



Financial Statements

31 July 2007

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 John Bashford Stuart Beckett Dr Virginia Brooke Ryan Densham Tony Dyson Katherine Farr Dame Elizabeth Forgan Mark Gill Teo Greenstreet	Peter Gruen Peter James Melanie Johnson Veronica Lewis MBE Susannah Marsden David Oakes Luke Rittner Sue Storr Andrew Summers John Talbot Sir Stephen Waley-Cohen
Joint Principals	Veronica Lewis MBE	Peter James
Clerk to the Board of Governors and Company Secretary	John Myerscough	
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		
Director of Administration	Julie Crofts	
Director of Finance and Operations	David Johnson	
Internal Auditor	Colin Shearing	
Bankers	Lloyds TSB Bank Plc 2nd Floor, 25 Gresham Street London EC2V 7HN	
Solicitors	Beachcroft LLP 30 Eastcheap London EC3M 1HD Farrer & Co LLP 66 Lincoln's Inn Fields London WC2A 3LH	
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 ending 31 July 2007.

Introduction

The rapid expansion of the Conservatoire that has taken place since 2001 has meant that almost every new academic year brought with it a new intake of affiliate schools. For the first time in 2006-07, the Conservatoire had the same number of affiliate schools – eight – as in 2005-06. We have, therefore, been able to concentrate on the consolidation work outlined in our corporate plan, in four key areas: access, learning and teaching, systems and communications.

Access

The year 2006-07 saw the introduction for the first time of variable fees for higher education and the advent of bursaries aimed at encouraging students from lower-income backgrounds. The Conservatoire offered one of the most generous schemes in the statutory sector, giving students from the lowest-income backgrounds a £1,600 bursary. Nearly three-fifths (58%) of students eligible for bursaries received a full bursary. In addition, the Conservatoire was able to extend financial support to many more students in financial hardship as a result of the funds allocated to bursary support.

In December 2006 we completed our first Disability Equality Scheme and in July completed a similar scheme to promote gender equality. Both schemes underline the Conservatoire's commitment to equality and diversity in all its activities, including carefully reviewing and monitoring student access to Conservatoire courses. The work that began with supporting disabled students through our Disability Project led to the publication of a guide *Support for Disabled Students. An Equality and Diversity Working Group* was established under the leadership of Paul Rummer, now Principal of BOVTS.

A review of outreach activities aimed at widening participation identified that all Conservatoire schools were involved in work to broaden knowledge and experience of vocational training including access classes, youth companies, projects with primary and secondary school in the north, east, Yorkshire, Midlands and Eastern regions, as well as London, and performance tours reaching audiences in excess of 20,000 in venues throughout the country. Some 8,000 potential students were auditioned for around 400 places.

Finally, the Conservatoire has developed a link to leading Asian theatre company, Tamasha, providing the company with space and assistance in delivering its short courses. We hope that this will introduce some new people to the Conservatoire schools and encourage Asian students to consider vocational training.

Learning and teaching

The Conservatoire was placed joint third in the National Student Survey, which asks final year students to assess their satisfaction with their courses and experience of learning and teaching at all higher education institutions. Our validating universities (University of Kent, University of the West of England and King's College London) awarded 512 certificates, diplomas and degrees to graduating students. Some 21% of these were first class honours, nearly twice the national average.

Our programme of collaborations between schools continued to grow, including masterclasses for students from RADA, LAMDA and LCDS with leading Korean director Oh T'ae Sok offered in collaboration with the Barbican as part of its international theatre season (BITE), and a symposium with Russian director Sergei Tcherkasski held at RADA for staff from several affiliates and colleagues from the Conference of Drama Schools. A number of new commissions were produced, including a chamber musical at LAMDA, pieces by Kim Brandstrup and Sara Matthews at NSCD and CSB respectively, and a re-staging of Hofesh Schecter's piece *Bitter Ripples* by NSCD's new graduate performing company, Verve. Rambert students performed in a piece made as part of a collaboration with St Paul's Cathedral, *Seven Last Words of Christ*. A highlight for all was a collaboration between The Circus Space, BOVTS and circus production company Cirque Bijoux, *Sequins and Sawdust*. This production was staged in a big top in Bristol and London. Second year circus students from TCS and stage management/technical theatre students from BOVTS worked together to produce a full length

show which received excellent reviews.

The Conservatoire's series of staff seminars was re-launched with an opening session by Professor John Gruzelier of Goldsmith's College on neuro-research and creativity. RADA hosted the third Conservatoire Gala Performance in May. This time we had a whole weekend of rehearsals, followed by two performances on the Sunday.

Student achievement and graduate employment

Student recruitment increased slightly to 1,114 students (2005-06 - 1,077), of whom 10% were overseas students.

