

**THE LIVERPOOL INSTITUTE FOR
PERFORMING ARTS**

ANNUAL REPORT

YEAR ENDED 31st JULY 2017

**COMPANY NUMBER: 02511501
REGISTERED CHARITY: 1001565**

THE LIVERPOOL INSITUTE FOR PERFORMING ARTS

Annual Report For the year ended 31st July 2017

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THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Legal and Administrative Details **For the year ended 31st July 2017**

Status

The Liverpool Institute for Performing Arts (referred to as LIPA, the Institute or the company and collectively with its subsidiaries the group) is a company limited by guarantee, with each member guaranteeing £1, registered number 02511501. The company is a registered charity, number 1001565.

Registered Office

Mount Street
Liverpool
L1 9HF

Advisors

Bankers

Royal Bank of Scotland plc
1 Dale Street
Liverpool
L2 2PP

Solicitors

Swan Turton
68A Neal Street
London
WC2H 9PA

Weightmans LLP
100 Old Hall Street
Liverpool
L3 9QJ

Independent Auditors

Grant Thornton UK LLP
Royal Liver Building
Liverpool
L3 1PS

Internal Auditors

RSM Risk Assurance Services LLP
3 Hardman Street
Manchester
M3 3HF

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Operating and Financial Review For the year ended 31st July 2017

The directors present their Annual Report, including the Strategic Report, together with the group's audited Financial Statements for the year ended 31st July 2017.

1. Constitution and Objectives

LIPA is a company limited by guarantee. It does not have any shares and the liability of its members is limited. LIPA is a registered charity.

The objective of the company is the provision of education and training in the performing arts. In pursuit of this objective, the company became sole trustee of The Liverpool Institute Charity on 8th October 1993. The governing document of the company is its Articles of Association, which define the framework for corporate governance. The directors confirm compliance with both current statutory requirements and the governing document. In particular, the report complies with the requirements of the Charities Act 2011.

2. Organisation and Decision Making Structure

The directors, who are collectively referred to as Council, are also the trustees. New directors are appointed by the Council. The directors during the year and up to the date of signing the accounts were as follows:

Isabel Begg	Ian Jones - Chair
Julie Cullen	Roger Morris
James Dow	John Reynolds - appointed 17 October 2016
Louise Ellman	Frank Sanderson
Victoria Fea - appointed 31 October 2017	Ken Webster
Mark Featherstone-Witty - Chief Executive	Andrew Westwood
Jonathon Ford	Claire Workman
Simon Fowler	Richard Young
Geoffrey Goodwin - Vice Chair	

The Council has established, through a scheme of delegation, several sub-committees some of which are formed on a short-term basis. Full information on company membership and committees may be obtained from the Company Secretary. Further information of the five main committees is detailed in the Corporate Governance Statement on page 13. Apart from the Chief Executive, none of the trustees receives any remuneration or benefit from their work with LIPA.

3. Background

LIPA is dedicated to providing the best teaching and learning for people who want to pursue a lasting career in the arts and entertainment sector. This is provided through a series of courses aimed at different age groups. These include pre-higher education courses and undergraduate programmes for those aged 18 and over and performing arts classes for 4-19 year olds.

Two seasons of public productions are run each year during which over 30 productions can be enjoyed by music, theatre and dance lovers.

LIPA began teaching students in 1996. It was designated a higher education institute in 2006. It was formed by a combination of the ideas of the Founding Principal and current Chief Executive, Mark Featherstone-Witty, Sir George Martin and Sir Paul McCartney to develop a specialist performing arts school and also to save the school building in which Sir Paul had studied, from dereliction. Eleven years of planning and fundraising preceded the opening in 1996.

LIPA is not a conventional dance, drama or music college although the standard of professional training reflects the best of such institutions. The training process is based on an awareness of the need for performing artists and those who make performance possible to collaborate creatively and integrate with their peers. The synergy between performers, producers, managers, designers and technicians enables the students to replicate industry practice giving a better understanding of the business they are entering. It prepares students for a lasting career in the performing arts industry.

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Operating and Financial Review

For the year ended 31st July 2017 continued

4. Strategic Report

As a registered charity, the strategic report is contained in the following sections:

- Review of Activities and Achievement;
- Results for the year;
- Cash flows;
- Treasury Policies and Objectives;
- Public Benefit;
- Strategy and Risks ;
- Estates Requirements and New Capacity; and
- Immediate Prospects.

5. Review of Activities and Achievement

(a) Higher Education

BA (Hons) Programmes

A total of 726 students undertook LIPA's BA degree programmes as follows:

Acting	116	Music Theatre and Entertainment Management	82
Applied Theatre & Community Drama	53	Sound Technology	80
		Songwriting and Performance	43
Dance	80	Theatre and Performance Design	40
Music	159	Theatre and Performance Technology	73

Of the students, 551 are from the UK, 27 from other countries within the EU and 148 from countries outside the EU.

Our degree programmes are validated by Liverpool John Moores University as the awarding body, which confers the qualifications. This arrangement has been in place since LIPA's inception. Additionally, our academic standards need to comply with those monitored by the Quality Assurance Agency (QAA) for Higher Education. Our most recent QAA review was during the 2015/16 teaching year, with the overall findings being:

- The maintenance of the academic standards of awards offered on behalf of its degree-awarding bodies and/or other awarding organisations meets UK expectations;
- The quality of student learning opportunities meets UK expectations;
- The quality of the information about learning opportunities meets UK expectations; and
- The enhancement of student learning opportunities meets UK expectations.

(it should be noted that 'meets UK expectations' is the highest award possible)

Additionally, the QAA review identified the following features of good practice:

- The comprehensive range of individually tailored and flexible support provided for students; and
- The strategic approach to the use of deliberate and collaborative interdisciplinary practice, which prepares students for long-term employability.

In terms of further sector recognition for the quality of education provided at LIPA, it was awarded 'Gold' status following intensive scrutiny of key teaching and employability statistics in forming the Government's Teaching Excellence Framework.

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Operating and Financial Review For the year ended 31st July 2017 continued

Foundation Certificate

In addition to the BA courses, 17 students undertook the LIPA foundation certificate on Popular Music and Music Technology.

These certificates are accredited by Liverpool John Moores University. The courses are a one-year full time intensive vocationally orientated programme designed to enable progression into the industry or provide preparation for degree level work. They receive no public funding.

Destinations

LIPA's aim is sustained employment and as a measure of success we undertake regular reviews of graduate activity three years after graduation. This year LIPA traced 82% of students who graduated in 2013. Of these students 92% were in employment with 84% in performing arts related employment.

(b) LIPA 4-19 Part Time Academy

LIPA 4-19 is a part time performing arts academy for 4 to 19 year olds, which was launched in 2003. It aims to produce multi-disciplined all round performers with courses that comprise song, dance and acting. Courses are carefully designed to reflect the correct stage of performing arts development for each age group. For the individual, the skills learnt help develop confidence and presentational skills. They stimulate imagination and creativity. Its development originally centred on LIPA's premises but has now seen the formation of a sister school in Maghull. Expansion has also been achieved by introducing classes on Sundays. In general, all LIPA managed courses are oversubscribed, indicating acceptance amongst students and parents.

Many of the students aged 7-19 undertook singing exams in 2016/17 and early starters aged 5 to 6 undertook speech and drama exams. Many students graduating from LIPA 4-19 have been accepted at highly credited colleges such as Performers College, Arts Educational, Urdang Academy, Mountview Academy of Theatre Arts, the Royal Academy of Dramatic Art (RADA) and the New York Film Academy. Many students have also been accepted to study at LIPA on the foundation certificate and degree courses as well as going on to study at the LIPA Sixth Form College.

This academy has additional corporate benefits: non-HEFCE revenue streams, utilisation of specialist facilities outside the normal Higher Education usage and generating expansion without the need for high levels of capital investment.

6. Results for the Year

The Financial Statements comply with the current statutory requirements and have been prepared in accordance with Applicable Accounting Standards in the United Kingdom. This includes the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with the note 1 of the Accounting Policies.

At 31st July 2017 the group had free reserves of £14,073,661, cash at bank of £4,306,789 and borrowings of £2,409,079. The directors believe that sufficient resources are available to fulfil adequately the obligations of the group.

The group generated a surplus on continuing operations in the year of £652,868 (2016: £1,695,702). This represents a surplus of 6.3% on income (2016: 15.6%). The financial objectives of the group include a targeted return of at least 3% of income.

Total income decreased by £552,349 to £10,286,743. The main reason for the decrease was the exceptional proceeds of the disposal of the 70 Hope Street building, which occurred in the year to 31st July 2016. Recurrent income increased by £208,557 between the years ending 31 July 2016 and 2017.

Income from HEFCE sources totalled £1,309,730 (2016: £1,193,994). This represents 12.7% of total income (2016: 11.0%). Included in HEFCE funding is Institute Specific Funding (ISF). LIPA has historically received this in recognition of the additional costs of the specialist training provided to our students. Following a review in spring 2016 HEFCE advised LIPA that the funding would cease from 1st

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Operating and Financial Review

For the year ended 31st July 2017 continued

August 2017 and that for the year ending 31st July 2017 the funding would be at 50% of the previous level. LIPA successfully appealed against this decision and the ISF funding was fully reinstated in the year to 31st July 2017. This totalled £742,000 (2016: £742,868). In terms of future ISF funding, HEFCE has advised LIPA that it will receive 90% of the previous level of ISF funding in the year to 31st July 2018 and then this particular funding stream will cease thereafter, although LIPA will be invited to bid for future ISF funds when the next funding period is announced.

