

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

England & Wales · Charity number 1001565

Details

Other names	THE LIVERPOOL SCHOOL FOR PERFORMING ARTS, LIPA
Status	Registered
Legal form	Charitable company
Company number	02511501
Registered	1991-01-18
Register	View on the Charity Commission register

Contact

Address	Liverpool Institute for Performing Mount Street Liverpool L1 9HF
Phone	01513303000
Email	reception@lipa.ac.uk
Website	www.lipa.ac.uk

Activities

Objects: TO PROMOTE, MAINTAIN, IMPROVE, ENABLE AND ADVANCE EDUCATION AND PROVIDE FOR AND ASSIST IN THE PROMOTION, MAINTENANCE, IMPROVEMENT AND ADVANCEMENT OF EDUCATION AND IN PARTICULAR TO GENERATE INTEREST IN, PROMOTE, ENCOURAGE AND INCREASE THE APPRECIATION AND UNDERSTANDING OF THE PUBLIC IN THE PERFORMING ARTS AND TO CONDUCT, CARRY ON, ACQUIRE AND DEVELOP IN THE UNITED KINGDOM INSTITUTIONS FOR THE EDUCATION OF ADULTS OR CHILDREN, PARTICULARLY POOR CHILDREN, IN THE PERFORMING ARTS AND ANCILLARY SKILLS.

Activities: Education and Training

Classification

- **How:** Provides Services
- **What:** Education/training, Other Charitable Purposes
- **Who:** Children/young People, People With Disabilities, Other Defined Groups

Geography

- **Area of benefit:** UNITED KINGDOM
- Liverpool City

Finances

Period end	Income	Expenditure	Assets	Employees
2025-07-31	£15,039,194	£14,888,505	£20,784,710	157
2024-07-31	£14,266,069	£13,738,686	£20,634,021	155
2023-07-31	£13,131,020	£12,819,823	£20,106,638	151
2022-07-31	£12,859,497	£12,131,746	£19,795,441	158
2021-07-31	£11,496,228	£11,698,169	£19,069,690	152

Trustees

Name	Role	Appointed
Ashley John HERMAN		2023-12-04
DAVID AARON RHYS OWEN		2020-03-19
David John Fletcher		2023-06-23
GEOFFREY MICHAEL GOODWIN		
Jad ZOUEIN		2025-03-24
Joe Johnson		2021-08-04
Juliet Priscilla Johnson		2024-09-20
Maria Pia WALKER		2025-03-24
Michelle Elaine Emmerson		2024-09-20
PROFESSOR SEAN McNAMARA		2021-09-03
Peter James FENDALL AMARO		2025-03-24
Professor Zoe Jane RADNOR		2024-09-20
Sally Britton		2025-10-13
Sean Christopher SWEENEY		2025-04-01
Stella OKAFOR- ROSS		2023-12-05

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Accounts

**THE LIVERPOOL INSTITUTE FOR
PERFORMING ARTS**

ANNUAL REPORT

YEAR ENDED 31 JULY 2025

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

THE LIVERPOOL INSITUTE FOR PERFORMING ARTS

Annual Report For the year ended 31 July 2025

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THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Legal and Administrative Details For the year ended 31 July 2025

Status

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

Registered Office

Mount Street
Liverpool
L1 9HF

Bankers

Santander plc
Bridle Road
Bootle
Merseyside
L30 4GB

Solicitors

Weightmans LLP
100 Old Hall Street
Liverpool
L3 9QJ

Financial Statements Auditors

Crowe UK LLP
St Georges House
56 Peter Street
Manchester
M2 3NQ

Internal Auditors

RSM Risk Assurance Services LLP
14th Floor
20 Chapel Street
Liverpool
L3 9AG

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Operating and Financial Review (including Strategic Report) For the year ended 31 July 2025

The directors present their Operating and Financial Review (including Strategic Report) together with the group's audited Financial Statements for the year ended 31 July 2025.

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 8 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 – Co Vice Chair (Independent)
- Gina Carter (up to 7 September 2024) (Independent)
- James Dow (up to 24 March 2025) (Independent)
- Louise Ellman (up to 25 June 2025) (Independent)
- Michelle Emmerson (from 20 September 2024) (Independent)
- Victoria Fea (up to 25 June 2025) (Independent)
- Mark Featherstone-Witty (up to 22 November 2024) (Independent)
- Peter Fendall (from 24 March 2025) (Independent)
- David Fletcher - Chief Operating Officer
- Simon Fowler (up to 31 July 2025) (Independent)
- Geoffrey Goodwin – Chair (Independent)
- Joseph Johnson (Independent)
- Juliet Johnson (from 20 September 2024) (Independent)
- Kim Johnson (up to 27 September 2024) (Independent)
- Ashley Herman (Independent)
- Sean McNamara - Chief Executive Officer
- Stella Okafor-Ross – Staff Representative
- David Owen (Independent)
- Zoe Radnor (from 20 September 2024) (Independent)
- Claire Workman – Co Vice Chair (Independent)
- Sean Sweeney (from 1 April 2025) (Independent)
- Maria Walker (from 24 March 2025) (Independent)
- Jad Zouein (from 24 March 2025) (Independent)

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 six main committees is detailed in the Corporate Governance Statement below.

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

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groups. These include pre-higher education courses, undergraduate and postgraduate programmes for those aged 18 and over and performing arts classes for 4-19 year olds.

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 Founder, 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.

4. Strategic Report

As a registered charity, the strategic report contains key aspects of LIPA's performance relating, but not limited to:

- Review of Activities and Achievement;
- Results for the year;
- Capital expenditure;
- Cash flows;
- Treasury Policies and Objectives;
- Public Benefit;
- Strategy and Risk;
- Estates; and
- Immediate Prospects.

5. Review of Activities and Achievement

Higher Education - Undergraduate and Postgraduate Programmes

A total of 1,063 students undertook LIPA's BA and Certificate in Higher Education programmes as follows:

BA Acting	75
BA Acting (Musical Theatre)	39
BA (Hons) Acting (Musicianship)	20
BA Acting (Screen and Digital)	60
BA Applied Theatre and Community Drama	28
BA Dance	95
BA Filmmaking and Creative Technologies	67
BA Management for the Creative Industries	81
BA Music (all pathways)	317
BA Sound Technology	101
BA Theatre Performance Design	48
BA Theatre Production Technology	73
Cert HE Acting (Musical Theatre)	20
Cert HE Acting (Stage & Screen)	39

Of the students, 868 were eligible for funding from the Student Loan Company and 195 came from countries other than the UK.

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In addition, 45 students undertook LIPA's postgraduate programmes of whom 31 were eligible for funding from the Student Loan Company.

LIPA's degree programmes during the year were validated by Liverpool John Moores University as the awarding body, which conferred the qualifications. This arrangement has been in place since LIPA's inception but, moving forwards from 2025/26, LIPA has achieved probationary Degree Awarding Powers (DAPs) and therefore will award its own degrees in future.

LIPA's academic standards need to meet the regulatory requirements imposed by the Office for Students (OfS), as the Higher Education sector's regulator. LIPA's OfS registration is full and without condition, demonstrating a commitment to quality of education.

Foundation Certificate

In addition to the undergraduate and postgraduate courses, 17 students studied on the LIPA Foundation Certificate in Popular Music and Music Technology.

This course was accredited by Liverpool John Moores University and was a one-year full-time intensive vocationally orientated programme designed to enable progression into the industry or provide preparation for degree level work. The course receives no public funding and is not to be delivered in 2025/26.

LIPA 4-19 Part Time Academy

LIPA 4-19 is a part time performing arts academy for people aged 4 to 19. 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 learned help develop confidence and presentational skills. They stimulate imagination and creativity.

Its development originally centred on LIPA's premises but also a secondary school in Maghull. Expansion has also been achieved by introducing classes on Sundays and advanced classes. In general, all LIPA managed courses are oversubscribed with a large waiting list.

In 2024/25 many of the students aged 7 to 19 undertook exams in musical theatre, early starters aged 5 to 6 undertook speech and drama exams. Many students leaving LIPA 4-19 have been accepted at highly credited colleges such as Guildford School of Acting, Performers College, Arts Educational, Urdang Academy, Mountview Academy of Theatre Arts, the Royal Academy of Dramatic Art (RADA) and Central School of Speech and Drama.

Once the students reach 16, many of them go on to train at the LIPA Sixth Form College (which is related, but not part of LIPA) and have also been accepted to study at LIPA on the degree courses.

LIPA 4-19 activity has additional corporate benefits: non-government 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

These 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 2019 and in accordance with note 1 of the Accounting Policies.

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At 31 July 2025 the group had total unrestricted reserves of £20,475,738 available to fulfil adequately the obligations of the group.

The group generated a surplus in the year to 31 July 2025 of £150,689 (2024: £527,383). The overall figure represents a surplus of 1% on income (2024: 3.7%). The financial objectives of the group include a targeted return of at least 3% of income. The reduction in deficit can mainly be attributed to a continuing discrepancy between tuition fee income and costs, as noted across all of the Higher Education sector.

Total income increased by £773,125 to £15,039,194. The increase largely reflects higher student numbers, and therefore fees, from both UK and overseas students as part of a growth strategy employed over the past three year.

Income from government sources totalled £1,384,035 (2024: £1,401,141). This represents 9.2% of total income (2024: 9.8%).

Operating expenditure increased by £1,149,819 to £14,888,505. This increase covered staff related expenditure which rose by £745,419 to £9,929,792, due to general wage increases, investment in staff levels and the increase in employers National Insurance contributions.

Staff costs represented 66% of total income and 66.7% of total expenditure (2024: 64.4% and 66.8% respectively). Other operating expenses increased by £360,247 to £3,891,422 due to higher activity levels and general price rises.

7. Capital Expenditure

The total capital additions in the year to 31 July 2025, were £1,817,040 (2024: £1,472,024 including donated assets of £14,000). This money represented an investment in campus and facilities, specifically the purchase of One Hope Place, which represents an exciting new addition as part of the expansion of LIPA's campus.

8. Cash Flows

The consolidated Cash Flow shows net cash inflow from operating activities of £772,827 (2024: £1,273,406).

Total cash balances and deposits were £2,829,798 at 31 July 2025 (2024: £3,769,882).

The group had no borrowings at 31 July 2025 (2024: £nil).

During the year, LIPA maintained healthy cash balances. External borrowing to fund future campus investments has been discussed by the directors and post year end LIPA agreed an asset financing facility of £1 million, however have not made any drawings from this. The facility is a contingency so the company can manage cash flow as appropriate.

9. Subsidiary Undertakings

The company has one subsidiary undertaking, LIPA Enterprises Limited. Any distributable surpluses generated by the subsidiary are transferred to the Institute by way of donation in accordance with the Memorandum and Articles of Association. The company has been dormant since 1 August 2020 and has generated no surplus or deficit in the year to 31 July 2025 (2024: no surplus or deficit).

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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.

11. Endowment Reserves

Expendable endowment funds represent bursaries and student project funds which are to be distributed over a significant period of time.

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 surplus cash 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 and only holds money with large high-street lenders (primarily Santander plc).

13. Pensions

The Institute participates in only one defined benefit 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 contribution scheme. After each valuation the future contribution rates are adjusted. The last adjustment occurred in April 2024, when employers' contributions increased by 5%. 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 and this was maintained throughout the year to 31 July 2025.

15. Accessibility and Widening Participation

LIPA is committed to a fair and transparent admissions system and was the first member of the Federation of Drama Schools to abolish audition fees. Our audition process does not discriminate on grounds of race, ethnicity, gender, sexual orientation, religion, disability or age. To ensure suitability is assessed effectively, undergraduate interview and audition events were undertaken, and, during those events, specialist support was provided for students with disabilities. Furthermore, tutors have experience of working with neurodivergence, mental health problems, long-term health problems, stress, organisational difficulties and sensory impairments. IT equipment provided includes accessibility software.

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 2025/26 to 2028/29 Access & Participation Plan. These are targeted towards:

- First degree entrants from lower socio-economic groups;
- Those from black and minority ethnic groups;

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- Mature learners; and
- Students from low participation neighbourhoods.

LIPA is also keen to promote applications and support pupils with disabilities and those with experience of being in care.

In pursuit of these objectives LIPA provides a number of financial support initiatives. In the year to 31 July 2025 these included:

- A LIPA bursary of £560, to all students with a household income of £25,000 or below; and
- A care leavers bursary of £1,000 to students who joined us aged 25 or over and who had been in care for six months or more prior to their 16th birthday.

As noted above, we no longer have any audition fees, as part of efforts to reduce the costs for prospective students auditioning with us. We also offer travel grants to support audition / interview attendance for learners from postcode areas where participation in Higher Education is lowest.