We are pleased to note that Conservatoire students won the following awards during the year: Marine Combrade-Germa (LCDS) and Carl Harrison (The Circus Space) won Deutsche Bank Awards, Alexander Lanipekun and Joanna Tincey won BBC Carleton Hobbs awards (RADA), and Emma Chadwick (CSB) was asked to produce the choreography for the Philip Lawrence Awards.

Graduating dancers found employment with (amongst others): Michael Clarke, Hofech Schecter, Richard Alston, Henri Oguike, Diversions Dance Company, Jasmin Vardimon, Scottish Ballet, Ballet Basel, Northern Ballet Theatre, DV8, and New Adventures.

A selection of destinations for graduating actors include *Love's Labours Lost* at The Globe Theatre London, *Othello* at Salisbury Playhouse, *Henry V* at the Manchester Royal Exchange, *The Changeling* with the English Touring Theatre, *The Five Wives of Maurice Pinder* at the National Theatre, and *Baghdad Wedding* at the Soho Theatre.

Graduating circus artists have performed with the Generating Company (on tour in Osaka, Japan), NoFitState, Gandini Juggling Project and Circus of Horrors. Graduate students formed circus company So&So Circus Theatre and performed at the Big Chill Festival, Crawley Circus Festival and Jour de Fete. A number of others are working on circus-related projects in Barcelona, Italy and Finland.

Graduating stage managers and theatre technicians are working with Birmingham Royal Ballet, Whirlwind Children's Theatre, Lancaster, *Billy Elliott* in the West End, Sydney Opera House, Aldeburgh Festival, Kudos TV, and the National Theatre, amongst others.

Systems and communications

Internally, the Conservatoire worked to refine its systems including a major project to create a new student database for all affiliate schools which could be updated to produce statistical information centrally. A new and considerably expanded website was launched in Spring 2007, and the Conservatoire published its first Annual Review which looked back on the first five years.

Public benefit

The Conservatoire submitted evidence to HEFCE's Small and Specialist Institutions Review Group in September 2007 on the public benefits which the Conservatoire delivers. We noted that the Conservatoire supports the artistic and cultural life of the nation by training young artists who establish themselves in theatres, companies and screen work throughout Britain and abroad, many of whom rise to positions of leadership in their fields. As a laboratory of training practice and creative processes, the Conservatoire pushes the boundaries of art forms by commissioning new work, testing new techniques and equipping students to devise new work. It also gives exposure to rare areas of the repertoire in programmes of public performances in its own theatres and on tour. The Conservatoire brings together the most talented students, irrespective of background and circumstance, from the UK and abroad, who can profit from the intensive and rigorous education and carefully supported training at the highest level. It increases the UK's standing in the arts, expanding international opportunities for UK graduates and strengthening the level of cultural sharing, transfer and influence across the world, and by constantly using its influence at home to improve the vocational pathways into dance, drama and circus, it promotes national access to training, especially for young people.

Board Efficiency Review

A review of board efficiency was concluded in December 2006. This covered the first five years of the Conservatoire and so charted the development from a board of five to one of twenty-three members. The main issue was the size of the board, which relates to the Conservatoire's unique federal structure. We decided to retain the existing arrangement as an important instrument in fostering the collegiate approach to the development of the institution. The board endorsed the report's conclusion that the Conservatoire has established effective stewardship of its strategic purpose and emphasised the importance of the work of the sub-committees in achieving sound management control, alongside the other areas of board work on corporate mechanisms, strategic direction and pertinent information.

Staff

The Conservatoire's year ended with a number of farewells. Our first farewell was to Principal of RADA and founding Joint Principal of the Conservatoire, Nicholas Barter. The second farewell was to Sheila Clifford, the Conservatoire's Administrative Secretary and first employee. Sheila set up the Woburn Walk office and is much missed by colleagues and friends. Third, we said farewell to the Conservatoire's first Director of Finance, Jennifer Blanchard. Our final farewell was to Christopher Denys who retired as Principal of BOVTS after 27 years. Chris brought the school into the Conservatoire. The Governors wish to note their gratitude to Nicholas for achieving his and Veronica Lewis' shared vision of a new higher education institution which would protect and promote vocational training in dance, drama and circus.

Operating and financial review

Between August 2006 and July 2007, the Conservatoire received funding from the HEFCE of £11.2m (2005-06 - £10.1m).

In addition, students of the Conservatoire are charged tuition fees for higher education programmes, which are delivered by the affiliates on behalf of the Conservatoire. The Conservatoire introduced "top-up" fees in 2006/7 for new undergraduate entrants, which will roll out in future years to all undergraduate students, and, as a condition of opting for the higher fees, established a bursary programme in agreement with the Office of Fair Access. Such tuition fees amounted to £2,123,554 (2005-06 - £Nil).

The Conservatoire also received bank interest of £55,045 (2005-06 - £29,803).

Operating costs were £571,841 (2005-06 - £480,601), representing less than 4% (2005-06 – 4%) of total grant and tuition fee income. This included some minor continuing set-up costs, which are not expected to recur.