Expenditure increased by £489,439 to £9,632,829.

The major element of expenditure related to staff costs. Staff costs increased by £72,226 to £5,946,285. This follows a major investment in staffing resource during the previous year to enhance our student experience. Staff costs represented 57.8% of total income and 61.7% of total expenditure (2016: 54.2% and 64.2% respectively).

Operating expenses increased by £261,525 to £2,916,726. This includes additional expenditure on IT systems and facilities for students.

The group had net assets of £14,626,049 at 31st July 2017.

7. Capital Expenditure

The total capital additions in the year were £678,718. This included £415,196 spent on the refurbishment of 68 Hope Street, which is further explained on page 10. Other significant capital additions included computer hardware and software, telephony equipment, communications equipment, musical instruments and ancillary products such as speakers and amplifiers.

8. Cash Flows

The consolidated Cash Flow shows a net cash inflow from operating activities of £587,779 (2016: £1,658,673).

Total cash balances and deposits were £4,306,789 at 31st July 2017 (2016: £4,571,862). The group had borrowings of £2,409,079 by way of loan at 31st July 2017 (2016: £2,500,000).

Capital expenditure, including the remaining costs of the refurbishment of 68 Hope Street, continues to be funded out of cash flow. LIPA's bankers have provided a flexible loan facility that covers any borrowing needed to cover cash short falls arising from the profile of receipts from the Student Loan Company.

The bank position gives comfort to the directors on the financial stability of the operation. Extra vigilance is being taken on cash collection following the changes in the method of funding fees for UK and EU students and the profile of receipts from the Student Loans Company.

9. Subsidiary Undertakings

The company has two subsidiary undertakings, LIPA Enterprises Limited and LIPA 4-19 Franchising Limited. Any distributable surpluses generated by the subsidiaries are transferred to the Institute by way of donation in accordance with the Memorandum and Articles of Association. In the current year, LIPA Enterprises Limited generated an operating surplus of £5,227 (2016: surplus £2,270). LIPA 4-19 Franchising Limited generated an operating loss of £2,948 (2016: loss £2,865).

10. Unrestricted Reserves

LIPA deems all unrestricted reserves to be free funds for use in achieving the objectives of the company. The directors' view is that it is prudent to ensure that there are sufficient free funds at the current level to provide financial flexibility for the development of the strategic plan. Reserves will be utilised to ensure the continuing operation of the group and the expansion of capacity when appropriate. LIPA's approach is to retain sufficient free cash, or have bank facilities available, to meet three months' expenditure.

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Operating and Financial Review For the year ended 31st July 2017 continued

11. Endowment Reserves

Expendable endowment funds represent donations from various sources that are distributed in accordance with their wishes.

12. Treasury Policies and Objectives

Treasury management is the management of the Institute's cash flows, its banking and money market transactions. The major risks relate to the security of the banking institutions where the cash surplus is invested and the exposure to fluctuating interest rates. Given the current economic environment, there is no risk free strategy. The Institute has adopted a risk minimisation strategy. At the date of this report all funds were held in accounts within the Royal Bank of Scotland group, in which the Government has a stake. This limits exposure but impacts on the level of investment income generated. There is no exposure to foreign currencies.

13. Pensions

The Institute participates in only one defined benefits scheme, the Teachers' Pension Scheme. It is not possible to separate out LIPA's share of the scheme. As a result, it is treated as a quasi-defined contributions scheme. After each valuation the future contribution rates are adjusted. The last adjustment occurred in January 2007, with contributions being increased from September 2015. A full explanation of pension commitments is given in note 26 to the accounts.

14. Policy on the Payment of Creditors

Payment terms for goods and services are agreed with the suppliers at the time of placing orders and are adhered to by the company. The company's policy is to pay creditors on the due date. Creditor payment days at 31st July 2017 were 24 days (2016: 27 days).

15. Accessibility and Widening Participation

LIPA is committed to a fair and transparent admission system. There is no discrimination on grounds of race, ethnicity, gender, sexual orientation, religion, disability or age. To ensure suitability is assessed effectively, 78 interview and audition events were undertaken, to which 2,520 students were invited. Specialist support is provided for students with disabilities. Tutors have experience of working with dyslexia, mental health problems, long-term health problems, stress, organisational difficulties and sensory impairments. IT equipment provided includes voice-activated software, text enlargers and Braille converters.

LIPA is particularly concerned to engage with disadvantaged young people and strives to widen participation from groups that are under-represented in higher education. LIPA is committed to a range of outreach initiatives and fair access measures, as detailed in the Access Agreement (in this case for 2016-17). These are targeted towards:

- First degree entrants from lower socio-economic groups, and
- Students from low participation neighbourhoods.

LIPA is also keen to promote applications and support entrants from black and minority ethnic groups, pupils with disabilities, mature students and care leavers.

In pursuit of these objectives LIPA provides a number of financial support initiatives. In the year to 31st July 2017 these included:

- A LIPA bursary of £500 to HEFCE students with a household income of £25,000 or below;
- Free auditions and / or travel grants to young people from low participation neighbourhoods across the UK to encourage greater attendance at auditions and interviews at LIPA;
- 2 free places on the Foundation Certificate in Popular Music and Music Technology, together with cash bursaries of £6,000, to applicants from low income households across the UK; and
- 4 LIPA 4:19 Summer School fee waivers (£150 to £160 per place).

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Operating and Financial Review For the year ended 31st July 2017 continued

Through the Widening Participation (WP) team's activity, LIPA offers a range of opportunities for young people across Liverpool, Greater Merseyside and the North West (plus one residential summer school which recruits nationally), designed to raise awareness and aspiration towards higher education progression. These are targeted at school / college groups and individuals primarily interested in performing arts and making performance possible.

During the year to 31st July 2017, LIPA worked closely with eight partner schools containing a significant number of students from under-represented groups. In order to encourage interest in performing arts-related subjects and identify talented students in these areas LIPA provided:

- 137 tailored support workshops, known as LIPA Tasters, in partner schools with Year 7, 8 and 9 students (and on occasion year 10 in a few schools). These ran in acting, backstage, dance, music and singing; and
- 4 in-school assemblies to promote this provision.

From year 10 onwards, LIPA offered a two year programme of activities for individuals from state schools who met at least one WP eligibility criteria. This structured progression framework for Year 10 and Year 11 students consisted of:

- A number of audition sessions onto the programme, both in school and at LIPA;
- A new Year 10/11 welcome event for students and parents explaining the future activities on offer and showcasing the benefits of getting involved in the programme. This was attended by approximately 75 people – 35 participants and their accompanying supporters;
- LIPA XTRA, a 3-day non-residential course attended by 59 Year 10 students who are interested in progressing to LIPA in the future. They chose to study acting, backstage, dance, music or singing for the week and participated in a series of practical workshops;
- The LIPA Summer Xperience, a 5-day non-residential summer school attended by 41 students finishing Year 10. Working together across five disciplines to put on their own production, the week culminated in a performance in the Sennheiser Studio Theatre;
- An evening Skills Workshop event for Year 11s. This session helped students develop skills and techniques for future auditions and interviews. It was attended by 43 people;
- LIPA Summer Engage. This 3-day project, with 26 attendees, supported participants in thinking and planning their progression routes into a possible future in performing arts;
- Two Sound Technology experience days. These days were attended in total by 9 students from Years 10 and 11. These days gave the students an experience of what it is like to study Sound Technology at LIPA and use the facilities to create their own material; and
- Two Explore Backstage - Making Performance Possible days. Participants split the day between a visit to the Empire Theatre to see facilities there and talk to staff in order to gain an understanding of what happens in a working theatre, alongside some practical backstage workshops at LIPA. These days were attended by 35 students from Years 10 and 11.

For students studying at a Sixth Form or Further Education College, LIPA delivered:

- Get Set, a 3-day course attended by 65 students who are interested in applying to LIPA for 2018 entry. They chose to study acting, backstage, dance, music or singing for the duration of the project, which included a focus on application and audition awareness. During Summer 2017 Get Set was run as a residential experience with students staying in a local hall of residence and taking part in evening activities;
- A range of workshops with 11 partner colleges for young people studying performing arts and making performance possible subjects at level 3 and considering higher education for 2017 and 2018 entry (additional workshops were also offered through our schools and colleges liaison work);
- A Pathways event - aimed at exploring the necessary skills portfolio for careers in the performing arts - attended by 33 students from across partner colleges; and
- Audition preparation phone calls for students from low participation neighbourhoods throughout December, January, February, March and April. These related to all disciplines.