Through the Widening Participation (WP) team's activity, LIPA offers a range of opportunities for young people across the country that are 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 31 July 2025, LIPA worked closely with seven 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, LIPA:

- Provided tailored support workshops in these partner schools, known as LIPA Tasters with Year 7, 8 and 9 pupils (along with Year 10 and Year 11 pupils in some cases), reaching 150+ learners;
- Ran Year 9 taster events in June, open to partner schools plus others from across Merseyside. These were attended by 283 participants from eight schools.

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 during this year consisted of:

- Review by WP staff of self-tape submissions and online auditions onto the programme, designed, in part, to give participants audition experience;
- A welcome event in early March for new participants and parents explaining the future activities on offer and showcasing the benefits of getting involved in the programme. This was attended by 24 young people and their accompanying supporters;
- LIPA XTRA, a 3-day non-residential course attended by 26 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 24 students finishing year 10. Working together across multiple disciplines to put on their own production, the week culminated in a performance in the Paul McCartney Auditorium; and
- 13 after-school skills workshops, plus a weekend film making project, for Year 11 students across January and February 2025 covering various topics in acting, dance, music / singing and making performance possible.

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

- Get Set, a 3-day course attended by 51 students who are interested in applying to LIPA for 2026 entry. They chose to study acting, dance, musical theatre, music or theatre design and production for the

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duration of the project, which included a focus on application and audition awareness. 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 six partner colleges for young people studying performing arts and making performance possible subjects at level 3 and considering higher education for 2025 and 2026 entry (additional workshops were also offered through schools and colleges liaison work);
- Audition preparation phone calls for students from low participation neighbourhoods throughout January, February, March and April; and
- Two regional how-to-self-tape Acting workshops in Autumn 2024 (London and Birmingham), aimed at helping prospective applicants from disadvantaged backgrounds with preparing for the first stage of auditions for our Acting programmes.

LIPA also responded to a variety of requests for ad-hoc activities from various schools and community groups. In the year to 31 July 2025 LIPA provided:

- A further eight visits to LIPA by non-partner schools and colleges. These visits included a tour and talk and, on occasion, a workshop in the students' chosen subject. These visits reached 203 students from Years 9 to 13;
- In-school or online workshops at / with a further six schools;
- Attendance at 71 careers fairs in local and regional schools / colleges with a LIPA / HE information stand;
- The opportunity for local schools / colleges to attend suitable public performances. This included running four schools-only performances of the Acting Rep season, attended by eight school/college groups;
- Music theory preparation workshops during November attended by eight students interested in applying to music courses; and
- Hosting of and support for three arts-week programmes for looked after young people, delivered by Collective Encounters.
- Rehearsal space across the summer term for 20 Stories High's Community Company, including additional workshop delivery from Acting staff.

LIPA has also engaged in activities closer to home, supporting the LIPA Multi-Academy Trust as follows:

- Through Access and Participation Plan allocation, LIPA financed and hosted an induction morning in July for all children and their parents / carers due to start at the Primary School in September 2025;
- Pupils currently at the LIPA School participated in a series of inspirational assemblies and workshops sessions in acting, singing, dance and backstage delivered through LIPA's Widening Participation provision;
- LIPA School pupils also participated in campus-based activities, in-school subject workshops and careers talks led by Widening Participation staff.
- Learners at LIPA Sixth Form College participated in activities designed to raise awareness of the process for applying to study in Higher Education and to assist with building confidence and skills for preparing auditions / interviews. This included talks and audition preparation workshops across some discipline areas, as well as portfolio preparation sessions for Production Arts students across the year.

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 funding relating to support of the Uniconnect Programme.

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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 a series of public performances with wide-ranging themes linked to LIPA's creative purpose;
- 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; and
- Sponsored and provided support to The LIPA Multi Academy Trust (which is a separate but related legal entity).

17. Strategy and Risk

Linked to the overall strategic plan to 2026, a comprehensive risk register has been produced which links the goals within the strategic plan to the risks of not achieving those goals. Where appropriate there are also action plans in place to mitigate these risks.

Applications to LIPA each year are in excess of eight times the number of places available. As noted above it had free cash of £2,829,798 available on 31 July 2025 and no borrowings.

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:

- Increased competition in the Higher Education marketplace;
- Potential changes in the funding arrangements for UK students;
- The impact of the UK Government's changes to immigration laws and the impact of this on international student recruitment patterns and staff mobility; and

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

- Continue to provide high quality teaching aligned to performing arts industry, thereby providing the best possible student experience;
- Maintain and increase the level of student intake, in terms of both quality and numbers, including overseas students;
- Develop new facilities, including music, technical and performance spaces, designed specifically to meet LIPA's specialist needs;
- Manage costs appropriately whilst balancing the needs of the student experience; and
- Monitoring the wider economic and political landscape and use influence with sector groups such as GuildHE and the Federation of Drama Schools to ensure that our needs are recognised.

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18. OfS Funding

For the year ended 31 July 2025 OfS income provided 9.2% of LIPA's total funding. This included capital grant income and Specialist Institution Funding in the form of a recurrent 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

LIPA has been operating for over 25 years and has been at the forefront of the development of the Georgian quarter of Liverpool. 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.

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. Following extensive alteration work, the building now provides high quality teaching spaces for the benefit of LIPA students.

LIPA spent £6.9m (including £3.9m of OfS funding) to upgrade infrastructure and facilities between 2018 and 2021 as part of a successful capital bidding process and further investment in the estate continues to enhance the provision for students, including remodelling of the reception area and investment in upgrades to music facilities. This is part of an ongoing investment in resources planned as part of the current strategic investment cycle, linked to the overall strategic direction.

In June 2025 LIPA purchased One Hope Place, an educational building located approximately 200 metres from the Mount Street property. This will allow for expansion of activity in future and further alignment of strategic priorities with high quality accommodation.

20. Immediate Prospects

The plans for the next two years are laid out within LIPA's Strategic Plan and include enhancement of the curriculum, growth of student numbers into areas linked to growth industries, aligned with industry partners and forging stronger partnerships locally, nationally and internationally.

Whilst investing in the future, the Group will also continue to:

- Review all courses offered and introducing new courses where demand justifies this;
- Optimise the funding available to achieve a maximum impact on the student experience;
- Pursue Value for Money in all aspects of the group's activities; and
- Review all new appointments as posts become available.

21. The LIPA Multi Academy Trust

The LIPA MAT is a company limited by guarantee, with charitable status. Whilst LIPA is a corporate Trustee and Sponsor and some of its Members and Council Directors are involved with The LIPA MAT as Members and Trustees, the company does not constitute a subsidiary of LIPA and is run independently and at arms length.

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22. Stakeholder Relationships

LIPA's stakeholders include students, staff, alumni, patrons, the OfS, employers, government offices, Liverpool residents, professional bodies and practitioners. LIPA communicates on a regular basis with stakeholders as appropriate to ensure that positive relationships are maintained.

23. 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.

24. Fundraising

LIPA does not carry out fundraising from the general public and had no fundraising activities requiring disclosure under s162A of the Charities Act 2011.

25. Going Concern

After a thorough review of the Group's status as a going concern, the Council has agreed that the Group has sufficient resources to continue to meet its obligations as they arise over the next 12 months. The Group has a five-year financial forecast that is cash positive. Student numbers for the September 2025 intake are broadly in line with expectations and, up to the time of signing these financial statements, student withdrawal levels are not out of line with previous years. The Group has undertaken stress testing on the assumptions within its financial forecasts and believe that the risk of significant adverse performance is very low.

26. Financial Statements Auditors

A resolution to reappoint Crowe 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:

Sean McNamara

S McNamara
Principal and CEO

Nov 28, 2025

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Corporate Governance Statement For the year ended 31 July 2025

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 Chairs (CUC) Higher Education Code of Governance 2020. In carrying out its duties it also has regard for the best practice in The UK Corporate Governance Code 2018, 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 CUC Higher Education Code of Governance. 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 Act 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 financial statements auditors; and
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.

The Council is LIPA's governing body. Its members are directors of the company within the meaning of the Companies Act 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 the management of teams 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;
11. To appoint a clerk to accurately record meetings and to ensure that, if the person appointed has managerial responsibilities in LIPA, there is an appropriate separation in the lines of accountability;

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Corporate Governance Statement For the year ended 31 July 2025

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 Academic 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. Additionally professional consultants are retained to identify suitable candidates. The aim is to ensure a balance of skills within the Council. Such criteria as widening the diversity of the Council are also considered in seeking nominations.

All nominations are tabled at a full Council meeting for approval. On appointment new directors attend an induction programme at LIPA. 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: Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership.

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).

The Council has six main committees: Academic Board, Audit Committee, Equality, Diversity & Inclusion (EDI) Committee, Finance Committee, Nominations & Governance Committee, and Remuneration Committee. Each has terms of reference agreed by Council.

The Academic Board meets at least three times a year and determines the strategic curriculum development of the Institute and oversees the academic standards set by the Institute.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Corporate Governance Statement For the year ended 31 July 2025

The Audit Committee meets four times a year, with the company's Financial Statements Auditors and Internal Auditors in attendance as appropriate. The Committee considers detailed reports together with recommendations for the improvement of the Institute's systems of internal control and management's responses and implementation plans. It also receives and considers reports from the OfS 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 Financial Statements Auditors and Internal Auditors on their own for independent discussions.

The EDI Committee has delegated oversight for the development, implementation, impact and monitoring of the EDI Strategy as well as providing assurances to Council that LIPA is satisfying its legal and regulatory duties under the Equality Act 2010.

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

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 Remuneration Committee has agreed that it will be guided by the CUC HE Senior Staff Remuneration Code but would not formally adopt it as LIPA's Principal is a member of the Remuneration Committee but is not involved in discussions related to their own salary.

Working groups are established from time to time by the Chief Executive, for which a member of the senior management team 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.

As noted above, LIPA is the sponsor of the LIPA MAT, which is a separate legal entity and these financial statements do not consolidate LIPA's figures with those of the LIPA MAT.

The Council is ultimately responsible for the company's system of internal control and for reviewing its effectiveness to ensure that LIPA upholds regularity and propriety in the use of public funding. 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.

In line with OfS guidance and recent feedback, the Council recognises its responsibility to:

- Maintain a robust culture of internal control and risk management throughout the organisation, ensuring that all staff understand their roles in upholding effective controls and public interest governance principles;
- Regularly review and adapt the system of internal control in response to emerging risks, regulatory changes, and lessons learned from internal and external audit findings; and
- Ensure that the system of internal control is proportionate to the size, complexity, and risk profile of the Institute, and that it supports the achievement of LIPA's strategic objectives and compliance with OfS registration conditions.

This process has been in place for the year ended 31 July 2025 and up to the date of approval of the Financial Statements and accords with OfS guidance.

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Corporate Governance Statement For the year ended 31 July 2025

Key elements of the company's system of internal control, designed to discharge the responsibilities set out above, include:

- 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 financial statements 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 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;
- 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.;
- A Corporate Governance manual, which sets out various controls and policies;
- The Council ensures that the system of internal control is subject to regular review and challenge, including an annual assessment of its effectiveness, and that any significant control weaknesses are reported to the Council and addressed promptly;
- The Council receives assurance from a range of sources, including management, internal and external auditors, and other assurance providers, and considers the adequacy and effectiveness of these sources as part of its review; and
- The Council is committed to continuous improvement of the internal control environment, including learning from sector developments and OfS regulatory updates.

The Institute's 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 Executive Leadership Team, and risk management is planned into the work of the team for the year, with regular updates to the Institute's risk profile reported and discussed at meetings;
- 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;
- The Audit Committee has been charged with providing advice on the effectiveness of the establishment and implementation of risk management;
- Council ensures that risk management is embedded at all levels of the organisation, and that there is clear accountability for the identification, assessment, and management of risks; and
- The risk register is regularly reviewed and updated, and significant risks are escalated to the Council for oversight and action as appropriate.

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. This is the same for the Financial Statements Audit function.

The Internal Auditors submit regular reports on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement. Similarly, the Financial Statements Auditors

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Corporate Governance Statement For the year ended 31 July 2025

have the opportunity to suggest control improvements during their audit process. All recommendations made are monitored and tracked to completion by the Audit Committee.

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 Financial Statements Auditors in their management letter and other reports. No significant control weaknesses have arisen during the year.

The Council confirms that it has received sufficient assurance to be able to state that the system of internal control is effective and appropriate for the year ended 31 July 2025, and that it continues to meet the requirements of the OfS and the expectations of public interest governance.