The surplus for the year, at £136,299 (2005-06 - £42,008), increased accumulated reserves to £418k (2005-06 - £282k).

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)
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, resigned 18 July 2007
Veronica Lewis (Joint Principal)	1 August 2001
Katherine Farr (Independent Governor)	7 October 2002 (Chairman of Audit Committee)
Tamasin Day Lewis (Affiliate nominee)	16 December 2003, resigned 28 March 2007
Peter Gruen (Affiliate nominee)	16 December 2003
John Whitney (Affiliate nominee)	26 April 2004, resigned 28 March 2007
Mark Gill (Independent Governor)	14 December 2004
Dr Virginia Brooke (Affiliate nominee)	14 December 2004
Russell Gilderson (Affiliate nominee)	14 December 2004, resigned 18 July 2007
Luke Rittner (Affiliate nominee)	14 December 2004
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, resigned 18 July 2007
John Bashford (Staff Governor)	14 December 2005
Stuart Beckett (Staff Governor)	14 December 2005
Nicholas Berwin (Affiliate nominee)	14 December 2005, resigned 28 March 2007
Tony Dyson (Affiliate nominee)	14 December 2005
Michael Spenceley (Student Governor)	14 December 2005, resigned 19 December 2006
Andrew Summers (Independent Governor)	14 December 2005
David Oakes (Student Governor)	19 December 2006
Sir Stephen Waley Cohen (Affiliate nominee)	28 March 2007
Ryan Densham (Affiliate nominee)	28 March 2007
Peter James (Joint Principal)	18 July 2007
Susannah Marsden (Affiliate nominee)	18 July 2007

Auditors

BDO Stoy Hayward LLP have indicated their willingness to continue as external auditors. A proposal to re-elect them will be put forward at the Annual General Meeting.

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 2007

CDD STUDENT PUBLIC PERFORMANCES 2006-07

(for information and not part of the audited accounts)

Bristol Old Vic Theatre School

The Vicar of Wakefield, Oliver Goldsmith, adapted & directed by Christopher Denys
The Wind in the Willows, Kenneth Grahame, adapted & directed by John Hartoch
The Seven Voyages of Sindbad the Sailor, adapted and directed by Toby Hulse
The Nativity, adapted & directed by Christopher Denys
Stags and Hens, Willy Russell, directed by Richard Howard
A Chaste Maid in Cheapside, Thomas Middleton, directed by Katharine Rogers
The Collector, John Fowles, director's cuts, directed by Stuart Harvey
Abortive, Caryl Churchill, director's cuts, directed by Ed Viney
Vincent River, Philip Ridley, director's cuts, directed by Agnieszka Blonska
Normal, Anthony Neilson, director's cuts, directed by Christopher Loveless
All's Well that Ends Well, William Shakespeare, directed by John Hartoch
A Midsummer Night's Dream, William Shakespeare, directed by Christopher Denys
The London Cuckolds, Edward Ravenscroft, adapted by T Johnson, directed by Sue Wilson
A Play on Words, devised from Bernard Shaw and Noel Coward, directed by Elwyn Johnson

Central School of Ballet

Design for Dance, 2nd yr students choreographed works in collaboration with Central St Martins.
City of London Festival, a new work by Lionel Hoche, performed on the steps of St. Paul's Cathedral.
Ballet Central Tour, featuring new commission *Shift* by Christopher Bruce, *Puirt-A-Beul* by William Tucket, an excerpt from *Linear Remains* by Rafael Bonachela, pas de six from Act III of Helgi Tomasson's *Sleeping Beauty*, *The Blue Ball* from Christopher Gable's *Cinderella*, *Overleap* by Sara Matthews, *Six Chamber Pieces* by David Fielding, *Popular Song* from Frederick Ashton's *Façade*, *Let Yourself Go* by Philip Aiden, *Yaneef* by Paul Lewis and *Pas de Six* from August Bournonville's *Napoli*.
End of year performances at the Unicorn Theatre, Southwark featuring all students in a diverse range of classics and new works in ballet, jazz and contemporary dance alongside Ballet Central's repertoire.

The Circus Space

Dark Nights & a Kinda Jazz Cabaret, BA Hons, student devised performances, with links directed by Flick Ferdinando.
Sequins and Sawdust, 2nd yr Foundation Degree Ensemble Performance in collaboration with Cirque Bijou, and BOVTS technical students, Directed by Jon Beedell & Mitch Mitchelson.
Off the Wall, for the re-opening of the South Bank Centre, directed & choreographed by Liam Steel and Ron Tannion of 'Stan Won't Dance', a BA Hons Ensemble Performance
Gratuitous Acts of Circus, 2nd yr Foundation Degree student devised performances, links directed by John Paul Zaccarini.

