



Conservatoire for Dance and Drama

Annual Report and Financial Statements

31 July 2019

The Conservatoire for Dance and Drama
The Energy Centre
Units 1 – 3
Bowling Green Walk
London N1 6AL

Company number: 4170092
Charity number: 1095623



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1. Company information

Governors (These are all company directors, charity trustees)	James Smith CBE (Chair)(until 20 November 2019) Rosemary Boot (until 21 November 2018) Brian Brodie Dr Michelle Castelletti Dr Roderick Clayton Richard Cooper Peter Dunleavy Emily Fletcher Janice French Prof Martin Halliwell Prof David Halton Rabla Harrison Derek Hicks	Robert Jude Mindy Kilby (from 3 December 2018) Matthew Lloyd Rebecca Laschetti (from 3 December 2018) Alison Morris Lesley Payne Julian Roskill Elyssa Sena Matthew Slater Tamas Wood Prof Jean Woodall (until 21 November 2018)
Chief Executive Officer and Accountable Officer	Dr Nick Holland (interim) from 1 August to 14 October 2018 David Ruebain from 15 October 2018	
Registered office	Tavistock House, Tavistock Square, London WC1H 9JJ (until 31 July 2019) The Energy Centre, 1 Bowling Green Walk, N1 6AL (from 1 August 2019) T: 020 7387 5101 www.cdd.ac.uk	
Registered company no.	4170092 (a company limited by guarantee having no share capital)	
Registered charity no.	1095623	
Constituent schools	Founding until 31 July 2019 from 1 August 2003 from 1 August 2004 until 31 July 2019 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) National Centre for Circus Arts (National Centre) London Academy of Music and Dramatic Art (LAMDA) Rambert School of Ballet and Contemporary Dance (Rambert School)
Company Secretary & Clerk to the Board of Governors	Dr Kathleen Formosa (until 12 August 2019) David Ruebain (Acting Company Secretary from 13 August 2019)	
Internal auditor	Kingston City Group Kingston University, Kenry House, Kingston Hill Campus, Kingston Hill Kingston Upon Thames, KT2 7LB	
External auditor	BDO LLP City Place, 2 Beehive Ring Rd, Crawley, Gatwick, RH6 0PA United Kingdom	
Bankers	Lloyds Bank Plc 2nd Floor, 25 St George Street, London W1S 1FS	

2. Review of the year

The Conservatoire for Dance and Drama ("the Conservatoire") is a formal collaboration between six member schools who are committed to the delivery of world-leading education and specialist vocational training in dance, drama, circus arts and production arts. The Conservatoire enables the schools, which remain separate legal entities, to collaborate artistically and to share resources, whilst retaining their distinctive identities, traditions and expertise.

Amidst a year of transition, both internally and throughout the sector, the Conservatoire has been looking ahead to the next strategic phase to secure its long-term future. CEO David Ruebain joined the Conservatoire in October 2018. A new Strategic Plan for 2019-24, articulating our ambition to build upon successes to date and to grow our national profile, has been developed in consultation with stakeholders and was approved by the Board in July 2019. Implementation of the new Plan will commence in the academic year 2019-20. Development continued on a single Operating and Financial Agreement (OFA) to underpin the new governance structure.

Following completion of the governance review in 2017-18, 2018-19 also marked the final year with LAMDA and RADA as affiliates of the Conservatoire and schools worked closely together to ensure a smooth transition for students. LAMDA and RADA became independent institutions from 1 August 2019 and we wish them well.

The higher education sector continues a period of major transformation with the new regulator Office for Students (OfS) coming online; transitional regulatory arrangements were in place from 1 April 2018 until 31 July 2019, prior to the new regulatory framework taking full effect from 1 August 2019. OfS initiatives this year have included the introduction of institutional Student Protection Plans and five-year Access and Participation Plans which replaced annual Access Agreements. The Post-18 Review of Education and Funding, led by Philip Augar, was published on 30 May 2019 and the sector awaits a formal response to its recommendations from OfS and Government.

The higher education funding landscape remains a subject of government debate and the Conservatoire faces a major challenge with regard to its institution-specific targeted allocation (ISTA) allocation, which supports the additional costs essential for the provision of intensive, specialist performing arts training. 2019-20 will be the final year of the current funding envelope. The Conservatoire has emphasized the imperative of this funding stream to the continuation of its world-leading provision in its communications with OfS, and we will continue our lobbying efforts in the new academic year.

Acquisition of taught degree awarding powers (TDAP) remains a priority in realizing the ambitions of the new Strategic Plan, and major developments this year have included the implementation of a suite of common core policies and the commission of a new Student Management System.

The schools continue to lead in the development of innovative provision, and this year saw the first intake of students to Rambert School's MA Professional Dance Performance / Rambert2 programme and the MA Screendance at London Contemporary Dance School. The four year Virtual Conservatoire project in collaboration with Royal Academy of Music and Royal College of Music

culminated in the production of *Otis and Eunice*, with performances delivered simultaneously across two cities, their audiences linked by live streaming.


Students continued to report high satisfaction levels in the National Student Survey, and the Conservatoire performed strongly against the sector in nearly all areas. The Graduate Outcomes survey which replaces the Destination of Leavers of Higher Education will commence in the next academic year; however graduate earnings continue to be upheld as a primary measure for success in the sector. The Conservatoire has commissioned the Careers Research & Advisory Centre to undertake a secondary phase of research exploring the diverse careers of its graduates and alternative measures of success.

Equality and diversity are central to the Conservatoire's ethos. 64% of all students are female (unchanged from 2017-18); 21% are black, Asian or minority ethnic (BAME) (22% in 2017-18), and 26% declared a disability (unchanged from 2017-18). For the six Member schools, these figures were: 70% of all students are female (69% in 2017-18); 22% are black, Asian or minority ethnic (BAME) (unchanged from 2017-18), and 27% declared a disability (unchanged from 2017-18).

Strategic partnerships with industry are integral to conservatoire training and the schools continue to engage with world-leading practitioners and institutions, students performing this year with English National Ballet, Matthew Bourne's New Adventures, and Rambert dance company. The Conservatoire celebrated student successes with Max Revell (NSCD) winning the BBC Young Dancer 2019 and Moronke Akinola (BOVTS) winning the Alan Bates Award. Graduates were recognized in major awards, with ten nominations for the National Dance Awards, including a record eighth award for NSCD alumnus Akram Khan, and BOVTS alumna Olivia Colman won the Oscar, BAFTA and Golden Globe for her critically acclaimed performance in *The Favourite*. Choreographer Richard Alston, an alumnus of London Contemporary Dance School, received a Knighthood in the New Years Honours.

The year saw a number of significant staff changes within the Conservatoire's senior management team. We said farewell to Academic Registrar Dr Nick Holland in April 2019 and Company Secretary Dr Kathleen Formosa in August 2019; we wish them well in their next endeavours. Jill Leigh joined as the new Academic Registrar in August 2019, and brings the experience of taking two institutions through the successful acquisition of TDAP.

In the year ahead the Conservatoire will be navigating a fast-changing political, economic and regulatory landscape. In particular, it faces an existential challenge in retaining the ISTA funding that is vital to its offer of world-leading specialist provision. However, the new Strategic Plan also marks an opportunity to build upon existing strengths: a track record of delivery in world-leading specialist education and training, a federal structure which maintains and celebrates the schools' unique identities, histories and training ethos, and a national presence across three major centres of culture. The Strategic Plan builds upon this legacy and evolution and articulates an ambitious vision for future development and growth.



James Smith CBE
Chair of the Board of Governors



David Ruebain
Chief Executive Officer

20 November 2019

3. Strategic report for the year ended 31 July 2019

Over the academic year 2018-19 the Conservatoire has developed a new Strategic Plan for 2019-24 in consultation with its member schools, the implementation of which will begin in the academic year 2019-20. During this transitional year, the Conservatoire continued to work to the aims of its strategic plan for the period 2013-18, focusing on four areas:

1. **Inspirational learning:** creating and supporting opportunities to stretch the possibilities of conservatoire-level training and enhancing 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 communicating 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.

The Conservatoire's Strategic Plan for 2019-24 is published on its website at:

<http://www.cdd.ac.uk/about-us/how-we-work/strategic-plan-2019-24/>

3.1 Achievements and performance during 2018-19

Inspirational learning

Learning enhancement and research

In 2018-19, the Conservatoire began strategic work in several areas in order to move towards a TDAP application and address anticipated forthcoming TEF requirements, as well as continuing to promote best practice in learning, teaching and research.

The 'Learning and Teaching seminars' have continued from their inception in 2017-18; topics this year have covered 'Student Feedback and the Use of VLE' (October 2018) and 'Peer to Peer Feedback, Evaluation and Assessments' (May 2019). Colleagues from four member schools to date have delivered these seminars since the series began.

The Virtual Conservatoire collaboration has continued into its third year, with a collaborative project between BOVTS, Central School of Ballet, RADA, LAMDA, Royal Academy of Music and Royal College of Music, 'Otis and Eunice' taking place in March 2019, located jointly at BOVTS and Royal College of Music. The success and enthusiasm that the Virtual Conservatoire both instils and produces is recognised by the Conservatoire, and reflected in both the new Strategic Plan and forthcoming Learning, Teaching and Assessment Strategy (due to be implemented in the 2019-20 academic year).

