



# **LEEDS CONSERVATOIRE**

**A COMPANY LIMITED BY GUARANTEE  
(COMPANY NUMBER 7596410)**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 JULY 2022**

### **KEY MANAGEMENT PERSONNEL**

Key management personnel are defined as members of the conservatoire's executive leadership team and were represented by the following in 2021/22:

Professor Joe Wilson	Principal (and Accountable Officer)
Patsy Gilbert	Vice Principal
Eleanor Moore	Director of Quality and Student Experience
Anna Keogh	Director of Marketing and Student Recruitment

### **BOARD OF DIRECTORS**

A full list of Directors is given on pages 15 and 16 of these financial statements. Ms Melanie Halstead acted as Director of Governance throughout this period.

### **PROFESSIONAL ADVISORS**

#### **EXTERNAL AUDITOR**

Mazars LLP  
Park View House  
58 The Ropewalk  
Nottingham  
NG1 5DW

#### **INTERNAL AUDITOR**

RSM  
2 Wellington Place  
Leeds  
LS1 4AP

#### **BANKERS**

Santander  
1-2 Triton Square  
Regents Place  
London  
NW1 3AN

#### **SOLICITORS**

Eversheds LLP  
Bridgewater Place  
Water Lane  
Leeds  
LS11 5DR

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The Directors present their report and the audited financial statements for the year ended 31 July 2022.

### **Legal status**

The company was incorporated on 7 April 2011 as a wholly owned subsidiary undertaking of Luminate Education Group Corporation (The Corporation). The company is an exempt charity for the purposes of the Charities Act 2011.

The institution was designated by statutory instrument on 22 June 2018 as an institution eligible to receive funding from the Office for Students. On 11 August 2020, Leeds College of Music changed its name to become known as Leeds Conservatoire.

### **Vision, mission and values**

At the end of 2022 we began consultation with the Leeds Conservatoire Board, Student Union, and other significant stakeholders on a new strategic plan. In this we outlined that we believe

- That the wellbeing of our students and staff is integral to all our activity.
- In supporting students to be the best artists, performers, or entrepreneurs they possibly can be.
- That higher education is about students realise their own identity and graduate as individuals ready to make healthy, positive choices about their next steps.
- In vocations, not just 'jobs'.
- In supporting students who will create what the music, theatre or performing arts industries will become, not preparing them for the one that exists.
- In seeing students as whole people, not 'just' as students or artists.
- That everyone has the right to work and study in an environment which doesn't discriminate through cultural, economic or social differences.
- Difference is to be acknowledged and celebrated and students and staff should feel able to be their true and authentic selves in what they learn, study and teach.
- In social purpose and investing in our community.
- That the whole of Leeds as our campus – we support and respect our region and will work to be an integral part of its growth and success.
- We produce successful graduates, world class in their respective fields.

Our beliefs are supported by the following strategic aims

- Equity
- Academic Community
- Sustainability

### **Public Benefit**

Leeds Conservatoire is an exempt charity under Part 3 of the Charities Act 2011 regulated by the Secretary of State for Education through the Office for Students. The directors of the Board, who are trustees of the charity, are disclosed on pages 15 and 16.

In setting and reviewing the conservatoire's strategic objectives below, the board has had due

regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its mission, the conservatoire provides the following identifiable public benefits through the advancement of education:

- High quality teaching
- Widening participation and aspiration to Higher Education
- Excellent employment for students
- Strong student support systems
- Links with employers, industry and commerce.

### **Implementation of strategic plan**

2021/22 was the second year of our interim Strategic Plan 2020–22. Our priorities for this period were:

1. Delivering an exceptional learning experience
2. Ensuring the safety and wellbeing of our community
3. Making sure we are sustainable for the long term

The Leeds Conservatoire executive and the conservatoire board monitored progress against these priorities regularly through a set of key performance indicators (KPIs).

#### **Strategic aim 1: Delivering an exceptional learning experience**

Our National Student Survey results showed increased satisfaction in most areas. Learning Resources, Learning Community and Overall Satisfaction had the most significant rise in agreement, each increasing by at least 10 percentage points; Overall Satisfaction rose to 80%. Other key areas of improvement were in 'Teaching on my course', 'Learning opportunities' 'Academic support' and 'Organisation & management'. Satisfaction with assessment & feedback and Student Voice fell, but not significantly.

The majority of our Access and Participation work continued to be in collaboration with Go Higher West Yorkshire and the Uni Connect project. We also co-founded a network of Widening Participation professionals from across the UK's conservatoires, drama schools and dance institutions, and introduced Leeds Conservatoire Futures, a three-year scheme to raise aspiration and attainment in performing arts.

We provided financial support to Leeds Junior Conservatoire students to support them with the costs of study. Those in most financial need received full bursaries and support with travel costs and equipment. We continued to work closely in citywide partnerships with Leeds Music Education Partnership (LMEP) and are represented in two of their working groups on inclusion and progression.

#### **Strategic aim 2: Ensuring the safety and wellbeing of our community**

Higher Education, Junior Leeds Conservatoire and Yorkshire Young Musicians students returned to

face to face teaching at all conservatoire locations following the pandemic, and we reopened our facilities to partners including the Leeds International Piano Competition.

We continued to provide a range of support services to students, including disability, mental health and wellbeing support, and we expanded our staff wellbeing services in collaboration with the Luminate Education Group.

Our Covid-19 risk assessment was reviewed and updated throughout the year in response to changing circumstances and government guidance. Following the relaxation of government guidance, we have retained some of the health and safety mitigations that were introduced during the pandemic, to promote general health and wellbeing in the conservatoire community.

**Strategic aim 3:** Making sure we are sustainable for the long term

Financial performance for the year has been strong, with the budgeted operating surplus achieved at the year end. Commercial income has not fully recovered to the pre-pandemic position as a result of some of the restrictions that were in place at points during the last year.

Our teaching accommodation expanded during the year to include new temporary performing arts studio spaces at the Luminate Education Group Mabgate site, mitigating the strategic risk that a lack of estates capacity might limit our recruitment and delivery.

Student recruitment remained strong, despite applications being marginally lower this year (a 1.3% drop).

A project is in progress to review and redevelop the whole conservatoire curriculum for 2025 entry, ensuring our programmes are future-focused and to support our application for Degree Awarding Powers (DAPs). We have delayed our application slightly as a result of changes to the Office for Students Designated Quality Body arrangements, and now expect to apply in Spring 2023.

Staff development during this period has focused on the curriculum development project. The curriculum development project aims to be inclusive and key stakeholders from around the conservatoire have been invited to take part in discussions and have had opportunities to present connected initiatives, for example, representatives from, Student Recruitment, Learning Enhancement, Registry, Events and Leeds Junior Conservatoire.

Alongside the review of the curriculum offer and application for DAPs, we are refreshing the conservatoire brand, focusing on unique aspects of Leeds Conservatoire such as accessibility and opportunities for internal and external collaboration.

**Financial objectives**

The financial objectives adopted by the conservatoire should be read in the context of the strategic plan to achieve growth in Higher Education (HE) numbers and funding. The financial objectives underpinning the financial plans are that in the long term we will achieve earnings before interest, taxation, depreciation and amortisation (EBITDA) in the region of 8-12%, allowing the conservatoire to generate positive operating cash flows to enable continued investment in resources. All of our departments will manage their work to agreed budgets and forecasts for each academic year. We will achieve annual student number targets for recruitment and retention, with input from academic

and professional support departments.

### **Financial results**

The conservatoire generated a deficit before other gains and losses of £2,241k during the year ended 31 July 2022 (2020/21: deficit of £790k), with total income of £15,550k (2020/21: total income of £15,009k).

At an operational level, the conservatoire's financial position for the year has been strong, with year on year increases in tuition fee income for HE. Once new courses within the curriculum reach maturity, with the other plans, it will ensure the continuing viability and sustainability of the conservatoire's specialist operations.

The conservatoire's deficit for the year of £2,241k (2020/21: deficit of £790k) is after deducting the following items below:

- FRS102 pension costs being the difference between the estimated liability charge to the conservatoire and that paid by the conservatoire in employer contributions of £864k (2020/21: £772k), recorded in staff costs.
- Net interest of £281k (2020/21: £248k) on the conservatoire's liabilities within the West Yorkshire Pension Fund, reported within Interest and other finance costs.

An actuarial gain of £14,876k (2020/21: £3,249k) on the pension scheme meant total comprehensive income was £12,635k (2020/21: £2,459k) in surplus in the year.

Further details of the pension costs are set out in Note 16 to these accounts.