London Academy of Music and Dramatic Art

Kes, Lawrence Till, adapted from Barry Hines' novel *A Kestrel for a Knave*, directed by Stephen Jameson.
Anna Karenina, Helen Edmundson adapted from Leo Tolstoy's novel, directed by Joseph Blatchley.
All My Sons, Arthur Miller, directed by Aaron Mullen. (Three Year Course)
Othello, William Shakespeare, directed by John Bashford (Three Year Course)
Lysistrata, Aristophanes, translated by Ranjit Bolt, directed by Hannah Eidinow (Three Year Course)
Summerfolk, Maxim Gorky, directed by Deborah Paige (Two Year Course)
The Cherry Orchard, Anton Chekhov, directed by Colin Cook (Two Year Course)
Two Gentlemen of Verona, Shakespeare adapted by John Guare & Mel Shapiro, Lyrics by John Guare, Music by Galt MacDermot, directed by Aaron Mullen (Three Year Course)
Roberto Zucco, Bernard-Marie Koltès translated by Martin Crimp, directed by Róisín McBrinn (Three Year Course)
The Devil's Disciple, George Bernard Shaw, directed by Peter James (Three Year Course)
The Doomed Composer Otto Klump's last day alive (as witnessed by the Young Pornographer), Music, Books & Lyrics by Conor Mitchell, directed by Matt Peover (Two Year Course)
Breezeblock Park, Willy Russell, directed by Jenny Lipman (Three Year Course)

*Shopping and F***ing*, Mark Ravenhill, directed by John Link (Three Year Course)
Demons, Helena Kaut-Howson, adapted from Dostoevsky's *The Possessed*. Translated by David Magarshack, directed by Helena Kaut-Howson (Three Year Course)
This Sceptred Isle: Richard II & Henry IV, abridged from Parts 1 & 2, William Shakespeare, directed by John Bashford & Stephen Jameson (Two Year Course)
After October, Rodney Ackland, directed by John Link (Two Year Course)
Saved, Edward Bond, directed by Stephen Jameson (Two Year Course)
Grace, Doug Lucie, directed by Penny Cherns (Two Year Course)
The Sea, Edward Bond, directed by Colin Cook (Three Year Course)
Others, Kay Adshead, directed by Hannah Eidinow (Three Year Course)

London Contemporary Dance School

EDge Tour, LCDS Graduate company, featuring Stephen Petronio's *Strange Attractors Part II, I wanted to be close to you* by Stacey Matthew Spence & *Rooms* by Charlotte Boye-Christensen, plus the Leche Commissions; *Hiking Chris* by Frauke Requardt, *Drop Cycle* by Rick Nodine, *Sometimes You See Them Shaking* by Anna Williams and *River Lethe* by Ben Duke.
LC3 performances, featuring choreography from Andrea Santato, Luke Wells, Marine Combrade-Germa, Jan De Schynkel, Lauren Mitchell, Hofesh Shechter, Hannes Egilsson & Richard Alston
LCDS Post Graduate Dance for Screen Showcase, featuring student devised choreography
LCDS Undergraduate Workshop Performances, featuring student devised choreography
Collaborations Dance & Music, project sees LCDS students paired with postgraduate composers from Guildhall School of Music and Drama.
Collaborations Dance and Design, this project sees LCDS students teamed with design students from Wimbledon College of Art.
LCDS Graduation Performances 2007, Featuring professional choreography from Richard Alston *The Signal of a Shake*, Charles Linehan *The Channel Piece*, Hofesh Shechter *Berlin*, Lorena Randi *At large with Bobbie Love*, & Hilary Stainsby *Departure*.
 With student choreography from: Thom Rackett *Red Handed*, Eneko Balderi and Marcella Cappelletti *Tatihou*, Rhiannon Robert and Natalie Trewinnard *Crash*, Leonore Guy and Neil Hainsworth *Dusty Reflection*, Antonio J.de la Fe Guedes with Riccardo Buscarini *Membrane*, Alexandre Achour *Insert Coin*, Jessie Brett *Almost*, Juan Corres Benito *Puzzle*, Lola Maury with Alexandre Achour *One Hundred Specks of Earth*, Hannes Egilsson with Philip Hulford *Once Upon a Time*, and Bryony Perkins *Pas de Trois*.

