



# Financial Statements

31 July 2013

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The Conservatoire for Dance and Drama  
Tavistock House  
Tavistock Square  
London  
WC1H 9JJ

Company number: 4170092  
Charity number: 1095623



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**Copies of these financial statements can be obtained from the registered office overleaf and are available in large print and other formats on request.**



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# Company Information

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Governors (These are all company directors, charity trustees and members of the company.)	James Smith CBE (Chairman) Rosemary Boot Ralph Bernard CBE Kit Brown Richard Cooper Christopher de Pury Emily Fletcher Roma Grant David Halton Melanie Johnson Nicholas Karelis	Sir Tim Lankester Susannah Marsden Richard Maxwell Roger Miles Alison Morris Simon O'Shea Luke Rittner Julian Roskill Anthony Smith Andrew Summers CMG Jean Woodall
Joint Principal (also Governors and Directors)	Prof Veronica Lewis MBE (Accountable Officer)	Edward Kemp
Clerk to the Board of Governors and Company Secretary	Claire Jones	
Registered Address	Tavistock House Tavistock Square London, WC1H 9JJ	
Affiliates	founding from 1 August 2003 from 1 August 2004 from 1 August 2005	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) Circus Space London Academy of Music and Dramatic Art (LAMDA) Rambert School of Ballet and Contemporary Dance (Rambert)
Executive Director	Julie Crofts	
Finance Director	Karen Di Lorenzo	
Internal Auditor	Colin Shearing	
Bankers	Lloyds TSB Bank Plc 2nd Floor, 25 St George Street London W1S 1FS	
Solicitors	Farrer & Co LLP 66 Lincoln's Inn Fields London WC2A 3LH	
External Auditor	Deloitte LLP Chartered Accountants and Statutory Auditors Victoria Street, St Albans AL1 3TF	
Registered Company No	4170092 (a company limited by guarantee having no share capital)	
Registered Charity No	1095623	

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# Report of the Board of Governors

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The Governors present their report and the audited Financial Statements for the year ended 31 July 2013. The Conservatoire for Dance and Drama is referred to as 'the Conservatoire' throughout these financial statements.

## Joint Principals' Review of the Year

The Conservatoire has a national and international role as a specialist institution for delivering practice-based education and training of artists and production professionals. Many of these graduates become leading performers, choreographers, designers and directors. Collectively, the Conservatoire schools offer around 40 undergraduate and postgraduate degrees which enable students to focus on the daily practice of their discipline. They learn a craft which demands constant repetition to embody the technical skills which will unlock effective performance or provide the skills for design and stage management. This immersion is underpinned by reflective practice, context and critical thinking skills which support students as both interpreters and creators of art.

The 2012-13 academic year promised change for the higher education sector as a whole, with the introduction of a new fee regime. For the Conservatoire, the change in policy and accompanying media coverage did not translate into any substantial difference in our student population. If anything, the number of students qualifying for access support rose and all programmes recruited to targets. We had taken many mitigating steps during the previous year, not least the introduction of a new Conservatoire Scholarship Scheme promising assistance not only to students from low-income backgrounds, but also those embarking on a second higher education course in preparation for work in the arts professions. We were gratified to see students choosing conservatoire-level education as the leading preparation for their future careers.

For the Conservatoire as a partnership of eight schools, the year has been focused on preparation of a new Strategic Plan. Underpinning the new strategy

(to be published in January 2014) is a growing sense of the unique opportunities afforded by the Conservatoire, and increased contributions from staff and students in thinking about the future of the institution.

In November 2012 we held our inaugural Conservatoire Student Conference, with representation from all eight schools. The day was planned by a team of student organisers at the London Contemporary Dance School (LCDS). The programme, focused on 'collaboration', included an invited panel of industry leaders. As a direct result of the conference, technical students hosted a 'technical for non-technical' day, inviting performing students to a day of presentations by their peers in technical training. Student conference organisers presented to our annual staff conference, hosted this year by Circus Space, and the student voice brought a new energy and dynamic to an always inspirational day. Staff were encouraged to propose and take ownership of actions. One substantial outcome has been the creation of a working group who have reviewed timetables to find space for potential collaborations, which would enhance the experience of being a Conservatoire student.

Our new strategy will emphasise the importance of supporting staff in their complementary roles as teachers, managers, and researchers. We are glad to have had opportunities this year to showcase the wide-ranging expertise of our staff at a number of public events. In November 2012 we held our first 'Conservatoire Conversation', which examined the advantages and challenges of creating an enterprise culture within higher education performing arts. In July the Royal Academy of Dramatic Art (RADA) hosted the launch of our HEA-supported report on *Mapping Technical Theatre Arts Training*. Both events attracted

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audiences from the wider conservatoire and higher education sector across the UK.

Staff from Bristol Old Vic Theatre School (BOVTS), the London Academy of Music & Dramatic Art (LAMDA) and RADA delivered a seminar at the *Turning The Page: Creating New Writing* conference, and we had a strong presence at the International Conference of Dalcroze Studies, with our Research Associate and a team of staff from Central School of Ballet (CSB) contributing to the programme. The Northern School of Contemporary Dance (NSCD) were represented at the International Association for Dance Medicine and Science (IADMS) conference in Singapore, staff from LCDS presented at the Anglo-French collaboration, DanSCe Dialogues 2 in Normandy, the International Video Dance Festival of Burgundy and at Edge Hill University at the 'Critical Costume' symposium, whilst LAMDA and RADA continued to develop their international connections with staff and student exchanges to institutions in Moscow, Delhi, and Beijing. Many of these activities have been supported by the Conservatoire's Higher Education Innovation Fund (HEIF) allocation, which also contributes to the professional performances which sit at the heart of conservatoire training.

This year saw the Conservatoire's first public collaboration, with Circus Space and RADA students exchanging skill-sets to create the ensemble production *You In Mid Air!* BOVTS re-launched its partnership with the Bristol Old Vic Theatre, staging a co-production of *The Last Days of Mankind* involving the full graduating acting cohort.

The third year and postgraduate touring companies of the dance schools continued to contribute to the Conservatoire's breadth of outreach activities, with

students from CSB, LCDS and NSCD delivering workshops to young people in addition to their professional performance schedules. Third year company LC3 toured *Questions and Dancers*, a piece specifically developed to engage children. Rambert School of Ballet and Contemporary Dance (Rambert) expanded the Cathedral Dance Project, touring new commissions, and BOVTS and Ballet Central received glowing reviews for their performances at the Edinburgh Fringe Festival.

The schools have made strides in capturing, archiving and broadcasting performance; an area where the Conservatoire is seeking to exploit its particular network of arts professionals. NSCD introduced Planet eStream, a digital platform which allows students and staff to access a catalogue of current and historic performance, whilst LCDS widened public access to both the rehearsal space and the stage through a programme of live-streaming. LAMDA held an industry screening of its 2013 films featuring graduating actors.

2013-14 will continue the transition to the new higher education regime and we remain confident that, through preparation and strategy, we are well placed to maintain our position and enhance our reputation as a leading provider of education and professional training, not only in the UK but on the international stage. We are still dependant on central government funding, through the Institution Specific Targeted Allocation fund (ISTA) for 30% of our higher education income, and this is essential for the continuation of our high-quality educational programmes. During 2013-14 we will intensify our efforts to secure the continuation of this funding, and to demonstrate the continued value we provide to the artistic life of the nation.

**Professor Veronica Lewis MBE**  
**Joint Principal and Accountable Officer**

**Edward Kemp**  
**Joint Principal**

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# Operating and Financial Review

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## 1. Nature of the Conservatoire's Business

The Conservatoire is a registered charity, incorporated in 2001. Its charitable objects are “the advancement of education in the performing arts and the promotion of research in the performing arts”. It is composed of eight affiliate schools. Students are registered jointly with the Conservatoire and the affiliate school. Teaching staff are employed by their home affiliate school.

All affiliate schools, and the Conservatoire, adhere to the current (2010) HEFCE Financial Memorandum. The Conservatoire oversees compliance by the affiliate schools under the terms of a Financial Memorandum and Operating Agreement between the Conservatoire and each of the affiliate schools. The Conservatoire is near to adoption of updated versions of these documents.

## 2. Strategy

As noted in the Joint Principals' introduction, the Conservatoire is in the development phase of a new Strategic Plan and much of the preparation of this took place during the year. The emerging strategy, to be published in full during January 2014, focuses on four areas of activity:

1. **Inspirational learning:** Creating and supporting to stretch the possibilities of conservatoire-level training and enhance the experience of students; providing routes into professional training for young people and supporting staff as teachers and managers; and enabling research and enterprise within the schools.
2. **Sharing the benefits:** Building dynamic relationships with its industries, nationally and internationally, and communicate more strongly the public benefit of specialist conservatoires.
3. **Create resilience:** Securing the necessary funding from government to meet its aims, along with funds from its student body and its enterprise and fundraising activities; reviewing its governance and management structures (and the associated overheads) to ensure that they are fit for purpose and future proof.
4. **Do something extraordinary:** The Conservatoire is a creative organisation and will harness its collective creativity to make something happen that inspires students and young people beyond the everyday.