The current funding regime for higher education students provides the conservatoire with the opportunity to pursue growth in its core business through increased student numbers. The key to improving financial health will be for the institution to improve the current cost profile of its new curriculum whilst maintaining the quality of provision and support necessary to both attract further growth over future years and retain existing enrolled students.

The financial performance in 2021/22 was strong, with an EBITDA surplus (before allowing for FRS102 pension adjustments) generated inline with the budgeted position contributing towards the long-term viability of the conservatoire's demonstrating an improving operating model through continued student growth and capital investment necessary to accommodate this growth. Student recruitment in 2021 was solid and retention of students was solid throughout the year. In addition, pay and operating costs were carefully controlled whilst ensuring that appropriate resources were available to support the level of students recruited.

In common with all HE Institutions the conservatoire's principal source of funding has shifted from grants to fees. We continue to seek diversification of income in the future, with our development and events teams making good progress in this area.

### **Balance Sheet**

The conservatoire has £13,571k of net assets (before providing for a £4,469k defined benefit

pension liability, provisions of £496k and long-term debt of £1,500k).

### **Treasury policies and objectives**

Treasury management is the management of the conservatoire's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. As part of the group, the cash position is managed as part of a group treasury function. The Principal does not have any authority to enter into borrowing on behalf of the conservatoire.

### **Liquidity**

The conservatoire's balance sheet reports an inter-company balance with Luminate Education Group of £3.2 million, representing the conservatoire's cash reserves. This is sufficient to meet the on-going working capital and investment needs of the operation.

### **Post-balance sheet (non-adjusting) events**

There are no significant post balance sheets events this year.

### **Going concern**

The activities of the conservatoire together with the factors likely to affect its future development and performance are set out in the Directors' Report and Strategic Report. The financial position of the conservatoire, its cash flow, liquidity and borrowings are described in the financial statements and accompanying notes.

The financial statements have been prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

After reviewing these forecasts, the directors are of the opinion that, taking account of severe but plausible downsides, including the potential continued impact of Covid-19, the conservatoire will have sufficient funds, through funding from its immediate parent (Luminate Education Group) to meet its liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

The conservatoire is the wholly owned subsidiary of the Corporation of Luminate Education Group. As part of the Luminate Education Group, the conservatoire participates in a group treasury arrangement whereby the working capital fluctuations of the conservatoire are supported by the group treasury function. The conservatoire has no other form of borrowing open to it. As such for the conservatoire to continue to trade as a going concern the group needs to provide assurance it can continue to support the working capital requirements of the conservatoire going forward.

Luminate Education Group continues to support the conservatoire on an ongoing basis. The entities have a shared purpose, vision and aligned strategic objectives. Luminate Education Group sees the conservatoire as an important part of the group through its delivery of HE courses and integral to the ongoing development of the group brand. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no

reason to believe that it will not do so.

Due to the seasonal profile of funding within the further and higher education sectors, the group has previously made use of an overdraft to cover working capital requirements for the period of January to May, when the main Higher Education (HE) funding is received. The cash balances of the group have improved recently as a result of strong financial performance, completion of the sale of the Horsforth site and the refinancing of the previous arrangements that were in place for long term debt and working capital. The group also has a revolving credit facility to support planned capital investment. When the revolving credit facility was entered into with Santander the bank assessed the group's ability to continue to meet its loan covenants against the group's forecasted financial performance.

Based on these indications the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

### **Stakeholder Relationships**

In line with other institutions, we have many stakeholders. These include:

- Students
- Education sector funding bodies
- Staff
- Local employers (with specific links)
- Local authorities
- The local community
- Other HE and FE institutions
- Trade unions
- Professional bodies
- Government Offices
- Validating Partner (University of Hull)

### **Equality and diversity**

Leeds Conservatoire is committed to valuing diversity and promoting equality and inclusion. We seek to maximise the potential of our staff and students, be responsive to new ideas, and equip our students for life in a multicultural and diverse society.

#### Our Commitment

Leeds Conservatoire values the rich social and cultural diversity in which it operates and is committed to:

- promoting equality
- promoting social cohesion and building community links
- respecting the dignity of all people who visit, study and work at the conservatoire
- providing conditions which encourage everyone to participate, progress and achieve in their learning

- actively challenging unacceptable actions and behaviours such as harassment, or bullying

Commitments to equality will be applied irrespective of:

- age
- disability
- gender and gender reassignment
- marriage and civil partnership
- neurodiversity
- pregnancy and maternity /paternity
- race
- religion or belief
- sex
- sexual orientation

These commitments are championed by the Equality, Diversity and Inclusion Committee and actively considered when producing or reviewing the conservatoire policies and procedures. The conservatoire's EDI Action Plan incorporates actions to achieve and embed these commitments and explains how the conservatoire will implement them. EDI reports and actions are published on our website: <https://www.lcm.ac.uk/about-us/corporate/equality-diversity/>

### **Disability support**

The conservatoire has a well-established Disability Support team as part of its Student Services offer to prospective and current students. Prospective students are supported by the Disability Support team through audition or interview as needed.

The team includes Disability Advisers, Study Skills tutors and a Specialist Mentor who offer support to DSA funded students as well as those students studying at the conservatoire who would benefit from ad-hoc support.

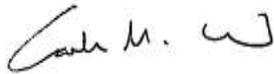
This may take the form of support such as the provision of assistive technologies, specialist equipment, mentoring, and training for academic staff to ensure learning and teaching materials are fully accessible, lecture notes being made available in advance of lectures, extra exam time, audio recording of classes and a lecture capture system, Panopto.

The staff in the Disability Support team also work closely with the Health and Wellbeing team thus ensuring that, for example, tailored mental health support is available to students who would benefit from it.

**Disclosure of information to auditors**

The Directors who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the conservatoire's auditors are unaware. Each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by order of the Board of Directors and signed on its behalf on 9 March 2023 by:



**Carolyn Lord**  
Chair of the Board of Directors  
Leeds Conservatoire  
3 Quarry Hill  
Leeds  
LS2 7PD

The conservatoire had a successful year to 31 July 2022, and significant progress was made against the strategic plan.

### **Student numbers**

In total, 1,496 HE students were enrolled at the Conservatoire (on the 1<sup>st</sup> of November 2021) in 2021/22

### **Curriculum developments**

The BA (Hons) in Musical Theatre commenced in September 2019 and now has its third cohort in bespoke facilities on Quarry Hill totalling 1,300 square metres. These facilities also house degrees in Acting and Actor Musician which launched with their first cohorts in September 2020 with full cohorts, and a suite of performing arts MAs is planned to commence in September 2023.

### **Key Performance Indicators**

#### **Academic profile**

The percentage of BA (Hons) students graduating in 2022 who achieved a 2.1 or higher was 83%, lower than the previous year's figure of 91%.

#### **Student satisfaction**

Results from the 2022 National Student Survey, showed Leeds Conservatoire's Overall Satisfaction is at 80%, an increase of 11 percentage points from the previous year and significantly higher than sector benchmarks.

#### **Future prospects**

Looking ahead the future of the conservatoire remains positive if challenging. Increased competition within the HE sector and a reduction of potential students entering the sector means that sustaining and improving market position requires investment in facilities, review of curriculum delivery and growth into new markets.

A robust market position has been strengthened by formal agreements with the nationally recognised arts and music organisations, increased feeder school and open day activities and the removal of audition fees. These actions, alongside exemplary facilities has positioned the conservatoire to be able to maintain its market share.

#### **Environmental matters**

A key strategic objective for the conservatoire is to continue to operate sustainably and to have regard for the environment through carbon reduction measures and a range of sustainability initiatives. The conservatoire is part of the carbon management programme endorsed by the Carbon Trust. The conservatoire also now shares the same suppliers for energy, waste management and mechanical maintenance within the wider Luminare Education Group. A sustainability group monitors performance against our sustainability strategy.

### **People and Resources**

The staff headcount of the conservatoire as an average for the year was 389, and the full-time equivalent was 124. The conservatoire's staff are a significant resource with many having national and international profiles in their field.

Tangible resources include the conservatoire's main building, with specialist facilities including recording studios, performance and rehearsal spaces, musical instruments and equipment. The other parts of the estate include a bespoke music library building, which opened in 2017, and the specialist performing arts teaching spaces, which opened in 2019.

### **Payment performance**

The Late Payment of Commercial Debts (Interest) Act 1998 requires companies, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. During the accounting year ended 31 July 2022 the conservatoire paid 96% (prior year 94%) of its invoices within 30 days. No interest charges were incurred in respect of late payment for this period.

### **Trade Union facility**

As part of the Trade Union Act 2016, we are required to publish information on trade union facility time. This information is for 1st April 2021 to 31st March 2022. Three employees with a full-time equivalent employee number of 2.00 spent 0.2% of their time providing this facility. The cost of providing this facility was £194, representing 0% of the total pay bill for the conservatoire during this period. The time spent on paid trade union activities as a percentage of total paid facility time was 0.2%.