There was one major periodic programme review undertaken in the 2018-19 academic year, for BOVTS in May 2019. This process followed the 'Programme Enhancement Review' procedures of the validating institution, the University of the West of England, and reviewed the following programmes for BOVTS:

- BA (Hons) Professional Acting
- FdA Costume for Theatre, Television and Film
- BA (Hons) Costume for Theatre, Television and Film (top up award)
- MA Drama Directing
- MA Theatre Production Management

Schools continued to consider their existing higher education course provision and develop new programmes in line with the strategic aims of the Conservatoire. In line with the Conservatoire's quality assurance processes, proposals for the following new programmes were scrutinised by the Conservatoire ahead of submission to the validating institution:

School	Programme	Update/Information
Rambert	MA in Dance Research for Professional Practitioners	Renamed from MRes Professional Dance Practice. Aim to commence delivery in early 2020. Planning approval stage completed and full validation expected in early autumn 2019.
NSCD	CertHE in Contemporary Urban Dance Practices	Validation panel date expected in 2019-20; other details to be confirmed.
NSCD	CertHE in Contemporary Dance	Approved by the Conservatoire and validator on 26 February 2019
NSCD	PgCert/Dip in Arts, Teaching and Learning in Higher Education	Approved by the Conservatoire and validator on 24 January 2019

Proposals for major and minor amendments to existing programmes also received Conservatoire scrutiny ahead of submission to the validating institution, as set out below:

School	Programme	Type of amendment	Update/information
BOVTS	MFA Professional Acting	Minor	Change of title from MA to MFA. Conservatoire scrutiny completed Sep 2018 and approved by validator on 13 December 2018.
LCDS	MA Contemporary Dance	Minor	Module modifications (change in contact hours). Conservatoire scrutiny completed and validator approval in March 2019.
National Centre	FdA Circus Arts	Minor	Minor modifications to some modules across both years, including name and structural changes. Conservatoire scrutiny completed in July 2019; validator approval pending.
National Centre	BA (Hons) Circus Arts	Minor	Minor modifications to some modules across the year, including name and structural

			changes. Conservatoire scrutiny completed in July 2019; validator approval pending.
NSCD	BA (Hons) Dance (Contemporary)	Minor	Placement activity added. Conservatoire scrutiny completed and validator approval in June 2019.
NSCD	MA in Contemporary Dance Performance	Major	Splitting the 100 credit module into 15 /30/60 credits; introduction of Artist as a Facilitator module. Conservatoire scrutiny completed and validator approval on 26 February 2019
Rambert	BA (Hons) Ballet and Contemporary Dance	Minor	Module mod (Special Project). Working to include the possibility of gaining credit for this module via extended placement. Conservatoire scrutiny completed and validator approval in June 2019.
Rambert	MA Professional Dance Performance (Rambert2)	Minor	Placement elements and relationship between Rambert School and Rambert Company clarified. Conservatoire scrutiny completed and validator approval in April 2019.
Rambert	MA Professional Dance Performance (Rambert2)	Minor	Minor amendments to programme documentation to clarify and reflect newly created role of Programme Manager for the MA.

For the fourth year, the Conservatoire ran a research project fund to give school staff the opportunity to apply competitively for small-project funding. Interest in funding was slightly lower this year, with the total value of the funding awarded being just over £18,000, with 11 projects funded from six schools (2017-18: nearly £24,000 allocated, with 15 projects funded from all 8 schools). Applications continued to reflect the diversity of the staff body, as well as a strong focus on investigation into pedagogy, with one collaboration between The National Centre and LAMDA.

Staff development and learning enhancement

The central office of the Conservatoire is staffed by a team of around 12 staff (including both full-time and part-time staff); School staff continue to be employed directly by their home school, though the Conservatoire 'buys out' time for the librarian at NSCD to oversee library resources for the Conservatoire.

NSCD developed a new programme, PGDip in Arts, Teaching and Learning in Higher Education, which also affords HEA fellowship on completion. The School developed this programme in part in response to consultation and feedback from Schools about a desired approach to the professional development of staff with remits in learning and teaching/professional services. The School has launched the programme with introductory fees at a lower rate and priority admission for Conservatoire school staff, with the first cohort commencing September 2019.

Training for School staff on policies is designed and delivered by staff in the Quality Team. The Quality Team also organise training for School and central office staff in relevant areas (e.g. Prevent, criminal records, rape crisis) as required in order to ensure both legal and statutory compliance, and the proper operation of policies.

Student numbers, applications and achievement

The Conservatoire had 1,657 active students in 2018-19 (2017-18: 1,524), maintaining a stable population size overall. The Conservatoire schools generally continue to receive exceptional volumes of applications relative to the number of available places, particularly on undergraduate programmes, and recognise in this context the increased importance of ensuring that places are accessible to prospective students from a wide variety of backgrounds. The Conservatoire has an Access and Participation Plan for 2019-20, approved by the Office for Students this builds on the work of the Widening Participation and Success Access Plan which was in place for 2018-19. Access Plans were previously approved by the Office for Fair Access which was subsumed into the Office for Students from April 2018. The APP for 2020-24 has also been approved by the OfS.

Postgraduate recruitment continues to be challenging, even with the funding now available to taught MA students, although some growth is now forecast in postgraduate numbers for future years.

In December 2018 the Office for Students published a report on grade inflation which provided an assessment of changes in awards of firsts and 2:1s at the provider level. Within the report the Conservatoire was flagged as requiring further consideration, meaning the expected results were above the sector average. The Conservatoire launched a project to investigate the potential impact of factors such as the impact of the current method of calculating degree classification under the regulations of the validating university (this applies to 5 schools, BOVTS (validated by University of the West of England) does not classify its awards). The project will report in 2019-20.

Student satisfaction

The Conservatoire uses the NSS to measure its overall levels of student satisfaction. It continues to perform strongly in this survey against the sector in nearly all areas. This year, the Conservatoire maintained its high score in overall satisfaction with 91% of students rating themselves satisfied with their experience (2017-18: 91%), well above the sector average of 84%. We were pleased to see a substantial increase in learning resources with 86% satisfied (2017-18: 77%).

The Conservatoire has identified areas for improvement, particularly in the areas where it scored below or near to the sector average. These are organisation and management, which saw a marginal increase to 74% (2017-18: 73%), and assessment and feedback, which saw a dip to 75% (2017-18: 77%). These areas will be considered further by schools as part of their annual monitoring.

Widening access and success

The Conservatoire 2018-19 student profile at a glance (6 schools)

	Identified as black, Asian or minority ethnic	Female students	Declared a disability
All Students	22%	70%	27%
UK- domiciled	17%	63%	35%

The Conservatoire 2018-19 student profile at a glance (8 schools)

	Identified as black, Asian or minority ethnic	Female students	Declared a disability
All Students	21%	64%	26%
UK- domiciled	17%	59%	33%

During 2018-19 the Conservatoire continued to embed its 2016-20 Widening Access and Success Strategy. The overall diversity of the student population across the schools remains relatively consistent from one year to the next and the Conservatoire continues to perform well in comparison to other conservatoires in terms of the proportion of non-white and disabled students. Furthermore, it has a real demonstrable strength in its support for students with disabilities, both in terms of access to courses and in terms of their success.

The data shows that further progress has been made towards the proportion of students from state schools and the Conservatoire performs well against other conservatoires and selective higher education institutions more generally. Once enrolled on programmes at Conservatoire schools, the data shows that there is a very low level of non-completion. Additionally, we have been working towards developing a research informed evidence base on the graduate journeys of students in conjunction with the University of Derby, discussed below in this section.

The conservatoire scholarship scheme continued to support students in 2018-19 and we have completed an evaluation relating to the impact and effectiveness of the scheme. This evaluation has highlighted the importance of the scholarships in enabling students to stay engaged with their studies and balance the intensity of the training with external commitments. The number of home/EU new entrants to HE receiving direct financial support through the scheme has remained stable overall. In 2018-19, 51% of all home/EU undergraduates new to higher education received some form of financial support (2017-18: 49%), with 35% of all home/EU undergraduates coming from the lowest household income bracket (2017-18: 31%).

In its 2017-18 and 2018-19 Access Agreements, the Conservatoire as a whole is committed to spending over a third of its additional tuition fee income (as defined by OFFA/OfS) on widening access and success activity, a significant proportion in comparison with other higher education institutions. Recognising that non-completion is less of an issue for the Conservatoire schools, the institution is focusing on the access and progression stages of the student lifecycle, working to ensure equality of access to Conservatoire programmes regardless of background and supporting graduates into high-quality careers, taking into account the different strengths and challenges faced in each art form.

Employment prospects for Conservatoire graduates

2018-19 was a transitional year with the new Graduate Outcomes survey developed by the Higher Education Statistics Agency (HESA) set to replace the Destination of Leavers of Higher Education survey (DLHE). Leavers from the 2017-18 academic year will be the first to answer the Graduate Outcomes survey, which will ask graduates what they are doing 15 months after graduation. As such there were no official employment statistics released by HESA this year. The Graduate Outcomes will include further additional measures of graduate success to its predecessor, and will be published as open data in spring 2020.

The Government's national data on employment and earning outcomes (the Longitudinal Education Outcome or LEO dataset) were incorporated into the Discover Uni website (previously Unistats) in 2017-18. These data suggest that median earnings are low for graduates of the Conservatoire relative to most other institutions. The Conservatoire remains concerned that the LEO outputs and the forthcoming Graduate Outcomes survey are not good measures of whether the institution is performing well in its mission of supporting students into careers in the performing arts. The Conservatoire continued its work to provide an evidence base to explore common graduate pathways, identify other indicators of success, and identify potential areas for intervention by which the Conservatoire might support graduates in their early careers, commissioning the Careers Research and Advisory Centre to develop a survey tool for graduate success. A report and analysis on survey responses will be completed in autumn 2019.

Sharing the benefits

The Conservatoire maintains strong links with industry and community partners in and beyond its regional hubs of Bristol, Leeds and London, and the schools continue to explore new and dynamic ways to share knowledge beyond the institution. Many of the activities with these partners are linked to the Conservatoire's knowledge exchange strategy which prioritises human skills and capital development and community engagement.