LIPA also responded to a variety of requests for ad-hoc activities from non-partner WP schools. In the year to 31st July 2017 LIPA provided:

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Operating and Financial Review For the year ended 31st July 2017 continued

- 6 visits to LIPA by non-partner schools and colleges. These visits included a tour and talk and, on occasion, a workshop in the student's chosen subject. These visits reached over 100 students from Years 9 to 12;
- In-school workshops at a further five schools;
- Attendance at 50 careers fairs in local and regional schools / colleges with a LIPA / HE information stand;
- Two Music Theory preparation workshops in October 2016 for 20 students interested in applying to Music; and
- The opportunity for 154 pupils from 4 local schools / colleges to attend one of LIPA's Public Performances (Stop the World, Giselle, Urinetown or District 12).

LIPA has also engaged in activities closer to home, supporting its additional education ventures. Through Access Agreement allocation, LIPA funded visits by LIPA Primary staff to nurseries in low participation neighbourhoods to encourage progression to LIPA Primary School. LIPA also financed and hosted an induction day in July for all children and their parents / carers due to start at the primary school in September 2017. Pupils currently at the LIPA Primary School participated in a series of inspirational assemblies and workshops sessions in acting, singing, dance and backstage delivered through LIPA's widening participation provision.

All learners in the first year of study at LIPA Sixth Form College participated in activities designed to raise awareness of the process for applying to Higher Education study and to assist with building confidence and skills for preparing auditions / interviews. Six part-day workshops to this effect were delivered with this cohort by LIPA widening participation staff delivered between March 2017 and June 2017.

Finally, LIPA was involved in supporting a number of collaborative outreach activities with other HE providers across Liverpool. This spend has been accounted against additional allocation from HEFCE relating to support of the National Networks for Collaborative Outreach (until December 31 2016) and the National Collaborative Outreach Programmes (from July 2017 onwards).

16. Public Benefit

LIPA's primary charitable purpose is the provision of education and training in the performing arts. Details of the courses and programmes and the number of students who have participated are given earlier in this Review.

LIPA seeks to provide benefits both to the wider public and to targeted groups of individuals who might not otherwise experience or participate in the performing arts. In pursuance of this objective LIPA has:

- Run two seasons of public performances, open to the public at modest cost;
- Delivered a dance centred programme for the promotion of well-being amongst the mentally ill;
- Provided management support and training for new businesses, either through LIPA's own initiatives or in combination with others;
- Given financial support for a number of graduate businesses;
- Generated new graduates' business employment;
- Used LIPA's location, infrastructure, contacts, track-record and reputation to assist a variety of enquirers;
- Contributed through technical theatre programmes to the region's live entertainment industry;
- Worked in the community, including cultural activities for young people, asylum seekers, offenders and those with addiction issues;
- Sponsored and provided on-going support to The LIPA Primary School and The LIPA Sixth Form College.

17. Strategy and Risk

Council approved a revised and refreshed strategic plan for the five-year period to 31st July 2022 in June 2017. A comprehensive risk register has been produced which links the strategic plan goals to the risks and the action plans to mitigate these risks.

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Operating and Financial Review For the year ended 31st July 2017 continued

Applications to LIPA each year are approximately 11 times the number of places available. As noted above it had free cash of £4,306,789 available at 31st July 2017 and borrowings of £2,409,079 at that date.

Figures have shown that over the most recent four year period, 92% of LIPA's graduates are in work three years after leaving, while 84% work in the performing arts. This emphasis on industry connections means that graduates are sought out for employment opportunities and seen as excellent employment prospects.

In overall terms, LIPA is a relatively low risk organisation with a reputation for excellence, drawing students from across the world. However, it is not risk free nor does the low level of risk mean that the Institute is complacent about its future, especially having regard to:

- Potential changes in the funding arrangements for UK students;
- Increased competition in the Higher Education marketplace;
- The process for the UK leaving the European Union, and the impact of this on international student recruitment patterns; and
- The loss of Institute Specific Funding and our subsequent bid for HEFCE Catalyst funding.

The key strands of LIPA's strategy and risk management are to:

- Maintain the level of student intake, in terms of both quality and numbers, including overseas students;
- Reduce the impact of the phased withdrawal of HEFCE Institute Specific Funding; and
- Develop new facilities, including additional rehearsal and performance spaces, designed specifically to meet LIPA's specialist needs.

18. HEFCE Funding

For the year ended 31st July 2017 HEFCE provided 12.7% of LIPA's total funding. This included Institute Specific Funding and other grants. From 1st August 2015 LIPA has received no HEFCE mainstream teaching grant. The majority of UK student funding is through loans provided by the Student Loan Company to students to fund their tuition fees.

19. Estates Requirements and New Capacity

LIPA has been operating for over 20 years. One of LIPA's aims was to save the Liverpool Institute building attended by Sir Paul McCartney, from dereliction. The building was completely refurbished at a total cost of £13.6m. LIPA occupies the Mount Street property in accordance with the Scheme of the Charity Commission which makes LIPA the trustee of the Liverpool Institute Charity.

To provide additional facilities LIPA acquired the freehold property at 70 Hope Street in 1997.

In March 2012, LIPA acquired the freehold property at 68 Hope Street, on the basis that the building would provide scope for expansion and enhancement of the facilities on offer at that time.

Alterations and refurbishment of 68 Hope Street commenced in August 2014 and, with the exception of the central atrium area, were largely completed in November 2015, since which date the property has been partially occupied.

The 70 Hope Street property was subsequently sold to the Department for Education as a base for the LIPA Sixth Form College, which opened in September 2016. Concurrent with this, work on 68 Hope Street was completed in September 2016. At the time of writing this report, the contractor's final account remains under negotiation but we anticipate that there should be a conclusion to this matter during the fiscal year 2017/18.

20. Immediate Prospects

With the reinstatement of 90% of the allocated level of ISF for 2017/18, we have set a surplus budget which is forecast to be in excess of 5% of income. However, with ISF being removed from 2018/19

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Operating and Financial Review For the year ended 31st July 2017 continued

onwards, we are working proactively and positively to mitigate the risk to the student experience arising from the loss of government funding.

In order to maintain the level of surplus as much as possible the group will:

- Review all courses offered and introduce new courses where demand justifies this;
- Optimise the funding available;
- Continue to pursue Value for Money in all aspects of the group's activities;
- Review all new appointments as posts become available; and
- Apply for HEFCE Catalyst funding to allow investment to ensure that LIPA remains at the forefront of the Performing Arts industry.

21. The LIPA Primary School

LIPA's strategic plan for 2012-17 included the development of primary provision. To this end, The LIPA Primary School was incorporated on 30th November 2012. This is a company limited by guarantee, with charitable status. Whilst its members and governors comprise, largely, LIPA Members and Council Directors, the company does not constitute a subsidiary of LIPA.

The LIPA Primary School successfully received its fourth cohort of 52 pupils in September 2017, into premises in close proximity to LIPA's campus. It also was graded as 'good' by Ofsted following an inspection in July 2017.

During the year LIPA provided, and continues to provide, support to The LIPA Primary School, as well as delivering services through a Service Level Agreement.

22. The LIPA Sixth Form College

In further pursuance of creating an integrated educational group, LIPA submitted a successful bid to open a sixth form college. The LIPA Sixth Form College was incorporated on 24th December 2013. This is a company limited by guarantee, with charitable status. Whilst its members and governors comprise, largely, LIPA Members and Council Directors, the company does not constitute a subsidiary of LIPA.

The LIPA Sixth Form College received its second intake of students in September 2017 taking the total number of students to 369, which is above our anticipated number of 360. The College is based in 70 Hope Street, which has been extended and refurbished, LIPA's activities having been transferred to 68 Hope Street.

During the year LIPA provided, and continues to provide, support to The LIPA Sixth Form College, as well as delivering services through a Service Level Agreement.

23. Stakeholder Relationships

LIPA's stakeholders include students, staff, alumni, patrons, HEFCE, employers, government offices, the Regional Development Agency, Liverpool residents, professional bodies and practitioners.

24. Equal opportunities and employment of disabled employees

LIPA is committed to ensuring equality of opportunity for everyone. LIPA respects and positively values differences in race, gender, disability and disadvantaged backgrounds. Applications for employment by disabled persons are given full and fair consideration in accordance with their particular aptitudes and abilities. In the event of an employee becoming disabled, every effort is given to retrain them in order that their employment with the company may continue.

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**Operating and Financial Review
For the year ended 31st July 2017 continued**

25. Independent Auditors

A resolution to reappoint Grant Thornton UK LLP will be proposed at the Annual General Meeting.

The approval of the Operating and Financial Review includes the approval of the Strategic Report as well as the responsibilities required by the regulator.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'K Dimmock', written in a cursive style.

K Dimmock
Company Secretary
24th November 2017

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Corporate Governance Statement For the year ended 31st July 2017

LIPA's Board of Directors is committed to achieving the highest standards of corporate governance and in doing so complies with The Committee of University Chairmen Governance Code of Practice. In carrying out its duties it also has regard for the best practice in The UK Corporate Governance Code, insofar as it is applicable to the company. This summary describes the manner in which the company has applied the principles set out in The Committee of University Chairmen Governance Code of Practice. Its purpose is to help the reader of the accounts understand how LIPA applies the principles.