### **Principle Risks and Uncertainties**

The conservatoire has identified a number of key strategic risks that affect the whole institution and manages these in accordance with the Luminate Education Group Risk Management Policy. The Principal has responsibility for the strategic risk register, overseen by the Audit Committee and the Board of Directors. The Audit Committee use risk reports on a regular basis and link them to the work of both internal and external auditors to enable them to comment upon the adequacy of the process. The Luminate Education Group's internal auditors use the risks to inform their prospective work plan so that the plan is focused upon the key risks facing the conservatoire.

The uncertain political climate around the future of government policy on post-18 education is further exacerbated by delays in the planned Spending Review and further consideration of the Augar Review. While current scenario and contingency planning is dominated by recovery from the pandemic, the conservatoire remains alert to developments in government policy and its potential impact on future HE tuition fees. The 'value' of creative arts education in terms of graduate outcomes and earnings is still under discussion as part of a number of consultations on Office for Students regulation, and potential impacts on our future planning are captured in the strategic risk register.

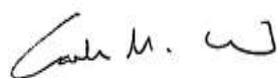
### Principal Risks and Uncertainties (continued)

We have identified the principal risks below:

- *Lack of estates capacity limits our student recruitment and course delivery.* We aim to offer students an exceptional learning experience in exemplary facilities, and growing student numbers continue to exert pressure on the space available. Our Estates Strategy runs to 2022, and a review of increased teaching accommodation needs for performing arts growth has commenced.
- *Failure to maintain our market position against competitors.* Our market position is strong, but our competitors' own strategies may lessen our ability to operate sustainably. We have several strategies in place to secure our provision, including applying for Taught Degree Awarding Powers which will enable us to review and expand our curriculum more quickly in response to changing market conditions. We are building feeder school relationships, increasing open day activity (online as well as in person) and improving our digital presence to reflect our expanding curriculum. We have also removed audition fees, to make sure that applicants from all backgrounds can access our provision without being deterred on cost grounds.
- *Financial sustainability.* We have invested significantly in our facilities in recent years, to protect our market share and improve the student experience. We need to maintain the financial flexibility to accommodate further annual capital investment. With the support of the Luminate Education Group we have implemented a more detailed and rigorous approach to business planning, financial forecasting and scenario planning. The current five-year financial forecast aims to strengthen the underlying financial performance of the conservatoire and grow cash generation.

We made significant progress against many of these during the year and whilst the risk levels with planned mitigation are judged acceptable, close monitoring of them is nevertheless actively maintained.

Approved by order of the Board of Directors and signed on its behalf on 9 March 2023 by:



**Carolyn Lord**

Chair of the Board of Directors  
Leeds Conservatoire  
3 Quarry Hill  
Leeds  
LS2 7PD

The following statement is based on Office for Students (OfS) guidelines and reflects the conservatoire’s regard for the Higher Education Code of Governance (‘the Code’) published by the Committee of University Chairs (CUC). The conservatoire conducts its business in accordance with accepted standards of behaviour in public life (the ‘Nolan Principles’) which embrace selflessness, integrity, objectivity, accountability, openness, honesty and leadership. Each year board members sign a register of interests and routinely declare any interests in relation to any matters under discussion at meetings.

This statement is provided to enable readers of the annual report and financial statements of the conservatoire to obtain a better understanding of its governance and legal structure. It covers the period from 1 August 2021 to 31 July 2022 and up to the date of the approval of the annual report and financial statements.

The conservatoire is committed to exhibiting best practise in all aspects of corporate governance and, in the opinion of the Board of Directors, it complied with the provisions of the Code throughout the period ended 31 July 2022. A full review of compliance against the Code was carried out in 2018 and, at its meeting held in October 2020, the Board adopted the updated Higher Education Code of Governance (‘the updated Code’) published by the CUC in September 2020. A further review of compliance against the updated Code is underway.

Leeds Conservatoire is a company limited by guarantee and is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Board of Directors, who are also the Trustees for the purposes of the Charities Act 2011, confirm that they have due regard for the Charity Commission’s guidance on public benefit and that the required statements appear elsewhere in these financial statements.

### The Board of Directors

The following persons served on the Board of Directors during the year and up to the date of signature of this report. They served as Directors for the purposes of the Companies Act 2006 and as Trustees for the purposes of the Charities Act 2011.

<b>Name and status</b>	<b>Date of most recent Appointment</b>	<b>Term of Office</b>	<b>Date of Resignation</b>	<b>Attendance at board meetings during 2021/22</b>
<b>Joe Allen</b> – President of The Leeds Conservatoire Students’ Union	1 <sup>st</sup> Aug 2021	Ex officio	31 <sup>st</sup> Aug 2022	4 out of 4
<b>Colin Booth OBE</b> - Luminate Education Group CEO	1 <sup>st</sup> Oct 2015	Ex officio	N/A	4 out of 4
<b>Elise Brown</b> – External Member	1 <sup>st</sup> Sept 2019	4 years	N/A	3 out of 4

LEEDS CONSERVATOIRE  
 FINANCIAL STATEMENTS  
 For the year ended 31 July 2022  
 STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

<b>Name and status</b>	<b>Date of most recent Appointment</b>	<b>Term of Office</b>	<b>Date of Resignation</b>	<b>Attendance at board meetings during 2021/22</b>
<b>Aaron Casserly-Stewart</b> – External Member	1 <sup>st</sup> Sept 2019	4 years	N/A	2 out of 4
<b>Cherry Fricker</b> – External Member	8 <sup>th</sup> June 2019	4 years	N/A	4 out of 4
<b>Prof Paul Hollins</b> – External Member	1 <sup>st</sup> Sept 2019	4 years	N/A	3 out of 4
<b>Jenny Hoy</b> (Chair from Jan 2021 to Jan 2022) – External Member	1 <sup>st</sup> Sept 2019	4 years	N/A	3 out of 4
<b>Carolyn Lord</b> (Chair from Jan 2022) – External Member	1 <sup>st</sup> Dec 2019	4 years	N/A	4 out of 4
<b>Cluny Macpherson</b> – External Member	1 <sup>st</sup> May 2021	4 years	N/A	3 out of 4
<b>Dr Shaïd Mahmood</b> – External Member	1 <sup>st</sup> August 2019	4 years	N/A	2 out of 4
<b>Claire Marsh</b> – Staff Member	11 <sup>th</sup> Oct 2018	4 years	N/A	2 out of 4
<b>Chris Monks</b> – External Member	1 <sup>st</sup> Sept 2019	4 years	N/A	4 out of 4
<b>Benjamin Saunders</b> – External Member	18 <sup>th</sup> Oct 2021	4 years	N/A	4 out of 4
<b>Dr Amanda Wilcox</b> – External Member	1 <sup>st</sup> Dec 2019	4 years	N/A	3 out of 4
<b>Prof Joe Wilson</b> – Leeds Conservatoire Principal	1 <sup>st</sup> Oct 2020	Ex officio	N/A	4 out of 4
<b>Bethany-Hannah Winteringham</b> – President of The Leeds Conservatoire Students’ Union	1 <sup>st</sup> Sept 2022	Ex officio	N/A	N/A

### **Appointments to the Board of Directors**

The Board, through a Governance & Nominations Committee, ensures that there is an appropriate balance of skills and experience among its members. The board's constitution includes the Principal, the President of the Students' Union and an elected staff member. The remaining members are external and independent to the conservatoire. Board members are not remunerated for the work they do in this capacity. Members of the Board are appointed for a term of office not exceeding four years.

In accordance with the Companies Act 2006, Directors have a statutory duty to promote the success of the organisation for the benefit of its members. The Board usually holds at least four formal business meetings each year. In addition, it holds an annual away day to provide an opportunity to consider matters of strategic importance in greater depth and the Board retains the discretion to hold extraordinary meetings should the need arise.

Full minutes of all meetings, except those deemed to be confidential by the Board, are available from the registered office address:

Leeds Conservatoire  
3 Quarry Hill  
Leeds  
England  
LS2 7PD

Full accounts and minutes of the parent and ultimate parent company, Luminate Education Group except those deemed to be confidential by the Board, are available from the registered office address:

Luminate Education Group  
Park Lane  
Leeds  
LS3 1AA

The Board has a strong and independent non-executive element and no individual or group dominates its decision making process. The Principal has a general responsibility to the Board for the organisation, direction and management of the institution. There is a clear division of responsibility in that the roles of the Chair and Principal are separate. Under the Terms and Conditions of Funding and ongoing registration with the OfS the Principal is the Accountable Officer of the institution. In that capacity the Principal (and the Chair of the Board) can be summoned to appear before the Public Accounts Committee of the House of Commons. This responsibility extends to assuring the quality and accuracy of conservatoire data provided to OfS, the Higher Education Statistics Agency (HESA) and other public bodies.