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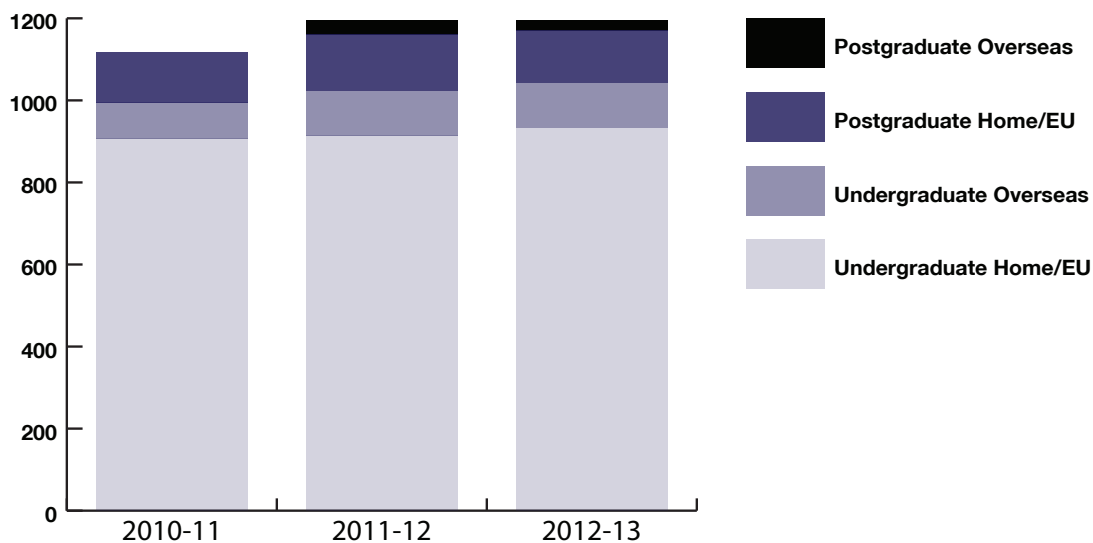
### 3. Business Performance in 2012-13

The Conservatoire has had another successful year of operation, with high levels of achievement from students, effective sharing of practice between staff members of different schools, delivery of further value for money through collaboration, and continuing healthy demand for our conservatoire-level education and training. Our dropout rates continued to be very low compared to the sector.

#### a. Student Numbers

The Conservatoire manages its student numbers carefully, in order to provide a steady flow of well-prepared graduates for the arts sector. During 2012-13, schools maintained their expected student number, despite the funding changes. Student recruitment has remained healthy and international student numbers have continued to grow.

**Graph A: Year end student numbers (full-time and part-time students)**



#### b. Student Achievement and Employment

##### I. Achievement

Conservatoire graduates receive awards from three awarding Universities, the University of Kent, King's College London, and the University of the West of England. The Conservatoire's Academic Board reviews student performance in relation to these comparable institutions and considers the opinions from external examiners.

The following tables set out details of degree awards and Conservatoire students' degree classifications. These classifications are high relative to other of creative arts subjects across Higher Education, although they are in line with those awarded by other Conservatoires. We are confident this is a result of our extensive audition procedures to identify the most talented applicants and of our high standards of professional training.

**Table 1: Qualifications awarded**

	2008-09	2009-10	2010-11	2011-12	2012-13
Total undergraduate level qualifications awarded	426	389	424	445	442
Total postgraduate degrees awarded	71	81	105	117	170

**Table 2: Classification of first degree awards as a percentage**

Year	First class	2:1	2:2	Third class
2012-13	35%	56%	8%	1%
2011-12	21%	66%	12%	1%
2010-11	32%	55%	11%	2%
2009-10	17%	70%	10%	3%
2008-09	16%	68%	15%	1%
HESA Creative Arts for 2011-12 average	25%	51%	15%	2%

\*To enable comparison with the creative arts sector, this excludes the unclassified BA honours awards offered at BOVTS and RADA.

The Conservatoire undertakes quality assurance activities at school and Conservatoire level, to ensure that the content, delivery and assessment of its programmes is formally reviewed and evaluated on an annual basis. The Learning Teaching and Quality Assurance and the Equality and Diversity Committees discuss learning and teaching issues that apply across the Conservatoire, identifying and disseminating examples of best practice drawn from the individual schools. This is shared formally on an annual basis in the Annual Programme Monitoring Reports. It also informs the agenda for discussions relating to inter-affiliate exchange.

## II. Employment

Student achievement in finding employment also provides evidence of the high calibre of Conservatoire graduates.

Drama and circus graduates from 2012-13 secured work with:

Arcola Theatre, BBC Productions, Big Talk Productions, Birmingham Rep, Bristol Old Vic Theatre School, Channel 4, Chantry Dance Company, Chichester Festival Theatre, Circus Maximus, Dance Umbrella, Donmar Theatre, Dorking Halls, Grosvenor Park Open Air Theatre, Hampstead Theatre, Headlong Theatre Company, ITV, Italia Conti, 'Let It Be' in the West End, Lionsgate Films, Mojo Pictures, National Theatre, Northern Ballet Theatre, Nottingham Playhouse, North Wall Arts Centre (Oxford), Old Laundry Theatre (Bowness), The Old Vic, Opera Østfold (Norway), Oxford Playhouse, Paines Plough,

Palace Theatre (Myrtle Beach), South Carolina, Laura Wade's *Posh*, a new feature film, Redgrave Theatre, Regent's Park Open Air Theatre, Royal Opera House, Royal Court, Salisbury Playhouse, Sheffield Crucible, Sonia Friedman Productions, Shakespeare's Globe, The London Collective, Theatre Royal (Bath), Theatre Royal (Drury Lane), 'Untitled 13' (dir. Mike Leigh).

Dance graduates from 2012-13 secured work with:

Ballet Junior de Geneve; bgroup; *Billy Elliot*; Cinevox Junior Company, Switzerland; Grand Ballet of Poznan; James Wilton Dance; Lustrum Project, Gary Clarke; Matthew Bourne's New Adventures, *Swan Lake*; National Ballet of Portugal; New English Ballet Theatre; Opera North; *Phantom of the Opera*; Phoenix Dance Theatre; Scottish Ballet; Scottish Dance Theatre; Springs Dance Company; Utilité Publique.

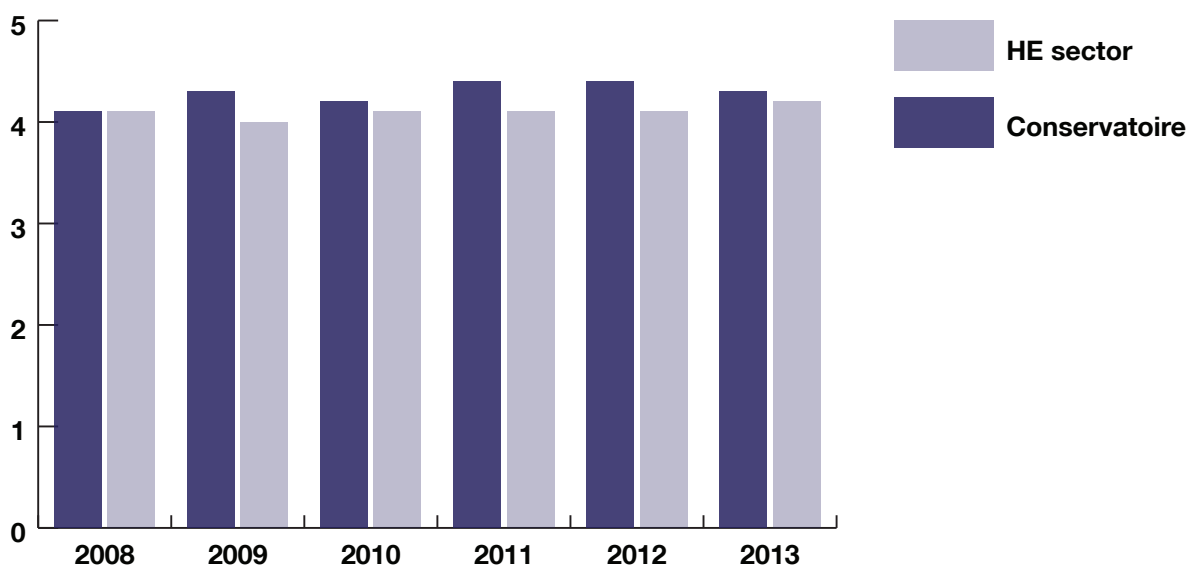
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### c. National Student Survey

The National Student Survey is a national measure of student satisfaction in higher education. It provides data from final-year students about specific aspects of their experience (for example, assessment and teaching), together with an overall measure of satisfaction, giving scores from 1 (low) to 5 (high).

As the chart below shows, the Conservatoire score remains above the average for the higher education sector – the figures mean that 86% of our students are satisfied, compared with 84% nationally. The Conservatoire score has reduced slightly compared with 2011-12, and schools are working with students and staff to make improvements where the survey and other student feedback show we can improve further.