The members of the company within the meaning of the Companies Acts are the custodians of LIPA's ethos and culture and guardians of its fundamentals. The members' primary responsibilities are:

1. To consult with LIPA's directors in order to agree the determination of the educational character and mission of LIPA;
2. To consult with LIPA's directors on filling any vacancy or expected vacancy in the role of Principal;
3. To appoint LIPA's independent auditors;
4. To consider and, if agreed, approve changes to LIPA's Articles of Association proposed by LIPA's Council. Any changes are subject to the approval of the Privy Council and the Charity Commission.

LIPA's Articles of Association empower the members to remove any or all of the directors by written resolution signed by a majority of the members. There is a Memorandum of Understanding between the members and Council on how this power is exercised.

The Council is LIPA's governing body. Its members are directors of the company within the meaning of the Companies Acts and Trustees within the meaning of the Charities Act. The primary responsibilities of Council are:

1. To consult with LIPA's members in order to agree the determination of the educational character and mission of LIPA and oversee LIPA's activities having regard to such determination;
2. To prepare, or cause to be prepared, long-term teaching and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders;
3. To fill any vacancy, or determine the method of filling any expected vacancy, in the post of Principal, having consulted LIPA's members about any such vacancy or expected vacancy;
4. To delegate to the Principal, as chief executive, authority for the teaching, corporate, financial, estate and personnel management of LIPA;
5. To establish and keep under regular review the policies, procedures and limits within the management functions undertaken by, and under the authority of, the Principal;
6. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment;
7. To ensure that processes are in place to monitor and evaluate the performance and effectiveness of LIPA against the plans and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions;
8. To establish processes to monitor and evaluate the performance and effectiveness of Council itself;
9. To conduct its business in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life;
10. To safeguard LIPA's good name and values;

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Corporate Governance Statement For the year ended 31st July 2017 continued

11. To appoint a clerk to Council and to ensure that, if the person appointed has managerial responsibilities in LIPA, there is an appropriate separation in the lines of accountability;
12. To be responsible for the appointment, grading, appraisal, assignment, suspension and dismissal of senior post holders and the determination of their pay and conditions of service;
13. To set a framework for the pay and conditions of service of all staff and make rules specifying procedures according to which staff may seek redress of any grievances relating to their performance;
14. To be LIPA's principal financial and business authority, to ensure that proper books of account are kept, to approve the annual budget and Financial Statements, and to have overall responsibility for LIPA's assets, property and estate;
15. To set rules, after consultation with the Teaching and Learning Board and representatives of the students, with respect to the conduct of students, including procedures for suspension and expulsion, and make such provision as it thinks fit for the general welfare of students;
16. To act as trustee for any property, legacy, endowment, bequest or gift made in support of the work and welfare of LIPA;
17. To be LIPA's legal authority and, as such, to ensure that systems are in place for meeting all LIPA's legal obligations, including those arising from contracts and other legal commitments made in LIPA's name;
18. To ensure that LIPA adheres to its constitution at all times and that appropriate advice is available to enable this to happen; and
19. To amend LIPA's Articles of Association, subject to the approval of LIPA's members in a General Meeting or by written resolution, the Privy Council and the Charities Commission.

Directors serve a term of four years, and may be re-elected to serve a further term of four years. Any director retiring after serving eight years is eligible for re-appointment having regard to the individual's particular skills, experience, commitment and longevity of service.

Nominations for new appointees are sought from existing and past directors and from within the performing arts, business and other sectors. The aim is to ensure a balance of skills within the Council. Such criteria as widening the diversity of the Council are also taken into account in seeking nominations.

All nominations are tabled at a full Council meeting for approval. On appointment new directors attend a half-day induction course at LIPA presented by the Founding Principal and the Director of Administration and Personnel. This provides a detailed explanation of the legal responsibilities of the post and the workings of the Institute. This is supplemented by detailed policy documents such as the group's current strategic plan.

Directors observe the Seven Principles of Public Life drawn up by the Committee on Standards in Public Life.

Council ensures that the Institute has in place appropriate procedures under which staff may raise matters of legitimate concern in the public interest, consistent with the requirements of the Public Interest Disclosure Act (2010).

LIPA complies with the Guide to Governors issued by the Committee of University Chairman (CUC) except in one respect. The Guide recommends that governors meet at least four times a year. The Council meets at least three times a year, which is considered adequate given the size of the Institution.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Corporate Governance Statement For the year ended 31st July 2017 continued

The Council has issued a Scheme of Delegation, which was approved by the Council on 26th January 2003 and may only be amended by the Council. The Scheme operates within the context of LIPA's Articles of Association and Handbook of Corporate Governance and is applied in conjunction with the rules and regulations of LIPA, including the Financial Regulations, and individual job descriptions/outlines and contractual arrangements.

The Council has five main committees - Finance, Audit, Nominations and Governance, Remuneration, and Teaching and Learning Board. The various terms of reference are set out in the Handbook of Governance.

The Finance Committee, inter alia, recommends to the Council the company's annual revenue and capital budgets and monitors performance in relation to the approved budgets.

The Audit Committee meets four times a year, with the company's Independent and Internal Auditors in attendance as appropriate. The Committee considers detailed reports together with recommendations for the improvement of the company's systems of internal control and management's responses and implementation plans. It also receives and considers reports from HEFCE as they affect LIPA's business and monitors adherence to the regulatory requirements. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee. The Committee has the opportunity to meet with both Independent and Internal Auditors on their own for independent discussions, and this is a standing item on the agenda.

The Nominations and Governance Committee seeks out new directors and recommends their appointment to Council. The Committee's remit includes monitoring governance arrangements.

The Remuneration Committee determines the remuneration of the most senior staff, including the Chief Executive.

The Teaching and Learning Board determines the strategic curriculum development of the company.

Working groups are established from time to time by the Chief Executive, for which a member of the Directorate is responsible (though not necessarily as chair).

Formal working groups are not established without the approval of the Chief Executive, although it is expected that staff will work in a cross-disciplinary manner and on a team basis, without the need for direction to do so, in order to maximise the benefits of the expertise available to achieve any given objective.

The Council is ultimately responsible for the company's system of internal control and for reviewing its effectiveness. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31st July 2017 and up to the date of approval of the Financial Statements, and accords with HEFCE guidance.

The key elements of the company's system of internal control, which is designed to discharge the responsibilities set out above, include the following:

- Effective review by directors;
- Systems which define policies, set objectives and plans and then monitor financial and other performance;
- Systems and procedures which include segregation of duties, authorisation and approval procedures and information systems;
- An effective internal audit system;
- An effective independent audit system, including an appropriate response to the points raised in the management letter;
- Other reporting and monitoring systems such as those required by providers of other funds;

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Corporate Governance Statement For the year ended 31st July 2017 continued

- The work of the Finance and Audit Committees in monitoring the financial position and control systems;
- The strategic plan and the related annual operating statements which set the framework for the annual budgets;
- The annual operating and capital budgets which identify and quantify the revenue resources available and associated expenditure;
- The provision of regular financial information to individuals with responsibility for elements of the budget and the monitoring of progress against budgets;
- Day to day controls exercised by the financial officers of LIPA, in particular the Head of Accounting;
- The financial regulations which, amongst other items, detail the financial procedures and rules to be followed for various financial transactions;
- Policies on a range of areas such as treasury management, debt collection, fraud etc.; and
- A Corporate Governance manual, which sets out various controls and policies.

The risk management strategy incorporates the following processes:

- Council have approved the risk management policy;
- The principal responsibility for risk management has been assigned to the Directorate. Risk management is planned into the work of the Directorate for the year. The Directorate consists of the Chief Executive and senior management;
- The Internal Auditors have been instructed to ensure that their planning arrangements, methodology and approach conform to the latest professional standards reflecting the adoption of risk management; and
- The Audit Committee has been charged with providing advice on the effectiveness of the establishment and implementation of risk management.

The Council ensures that there is an independent Internal Audit function, which has direct access to the Chair of Council and to the Chair of the Audit Committee.

The Internal Auditors operate to standards defined in the HEFCE Audit Code of Practice. The Internal Auditors submit regular reports on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement.

The directors' review of the effectiveness of the system of internal control is informed by the work of the Internal Auditors and the executive managers within the Institute who have responsibility for the development and maintenance of the internal control framework, and by comments made by the Independent Auditors in their management letter and other reports.

ON BEHALF OF THE BOARD



I.M. Jones
Chair of Council
24th November 2017

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Directors' Responsibilities Statement **For the year ended 31st July 2017**

In accordance with the Institute's Memorandum and Articles of Association, Council is responsible for the administration and management of the affairs of the Institute and is required to present audited financial statements for each financial year.

Council (the members of which are also the directors of the company for the purposes of company law) is responsible for preparing the Operating and Financial Report and the financial statements in accordance with applicable law and regulations.

Company law requires Council to prepare financial statements for each financial year. Under that law, Council is required to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. In addition, Council is required to prepare the financial statements in accordance with the terms and conditions of the HEFCE Memorandum of assurance and accountability (July 2017), through its accountable officer. Under company law, Council 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 Institute and the group and of the surplus or deficit, gains and losses, changes in reserves and cash flows of the Institute and the group for that year.

In preparing the financial statements Council is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting 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; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Institute will continue in business.