### **Leeds Conservatoire Audit Committee**

The Audit Committee currently comprises of three members of the Board. Its membership excludes the Principal and the Chair of the Board. The committee operates in accordance with written terms of reference approved by the Board.

The Audit Committee usually meets four times per year and provides a forum for reporting by the conservatoire's internal, regularity and financial statements auditors, who have access to the committee for independent discussion, without the presence of management.

The internal auditors review the systems of internal control, risk management and governance processes, and economy, efficiency and effectiveness in accordance with an agreed plan of input and report their findings to management and the committee.

Management is responsible for the implementation of agreed audit recommendations and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

The Audit Committee also advises the Board on the appointment of internal, regularity and financial statements auditors and their remuneration for both audit and non-audit work.

### **Group Governance & Nominations Committee**

This group committee advises on the appointment / reappointment, training and ongoing development of Board and Committee members and keeps under review the systems, policies and procedures supporting the governance process. This includes responsibility for oversight of reviews of Board effectiveness. The newly elected Chair carried out Board effectiveness reviews through discussion with individual board members during 2022; a follow up review based on the Code of Governance is underway.

### **Group Remuneration Committee**

The committee advises on the remuneration, conditions of service and any severance arrangements for the Principal. In carrying out its responsibilities the committee is mindful of the requirements of the OfS. The committee also has regard to the Higher Education Senior Staff Remuneration Code published by the CUC. The Principal does not serve as a member of the Remuneration Committee. The committee operates in accordance with a clear policy framework which was last updated in 2021.

### **Scope of responsibility**

The Board is ultimately responsible for the conservatoire's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board has delegated the day-to-day responsibility to the Principal, as Accountable Officer, for maintaining a sound system of internal control that supports the achievement of the conservatoire's policies, aims and objectives, whilst safeguarding the public funds and assets.

### **Internal Control**

#### **The Purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the conservatoire's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the conservatoire for the period ended 31 July 2022 and up to the date of approval of the annual report and accounts.

#### **Capacity to handle risk**

The Board has reviewed the key risks to which the conservatoire is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board is of the view that there is a formal on-going process for identifying, evaluating and managing the conservatoire's significant risks that has been in place for the period ending 31 July 2022 and up to the date of approval of the annual report and accounts. The process is regularly reviewed by the Board.

#### **The risk and control framework**

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- Comprehensive budgeting systems with an annual budget reviewed and agreed by the Board;
- Regular reviews by the Board of periodic and annual financial reports which indicate financial performance against forecasts;
- Setting targets to measure financial and other performance;
- Clearly defined capital investment control guidelines; and
- The adoption of formal project management disciplines, where appropriate.

The conservatoire has an internal audit service which operates in accordance with the requirements of the Office for Students' Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the conservatoire is exposed and annual internal audit plans are based on this analysis.

At minimum, annually, the Head of Internal Audit (HIA) provides the Board with a report on internal audit activity. The report includes the HIA's independent opinion on the adequacy and effectiveness of the conservatoire's system of risk management, controls and governance processes.

#### **Review of effectiveness**

The Principal has responsibility for reviewing the effectiveness of the system of internal control. His review of the effectiveness of the system of internal control is informed by:

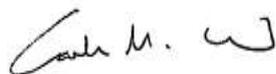
- The work of the internal auditors
- The work of the executive managers within the conservatoire who have responsibility for the development and maintenance of the internal control framework; and
- Comments made by the conservatoire's financial statements auditors and regularity auditors in their management letters and other reports.

The Executive Leadership Team (ELT) receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within departments and reinforced by risk awareness training. The Board's agenda includes a regular item for consideration of risk and control and receives reports thereon from senior management. The emphasis is on obtaining the relevant degree of assurance

and not merely reporting by exception.

Based on the advice of the Audit Committee and the Principal, the Board is of the opinion that the conservatoire has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for *“the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets”*.

Approved by order of the Board of Directors and signed on its behalf on 9 March 2023 by:



**Carolyn Lord**  
Chair of the Board of Directors  
Leeds Conservatoire



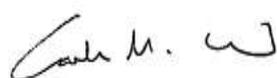
**Professor Joe Wilson**  
Principal (Accountable Officer)  
Leeds Conservatoire

The conservatoire has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the corporation's grant funding agreement and contracts with the ESFA. As part of our consideration we have had due regard to the requirements of the grant funding agreements and contracts with the ESFA.

We confirm on behalf of the conservatoire that after due enquiry, and to the best of our knowledge, we are able to identify any material irregular or improper use of funds by the conservatoire, or material non-compliance with the terms and conditions of funding, under the conservatoire's grant funding agreements and contracts with the ESFA, or any other public funder.

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

Approved by order of the Board of Directors and signed on its behalf on 9 March 2023 by:



**Carolyn Lord**  
Chair of the Board of Directors  
Leeds Conservatoire



**Professor Joe Wilson**  
Principal (Accountable Officer)  
Leeds Conservatoire

The members of the Board of Directors are responsible for preparing the Directors' Report, the Strategic Report and the financial statements in accordance with the requirements of the Office for Students' Terms and Conditions of Funding for Higher Education Institutions and Research England's Terms and Conditions of Research England Grant and applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Company's financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *the Financial Reporting Standard applicable in the UK and Republic of Ireland*. The terms and conditions of funding further require the financial statements to be prepared in accordance with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education, in accordance with the requirements of the Accounts Direction issued by the Office for Students.

Under company law the directors 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 their income and expenditure, gains and losses and changes in reserves for that period. In preparing the Company financial statements, the directors are required to:

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

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Board are also responsible for ensuring that:

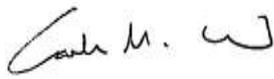
- funds from whatever source administered by the conservatoire for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students and Research England have been applied in accordance with the terms and conditions attached to them;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing the economical, efficient and effective management of the conservatoire's resources and expenditure.

LEEDS CONSERVATOIRE  
FINANCIAL STATEMENTS  
For the year ended 31 July 2022  
STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE BOARD

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

Approved by order of the members of the Board and signed on its behalf on 9 March 2023 by:



**Carolyn Lord**  
Chair of the Board of Directors  
Leeds Conservatoire

## Opinion

We have audited the financial statements of Leeds Conservatoire (the 'conservatoire') for the year ended 31 July 2022 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Balance Sheet, the Cashflow statement and analysis of net debt, 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 FRS 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 2022 and of its 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
- have been prepared in accordance with the requirements of 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

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

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

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

## 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 Board of Directors is responsible for the

other information contained within the annual report. 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

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

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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of Board of Directors**

As explained more fully in the Statement of Responsibilities of the Members of the Board set out on page 22, the Board of Directors is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Directors 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 Directors is 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 Directors 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the conservatoire and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: compliance with the OfS regulatory framework, the OFSTED regulatory framework, safeguarding, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the conservatoire is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the conservatoire which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as pension legislation and the OfS Accounts Direction.

- In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to:
- posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates;

- revenue recognition (which we pinpointed to the cut-off assertion);
- defined benefit pension scheme assumptions used in calculating the value of the Local Government Pension Fund (LGPS) deficit as at 31 July 2022, and;
- significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Other required reporting**

#### **Opinion on other matters prescribed in the OfS Audit Code of Practice issued under the Further and Higher Education Act 1992**

In our opinion, in all material respects:

- funds from whatever source administered by the provider for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the OfS and UK Research and Innovation (including Research England) have been applied in accordance with the relevant terms and conditions attached to them; and
- the requirements of OfS's accounts direction have been met.

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

We have nothing to report in respect of the following matters in relation to which the OfS Audit Code of Practice requires us to report to you if, in our opinion:

- the provider's grant and fee income, as disclosed in the notes to the financial statements, has been materially misstated; or
- the provider's expenditure on access and participation activities, as disclosed in the financial statements, has been materially misstated.

### Use of the audit report

This report is made solely to the Board of Directors 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 Board of Directors 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 of Directors as a body for our audit work, for this report, or for the opinions we have formed.