Northern School of Contemporary Dance

Verve Tour, NSCD graduate performance company, featuring choreography by Rafael Bonachela *Apex*, Kim Brandstrup *untitled*, Shobana Jeyasingh *Counterfeit*, Hofesh Shechter *Bitter Ripples*, Fin Walker *The Self*, and Glenn Wilkinson's *Four Point Five*.
NSCD Graduation Show, featuring Verve performing Fin Walker's *The Self* and Hofesh Shechter's *Bitter Ripples* and BPA (Hons) degree students performing Stephanie Schober's *Whiskey Girl* and Jennifer Hanna's *Hymn*, with student choreography.
Student Choreographic Platform, featuring choreography created by the BPA (Hons) Contemporary Dance degree students
Foundation Course End of Year Show, featuring student work and choreography by Shirley Jacobs.
Film Screening, a series dance films by 3rd year BPA (Hons) students.
Collaborative Arts, performances and installations across Leeds. Third year collaboration with various visual artists, and musicians to create new works
Student Showcase, Featuring all degree students performing choreography by Gavin Coward & Katryn Jackson *HAHO HALO*, Hagit Bar-Fleming "...the day flings itself upon you.", Russell Trigg *Path*, Simon Birch *March*, Stephanie Schober *Whiskey Girl*, and Jennifer Hanna *Hymn*.
NSCD's 21st Birthday Gala, performance featuring, technique demonstrations, student choreographic work and the première of Verve.
Student Choreographers and Composers Platform, collaborative work from 3rd year students and post graduate composition students from the University of York.
Student Platforms & Choreographic Showings various performances of student devised work from the BPA (Hons) degree in Contemporary Dance.
Graduate Apprenticeship Scheme Graduate students involved in performances of Retina Dance Company's *This is not a Body* and a feature in the BBC *Blast* series.

Rambert School of Ballet and Contemporary Dance

Student's choreographic workshops (Dec 06, Mar, May & Jul 07)

The Rambert school presents four week-long performance seasons each year, two of these weeks (in Dec and May) are entirely made up of student choreography.

Additional performances included: *Out of Light* by Khamlane Halsackda, directed by Lee Smikle, *Divertissements* from *Act III of Coppelia* by Arthur Saint Leon, *The Dance of Elihu* by Robert Cohan CBE, and the Design for Performance collaboration with Central St Martins, *Silent Echoes* choreography by Ross McKim and the Children of Isleworth Town School. The final showcase of the year included *Peasant pas de deux* from *Giselle* after Jean Coralli, *Moz Groove 1 or Oh Lord Don't Let Them Drop That Atomic Bomb on Me!* & *Moz Groove 2 or Oh Lawd Don't Let'm Dig That Knife in Me!* By Regina Wielingen, along with a selection of student and professional choreography.

Royal Academy of Dramatic Art

The Beggar's Opera, John Gay, directed by Geoff Bullen

The Double Dealer, William Congreve, directed by Richard Cottrell

Machinal, Sophie Treadwell, directed by Toby Frow

Fanny's First Play, Bernard Shaw, directed by Ellis Jones

A Mouthful of Birds, Caryl Churchill & David Lan, directed by Che Walker

Scenes from the Big Picture, Owen McCafferty, directed by Nona Sheppard

Duck-Hunting, Aleksandr Vampilov, directed by Sergei Tcherkasski

Wuthering Heights, Emily Bronte, directed by William Gaskill

Barbarians, Maxim Gorky, directed by Simon Cox

The Girl on the Sofa, Jon Fosse (David Harrower translation), directed by Simon Usher

Rabbit, Nina Raine, directed by Trilby James

Incomplete and random acts of kindness, by David Eldridge, directed by Graham Watts

Touched, by Stephen Lowe, directed by David Tucker

Today, by Robert Holman, directed by Brian Stirner

RADA Certificate in Theatre Directing double bill:

In the Heart of America by Naomi Wallace, directed by Nadia Latif, and *Salome* by Oscar Wilde, adapted and directed by David Overend

Second-year public productions for young audiences:

Blood Ties, adapted and directed by Jennie Buckman

The Canterbury Tales, adapted for the stage by Mike Poulton, directed by Aileen Gonslaves

Vinegar Tom, by Caryl Churchill, directed by Jacqui Somerville

CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 JULY 2007

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 some 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, each with their own Boards of Governors and related committees, have been brought into the Conservatoire they have been required to do likewise, over a transitional period. The relationship between the Conservatoire and its affiliates is governed by Financial Memoranda and Operating Agreements between the Conservatoire and each of its affiliate.

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, an affiliate principal 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 three times a year. The internal and external auditors of the Conservatoire are invited to these meetings. The Committee 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, and exercises a monitoring role over the internal control systems of the affiliates. 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 2006/07.

The Academic 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 Director of Administration and the Director of Finance and Operations 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 continued to follow 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 2006 to the date of approval of these annual accounts the Conservatoire itself was fully compliant with the HEFCE requirements, except in respect of the number of Board meetings which remain at three per year.

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
- specific processes for assessing accountability for funds allocated to affiliates.