Approved on behalf of the Board by:

Geoffrey Goodwin

G. Goodwin
Chair of Council

Nov 28, 2025

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Trustees' Responsibilities Statement For the year ended 31 July 2025

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.

The 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 Review (including the Strategic 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, through its Accounting Officer, is required to prepare the financial statements in accordance with the terms and conditions of the OfS's Terms and conditions of funding for higher education institutions 2024-25 (issued July 2024) 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 OfS's Terms and conditions of funding for higher education institutions 2024-25 (issued July 2024), the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 edition), and any subsequent amendments, the Office for Student's Accounts Direction (issued October 2019) and the Companies Act 2006. Council is 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 the OfS and other funding bodies are used only for the proper purposes for which they have been given and seek to achieve value for money in accordance with the OfS's Terms and conditions of funding for higher education institutions 2024-25 (issued July 2024) and any other conditions which the funding body may from time to time prescribe;
- 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;
- Ensure that there is regular, reliable, timely and adequate information to monitor performance and track the use of public funds;
- Plan and manage the Institute's activities to remain sustainable and financially viable;
- Ensure that it informs the OfS of any material change in its circumstances, including any significant developments that could impact on the mutual interests of the Institute and the OfS;
- Ensure that there are adequate and effective arrangements for the management and quality assurance of data submitted to the Higher Education Statistics Agency, the Student Loans Company, the OfS and other funding or regulatory bodies;
- Ensure an effective framework – overseen by the Institute's academic board or equivalent – to manage the quality of learning and teaching and to maintain academic standards; and

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Trustees' Responsibilities Statement For the year ended 31 July 2025

- Consider and act on the OfS's assessment of the Institute's risks specifically in relation to these funding purposes.

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.

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 as members 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 the Board by:

Sean McNamara

S. McNamara
Director

Nov 28, 2025

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Financial Statements Auditor's report to Council For the year ended 31 July 2025

Opinion

We have audited the financial statements of The Liverpool Institute for Performing Arts for the year ended 31 July 2025 which comprise Consolidated and Institute Statement of Comprehensive Income, the Consolidated and Institute Statement of Changes in Reserves, the Consolidated and Institute Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including 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) and the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 Edition).

In our opinion the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 July 2025 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Financial Statements Auditor's report to Council For the year ended 31 July 2025

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 our audit:

- The information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, 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 included within the trustees' report have been prepared in accordance with applicable legal requirements.

Opinion on other matters prescribed by the OfS accounts direction (issued October 2019)

In our opinion, in all material respects:

- Funds from whatever source administered by the parent institute for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- Funds provided by the OfS, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and any other terms and conditions attached to them; and
- The requirements of the OfS's accounts direction (issued October 2019) have been met.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of 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 trustees

As explained more fully in the Trustees' Responsibilities Statement set out on pages 16 to 17, the trustees (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, and for such internal control as the trustees 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 trustees are responsible for assessing the charitable company'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 trustees either intend to liquidate the charitable company 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.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Financial Statements Auditor's report to Council For the year ended 31 July 2025

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, Charities Act 2011 and employment legislation.
- Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustees and other management and inspection of regulatory and legal correspondence, if any.
- We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management and completeness and cut off of grant income. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases and sample testing from grant documentation.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations. 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.

Use of our report

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

Vicky Szulist

Vicky Szulist
Senior Statutory Auditor
for and on behalf of Crowe UK LLP
Statutory Auditor
St Georges House
56 Peter Street
Manchester
M2 3NQ

Dec 1, 2025

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

**Consolidated and Institute Statement of Comprehensive Income and Expenditure
For the year ended 31 July 2025**

Year ended 31 July		2025	2025	2024	2024
INCOME		Consolidated	Institute	Consolidated	Institute
	Notes	£	£	£	£
Tuition Fees	1.1	12,230,899	12,230,899	11,516,088	11,516,088
Funding Body Grants	1.2	1,384,035	1,384,035	1,401,141	1,401,141
Project Income	1.3	533,166	533,166	528,258	528,258
Other Income	1.4	756,158	756,158	725,471	725,471
Investment Income	1.5	104,129	104,129	76,226	76,226
Total Income before Donations and Endowments		15,008,387	15,008,387	14,247,184	14,247,184
Donations and Endowments	1.6	30,807	30,807	18,885	18,885
Total Income		15,039,194	15,039,194	14,266,069	14,266,069
EXPENDITURE					
Staff Costs	2	9,929,792	9,929,792	9,184,373	9,184,373
Other Operating Expenses	3	3,891,422	3,891,422	3,531,175	3,531,175
Depreciation		1,067,291	1,067,291	1,023,138	1,023,138
Interest and Other Finance Costs	4	-	-	-	-
Total Expenditure		14,888,505	14,888,505	13,738,686	13,738,686
Surplus before Tax		150,689	150,689	527,383	527,383
Taxation	5	-	-	-	-
Surplus and Total Comprehensive Income for the year		150,689	150,689	527,383	527,383
Represented by:					
Unrestricted income for the year		137,656	137,656	515,000	515,000
Restricted income for the year		-	-	-	-
Endowment income / (expenditure) for the year		13,033	13,033	12,383	12,383
		150,689	150,689	527,383	527,383

All amounts relate to continuing operations.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

**Consolidated and Institute Statement of Changes in Reserves
For the year ended 31 July 2025**

	Income and Expenditure Account			
	Endowment	Restricted	Unrestricted	Total
Consolidated	£	£	£	£
Balance at 1 August 2023	283,556	-	19,823,082	20,106,638
Surplus from the Income and Expenditure Account	12,383	-	515,000	527,383
Transfers between funds	-	-	-	-
Total Comprehensive Income for the year	12,383	-	515,000	527,383
Balance at 1 August 2024	295,939	-	20,338,082	20,634,021
Surplus from the Income and Expenditure Account	13,033	-	137,656	150,689
Transfers between funds	-	-	-	-
Total Comprehensive Income for the year	13,033	-	137,656	150,689
Balance at 31 July 2025	308,972	-	20,475,738	20,784,710
Institute				
Balance at 1 August 2023	283,556	-	19,823,082	20,106,638
Surplus from the Income and Expenditure Account	12,383	-	515,000	527,383
Transfers between funds	-	-	-	-
Total Comprehensive Income for the year	12,383	-	515,000	527,383
Balance at 1 August 2024	295,939	-	20,338,082	20,634,021
Surplus from the Income and Expenditure Account	13,033	-	137,656	150,689
Transfers between funds	-	-	-	-
Total Comprehensive Income for the year	13,033	-	137,656	150,689
Balance at 31 July 2025	308,972	-	20,475,738	20,784,710

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Consolidated and Institute Balance Sheets

Registered number: 02511501

		As at 31 July 2025		As at 31 July 2024	
	Notes	Consolidated £	Institute £	Consolidated £	Institute £
Non-Current Assets					
Intangible Assets	6	101,267	101,267	116,147	116,147
Fixed Assets	7	16,685,543	16,685,543	15,948,075	15,948,075
Assets Held in Trust	8	1,827,461	1,827,461	1,800,301	1,800,301
Investments	9	2,377	2,477	2,377	2,477
		18,616,648	18,616,748	17,866,900	17,867,000
Current Assets					
Stock	10	6,432	6,432	11,384	11,384
Trade and Other Receivables	11	1,304,003	1,304,003	855,177	855,177
Cash and Cash Equivalents	12	2,829,799	2,829,799	3,769,882	3,769,882
		4,140,234	4,140,234	4,636,443	4,636,443
Less: Creditors					
Amounts Falling Due Within One Year	13	(1,972,172)	(1,972,272)	(1,869,322)	(1,869,422)
Net Current Assets		2,168,062	2,167,962	2,767,121	2,767,021
Total Assets less Current Liabilities		20,784,710	20,784,710	20,634,021	20,634,021
Less: Creditors					
Amounts Falling Due after more than One Year		-	-	-	-
Total Net Assets		20,784,710	20,784,710	20,634,021	20,634,021
Restricted Reserves					
Endowment Reserve	14	308,972	308,972	295,939	295,939
Restricted Reserve	15	-	-	-	-
Unrestricted Reserves					
Income and Expenditure Account - Unrestricted		20,475,738	20,475,738	20,338,082	20,338,082
Total Funds		20,784,710	20,784,710	20,634,021	20,634,021

Approved by the board and authorised for issue on 21 November 2025, and signed on its behalf by:

Geoffrey Goodwin Nov 28, 2025

G. Goodwin – Chair of Council

Sean McNamara Nov 28, 2025

S. McNamara – Director

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

**Consolidated Statement of Cash Flows
For the year ended 31 July 2025**

	2025 £	2024 £
Cash Flow from Operating Activities		
Surplus for the year ended 31 July	150,689	527,383
Adjustment for Non-Cash Items		
Depreciation	1,067,291	1,023,138
(Increase) / Decrease in Stock	4,952	(2,811)
(Increase) / Decrease in Debtors	(448,826)	(170,489)
(Increase) / Decrease in Creditors	102,850	(27,589)
Adjustment for Investing or Financing Activities		
Investment Income	(104,129)	(76,226)
Interest Payable	-	-
Net Cash Inflow from Operating Activities	772,827	1,273,406
Cash Flows from investing activities		
Investment Income	104,129	76,226
Payments made to Acquire Fixed Assets	(1,817,040)	(1,458,023)
Donated Assets	-	(14,000)
	(1,712,911)	(1,395,797)
Cash flows from financing activities		
Interest Paid	-	-
Loan Repaid	-	-
	-	-
(Decrease) in Cash and Cash Equivalents in the year	(940,084)	(122,391)
Cash and Cash Equivalents at beginning of the year	3,769,882	3,892,273
Cash and Cash Equivalents at end of the year	2,829,798	3,769,882

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Accounting Policies

For the year ended 31 July 2025

1. Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 edition) 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.

1.1 The financial statements have been prepared under FRS 102.

1.2 The financial statements are presented in sterling (£).

1.3 Going Concern - After a thorough review of the Group's status as a going concern, the Council has agreed that the Group has sufficient resources to continue to meet its obligations as they arise over the next 12 months. The Group has a five-year financial forecast that is cash positive. Student numbers for the September 2024 intake are broadly in line with expectations and, up to the time of signing these financial statements, student withdrawal levels are not out of line with previous years. The Group has undertaken stress testing on the assumptions within its financial forecasts and believe that the risk of significant adverse performance is very low.

2. Basis of consolidation

The consolidated financial statements include the company and its subsidiary for the financial year to 31 July 2024. Intra-group transactions are eliminated on consolidation. In the financial year to 31 July 2024, the subsidiary was dormant and therefore there were no transactions within it.

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 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 Statement of Comprehensive Income and 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 are recognised within the Statement of Income and Expenditure over the periods in which the Institute recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Accounting Policies

For the year ended 31 July 2025

Other grants and donations from non-government sources are recognised within the 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 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 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 Statement of Comprehensive Income and Expenditure in line with such conditions being met.
- 4.8** Non-exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor-imposed restrictions are recognised within the 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 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 Statement of Comprehensive Income and Expenditure 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 Section 28 of FRS102, 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 Section 28.11 of FRS102 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 Statement of Comprehensive Income and Expenditure 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.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Accounting Policies

For the year ended 31 July 2025

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.

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 stated at cost less accumulated amortisation. 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. Tangible 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.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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. Assets held in trust

Assets held in trust include additions to the Liverpool Institute building. These assets are depreciated over a period of up to 25 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.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Accounting Policies For the year ended 31 July 2025

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.