**Graph C: National Student Survey performance**



### d. Widening Participation

The Conservatoire has taken a more strategic approach to Widening Participation in recent years, and plans to build on this with more Conservatoire-wide, sector-informed initiatives. One of the first stages of this work was the introduction of an Audition and Interview Fee Waiver Scheme in 2012. The scheme is just one measure in place which aims to ensure applicants from low-income backgrounds are not deterred from making an application to one of our schools because of the associated costs.

Further to this, we have created a fund specifically for targeted widening participation activities, with projects in 2012-13 including bursary places on short courses, regional workshops, audition toolkits and the opportunity to 'be a student for a day'. All of these projects are intended to nurture aspiration and to encourage applications from under-represented groups. A new brochure which details the huge number of activities on offer across the Conservatoire in addition to the degree programmes will also raise awareness of the many ways young people can engage with our schools.

In order to further strengthen our outreach provision, we are committed to a move away from enjoyment based evaluation, and toward more robust evaluation methods which better assess the success and impact of our access measures. This change reflects a larger debate within the higher education sector, and is something on which the Conservatoire is well positioned to play a leading role within the field of small, specialist arts training.

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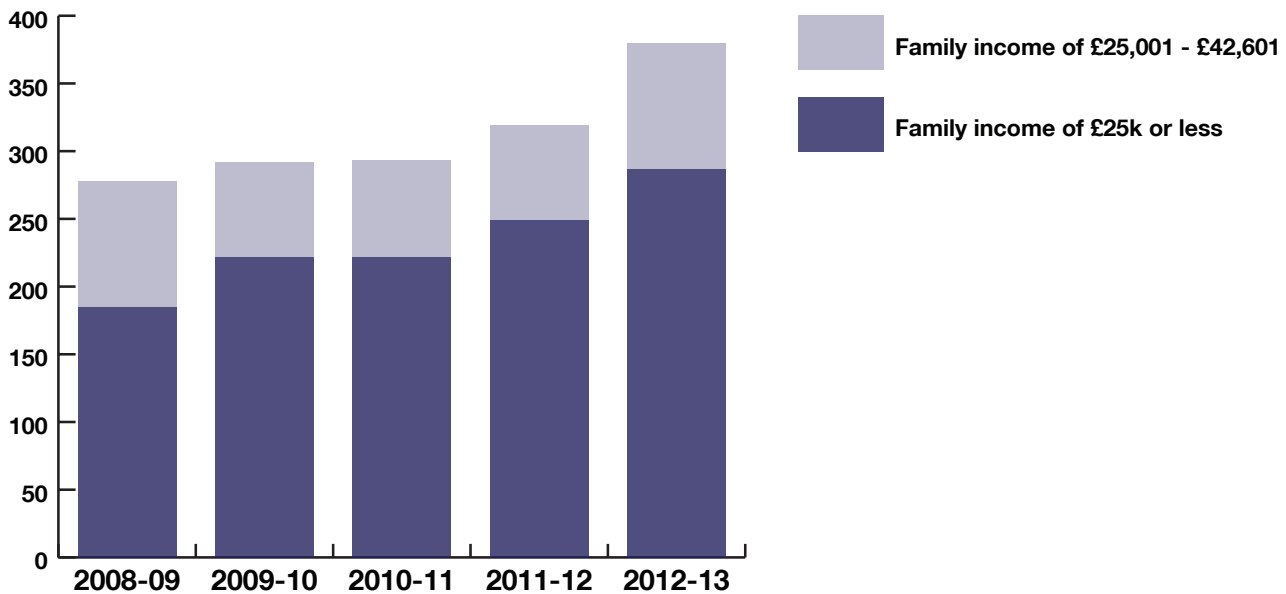
### e. Providing Routes into Education and Training

The Conservatoire Scholarship Scheme, which offers substantive financial support in conjunction with the National Scholarship Programme, ran smoothly in its first year of implementation, and the Conservatoire will continue to be responsive to student feedback to ensure it is offering appropriate guidance and support to prospective students. The audition fee waivers and schemes funded by the widening participation project fund are focused on making sure the Conservatoire schools are attractive to potential students from as wide a range of social backgrounds as possible.

The Conservatoire also continued to operate our bursary scheme for undergraduates who started their training before 2012-13, and it will continue to be paid to qualifying current recipients as they enter their final year in 13-14, alongside the National Scholarship Scheme which is available to new-regime undergraduate students.

These schemes provide data about the household income of bursary recipients and thus an insight into the Conservatoire's ability to recruit undergraduate students from lower-income families. The following table provides summary information.

**Graph C: Student numbers by family income**



The Conservatoire has seen a significant rise in the number of students eligible for financial support (with family incomes of £42,600 or less), and the majority of this increase is in those from the lowest income group (£25,000 or less). Of the Conservatoire's undergraduate population embarking on higher education for the first time, around 46% receive some form of financial assistance and 35% are from the lowest income bracket. This means that the Conservatoire has exceeded its Access Agreement target in 2012-13.

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## **f. Equality and Diversity**

The Conservatoire is committed to equal treatment of applicants and students without regard to gender, income, social background, disability or any other personal attribute other than talent and potential. The Conservatoire publishes an annual Review of Progress and Achievements in Equality and Diversity. This gives information on the equality data it collects together with an account of the qualitative projects and research activities with staff and students with protected characteristics. Full details on equalities data is also reported annually to the Higher Education Statistics Agency (HESA).

The Conservatoire will continue to monitor closely the diversity of its student body, and will be aided in this by new equalities data. This data was available this year for the first time at all stages of the application cycle: applications, offers and acceptances, and will allow the Conservatoire to monitor and evaluate new initiatives as it collects, analyses and compares the same data in subsequent years. This analysis has already helped focus efforts to attract under-represented communities to specific schools and courses and to provide appropriate resources to support students with specific learning needs. To this end, the Conservatoire is developing a range of activities which include the development of guidelines relating to alternative forms of assessment and the provision of specialist staff training at school and Conservatoire level.

## **g. Applications**

Applications have remained healthy, in spite of concern about the impact of the fee increases. Although there has been a small (2.7%) dip in the total volume of applications, overall demand for Conservatoire programmes remains high, with an average of 27 students applying per place. Demand in certain disciplines, such as acting, remains extremely high and average application to place ratios is 100:1. The following table summarises the trend:

<b>Year of Entry</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>
Number of Applications	10,235	11,201	11,723	12,393	12,185	11,853

These applications are for around 335 undergraduate and 100 postgraduate places each year.

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## 4. Financial Overview

The Conservatoire's financial statements show the income, expenditure and funds generated from the higher education activities of the eight affiliate schools. Further detail on the financial position of the eight schools can be found in their independent accounts.

The Conservatoire itself has no borrowings or estate.

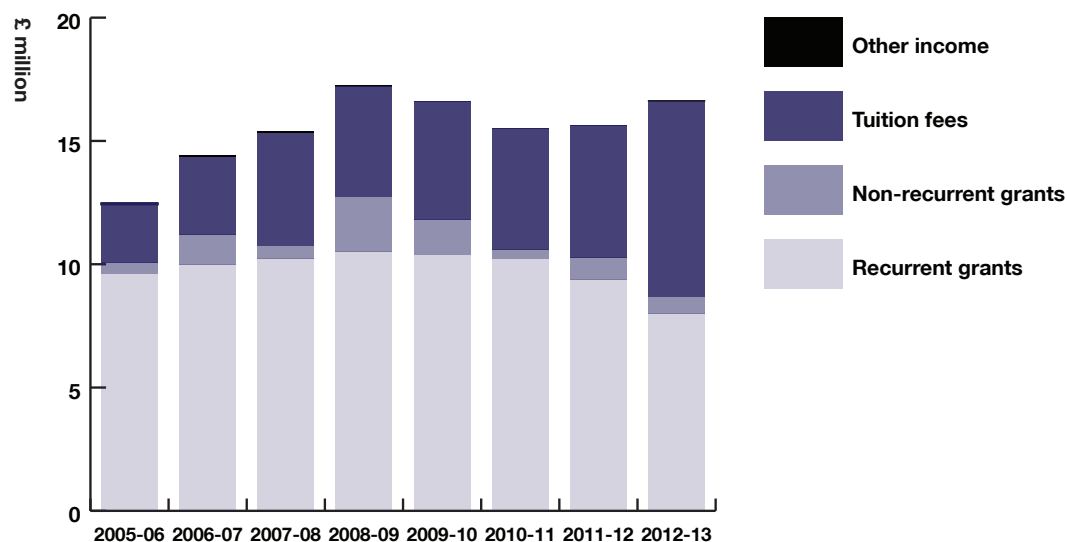
Within the Conservatoire, the financial position has been in line with the budget set at the start of the year. The outturn was a small (£20k) deficit against an income of £16.6m, and spending matched plans in most areas of activity.

- **Income**

Overall income grew by £1m in 2012-13. The Conservatoire has two major sources of income: grants from HEFCE, recurrent and non-recurrent, and tuition fees. These are augmented with a small amount of income from bank deposits (2012-13 £1k, 2011-12 £6k) and £19k miscellaneous income (£25k 2011-12) for research and other services.