Council is responsible for keeping adequate accounting records that are sufficient to show and explain the Institute's transactions and disclose with reasonable accuracy at any time the financial position of the Institute and enable it to ensure that the financial statements comply with the Memorandum and Articles of Association, the Statement of Recommended Practice - Accounting for Further and Higher Education as issued in March 2014 and any subsequent amendments, the HEFCE Accounts Direction and the Companies Act 2006. They are also responsible for safeguarding the assets of the Institute and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Council has taken reasonable steps to:

- Ensure that funds from HEFCE are used only for the purposes for which they have been given and in accordance with the HEFCE memorandum of assurance and accountability (July 2017) and any other conditions which the Funding Council may from time to time prescribe;
- Ensure that there are appropriate financial management controls in place to safeguard public funds and funds from other sources;
- Ensure that the Institute has a robust and comprehensive system of risk management, control and corporate governance, which includes the prevention and detection of corruption, fraud, bribery and irregularities; and
- Secure the economic, efficient and effective management of the Institute's and the group's resources and expenditure.

Council is responsible for the maintenance and integrity of the corporate and financial information included on the Institute's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Directors Responsibilities Statement For the year ended 31st July 2017 continued

Council confirms that:

- So far as each member is aware, there is no relevant audit information of which the Institute's auditor is unaware; and
- Members have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the Institute's auditor is aware of that information.

Approved on behalf of Council by:

A handwritten signature in black ink, appearing to read 'M Featherstone-Witty', with a long, sweeping tail extending downwards and to the right.

M Featherstone-Witty
Director
24th November 2017

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Independent auditor's report to the Council of The Liverpool Institute for Performing Arts

For the year ended 31st July 2017

Opinion

We have audited the financial statements of The Liverpool Institute for Performing Arts (the 'parent') and its subsidiaries (the 'group') for the year ended 31st July 2017 which comprise the consolidated and Institute statement of changes in reserves, the consolidated and Institute balance sheet, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- Give a true and fair view of the state of the group's and the parent's affairs as at 31st July 2017 and of the group's and the parent's surplus, and its income and expenditure, gains and losses, changes in reserves and the group's cash flows for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education published in March 2014; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We have been appointed as auditor under the Companies Act 2006 and the Education Reform Act 1988 and report in accordance with regulations made under those Acts. 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 group 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.

Who we are reporting to

This report is made solely to the Institute's Council, 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 Institute's Council those matters we are required to state to it 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 Institute and the Institute's Council as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

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

- The council's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The council have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Council are responsible for the other information. The other information comprises the information included in the annual report set out on pages 3 to 12, other than the financial statements and our

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Independent auditor's report to the Council of The Liverpool Institute for Performing Arts For the year ended 31st July 2017 continued

auditor's report thereon. 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 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 incorporated in the operating and financial review 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 incorporated in the operating and financial review has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors report incorporated in the operating and financial review.

Opinion on other matters prescribed by HEFCE's Memorandum of Assurance and Accountability dated July 2017

In our opinion, in all material respects:

- Funds from whatever source administered by the parent for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- Funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them; and
- The requirements of HEFCE'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 where the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of the Council's remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

Responsibilities of Council for the financial statements

As explained more fully in the Directors Responsibilities Statement set out on pages 17 to 18, the Council (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view,

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Independent auditor's report to the Council of The Liverpool Institute for Performing Arts

For the year ended 31st July 2017 continued

and for such internal control as the council determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

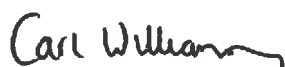
In preparing the financial statements, the Council are responsible for assessing the group's and the parent's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the council either intend to liquidate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

Auditor's responsibilities for the audit of the financial statements

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

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

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



Carl Williams
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Liverpool
24 November 2017

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Consolidated Statement of Comprehensive Income and Expenditure For the year ended 31st July 2017

	Notes	2017	2017	2016	2016
INCOME		Consolidated	Institute	Consolidated	Institute
		£	£	£	£
Tuition Fees and Education Contracts	1.1	7,641,240	7,641,240	7,794,301	7,794,301
Funding Body Grants	1.2	1,309,730	1,309,730	1,193,994	1,193,994
Project Income	1.3	526,544	491,230	555,035	503,163
Other Income	1.4	740,137	740,160	1,224,475	1,224,497
Investment Income	1.5	10,166	10,202	18,647	18,682
Total Income before Other Grants and Donations		10,227,817	10,192,562	10,786,452	10,734,637
Donations and Endowments	1.6	31,693	31,693	52,640	54,729
Total Income		10,259,510	10,224,255	10,839,092	10,789,366
EXPENDITURE					
Staff Costs	2	5,946,285	5,946,285	5,874,059	5,874,059
Other Operating Expenses	3	2,889,493	2,865,133	2,655,201	2,602,610
Depreciation		675,939	675,939	551,561	551,561
Interest and Other Finance Costs	4	93,879	93,879	62,569	62,569
Total Expenditure		9,605,596	9,581,236	9,143,390	9,090,799
Surplus before Tax		653,914	643,018	1,695,702	1,698,567
Taxation	5	(1,046)	-	-	-
Surplus and Total Comprehensive Income for the year		652,868	643,018	1,695,702	1,698,567

All amounts relate to continuing operations.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Consolidated and Company Statement of Changes in Reserves For the year ended 31st July 2017


	Income and Expenditure Account			Revaluation Reserve	Total
	Endowment	Restricted	Unrestricted		
Consolidated	£	£	£	£	£
Balance at 1st August 2015	255,775	223,987	11,797,717	-	12,227,479
Surplus from the Income and Expenditure Account	1,110	44,814	1,649,778	-	1,695,702
Balance at 1st August 2016	256,885	268,801	13,447,495	-	13,973,181
Surplus from the Income and Expenditure Account	(294)	26,996	626,166	-	652,868
Total Comprehensive Income for the year	(294)	26,996	626,166	-	652,868
Balance at 1st August 2017	256,591	295,797	14,073,661	-	14,626,049
Institute					
Balance at 1st August 2015	255,775	223,987	11,800,229	-	12,279,991
Surplus from the Income and Expenditure Account	1,110	44,814	1,652,643	-	1,698,567
Balance at 1st August 2016	256,885	268,801	13,452,872	-	13,978,558
Surplus from the Income and Expenditure Account	(294)	26,996	616,316	-	643,018
Total Comprehensive Income for the year	(294)	26,996	616,316	-	643,018
Balance at 31st July 2017	256,591	295,797	14,069,188	-	14,621,576


THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Consolidated and Company Balance Sheets

		As at 31 st July 2017		As at 31 st July 2016	
		Consolidated	Institute	Consolidated	Institute
	Notes	£	£	£	£
Non-Current Assets					
Intangible Assets and Goodwill	6	163,218	163,218	154,554	154,554
Fixed Assets	7	13,361,563	13,361,563	13,313,440	13,313,440
Heritage Assets	8	335,059	335,059	389,068	389,068
Investments	9	2,377	2,477	2,377	2,477
		13,862,217	13,862,317	13,859,439	13,859,539
Current Assets					
Stock	10	7,607	7,607	8,244	8,244
Trade and Other Receivables	11	534,474	532,500	253,439	257,411
Cash and Cash Equivalents	12	4,306,788	4,299,935	4,571,862	4,535,345
		4,848,869	4,840,042	4,833,545	4,801,000
Less: Creditors:					
Amounts Falling Due Within One Year	13	2,221,484	2,217,230	2,303,136	2,265,314
Net Current Assets		2,627,385	2,622,812	2,530,409	2,535,686
Total Assets less Current Liabilities		16,489,602	16,485,129	16,389,848	16,395,225
Creditors:					
Amounts Falling Due after more than One Year	14	1,863,553	1,863,553	2,416,667	2,416,667
Total Net Assets		14,626,049	14,621,576	13,973,181	13,978,558
Restricted Reserves					
Income and Expenditure Reserve – Endowment Reserve	15	256,591	256,591	256,885	256,885
Income and Expenditure Reserve – Restricted Reserve	16	295,797	295,797	268,801	268,801
Unrestricted Reserves					
Income and Expenditure Account – Unrestricted		14,073,661	14,069,188	13,447,495	13,452,872
Revaluation Reserve				-	-
Total Funds		14,626,049	14,621,576	13,973,181	13,978,558

Approved by the board on 24th November 2017 and signed on its behalf by:


I. M. Jones – Chair of Council


M. Featherstone-Witty – Director

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Consolidated Statement of Cash Flows For the year ended 31st July 2017

Cash Flow from Operating Activities	2017 £	2016 £
Surplus for the year	652,868	1,695,702
Adjustment for Non-Cash Items		
Depreciation	675,939	551,561
Investment Income	(10,166)	(18,647)
Decrease/(Increase) in Stock	637	573
(Increase)/Decrease in Debtors	(282,580)	(73,907)
Increase/(Decrease) in Creditors	(542,798)	212,755
Adjustment for Investing or Financing Activities		
Investment Income	-	-
Interest Payable	93,879	62,569
(Profit)/Loss on Sale of Fixed Assets	-	(760,906)
Net Cash Inflow from Operating Activities	587,779	1,647,646
Cash Flows from investing activities		
Proceeds from Sale of Fixed Assets	-	801,750
Asset Disposal Costs	-	(40,844)
Investment Income	11,712	18,647
Payments made to Acquire Fixed Assets	(678,718)	(3,521,580)
	(667,006)	(2,742,027)
Cash flows from financing activities		
Interest Paid	(94,925)	(51,542)
New Loan/(Loan Repaid)	(90,921)	2,500,000
	(185,846)	2,448,458
Increase/(Decrease) in Cash and Cash Equivalents in the year	(265,073)	1,354,077
Cash and Cash Equivalents at beginning of the year	4,571,862	3,217,785
Cash and Cash Equivalents at end of the year	4,306,789	4,571,862

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Accounting Policies For the year ended 31st July 2017

1. Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2014) and in accordance with applicable accounting standards. LIPA is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable accounting standards. The financial statements are prepared in accordance with the historical cost convention.