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 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 LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Accounting Policies For the year ended 31 July 2025

The Institute's subsidiary is 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:

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 31 July 2025

1. Income	2025 Consolidated	2025 Institute	2024 Consolidated	2024 Institute
1.1 Tuition Fees	£	£	£	£
Full Time UK Undergraduate fees	7,873,939	7,873,939	7,005,028	7,005,028
Full Time Overseas Undergraduate fees	3,547,834	3,547,834	3,763,829	3,763,829
UK Postgraduate fees	387,776	387,776	294,101	294,101
Overseas Postgraduate fees	272,850	272,850	282,350	282,350
Foundation Certificate fees	148,000	148,000	170,380	170,380
Other Fees	500	500	400	400
	12,230,899	12,230,899	11,516,088	11,516,088
1.2 Funding Body Grants				
OfS Recurrent Grants	1,384,035	1,384,035	1,351,141	1,351,141
OfS Capital Grant	-	-	50,000	50,000
OfS Hardship Funding	-	-	-	-
Research England	-	-	-	-
Kickstart	-	-	-	-
	1,384,035	1,384,035	1,401,141	1,401,141
1.3 Project Income				
LIPA 4-19	522,166	522,166	509,278	509,278
Other Projects	11,000	11,000	18,980	18,980
	533,166	533,166	528,258	528,258
1.4 Other Income				
Catering, Bar and Venue Hire	297,122	297,122	307,796	307,796
Projects and Performances	331,503	331,503	346,923	346,923
Service Level Agreement Income	76,125	76,125	6,044	6,044
Sundry Income	51,408	51,408	64,708	64,708
	756,158	756,158	725,471	725,471
1.5 Investment Income				
Interest Receivable	104,129	104,129	76,226	76,226
	104,129	104,129	76,226	76,226
1.6 Donations and Endowments				
New Endowments	-	-	2,500	2,500
Donations with Restrictions	4,500	4,500	-	-
Unrestricted Donations	1,307	1,307	2,385	2,385
Sponsorships	25,000	25,000	-	-
Donated Assets	-	-	14,000	14,000
	30,807	30,807	18,885	18,885

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts For the year ended 31 July 2025

1.7 Grant and Fee Income

The sources of grant and fee income included in notes 1.1 to 1.3 are as follows:

	2025 Consolidated	2025 Institute	2024 Consolidated	2024 Institute
	£	£	£	£
Grant income from the OfS	1,384,035	1,384,035	1,401,141	1,401,141
Grant income from other bodies	-	-	-	-
Fee income from non-qualifying courses	681,666	681,666	699,039	699,039
Fee income for taught awards	12,082,399	12,082,399	11,345,307	11,345,307
	14,148,100	14,148,100	13,445,487	13,445,487

2. Staff Costs

Aggregate amounts for staff and directors paid in respect of:

	2025 Consolidated	2025 Institute	2024 Consolidated	2024 Institute
	£	£	£	£
Wages and Salaries	7,799,290	7,799,290	7,362,808	7,362,808
Social Security Costs	766,645	766,645	652,843	652,843
Other Pension Costs	1,363,857	1,363,857	1,168,722	1,168,722
	9,929,792	9,929,792	9,184,373	9,184,373

Emoluments of the Chief Executive:

	2025 £	2024 £
Remuneration	166,257	157,590
One-off Allowance	16,500	-
Pension contributions	47,682	39,943
	230,439	197,533

No other employees received remuneration more than £100,000.

The emoluments of the Chief Executive Officer and Chief Operating Officer are set by LIPA's Remuneration Committee and reflect the operational structure operated by LIPA, the complexity of the roles, the performance of the CEO and COO and the rates of pay of others in similar roles both locally and nationally.

The CEO received a remuneration that was 4.64 times the remuneration (4.47 times basic salary) for other substantive staff at LIPA (2024: 4.75 times total salary).

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 comprised seven (2024: six) individuals led by the Chief Executive.

	2025 £	2024 £
Remuneration of key management personnel, other than the Chief Executive, including pension contributions	667,291	605,161

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts For the year ended 31 July 2025

Average number of persons (including the Principal and CEO) employed during the year was:

	2025	2024
Administration	58	58
Teaching and Teaching Support	94	92
Catering, Bar, Conference and Venue	5	5
	<u>157</u>	<u>155</u>

In addition to the numbers above, LIPA also employed students and graduates on a number of specific projects, such as working on Open Days and LIPA 4-19. These figures are not included in the staff numbers above.

The aggregate amounts for staff and directors can be split into the following categories:

	2025 Consolidated	2025 Institute	2024 Consolidated	2024 Institute
	£	£	£	£
Teaching	5,922,776	5,922,776	5,470,958	5,470,958
Productions	594,240	594,240	527,273	527,273
Projects	220,845	220,845	218,432	218,432
Canteen, Bar and Venue	160,009	160,009	183,551	183,551
Information Systems and Technical Support	754,441	754,441	600,623	600,623
Marketing and Student Recruitment	907,316	907,316	884,354	884,354
Facilities	439,255	439,255	441,160	441,160
Administration	930,910	930,910	858,022	858,022
	<u>9,929,792</u>	<u>9,929,792</u>	<u>9,184,373</u>	<u>9,184,373</u>

	2025	2024
Number of directors accruing retirement benefits, excluding the staff representative	<u>2</u>	<u>2</u>

The Institute's Council Directors are the trustees for charitable law purposes.

Excluding the remuneration and reimbursement of expenses of the Chief Executive, the Chief Operating Officer and the Staff Representative, no other Council Director received payment for services (2024: nil).

The only other payments to Council Directors related to the reimbursement of expenses. In the year to 31 July 2025 the total expenses paid to Council Directors, other than the Chief Executive, the Chief Operating Officer and the Head of Productions, were:

	2025	2024
	£	£
Reimbursement of travel and accommodation expenses to four directors (2024: three directors).	<u>800</u>	<u>1,803</u>

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts For the year ended 31 July 2025

3a. Analysis of Operating Expenditure by Activity

	2025 Consolidated	2025 Institute	2024 Consolidated	2024 Institute
	£	£	£	£
Teaching	612,227	612,227	480,983	480,983
Productions	279,429	279,429	304,606	304,606
Projects	84,179	84,179	94,036	94,036
Canteen, Bar and Venue	157,130	157,130	158,420	158,420
Information Systems and Technical Support	769,353	769,353	690,613	690,613
Marketing and Student Recruitment	578,115	578,115	556,406	556,406
Facilities	934,225	934,225	835,132	835,132
Administration	476,764	476,764	410,979	410,979
	3,891,422	3,891,422	3,531,175	3,531,175

Operating expenditure includes:

	2025 £	2024 £
Financial Statements Auditors' Remuneration		
Audit	17,525	19,656
Other	5,560	6,180
Internal Auditors' Remuneration	26,112	22,104
Operating Lease Rentals	-	-

3b. Access and Participation

	2025 £	2024 £
Total access activity investment		
Access (pre-16)	185,977	206,719
Access (post-16)	113,170	133,043
Access (adults and the community)	16,300	17,040
Financial support	120,670	120,290
Research and evaluation	33,285	29,660
	469,402	506,752

£227,895 of these costs are already included in the overall staff costs figures included in the financial statements, see note 2. In addition, LIPA spent £134,016 in support for disabled students in the financial year to 31 July 2025 (2024: £90,987).

The Access and Participation needs to be understood in conjunction with LIPA's Access and Participation Plan 2020-21 to 2024-25, which is located on LIPA's website. The differences between the planned spend as per the Access and Participation Plan relate to changes in activity during the year.

4. Interest Payable

LIPA had no borrowings in the year to 31 July 2025 (2024: £Nil) and incurred no interest payable or other finance costs in the year (2024: £Nil).

5. Taxation

LIPA is a charitable company as stated in Accounting Policies note 20. There is no tax charge arising for the year (2024: £nil) in respect of subsidiary undertakings.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts

For the year ended 31 July 2025

6. Intangible Assets (software) - Consolidated and Institute

	Total £
Cost	
At 1 August 2024	350,404
Additions	19,073
Disposals	(66,928)
At 31 July 2025	302,549
At 1 August 2024	234,257
Depreciation charge for the Year	33,953
Eliminated on Disposal	(66,928)
At 31 July 2025	201,282
Net Book Value	
At 31 July 2024	116,147
At 31 July 2025	101,267

7. Tangible Fixed Assets - Consolidated and Institute

	Freehold Land and Buildings	Fixtures, Fittings and Equipment	Art Works	Total
	£	£	£	£
Cost				
At 1 August 2024	15,915,473	6,424,936	197,092	22,537,501
Additions	873,067	745,465	-	1,618,532
Donated Assets	-	-	-	-
Disposals	-	(326,240)	-	(326,240)
At 31 July 2025	16,788,540	6,844,161	197,092	23,829,793
Depreciation				
At 1 August 2024	2,314,143	4,078,191	197,092	6,589,426
Charge for the Year	298,008	583,056	-	881,064
Disposals	-	(326,240)	-	(326,240)
At 31 July 2025	2,612,151	4,335,007	197,092	7,144,250
Net Book Value				
At 31 July 2024	13,601,330	2,346,745	-	15,948,075
At 31 July 2025	14,176,389	2,509,154	-	16,685,543

Freehold Land and Buildings

The freehold buildings relates to the property at 68 Hope Street, Liverpool.

Freehold land includes land amounting to £1,000,000 which is not depreciated.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts For the year ended 31 July 2025

8. Assets held in Trust - Consolidated and Institute

Cost	Total £
At 1 August 2024	2,828,593
Additions	179,435
At 31 July 2025	3,008,028
At 1 August 2024	1,028,292
Depreciation charge for the Year	152,275
At 31 July 2025	1,180,567
Net Book Value	
At 31 July 2024	1,800,301
At 31 July 2025	1,827,461

The assets held in trust represent the cost of capital works on the Liverpool Institute building.

Interest in Liverpool Institute 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 not be in the best interests of the Institute.

9. Non-Current Investments

	Subsidiary Companies	Chattels and Memorabilia	Total
	£	£	£
Consolidated			
At 1 August 2024	-	2,377	2,377
Additions	-	-	-
Disposals	-	-	-
Impairment	-	-	-
At 31 July 2025	-	2,377	2,377
Institute			
At 1 August 2024	100	2,377	2,477
Additions	-	-	-
Disposals	-	-	-
Impairment	-	-	-
At 31 July 2025	100	2,377	2,477

Please refer to note 23 for additional details relating to the investment in the subsidiary company.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts For the year ended 31 July 2025

10. Stock Consolidated and Institute

	2025 £	2024 £
Canteen and bar stocks	6,432	11,384

11. Trade and Other Receivables Amounts due within one year

	2025 Consolidated	2025 Institute	2024 Consolidated	2024 Institute
	£	£	£	£
Tuition and Other Fees	17,238	17,238	9	9
Other Debtors	380,391	380,391	417,394	417,394
Amounts owed by related undertakings	97,873	97,873	30,249	30,249
Prepayments and Accrued Income	808,501	808,501	407,526	407,526
	1,304,003	1,304,003	855,178	855,178

12. Cash and Cash Equivalents

	At 31 July 2025		At 31 July 2024	
	Consolidated	Institute	Consolidated	Institute
	£	£	£	£
Cash and Cash Equivalents	2,829,799	2,829,799	3,769,882	3,769,882

13. Creditors: Amounts falling due within one year

	At 31 July 2025		At 31 July 2024	
	Consolidated	Institute	Consolidated	Institute
	£	£	£	£
Trade Creditors	350,532	350,532	235,961	235,961
Taxation and Social Security	236,015	236,015	162,476	162,476
Accruals	365,976	365,976	317,015	317,015
Other Creditors and Deferred Income	1,019,649	1,019,749	1,153,870	1,153,970
	1,972,172	1,972,272	1,869,322	1,869,422

Deferred Income

Included in other creditors and deferred income there are no items of income which have been deferred until specific performance related conditions have been met.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts

For the year ended 31 July 2025

14. Endowments

	Restricted Permanent Endowments	Unrestricted Permanent Endowments	Expendable Endowments	2025 Total	2024 Total
	£	£	£	£	£
Balances at 1 August 2024					
Capital	-	-	295,939	295,939	243,842
Accumulated Income	-	-	-	-	39,714
	-	-	295,939	295,939	283,556
New Endowments	-	-	-	-	2,500
Investment	-	-	13,733	13,733	14,883
Income	-	-	(700)	(700)	(5,000)
Expenditure	-	-			
At 31 July 2025	-	-	308,972	308,972	295,939
Represented by:					
Capital	-	-	244,441	244,441	244,441
Accumulated Income	-	-	64,531	64,531	51,498
	-	-	308,972	308,972	295,939
Analysis by type of purpose					
Bursary and Prize Funds	-	-	82,575	82,575	79,582
Culture	-	-	207,415	207,415	198,217
Graduate Business Support	-	-	18,982	18,982	18,140
	-	-	308,972	308,972	295,939
Analysis by Asset					
Cash	-	-	308,972	308,972	295,939

15. Restricted Reserves

There are no reserves with restrictions

16. Reconciliation of Cash Flow to Statement of Financial Position - Consolidated

	At 1 August 2024	Cash Flows	At 31 July 2025
	£	£	£
Cash at bank and on deposit	3,769,882	(940,083)	2,829,799
Other	-	-	-
	3,769,882	(940,083)	2,829,799

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts For the year ended 31 July 2025

17. Consolidated reconciliation of net credit

	£
Net credit at 1 August 2024	3,769,882
Movement in cash and cash equivalents	(940,083)
Other non-cash changes	-
Net credit at 31 July 2025	<u>2,829,799</u>
Change in net credit	(940,083)

Analysis of net credit

	31 July 2025	31 July 2024
	£	£
Cash and cash equivalents	<u>2,829,799</u>	<u>3,769,882</u>

18. Capital and Other Commitments

Capital and other commitments are funded from cash reserves:

Consolidated and Institute at 31 July	2025	2024
	£	£
Capital works authorised but not contracted	-	-
Commitments contracted for refurbishment of estates	-	-
Other capital additions	<u>353,091</u>	<u>187,496</u>
	<u>353,091</u>	<u>187,496</u>

External borrowing to fund future campus investments has been discussed by the directors and post year end LIPA agreed an asset financing facility of £1 million, however have not made any drawings from this. The facility is a contingency so the company can manage cash flow as appropriate.