As the table shows, grant funding in 2012-13 was down by 15% compared with the previous year, while fee income increased by just under 50%. This reflects the national shift in funding models, and also growth in fee-paying student numbers, including from overseas.

**Graph D: Income**



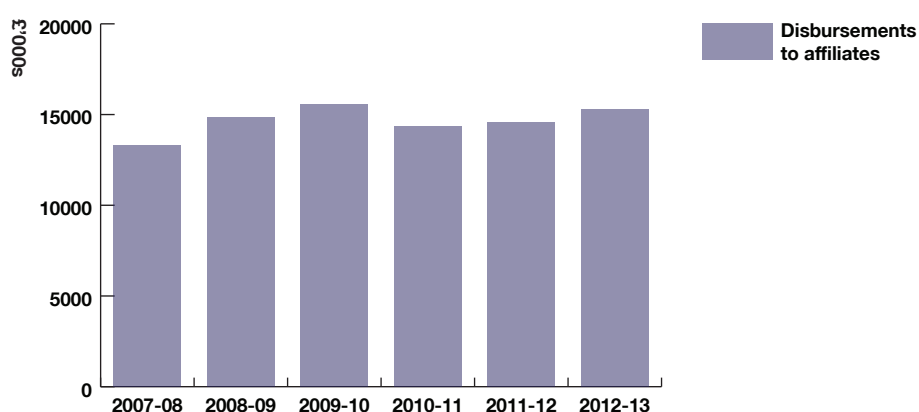
These figures include fee income for all Higher Education courses provided by Conservatoire affiliates. Overseas fees are collected directly by schools on behalf of the Conservatoire, and the Conservatoire remits to schools the fee income received from the Student Loan Company for home/EU students.

- Expenditure

**a. Disbursements to Affiliates**

The Conservatoire aims to keep central administration costs below 5% of total income, in order to maximise the amount of resource available for teaching (see notes 5 and 6 to the accounts). To allow fair comparison, data on disbursements in these accounts includes fees paid directly to affiliate schools by Conservatoire students as well as fees paid through the Student Loans Company to the Conservatoire.

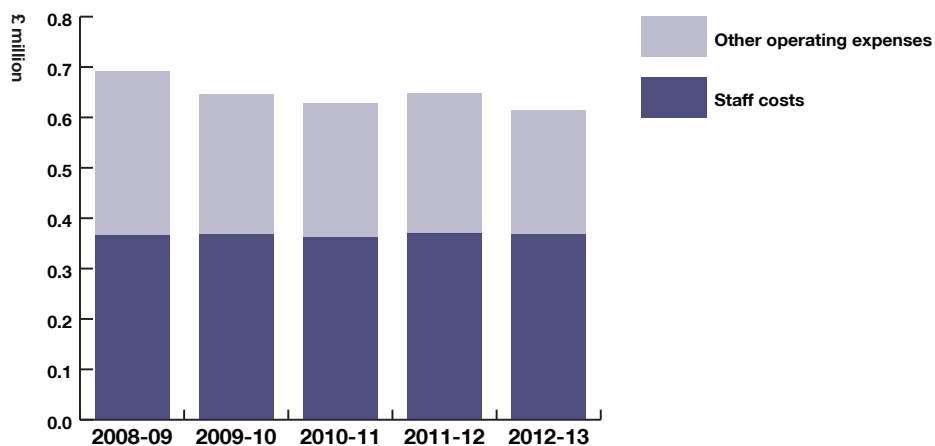
**Graph E: Disbursements to Affiliates**



**b. Operating Expenses**

Operating costs, comprising staff costs and other operating expenses, totalled £615k or 3.7% of total income (2011-12: £649k or 4.2%):

**Graph F: Operating expenses**



**c. Bursary Expenditure**

The Conservatoire established its bursary fund in 2006 to support students under the funding regime of that period. In 2012-13 this fund was available for undergraduate students on the 'old-regime' fees, and all qualifying students received bursaries. Costs in the year totalled £293k (2011-12: £476k).

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#### d. Scholarship Scheme Expenditure

The Conservatoire introduced a new support scheme for home/EU students who are liable for the new regime undergraduate tuition fees. We made 285 awards under this scheme, and total expenditure was £426k.

#### e. Capital Expenditure

During 2012-13, the Conservatoire received £85,025 from HEFCE as a capital grant. The Conservatoire augmented this with £2,975 of deferred income to create a total grant for allocations of £88,000. This was then distributed equally among the eight affiliates for capital items.

The capital grant creates an Exchequer Interest attaching to the Conservatoire rather than individual assets. The governors consider the likelihood of events that would crystallise the Exchequer Interest to be sufficiently remote for it not to require disclosure as a contingent liability.

## 5. Financial Sustainability

The financial liabilities for which the Conservatoire is contractually responsible are small compared to the funds that flow through its accounts directly to its affiliates. Under the terms of its Operating Agreement and Financial Memorandum with affiliates, each affiliate is accountable for its own liquidity and sustainability, which is assured by the oversight of its own Board. In this context, the Conservatoire aims to maintain reserves sufficient to meet working capital needs and to provide a prudent cushion against unforeseen eventualities, in line with guidelines set by its Finance Committee, which are currently between 3% and 5% of total income. Reserves are held as cash. Any funds not required to meet the Conservatoire's office and joint artistic costs, or to provide reserves, are used in developing the education provision of its affiliates and related support functions.

The table below provides an overview of the Conservatoire's reserves and financial position and shows that the Conservatoire has continued to maintain its reserves in accordance with its agreed reserves policy.

**Table 3: Financial stability metrics**

	2008-09	2009-10	2010-11	2011-12	2012-13
Reserves	£714k	£595k	£669k	£615k	£594k
As % of expenditure	4.4%	3.5%	4.3%	3.9%	3.6%
As % of income	4.4%	3.5%	4.3%	3.9%	3.6%
In days	16 days	13 days	16 days	16 days	13 days
Current ratio	2.3:1	3.4:1	2.1:1	5.6:1	5.4:1
External borrowing	nil	nil	nil	nil	nil
(Deficit)/Surplus as % income	0.6%	-0.7%	0.5%	-0.4%	-0.1%

Conservatoire schools are not wholly reliant on public and student funding to cover the costs of their activities, as this funding does not cover the full cost of training. Schools are therefore experienced in finding third-stream funding and generating additional income to enhance students' learning experience.



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## 6. Public Benefit Reporting

The Conservatoire's mission is *'to advance the art forms of dance, drama and circus arts by preparing students for sustainable careers as artists and to be leaders in their art forms; to attract the most talented students, who are selected for training irrespective of background, and to sustain its affiliate schools' excellence and leadership in training and research.'*

As an educational institution and charity, the Conservatoire's principal beneficiaries are its students who are given the opportunity to receive an intensive, supportive and world-class education and training to be dance, drama and circus artists. By its nature, the Conservatoire must select students on the basis of their talent, propensity for training and with the appropriate pre-vocational experience. In doing so, however, the training is open to all students who meet entry requirements and are offered a place to study regardless of personal, social, national or financial background.

As shown below, Conservatoire training also includes public performances to around 100,000 people annually, many of which are free or subsidised. The wider community thus benefit from the artistic skills and experience of the young people in training.

The Conservatoire also operates mechanisms to support young artists after graduation and assist in their development. Many of its schools offer short continuing development training and provide networks of support for these individuals throughout their careers. These activities enrich the cultural life of the UK.

The Conservatoire's activities which fulfil its charitable objects are as follows:

- Teaching: the Conservatoire enrolls around 1,150 students on undergraduate and postgraduate programmes each year. The combined faculty (although individually employed by the affiliate schools) may include as many as 500 individuals from full-time staff members to individuals engaged in short projects. In this way, students are taught by permanent faculty members as well as visiting professionals who work with the students for a single production or occasional workshop.

- Knowledge exchange and research: Conservatoire staff share their knowledge across schools and more widely. This can provide useful sources of revenue for schools and it also places the schools and the Conservatoire at the heart of a creative community. Research into educational practice and performing arts is a developing facet of the Conservatoire's work.
- Community engagement: the Conservatoire schools all work closely with their local communities and offer a range of activities. These stem from weekly dance classes with local school children to "elders" companies involving older people in the arts.
- Maintaining access to vocational training: the Conservatoire and its schools spend over £2.5 million a year on providing preparatory training in the arts and improving access to professional education. This is both to ensure that young people have high quality experiences of dance, drama and circus arts, and to create a pool of talent from which to draw the next generation of students and artists.

The Conservatoire's trustees are its Governors. They are aware of their responsibilities with regard to public benefit and are conversant with the Charity Commission's guidance in this area.

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## 7. Risks

The Conservatoire conducted a review of its approach to risk in 2012-13 culminating in a reviewed risk management policy and new-format risk register. The risk register groups risks into nine areas:

- financial stability;
- corporate governance;
- statutory, regulatory and affiliate monitoring;
- students;
- staff;
- programmes,
- employability, quality and standards;
- resources; and
- external factors.