Extra-curricular provision for young people and adults remains a central tenet of school business; this year Rambert School continued work with Rambert dance company to create a commercial syllabus of contemporary dance training and graded exams for school children and the leisure market, and NSCD advanced plans for the NSCD Academy, which aims to provide an affordable private sector arts education experience in schools and/or community venues around the Yorkshire periphery. Following a pilot with Matthew Bourne's New Adventures, Central School of Ballet expanded its model of short-term student apprenticeships in partnership with industry to English National Ballet. NCCA explored the potential of circus arts to have wider health and wellbeing benefits through commercial products such as the "Project ALICE" classroom and office toolkit. BOVTS opened up its recording facilities at Christchurch Studios for commercial bookings and established links with Audible. *Frame Rush*, the inaugural screendance festival to celebrate screendance as an audio-visual form at the cutting edge of artistic innovation, was run by London Contemporary Dance School MA Screendance students, and saw 2,178 applications for 26 places. The schools also made new connections with venues, performances or exhibitions reaching new audiences this year at the British Museum, the Royal Free Hospital, and the Old Truman Brewery.

Creating resilience

The Conservatoire, as a partnership between a number of performing arts institutions, is in itself a mechanism to increase the resilience of the individual schools. It aims to allow the schools and their students to play a full part in the higher education sector, and for the schools to share the considerable associated overheads whilst retaining their unique characteristics and strong links with their respective communities and art forms.

The Conservatoire undertook a thorough governance review in 2016-17, culminating in the signature of the Members' Agreement and the approval of new Articles of Association. Building on the work of this review, in 2018 a Finance and Operating Model Review Working Group was set up with membership from staff and governors, with the remit to consider possible alternative finance and operating models, commission financial modelling, and make recommendations. Development has continued on a new single Operating and Financial Agreement between the Conservatoire and schools has been developed which replaces the previous bilateral agreements between the Conservatoire and each individual school. The schools have developed five-year forecasts which demonstrate their position in later years both with and without a further round of ISTA (or replacement) funding.

As part of its work to increase institutional robustness, the Conservatoire has also revised the processes by which it collects and monitors financial information from individual schools, including management accounts, budgets, and five year forecasts, and the process by which this information will be shared amongst the schools.

The development of diversified income streams which exploit the physical and intellectual assets of the schools continues to be an important feature of ensuring the Conservatoire's sustainability into the future. Commercial activities have focused upon expanding existing provision and developing new classes and courses for young people, adults, and professional artists; increasing the commercial hire of facilities such as dedicated dance, radio and circus studios; and exploration of potential new services which draw on institutional expertise.

Do something extraordinary

The ambitious four-year Virtual Conservatoire project, committed to creating new potential for live performance and performing arts collaboration, culminated in *Otis and Eunice*: a modern retelling of Orpheus and Eurydice featuring actors from Bristol Old Vic Theatre School, LAMDA and RADA, dancers from Central School of Ballet, and music written and performed by Royal College of Music (RCM) and Royal Academy of Music (RAM) musicians.

The production was performed as two different standalone shows. Staged simultaneously at the RCM's Britten Theatre and Bristol Old Vic Theatre School, the shows were linked through dual narratives concerning the disappearance of Eunice. Audiences in each venue were also able to see the partner narrative unfold onscreen, through a live high definition video link using Low Latency (LOLA) technology.

Over the last four years, the project has created digital spaces that enable creative collaboration between the consortium's students and partners across multiple locations, in real time. The result is

a new template for conservatoire training, which pioneers digitally enabled pedagogy and practice, and the scope to transform live performance art into a multi-location experience.

3.2 Financial review of the year ended 31 July 2019

The financial statements of the Conservatoire for Dance and Drama show the income, expenditure and funds derived from the publicly-funded higher education activities of the eight Conservatoire schools. However, as the schools remain distinct legal entities, the Conservatoire's financial statements do not consolidate the financial statements of the eight schools. Further details on the financial position of the eight schools can be found in their individual financial statements.

The 2018-19 results have been stated in line with the requirements of FRS 102. Tuition fees are also stated net of any discounts and fee waivers.

Surplus for the year ended 31 July 2019

Surplus 2018-19 £000	Actual 173	In general, the Conservatoire plans to operate on a break-even basis and disburses the majority of funds to the Conservatoire schools, retaining only a small central administrative team to support higher education activity in the schools, collaborative activity between schools, and to ensure that the Conservatoire fulfils its requirements as a public higher education institution. The result for the year ended July 2019 is a surplus.
As % income	0.8%	
As % disbursements	0.8%	
As % shared service costs	17.5%	

Income for the year ended 31 July 2019

Income £000	17-18 21,418	18-19 22,983
Fees as % total	66	64
Grant as % total	34	36

Along with other small specialist institutions, the Conservatoire still receives significant grant income in recognition of the high cost of its intensive approach to teaching.

In the 2016 institution-specific targeted allocation (ISTA) review, the institution was judged to be world-leading by an independent international panel. It therefore continues to receive institution-specific grant funding until the next scheduled review in 2019-20, the outcome of which will inform funding decisions from 2020-21 onwards. Despite this success in the process, the Conservatoire is responding to its grant funding being scaled to a new, lower baseline over the next few years. The Conservatoire schools do raise additional income to offset the full costs of teaching, and the tuition fee cap was raised for 2017-18 onwards, and this fee level has remained in place for 2018-19, so this drop in grant can be partially offset, but the drop in grant income continues to represent a major risk to the institution. The review of its operating model now taking place will ensure that the Conservatoire is ready to respond to future scenarios which it might encounter.

Expenditure for the year ended 31 July 2019

The proportion of expenditure across each of the broad categories of Conservatoire activity has remained stable, although expenditure as a whole has increased.

Expenditure (£000)	17-18	18-19	Change	As a result of tuition fees being stated net of any discounts and fee waivers, the student support figures only include amounts given as cash scholarships.
Disbursements	19,907	21,189	1,282	
Student support	579	632	53	
Central admin	949	987	38	
Expenditure as % total	17-18	18-19	Change	Details of the disbursements to Conservatoire schools are provided in note 3 to the financial statements. To allow fair comparison, the financial statements include fees paid directly to the schools as well as those paid to the Conservatoire by the Student Loans Company.
Disbursed to schools	93%	93%	0%	
Student support	3%	3%	0%	
Central admin	4%	4%	0%	

Capital expenditure

The Conservatoire receives capital funding from OfS for the Teaching Capital Investment Fund (TCIF) and for the Catalyst Fund. Capital funding is disbursed to schools for use in accordance with the funding terms and conditions. These capital disbursements are included as expenditure in the Conservatoire financial statements.

In 2018-19 the Conservatoire received £1,768,631 of capital funding. Of this amount, £124,987 was for the Teaching Capital Investment Fund. This fund is disbursed to schools for use primarily in paying for repairs and renewals.

The remaining amount was received for the Virtual Conservatoire project which is a OfS Catalyst Fund project where the Conservatoire is the lead and accountable body working in partnership with the Royal Academy of Music and the Royal College of Music, both of which are higher education institutions outside of the Conservatoire group of schools. The Conservatoire is responsible for managing the allocation of capital grants on behalf of the consortium. This involves the receipt of capital funding from OfS on behalf of the two external partners as well as to the four Conservatoire schools that are participating in the project (BOVTS, CSB, LAMDA and RADA). During the year, the Conservatoire received from OfS a £806,200 capital allocation on behalf of the Royal Academy of Music, which was transferred to the Academy, a £551,794 capital allocation on behalf of the Royal College of Music, which was transferred to the College post year end in August 2019, and a £197,000 capital allocation on behalf of the Central School of Ballet, which was transferred to the School during the year. The Conservatoire also received £88,650 recurrent funding to cover project management costs, which are currently held as restricted funds by the Conservatoire on behalf of the consortium.

Funds and financial sustainability

The Conservatoire itself has no borrowings or estate and the financial liabilities for which the Conservatoire is contractually responsible continue to be small compared to the disbursements that it makes to the Conservatoire schools. The only significant commitment it has in its own right is for a one-year lease on its office premises signed in June 2019. It does, however, retain ultimate accountability for public funds disbursed to the Conservatoire schools, including capital funds over which an Exchequer interest is retained for several years.

The relationship between the Conservatoire and its schools is governed contractually through a Members' Agreement (for Members), an operating agreement and financial memorandum. Under

this arrangement, each school is responsible for its own liquidity and sustainability, and this is overseen by its own Board.

The Conservatoire aims to maintain reserves sufficient to meet its own working capital needs and to provide a prudent cushion against unforeseen eventualities. Under its reserves policy, agreed in 2016-17, the Conservatoire aims to hold six months' of shared operating expenditure in free reserves. As a minimum it should hold reserves to cover wind-up costs.

3.3 Plans, principal risks and uncertainties

Plans

The Conservatoire's Strategic Plan 2013-18 set out three principal areas for its development: institutional resilience, taught degree awarding-powers, research and scholarship. These areas continued to be priorities during the interim plan. An ambitious new Strategic Plan for 2019-24 was developed and approved by the Board in July 2019 and implementation will begin in 2019-20.

Institutional resilience

In the present operating climate, a chief priority for the Conservatoire is to ensure that it remains institutionally resilient in terms of governance, management, staffing, funding, operational systems and processes, in order to respond to regulatory, economic and political changes and uncertainties, and so to be able to support and sustain the work of the schools.

During 2018-19 it has continued the implementation of key governance reforms with the development of a single Operating and Financial Agreement. Work has also commenced on a Governance Handbook. A new cross-school Student Management System has been commissioned and implementation will begin in 2019-20. A Finance and Operating Model Review Working Group led on work with the schools to develop financial forecasts which demonstrate long-term position both with and without a further round of ISTA (or replacement) funding.