  
[David Hoose \(Mar 16, 2023 11:12 GMT\)](#)

David Hoose (Senior Statutory Auditor)

for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
Park View House  
58 The Ropewalk  
Nottingham  
NG1 5DW

Date Mar 16, 2023

LEEDS CONSERVATOIRE  
 FINANCIAL STATEMENTS  
 For the year ended 31 July 2022  
 STATEMENT OF COMPREHENSIVE INCOME

	<i>Notes</i>	<b>2022</b> £'000	2021 £'000
<b>Income</b>			
Tuition fees and education contracts	2	<b>14,426</b>	14,076
Other grants and contracts	3	<b>754</b>	831
Other income	4	<b>369</b>	92
Donations and endowments	5	<b>1</b>	10
<b>Total income</b>		<b><u>15,550</u></b>	<b><u>15,009</u></b>
<b>Expenditure</b>			
Staff costs	6	<b>10,491</b>	9,588
Other operating expenses	7	<b>6,156</b>	4,994
Depreciation	9	<b>806</b>	903
Interest and other finance costs	8	<b>338</b>	315
<b>Total expenditure</b>		<b><u>17,791</u></b>	<b><u>15,800</u></b>
<b>Deficit before other gains and losses</b>		<b>(2,241)</b>	<b>(791)</b>
Loss on disposal of assets		-	-
<b>Deficit before tax</b>		<b>(2,241)</b>	<b>(791)</b>
Taxation		-	-
<b>Deficit for the year</b>		<b>(2,241)</b>	<b>(791)</b>
Actuarial gain in respect of pension schemes		<b>14,876</b>	3,249
<b>Total comprehensive income for the year</b>		<b><u>12,635</u></b>	<b><u>2,458</u></b>
<b>Represented by:</b>			
Endowment comprehensive income for the year		-	(1)
Unrestricted comprehensive income for the year		<b>12,635</b>	2,459
		<b><u>12,635</u></b>	<b><u>2,458</u></b>

All items of income and expenditure relate to continuing operations.

The accompanying notes on pages 33 to 53 form part of these financial statements.

LEEDS CONSERVATOIRE  
 FINANCIAL STATEMENTS  
 For the year ended 31 July 2022  
 STATEMENT OF CHANGES IN RESERVES

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	Income & expenditure reserve - unrestricted £'000	Endowment Reserve – restricted £'000	Total £'000
<b>Balance at 31 July 2020</b>	(7,987)	5	<b>(7,982)</b>
Deficit from the income and expenditure account	(790)	-	<b>(790)</b>
Other comprehensive income	3,249	-	<b>3,249</b>
Other movement on reserve	-	(1)	<b>(1)</b>
<b>Total comprehensive income for the year</b>	<u>2,459</u>	<u>(1)</u>	<b><u>2,458</u></b>
<b>Balance at 31 July 2021</b>	<u>(5,528)</u>	<u>4</u>	<b><u>(5,524)</u></b>
<b>Balance at 31 July 2021</b>	(5,528)	4	<b>(5,524)</b>
Deficit from the income and expenditure account	(2,241)	-	<b>(2,241)</b>
Other comprehensive income	14,876	-	<b>14,876</b>
Other movement on reserve	-	(4)	<b>(4)</b>
<b>Total comprehensive income for the year</b>	<u>12,635</u>	<u>(4)</u>	<b><u>12,635</u></b>
<b>Balance at 31 July 2022</b>	<u><u>7,107</u></u>	<u><u>-</u></u>	<b><u><u>7,107</u></u></b>

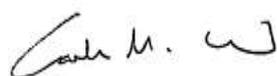
The accompanying notes on pages 33 to 53 form part of these financial statements.

LEEDS CONSERVATOIRE  
 FINANCIAL STATEMENTS  
 For the year ended 31 July 2022  
 CASHFLOW STATEMENT AND ANALYSIS OF NET DEBT

	Notes	2022 £'000	2021 £'000
<b>Non-current assets</b>			
Tangible fixed assets	9	<u>11,286</u>	<u>11,843</u>
		<b>11,286</b>	<b>11,843</b>
<b>Current assets</b>			
Stock		4	4
Trade and other receivables	10	3,700	3,547
Cash at bank and in hand		<u>16</u>	<u>16</u>
<b>Total current assets</b>		<b>3,720</b>	<b>3,567</b>
<b>Less: creditors - amounts falling due within one year</b>	11	<u>(1,434)</u>	<u>(2,112)</u>
<b>Net current assets</b>		<b>2,286</b>	<b>1,455</b>
<b>Total assets less current liabilities</b>		<u><b>13,572</b></u>	<u><b>13,298</b></u>
Less: creditors – amounts falling due after more than one year	12, 13	(1,500)	(1,700)
<b>Provisions</b>			
Pension provisions	14, 16	(4,469)	(17,122)
Other provisions	14	<u>(496)</u>	<u>-</u>
		<b>(4,965)</b>	<b>(17,122)</b>
<b>Total net assets / (liabilities)</b>		<u><u><b>7,107</b></u></u>	<u><u><b>(5,524)</b></u></u>
<b>Restricted reserves</b>			
Income and expenditure reserve - endowment reserve	15	-	4
<b>Unrestricted reserves</b>			
Income and expenditure reserve - unrestricted		<u>7,107</u>	<u>(5,528)</u>
<b>Total reserves</b>		<u><u><b>7,107</b></u></u>	<u><u><b>(5,524)</b></u></u>

The accompanying notes on pages 33 to 53 form part of these financial statements.

The financial statements on pages 29 to 53 were approved and authorised for issue by the Board and were signed on its behalf on 9 March 2023 by:



**Carolyn Lord**  
 Chair of the Board of Directors  
 Leeds Conservatoire



**Professor Joe Wilson**  
 Principal (Accountable Officer)  
 Leeds Conservatoire

## CASHFLOW STATEMENT

	2022 £'000	2021 £'000
<b>Cash flow from operating activities</b>		
Deficit for the year	(2,241)	(790)
<b>Adjustment for non-cash items</b>		
Depreciation of fixed assets	806	903
(Increase) in debtors	(153)	(2,642)
(Decrease)/increase in creditors	(693)	731
Increase in other provisions	496	-
Increase/(decrease) in provision for enhanced pensions	-	(18)
Pension service cost in excess of employer contributions	2,222	2,122
Interest and other finance costs	49	67
(Decrease) in endowment reserve	(4)	(1)
<b>Net cash inflow from operating activities</b>	<b>482</b>	<b>372</b>
<b>Cash flows from investing activities</b>		
Payments made to acquire tangible fixed assets	(248)	(125)
	(248)	(125)
<b>Cash flows from financing activities</b>		
Interest payable	(49)	(67)
Capital element of finance lease payments	(185)	(172)
	(234)	(239)
<b>Increase in cash and cash equivalents in the year</b>	<b>-</b>	<b>8</b>
Cash brought forward at beginning of year	16	8
<b>Cash carried forward at end of year</b>	<b>16</b>	<b>16</b>

## ANALYSIS OF NET DEBT

	At 1 August 2021 £'000	Cash flows £'000	Other changes £'000	At 31 July 2022 £'000
Cash and cash equivalents	16	-	-	16
Finance lease obligations – short term	(176)	-	(15)	(191)
Finance lease obligations – long term	(1,700)	185	15	(1,500)
<b>Total</b>	<b>(1,860)</b>	<b>185</b>	<b>-</b>	<b>(1,675)</b>

## 1. ACCOUNTING POLICIES

### Statement of accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

### Basis of preparation

Leeds Conservatoire is a company limited by guarantee and is an exempt charity within the meaning of Part 3 of the Charities Act 2011. These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the OFS Accounts Direction for 2019 to 2020 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The conservatoire is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the conservatoire's accounting policies.

### Going concern

The activities of the conservatoire together with the factors likely to affect its future development and performance are set out in the Directors' Report and Strategic Report. The financial position of the conservatoire, its cash flow, liquidity and borrowings are described in the financial statements and accompanying notes.

The financial statements have been prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

The directors have considered forecasts for future financial performance and are of the opinion that, taking account of severe but plausible downsides, including the potential continued impact of Covid-19, the conservatoire will have sufficient funds, through funding from its immediate parent (Luminate Education Group) to meet its liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

The conservatoire is the wholly owned subsidiary of the Corporation of Luminate Education Group. As part of the Luminate Education Group, the conservatoire participates in a group treasury arrangement whereby the working capital fluctuations of the conservatoire are supported by the group treasury function. The conservatoire has no other form of borrowing open to it. As such for the conservatoire to continue to trade as a going concern the group needs to provide assurance it can continue to support the working capital requirements of the conservatoire going forward.