Of these, three areas have risks of a sufficient weighting to be considered significant. The three areas are financial stability (these risks concern the changes to higher education funding), corporate governance (largely because the Conservatoire operated without a new strategic plan during the year), and recruitment and retention of students (again reflecting the change in higher education funding and change in student behaviour as a result). The review led to a shorter, more focused risk register and this enables the Board (directly and through its committees) and Principals' Management Group to review the whole register each term. The Conservatoire considers that this strengthens its approach to risk management.

## 8. HEFCE Assurance Review and Risk Rating

HEFCE determines as a consequence of its review and the annual cycle of institutional reporting whether it deems individual institutions to be included in an 'at risk' category. Institutions are informed of their risk status. In 2011-12 the Conservatoire was considered by HEFCE to be 'not at higher risk', a similar finding to that of each of the previous years in which a risk rating has been issued by HEFCE.

## 9. Auditors

The auditor, Deloitte LLP, was appointed as auditors in 2011 and has indicated its willingness to continue in office.

## 10. Disclosure of Information to Auditors

At the date of making this report each of the company's directors in office, as set out above (page 5) confirm the following:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- he or she has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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## Directors

The directors of the Conservatoire are its Governors including the Joint Principal as shown on page 5. The Governors who held office during the period 1 August 2012 - 31 July 2013 were:

<b>Name</b>	<b>Date of appointment</b>
James Smith CBE (Independent Governor)	24 November 2010 (appointed as Chair, 23 March 2011) (Member of Finance Committee and Chair of Nominations Committee)
Prof Veronica Lewis MBE (Joint Principal)	1 August 2001 (Member of Finance Committee and Nominations Committee)
Luke Rittner (Affiliate nominated)	14 December 2004
Prof Christopher Bannerman (Independent Governor)	16 March 2005 (Member of Nominations Committee), retired 17 July 2013
Melanie Johnson (Independent Governor)	13 July 2005 (Member of Audit Committee and Nominations Committee)
Andrew Summers CMG (Independent Governor)	14 December 2005 (Chair of Finance Committee)
Ryan Densham (Affiliate nominated)	28 March 2007, retired 27 November 2012
Susannah Marsden (Affiliate nominated)	19 December 2007
Kim Brandstrup (Independent Governor)	19 December 2007, retired 27 November 2012
Sir Tim Lankester (Affiliate nominated)	19 December 2007
Anthony Smith (Affiliate nominated)	19 December 2007
Nicholas Karelis (Independent Governor)	19 March 2008 (Member of Finance Committee)
Sharon Coleman (Staff Governor)	26 November 2008, retired 27 November 2012
Edward Kemp (Joint Principal)	1 December 2010 (Member of Finance Committee and Nominations Committee)
Christopher de Pury (Independent Governor)	24 March 2010
Richard Cooper (Affiliate nominated)	20 July 2011
Kathleen Tattersall OBE (Affiliate nominated)	20 July 2011, passed away January 2013
Siân Rowlands (Student Governor)	23 November 2011, resigned 27 November 2012
Richard Maxwell (Staff Governor)	23 November 2011
Rosemary Boot (Independent Governor)	23 November 2011 (Member of Finance Committee)
Alison Morris (Independent Governor)	23 November 2011 (Chair of Audit Committee)
Emily Fletcher (Independent Governor)	18 July 2012 (Member of Nominations Committee)
Ralph Bernard CBE (Affiliate nominated)	1 August 2012
Jean Woodall (Independent Governor)	27 November 2012 (Member of Audit Committee)
Simon O'Shea (Staff Governor)	27 November 2012
Kit Brown (Student Governor)	27 November 2012
David Halton (Affiliate nominated)	1 January 2013
Roma Grant (Independent Governor)	17 July 2013
Julian Roskill (Independent Governor)	17 July 2013
Roger Miles (Independent Governor)	17 July 2013

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# Conservatoire Student Public Performances

## 2012-13

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(for information and not part of the audited accounts)

### Bristol Old Vic Theatre School

*A Funny Thing Happened on the Way to the Forum* by Stephen Sondheim, directed by Jenny Stephens  
*A Christmas Carol* by Charles Dickens, adapted by Philip Monks, directed by Mark Babych  
*Starry Night – A Nativity Play* by John Hartoch, directed by Heidi Vaughan  
*Romeo and Juliet* by William Shakespeare, directed by Toby Hulse and Hal Chambers  
*Pericles* by William Shakespeare, directed by John Hartoch  
*The Wicked Lady* by Bryony Lavery, directed by Sue Wilson  
*Moonfleet* based on the book by J. Meade Falkner, adapted by Stephanie Dale, directed by Kim Durham  
*The Lonesome West* by Martin McDonagh, directed by Martin Berry  
*How To Curse* by Ian McHugh, directed by Charlie Parker  
*Tender Napalm* by Philip Ridley, directed by Lisa Gregan  
*Edward Gant's Amazing Feats of Loneliness!* by Anthony Neilson, directed by Nik Partridge  
*The Last Days of Mankind* by Karl Kraus, adapted and directed by Toby Hulse and John Retallack

### Central School of Ballet

End of Year performances:

*Variation on a Theme*, choreography: Linda Moran  
*Endeavor*, choreography: Noi Tolmer  
Florestan Pas de Trois from Act 3 *The Sleeping Beauty*, choreography: Marius Pepita / Sir Frederick Ashton  
*Ecos de Aranjuez*, choreography: Sherrill Wexler  
*Spirit*, choreography: Resmi Malko  
*Mapping #3*, choreography: Darshan Singh Bhuller  
*Simply Pas de Deux*, choreography: Resmi Malko  
*Ghost Written*, choreography: Leanne King  
*When Will Someone Hear?* music & lyrics: Claude-Michel Schönberg, Alain Boubil & Stephen Clark  
*Flower Festival in Genzano Pas de Deux*, choreography: August Bournoville  
Fireside Pas de Deux from *Cinderella*, choreography: Christopher Gable  
*Feel the Rhythm*, choreography: Phillip Aiden  
*Signature 31/30*, choreography: Kenneth Tindall

Ballet Central:

*anon*, choreography: Christopher Maney  
Fireside Pas de Deux from *Cinderella*, choreography: Christopher Gable  
Florestan Pas de Trois from Act 3 *The Sleeping Beauty*, choreography: Marius Pepita / Sir Frederick Ashton  
*Insinuare*, choreography: Leanne King & Sara Matthews  
*Love on Top*, choreography: Stacey Haynes  
*Mapping #3*, choreography: Darshan Singh Bhuller  
*Signature 31/30*, choreography: Kenneth Tindall  
*Vocalise*, choreography: Resmi Malko

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Design for Dance performances:

*Cause and Effect*, choreographer: Glenn Roberts

*Hidden Self*, choreographer: Carys Applebee

*Featherless*, choreographer: Charlotte Wightwick

*Second Side*, choreographer: John O’Gara

*Choke*, choreography: Wing Yue Leung

*Liminal Beings*, choreographer: Bradley Davidson

*Submerge*, choreographer: Emma Walker

Other performances:

City of London Festival:

*Tilt*, choreography: Marc Brew

Livevibe at RichMix:

*Hidden Self*, choreography: Carys Applebee

Edinburgh Fringe Festival:

Ballet Central repertoire (*Signature, Mapping, Love on Top, Florestan, anon, Cinderella*)

Youth Dance England Young Creatives:

Choreography by Richard Chappel and Robert Bridget

Counter Pointe at Barking Broadway Theatre:

Choreography by Carys Applebee

The Big Dance for the Greenwich and Docklands International Festival:

Choreography by Carys Applebee

## Circus Space

Second Year Foundation Degree:

*You In Mid Air!* Second Year Foundation Degree ensemble performance with RADA students and graduates, directed by Nona Sheppard

Third Year BA (Hons) and Postgraduates:

*Happy Families*, Third Year BA (Hons) and Postgraduates ensemble performance, directed by Billy Alwen

*Strange Forces*, BA (Hons) Third Year and Postgraduate Devised Pieces, directed by Peta Lily

## London Academy of Music & Dramatic Art

*Punk Rock* by Simon Stephens, directed by James Kerr

*The Accrington Pals* by Peter Whelan, directed by Raz Shaw

*Faustus* by Rupert Goold and Ben Power after Christopher Marlowe, directed by Richard Beecham

*Romeo and Juliet* by William Shakespeare, directed by Rodney Cottier

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*Much Ado About Nothing* by William Shakespeare, directed by Janet Suzman  
*Time And The Conways* by J. B. Priestley, directed by Caroline Leslie  
*The Prisoner's Dilemma* by David Edgar, directed by Matt Peover  
*Playing the Victim* by the Presnyakov Brothers, directed by Aaron Mullen  
*Parade* by Alfred Uhry, music and lyrics by Jason Robert Brown, directed by Joanna Read  
*Summerfolk* by Maxim Gorky, directed by Bill Alexander  
*Earthquakes in London* by Mike Bartlett, directed by Sarah Esdaile  
*I Caught Crabs in Walberswick* by Joel Horwood, directed by Phil Ormrod  
*Pond Life* by Richard Cameron, directed by Iqbal Khan  
*Clybourne Park* by Bruce Norris, directed by Rachel Kavanaugh  
*Absent Friends* by Alan Ayckbourn, directed by Raz Shaw  
*City of Angels* by Larry Gelbart, lyrics by David Zippel, music by Cy Coleman, directed by John Baxter  
*Love and Money* by Dennis Kelly, directed by Philip Wilson  
*Some Explicit Polaroids* by Mark Ravenhill, directed by Selina Cartmell  
*The Shelter* by Matt Morrison, directed by Natalie Ibu  
*The Rover* by Aphra Behn, directed by Nicky Henson  
*Hackney Carriage* by Ella Hickson, directed by Ella Hickson  
*The Night Season* by Rebecca Lenkiewicz, directed by John Bashford  
*The Cosmonaut's Last Message To The Woman He Once Loved In The Former Soviet Union* by David Greig, directed by Penny Cherns