Taught degree-awarding powers

The Conservatoire continues to regard the acquisition of TDAP as a key priority. A sub-committee of the Board continued to meet during 2018-19 to review plans and support progress with preparations for TDAP.

Research and scholarship

The Conservatoire continues to be committed to provide staff with time, support and funding to encourage research and scholarly activity, as well as professional activity in the performing arts.

A common research strategy is a key priority in support of the TDAP application and to enable the Conservatoire to take a developmental approach to research, scholarly activity and embedding professional practice into the curriculum.

Principal risks and uncertainties

The Conservatoire, along with all higher education institutions, faces significant levels of change and uncertainty in its operating environment. These changes pose a number of risks to the institution, which it manages partly by the implementation of a risk management policy and maintenance of an institutional risk register. The register lists the top ten risks facing the Conservatoire under a number of key headings (financial, access and equality, programmes of study, compliance, corporate governance, external, and business continuity). Each risk is rated in terms of combined impact and

likelihood; risk owners (both individual officers and committees) are identified, and the mitigating actions being taken in response to each risk are explained. The risk register is regularly updated and reviewed by the Conservatoire Executive Committee (CEC), Finance Committee, and Audit Committee and an annual report is made to the Board of Governors. Currently, the top rated risks relate to finance and CDD staffing.

On finance-related risks, even under the higher fee regime, the high cost of conservatoire training means that the Conservatoire is still heavily dependent on grant funding. Institution-specific (otherwise known as ISTA) funding remains vital to the organisation, both because of the financial support it provides but also because it is an important indicator of the Conservatoire's status as a world-leading institution. The most recent ISTA review process secured access to this funding stream to 2019-20 and the Conservatoire has continued to make the case to Office for Students for retention of this funding. Office for Students has announced a review of specialist funding, expected to take place in early 2020 following the December General Election, which is anticipated to inform decisions on specialist funding in 2019-20. A wider consultation on funding across the higher education sector is scheduled for spring 2020, which will impact on funding allocations from 2021 onwards.

The possible loss or reduction of direct grant funding remains the principal financial risk facing the institution.

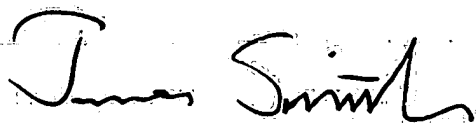
Increasing financial pressures and other changes in the external operating environment are also placing additional pressures on the individual schools in terms of their own resilience. It remains important to the Conservatoire and all the individual schools to ensure that they have in place robust financial controls, including budgeting, forecasting and cost control. The Conservatoire has revised processes by which it collects and monitors financial information from individual schools, including management accounts, budgets, and five year forecasts, and the process by which this information will be shared amongst the schools.

The establishment of the Office for Students (OfS) poses another area of uncertainty for the Conservatoire and the higher education sector generally. The Conservatoire will continue to develop its policies, procedures and internal structures to ensure that these remain fit for purpose as the full powers of the new regulator come on-stream. Because the Conservatoire is purposefully structured as a devolved organisation, it faces particular challenges in complying with regulatory requirements that are principally designed for multi-faculty, unitary institutions. The ongoing work to develop the Conservatoire's structure, organisation, policies, and procedures is directed towards the aim that the Conservatoire and its schools are able to respond effectively to changes in external regulatory requirements and its wider operating context.

During 2018-19, the Conservatoire continued to monitor developments regarding the UK's withdrawal from the EU. The Conservatoire schools enrol a relatively large number of students from EU countries outside the UK. For the six Member schools, these comprised 13% of the total student body in 2018-19 (2017-18: 14%). For the eight schools, these comprised 11% of the total student body in 2018-19 (unchanged from 2017-18). Although students commencing their studies through to 2020-21 have been given reassurances by the UK Government that they will continue to be eligible for student finance until the end of their studies, we expect there to be continuing uncertainty for students commencing in future years and hence some potential impact on student recruitment for future years. Although the Conservatoire school programmes tend to be heavily oversubscribed, the ability to work with international teachers and peers contributes an important dimension to the quality of the students' experience of their training. The risks arising from the UK's withdrawal from

the EU will be monitored closely by the Conservatoire and each of the schools and the Conservatoire has adopted a conservative approach to its financial assumptions regarding EU students in its financial forecast.

Although the Conservatoire has generally performed strongly in nationally published metrics, such as the National Student Survey, it considers that some developments in this area (such as the Longitudinal Earnings Outcomes survey of graduate earnings) may pose a risk to small specialist providers in the performing arts, where success might not be easily measured via simple indicators. During the year we continued our own research into graduate destinations, which is intended to develop into a rich data source which can be compared with national data gathering exercises such as the DLHE.

A handwritten signature in black ink, appearing to read 'James Smith', with a stylized flourish at the end.

James Smith CBE
Chair of the Board of Governors

4. Report of the Board of Governors for the year ended 31 July 2019

The governors of the Conservatoire for Dance and Drama are pleased to present their annual report on the affairs of the Conservatoire, together with the financial statements and auditor's report, for the year ended 31 July 2019.

This report of the Board of Governors has been prepared in accordance with Section 2 of the 2015 Further and Higher Education Statement of Recommended Practice (SORP 2015) and also serves as the Directors' Report for the purposes of the Companies Act 2006. Section 3 included within this Board of Governors' report meets the requirements for a Strategic Report as outlined in the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

The Financial Statements for the year ended 31 July 2019 have been prepared to comply with the Statement of Recommended Practice (SORP) Accounting for Further and Higher Education and applicable accounting standards in the UK and in line with regulatory advice in the form of the Accounts Direction from the Office for Students (OfS 2018.26).

4.1 Nature of the Conservatoire's business

The Conservatoire is a company limited by guarantee and a registered charity. It was incorporated on 28 February 2001 and entered on the Register of Charities on 27 January 2003. It is designated by secondary legislation pursuant to the Education Reform Act 1988 as a higher education institution.

The charitable objects for which the Conservatoire is established are:

- the advancement of education in the performing arts, and;
- the promotion of research in the performing arts.

Following a period of significant governance review, the Board of Governors of The Conservatoire for Dance and Drama amended its Articles of Association at an Extraordinary General Meeting held on 11 October 2017. These were approved by the Privy Council on 7 December 2017 and subsequently filed at Companies House. Changes to the Articles of Association were made in accordance with a Members' Agreement entered into between The Conservatoire for Dance and Drama and six of the eight schools formerly recognised as Affiliates. The six schools who signed the Members' Agreement – Bristol Old Vic Theatre School, Central School of Ballet, London Contemporary Dance School, National Centre for Circus Arts, Northern School of Contemporary Dance, and Rambert School of Ballet and Contemporary Dance – are now the sole Corporate Members of the Conservatoire for Dance and Drama. The schools whose boards of governors declined to sign the Members' Agreement – Royal Academy of Dramatic Art and London Academy of Music & Dramatic Art – obtained independent registration with OfS and have resigned from the Conservatoire with effect from 31 July 2019.

The Conservatoire for Dance and Drama, together with its Member Schools, remains committed to delivering world-leading education and vocational training in the performing arts. Teaching staff continue to be employed by their home school. Students are jointly registered with the Conservatoire and their home school and train to become the performing artists and production professionals of the future: actors, circus artists, dancers, stage managers, technical theatre practitioners, choreographers, designers and directors.

During the 2018-19 academic and financial year, The Conservatoire was registered as a higher education provider with the Office for Students (OfS) which took over the accountability role from HEFCE and became the primary regulatory body for higher education from April 2018. The Conservatoire submitted the relevant Annual Accountability Return to OfS in December 2018. The Conservatoire oversees compliance by the schools under the terms of an operating agreement and financial memorandum between the Conservatoire and each of the schools.

The overarching vision of the Conservatoire is to prepare exceptional artists together. Training the next generation of production professionals and performers is a shared enterprise, locally within each school, collectively across the schools and as part of the wider arts environment, to ensure that there are the resources, the expertise and the infrastructure to maintain the Conservatoire's world-leading position.

4.2 Charitable objectives and public benefit

The Conservatoire's charitable objectives are the advancement of education in the performing arts and the promotion of research in the performing arts. The Conservatoire delivers its objectives through a range of charitable activities.

As a higher education provider (HEP) and charity, the Conservatoire's principal beneficiaries are its students, who are given the opportunity to receive intensive, supportive and world-class education and training to be dance, drama and circus artists and production professionals. 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.

Conservatoire training also includes public performances and exhibitions (some of which are led or facilitated by leading practitioners in their field) which attract around 200,000 people annually, many of which are free or subsidised and which are advertised widely by each school. The wider community thus benefits from the artistic skills and experience of the young people in training, the faculty and the wider industry.

Examples of the Conservatoire's activities which fulfil its charitable objectives are as follows:

- *Education:* the Conservatoire has around 1,500 active students each year. The public funding it receives as a designated HEP and registered charity enables it to support the teaching of these students. The combined faculty (although individually employed by the schools) may include as many as 400 individuals across full- and part-time staff members. Students are also taught by visiting professionals who work with the students for short projects, single productions or occasional workshops.
- *Research and knowledge exchange:* research into educational practice and performing arts is a developing facet of the Conservatoire's activities. The Conservatoire's Research Mentor works with staff from the schools to guide and facilitate research across the Conservatoire. There is an active and productive Research and Ethics Committee and a small project fund for staff research.
- *Community engagement:* the Conservatoire schools all work closely with their local communities and offer a range of activities, many of which are made possible by the financial support provided centrally via the Conservatoire, such as annual performing arts

festivals which are open to the public. Other activities include taking productions to inner city schools, workshops in local primary schools and regional tours, often involving question and answer sessions with the cast and crew afterwards.

