	<u>5,105</u>	<u>38,427</u>	<u>43,532</u>
<b>Depreciation</b>			
At 1 August 2005	3,063	32,711	35,774
Charges for the year	<u>1,021</u>	<u>5,716</u>	<u>6,737</u>
At 31 July 2006	<u>4,084</u>	<u>38,427</u>	<u>42,511</u>
<b>Net book value</b>			
At 31 July 2006	<u>1,021</u>	<u>-</u>	<u>1,021</u>
At 31 July 2005	<u>2,042</u>	<u>5,716</u>	<u>7,758</u>

Payments which the Conservatoire is committed to make in the next year under operating leases of land and buildings expiring in more than one and less than five years are £26,700 (2005 - £26,700).

**7 Debtors**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Rent deposit recoverable after more than one year	6,675	6,675
Due from the Student Loan Company	-	23,300
Affiliate contributions to rent	2,045	1,333
	<u>8,720</u>	<u>31,308</u>

**8 Creditors: amounts falling due within one year**

	<b>2006</b>	<b>2005</b>
	£	£
Amounts due to affiliates	16,750	72,439
Allocations pending	264,650	202,674
Other creditors	481	-
Accruals	39,215	50,933
	<u>321,096</u>	<u>326,046</u>

**9 (a) Reconciliation of operating surplus to net cash flow from operating activities**

	<b>2006</b>	<b>2005</b>
	£	£
Surplus for the period	42,008	23,918
Decrease/(increase) in debtors	22,129	(26,622)
(Decrease)/increase in creditors	(4,950)	25,393
Bank interest received included in income	(29,803)	(26,193)
Depreciation	6,737	13,829
Net cash inflow from operating activities	<u>36,121</u>	<u>10,325</u>

**(b) Returns on investments and servicing of finance**

	<b>2006</b>	<b>2005</b>
	£	£
Bank interest received	29,803	26,193
Net cash inflow from returns on investments	<u>29,803</u>	<u>26,193</u>

**(c) Analysis of changes in net funds**

	<b>2006</b>	<b>2005</b>
	£	£
Cash at bank		
Balance at 1 August	517,070	480,552
Cash flows	65,924	36,518
Balance at 31 July	<u>582,994</u>	<u>517,070</u>

**10 Student support funds**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Balance unspent at 1 August	-	-
HEFCE grants	<u>45,465</u>	<u>44,186</u>
	45,465	44,186
Disbursed to affiliates	<u>(45,465)</u>	<u>(44,186)</u>
Balance unspent at 31 July	<u>-</u>	<u>-</u>

These HEFCE grants are available solely for students. The Conservatoire distributes these funds to affiliates which act only as the paying agents. The grants and related disbursements are therefore excluded from the income and expenditure account.