## London Contemporary Dance School

LC3, a touring programme of dance by graduating students:

*Ours*, choreography: Joseph Toonga  
*Adept to Adept*, choreography: Ajani Johnson-Goffe, Katie Neal  
*MÛRRISANT (Ripening)*, choreography: Theo Clinkard  
*Mix*, choreography: Dam Van Huynh  
*Shift*, choreography: Itamar Serussi

EDge, the postgraduate performance company of London Contemporary Dance School:

*As The Dust Settles*, choreography: James Cousins  
*Altered States*, choreography: Helena Franzén  
*Silent Steps*, choreography: Tim Rushton  
*Splinter*, choreography: Hofesh Schechter  
*Bony Virtues*, choreography: Mansoor Ali  
*(PARENTHESSES)*, choreography: Cesilie Kverneland

## Northern School of Contemporary Dance

Graduation Performances and Student Showcases:

*NowHere NoWhere*, choreography: Jennifer-Lynn Crawford and Charlotte Spencer  
*"The Uses of Sorrow"*, choreography: Angus McLean Balbernie (in collaboration with the students)  
*The Imperfect Circle*, choreography: Alexander Whitley  
*We Would Call It...*, choreography: Hagit Bar

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*Doorway*, choreography: Douglas Thorpe  
*Lost in Translation*, choreography: Shirley Jacobs

Verve 13, postgraduate performance company of NSCD:

*Instructions to the Animal*, choreography: Angus Balbernie  
*Night Time*, choreography: Frauke Requardt  
*Resurgence*, choreography: James Wilton  
*Shuffle*, choreography: Ben Wright

## Rambert School of Ballet and Contemporary Dance

Performances at the Linbury Studio Theatre, Royal Opera House (June) and the Lilian Baylis Studio, Sadler's Wells Theatre (July):

Pieces included:

*Rite of Spring*, choreography: Mark Baldwin  
*Flower Festival*, choreography: August Bournonville  
*Nutcracker*, *Waltz of the Flowers*, choreography: Peter Darrell  
*Women Afar Off*, choreography: The Rambert School Research Company  
*Troy Game*, choreography: Robert North  
Student choreography

In addition to this, there were student choreographic performances in December, May and July.

## Royal Academy of Dramatic Art

*The Grace of Mary Traverse* by Timberlake Wertenbaker, directed by Trilby James  
*Bloody Poetry* by Howard Brenton, directed by Seb Harcombe  
*Blue Stockings* by Jessica Swale, directed by Jessica Swale  
*The Acid Test* by Anya Reiss, directed by Jonathan Moore  
*Peter Pan or The Boy Who Would Not Grow Up* by J. M. Barrie in a version by Martin Oelbermann  
*Cockroach* by Sam Holcroft, directed by Tom Hunsinger  
*Six Pictures of Lee Miller* by Edward Kemp, music and lyrics by Jason Carr, directed by Edward Kemp  
*Mother Teresa Is Dead* by Helen Edmundson, directed by John Dove  
*Yerma* by Federico Garcia Lorca, in a version by Ursula Rani Sarma, directed by Burt Caesar  
*All's Well That Ends Well* by William Shakespeare, directed by Toby Frow  
*Phaedra's Love* by Sarah Kane, directed by Iqbal Khan  
*When She Danced* by Martin Sherman, directed by Tim Luscombe  
*Love For Love* by William Congreve, directed by Annie Tyson  
*The New Electric Ballroom* by Enda Walsh, directed by John Haidar  
*Love and Money* by Dennis Kelly, directed by Paris Erotokritou  
*M. Butterfly* by David Henry Hwang, directed by Whitney Mosery

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# STATEMENT OF RESPONSIBILITIES OF THE BOARD OF GOVERNORS

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The Board of Governors is responsible for preparing the Report of the Board of Governors and the financial statements in accordance with applicable laws and regulations.

Company law requires the Board of Governors to prepare financial statements for each financial year. Under that law the Governors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed; 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 adequate accounting records that are sufficient to show and explain the Conservatoire's transactions and disclose with reasonable accuracy at any time the financial position of the Conservatoire and enable them to ensure that the financial statements comply with the Companies Act 2006, its Articles of Association, the Accounts Direction issued by the Higher Education Funding Council for England (HEFCE) and the Statement of Recommended Practice: Accounting for Further and Higher Education, as well as reflecting best practice in public sector corporate governance. The Board of Governors is also responsible for taking steps that are reasonably open to them in order to safeguard the assets of the Conservatoire and to prevent and detect fraud and other irregularities.

The Board of Governors is responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

The Board of Governors has taken steps to:

- ensure that funds from 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 Chairs in its Guide for Members of Higher Education Governing Bodies in the UK (2009), known as the 'CUC Governance Code of Practice.' The Conservatoire, has, however, decided to depart from the recommendations of the Code 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 recommended by the CUC Governance Code of Practice. It is felt that this is sufficient for an institution of the size and structure of the Conservatoire, and allows for a structured meeting cycle between the Conservatoire and its affiliate schools' governing bodies. The Conservatoire will be undertaking a governance review which will include a detailed analysis of the provisions of the CUC Code with a view to ensuring that it is fully compliant with the detailed recommendations and best practice contained therein.

Signed on behalf of the Board

Claire Jones  
Clerk to the Board of Governors

27 November 2013



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# CORPORATE GOVERNANCE STATEMENT

For the year ended 31 July 2013

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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 most recent being adopted in March 2011).

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 complied with the guidance to institutions of higher education published by the Committee of University Chairs in its *Guide for Members of Higher Education Governing Bodies in the UK* (revised 2009) except that it holds three not four meetings per year which it deems to be sufficient for an institution of its size and where governance is also conducted by the governing bodies of the individual affiliate schools. A summary of the Board and its Committees' responsibilities is given below.

The Board is also aware of its obligation under the Financial Memorandum (2010) with HEFCE to take into account any relevant guidance on accountability, probity or value for money issued from time to time by HEFCE.

The Conservatoire has in place systems and procedures for effective management and requires that its affiliate schools have similar systems and procedures. The relationship between the Conservatoire and each of its affiliate schools is governed by a Financial Memorandum and Operating Agreement and schools work to the HEFCE Financial Memorandum (2010). Updated versions of these documents are to be signed in the 2013-14 academic year.

## 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 Association. There is a clear separation of roles of the non-executive Chairman and other non-executive Governors on the one hand and the Conservatoire's executive, which is led by the two Joint Principals, who carry out the responsibilities of

the Chief Executive, on the other. Two staff members and one student member are elected to 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, a Nominations Committee and other ad hoc committees as required from time to time. The Conservatoire also has in place an Academic Board which is responsible for overseeing the academic development of the Conservatoire and advising the governors. The responsibilities of the Board of Governors are set out on page 24.

## Finance Committee

This Committee comprises not less than three independent members of the Board, an affiliate Principal and the Joint Principal (one of whom carries responsibility as Accountable Officer). The Chair of the Committee is drawn from the independent members. It has been agreed that a further member shall be appointed, being an Affiliate nominated Governor, during the course of 2013-14.

The Committee oversees all matters relating to the financial and business concerns of the Conservatoire and makes recommendations to the Board of Governors on appropriate 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. It also 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 HEFCE and the applicable laws.

The Finance Committee held three meetings during in 2012-13.

## Audit Committee

The Committee comprises a Chair, who is an independent member of the Board of Governors, with at least two further independent Governors.

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A new member joined the Committee during the year to fill a vacancy. 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 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. The Audit Committee is also responsible for, and reports to the Board of Governors on, the Conservatoire's arrangements to ensure data control, value for money and risk management.

Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee and the Committee meets with the external auditors and internal audit on their own for independent discussions.

## Academic Board

The Academic Board is chaired by the Joint Principal of the Conservatoire (in rotation) and membership comprises the Principal of each affiliated school, one further member nominated by each affiliated school, and three student representatives (one each from a dance, drama and circus school affiliated to the Conservatoire). There is provision for two other nominated staff members and additional co-opted members. This provision was exercised in 2011-12 to extend membership to the Conservatoire's Academic Registrar.