19. Contingent Assets and Liabilities

There are no contingent assets and liabilities.

20. Lease Obligations – Consolidated and Institute

Total rentals payable under operating leases:

	31 July 2025 Plant and Machinery	31 July 2025 Other Leases	31 July 2025 Total	31 July 2024 Total
	£	£	£	£
Payable during the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Future minimum lease payments due	-	-	-	-
No later than one year	-	-	-	-
Later than 1 year and not later than 5 years	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts For the year ended 31 July 2025

21. Financial Assets and Liabilities

	31 July 2025		31 July 2024	
	Consolidated	Institute	Consolidated	Institute
	£	£	£	£
Financial assets measured at amortised cost	2,021,298	2,021,298	3,362,256	3,362,256
Financial liabilities measured at amortised cost	1,266,197	1,266,197	1,129,250	1,129,250

22. Events after the Reporting Period

There were no significant events after the after the reporting period that impact the results for the year or the balance sheet at 31 July 2025.

23. Subsidiary Undertaking

During the year ended 31 July 2025, LIPA had one wholly owned subsidiary, LIPA Enterprises Limited (which is registered at the same address as LIPA).

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

24. Connected Charitable Institution: The LIPA Multi Academy Trust (MAT)

Third-party costs paid by LIPA on behalf of The LIPA MAT have been recharged directly to it without uplift.

In the year to 31 July 2025, LIPA charged The LIPA MAT £32,184 for support services (2024: £7,252)

In addition, there were recharges of amounts paid on behalf of The LIPA MAT of £42,814 and other sales of £1,348 (2024: £19,497) relating mainly to use of facilities.

At 31 July 2025 The LIPA Multi Academy Trust owed LIPA £97,873 (2024: £30,249).

25. Related Party Transactions

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

The Liverpool Institute Charity

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.

LIPA Enterprises Limited

Transactions with the subsidiary, LIPA Enterprises Limited, have not been disclosed under the exemption allowed in FRS102 Section 33.

LIPA Members

Travel or other expenses amounting to £416 (2024: £167) were reimbursed to one Member in the year.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts For the year ended 31 July 2025

26. Pension Commitments

26a. 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 Education has provided the information below in order to meet the requirements of Financial Reporting Standard 102 Section 28.

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). 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 Public Service Pensions Act (2013) 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 – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

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 1 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 most recent Department for Education outcome of the valuation of the Teachers' Pension Scheme, based upon 2020 data, confirmed a need to increase the employer contribution rate by 5 percentage points from 1 April 2024 to ensure that the Scheme continues to meet present and future obligations.

The resultant contribution rate therefore increased from 23.68% to 28.68% (including a charge equivalent to 0.08% of pensionable salary costs to cover administration expenses). This follows an increase in September 2019 from a rate of 16.4% to 23.6%, meaning that contribution rates increased by 12.28% over a five year period.

The pension costs paid to TPS in the year amounted to £1,004,182 (2024: £827,534) and the total amount outstanding as at 31 July 2025 was £108,560 (2024: £93,414).

26b. Defined Contribution Scheme

The employer's contributions payable in respect of defined contribution scheme arrangements were £359,675 (2024: £341,188). The amount outstanding at 31 July 2025 was £56,854 (2024: £48,669).

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.

27. Legal Form

LIPA is a company limited by guarantee in the United Kingdom, with registration number 02511501. The company is a registered charity, number 1001565. The registered office is: Mount Street, Liverpool, L1 9HF.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

England & Wales - Charity number 1001565

Accounts

**THE LIVERPOOL INSTITUTE FOR
PERFORMING ARTS**

ANNUAL REPORT

YEAR ENDED 31 JULY 2024

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

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Annual Report For the year ended 31 July 2024

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THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Legal and Administrative Details **For the year ended 31 July 2024**

Status

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

Registered Office

Mount Street
Liverpool
L1 9HF

Bankers

Santander plc
Bridle Road
Bootle
Merseyside
L30 4GB

Solicitors

Weightmans LLP
100 Old Hall Street
Liverpool
L3 9QJ

Financial Statements Auditors

Crowe UK LLP
St Georges House
56 Peter Street
Manchester
M2 3NQ

Internal Auditors

RSM Risk Assurance Services LLP
14th Floor
20 Chapel Street
Liverpool
L3 9AG

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Operating and Financial Review For the year ended 31 July 2024

The directors present their Annual Report, including the Strategic Report, together with the group's audited Financial Statements for the year ended 31 July 2024.

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 8 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 - Vice Chair
- Gina Carter (up to 7 September 2024)
- James Dow
- Louise Ellman
- Michelle Emmerson (from 20 September 2024)
- Victoria Fea
- Mark Featherstone-Witty
- David Fletcher - Chief Operating Officer
- Simon Fowler
- Geoffrey Goodwin - Chair
- Joseph Johnson
- Juliet Johnson (from 20 September 2024)
- Kim Johnson (to 27 September 2024)
- Ashley Herman (from 7 December 2023)
- Sean McNamara - Chief Executive Officer
- Stella Okafor-Ross (from 7 December 2023)
- David Owen
- Zoe Radnor (from 20 September 2024)
- Simeon Scheuber-Rush (to 15 August 2023)
- Claire Workman – Local 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 six main committees is detailed in the Corporate Governance Statement below.

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, undergraduate and postgraduate programmes for those aged 18 and over and performing arts classes for 4-19 year olds.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Operating and Financial Review For the year ended 31 July 2024

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 Founder, 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.

4. Strategic Report

As a registered charity, the strategic report contains key aspects of LIPA's performance relating, but not limited to:

- Review of Activities and Achievement;
- Results for the year;
- Capital expenditure;
- Cash flows;
- Treasury Policies and Objectives;
- Public Benefit;
- Strategy and Risk;
- Estates; and
- Immediate Prospects.

5. Review of Activities and Achievement

Higher Education - Undergraduate and Postgraduate Programmes

A total of 987 students undertook LIPA's BA and Certificate in Higher Education programmes as follows:

BA Acting	89
BA Acting (Musical Theatre)	20
BA Acting (Screen and Digital)	56
BA Applied Theatre and Community Drama	46
BA Dance	88
BA Filmmaking and Creative Technologies	56
BA Management for the Creative Industries	84
BA Music (all pathways)	301
BA Sound Technology	86
BA Theatre Performance Design	39
BA Theatre Production Technology	63
Cert HE Acting (Musical Theatre)	20
Cert HE Acting (Stage & Screen)	39

Of the students, 740 were eligible for funding from the Student Loan Company and 247 came from countries other than the UK.

In addition, 43 students undertook LIPA's postgraduate programmes of whom 28 were eligible for funding from the Student Loan Company.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Operating and Financial Review For the year ended 31 July 2024

LIPA's 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, LIPA's academic standards need to meet the regulatory requirements imposed by the Office for Students (OfS), as the Higher Education sector's regulator. LIPA's OfS registration is full and without condition, demonstrating a commitment to quality of education.

Foundation Certificate

In addition to the undergraduate and postgraduate courses, 19 students studied on the LIPA Foundation Certificate in Popular Music and Music Technology.

This course is accredited by Liverpool John Moores University and is a one-year full-time intensive vocationally orientated programme designed to enable progression into the industry or provide preparation for degree level work. The course receives no public funding.

LIPA 4-19 Part Time Academy

LIPA 4-19 is a part time performing arts academy for people aged 4 to 19. 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 learned help develop confidence and presentational skills. They stimulate imagination and creativity.

Its development originally centred on LIPA's premises but also a secondary school in Maghull. Expansion has also been achieved by introducing classes on Sundays and advanced classes. In general, all LIPA managed courses are oversubscribed with a large waiting list.

In 2023/24 many of the students aged 7 to 19 undertook exams in musical theatre, early starters aged 5 to 6 undertook speech and drama exams. Many students leaving LIPA 4-19 have been accepted at highly credited colleges such as Guildford School of Acting, Performers College, Arts Educational, Urdang Academy, Mountview Academy of Theatre Arts, the Royal Academy of Dramatic Art (RADA) and Central School of Speech and Drama.

Once the students reach 16, many of them go on to train at the LIPA Sixth Form College (which is related, but not part of LIPA) and have also been accepted to study at LIPA on the degree courses.

LIPA 4-19 activity has additional corporate benefits: non-government 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

These 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 2019 and in accordance with note 1 of the Accounting Policies.

At 31 July 2024 the group had total unrestricted reserves of £20,338,082 available to fulfil adequately the obligations of the group.

The group generated a surplus in the year to 31 July 2024 of £527,383 (2023: £311,197). The overall figure represents a surplus of 3.7% on income (2023: 2.4%). The financial objectives of the group include a targeted return of at least 3% of income.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Operating and Financial Review For the year ended 31 July 2024

Total income increased by £1,135,049 to £14,266,069. The increase largely reflects higher student numbers, and therefore fees, from both UK and overseas students.

Income from government sources totalled £1,401,141 (2023: £1,648,808). This represents 9.8% of total income (2023: 12.6%). The decrease is due to the conclusion of a funding initiative from Research England.

Operating expenditure increased by £918,863 to £13,738,686. This increase covered staff related expenditure which rose by £797,865 to £9,184,373, partly due to general wage increases but also investment in staff levels.

Staff costs represented 64.4% of total income and 66.8% of total expenditure (2023: 63.9% and 65.4% respectively). Other operating expenses increased by £87,590 to £3,531,175 due to higher activity levels and general price rises.

7. Capital Expenditure

The total capital additions in the year to 31 July 2024, including donated assets of £14,000, were £1,472,024 (2023: £891,644 including donated assets of £7,000). This money represented an investment in campus and facilities, with further capital enhancements planned in the year to 31 July 2025.

8. Cash Flows

The consolidated Cash Flow shows net cash inflow from operating activities of £1,273,406 (2023: £680,049).

Total cash balances and deposits were £3,769,882 at 31 July 2024 (2023: £3,892,273).

The group had no borrowings at 31 July 2024 (2023: £nil).

During the year, LIPA maintained healthy cash balances which were higher than the planned balances in the cash flow forecast. External borrowing to fund future campus investments has been discussed by the directors on occasion but has not been deemed necessary up to the point of writing these financial statements.

9. Subsidiary Undertakings

The company has one subsidiary undertaking, LIPA Enterprises Limited. Any distributable surpluses generated by the subsidiary are transferred to the Institute by way of donation in accordance with the Memorandum and Articles of Association. The company has been dormant since 1 August 2020 and has generated no surplus or deficit in the year to 31 July 2024 (2023: no surplus or deficit).

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 31 July 2024

11. Endowment Reserves

Expendable endowment funds represent bursaries and student project funds which are to be distributed over a significant period of time.

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 surplus cash 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 and only holds money with large high-street lenders (primarily Santander plc).

13. Pensions

The Institute participates in only one defined benefit 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 contribution scheme. After each valuation the future contribution rates are adjusted. The last adjustment occurred in April 2024, when employers' contributions increased by 5%. 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 and this was maintained throughout the year to 31 July 2024.

15. Accessibility and Widening Participation

LIPA is committed to a fair and transparent admissions system and was the first member of the Federation of Drama Schools to abolish audition fees. Our audition process does not discriminate on grounds of race, ethnicity, gender, sexual orientation, religion, disability or age. To ensure suitability is assessed effectively, undergraduate interview and audition events were undertaken, and, during those events, specialist support was provided for students with disabilities. Furthermore, tutors have experience of working with dyslexia, mental health problems, long-term health problems, stress, organisational difficulties and sensory impairments. IT equipment provided includes accessibility software.

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 2020/21 to 2024/25 Access & Participation Plan. These are targeted towards:

- First degree entrants from lower socio-economic groups;
- Those from black and minority ethnic groups;
- Mature learners; and
- Students from low participation neighbourhoods.

LIPA is also keen to promote applications and support pupils with disabilities and those with experience of being in care.

In pursuit of these objectives LIPA provides a number of financial support initiatives. In the year to 31 July 2024 these included:

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Operating and Financial Review For the year ended 31 July 2024

- A LIPA bursary of £560, to all students with a household income of £25,000 or below; and
- A care leavers bursary of £1,000 to students who joined us aged 25 or over and who had been in care for six months or more prior to their 16th birthday.