- *Widening participation and access to vocational training:* encouraging potential students from a range of backgrounds to consider undertaking world-leading vocational training in the performing arts and to enter higher education is a key part of our mission. The Conservatoire and its schools continue to invest in 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 diverse pool of talent from which to draw the next generation of students and artists, including students from traditionally low-participation sectors of the community. Activities range from student productions delivered to schools, to working with school teachers in drama and dance.
- *Engagement with alumni:* financial support provided to the schools by the Conservatoire enables them to support young artists after graduation and assist in their professional development. Many of its schools offer short continuing development training and provide networks of support for these individuals throughout their careers.
- *Shaping the nation's cultural landscape:* by finding the most promising talent in dance, drama and circus arts and nurturing it through the delivery of world-class education and professional training, the Conservatoire and its Member and Affiliate Schools are able to produce exceptional artists who will go on to shape the future of the performing arts, both in the UK and abroad. The Conservatoire also acts as a creative laboratory for the performing arts, through the commissioning of new works and collaborating with both emerging and established performers, writers, directors and choreographers.

The Conservatoire's trustees are its governors. They are aware of their responsibilities with regard to public benefit and with the Charity Commission's guidance in this area. The governors are satisfied that the activities of the Conservatoire meet its charitable objectives and the public benefit requirement as defined in section 17 of the Charities Act 2011.

The Conservatoire's governors are aware of their responsibilities, as leaders of a designated HEP, to comply with Regulatory Notice 2 of the Office for Students (OfS2018.12) and other sector-specific requirements. The disclosure of remuneration of higher-paid staff is made in accordance with the Office for Students Accounts direction to HEPs for 2018/19 financial statements.

- The head of institution (the Chief Executive) joined October 2018 on an annual salary of £88,500, and pro-rata received direct remuneration of £63,962 from the Conservatoire in 2018-19, and an additional contribution of £2,189 to a defined contribution pension fund. A staff bonus of £300 was accrued and paid for in August 2019. No other deferred payments, or other forms of remuneration were received by the head of institution from the Conservatoire in this year.
- At no time during the year did the head of institution receive any tax-chargeable expenses allowances or other taxable benefits (e.g., company car, subsidised loans, etc.), or contributions to relocation costs.

- There were no staff whose emoluments received in the year (including taxable benefits in kind, but excluding compensation for loss of office and employer pension costs) were £100,000 or more.

4.3 Corporate governance and internal control

4.3.1 Directors

The directors of the Conservatoire are its governors including the CEO as shown on page 3. The governors who held office during the period 1 August 2018 to the date of this report were:

Name	Position	Date of appointment	
James Smith CBE	Independent governor	24 November 2010	Appointed as Chair 23 March 2011 Member of Finance Committee Chair of Nominations Committee Member of Remuneration Committee
Dr Nick Holland	Chief Executive Officer (Interim)	1 August 2018	Member of a School Subcommittee Member of the TDAP Subcommittee Resigned 15 October 2018
David Ruebain	Chief Executive Officer	15 October 2018	Appointed 15 October 2018 Member of a School Subcommittee Member of the TDAP Subcommittee
Richard Cooper	Nominated governor	20 July 2011	Reappointed 12 November 2016 Member of the TDAP Subcommittee
Rosemary Boot	Independent governor	23 November 2011	Reappointed 22 November 2017 Resigned 21 November 2018
Alison Morris	Independent governor	24 November 2011	Reappointed 22 November 2017 Chair of Audit Committee. Member of a School Subcommittee
Emily Fletcher	Independent governor	18 July 2012	Reappointed 22 November 2017 Member of Nominations Committee Member of Remuneration Committee
Prof Jean Woodall	Independent governor	18 July 2012	Member of Audit Committee (until 21 November 2019)
Prof David Halton	Nominated governor	1 August 2014	Reappointed 12 November 2016 Chair of the TDAP Subcommittee
Julian Roskill	Independent governor	17 July 2013	Chair of the Remuneration Committee Member of Audit Committee. Member of the TDAP Subcommittee.
Dr Roderick Clayton	Independent governor	27 November 2013	Reappointed 12 November 2016 Member of Nominations Committee Member of Remuneration Committee Resigned 21 November 2018
Piers Butler	Independent governor	2 April 2014	
Tamas Wood	Nominated governor	9 June 2015	
Matthew Lloyd	Nominated governor	30 May 2017	
Elyssa Sena	Elected student governor	18 July 2018	
Dr Michelle Castelletti	Independent governor	18 July 2018	
Peter Dunleavy	Elected staff governor	21 February 2018	
Janice French	Independent governor	18 July 2018	Member of Finance Committee Member of Remuneration Committee Member of TDAP Subcommittee
Prof Martin Halliwell	Independent governor	18 July 2018	
Derek Hicks	Nominated governor	13 December 2017	
Lesley Payne	Independent governor	18 July 2018	Member of Nominations Committee Member of Remuneration Committee
Rabia Harrison	Independent Governor	21 February 2018	
Robert Jude	Independent Governor	22 July 2015	Reappointed 22 November 2017 Member of Audit Committee Chair of Finance Committee
Mindy Kilby	Independent Governor	3 December 2018	Member of Finance Committee
Rebecca Laschetti	Independent Governor	3 December 2018	
Brian Brodie	Nominated Governor	18 July 2018	

Name	Position	Date of appointment
Matthew Slater	Elected staff governor	21 February 2018

Qualifying third party indemnity provision is in force for the benefit of directors and officers of the Conservatoire.

4.3.2 Corporate governance and management

The Conservatoire is an independent private company limited by guarantee and a registered charity. It was incorporated on 28 February 2001 and entered into the Register of Charities on 27 January 2003. It was designated by secondary legislation pursuant to section 198 of the Education Reform Act 1988 as a higher education institution.

The Conservatoire's objects, powers and framework of governance are set out in the Articles of Association. The Articles of Association were amended by the Board of Governors at an Extraordinary General Meeting on 11 October 2017 and approved by the Privy Council on 7 December 2017. Amendments to the Articles reflect the principles established in the Members' Agreement, which was approved by resolution of the Board of Governors at a meeting on 11 October 2017.

Signatories to the Members' Agreement are the sole Corporate Members of the Conservatoire. In signing the Members' Agreement, each Member School has confirmed its commitment to:

- Help ensure that the Conservatoire retains Designated Institution status (and maximises its rating under TEF) and permits it to apply for taught degree awarding powers;
- Have a management structure that includes a Chief Executive Officer, Conservatoire Executive Committee, and senior management team;
- Agree to adopt enhanced mechanisms to monitor and review certain functions taking place in the schools for the purpose of complying with the regulatory guidance and criteria relating to designation for student funding and TDAPs; and
- Implement the Principles of Collaboration for the purpose of recording the revised terms and conditions of their involvement with the Conservatoire and regulating their relationship with each other and certain aspects of the affairs of and their dealings with the Conservatoire.

Having taken a decision to pursue their own recognition as independent higher education institutions, RADA and LAMDA have elected to not sign the Members' Agreement. Both schools have obtained independent registration with OfS and have resigned from the Conservatoire with effect from 31 July 2019.

Members of the Board of Governors are aware of their obligations as directors and charitable trustees. The Board was also aware of its obligations under the Office for Students' conditions of registration, to take into account any relevant guidance on accountability, probity or value for money issued from time to time. As an institution in receipt of public funding, 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). In 2017-18, the Board of Governors provided OfS with assurances on quality of the academic provision of the Conservatoire as part of HEFCE's revised process of Annual Provider Review and now continues to provide this information to the Office for Students as required.

The Board has complied with the guidance to institutions of higher education published by the Committee of University Chairs (CUC) in its *Guide for Members of Higher Education Governing Bodies in the UK* (2009). The Board of Governors is also aware of the obligations and guidance produced by the CUC in the Higher Education Code of Governance published December 2014 and revised February 2018.

A summary of the Board and its committees' responsibilities is given below.

The Conservatoire has in place systems and procedures for effective management and requires that the schools have similar systems and procedures. The relationship between the Conservatoire and each of the schools is governed by a financial memorandum and operating agreement and schools work to the Memorandum of Assurance and Accountability (July 2016, and as revised in July 2017, effective from 1 August 2017).

Board of Governors

The Board of Governors normally meets four times a year and comprises lay and academic members appointed in accordance with the Conservatoire's Articles of Association, as well as two elected staff members and one elected student member. There is a clear separation of roles between the non-executive chair and governors and the Conservatoire's executive function, which is led by the Chief Executive Officer. The role of Chief Executive Officer was constituted during 2017-18 and is encoded in the Articles of Association as amended in October 2017. It consolidates into one role the duties and executive responsibilities formerly divided between the two posts of Principal and Chief Operating Officer & Registrar. The Chief Executive Officer is the head of institution, manages the day-to-day operations of the Conservatoire, and has the role of Accountable Officer (see below). Since 1 August 2018, the role was held by Dr Nick Holland on an interim basis until David Ruebain took up post as the new Chief Executive Officer on 15 October 2018.

The Board approves the Conservatoire's long-term objectives and strategies and provides overall financial and organisational control. It has a number of committees, including a Finance Committee, an Audit Committee, a Nominations and Remunerations Committee and other ad hoc working groups as required from time to time. The Conservatoire also has in place a Senate that is responsible for overseeing the academic development of the Conservatoire and advising the governors. The Board of Governors has adopted and annually reviews a scheme of delegation, which states those responsibilities that the Board has delegated to its committees (or to its Chief Executive Officer) and those that the Board has retained. The responsibilities of the Board of Governors in preparing the annual reports and financial statements are set out on pages 29-30. It is serviced by the Clerk to the Board of Governors.