The Conservatoire exercises its accountability for funds allocated to the affiliate institutions under the terms of Financial Memoranda and Operating Agreements between the Conservatoire and each of its affiliates. Key elements in discharging this responsibility are:

- monitoring arrangements in relation to the affiliates by reference to financial and other data supplied to the Conservatoire;
- external audit opinions within affiliate statutory accounts on the use of funds from the Conservatoire;
- assurances provided by the external auditors of each affiliate on compliance with the relevant Financial Memorandum for the period after the balance sheet date, a system introduced in 2005/06; during any periods when assurances are not available from the external auditors, the Board of Governors looks to the affiliate Accounting Officers for such assurance;
- noting comments made by affiliate external auditors in their management letters;
- being informed of the results of internal audits performed at each affiliate and seeking explanations where appropriate; and
- affiliates fulfilling their obligation under the terms of the Financial Memoranda to inform the Conservatoire of any event that has a material adverse impact on their financial situation.

During the establishment of the Conservatoire, new affiliates have been required to undertake an initial "stocktake" to establish their degree of compliance within the CUC Governance Code of Practice. Timed actions plans for achieving compliance either by modifying existing or establishing new systems and procedures have been agreed. The Audit Committee monitors the progress of implementation of these action plans. It also observes as appropriate a provision for affiliates to explain rather than comply. The most recent affiliate, the Rambert School of Ballet and Contemporary Dance, was subject to an initial "stocktake" in Spring 2007 and plans to be compliant by the end of the 2007/08 financial year. The process will continue during 2007/08 to ensure that all affiliates become fully compliant as soon as practicable and will then be subject to review.

During the year, reviews of internal controls by new internal and external auditors in one affiliate revealed some very serious issues. Actions have been taken to address the issues by the affiliate's management, and assurance has been given to the CDD that the control weaknesses will be dealt with, and further reviews by internal and external audits will have taken place, by 31 March 2008. The Conservatoire has received reports on this situation and will continue to monitor the position.

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, and 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 issue; in addition, the Audit Committee oversees internal audit and external audit; the Audit 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; and
- external audit provides feedback to the Audit Committee on the operation of the internal financial controls reviewed as part of the annual audit.

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; and

- comments made by the external auditors in their management letter and other reports.

Sir Robert Reid
Chairman of the Board

Veronica Lewis MBE
Joint Principal and
Accounting Officer

Peter James
Joint Principal

19 December 2007

INDEPENDENT AUDITORS' 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 2007 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 Report of the Board of Governors and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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: Accounting for 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE CONSERVATOIRE FOR DANCE AND DRAMA (continued)

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 2007 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 2007 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 2007 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 & Registered Auditors
20 December 2007

**CONSERVATOIRE FOR DANCE AND DRAMA
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 JULY 2007**

	Note	2007 £	2006 £
Income			
Funding council grants	2	11,214,478	10,063,829
Tuition fees	3,4	2,123,554	-
Interest receivable		55,045	29,803
Miscellaneous income		<u>400</u>	<u>250</u>
Total income		<u>13,393,477</u>	<u>10,093,882</u>
Expenditure			
Grant allocations to affiliates	4	12,535,320	9,571,273
Bursary fund	12	150,017	-
Staff costs	5	252,722	171,159
Exceptional restructuring costs		24,810	-
Other operating expenses	6	294,309	309,442
Total expenditure		<u>13,257,178</u>	<u>10,051,874</u>
Surplus before tax		136,299	42,008
Taxation		<u>-</u>	<u>-</u>
Retained surplus for the period		136,299	42,008
Balance brought forward		<u>281,501</u>	<u>239,493</u>
Balance carried forward		<u>417,800</u>	<u>281,501</u>

The income and expenditure account is in respect of continuing activities for the year ended 31 July 2007. There were no recognised gains or losses other than the surplus for the year.

The notes on pages 23 to 28 form part of these financial statements.

MANAGEMENT INCOME AND EXPENDITURE ACCOUNT FOR REPORTING TO HEFCE for the year ended 31 July 2007 (FOR INFORMATION AND NOT PART OF THE AUDITED ACCOUNTS)		
	2007 £	2006 £
Income		
Funding council grants	11,214,478	10,063,829
Tuition fees	3,140,039	2,369,597
Interest receivable	55,045	29,803
Miscellaneous income	<u>400</u>	<u>250</u>
Total income	<u>14,409,962</u>	<u>12,463,479</u>
Expenditure		
Grant allocations to affiliates	13,551,805	11,940,870
Bursary fund	150,017	-
Staff costs	252,722	171,159
Exceptional restructuring costs	24,810	-
Other operating expenses	<u>294,309</u>	<u>309,442</u>
Total expenditure	<u>14,273,663</u>	<u>12,421,471</u>
Surplus for the year	<u>136,299</u>	<u>42,008</u>
<i>The above income and expenditure includes tuition fees recognised in the individual affiliates' financial statements.</i>		