The Academic Board is responsible for defining the academic strategy of the Conservatoire and for developing the policies and processes for its delivery. The Board is responsible for the management of the academic standards of the awards to be conferred by the validating universities. The Board is concerned with scrutinising and approving the quality assurance systems at the Conservatoire and in its affiliate schools, monitoring them via annual reports on academic standards, quality and equality and diversity issues. The Board oversees the Conservatoire's Learning, Teaching and Assessment Strategy and

scrutinises and monitors the learning, teaching and assessment strategies of affiliate schools. The Board is responsible for ensuring that affiliate schools have in place appropriate staff development strategies and these are reported on through the annual monitoring processes. The Board is also responsible for encouraging and facilitating collaboration between affiliated schools and for identifying and disseminating good practice in learning and teaching. The Academic Board has three committees supporting its work: the Learning Teaching and Quality Assurance Committee, the Joint Artistic Committee, and the Equality and Diversity Committee.

## Nominations Committee

This Committee comprises the Chairman of the Board of Governors, the Joint Principal and two other independent members of the Board. It has been agreed that a further member shall be appointed, being an Affiliate nominated Governor, during the course of 2013-14.

This Committee advises the Board of Governors in relation to the appointment of independent members of the Board. It is also responsible for the induction of new governors. The Nominations Committee meets as necessary and held 4 meetings in 2012-13.

## 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 and the Finance Committee and the Joint Principal. The Committee's terms of reference include determination of salaries and conditions of service for the Conservatoire's staff whose full-time equivalent salary is in excess of £70,000 per annum. As no such member of staff exceeds this remuneration it has not been necessary for this Committee to meet.

## Principals' Management Group

The two 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 Joint Principal is designated as the Accountable Officer and takes responsibility as such.

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The Principals' Management Group (PMG) consists of all the Principals of affiliate schools led by the Joint Principal. It assists in discharging the executive responsibility for the Conservatoire and advises the board on and implements the Conservatoire's strategic direction. It is heavily engaged in general operational and business planning. The Conservatoire's senior staff attend meetings of the PMG which are held three or four times each term. The Joint Principal and Executive Director meet on a weekly basis to agree day-to-day operational matters.

## Internal Control and Risk Management

The Board of Governors is aware that HEFCE requires it to provide a statement on internal 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, and acknowledges that it is responsible for ensuring that a sound system of control is maintained.

During the year, the Board continued to follow the requirements of HEFCE guidance and has, guided by the Audit Committee, carried out a review of the effectiveness of internal control processes, including the effective management of risk. From 1 August 2012 to the date of approval of these annual accounts the Conservatoire has taken steps to comply with HEFCE requirements (noting that it has explained above its departure from the CUC's Governance Code of Practice in respect of the number of Board meetings held during the year).

In line with HEFCE guidelines incorporating the Combined Code, the key elements of the Conservatoire's system of internal 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;
- annual monitoring of the standards and quality of academic programmes leading to higher education awards, through a quality framework defining the roles and responsibilities of the

Conservatoire and affiliates;

- appropriate quality assurance mechanisms to ensure the robustness of data provided to HEFCE and other higher education agencies;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- 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;
- internal audit: 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 Conservatoire and affiliate schools together with recommendations for improvement;
- external audit, which provides feedback to the Audit Committee on the operation of the internal financial controls reviewed as part of the annual audit; 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 a Financial Memorandum and Operating Agreement between the Conservatoire and each of its affiliates. Key elements in discharging this responsibility are:

- ongoing monitoring of compliance with each Financial Memorandum and Operating Agreement, including regular reporting from affiliate schools on all aspects of activity including their own internal control mechanisms;
- external audit opinions within affiliate statutory accounts on the use of funds from the Conservatoire;
- for affiliate schools which do not operate in the same accounting period as the Conservatoire (i.e. 1 August – 31 July) assurances provided by the external auditors of each affiliate on compliance with the relevant Financial Memorandum for the period after the balance sheet date; during any periods when assurances are not available from the external auditors, the Board of Governors

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- looks to the affiliate Accountable 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;
  - affiliate schools' completion of an annual Affiliate Accountability Return; and
  - affiliate schools fulfilling their obligation under the terms of the Financial Memorandum to inform the Conservatoire of any event that has a material adverse impact on their financial situation.

The Conservatoire is committed to the operation of effective risk management processes as part of a risk-based system of internal control. Responsibility for the management of these processes rests with the Accountable Officer (Veronica Lewis). The risk management policy ensures that:

- the Conservatoire 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 the Conservatoire's committees and

- Board; all risks are covered - financial stability, corporate governance, statutory, regulatory and affiliate monitoring, students, staff, programmes, employability, quality and standards, resources and external factors - and are rated according to their possible impact and/or likelihood;
- within the risk register, those risks which are rated most significant, and considered most likely to occur, are monitored by the Board of Governors directly and these high level risks and any mitigating actions to be taken are reviewed regularly; and
  - the Audit Committee is required to report to the Board of Governors at each Board meeting 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.

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, who operates to standards defined in the HEFCE Accountability and Audit Code of Practice;
- comments made by the external auditors in their management letter and other reports; and
- any other sources of internal or external review or evaluation which might contribute to the assessment.

James Smith CBE  
Chairman of the Board

Prof Veronica Lewis MBE  
Joint Principal and  
Accountable Officer

Edward Kemp  
Joint Principal

27 November 2013

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# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE CONSERVATOIRE FOR DANCE AND DRAMA

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We have audited the financial statements of The Conservatoire for Dance and Drama for the year ended 31 July 2013 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Principal Accounting Policies and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice: Accounting for Further and Higher Education.

This report is made solely to the Conservatoire's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Conservatoire's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Conservatoire and the Conservatoire's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of the governing body and auditor**

As explained more fully in the Statement of Responsibilities of the Board of Governors, the governing body is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Conservatoire's

circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the governing body; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of The Conservatoire for Dance and Drama's affairs as at 31 July 2013 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Board of Governors for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Opinion on other matters prescribed by the Higher Education Funding Council for England Audit Code of Practice**

In our opinion:

- in all material respects, income from the funding council, grants and income for specific purposes and from other restricted funds administered by The Conservatoire for Dance and Drama during the year ended 31 July 2013 have been applied for the purposes for which they were received; and

- 
- in all material respects, income during the year ended 31 July 2013 has been applied in accordance with The Conservatoire for Dance and Drama's statutes and, where appropriate, with the financial memorandum, with the funding council.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from affiliates not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Higher Education Funding Council for England Audit Code of Practice we are required to report to you if, in our opinion:

- the Statement of Internal Control (included as part of the Corporate Governance Statement) is inconsistent with our knowledge of The Conservatoire for Dance and Drama.

Matthew Hall FCA (Senior statutory auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
St. Albans, United Kingdom  
November 2013

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# The Conservatoire for Dance and Drama

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## INCOME AND EXPENDITURE ACCOUNT for the year ended 31 July 2013

	Note	2013 £000s	2012 £000s
<b>Income</b>			
Funding council grants	2	8,667	10,286
Tuition fees	3	7,946	5,314
Interest receivable	11b	1	6
Donations		-	1
Miscellaneous income		19	25
<b>Total income</b>		<b>16,633</b>	<b>15,632</b>
<b>Expenditure</b>			
Allocations to affiliates	4	15,319	14,562
Bursary fund	13	293	476
National Scholarship Programme	15	426	-
Staff costs	5	369	370
Other operating expenses	6	246	279
<b>Total expenditure</b>		<b>16,653</b>	<b>15,687</b>
Retained deficit for the period		<b>(20)</b>	<b>(55)</b>

The income and expenditure account is in respect of continuing activities for the year ended 31 July 2013.

There were no recognised gains or losses other than the deficit for the year.

There is no difference between the deficit on a historical cost basis and the result for the year.

The notes on pages 35 to 41 form part of these financial statements.

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# The Conservatoire for Dance and Drama

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## BALANCE SHEET as at 31 July 2013

Company number: 04170092

	Note	2013 £000s	2012 £000s
<b>Fixed assets</b>			
Tangible assets	7	<u>6</u>	<u>12</u>
<b>Current assets</b>			
Debtors	9	31	38
Cash at bank	11(d)	<u>689</u>	<u>710</u>
		720	748
<b>Creditors: Amounts falling due within one year</b>	10	<u>127</u>	<u>133</u>
<b>Net current assets</b>		<u>593</u>	<u>615</u>
<b>NET ASSETS</b>		<u>599</u>	<u>627</u>
<b>Deferred capital grant</b>	14	5	13
<b>Reserves</b>			
General reserve	11	594	614
<b>TOTAL FUNDS</b>		<u>599</u>	<u>627</u>

The notes on pages 35 to 41 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Governors on 27 November 2013 and signed on its behalf by:

James Smith CBE  
Chairman of the Board

Prof Veronica Lewis MBE  
Joint Principal and  
Accountable Officer

Edward Kemp  
Joint Principal



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# The Conservatoire for Dance and Drama

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## CASH FLOW STATEMENT for the year ended 31 July 2013

	Note	2013 £ 000s	2012 £ 000s
<b>Net cash outflow from operating activities</b>	11(a)	(22)	(275)
Returns on investments and servicing of finance	11(b)	1	6
Capital expenditure to acquire tangible fixed assets	11(c)	-	(8)
<b>Decrease in cash in the period</b>	11(d)	<u>(21)</u>	<u>(277)</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Decrease in cash in the period		(21)	(277)
Net funds at 1 August		710	987
Net funds at 31 July	11(d)	<u>689</u>	<u>710</u>

The notes on pages 35 to 41 form part of these financial statements.