The financial statements have been prepared under FRS 102.

The financial statements are presented in sterling (£).

After reviewing the group's forecasts and projections, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

2. Basis of consolidation

The consolidated financial statements include the company and its subsidiaries for the financial year to 31st July 2017. Intra-group transactions are eliminated on consolidation.

3. Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Institute makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. There are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Critical areas of judgement

There are no areas of judgement that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4 Income Recognition

- 4.1 Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.
- 4.2 Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Income and Comprehensive Expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced by any discount, income receivable is shown net of the discount.
- 4.3 Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.
- 4.4 Funds the Institute receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the Institute where the Institute is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.
- 4.5 Government grants including funding council grants and other grants and donations from non-government sources are recognised within the Consolidated Statement of Comprehensive Income and Expenditure when the Institute is entitled to the income and performance related conditions have been met.
- 4.6 Income received in advance of performance related conditions is deferred on the balance sheet and released to the Consolidated Statement of Comprehensive Income and Expenditure in line with such conditions being met.
- 4.7 Other grants and donations from non-government sources are recognised within the Consolidated Statement of Comprehensive Income and Expenditure when the Institute is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is deferred on the Balance Sheet and released to the Consolidated Statement of Income and Expenditure in line with such conditions being met.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Accounting Policies continued For the year ended 31st July 2017

- 4.8** Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised within the Consolidated Statement of Comprehensive Income and Expenditure when the Institute is entitled to the Income. 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.
- 4.9** Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms applied to the individual endowment fund.
- 4.10** Donations with no restrictions are recorded within the Consolidated Statement of Comprehensive Income and Expenditure when the Institute is entitled to the income. Donations and endowments with restrictions are classified as restricted reserves with additional disclosure provided within the notes to the accounts. There are four main types of donations and endowments with restrictions:
1. Restricted donations - the donor has specified that the donation must be used for a particular objective;
 2. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the Institute;
 3. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the Institute can convert the donated sum into income; and
 4. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

5. Capital grants

Capital grants are recorded in the Consolidated Statement of Comprehensive Income when the Institute is entitled to the income subject to any performance related conditions being met.

6. Accounting for retirement benefits

For eligible employees, the Institute contributes to a defined benefit plan, the Teachers' Pension Scheme, a superannuation scheme that provides benefits based on final pensionable pay. For other staff the company also operates the LIPA Staff Pension Schemes, a range of defined contribution pension plans providing benefits additional to those from the State.

Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Under the definitions set out in Financial Reporting Standard (FRS) 17 (Retirement Benefits), the Teachers' Pension Scheme is a multi-employer pension scheme. LIPA is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, LIPA has taken advantage of the exemption in FRS 17 and has accounted for contributions to the scheme as if it were a defined contribution scheme.

Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees. The assets of the LIPA's schemes are held separately from those of the Institute in independently administered funds.

7. Employment benefits

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

8. Operating leases

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

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Accounting Policies continued For the year ended 31st July 2017

9. Foreign currency

Transactions in foreign currency are accounted for at the sterling equivalent (net of charges) on the date of receipt or payment. Monetary assets and liabilities are translated into sterling at year end rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

10. Intangible assets

Intangible assets are amortised over between three and 10 years, representing their remaining estimated economic lives. Intangible assets are subject to periodic impairment reviews as appropriate.

11. Fixed assets

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

Land and buildings

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the Institute.

Freehold land is not depreciated as it is considered to have an indefinite useful life.

Freehold buildings are depreciated on a straight line basis over 50 years.

Leasehold land is depreciated over the life of the lease up to a maximum of 50 years.

No depreciation is charged on assets in the course of construction.

Furniture and equipment

Items of furniture and equipment costing less than £1,000 per individual item or groups of the same items are written off in the year of acquisition. All other equipment is capitalised.

Capitalised furniture and equipment is stated at cost and depreciated over its expected useful life as follows:

- Computer equipment 3 years; and
- Furniture and other equipment up to 10 years.

12. Heritage assets

Heritage assets include additions to the Liverpool Institute building. Heritage assets are depreciated over 10 years.

Art works represent historic assets used by the institution and corporate art and are not, therefore, accounted for as a heritage asset.

13. Investments

Investments are shown at cost less any provision for impairment.

14. Stock

Stock is held at the lower of cost and net realisable value, and is measured using an average cost formula.

15. Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

16. Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Accounting Policies continued For the year ended 31st July 2017

17. 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.

18. Borrowing costs

Borrowing costs are recognised as an expense in the Consolidated Statement of Comprehensive Income and Expenditure in the period in which they are incurred.

19. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- (a) The Institute has a present obligation (legal or constructive) as a result of a past event;
- (b) It is probable that an outflow of economic benefits will be required to settle the obligation; and
- (c) A reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the Institute 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 Institute. 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.

A contingent asset arises where an event has taken place that gives the Institute 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 Institute.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

20. Taxation

The Institute 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 Institute is recognised as a charity by HM Revenue & Customs. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the Institute 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 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The Institute receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

The Institute's subsidiaries are liable to Corporation Tax in the same way as any other commercial organisation.

21. Reserves

Reserves are allocated between restricted and unrestricted reserves. Restricted endowment reserves include balances which, through endowment to the Institute, are held as a permanently restricted fund as the Institute must hold the fund to perpetuity.

Other restricted reserves include balances through which the donor has designated a specific purpose and therefore the Institute is restricted in the use of these funds.

22. Financial Instruments

LIPA only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities and their measurement basis are as follows:

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Accounting Policies continued For the year ended 31st July 2017

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts For the year ended 31st July 2017

1. Income	2017 Consolidated	2017 Institute	2016 Consolidated	2016 Institute
1.1 Tuition Fees	£	£	£	£
Full Time UK/EU Degree Students' Fees	5,244,750	5,244,750	5,097,280	5,097,280
Full Time Overseas Degree Students' Fees	2,199,540	2,199,540	2,104,782	2,104,782
Full Time Self-Funded Students' Fees	152,150	152,150	548,337	548,337
Audition Fees	44,800	44,800	43,902	43,902
	7,641,240	7,641,240	7,794,301	7,794,301
1.2 Funding Body Grants				
HEFCE Recurrent Grants	1,238,957	1,238,957	1,172,158	1,172,158
HEFCE Capital Grant	70,773	70,773	21,836	21,836
	1,309,730	1,309,730	1,193,994	1,193,994
1.3 Project Income				
LIPA 4-19	474,130	474,130	503,162	503,163
Other Projects	52,414	17,099	51,873	-
	526,544	491,229	555,035	503,163
1.4 Other Income				
Catering, Bar and Venue Hire	287,986	288,008	291,512	291,534
Student Projects and Performances	215,870	215,870	28,528	28,528
Profit on disposal of Fixed Assets	-	-	760,906	760,906
Stationery, Learning Materials and Photocopying	8,271	8,271	10,903	10,903
Sundry	228,011	228,011	132,626	132,626
	740,138	740,160	1,224,475	1,224,497
1.5 Investment Income				
Income from Endowments	257	257	639	639
Other Interest Receivable	9,909	9,945	18,008	18,043
	10,166	10,202	18,647	18,682
1.6 Donations and Endowments				
Capital Grants	-	-	-	-
New Endowments	3,000	3,000	3,000	3,000
Donations with Restrictions	26,996	26,996	48,814	48,814
Unrestricted Donations	1,697	1,697	826	2,915
	31,693	31,693	52,640	54,729

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts continued For the year ended 31st July 2017

2. Staff Costs

	2017 Consolidated	2017 Institute	2016 Consolidated	2016 Institute
Aggregate amounts for staff and directors paid in respect of:	£	£	£	£
Wages and Salaries	4,949,701	4,949,701	4,931,572	4,931,572
Social Security Costs	415,998	415,998	379,251	379,251
Other Pension Costs	580,586	580,586	563,236	563,236
	5,946,285	5,946,285	5,874,059	5,874,059

Emoluments of the Founding Principal and Chief Executive:	2017 £	2016 £
Remuneration	171,578	152,046
Pension contributions	-	12,435
	171,578	164,481

No other employees received remuneration in excess of £100,000.

Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Institute. The team comprises 5 individuals led by the Chief Executive.