**CONSERVATOIRE FOR DANCE AND DRAMA
BALANCE SHEET
AS AT 31 JULY 2007**

	Note	2007 £	2006 £
Tangible assets			
Fixed assets	7	<u>14,796</u>	<u>1,021</u>
Current assets			
Debtors	8	26,842	8,720
Prepayments		15,367	9,862
Cash at bank		<u>957,578</u>	<u>582,994</u>
		999,787	601,576
Creditors: Amounts falling due within one year	9	<u>(584,785)</u>	<u>(321,096)</u>
Net current assets		<u>415,002</u>	<u>280,480</u>
Total net assets		<u>429,798</u>	<u>281,501</u>
Deferred capital grant	13	<u>11,998</u>	<u>-</u>
Reserves			
Income and expenditure account		<u>417,800</u>	<u>281,501</u>
Total		<u>429,798</u>	<u>281,501</u>

The notes on pages 23 to 28 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Governors on 19 December 2007 and signed on its behalf by:

Sir Robert Reid
Chairman of the Board

Veronica Lewis MBE
Joint Principal and
Accounting Officer

Peter James
Joint Principal

**CONSERVATOIRE FOR DANCE AND DRAMA
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2007**

	Note	2007 £	2006 £
Net cash inflow from operating activities	10A	341,733	36,121
Returns on investments and servicing of finance	10B	55,045	26,193
Capital expenditure to acquire tangible fixed assets	7	(22,194)	-
Increase in cash in the period	10C	<u>374,584</u>	<u>65,924</u>
 Reconciliation of net cash flow to movement in net funds			
Increase in cash in the period	10C	374,584	65,924
Net funds at 1 August		<u>582,994</u>	<u>517,070</u>
Net funds at 31 July		<u>957,578</u>	<u>582,994</u>

The notes on pages 23 to 28 form part of these financial statements.

**CONSERVATOIRE FOR DANCE AND DRAMA
STATEMENT OF PRINCIPAL ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 JULY 2007**

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: Accounting for Further and Higher Education (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 except that a new category of fixed asset has been created (see below and note 7).

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 follows :-

Fixtures and fittings	20%
Computer equipment	33%
Database	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.

**CONSERVATOIRE FOR DANCE AND DRAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2007**

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:

	2007	2006
	£	£
a) Higher Education grants	10,491,726	9,467,908
b) Other payments for the use of staff, services etc		
London Contemporary Dance School	27,900	23,243
Royal Academy of Dramatic Art	13,642	7,721
Bristol Old Vic Theatre School	1,200	1,100
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>10,534,468</u>	<u>9,499,972</u>

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

London Contemporary Dance School	27,900	515
Royal Academy of Dramatic Art	20,126	-
Bristol Old Vic Theatre School	7,049	3,750
Northern School of Contemporary Dance	28,479	12,485
The Circus Space	-	-
Central School of Ballet	13,999	-
London Academy of Music and Dramatic Art	11,000	-
Rambert School of Ballet and Contemporary Dance	1,500	-
	<u>110,053</u>	<u>16,750</u>

2 Funding Council grants

	2007	2006
	£	£
HEFCE		
Recurrent grant	9,985,372	9,598,068
Selective initiatives	191,493	132,187
Capital grants received	924,593	230,209
Capital grant deferred in year (see note 13)	(17,998)	-
Deferred grant released in year (see note 13)	5,999	-
	<u>11,089,459</u>	<u>9,960,464</u>
Further Education		
Grants receivable	125,019	103,365
	<u>11,214,478</u>	<u>10,063,829</u>

**CONSERVATOIRE FOR DANCE AND DRAMA
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2007**

3 Tuition fees

Fees for students in their first year, charged under the new top-up fees arrangements introduced for 2006-07, are accounted for by the Conservatoire as income and equivalent expenditure. Fees are collected from individual students partly by affiliates under licence from the Conservatoire and partly by the Conservatoire itself, which collects the public fee contributions and the fees paid by loan finance from the student loan company.

4 Allocations to affiliates

	2007	2006
	£	£
London Contemporary Dance School	1,569,760	1,561,139
Royal Academy of Dramatic Art	1,958,390	1,493,322
Bristol Old Vic Theatre School	1,735,699	1,306,958
Northern School of Contemporary Dance	1,902,442	1,512,181
The Circus Space	888,877	623,153
Central School of Ballet	893,020	907,703
London Academy of Music and Dramatic Art	1,858,870	1,409,565
Rambert School of Ballet and Contemporary Dance	<u>1,728,262</u>	<u>757,252</u>
	<u>12,535,320</u>	<u>9,571,273</u>

Comprising allocations of income received as follows:

Recurrent grant from the HEFCE	9,495,336	9,133,503
Specific grants from the HEFCE	996,389	334,405
Further education grants	125,019	103,365
Tuition fees - UK and EU students	1,307,705	-
Tuition fees - overseas students	815,849	-
Bursary fund contributions	<u>(204,978)</u>	<u>-</u>
	<u>12,535,320</u>	<u>9,571,273</u>

5 Staff costs

	2007	2006
	No	No.
Staff – full time	2	1
Staff – part time	6	5
	£	£
Direct salary costs	233,460	155,976
Social security costs	<u>19,262</u>	<u>15,183</u>
	<u>252,722</u>	<u>171,159</u>

Amounts payable to affiliates for the services of the Joint Principals	<u>£31,000</u>	<u>£30,964</u>
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**CONSERVATOIRE FOR DANCE AND DRAMA
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2007**

5 Staff costs (continued)

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.