As noted above, we no longer have any audition fees, as part of efforts to reduce the costs for prospective students auditioning with us. We also offer travel grants to support audition / interview attendance for learners from postcode areas where participation in Higher Education is lowest.

Through the Widening Participation (WP) team's activity, LIPA offers a range of opportunities for young people across the country that are 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 31 July 2024, LIPA worked closely with six 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, LIPA:

- Provided tailored support workshops in these partner schools, known as LIPA Tasters with Year 7, 8 and 9 pupils (along with Year 10 and Year 11 pupils in some cases), reaching 100+ learners;
- Supported learners at three of these partners plus three other local schools through our newly launched LIPA FEST project. Participating schools worked with LIPA graduates to create a showcase piece across weekly sessions which they then performed in front of other participating groups on our Paul McCartney Auditorium stage; and
- Ran Year 9 taster events in June, open to partner schools plus others from across Merseyside. These were attended by 267 participants from 10 schools.

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 during this year consisted of:

- Review by WP staff of self-tape submissions and online auditions onto the programme, designed, in part, to give participants audition experience;
- A welcome event in early March for new participants and parents explaining the future activities on offer and showcasing the benefits of getting involved in the programme. This was attended by 18 young people and their accompanying supporters;
- LIPA XTRA, a 3-day non-residential course attended by 28 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 25 students finishing year 10. Working together across multiple disciplines to put on their own production, the week culminated in a performance in the Paul McCartney Auditorium; and
- 13 after-school skills workshops, plus a weekend film making project, for Year 11 students between January and April 2024 covering various topics in acting, dance, music / singing and making performance possible.

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

- Get Set, a 3-day course attended by 38 students who are interested in applying to LIPA for 2025 entry. They chose to study acting, dance, musical theatre or music for the duration of the project, which included a focus on application and audition awareness. Get Set was run as a residential experience with students staying in a local hall of residence and taking part in evening activities. As we were oversubscribed in Summer 2023, we also ran an additional summer school in August 2023, with some related delivery costs for this being accrued within the 2023/24 financial year;
- A range of workshops with seven partner colleges for young people studying performing arts and making performance possible subjects at level 3 and considering higher education for 2024 and 2025 entry (additional workshops were also offered through schools and colleges liaison work);

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Operating and Financial Review For the year ended 31 July 2024

- Audition preparation phone calls for students from low participation neighbourhoods throughout January, February, March and April; and
- We also ran three regional Acting audition events in February (North East, Midlands, South West), aimed at offering applicants from disadvantaged backgrounds the opportunity to complete their first stage audition closer to home.

LIPA also responded to a variety of requests for ad-hoc activities from various schools and community groups. In the year to 31 July 2024 LIPA provided:

- A further five visits to LIPA by non-partner schools and colleges. These visits included a tour and talk and, on occasion, a workshop in the students' chosen subject. These visits reached 80+ students from Years 9 to 13;
- In-school or online workshops at / with a further 11 schools;
- Attendance at 70 careers fairs in local and regional schools / colleges with a LIPA / HE information stand;
- The opportunity for local schools / colleges to attend suitable public performances. This included running three schools-only performances of the Acting Rep season (alongside post-show Q&As with the cast), attended by six school/college groups;
- Music theory preparation workshops during November attended by six students interested in applying to music courses; and
- Hosting of and support for four arts-week programmes for looked after young people, delivered by Collective Encounters.

LIPA has also engaged in activities closer to home, supporting its additional education ventures as follows:

- Through Access and Participation Plan allocation, LIPA financed and hosted an induction morning in July for all children and their parents / carers due to start at the Primary School in September 2024. Pupils currently at the LIPA School participated in a series of inspirational assemblies and workshops sessions in acting, singing, dance and backstage delivered through LIPA's widening participation provision;
- LIPA School pupils also participated in campus-based activities, in-school subject workshops and careers talks led by Widening Participation staff, plus the LIPA Fest project above. LIPA students and graduates also supported Key Stage 3 learners with preparation (such as choreography and prop making) for their main school performance;
- Learners at LIPA Sixth Form College participated in activities designed to raise awareness of the process for applying to study in Higher Education and to assist with building confidence and skills for preparing auditions / interviews. This included talks and audition preparation workshops across some discipline areas, as well as portfolio preparation sessions for Production Arts students across the year; and
- 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 funding relating to support of the Uniconnect Programme.

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 a series of public performances with wide-ranging themes linked to LIPA's creative purpose;

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Operating and Financial Review For the year ended 31 July 2024

- 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; and
- Sponsored and provided support to The LIPA Multi Academy Trust (which is a separate but related legal entity).

17. Strategy and Risk

Linked to the overall strategic plan to 2026, a comprehensive risk register has been produced which links the goals within the strategic plan to the risks of not achieving those goals. Where appropriate there are also action plans in place to mitigate these risks.

Applications to LIPA each year are in excess of eight times the number of places available. As noted above it had free cash of £3,769,882 available on 31 July 2024 and no borrowings.

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:

- Increased competition in the Higher Education marketplace;
- Potential changes in the funding arrangements for UK students;
- The impact of the UK Government's changes to immigration laws and the impact of this on international student recruitment patterns and staff mobility; and
- The steps needed to achieve Degree Awarding Powers.

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

- Continue to provide high quality teaching aligned to performing arts industry, thereby providing the best possible student experience;
- Maintain and increase the level of student intake, in terms of both quality and numbers, including overseas students;
- Develop new facilities, including music, technical and performance spaces, designed specifically to meet LIPA's specialist needs;
- Manage costs appropriately whilst balancing the needs of the student experience; and
- Monitoring the wider economic and political landscape and use influence with sector groups such as GuildHE and the Federation of Drama Schools to ensure that our needs are recognised.

18. OfS Funding

For the year ended 31 July 2024 OfS income provided 9.8% of LIPA's total funding. This included capital grant income and Specialist Institution Funding in the form of a recurrent 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

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Operating and Financial Review For the year ended 31 July 2024

LIPA has been operating for over 25 years and has been at the forefront of the development of the Georgian quarter of Liverpool. 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.

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. Following extensive alteration work, the building now provides high quality teaching spaces for the benefit of LIPA students.

LIPA spent £6.9m (including £3.9m of OfS funding) to upgrade infrastructure and facilities between 2018 and 2021 as part of a successful capital bidding process and further investment in the estate continues to enhance the provision for students, including remodelling of the reception area and investment in upgrades to music facilities. This is part of an ongoing investment in resources planned as part of the current strategic investment cycle, linked to the overall strategic direction.

20. Immediate Prospects

The plans for the next three years are laid out within LIPA's Strategic Plan and include enhancement of the curriculum, growth of student numbers into areas linked to growth industries, aligned with industry partners, achievement of Degree Awarding Powers and forging stronger partnerships locally, nationally and internationally.

Whilst investing in the future, the Group will also continue to:

- Review all courses offered and introducing new courses where demand justifies this;
- Optimise the funding available to achieve a maximum impact on the student experience;
- Pursue Value for Money in all aspects of the group's activities; and
- Review all new appointments as posts become available.

21. The LIPA Multi Academy Trust

The LIPA MAT is a company limited by guarantee, with charitable status. Whilst LIPA is a corporate Trustee and Sponsor and some of its Members and Council Directors are involved with The LIPA MAT as Members and Trustees, the company does not constitute a subsidiary of LIPA.

22. Stakeholder Relationships

LIPA's stakeholders include students, staff, alumni, patrons, the OfS, employers, government offices, Liverpool residents, professional bodies and practitioners. LIPA communicates on a regular basis with stakeholders as appropriate to ensure that positive relationships are maintained.

23. 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.

24. Fundraising

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Operating and Financial Review For the year ended 31 July 2024

LIPA does not carry out fundraising from the general public and had no fundraising activities requiring disclosure under s162A of the Charities Act 2011.

**Operating and Financial Review
For the year ended 31 July 2024**

25. Going Concern

After a thorough review of the Group's status as a going concern, the Council has agreed that the Group has sufficient resources to continue to meet its obligations as they arise over the next 12 months. The Group has a five-year financial forecast that is cash positive. Student numbers for the September 2024 intake are broadly in line with expectations and, up to the time of signing these financial statements, student withdrawal levels are not out of line with previous years. The Group has undertaken stress testing on the assumptions within its financial forecasts and believe that the risk of significant adverse performance is very low.

26. Financial Statements Auditors

A resolution to reappoint Crowe 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:

Katharine Dimmock
Katharine Dimmock (Nov 26, 2024 10:09 GMT)

K Dimmock
Company Secretary

Nov 26, 2024

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Corporate Governance Statement For the year ended 31 July 2024

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 Chairs (CUC) Higher Education Code of Governance 2020. In carrying out its duties it also has regard for the best practice in The UK Corporate Governance Code 2018, 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 CUC Higher Education Code of Governance. 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 Act 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 financial statements auditors; and
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.

The Council is LIPA's governing body. Its members are directors of the company within the meaning of the Companies Act 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 the management of teams 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;
11. To appoint a clerk to accurately record meetings and to ensure that, if the person appointed has managerial responsibilities in LIPA, there is an appropriate separation in the lines of accountability;

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Corporate Governance Statement For the year ended 31 July 2024

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 Academic 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. Additionally professional consultants are retained to identify suitable candidates. The aim is to ensure a balance of skills within the Council. Such criteria as widening the diversity of the Council are also considered in seeking nominations.

All nominations are tabled at a full Council meeting for approval. On appointment new directors attend an induction programme at LIPA. 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: Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership.

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).

The Council has six main committees: Academic Board, Audit Committee, Equality, Diversity & Inclusion (EDI) Committee, Finance Committee, Nominations & Governance Committee, and Remuneration Committee. Each has terms of reference agreed by Council.

The Academic Board meets at least three times a year and determines the strategic curriculum development of the Institute and oversees the academic standards set by the Institute.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Corporate Governance Statement For the year ended 31 July 2024

The Audit Committee meets four times a year, with the company's Financial Statements Auditors and Internal Auditors in attendance as appropriate. The Committee considers detailed reports together with recommendations for the improvement of the Institute's systems of internal control and management's responses and implementation plans. It also receives and considers reports from the OfS 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 Financial Statements Auditors and Internal Auditors on their own for independent discussions.

The EDI Committee has delegated oversight for the development, implementation, impact and monitoring of the EDI Strategy as well as providing assurances to Council that LIPA is satisfying its legal and regulatory duties under the Equality Act 2010.

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

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 Remuneration Committee has agreed that it will be guided by the CUC HE Senior Staff Remuneration Code but would not formally adopt it as LIPA's Principal is a member of the Remuneration Committee but is not involved in discussions related to their own salary.

Working groups are established from time to time by the Chief Executive, for which a member of the senior management team 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.

As noted above, LIPA is the sponsor of the LIPA MAT, which is a separate legal entity and these financial statements do not consolidate LIPA's figures with those of the LIPA MAT.

The Council is ultimately responsible for the company's system of internal control and for reviewing its effectiveness to ensure that LIPA upholds regularity and propriety in the use of public funding. 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 31 July 2024 and up to the date of approval of the Financial Statements and accords with OfS 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 financial statements 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;

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Corporate Governance Statement For the year ended 31 July 2024

- 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;
- 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 senior management team, and risk management is planned into the work of the team for the year, with regular updates to the Institute's risk profile reported and discussed at senior management team meetings;
- 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. This is the same for the Financial Statements Audit function.

The Internal Auditors submit regular reports on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement. Similarly, the Financial Statements Auditors have the opportunity to suggest control improvements during their audit process. All recommendations made are monitored and tracked to completion by the Audit Committee.

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 Financial Statements Auditors in their management letter and other reports. No significant control weaknesses have arisen during the year.

Approved on behalf of the Board by:

Geoffrey Goodwin
Geoffrey Goodwin (Nov 26, 2024 17:08 GMT)

G. Goodwin
Chair of Council

Nov 26, 2024

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Trustees' Responsibilities Statement For the year ended 31 July 2024

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.