	2017 £	2016 £
Remuneration of key management personnel, other than the Chief Executive, including pension contributions	411,327	374,844
	411,327	374,844
Average number of persons (including the Founding Principal and Chief Executive) employed during the year was:	2017 number	2016 number
Administration	59	58
Teaching and Teaching Support	71	70
Catering, Bar, Conference and Venue	5	4
	135	132

In addition, about 100 staff were employed on a part time hourly paid basis. The full time equivalent of all the part - time hourly paid staff is 10 (2016: 10).

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts continued For the year ended 31st July 2017

	2017 Consolidated	2017 Institute	2016 Consolidated	2016 Institute
	£	£	£	£
The aggregate amounts for staff and directors can be split into the following categories:				
Teaching	3,025,844	3,025,844	3,017,771	3,017,771
Productions	319,694	319,694	314,624	314,624
Projects	201,942	201,942	210,105	210,105
Cafe, Bar and Venue	152,084	152,084	137,967	137,967
Information Systems and Technical Support	404,112	404,112	426,833	426,833
Marketing and Student Recruitment	556,821	556,821	516,981	516,981
Facilities	602,650	602,650	538,003	538,003
Administration	683,138	683,138	711,775	711,775
	5,946,285	5,946,285	5,874,059	5,874,059

	2017 No.	2016 No.
Number of directors accruing Retirement Benefits	<u>1</u>	<u>1</u>

The Institute's Council Directors are the trustees for charitable law purposes. There were no payments to Council Directors, other than reimbursement of expenses. In the year to 31st July 2017 the total expenses paid to or on behalf of Council Directors was:

	2017 £	2016 £
Reimbursement of Travel and Accommodation Expenses to 3 directors (2016: 5 directors).	<u>271</u>	<u>949</u>

3. Analysis of Operating Expenditure by Activity

	2017 Consolidated	2017 Institute	2016 Consolidated	2016 Institute
	£	£	£	£
Teaching Related	544,863	544,863	491,056	491,056
Productions	193,071	193,071	191,051	191,051
Projects	94,097	67,020	115,504	75,207
Cafe, Bar and Venue	138,898	138,898	140,052	140,052
Information Services and Technical Support	404,427	404,427	363,538	363,538
Marketing and Student Recruitment	423,992	423,992	437,002	437,002
Facilities	480,980	480,980	544,445	544,445
Administration	609,165	611,882	372,553	360,259
	2,889,493	2,865,133	2,655,201	2,602,610

Operating Expenditure includes

Independent Auditors' Remuneration		
Audit	20,550	20,840
Other	13,050	7,100
Internal Auditors' Remuneration	15,381	18,312
Operating Lease Rentals	<u>5,768</u>	<u>5,783</u>

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts continued For the year ended 31st July 2017

4. Interest Payable	2017 Consolidated	2017 Company	2016 Consolidated	2016 Company
	£	£	£	£
Interest on bank loan	81,052	81,052	62,569	62,569
Interest on disputed account	12,827	12,827	-	-
Total	<u>93,879</u>	<u>93,879</u>	<u>62,569</u>	<u>62,569</u>

5. Taxation

LIPA is a charitable company as stated in Accounting Policies note 20. There is no tax charge arising for the year. There is a taxation charge of £1,046 (2016: £-) in respect of subsidiary undertakings. This is a nominal charge and will reverse in 2017/18.

6. Intangible Assets	2017 £	2016 £
Consolidated and Institute		
Balance at 1 st August	154,554	78,460
Additions	51,869	124,538
Amortisation Charge for the year	<u>(43,205)</u>	<u>(48,444)</u>
Balance at 31st July	<u>163,218</u>	<u>154,554</u>

7. Tangible Fixed Assets Consolidated and Institute

	Freehold Buildings £	Assets in Course of Construction £	Fixtures, Fittings, Equipment £	Art Works £	Total £
Group and Company Cost					
At 1 st August 2016	10,436,968	1,539,588	5,433,807	197,092	17,607,455
Additions		415,196	211,652		626,848
Transfers	1,954,784	(1,954,784)			-
Disposals			(754,097)		(754,097)
At 31 st July 2017	<u>12,391,752</u>	<u>-</u>	<u>4,891,362</u>	<u>197,092</u>	<u>17,480,206</u>
Depreciation					
At 1 st August 2016	206,179	-	3,890,744	197,092	4,294,015
Charge for the Year	221,603		357,122		578,725
Disposals			(754,097)		(754,097)
At 31 st July 2017	<u>427,782</u>	<u>-</u>	<u>3,493,769</u>	<u>197,092</u>	<u>4,118,643</u>
Net Book Value					
At 31st July 2017	<u>11,963,970</u>	<u>-</u>	<u>1,397,593</u>	<u>-</u>	<u>13,361,563</u>
At 31 st July 2016	<u>10,230,789</u>	<u>1,539,587</u>	<u>1,543,064</u>	<u>-</u>	<u>13,313,440</u>

Freehold Buildings

The freehold buildings relates to the property at 68 Hope Street, Liverpool. It was acquired in March 2012. Refurbishment was partially completed in November 2015 and the habitable parts occupied from that date. The refurbishment was fully completed in September 2016.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts continued For the year ended 31st July 2017

Art Works

Art works represent historic assets used by the institution and corporate art and are not, therefore, accounted for as a heritage asset.

8. Heritage Assets	2017 £	2016 £
Consolidated and Institute		
Balance at 1 st August 2016	389,068	217,901
Additions	-	215,600
Depreciation Charge for the year	(54,009)	(44,433)
Balance at 31st July 2017	335,059	389,068

The heritage assets represent the cost of capital works on the Liverpool Institute building.

Interest in Liverpool Institute building

In accordance with paragraph 95 of the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007, the Financial Statements previously incorporated a figure in respect of the Liverpool Institute building. The Liverpool Institute building was first introduced as an asset in the year ended 31st July 2010 with a matching amount of deferred capital grant that was released to match the annual depreciation charge associated with the building.

LIPA has no ownership rights to the Liverpool Institute building. It occupies the building in its role as sole corporate trustee of The Liverpool Institute Charity. LIPA was appointed corporate trustee of The Liverpool Institute Charity on 8th October 1993. The Liverpool Institute Charity has no assets, other than the Liverpool Institute building, and no liabilities. It generates no income and incurs no expenditure. LIPA may continue in its role as corporate trustee of The Liverpool Institute Charity, and thereby occupy the Liverpool Institute building, provided it continues to use the building for educational purposes.

In the event that LIPA no longer operates the trusteeship of The Liverpool Institute Charity, and thereby loses its rights to occupy the Liverpool Institute building, trusteeship would revert to the former trustee, Liverpool City Council; failing acceptance by them of the trusteeship the Charity Commission would seek an alternative trustee.

As LIPA cannot sell the Liverpool Institute building, which was redeveloped specifically for LIPA's programmes and may only be used for educational purposes, the directors do not consider that any market value can be attributed to it and that a valuation would be a time consuming, expensive and meaningless exercise.

The entries introducing the cost of the building and the annual depreciation charges have been reversed in accordance with the 2014 SORP.

9. Non-Current Investments	Subsidiary Companies	Chattels and Memorabilia	Total
Consolidated	£	£	£
At 1 st August 2016	2,377	-	2,377
Additions	-	-	-
Disposals	-	-	-
Impairment	-	-	-
At 31st July 2017	2,377	-	2,377
Institute	£	£	£
At 1 st August 2016	2,477	-	2,477
Additions	-	-	-
Disposals	-	-	-
Impairment	-	-	-
At 31st July 2017	2,477	-	2,477

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts continued For the year ended 31st July 2017

10. Stock	2017		2016	
Consolidated and Institute	£		£	
Canteen and bar stocks	<u>7,607</u>		<u>8,244</u>	
11. Trade and Other Receivables	At 31st July 2017		At 31st July 2016	
Amounts due within one year	Consolidated	Institute	Consolidated	Institute
	£	£	£	£
Tuition and Other Fees	10,663	10,663	10,456	10,456
Other Debtors	237,493	235,093	50,641	48,241
Amount owed by subsidiary undertakings	-	427	-	6,372
Amounts owed by related undertakings	105,604	105,604	45,740	45,740
Prepayments and Accrued Income	<u>180,713</u>	<u>180,713</u>	<u>146,602</u>	<u>146,602</u>
	534,473	532,500	253,439	257,411
12. Current Investments	At 31st July 2017		At 31st July 2016	
	Consolidated	Institute	Consolidated	Institute
	£	£	£	£
Deposits repayable on demand in Cash and Cash Equivalents	<u>4,306,788</u>	<u>4,299,935</u>	<u>4,571,862</u>	<u>4,535,345</u>
13. Creditors: Amounts falling due within one year	At 31st July 2017		At 31st July 2016	
	Consolidated	Institute	Consolidated	Institute
	£	£	£	£
Bank loan	545,526	545,526	83,333	83,333
Trade Creditors	262,030	262,030	410,877	410,877
Taxation and Social Security	221,719	220,387	225,078	226,032
Accruals	220,941	218,019	760,256	721,480
Other Creditors and Deferred Income	<u>971,268</u>	<u>971,268</u>	<u>823,592</u>	<u>823,592</u>
	2,221,484	2,217,230	2,303,136	2,265,314
Deferred Income	Included in other creditors and deferred income are the following items of income which have been deferred until specific performance related conditions have been met.			
	At 31st July 2017		At 31st July 2016	
	Consolidated	Institute	Consolidated	Institute
	£	£	£	£
Donations	-	-	-	-
Grants	<u>56,286</u>	<u>56,286</u>	<u>34,801</u>	<u>34,801</u>
	56,286	56,286	34,801	34,801
14. Creditors: Amounts falling due after more than one year	At 31st July 2017		At 31st July 2016	
	Consolidated	Institute	Consolidated	Institute
	£	£	£	£
Bank loan: Amounts payable				
Between one and two years	545,526	545,526	500,000	500,000
Between two and five years	1,318,027	1,318,027	1,500,000	1,500,000
Over five years	<u>-</u>	<u>-</u>	<u>416,667</u>	<u>416,667</u>
	1,863,553	1,863,553	2,416,667	2,416,667