Luminate Education Group continues to support the conservatoire on an ongoing basis. The entities have a shared purpose, vision and aligned strategic objectives. Luminate Education Group sees the conservatoire as an important part of the group through its delivery of HE courses and integral to the ongoing development of the group brand. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

## 1. ACCOUNTING POLICIES (continued)

Due to the seasonal profile of funding within the further and higher education sectors, the group has previously made use of an overdraft to cover working capital requirements for the period of January to May, when the main Higher Education (HE) funding is received. The cash balances of the group have improved recently as a result of strong financial performance, completion of the sale of the Horsforth site and the refinancing of the previous arrangements that were in place for long term debt and working capital. The group also has a revolving credit facility to support planned capital investment. When the revolving credit facility was entered into with Santander the bank assessed the group's ability to continue to meet its loan covenants against the group's forecasted financial performance.

Based on these indications the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

### **Recognition of income**

Income is recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement is adjusted for and reflected in the level of income recognised. As an independent HEI, the conservatoire receives funding directly from the Office for Students and the Student Loans Company.

Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors. Income from grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

### **Grant funding including capital grants**

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

### **Donations and endowments**

Non-exchange transactions without performance related conditions are donations and endowments. Donations and endowments with Donor imposed restrictions are recognised in income when the conservatoire is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the conservatoire is entitled to the funds.

## 1. ACCOUNTING POLICIES (continued)

### Post-retirement benefits

Retirement benefits to employees of the conservatoire are provided by the West Yorkshire Pension Fund (WYPF). This is a defined benefit scheme which is externally funded and contracted out of the State Earnings Related Pension Scheme (SERPS), and the assets are held separately from those of the conservatoire. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities.

The actuarial valuation is obtained at least triennially and is updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on curtailments and settlements. They are included as part of staff costs. Past service costs are recognised immediately in the income and expenditure account if the benefits have been vested. If the benefits have not been vested immediately, the costs are recognised over the period until vesting occurs.

Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

### Short-term Employment benefits

Short-term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render 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.

### Enhanced Pensions

The actual cost of any enhanced on-going pension to a former member of staff is paid by a conservatoire annually. An estimate of the expected future costs of any enhancement to the on-going pension of a former member of staff is charged in full to the conservatoire's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

## 1. ACCOUNTING POLICIES (continued)

### Non-current assets - Tangible fixed assets

#### Land and buildings

Tangible fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2019 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Building improvements made are included in the balance sheet at cost. The conservatoire has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 5 and 30 years. Leasehold land and buildings are depreciated on a straight-line basis over their expected economic life to the conservatoire of 60 years or, if shorter, the period of the lease. Building improvements made are included in the balance sheet at cost. The conservatoire has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 5 and 30 years. Leasehold land and buildings are depreciated on a straight-line basis over their expected economic life to the conservatoire of 60 years or, if shorter, the period of the lease. Finance costs which are directly attributable to the construction of land and buildings are not capitalised as part of the cost of those assets.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

#### *Subsequent expenditure on existing fixed assets:*

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- Asset capacity increases
- Substantial improvement in the quality of output or reduction in operating costs

#### Equipment

Individual items of equipment costing less than £2,000 are written off to the Statement of Comprehensive Income in the period of acquisition. All other equipment is capitalised at cost.

All equipment is depreciated over its useful economic life as follows:

- IT equipment - 4 years on a straight-line basis
- All other equipment - 5 to 30 years on a straight-line basis.
- Significant extension of the asset's life beyond that conferred by repairs and maintenance

## 1. ACCOUNTING POLICIES (continued)

### Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Leasing agreements which transfer to the conservatoire substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright and are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

### Stock

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

### Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

### Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All loans, investments and short-term deposits held by the conservatoire are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the conservatoire has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

## 1. ACCOUNTING POLICIES (continued)

### Foreign currency translation

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

### Taxation

The conservatoire is an exempt charity within the meaning of Part 3 of the Charities Act 2011 and as such is a charity within the meaning of Section 506 (1) of the Income and Corporation Taxes Act 1988. The University is recognised as a charity by HM Revenue & Customs. It is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and accordingly 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 exclusively to charitable purposes.

In the opinion of the Board, no tax charge has arisen in either year. The conservatoire receives no similar exemption in respect of value added tax. For this reason, the conservatoire is generally unable to recover input VAT it suffers on goods and services purchased. Capital costs and non-pay expenditure are therefore shown inclusive of VAT with any partial recovery included in other operating income.

### Provisions, contingent liabilities and assets

Provisions are recognised when the conservatoire has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

A contingent liability arises from a past event that gives the conservatoire a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the conservatoire. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

### Provisions, contingent liabilities and assets

A contingent asset arises where an event has taken place that gives the conservatoire a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the conservatoire.

Contingent liabilities and assets are not recognised in the balance sheet but are disclosed in the notes to the financial statements.

## 1. ACCOUNTING POLICIES (continued)

### Judgements in applying accounting policies and key sources of estimation uncertainty

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

#### *Key judgements*

- *CPI assumption*

Pension Increase Orders are used to set the level of pension increases with effect from 1 April of each year, with reference to the change in CPI inflation over the 12 months to the previous September, which was announced in October. This was 8.8% and was considerably higher than the CPI assumption set by employers as at 31 July 2022. Although Pension Increase Orders have always been set with reference to the September CPI for the last 10 years and the September RPI for the preceding 20 years, they are not automatically set and they are only known with absolute certainty when the Pension Increase Order is enacted by Parliament, which is usually in April of the following year. Similarly, the likely level of the forthcoming Pension Increase Order 2023 was not known at 31 July. We have therefore made a judgement not to recognise the possible 2023 Pension Increase Order within the CPI assumption.

#### *Key sources of estimation uncertainty*

- *Tangible fixed assets*

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 16, will impact the carrying amount of the pension liability.

### **Reserves**

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the conservatoire, the donor has designated a specific purpose and therefore the conservatoire is restricted in the use of these funds.

## 2. TUITION FEES AND EDUCATION CONTRACTS

	2022 £'000	2021 £'000
Home and EU students	13,223	13,097
International students	<u>1,203</u>	<u>979</u>
<b>Total</b>	<b><u>14,426</u></b>	<b><u>14,076</u></b>

## 3. OTHER GRANTS AND CONTRACT

	2022 £'000	2021 £'000
Provision of education	<u>754</u>	<u>831</u>
<b>Total</b>	<b><u>754</u></b>	<b><u>831</u></b>

## 3A. GRANT AND FEE INCOME

	2022 £'000	2021 £'000
Grant income from the Office for Students	487	718
Fee income for taught awards (exclusive of VAT)	<u>12,551</u>	<u>12,354</u>
<b>Total</b>	<b><u>13,038</u></b>	<b><u>13,072</u></b>

Leeds Conservatoire is an Office for Students (OFS) registered conservatoire that received grant and fee income for courses at Level 4 and above in 2021/22 and 2020/21. During 2021/22, Leeds Conservatoire received grant income of £487k (2020/21: £718k) from the Office for Students.

In 2021/22 Leeds Conservatoire received fee income for taught awards of £12,551k (2020/21: £12,354k). There was no income for non-qualifying courses, no grant income from other bodies in year and Leeds Conservatoire do not currently offer research award courses. The income figures in the above table are already included in the overall income figures in the financial statements, see note 2 and 3.

#### 4. OTHER INCOME

	<b>2022</b>	2021
	<b>£'000</b>	£'000
Catering and residences	<b>2</b>	7
Other income generating activities	<b>215</b>	30
Miscellaneous income	<b>152</b>	55
	<hr/>	<hr/>
<b>Total</b>	<b>369</b>	<b>92</b>
	<hr/> <hr/>	<hr/> <hr/>

#### 5. DONATIONS AND ENDOWMENTS

	<b>2022</b>	2021
	<b>£'000</b>	£'000
Unrestricted donations	<b>1</b>	10
	<hr/>	<hr/>
<b>Total</b>	<b>1</b>	<b>10</b>
	<hr/> <hr/>	<hr/> <hr/>

## 6. STAFF COSTS

The average number of persons (including senior staff) employed by the conservatoire during the period, described as full-time equivalent was:

	<b>2022</b>	2021
	<b>Number</b>	Number
Teaching	<b>32</b>	60
Teaching support	<b>5</b>	9
Student support	<b>39</b>	28
Management, administration, marketing & IT	<b>36</b>	36
Income generation	<b>12</b>	14
	<hr/>	<hr/>
<b>Total Staff</b>	<b>124</b>	147
	<hr/>	<hr/>
	<b>2022</b>	2021
	<b>£000</b>	£000
Wages and salaries	<b>6,864</b>	6,348
Social security costs	<b>615</b>	526
Other pension costs <i>(see notes 14 and 16)</i>	<b>2,905</b>	2,658
	<hr/>	<hr/>
Payroll sub-total	<b>10,384</b>	9,532
Contracted out staffing services	<b>91</b>	56
Restructuring costs – redundancy	<b>16</b>	-
	<hr/>	<hr/>
<b>Total</b>	<b>10,491</b>	9,588
	<hr/> <hr/>	<hr/> <hr/>

Wages and salaries have increased by £516k despite the average number of staff dropping by full time equivalents. The specialist nature of conservatoire teaching requires expertise to be drawn from across the country and these staff are engaged in a flexible manner. These staff are contracted on a zero FTE basis and therefore are not included in the staff FTE above, but are included in the staff costs. The number of these staff is proportionately higher in 2021/22 than in the previous year.

### Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the conservatoire and are represented by the Executive Leadership Team which comprises the Principal, Vice Principal, Director of Quality and Student Experience and Director of Student Recruitment and Marketing.

## 6. STAFF COSTS (continued)

### Key management personnel (continued)

The emoluments payable to the key management personnel are detailed below.

	<b>2022</b>	2021
	<b>£'000</b>	£'000
Salary	<b>288</b>	261
Pension contributions paid by the conservatoire	<b>40</b>	40
<b>Total emoluments paid</b>	<b><u>328</u></b>	<u>301</u>

The emoluments payable to the Principal, Professor Joe Wilson, are detailed below.

	<b>2022</b>	2021
	<b>£'000</b>	£'000
Salary	<b>95</b>	89
Pension contributions paid by the conservatoire	<b>15</b>	14
<b>Total emoluments paid</b>	<b><u>110</u></b>	<u>103</u>

Professor Wilson's salary represents 2.5 (2020/21 – 2.4) times the median contractual salary paid out and his total remuneration 2.6 (2020/21 – 2.4) times the median total remuneration paid out to staff during the year.

The Group Remuneration Committee advises on the remuneration, conditions of service and any severance arrangements for the Principal. In carrying out its responsibilities the committee is mindful of the requirements of the OfS. The committee also has regard to the Higher Education Senior Staff Remuneration Code published by the CUC. The Principal does not serve as a member of the Remuneration Committee.

The Group Remuneration Committee is responsible for recommending for board approval the annual performance targets for the Principal, ensuring consistency with the long term aims and risk appetite of the conservatoire. The Group CEO, in conjunction with the Chair of Leeds Conservatoire, carries out the Principal's mid-year and end-year performance appraisals, the outcomes of which are considered by the Remuneration Committee.

The members of the Board other than the Principal, the staff member and the SU President did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties. The total expenses paid to or on behalf of the Board in the year was £1k (2020/21 - £0k).

During the year no employees earned over £100k (2020/21 nil).

## 7. OTHER OPERATING EXPENSES

	<b>2022</b>	2021
	<b>£'000</b>	£'000
Teaching Costs	<b>802</b>	927
Non-teaching Costs	<b>3,328</b>	3,043
Premises Costs	<b>2,026</b>	1,024
<b>Total</b>	<b>6,156</b>	4,994

	<b>2022</b>	2021
	<b>£'000</b>	£'000
<b>Non-teaching costs include:</b>		
Auditors remuneration:		
- Financial statements audit	<b>36</b>	42
- Internal audit	<b>26</b>	16
Hire of other assets – operating leases	<b>238</b>	346

## 7A. ACCESS AND PARTICIPATION SPENDING

	<b>2022</b>	2021
	<b>£'000</b>	£'000
Financial support to students	<b>456</b>	604
Disability support	<b>28</b>	13
Research and evaluation	<b>6</b>	4
<b>Total</b>	<b>490</b>	621

Leeds Conservatoire is an Office for Students (OfS) registered conservatoire that received grant and fee income for courses at Level 4 and above in 2021/22 and 2020/21.

Leeds Conservatoire received fee income for taught awards of £12,551k (2020/21 £12,354k).

There was no income for non-qualifying courses, no grant income from other bodies in year and Leeds Conservatoire do not currently offer research award courses.

The income figures in the above table are already included in the overall income figures in the financial statements, see note 2 and 3.

<https://www.leedsconservatoire.ac.uk/about-us/about-leeds-conservatoire/corporate/policies/>

## 8. INTEREST AND OTHER FINANCE COSTS

	<b>2022</b>	2021
	<b>£'000</b>	£'000
On bank loans, overdrafts and other loans	8	-
On finance leases	49	67
Interest on pension liabilities ( <i>note 16</i> )	<u>281</u>	<u>248</u>
<b>Total</b>	<u><u>338</u></u>	<u><u>315</u></u>

## 9. TANGIBLE FIXED ASSETS

	<b>Land &amp; Buildings Long Leasehold £'000</b>	<b>Equipment £'000</b>	<b>Assets in course of Construction £'000</b>	<b>Total £'000</b>
<b>Deemed Cost / Cost</b>				
Balance brought forward 1 August 2021	15,230	4,203	38	19,471
Additions	-	-	249	249
Transfer	-	287	(287)	-
<b>At 31 July 2022</b>	<u><b>15,230</b></u>	<u><b>4,490</b></u>	<u><b>=</b></u>	<u><b>19,720</b></u>
<b>Accumulated depreciation</b>				
Balance brought forward 1 August 2021	5,145	2,483	-	7,628
Charge for the year	540	266	-	806
<b>At 31 July 2022</b>	<u><b>5,685</b></u>	<u><b>2,749</b></u>	<u><b>=</b></u>	<u><b>8,434</b></u>
<b>Net book value at 31 July 2022</b>	<u><b>9,545</b></u>	<u><b>1,741</b></u>	<u><b>=</b></u>	<u><b>11,286</b></u>
Net book value at 31 July 2021	<u>10,085</u>	<u>1,720</u>	<u>38</u>	<u>11,843</u>

Land and buildings were valued at £10.6 million as at July 2014 at depreciated replacement cost by DVS, a firm of independent chartered surveyors, when the net book value at that date was £10.7 million.

The net book value of tangible fixed assets includes an amount of £3,026k in respect of assets held under finance leases. The depreciation charge on these assets for the year was £80k.

## 10. TRADE AND OTHER RECEIVABLES

	<b>2022</b>	2021
	<b>£'000</b>	£'000
<b>Amounts falling due within one year</b>		
Trade receivables	247	525
Amounts owed by parent undertaking – Luminate Education Group	3,197	2,836
Prepayments and accrued income	<u>256</u>	<u>186</u>
<b>Total</b>	<u>3,700</u>	<u>3,547</u>

## 11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<b>2022</b>	2021
	<b>£'000</b>	£'000
Obligations under finance leases	191	176
Payments received in advance	402	70
Trade creditors	255	678
Other creditors	117	390
Other taxation and social security	122	95
Accruals and deferred income	<u>347</u>	<u>703</u>
<b>Total</b>	<u>1,434</u>	<u>2,112</u>

## 12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<b>2022</b>	2021
	<b>£'000</b>	£'000
Obligations under finance leases	<u>1,500</u>	<u>1,700</u>
<b>Total</b>	<u>1,500</u>	<u>1,700</u>

The finance leases relate to the £3.5m cost of building additional teaching accommodation at the main campus in 2005.

### 13. MATURITY OF DEBT

#### Finance leases

The net finance lease obligations to which the conservatoire is committed are:

	<b>2022</b>	2021
	<b>£'000</b>	£'000
In one year or less	<b>191</b>	176
Between two and five years	<b>816</b>	759
In five years or more	<b>684</b>	941
<b>Total</b>	<b>1,691</b>	1,876

Finance lease obligations are secured on the assets to which they relate. The finance lease agreements do not contain any significant arrangements.

### 14. PROVISIONS FOR LIABILITIES AND CHARGES

	<b>Defined benefit obligations</b>	<b>Enhanced pensions</b>	<b>Sub-Total</b>	<b>Other</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance brought forward at 1 August 2021	16,992	130	17,122	-	17,122
Expenditure in the year	(12,709)	(15)	(12,724)	-	(12,724)
Additions in the year	-	71	71	496	567
<b>At 31 July 2022</b>	<b>4,283</b>	<b>186</b>	<b>4,469</b>	<b>496</b>	<b>4,965</b>

Defined benefit obligations relate to the liabilities under the conservatoire's membership of the Local Government Pension Scheme. Further details are given in Note 16.

The enhanced pension provision relates to the cost of staff who have already left the conservatoire's employment and commitments for reorganisation cost from which the conservatoire cannot reasonably withdraw at the balance sheet date. The principal assumptions for this calculation are:

	<b>2022</b>	2021
	<b>%</b>	%
Interest rate	3.4	1.6
Inflation rate	2.5	2.6

Other provisions relate to amounts provided to meet potential costs that could arise from employment related claims or the outcome of court rulings. All amounts would be payable within one year.