The 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 Review including the Strategic 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, through its Accounting Officer, is required to prepare the financial statements in accordance with the terms and conditions of the OfS's Terms and conditions of funding for higher education institutions 2023-24 (issued July 2023) 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 OfS's Terms and conditions of funding for higher education institutions 2023-24 (issued July 2023), the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 edition), and any subsequent amendments, the Office for Student's Accounts Direction (issued October 2019) and the Companies Act 2006. Council is 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 the OfS and other funding bodies are used only for the proper purposes for which they have been given and seek to achieve value for money in accordance with the OfS's Terms and conditions of funding for higher education institutions 2023-24 (issued July 2023) and any other conditions which the funding body may from time to time prescribe;
- 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;
- Ensure that there is regular, reliable, timely and adequate information to monitor performance and track the use of public funds;
- Plan and manage the Institute's activities to remain sustainable and financially viable;
- Ensure that it informs the OfS of any material change in its circumstances, including any significant developments that could impact on the mutual interests of the Institute and the OfS;
- Ensure that there are adequate and effective arrangements for the management and quality assurance of data submitted to the Higher Education Statistics Agency, the Student Loans Company, the OfS and other funding or regulatory bodies;
- Ensure an effective framework – overseen by the Institute's academic board or equivalent – to manage the quality of learning and teaching and to maintain academic standards; and

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Trustees' Responsibilities Statement For the year ended 31 July 2024

- Consider and act on the OfS's assessment of the Institute's risks specifically in relation to these funding purposes.

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.

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 as members 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 the Board by:

Sean McNamara
Sean McNamara (Nov 26, 2024 10:14 GMT)

S. McNamara
Director

Nov 26, 2024

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Financial Statements Auditor's report to Council For the year ended 31 July 2024

Opinion

We have audited the financial statements of The Liverpool Institute for Performing Arts for the year ended 31 July 2024 which comprise Consolidated and Institute Statement of Comprehensive Income, the Consolidated and Institute Statement of Changes in Reserves, the Consolidated and Institute Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including 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) and the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 Edition).

In our opinion the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 July 2024 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Financial Statements Auditor's report to Council For the year ended 31 July 2024

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 our audit:

- The information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, 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 included within the trustees' report have been prepared in accordance with applicable legal requirements.

Opinion on other matters prescribed by the OfS accounts direction (issued October 2019)

In our opinion, in all material respects:

- Funds from whatever source administered by the parent institute for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- Funds provided by the OfS, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and any other terms and conditions attached to them; and
- The requirements of the OfS's accounts direction (issued October 2019) have been met.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of 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 trustees

As explained more fully in the Trustees' Responsibilities Statement set out on pages 16 to 17, the trustees (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, and for such internal control as the trustees 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 trustees are responsible for assessing the charitable company'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 trustees either intend to liquidate the charitable company 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.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Financial Statements Auditor's report to Council For the year ended 31 July 2024

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, Charities Act 2011 and employment legislation.
- Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustees and other management and inspection of regulatory and legal correspondence, if any.
- We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management and completeness and cut off of grant income. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases and sample testing from grant documentation.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations. 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.

Use of our report

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



Vicky Szulist
Senior Statutory Auditor
for and on behalf of Crowe UK LLP
Statutory Auditor
St Georges House
56 Peter Street
Manchester
M2 3NQ

Nov 29, 2024

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Consolidated and Institute Statement of Comprehensive Income and Expenditure
For the year ended 31 July 2024

Year ended 31 July		2024		2023	
		Consolidated	Institute	Consolidated	Institute
INCOME	Notes	£	£	£	£
Tuition Fees	1.1	11,516,088	11,516,088	10,334,804	10,334,804
Funding Body Grants	1.2	1,401,141	1,401,141	1,648,808	1,648,808
Project Income	1.3	528,258	528,258	471,628	471,628
Other Income	1.4	725,471	725,471	606,241	606,241
Investment Income	1.5	76,226	76,226	42,404	42,404
Total Income before Donations and Endowments		14,247,184	14,247,184	13,103,885	13,103,885
Donations and Endowments	1.6	18,885	18,885	27,135	27,135
Total Income		14,266,069	14,266,069	13,131,020	13,131,020
EXPENDITURE					
Staff Costs	2	9,184,373	9,184,373	8,386,508	8,386,508
Other Operating Expenses	3	3,531,175	3,531,175	3,443,585	3,443,585
Depreciation		1,023,138	1,023,138	989,730	989,730
Interest and Other Finance Costs	4	-	-	-	-
Total Expenditure		13,738,686	13,738,686	12,819,823	12,819,823
Surplus before Tax		527,383	527,383	311,197	311,197
Taxation	5	-	-	-	-
Surplus and Total Comprehensive Income for the year		527,383	527,383	311,197	311,197
Represented by:					
Unrestricted income for the year		515,000	515,000	292,452	292,452
Restricted income for the year		-	-	-	-
Endowment income / (expenditure) for the year		12,383	12,383	18,745	18,745
		527,383	527,383	311,197	311,197

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

**Financial Statements Auditor's report to Council
For the year ended 31 July 2024**

All amounts relate to continuing operations.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

**Consolidated and Institute Statement of Changes in Reserves
For the year ended 31 July 2024**

	Income and Expenditure Account			
	Endowment	Restricted	Unrestricted	Total
Consolidated	£	£	£	£
Balance at 1 August 2022	264,811	-	19,530,630	19,795,441
Surplus from the Income and Expenditure Account	18,745	-	292,452	311,197
Transfers between funds	-	-	-	-
Total Comprehensive Income for the year	18,745	-	292,452	311,917
Balance at 1 August 2023	283,556	-	19,823,082	20,106,638
Surplus from the Income and Expenditure Account	12,383	-	515,000	527,383
Transfers between funds	-	-	-	-
Total Comprehensive Income for the year	12,383	-	515,000	527,383
Balance at 31 July 2024	295,939	-	20,338,082	20,634,021
Institute				
Balance at 1 August 2022	264,811	-	19,530,630	19,795,441
Surplus from the Income and Expenditure Account	18,745	-	292,452	311,197
Transfers between funds	-	-	-	-
Total Comprehensive Income for the year	18,745	-	292,452	311,917
Balance at 1 August 2023	283,556	-	19,823,082	20,106,638
Surplus from the Income and Expenditure Account	12,383	-	515,000	527,383
Transfers between funds	-	-	-	-
Total Comprehensive Income for the year	12,383	-	515,000	527,383
Balance at 31 July 2024	295,939	-	20,338,082	20,634,021

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Consolidated and Institute Balance Sheets

Registered number: 02511501

		As at 31 July 2024		As at 31 July 2023	
	Notes	Consolidated £	Institute £	Consolidated £	Institute £
Non-Current Assets					
Intangible Assets	6	116,147	116,147	154,698	154,698
Fixed Assets	7	15,948,075	15,948,075	15,987,378	15,987,378
Assets Held in Trust	8	1,800,301	1,800,301	1,273,562	1,273,562
Investments	9	2,377	2,477	2,377	2,477
		17,866,900	17,867,000	17,418,015	17,418,115
Current Assets					
Stock	10	11,384	11,384	8,573	8,573
Trade and Other Receivables	11	855,177	855,177	684,688	684,688
Cash and Cash Equivalents	12	3,769,882	3,769,882	3,892,273	3,892,273
		4,636,443	4,636,443	4,585,534	4,585,534
Less: Creditors					
Amounts Falling Due Within One Year	13	(1,869,322)	(1,869,422)	(1,896,911)	(1,897,011)
Net Current Assets		2,767,121	2,767,021	2,688,623	2,688,523
Total Assets less Current Liabilities		20,634,021	20,634,021	20,106,638	20,106,536
Less: Creditors					
Amounts Falling Due after more than One Year		-	-	-	-
Total Net Assets		20,634,021	20,634,021	20,106,638	20,106,638
Restricted Reserves					
Endowment Reserve	14	295,939	295,939	283,556	283,556
Restricted Reserve	15	-	-	-	-
Unrestricted Reserves					
Income and Expenditure Account - Unrestricted		20,338,082	20,338,082	19,823,082	19,823,082
Total Funds		20,634,021	20,634,021	20,106,638	20,106,638

Approved by the board and authorised for issue on 22 November 2024, and signed on its behalf by:

Geoffrey Goodwin
Geoffrey Goodwin (Nov 26, 2024 17:08 GMT)

G. Goodwin – Chair of Council

Nov 26, 2024

Sean McNamara
Sean McNamara (Nov 26, 2024 10:14 GMT)

S. McNamara – Director

Nov 26, 2024

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Consolidated Statement of Cash Flows For the year ended 31 July 2024

	2024 £	2023 £
Cash Flow from Operating Activities		
Surplus for the year ended 31 July	527,383	311,197
Adjustment for Non-Cash Items		
Depreciation	1,023,138	989,730
(Increase) / Decrease in Stock	(2,811)	714
(Increase) in Debtors	(170,489)	(117,039)
(Decrease) in Creditors	(27,589)	(462,149)
Adjustment for Investing or Financing Activities		
Investment Income	(76,226)	(42,404)
Interest Payable	-	-
Net Cash Inflow from Operating Activities	1,273,406	680,049
Cash Flows from investing activities		
Investment Income	76,226	42,404
Payments made to Acquire Fixed Assets	(1,458,023)	(884,644)
Donated Assets	(14,000)	(7,000)
	(1,395,797)	(849,240)
Cash flows from financing activities		
Interest Paid	-	-
Loan Repaid	-	-
	-	-
(Decrease) in Cash and Cash Equivalents in the year	(122,391)	(169,191)
Cash and Cash Equivalents at beginning of the year	3,892,273	4,061,464
Cash and Cash Equivalents at end of the year	3,769,882	3,892,273

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Accounting Policies

For the year ended 31 July 2024

1. Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 edition) 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.

1.1 The financial statements have been prepared under FRS 102.

1.2 The financial statements are presented in sterling (£).

1.3 Going Concern - After a thorough review of the Group's status as a going concern, the Council has agreed that the Group has sufficient resources to continue to meet its obligations as they arise over the next 12 months. The Group has a five-year financial forecast that is cash positive. Student numbers for the September 2024 intake are broadly in line with expectations and, up to the time of signing these financial statements, student withdrawal levels are not out of line with previous years. The Group has undertaken stress testing on the assumptions within its financial forecasts and believe that the risk of significant adverse performance is very low.

2. Basis of consolidation

The consolidated financial statements include the company and its subsidiary for the financial year to 31 July 2024. Intra-group transactions are eliminated on consolidation. In the financial year to 31 July 2024, the subsidiary was dormant and therefore there were no transactions within it.

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 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 Statement of Comprehensive Income and 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 are recognised within the Statement of Income and Expenditure over the periods in which the Institute recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Accounting Policies

For the year ended 31 July 2024

Other grants and donations from non-government sources are recognised within the 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 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 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 Statement of Comprehensive Income and Expenditure in line with such conditions being met.
- 4.8** Non-exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor-imposed restrictions are recognised within the 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 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 Statement of Comprehensive Income and Expenditure 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 Section 28 of FRS102, 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 Section 28.11 of FRS102 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 Statement of Comprehensive Income and Expenditure 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.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Accounting Policies

For the year ended 31 July 2024

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.

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 stated at cost less accumulated amortisation. 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. Tangible 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.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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. Assets held in trust

Assets held in trust include additions to the Liverpool Institute building. These assets are depreciated over a period of up to 25 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

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Accounting Policies
For the year ended 31 July 2024

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

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Accounting Policies

For the year ended 31 July 2024

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.