6 Other operating expenses

	2007 £	2006 £
Services outsourced to affiliates and third parties	114,823	108,393
Auditors' remuneration:		
- External audit	12,925	11,551
- Other audit fees	4,406	-
Office expenses	72,643	53,742
Premises	31,109	31,611
Validation fees	-	1,255
Marketing and development projects	49,090	95,252
Bank charges	894	901
Depreciation	<u>8,419</u>	<u>6,737</u>
	<u>294,309</u>	<u>309,442</u>

7 Fixed assets and leases

	Fixtures and fittings £	Computer equipment £	Database £	Total £
At cost				
At 1 August 2006	5,105	38,427	-	43,532
Additions	<u>-</u>	<u>4,196</u>	<u>17,998</u>	<u>22,194</u>
At 31 July 2007	<u>5,105</u>	<u>42,623</u>	<u>17,998</u>	<u>65,726</u>
Depreciation				
At 1 August 2006	4,084	38,427	-	42,511
Charges for the year	<u>1,021</u>	<u>1,399</u>	<u>5,999</u>	<u>8,419</u>
At 31 July 2007	<u>5,105</u>	<u>39,826</u>	<u>5,999</u>	<u>50,930</u>
Net book value				
At 31 July 2007	<u>-</u>	<u>2,797</u>	<u>11,999</u>	<u>14,796</u>
At 31 July 2006	<u>1,021</u>	<u>-</u>	<u>-</u>	<u>1,021</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 (2006 - £26,700).

**CONSERVATOIRE FOR DANCE AND DRAMA
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2007**

8 Debtors

	2007	2006
	£	£
Rent deposit recoverable after more than one year	6,675	6,675
Amounts due from affiliates	<u>20,167</u>	<u>2,045</u>
	<u>26,842</u>	<u>8,720</u>

9 Creditors: amounts falling due within one year

	2007	2006
	£	£
Amounts due to affiliates	110,053	16,750
Allocations pending	408,938	264,650
Other creditors	5,025	481
Accruals	<u>60,769</u>	<u>39,215</u>
	<u>584,785</u>	<u>321,096</u>

10 Notes to the Cash Flow Statement

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

	2007	2006
	£	£
Surplus for the period	136,299	42,008
(Increase)/decrease in debtors and prepayments	(23,627)	22,129
Increase/(decrease) in creditors	263,689	(4,950)
Bank interest received included in income	(55,045)	(29,803)
Depreciation	8,419	6,737
Capital grant deferred	17,997	-
Deferred capital grant released	<u>(5,999)</u>	<u>-</u>
Net cash inflow from operating activities	<u>341,733</u>	<u>36,121</u>

(b) Returns on investments and servicing of finance

	2007	2006
	£	£
Bank interest received	<u>55,045</u>	<u>29,803</u>
Net cash inflow from returns on investments	<u>55,045</u>	<u>29,803</u>

**CONSERVATOIRE FOR DANCE AND DRAMA
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2007**

10 Notes to the Cash Flow Statement (continued)

(c) Analysis of changes in net funds

	2007	2006
	£	£
Cash at bank		
Balance at 1 August	582,994	517,070
Cash flows	<u>374,584</u>	<u>65,924</u>
Balance at 31 July	<u>957,578</u>	<u>582,994</u>

11 Student support funds

	2007	2006
	£	£
Balance unspent at 1 August	-	-
HEFCE grants	43,236	45,465
Disbursed to affiliates	<u>(43,236)</u>	<u>(45,465)</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.

12 Bursary fund

The Bursary Fund was established in 2006-07 to make payments of bursaries on a means-tested basis to UK students of the Conservatoire in financial need. This is a statutory responsibility, which is monitored by the Office of Fair Access (OFFA). Higher Education Institutions are required to make statutory bursary payments in return for permission to charge top-up fees (see note 3). They form part of a package of financial measures providing student support, alongside the loans and grants which the Government makes available. The means-testing of the Conservatoire's bursary programme is aligned in qualifying bands with the Government's own programme of grants to students in need.

13 Deferred capital grant

	2007	2006
	£	£
Balance at 1 August	-	-
Deferred in year	17,997	-
Released to Income and Expenditure account	<u>(5,999)</u>	<u>-</u>
Balance at 31 July	<u>11,998</u>	<u>-</u>

In accordance with the Conservatoire's stated accounting policy, the above deferral has been made in respect of a HEFCE capital grant applied to the first phase of development of a central database.