## 15. ENDOWMENT RESERVES

	2022 £'000	2021 £'000
<b>Expendable endowments</b>		
Endowment reserves at 1 August 2021	4	5
New endowment income	-	-
Expenditure	<u>(4)</u>	<u>(1)</u>
<b>At 31 July 2022</b>	<u>-</u>	<u>4</u>
<b>Balance represented by:</b>		
Accumulated income	<u>-</u>	<u>4</u>
<b>At 31 July 2022</b>	<u>-</u>	<u>4</u>
<b>Analysis by type of purpose</b>		
Provision of instruments to students	<u>-</u>	<u>4</u>
<b>Analysis by asset</b>		
Current assets	<u>-</u>	<u>4</u>

## 16. DEFINED BENEFIT OBLIGATIONS

The conservatoire's employees belong to The West Yorkshire Pension Fund (WYPF), a Local Government Pension Scheme (LGPS) for non-teaching staff. This is a multi-employer defined-benefit plan.

### Total pension cost for the year

	2022 £'000	2021 £'000
West Yorkshire Pension Fund:		
Contributions paid	868	768
FRS 102 charge	1,957	1,874
Pensions included in provisions	65	-
Charge to the Income and Expenditure account	<u>2,890</u>	<u>2,642</u>
People's Pension	<u>15</u>	<u>16</u>
<b>Total pension cost for year within staff costs</b>	<u><u>2,905</u></u>	<u><u>2,658</u></u>

## 16. DEFINED BENEFIT OBLIGATIONS (continued)

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the WYPF was 31 March 2019.

### West Yorkshire Pension Fund (WYPF)

LC operates an employee pension benefits scheme through WYPF, which is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the period ended 31 July 2022 was £1,219k of which employer's contributions totalled £863k and employees' contributions totalled £356k. The agreed contribution rate for 2021/22 is 15.8% for employers and range from 5.5% to 12.5% for employees, depending on salary.

### Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 July 2022 by a qualified independent actuary.

	At 31 July 2022		At 31 July 2021	
	WYPF funded benefits	WYPF unfunded benefits	WYPF funded benefits	WYPF unfunded benefits
Expected rate of salary increases	3.75%	n/a	3.75%	n/a
Future pension increases	2.50%	2.50%	2.50%	2.50%
Discount rate for scheme liabilities	3.40%	3.40%	1.70%	1.70%
Inflation assumption (CPI)	2.50%	2.50%	2.50%	2.50%

### CPI assumption

Pension Increase Orders are used to set the level of pension increases with effect from 1 April of each year, with reference to the change in CPI inflation over the 12 months to the previous September, which was announced in October. This was 8.8% and was considerably higher than the CPI assumption set by employers as at 31 July 2022. Although Pension Increase Orders have always been set with reference to the September CPI for the last 10 years and the September RPI for the preceding 20 years, they are not automatically set and they are only known with absolute certainty when the Pension Increase Order is enacted by Parliament, which is usually in April of the following year. Similarly, the likely level of the forthcoming Pension Increase Order 2023 was not known at 31 July. Consequently, no adjustment has been made to recognise the possible 2023 Pension Increase Order within the CPI assumption.

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

	At 31 July 2022	At 31 July 2021
<i>Retiring today</i>		
Males	21.8 years	21.9 years
Females	22.5 years	24.7 years
<i>Retiring in 20 years</i>		
Males	24.6 years	22.6 years
Females	25.7 years	25.8 years

## 16. DEFINED BENEFIT OBLIGATIONS (continued)

### West Yorkshire Pension Fund (continued) Principal actuarial assumptions (continued)

The conservatoire's share of the assets in the fund at the balance sheet and the expected rates of return were:

	Long-term rate of return expected at 31 July 2022	Fair value at 31 <sup>st</sup> July 2022	Long-term rate of return expected at 31 July 2021	Fair value at 31 <sup>st</sup> July 2021
	%	£'000	%	£'000
Equities	79.3%	16,034	80.1%	14,653
Government Bonds	6.9%	1,395	8.0%	1,464
Corporate Bonds	4.3%	869	4.4%	805
Property	4.0%	809	3.7%	677
Cash	4.0%	809	2.3%	421
Other	1.5%	303	1.5%	274
<b>Total fair value of fund assets</b>		<b>20,219</b>		<b>18,294</b>

The amount included in the balance sheet in respect of the defined benefit plan and enhanced pensions benefits is as follows:

	2022	2021
	£'000	£'000
Fair value of fund assets	20,219	18,294
Present value of fund liabilities - Funded	(24,497)	(35,280)
Present value of fund liabilities - Unfunded	(5)	(6)
<b>Net pensions liability (note 14)</b>	<b>(4,283)</b>	<b>(16,992)</b>

Amounts recognised in the Statement of Comprehensive Income in respect of the fund are as follows:

	2022	2021
	£'000	£'000
<b>Amounts included in staff costs</b>		
Current service cost	2,821	2,632
Curtailment cost	-	14
<b>Total</b>	<b>2,821</b>	<b>2,646</b>

## 16. DEFINED BENEFIT OBLIGATIONS (continued)

### West Yorkshire Pension Fund (continued)

#### Amounts included in interest and other finance costs

	<b>2022</b>	2021
	<b>£'000</b>	£'000
Interest on pension liabilities	<u>281</u>	<u>248</u>
Net interest cost	<u>281</u>	<u>248</u>

#### Amount recognised in other comprehensive Income

Return on pension fund assets	575	2,594
Experience gains on scheme liabilities	<u>14,372</u>	<u>655</u>
	<u>14,947</u>	<u>3,249</u>

#### Movement in net defined benefit liability during the year

	<b>2022</b>	2021
	<b>£'000</b>	£'000
Net defined benefit liability in the fund at 1 August	<b>(16,992)</b>	(18,119)
Movement in period		
- Employer service cost (net of employee contributions)	<b>(2,821)</b>	(2,632)
- Employer contributions	<b>864</b>	772
- Curtailments and settlements	-	(14)
- Net interest/return on assets	<b>(281)</b>	(248)
- Re-measurement gains on assets	<b>575</b>	2,594
- Actuarial gain	<u>14,372</u>	<u>655</u>
<b>Net defined benefit liability in the fund at 31 July</b>	<b><u>(4,283)</u></b>	<b><u>(16,992)</u></b>

## 16. DEFINED BENEFIT OBLIGATIONS (continued)

### West Yorkshire Pension Fund (continued)

#### Asset and Liability Reconciliation

##### Changes in the present value of defined benefit obligations

	2022 £'000	2021 £'000
<b>Defined benefit obligations at start of year</b>	<b>35,286</b>	32,769
Current service cost	2,821	2,632
Interest cost	601	459
Employee Contributions	356	340
Actuarial (gain)	<b>(14,372)</b>	(655)
Benefits Paid	<b>(190)</b>	(273)
Curtailments and settlements	-	14
	<u>24,502</u>	<u>35,286</u>

##### Change in fair value of Fund Assets

<b>Fair value of fund assets at start of year</b>	<b>18,294</b>	14,650
Expected return on assets	320	211
Actuarial gain	575	2,594
Employer Contributions	864	772
Employee Contributions	356	340
Benefits Paid	<b>(190)</b>	(273)
	<u>20,219</u>	<u>18,294</u>

## 17. POST-BALANCE SHEET EVENTS

There are no significant post balance sheets events this year.

## 18. CAPITAL COMMITMENTS

	<b>2022</b>	2021
	<b>£'000</b>	£'000
Commitments contracted for as at 31 July	<u><b>213</b></u>	<u>134</u>

## 19. FINANCIAL COMMITMENTS

At 31 July 2022 the conservatoire had total commitments under non-cancellable operating leases as follows:

	<b>2022</b>	2021
	<b>£'000</b>	£'000
Minimum lease payments due within one year	<b>156</b>	210
Total minimum lease payments due between two and five years	<b>512</b>	1,274
Total minimum lease payments due over five years.	<u><b>3,059</b></u>	<u>1,007</u>
<b>Total</b>	<u><b>3.728</b></u>	<u>2,491</u>

## 20. RELATED PARTY TRANSACTIONS

Owing to the nature of Leeds Conservatoire's operations and the composition of the board of governors being drawn from local public and private sector organisations it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the conservatoire's financial regulations and normal procurement procedures.

Transactions with the educational funding bodies are detailed in notes 3.

Prof Joe Wilson, Principle of Leeds Conservatoire, is a Member of the Board of Yorkshire Young Musicians. During the year Leeds Conservatoire received £60k for Room Hire (2020/21: £13k). Prof Joe Wilson is also a member of Yorkshire Universities to which Leeds Conservatoire paid a total of £6k for membership services and policy projects in the year.