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# The Conservatoire for Dance and Drama

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## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES for the year ended 31 July 2013

### 1 Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006, the Statement of Recommended Practice: Accounting for Further and Higher Education 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.

### 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 capital grants 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%

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 is exempt from income tax, corporation tax and capital gains tax as all its funds are applied to its charitable purposes. The Conservatoire is not registerable for Value Added Tax so tax suffered on expenditure is included under the various expenditure headings.

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# The Conservatoire for Dance and Drama

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## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 July 2013

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

Funding is received by the Conservatoire from 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 HEFCE funds distributed to them. In addition, the Conservatoire makes payments to the affiliates in respect of their employees and support arrangements.

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

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Higher Education grants	7,659	9,527
Other payments in respect of staff, services etc.:		
London Contemporary Dance School	36	36
Royal Academy of Dramatic Art	7	6
Bristol Old Vic Theatre School	-	-
Northern School of Contemporary Dance	-	-
Circus Space	-	-
Central School of Ballet	-	-
London Academy of Music and Dramatic Art	-	-
Rambert School of Ballet and Contemporary Dance	-	-
	<u>7,702</u>	<u>9,569</u>

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

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
London Contemporary Dance School	33	36
Royal Academy of Dramatic Art	1	6
Bristol Old Vic Theatre School	-	-
Northern School of Contemporary Dance	-	3
Circus Space	-	-
Central School of Ballet	1	-
London Academy of Music and Dramatic Art	12	-
Rambert School of Ballet and Contemporary Dance	-	-
	<u>47</u>	<u>45</u>

# The Conservatoire for Dance and Drama

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 July 2013

### 2 Funding Council grants

	Note	2013 £'000	2012 £'000
<b>HEFCE</b>			
Recurrent grants		8,004	9,381
Selective initiatives		435	764
Capital grants received		80	3
Deferred grant released in year	14	8	6
Capital grant deferred	14	-	(9)
		<u>8,527</u>	<u>10,145</u>
<b>Further Education</b>			
Grants receivable		<u>140</u>	<u>141</u>
		<u>8,667</u>	<u>10,286</u>

### 3 Tuition fees

Fees for students in all years are accounted for by the Conservatoire as income and equivalent expenditure (see note 4), and are charged under the fees arrangements introduced in 2006-07. Rates were set at £9,000 for new home/EU undergraduates, and £3,465 for continuing home/EU undergraduates in 2012-13. Fees are collected from individual students, partly by affiliates under licence from the Conservatoire and partly by the Conservatoire itself, which collects the fees paid by loan finance from the Student Loan Company. Fees are stated gross of fee waivers.

### 4 Allocations of grant and fee income among affiliates

	2013 £'000	2012 £'000
London Contemporary Dance School	2,400	2,309
Royal Academy of Dramatic Art	2,295	2,151
Bristol Old Vic Theatre School	2,070	2,007
Northern School of Contemporary Dance	2,166	2,086
Circus Space	788	790
Central School of Ballet	1,431	1,424
London Academy of Music and Dramatic Art	2,697	2,333
Rambert School of Ballet and Contemporary Dance	1,440	1,437
	<u>15,287</u>	<u>14,537</u>
Disbursed by CDD on behalf of affiliates	32	25
	<u>15,319</u>	<u>14,562</u>

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# The Conservatoire for Dance and Drama

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## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 July 2013

Allocations to affiliates comprises income received as follows:	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Recurrent grant from HEFCE	7,456	9,174
Specific grants from HEFCE	514	354
Further education grants	140	141
Tuition fees - UK and EU students	5,701	3,555
Tuition fees - overseas students	2,245	1,758
National Scholarship programme (fee waivers)	(426)	-
Bursary Fund contributions	(311)	(445)
	<u>15,319</u>	<u>14,537</u>

As described in note 1, the affiliates are related parties. Fees are stated gross of £426k National Scholarship Programme fee waivers and cash payments. Recurrent grants from HEFCE 2012/13 includes notional grant to cover bursary fund contributions, which were paid from schools' grant allocations in 2011/12.

### 5 Staff costs

	<b>2013</b>	<b>2012</b>
	<b>no.</b>	<b>no.</b>
Staff – full time	3	4
Staff – part time	9	8
	<u>12</u>	<u>12</u>
	<b>£'000</b>	<b>£'000</b>
Direct salary costs	290	264
Social security costs	28	29
Other direct staff costs	8	34
	<u>326</u>	<u>327</u>
Amounts payable to affiliates in respect of the Joint Principals	43	42
Total staff costs	<u>369</u>	<u>369</u>

The Joint Principals are employed by the respective affiliates of which they are the Principal. Those affiliates have invoiced the Conservatoire for a responsibility allowance in discharging their duties to the Conservatoire.

No remuneration was paid to any Governor or the Joint Principals. No payment was made to any Governor or to any party connected to a Governor, other than to affiliates, for services provided. Principals claimed £184.35 in travel expenses during the year (2011-12: nil). Governors claimed £965 travel expenses for journeys to Board meetings in different parts of the country (2011-12: nil). The Conservatoire has in place Directors' and Officers' insurance.

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# The Conservatoire for Dance and Drama

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## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 July 2013

### 6 Other operating expenses

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Office expenses	68	67
Premises	61	61
Subscriptions	44	45
Consultants	13	47
Project costs	31	29
Fees payable to the company's auditor for the audit of the company's external accounts	17	17
Communications	6	7
Depreciation	5	5
Bank charges	1	1
	<u>246</u>	<u>279</u>

### 7 FIXED ASSETS

	<b>Fixtures &amp; Fittings</b>	<b>Computer Equipment</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>At cost</b>			
At 1 August 2012	20	8	28
Additions	-	-	-
At 31 July 2013	<u>20</u>	<u>8</u>	<u>28</u>
<b>Depreciation</b>			
At 1 August 2012	13	3	16
Charge for the year	3	3	6
At 31 July 2013	<u>16</u>	<u>6</u>	<u>22</u>
<b>Net book value</b>			
At 31 July 2013	<u>4</u>	<u>2</u>	<u>6</u>
At 31 July 2012	<u>7</u>	<u>5</u>	<u>12</u>

### 8 OPERATING LEASE COMMITMENTS

The Conservatoire is committed to make the following payments in the next year under an operating lease expiring in August 2014:

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Land and buildings	<u>44</u>	<u>44</u>

# The Conservatoire for Dance and Drama

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 July 2013

### 9 Debtors

	2013 £'000	2012 £'000
Prepayments	31	30
Other debtors	-	8
	<u>31</u>	<u>38</u>

### 10 Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Amounts due to affiliates (see note 1)	47	45
Allocations pending	23	21
Social security and taxation	8	8
Other creditors	26	20
Accruals	23	39
	<u>127</u>	<u>133</u>

### 11 Notes to the Cash Flow Statement

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

	Note	2013 £'000	2012 £'000
Deficit for the year		(20)	(55)
Decrease in debtors and prepayments		7	237
Decrease in creditors		(6)	(459)
Bank interest received included in income		(1)	(6)
Depreciation	7	6	5
Capital grant deferred	14	-	9
Deferred capital grant released	14	(8)	(6)
Net cash outflow from operating activities		<u>(22)</u>	<u>(275)</u>

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

	2013 £'000	2012 £'000
Bank interest receivable	1	6
Net cash inflow from returns on investments	<u>1</u>	<u>6</u>

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# The Conservatoire for Dance and Drama

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## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 July 2013

### (c) Capital expenditure

		2013 £'000	2012 £'000
Expenditure to acquire fixed assets	7	-	8
		<u>-</u>	<u>8</u>

### (d) Analysis of changes in net funds

		2013 £'000	2012 £'000
<b>Cash at bank</b>			
Balance at 1 August		710	987
Cash flows		<u>(21)</u>	<u>(277)</u>
Balance at 31 July		<u>689</u>	<u>710</u>

## 12 Reserves

		2013 £'000	2012 £'000
<b>Income and expenditure account</b>			
At 1 August		614	669
(Deficit)/surplus for the year		<u>(20)</u>	<u>(55)</u>
At 31 July		<u>594</u>	<u>614</u>

## 13 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). These bursaries 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. In 2012-13 this scheme was replaced for first year students by the central National Scholarship Programme (see note 15), meaning that only students continuing into their second or third years were eligible for payment under the bursary scheme. Total bursary disbursements were £293k in 2012-13 (£476k in 2011-12). The balance is kept within the income reserve.



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# The Conservatoire for Dance and Drama

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## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 July 2013

### 14 Deferred capital grant

	2013 £'000	2012 £'000
Balance at 1 August	13	10
Deferred in year	-	9
Released to income and expenditure account	<u>(8)</u>	<u>(6)</u>
Balance at 31 July	<u>5</u>	<u>13</u>

### 15 National Scholarship Programme

In 2012/13 the Conservatoire introduced a new financial support programme for home/EU students paying fees under the new fees regime, the National Scholarship Programme. Under this scheme, affiliates provided £426k funding to students, of which £390k was paid as fee waivers.