Senate

The senior academic body of the Conservatoire, the Senate is convened under the revised Articles of Association.

Senate continues to be chaired by a principal and comprises the principal of each constituent school, one further member nominated by each school, and three student representatives. There is also provision for two other nominated staff members and additional co-opted members.

Under its terms of reference, Senate is responsible for maintaining and assuring the academic standards and quality of the educational offer. It considers the development of the academic activities of the Conservatoire, including education, training and research, and the resources needed

to support them, and advises the CEO and the Board of Governors thereupon. It has oversight of the quality of learning and teaching within the Conservatoire and has a key role in enabling the Conservatoire and the schools meet the conditions of registration with the Office for Students.

In line with the OfS's revised framework for higher education regulation, in autumn 2018 the Senate presented to the Board of Governors a report and accompanying action plan relating to the continuous improvement of the student academic experience and student outcomes. This was approved by the Board as the basis for the provision of assurances to the OfS on the quality and standards of the Conservatoire's provision.

Senate has responsibility for defining, in consultation with the schools, the overall quality framework of the Conservatoire. Senate oversees the Conservatoire's learning, teaching and assessment strategy and monitors the learning, teaching and assessment strategies of the schools. Senate is also responsible for encouraging and facilitating collaboration between schools and for identifying and disseminating good practice in learning and teaching. The Senate has a number of sub-committees supporting its work. During 2018-19, these were the Learning Teaching and Quality Assurance Committee the Equality and Diversity Committee, the Widening Access and Success Committee, the Research and Ethics Committee, and the Student Advisory Committee. Established for the first time in 2017-18 as a formal committee, the Widening Access and Success Committee provides a formal place within the governance structure for matters relating to widening participation and success of underrepresented student groups, including the monitoring of the Conservatoire Widening Access and Success Strategy and of school plans.

Finance Committee

The Finance Committee comprises no fewer than three independent members of the Board of Governors. The Conservatoire's Articles of Association limit the membership of the Finance Committee to independent governors only. The Chief Executive Officer and the Finance Director are regular attendees at meetings of the Finance Committee, but are not members. During the 2018-19 financial year, the committee had four independent governors (including the chair) as members. The Conservatoire's Chief Executive Officer attended all meetings of Finance Committee.

The Finance 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 for approval to the Board of Governors the Conservatoire's annual revenue and expenditure budgets and monitors performance in relation to approved budgets. It also recommends for approval the annual financial statements to the Board of Governors, 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 conditions of registration with the Office for Students, and other applicable laws.

Audit Committee

The Audit Committee comprises a chair who is an independent member of the Board of Governors, and at least two further independent governors. Membership of the committee during 2018-19 included three independent governors with a range of skill sets including audit, legal, HR, and performing arts management. The committee met four times during 2018-19. The internal and external auditors of the Conservatoire (respectively Kingston City Group and BDO) are in attendance at these meetings.

The Audit 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 exercises a monitoring role over the internal control mechanisms of the Conservatoire schools. Through regular review of the risk register, the Audit Committee monitored risks, including those associated with OfS registration. The Audit Committee reviews the Conservatoire's annual financial statements, together with its accounting policies, and reviews the external auditor's plan and the results of their audit. The Audit Committee is also responsible for, and reports to the Board of Governors on, the Conservatoire's arrangements to ensure adequate internal control mechanisms, the adequacy and effectiveness of the management and quality assurance of data, value for money and risk management.

The Audit Committee approved a review of the external audit provision and conducted a tender for a new external auditor for the 2018-19 financial year audit. The tender process culminated in the appointment of BDO which was confirmed by the Board on 15 May 2019.

The Chief Executive Officer attends all meetings of the Audit Committee but is not a member of the committee. The committee meets with each of the external auditor and internal auditor on their own for independent discussions. This committee is serviced by the Clerk to the Board of Governors.

Nominations and Remunerations Committee (dissolved 21 November 2018)

A recommendation from the Nominations & Remuneration Committee regarding the dissolution of the Nominations & Remuneration Committee and the constitution of a Nominations Committee and a separate Remuneration Committee was agreed at the Board of Governors on 21 November 2018.

Nominations Committee (effective 21 November 2018)

This committee is chaired by the Chair of the Board of Governors. There are currently four independent governor members of the committee including the Chair.

The primary responsibility of the Nominations Committee is to oversee the nomination of independent governors, the effectiveness of committees and general governance matters.

The Nominations Committee meets as necessary and held two meetings in 2018-19. The committee is serviced by the Clerk to the Board of Governors.

Remunerations Committee (effective 21 November 2018)

The committee is chaired by the Senior Independent Governor (SIG). There are currently five independent governor members of the committee including the SIG and the Chair of the Board.

The primary responsibility of the Remuneration Committee is to oversee the determination of executive pay, performance monitoring, and related matters for the Conservatoire.

The Remunerations Committee meets as necessary and held one meeting in 2018-19. The committee is serviced by the Clerk to the Board of Governors.

Ad hoc committees/working groups

TDAP Subcommittee

The TDAP Subcommittee was established in February 2018 and met on three occasions during 2018-19. Its terms of reference are to assist the executive with securing TDAP. Its membership is two independent and two nominated governors (one of whom is chair) and the CEO. The sub-committee has scrutinised and supported the development of new work plans, building on the work already accomplished towards the achievement of TDAP.

Conservatoire Executive Committee (CEC)

The Conservatoire Executive Committee (CEC) comprises the Chief Executive Officer (as Chair of CEC) and the principals of the six Member schools. It provides the collective leadership for the Conservatoire and is supported by senior staff of the Conservatoire's Shared Services Team. The CEC meets monthly.

The CEO met weekly with other senior management team members as appropriate during the year.

4.3.3 Internal control and risk management

Going concern

Having assessed the strength of the Conservatoire's financial position, the Board of Governors has a reasonable expectation that the Conservatoire has adequate resources to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis in preparing the annual financial statements.

Risk management

Details of the principal risks and uncertainties facing the Conservatoire can be found in the strategic report at pages 15-17. The Board of Governors has considered the principal financial risks including credit risk, cash flow risk and liquidity risk and considers the Conservatoire's exposure to be low.

Statement of internal control

The Board of Governors is aware that OfS 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 OfS 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 2018 to the date of approval of these annual financial statements, the Conservatoire itself was fully compliant with OfS requirements.

In line with OfS guidelines incorporating the 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 the Conservatoire schools;
- appropriate quality assurance mechanisms to ensure the robustness of data provided to OfS 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 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 schools.

The Conservatoire's system of internal controls includes accountability for funds allocated to the schools under the terms of a financial memorandum and operating agreement between the Conservatoire and each of the schools. Key elements in discharging this responsibility are:

- ongoing monitoring of compliance with each financial memorandum and operating agreement, including regular reporting from Conservatoire schools on all aspects of activity including their own internal control mechanisms;
- external audit opinions within school statutory financial statements on the use of funds from the Conservatoire;
- noting comments made by schools' external auditor in their management letters;
- being informed of the results of internal audits performed at each school and seeking explanations where appropriate;
- schools' completion of an annual accountability return, and;
- 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. 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 ongoing 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 ongoing 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 school 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 that 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 by the Board of Governors to report at each Board meeting and provides updates on internal controls and alerts governors to any emerging issues; in addition, the Audit Committee oversees internal audit and external audit. The Audit Committee therefore provides advice to the Board on the effectiveness of the internal control system, including the Conservatoire'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 CEC within the institution, which comprises the principals of the constituent schools and the CEO;
- the work of the internal auditor, who operates to standards defined in the OfS 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.

4.4 Statement of 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 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 Accounting Standards and applicable law, including FRS 102. 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 governors 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 Office for Students for 2018-19 and the Statement of Recommended Practice: Accounting for Further and Higher Education (2015), 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 OfS and Research England are used only for the purposes for which they have been given and in accordance with the Terms and Conditions of Funding with the funding council and any other conditions that 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 (2014), known as the *CUC Governance Code of Practice*.

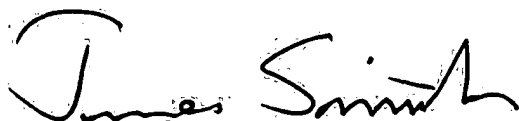
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director 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.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to reappoint BDO will be proposed at a forthcoming meeting of the Board of Governors.

Approved by the Board and signed on its behalf by:



James Smith CBE
Chair of the Board of Governors
The Conservatoire for Dance and Drama
The Energy Centre
Units 1 – 3
Bowling Green Walk
London N1 6AL

20 November 2019

5. Independent auditor's report to the members of the Conservatoire for Dance and Drama

Opinion

We have audited the financial statements of The Conservatoire for Dance and Drama ("the Conservatoire") for the year ended 31 July 2019 which comprise the income and expenditure, the Balance sheet, the Changes in reserves, the Cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Conservatoire's affairs as at 31 July 2019 and of the Conservatoire's income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Statement of Recommended Practice: Accounting for Further and Higher Education.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Conservatoire's ability to continue to

adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information, including the Review of the year; Strategic report for the year ended 31 July 2019; Achievements and performance during 2018-19; Financial review of the year ended 31 July 2019; Plans, Principal risks and uncertainties; Report of the Board of Governor; Nature of Conservatoire's Business; Charitable objectives and public benefit; Corporate governance and internal control; Statement of responsibilities of the Board of Governors, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the report of the board of governors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the report of the board of governors have been prepared in accordance with applicable legal requirements.

Opinion on other matters required by the Office for Students ("OfS") and Research England

In our opinion, in all material respects:

- Funds from whatever source administered by the Conservatoire for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation;
- Funds provided by the OfS and Research England have been applied in accordance with the Terms and Conditions of Funding and any other terms and conditions attached to them.
- The requirements of the OfS's accounts direction have been met.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Conservatoire and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the report of the board of governors.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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 branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of board members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

Responsibilities of the board of governors

As explained more fully in the statement of responsibilities of the board of governors set out on page 30, the board of governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

In addition, we also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University 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 Terms and Conditions of Funding with the OfS and Research England.