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts continued For the year ended 31st July 2017

15.	Endowments	Restricted Permanent Endowments £	Unrestricted Permanent Endowments £	Expendable Endowments £	2017 Total £	2016 Total £
	Balances at 1st August 2016	-	-			
	Capital	-	-	223,794	223,794	223,794
	Accumulated Income	-	-	33,090	33,090	33,090
		-	-	256,884	256,884	256,884
	New Donations and Endowments	-	-	3,000	3,000	3,000
	Investment Income	-	-	257	257	639
	Expenditure	-	-	(3,550)	(3,550)	(2,530)
	At 31st July 2017	-	-	256,591	256,591	256,884
	Represented by:					
	Capital	-	-	224,689	224,689	223,794
	Accumulated Income	-	-	31,902	31,902	33,090
		-	-	256,591	256,591	256,884
	Analysis by type of purpose					
	Prize Funds	-	-	45,848	45,848	44,953
	Culture	-	-	179,916	179,916	179,737
	Graduate Business Support	-	-	30,827	30,827	32,194
		-	-	256,591	256,591	256,884
	Analysis by Asset					
	Cash	-	-	256,591	256,591	256,884

16. Restricted Reserves Reserves with restrictions are as follows:

	Capital Grants Unspent £	Other Restricted Funds and Donations £	2017 Total £	2016 Total £
Balances at 1st August 2016	-	268,801	268,801	223,987
New Grants	-	-	-	-
New Donations	-	26,996	26,996	44,814
Investment Income	-	-	-	-
Capital Grant Utilised	-	-	-	-
Expenditure	-	-	-	-
At 31st July 2017	-	295,797	295,797	268,801
Analysis of Other Restricted Funds and Donations by type of purpose			2017 Total £	2016 Total £
Buildings			291,797	264,801
Other			4,000	4,000
			295,797	268,801

Other restricted funds include donations and restricted expendable endowments.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts continued For the year ended 31st July 2017

17. Reconciliation of Cash Flow to Statement of Financial Position Consolidated

	At 1 st August 2016 £	Cash Flows £	Non- Cash Changes £	At 31 st July 2017 £
Cash at Bank and on Deposit	4,571,862	(265,073)	-	4,306,789
Other	-	-	-	-
	<u>4,571,862</u>	<u>(265,073)</u>	<u>-</u>	<u>4,306,789</u>

18. Capital and Other Commitments Consolidated and Institute at 31st July

	2017 £	2016 £
Commitments contracted for:		
Refurbishment of 68 Hope Street	-	600,000
Other capital additions	<u>4,820</u>	<u>58,000</u>

19. Contingent Liabilities Consolidated and Institute at 31st July

	2017 £	2016 £
Guarantees	<u>-</u>	<u>-</u>

Following the completion of the creditors' voluntary liquidation of LIPA Holdings Limited (LHL), the remaining conditions arising from grant assistance received by LHL have been taken over by LIPA, who will continue the activities required by the grants. The directors do not believe that conditions will arise, from these grants and other grants (such as from the Arts Council) received direct by LIPA, which will give rise to their repayment.

LIPA has received funds from the European Social Fund, which if certain requirements are not met, an undetermined amount could be clawed back.

20. Lease Obligations

Total Rentals payable under Operating Leases

	31 st July 2017			31 st July 2016 Total
	Plant and Machinery £	Other Leases £	Total £	£
Payable during the year	5,768		5,768	5,783
Future minimum Lease payments due				
Not later than one year	3,583	-	3,583	3,583
Later than 1 year and not later than 5 years	<u>2,386</u>	<u>-</u>	<u>2,386</u>	<u>5,375</u>
	<u>5,969</u>	<u>-</u>	<u>5,969</u>	<u>8,958</u>

21. Financial assets and liabilities

	31 st July 2017		31 st July 2016	
	Consolidated £	Institute £	Consolidated £	Institute £
Financial assets measured at amortised cost	<u>4,660,549</u>	<u>4,651,722</u>	<u>4,678,699</u>	<u>4,646,154</u>
Financial liabilities measured at amortised cost	<u>3,863,318</u>	<u>3,860,396</u>	<u>4,494,725</u>	<u>4,455,949</u>

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Notes to the Accounts continued For the year ended 31st July 2017

22. Events after the Reporting Period

There were no significant events after the reporting period that impact the results for the year or the balance sheet at 31st July 2017.

23. Subsidiary Undertakings

LIPA has two wholly owned subsidiaries, LIPA Enterprises Limited and LIPA 4-19 Franchising Limited.

LIPA Enterprises Limited is registered in England and Wales and was previously dormant; resulting in the cost of investment of £100 having been written off. The principal activity of the company is the provision of training courses.

LIPA 4-19 Franchising Limited is registered in England and Wales. It is our intention to de-register the company before the next accounts filing date.

24. Connected Charitable Institutions

24.1 The LIPA Primary School

Salaries and third party costs paid by LIPA on behalf of The LIPA Primary School are recharged directly to it without uplift. In the year LIPA charged The LIPA Primary School £76,418 for support services (2016: £72,169).

At 31st July 2017 The LIPA Primary School owed LIPA £274 (2016: £45,740).

24.2 The LIPA Sixth Form College

Salaries and third party costs paid by LIPA on behalf of The LIPA Sixth Form College are recharged directly to it without uplift. In the year LIPA charged The LIPA Sixth Form College £87,168 for support services (2016: £nil).

At 31st July 2017 The LIPA Sixth Form College owed LIPA £105,330 (2016: £nil).

25. Related Party Transactions

During the year, LIPA undertook the following transactions with related parties defined by Financial Reporting Standard 102.

25.1 The Liverpool Institute Charity

As set out in the Operating and Financial Review, LIPA is the sole corporate trustee of The Liverpool Institute Charity. LIPA occupies the Liverpool Institute Building, held in The Liverpool Institute Charity, under terms at £nil rent.

25.2 LIPA Enterprises Limited

Transactions with the subsidiary, LIPA Enterprises Limited, have not been disclosed under the exemption allowed in FRS 8.

25.3 LIPA 4-19 Franchising Limited

Transactions with the subsidiary, LIPA 4-19 Franchising Limited, have not been disclosed under the exemption allowed in FRS 8.

25.4 LIPA members

M Featherstone-Witty, the Founding Principal and Chief Executive, is a member of the company. His remuneration is disclosed in note 2. J Dimmock, a member of the company, received remuneration of £42,443 for services provided to the company in the year (2016: £30,919). R Grey, another member of the company, is a consultant with Swan Turton LLP who provided legal services to the company at a cost of £102,326 (2016: £68,514).

In addition to this, travel and other expenses totalling £2,995 were paid to or on behalf eight individuals. (2016: £527 in relation to three individuals).

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Notes to the Accounts continued For the year ended 31st July 2017

26. Pension Commitments

26.1 Defined Benefit Scheme

As stated in Accounting Policies note 6, for eligible employees the company contributes to the Teachers' Pension Scheme (TPS). The scheme is sector wide and the Department for Children, Schools and Families has provided the information below in order to meet the requirements of Financial Reporting Standard 17.

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1st April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1st April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31st March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 9th June 2014. The key results of the valuation are:

- Employer contribution rates were set at 16.4% of pensionable pay;
- Total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion; and
- An employer cost cap of 10.9% of pensionable pay.

The new employer contribution rate for the TPS was implemented in September 2015.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

Scheme Changes

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1st April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1st April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1st April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three-and-a-half-year period, for people who would fall up to three and a half years outside of the 10-year protection.

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1st April 2014 and the reformed scheme will commence on 1st April 2015.

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Notes to the Accounts continued For the year ended 31st July 2017

The pension costs paid to TPS in the year amounted to £305,520 (2016: £311,681) and the total amount outstanding as at 31st July 2017 was £50,893 (2016: £45,604).

26.2 Defined Contribution Scheme

The employer's contributions payable in respect of defined contribution scheme arrangements were £273,845 (2016: £255,155). The amount outstanding at 31st July 2017 was £nil (2016: £nil).

The member and the company make contributions to the LIPA Staff Pension Schemes. Currently contribution rates for the main scheme are 7.4% to 11.7% of pensionable salary by the member and 16.48% of pensionable salary by the employer. Employees may choose to join a default scheme introduced as part of the Government's auto enrolment programme. Under this scheme both the member and the company make contributions of 3% of pensionable salary. Employees may elect to join neither the main nor the default scheme.