Use of our report

This report is made solely to the 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 board of governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Conservatoire and the board members as a body, for our audit work, for this report, or for the opinions we have formed.



Paula Willock (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
City Place
2 Beehive Ring Rd
Crawley
Gatwick
RH6 0PA

28 November 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

6. Financial Statements - Income and expenditure

THE CONSERVATOIRE FOR DANCE AND DRAMA STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 July 2019

	Note	2019 £000	2018 £000
Income			
Tuition fees	1	14,660	14,032
Funding body grants	2	8,313	7,382
Other Income	3	10	4
Total Income		22,983	21,418
Expenditure			
Allocations to schools	4	21,185	19,907
Conservatoire bursaries and scholarships	5	633	579
Staff costs	6	472	483
Other operating expenses	7	520	466
Total expenditure		22,810	21,435
Surplus/(Deficit) before taxation		173	(17)
Taxation		-	-
Surplus/(Deficit) for the year	12	173	(17)
Total Comprehensive Income/(Loss) for the Year		173	(17)
Represented by:			
Restricted income and expenditure for the year		42	-
Unrestricted income and expenditure for the year		131	(17)
		173	(17)

All items of income and expenditure relate to continuing activities.

7. Financial Statements - Balance sheet

THE CONSERVATOIRE FOR DANCE AND DRAMA

Company Number: 4170092

BALANCE SHEET

as at 31 July 2019

	Note	2019 £000	2018 £000
Non-current assets			
Fixed assets	8	<u>9</u>	<u>2</u>
Current assets			
Trade and Other Receivables	9	59	64
Cash and cash equivalents	10	<u>1,556</u>	<u>733</u>
		1,615	797
Less: Creditors: amounts falling due within one year	11	<u>762</u>	<u>110</u>
Net current assets		<u>853</u>	<u>687</u>
Total net assets		<u>862</u>	<u>689</u>
Restricted reserves			
Income and expenditure reserve - restricted reserve		101	59
Unrestricted reserves			
Income and expenditure reserve - unrestricted reserve		<u>761</u>	<u>630</u>
Total reserves	12	<u>862</u>	<u>689</u>

The notes and accounting policies on pages 39 to 46 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Governors on 20 November 2019 and signed on its behalf by:



James Smith CBE
Chair of the Board of Governors



David Ruebain
Chief Executive Officer and
Accountable Officer

8. Financial Statements - Changes in reserves

THE CONSERVATOIRE FOR DANCE AND DRAMA
STATEMENT OF CHANGES IN RESERVES
for the year ended 31 July 2019

	Income and expenditure reserve		Total
	Restricted	Unrestricted	
	£000	£000	£000
Balance at 1 August 2017	59	647	706
Surplus/(Deficit) from the statement of comprehensive Income	-	(17)	(17)
Balance at 31 July 2018	<u>59</u>	<u>630</u>	<u>689</u>
Balance at 1 August 2018	59	630	689
Surplus from the statement of comprehensive Income	42	131	173
Balance at 31 July 2019	<u>101</u>	<u>761</u>	<u>862</u>

9. Financial Statements - Cash flow statement

THE CONSERVATOIRE FOR DANCE AND DRAMA
CASH FLOW STATEMENT
for the year ended 31 July 2019

	Note	2019 £000	2018 £000
Cash flow from operating activities			
Surplus/(Deficit) for the year		173	(17)
Adjustment for non-cash items			
Depreciation	8	6	3
Decrease/(Increase) in debtors	9	6	(44)
Increase/(Decrease) in creditors	11	652	(61)
Adjustment for investing or financing activities			
Investment income	3	(10)	(4)
Net cash (outflow)/inflow from operating activities		827	(123)
Cash flows from investing activities			
Investment income	3	10	4
Payments made to acquire fixed assets	8	(14)	-
		(4)	4
Increase/(Decrease) in cash in the year		823	(119)
Cash and cash equivalents at the beginning of the year	10	733	852
Cash and cash equivalents at the end of the year	10	1,556	733

10. Statement of Principal Accounting Policies

THE CONSERVATOIRE FOR DANCE AND DRAMA
Statement of Principal Accounting Policies
for the year ended 31 July 2019

1 Basis of preparation

These financial statements have been prepared in accordance with the Companies Act 2006, the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS 102). The Conservatoire is a registered charity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention.

The financial statements comprise only the financial results of the Conservatoire and do not consolidate the financial results of the schools to which it provides funding but in respect of which it does not exercise management or financial control. Please refer to note 14 of the financial statements.

2 Income recognition

Income from the sale of goods or services is credited to the statement of comprehensive income when the services are supplied to the external customers or the terms of the contract have been satisfied.

Fee income is stated gross of any expenditure which is not a discount and credited to the statement of comprehensive income and expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced, by a fee waiver, income receivable is shown net of the waiver. Cash bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Investment income is credited to the statement of comprehensive income on a receivable basis.

Grant funding

Grant funding including funding council block grant, research grants from government sources, grants (including research grants) from non-government sources are recognised as income when the institution is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Capital grants

Capital grants are recognised in income when the institution is entitled to the funds subject to any performance related conditions being met.

3 Accounting for retirement benefits

The Conservatoire operates an automatic enrolment, defined contribution plan for eligible workers. Contributions to this pension plan are recognised as an expense in the statement of comprehensive income for the period during which services were rendered by employees.

4 Employment benefits

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

THE CONSERVATOIRE FOR DANCE AND DRAMA
Statement of Principal Accounting Policies (continued)
for the year ended 31 July 2019

5 Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

6 Fixed assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Equipment, including computers and software, costing less than £3,000 per individual item is recognised as expenditure. All other equipment is capitalised.

Capitalised equipment is stated at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. The rates of depreciation are as follows:

Computer equipment: 3 years

Other equipment: 5 years

7 Taxation

The Conservatoire is a registered charity. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010, and accordingly the Conservatoire is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The Conservatoire is not registered for Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

8 Allocations to schools

Allocations to schools comprise the allocations of funding council grant and tuition fee income in respect of the students jointly registered at a particular school.

Tuition fees are accounted for as income and equivalent expenditure to the respective school and described in further detail in note 1 to the financial statements.

Funding council grants received by the Conservatoire from OfS are distributed to the Conservatoire schools, with a small proportion applied towards Conservatoire shared operating costs.

9 Financial Instruments

The Conservatoire does not hold any non-basic financial instruments. The primary financial instruments are cash, receivables from debtors and payables to creditors. The recognition of trade debtors and trade creditors is at amortised cost.

Financial assets and financial liabilities are recognised when the Conservatoire becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

All financial assets and liabilities are initially measured at transaction price (including transaction costs).

THE CONSERVATOIRE FOR DANCE AND DRAMA
Statement of Principal Accounting Policies (continued)
for the year ended 31 July 2019

9 Financial Instruments (continued)

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Conservatoire intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

10 Critical judgements and key sources of estimation

The Conservatoire does not rely on any significant judgements or key sources of estimation uncertainty in the preparation of its financial statements.

11 Going Concern

The Conservatoire has used the going concern basis of accounting in the preparation of its financial statements. The Conservatoire has no material uncertainties to disclose in its financial statements which may cast significant doubt about the Conservatoire's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are approved.

11. Notes to the financial statements

THE CONSERVATOIRE FOR DANCE AND DRAMA NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 July 2019

1 Tuition fees and education contracts

	2019	2018
	£000	£000
Home and EU students	9,561	9,145
International students	5,099	4,887
	<u>14,660</u>	<u>14,032</u>

Fees for students are accounted for by the Conservatoire as income and equivalent expenditure, and are charged under the fees arrangements introduced in 2006-07. For 2018-19, rates were £9,250 for new home/EU undergraduates, £9,000 for students entering in 2017-18 and £9,000 for earlier years. Fees are collected from individual students, partly by individual Conservatoire schools under licence from the Conservatoire and partly by the Conservatoire itself, which collects the fees paid by loan finance from the Student Loan Company.

2 Funding Body grants

	2019	2018
	£000	£000
GRANTS		
HEFCE Recurrent grants	-	4,108
OfS Recurrent grants	5,144	1,320
Selective initiatives	1,399	1,282
Capital grants received	1,769	672
	<u>8,313</u>	<u>7,382</u>

3 Other income

	2019	2018
	£000	£000
Interest Receivable	10	4
	<u>10</u>	<u>4</u>

4 Allocations to schools & other HEIs

	2019	2018
	£000	£000
Allocations to Conservatoire schools		
London Contemporary Dance School	2,559	2,372
Royal Academy of Dramatic Art	2,635	2,791
Bristol Old Vic Theatre School	2,391	2,392
Northern School of Contemporary Dance	2,677	2,560
National Centre for Circus Arts	946	950
Central School of Ballet	2,000	1,816
LAMDA	4,606	4,543
Rambert School of Ballet and Contemporary Dance	2,013	2,094
	<u>19,827</u>	<u>19,518</u>
Other - University of Derby	-	16
	<u>19,827</u>	<u>19,534</u>
Catalyst Fund allocations		
Capital funds disbursed to other HEIs	1,358	373
	<u>21,185</u>	<u>19,907</u>

THE CONSERVATOIRE FOR DANCE AND DRAMA

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 July 2019

4	Allocations to schools & other HEIs (continued)	2019 £000	2018 £000
	Recurrent grant from HEFCE	-	3,594
	Specific grants from HEFCE	-	1,245
	Recurrent grant from OFS	4,240	899
	Specific grants from Research England	1,554	335
	Grants received on behalf of other HEIs	1,358	373
	Tuition fees - UK and EU students	9,561	9,145
	Tuition fees - overseas students	5,099	4,887
	Conservatoire Scholarship Scheme contributions from fees	(627)	(571)
		<u>21,185</u>	<u>19,907</u>

As described in note 14, the Conservatoire schools are related parties. The 2018-19 fees are stated net of £503,651 fee waivers from all sources (2017-18: £279,601) under the Conservatoire Scholarship Scheme, and net of contributions towards Conservatoire Scholarship Scheme cash scholarships.

The Conservatoire is the lead and accountable body for an OFS Catalyst Fund project with the Royal Academy of Music and the Royal College of Music, both of which are higher education institutions outside of the Conservatoire group of schools.

The Conservatoire is responsible for managing the allocation of capital grants on behalf of the consortium. This involves the receipt of capital funding from OFS on behalf of two external partners as well as the four Conservatoire schools that are participating in the project (BOVTS, CSB, LAMDA and RADA).

During the year, the Conservatoire received from OFS a £806,200 capital allocation (2017-18: £354,706) on behalf of the Royal Academy of Music, which was transferred to RAM, £551,794 (2017-18: ENII) on behalf of the Royal College of Music, which was transferred to RCM and £197,000 (2017-18: ENII) to the Central School of Ballet, which was transferred to CSB. An additional £88,650 received from OFS during the year is held in restricted reserves and can only be utilised on the Virtual Conservatoire project.

5	Conservatoire bursaries and scholarships	2019 £000	2018 £000
	Provision of bursaries	5	4
	Conservatoire Scholarship Scheme	628	575
		<u>633</u>	<u>579</u>

In 2018-19 the Conservatoire continued to offer financial support to home/EU students paying fees under the new fees regime through its Conservatoire Scholarship scheme, as part of its package of responsibilities under the Access Agreement monitored by the Office for Students (OFS).

Under the Conservatoire scholarship scheme, schools provided £628,000 (2016-17: £575,000) funding to students, net of £7,000 Conservatoire Scholarship Scheme fee waivers (2017-18: £47,000).

The Conservatoire continues to offer bursaries for students that are care leavers or estranged from their families. Total bursary disbursements were £5,000 in 2018-19 (2017-18: £4,000).

THE CONSERVATOIRE FOR DANCE AND DRAMA

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 July 2019

6 Staff costs

The staff headcount for the financial year was as follows:

	2019	2018
At 1 August	12	13
Joiners	4	3
Leavers	(4)	(4)
At 31 July	12	12

The full time equivalent of staff employed at 31 July 2019 was 10 (2018: 8).

	2019 £000	2018 £000
Direct salary costs	424	435
Social security costs	39	39
Other direct staff costs	9	9
Total staff costs	472	483

During 2018-19 the Acting Chief Executive and Chief Executive were employed by CDD and were not employees of a school so no payments were made to a school in respect of this.

No remuneration was paid to any governor. No payment was made to any governor or to any party connected to a governor, other than to schools, for services provided. The acting CEO claimed £323 and the CEO claimed £1,667 of travel expenses during the year. Governors claimed £855 travel expenses for journeys to board meetings (2017-18: £1,742). The Conservatoire has in place directors' and officers' insurance.

In 2018-19 no member of staff was paid more than £100,000 per annum.

Key Management Personnel staff costs

Staff costs include compensation paid to key management personnel consisting of salary and benefits, including any employer's pension contribution. In 2018-19 total staff costs of key management personnel at the Conservatoire was £194,807 (2017-18: £224,839). Key management personnel are members of the Senior Management Team having authority and responsibility for planning, directing and controlling the activities of the University.

Payment to the Principal (Acting) / Chief Executive Officer (in 2017/18 Chief Operating Officer)	1 Aug 2018 - 14 Oct 2018	14 Oct 2018 - 31 Jul 2019	2018
	£	£	£
Salary	25,367	63,962	87,402
Pension	1,164	1,537	2,622
Total remuneration	26,531	65,499	90,024

In 2017-18 the Chief Operating Officer post was replaced by the Chief Executive Officer. The payment to 14 October 2018 includes a back payment of £4,632 salary and £542 pension to the outgoing Chief Executive, who left 31 July 2018. The Conservatoire then appointed the Academic Registrar as Acting Chief Executive in the interim period 1 August 2018 - 14 October 2018. The current Chief Executive was then appointed on 15 October 2018.

The pay of the Chief Executive is justified by the context of the institution, which is a small and specialist higher education provider operating solely in the field of the performing arts. The performance of the Chief Executive Officer is subject to appraisal by the Chair of the Board of Governors in consultation with the Conservatoire's Nominations & Remuneration Committee.

There have been no non-taxable or taxable benefits paid to the Chief Executive Officer in the year other than those that are for the reimbursement of business travel and other business expenses. These are claimed in line with the Conservatoire's staff expenses policy.

The ratio of the Chief Executive basic salary of £88,500 to the median of all staff is 2.71:1. (2017-18: 2.99:1)

The median basic salary of all staff is calculated on a full-time equivalent basis for the salary paid by the provider to its staff.

The ratio of the Chief Executive Officer's total remuneration to the median of the total remuneration of all staff is 2.71:1. (2017-18: 2.99:1).

THE CONSERVATOIRE FOR DANCE AND DRAMA

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 July 2019

7	Other operating expenses	Note	2019 £000	2018 £000
	Educational project costs		40	55
	Office expenses		137	122
	Operating lease payments (see note 13)		47	49
	Premises		30	16
	Subscriptions		71	62
	Consultants		136	113
	Legal Fees		27	16
	Other staffing costs		2	5
	Fees payable to the company's auditor for the audit of the company's financial statements		21	21
	Communications		2	3
	Depreciation		6	3
	Bank charges		1	1
			<u>520</u>	<u>466</u>

Included in the Office Expenses Costs, are the Internal Auditors Costs of £66k for the year (2018: 67k)

8	Fixed assets	Fixtures & fittings £000	Computer equipment £000	Total £000
	At cost			
	At 1 August 2018	20	19	39
	Additions during the year	4	10	14
	Disposals during the year	(20)	(19)	(39)
	At 31 July 2019	<u>4</u>	<u>10</u>	<u>14</u>
	Depreciation			
	At 1 August 2018	20	17	37
	Disposals during the year	(20)	(17)	(37)
	Charge for the year	2	3	5
	At 31 July 2019	<u>2</u>	<u>3</u>	<u>5</u>
	Net book value			
	At 31 July 2019	<u>2</u>	<u>7</u>	<u>9</u>
	At 31 July 2018	<u>-</u>	<u>2</u>	<u>2</u>
9	Trade and Other Receivables		2019 £000	2018 £000
	Prepayments		46	31
	Other debtors		<u>13</u>	<u>33</u>
			<u>59</u>	<u>64</u>
10	Cash and cash equivalents		2019 £000	2018 £000
	Cash at Bank		<u>1,556</u>	<u>733</u>
			<u>1,556</u>	<u>733</u>
11	Creditors: amounts falling due within one year		2019 £000	2018 £000
	Trade creditors		83	25
	Social security and taxation		12	12
	Other creditors		577	21
	Accruals		<u>91</u>	<u>52</u>
			<u>762</u>	<u>110</u>

THE CONSERVATOIRE FOR DANCE AND DRAMA
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 July 2019

12	Capital and reserves	2019	2018
		£000	£000
	Income and expenditure account		
	At 1 August	689	706
	Deficit for the year	173	(17)
	At 31 July	862	689

The Conservatoire is a company limited by guarantee and does not have share capital. Each member gives a guarantee to contribute a sum, not exceeding £1, to the company should it be wound up. At 31 July 2019 the company had 6 members (2018: 6) which were schools of the Conservatoire.

13	Lease obligations		
	Future minimum land and buildings lease payments under non-cancellable operating leases were as follows:	2019	2018
		£000	£000
	Within one year	56	49
	Total	56	49

- 14 Application of OIS funding - Related party transactions
- Funding is received by the Conservatoire from OIS and Research England, and it distributes higher education funding to the Conservatoire schools. The Conservatoire applies a small proportion of the funding towards its own operating costs. The Conservatoire schools 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 Conservatoire schools.

The Conservatoire Financial Statements do not report on the application by the Conservatoire schools of OIS or Research England funds distributed to them. In addition, the Conservatoire makes payments to the Conservatoire schools in respect of their employees and support arrangements.

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

	2019	2018
	£000	£000
Higher Education grants - HEFCE	-	4,839
Higher Education grants - OIS	4,240	899
Higher Education grants - Research England	1,554	335
Other payments in respect of staff, services etc.:		
London Contemporary Dance School	-	1
Royal Academy of Dramatic Art	-	2
Bristol Old Vic Theatre School	5	20
Northern School of Contemporary Dance	20	21
National Centre for Circus Arts	-	3
Central School of Ballet	-	1
LAMDA	-	2
Rambert School of Ballet and Contemporary Dance	-	-
	5,819	6,123

As at 31 July 2019 there are £9,457 of inter-company balances, of which £4,964 is due to Northern School of Contemporary Dance and £4,493 is due to Bristol Old Vic Theatre School.

- 15 Post balance sheet events

On 4 November 2019 the Northern School of Contemporary Dance gave formal notice of their resignation from the Conservatoire. Under the terms of the members agreement they are required to give four years notice following the initial membership and they will leave with effect from 31 July 2023.

- 16 Registered office

The Conservatoire for Dance and Drama is a company limited by guarantee and registered charity, incorporated in England and Wales. Its registered office and principal place of business is The Energy Centre, Units 1-3, Bowling Green Walk, London N1 6AL.