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 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 subsidiary is liable to Corporation Tax in the same way as any other commercial organisation

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Accounting Policies For the year ended 31 July 2024

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:

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 31 July 2024

1. Income	2024 Consolidated	2024 Institute	2023 Consolidated	2023 Institute
1.1 Tuition Fees	£	£	£	£
Full Time UK Undergraduate fees	7,005,028	7,005,028	6,591,624	6,591,624
Full Time Overseas Undergraduate fees	3,763,829	3,763,829	3,225,667	3,225,667
UK Postgraduate fees	294,101	294,101	184,974	184,974
Overseas Postgraduate fees	282,350	282,350	137,187	137,187
Foundation Certificate fees	170,380	170,380	194,251	194,251
Other Fees	400	400	1,101	1,101
	11,516,088	11,516,088	10,334,804	10,334,804
1.2 Funding Body Grants				
OfS Recurrent Grants	1,351,141	1,351,141	1,337,126	1,337,126
OfS Capital Grant	50,000	50,000	100,000	100,000
OfS Hardship Funding	-	-	12,300	12,300
Research England	-	-	193,548	193,548
Kickstart	-	-	5,834	5,834
	1,401,141	1,401,141	1,648,808	1,648,808
1.3 Project Income				
LIPA 4-19	509,278	509,278	455,142	455,142
Other Projects	18,980	18,980	16,486	16,486
	528,258	528,258	471,628	471,628
1.4 Other Income				
Catering, Bar and Venue Hire	307,796	307,796	282,117	282,117
Projects and Performances	346,923	346,923	263,126	263,126
Service Level Agreement Income	6,044	6,044	18,380	18,380
Sundry Income	64,708	64,708	42,618	42,618
	725,471	725,471	606,241	606,241
1.5 Investment Income				
Interest Receivable	76,226	76,226	42,404	42,404
	76,226	76,226	42,404	42,404
1.6 Donations and Endowments				
New Endowments	2,500	2,500	16,000	16,000
Donations with Restrictions	-	-	3,107	3,107
Unrestricted Donations	2,385	2,385	1,028	1,028
Donated Assets	14,000	14,000	7,000	7,000
	18,885	18,885	27,135	27,135

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts For the year ended 31 July 2024

1.7 Grant and Fee Income

The sources of grant and fee income included in notes 1.1 to 1.3 are as follows:

	2024 Consolidated	2024 Institute	2023 Consolidated	2023 Institute
	£	£	£	£
Grant income from the OfS	1,401,141	1,401,141	1,449,426	1,449,426
Grant income from other bodies	-	-	199,382	199,382
Fee income from non-qualifying courses	699,039	699,039	666,979	666,979
Fee income for taught awards	11,345,307	11,345,307	10,139,453	10,139,453
	13,445,487	13,445,487	12,455,240	12,455,240

2. Staff Costs

Aggregate amounts for staff and directors paid in respect of:

	2024 Consolidated	2024 Institute	2023 Consolidated	2023 Institute
	£	£	£	£
Wages and Salaries	7,362,808	7,362,808	6,750,564	6,750,564
Social Security Costs	652,843	652,843	611,798	611,798
Other Pension Costs	1,168,722	1,168,722	1,024,146	1,024,146
	9,184,373	9,184,373	8,386,508	8,386,508

Emoluments of the Chief Executive:

	2024 £	2023 £
Remuneration	157,590	151,500
Pension contributions	39,943	35,875
	197,533	187,375

No other employees received remuneration more than £100,000.

The emoluments of the Chief Executive Officer and Chief Operating Officer are set by LIPA's Remuneration Committee and reflect the operational structure operated by LIPA, the complexity of the roles, the performance of the CEO and COO and the rates of pay of others in similar roles both locally and nationally.

The CEO received a remuneration that was 4.75 times the remuneration for other substantive staff at LIPA (2023: 4.76 times).

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 comprised six (2023: six) individuals led by the Chief Executive.

	2024 £	2023 £
Remuneration of key management personnel, other than the Chief Executive, including pension contributions	605,161	571,723

Average number of persons (including the Principal and CEO) employed during the year was:

	2024	2023
Administration	58	54
Teaching and Teaching Support	92	92
Catering, Bar, Conference and Venue	5	5

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts For the year ended 31 July 2024

155	151
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In addition to the numbers above, LIPA also employed students and graduates on a number of specific projects, such as working on Open Days and LIPA 4-19. These figures are not included in the staff numbers above.

The aggregate amounts for staff and directors can be split into the following categories:

	2024 Consolidated	2024 Institute	2023 Consolidated	2023 Institute
	£	£	£	£
Teaching	5,470,958	5,470,958	4,724,854	4,724,854
Productions	527,273	527,273	502,400	502,400
Projects	218,432	218,432	202,453	202,453
Canteen, Bar and Venue	183,551	183,551	155,075	155,075
Information Systems and Technical Support	600,623	600,623	587,964	587,964
Marketing and Student Recruitment	884,354	884,354	797,915	797,915
Facilities	441,160	441,160	447,598	447,598
Administration	858,022	858,022	968,249	968,249
	9,184,373	9,184,373	8,386,508	8,386,508

	2024	2023
Number of directors accruing retirement benefits, excluding the staff representative	2	2

The Institute's Council Directors are the trustees for charitable law purposes.

Excluding the remuneration and reimbursement of expenses of the Chief Executive, the Chief Operating Officer and the Staff Representative, no other Council Director received payment for services (2023: One director received £12,750 for services provided to LIPA).

The only other payments to Council Directors related to the reimbursement of expenses. In the year to 31 July 2024 the total expenses paid to Council Directors, other than the Chief Executive and the Chief Operating Officer, were:

	2024	2023
	£	£
Reimbursement of travel and accommodation expenses to three directors (2023: three directors).	1,803	1,356

3a. Analysis of Operating Expenditure by Activity

	2024 Consolidated	2024 Institute	2023 Consolidated	2023 Institute
	£	£	£	£
Teaching	480,983	480,983	429,227	429,227
Productions	304,606	304,606	319,818	319,818
Projects	94,036	94,036	94,826	94,826
Canteen, Bar and Venue	158,420	158,420	149,220	149,220
Information Systems and Technical Support	690,613	690,613	684,896	684,896
Marketing and Student Recruitment	556,406	556,406	487,021	487,021
Facilities	835,132	835,132	736,316	736,316

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts
For the year ended 31 July 2024

Administration	<u>410,979</u>	<u>410,979</u>	<u>542,261</u>	<u>542,261</u>
	<u>3,531,175</u>	<u>3,531,175</u>	<u>3,443,585</u>	<u>3,443,585</u>

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts For the year ended 31 July 2024

Operating expenditure includes:

	2024 £	2023 £
Financial Statements Auditors' Remuneration		
Audit	19,656	22,200
Other	6,180	3,510
Internal Auditors' Remuneration	22,104	18,827
Operating Lease Rentals	-	9,455

3b. Access and Participation

	2024 £	2023 £
Total access activity investment		
Access (pre-16)	206,719	173,180
Access (post-16)	133,043	107,957
Access (adults and the community)	17,040	16,922
Financial support	120,290	117,090
Research and evaluation	29,660	21,670
	<u>506,752</u>	<u>436,729</u>

£259,490 of these costs are already included in the overall staff costs figures included in the financial statements, see note 2. In addition, LIPA spent £90,987 in support for disabled students in the financial year to 31 July 2024 (2023: £87,524).

The Access and Participation needs to be understood in conjunction with LIPA's Access and Participation Plan 2020-21 to 2024-25, which is located on LIPA's website. The differences between the planned spend as per the Access and Participation Plan relate to changes in activity during the year.

4. Interest Payable

LIPA had no borrowings in the year to 31 July 2024 (2023: £Nil) and incurred no interest payable or other finance costs (2023 Nil) in the year (2023: £Nil).

5. Taxation

LIPA is a charitable company as stated in Accounting Policies note 20. There is no tax charge arising for the year (2023: £nil) in respect of subsidiary undertakings.

6. Intangible Assets (software) - Consolidated and Institute

Cost	Total £
At 1 August 2023	472,625
Additions	-
Disposals	<u>(122,221)</u>
At 31 July 2024	<u>350,404</u>
At 1 August 2023	317,927
Depreciation charge for the Year	38,551
Eliminated on Disposal	<u>(122,221)</u>
At 31 July 2024	<u>234,257</u>
Net Book Value	
At 31 July 2023	<u>154,698</u>
At 31 July 2024	<u>116,147</u>

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

**Notes to the Accounts
For the year ended 31 July 2024**

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts For the year ended 31 July 2024

7. Tangible Fixed Assets - Consolidated and Institute

	Freehold Land and Buildings	Fixtures, Fittings and Equipment	Art Works	Total
	£	£	£	£
Cost				
At 1 August 2023	15,915,473	5,799,524	197,092	21,912,089
Additions	-	786,697	-	786,697
Donated Assets	-	14,000	-	14,000
Disposals	-	(175,285)	-	(175,285)
At 31 July 2024	15,915,473	6,424,936	197,092	22,537,501
Depreciation				
At 1 August 2023	2,016,224	3,711,395	197,092	5,924,711
Charge for the Year	297,919	542,081	-	840,000
Disposals	-	(175,285)	-	(175,285)
At 31 July 2024	2,314,143	4,078,191	197,092	6,589,426
Net Book Value				
At 31 July 2023	13,899,249	2,088,129	-	15,987,378
At 31 July 2024	13,601,330	2,346,745	-	15,948,075

Freehold Land and Buildings

The freehold buildings relates to the property at 68 Hope Street, Liverpool.

Freehold land includes land amounting to £1,000,000 which is not depreciated.

8. Assets held in Trust - Consolidated and Institute

	Total £
Cost	
At 1 August 2023	2,157,266
Additions	671,327
At 31 July 2024	2,828,593
Depreciation	
At 1 August 2023	883,704
Depreciation charge for the Year	144,587
At 31 July 2024	1,028,291
Net Book Value	
At 31 July 2023	1,273,562
At 31 July 2024	1,800,302

The assets held in trust represent the cost of capital works on the Liverpool Institute building.

Interest in Liverpool Institute 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.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts

For the year ended 31 July 2024

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 not be in the best interests of the Institute.

9. Non-Current Investments

	Subsidiary Companies	Chattels and Memorabilia	Total
	£	£	£
Consolidated			
At 1 August 2023	-	2,377	2,377
Additions	-	-	-
Disposals	-	-	-
Impairment	-	-	-
At 31 July 2024	-	2,377	2,377
Institute			
At 1 August 2023	100	2,377	2,477
Additions	-	-	-
Disposals	-	-	-
Impairment	-	-	-
At 31 July 2024	100	2,377	2,477

Please refer to note 23 for additional details relating to the investment in the subsidiary company.

10. Stock Consolidated and Institute

	2024 £	2023 £
Canteen and bar stocks	11,384	8,573

11. Trade and Other Receivables Amounts due within one year

	2024 Consolidated	2024 Institute	2023 Consolidated	2023 Institute
	£	£	£	£
Tuition and Other Fees	9	9	16,506	16,506
Other Debtors	417,394	417,394	288,366	288,366
Amounts owed by related undertakings	30,249	30,249	5,098	5,098
Prepayments and Accrued Income	407,526	407,526	374,718	374,718
	855,178	855,178	684,688	684,688

12. Cash and Cash Equivalents

At 31 July 2024		At 31 July 2023	
Consolidated	Institute	Consolidated	Institute

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts For the year ended 31 July 2024

	£	£	£	£
Cash and Cash Equivalents	3,769,882	3,769,882	3,892,273	3,892,273
13. Creditors: Amounts falling due within one year				

	At 31 July 2024		At 31 July 2023	
	Consolidated	Institute	Consolidated	Institute
	£	£	£	£
Trade Creditors	235,961	235,961	226,029	226,029
Taxation and Social Security	162,476	162,476	165,155	165,155
Accruals	317,015	317,015	307,234	307,234
Other Creditors and Deferred Income	1,153,970	1,153,970	1,198,493	1,198,593
	1,869,422	1,869,422	1,896,911	1,897,011

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 31 July 2024		At 31 July 2023	
	Consolidated	Institute	Consolidated	Institute
	£	£	£	£
Donations	-	-	-	-
Grants	-	-	-	-
	-	-	-	-

14. Endowments

	Restricted Permanent Endowments	Unrestricted Permanent Endowments	Expendable Endowments	2024 Total	2023 Total
	£	£	£	£	£
Balances at 1 August 2023					
Capital	-	-	243,842	243,842	232,460
Accumulated Income	-	-	39,714	39,714	32,351
	-	-	283,556	283,556	264,811
New Endowments	-	-	2,500	2,500	16,000
Investment Income	-	-	14,883	14,883	9,545
Expenditure	-	-	(5,000)	(5,000)	(6,800)
At 31 July 2024	-	-	295,939	295,939	283,556
Represented by:					
Capital	-	-	244,441	244,441	243,842
Accumulated Income	-	-	51,498	51,498	39,714
	-	-	295,939	295,939	283,556
Analysis by type of purpose					
Bursary and Prize Funds	-	-	79,582	79,582	76,563
Culture	-	-	198,217	198,217	188,332
Graduate Business Support	-	-	18,140	18,140	18,661
	-	-	295,939	295,939	283,556

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts For the year ended 31 July 2024

Analysis by Asset					
Cash	-	-	295,939	295,939	283,556

15. Restricted Reserves

Reserves with restrictions are as follows:

	Capital Grants	Other Restricted Funds and Donations	2024 Total	2023 Total
	£	£	£	£
New Grants	-	-	-	-
New Donations	-	-	-	3,107
Investment Income	-	-	-	-
Capital Grant Utilised	-	-	-	-
Expenditure	-	-	-	(3,107)
At 31 July 2024	-	-	-	-

Analysis of Other Restricted Funds and Donations by type of purpose:

	2024 Total	2023 Total
	£	£
Buildings	-	-
Other	-	-
	-	-

Other restricted funds include donations and restricted expendable endowments.

16. Reconciliation of Cash Flow to Statement of Financial Position - Consolidated

	At 31 August 2023	Cash Flows	At 31 July 2024
	£	£	£
Cash at bank and on deposit	3,892,273	(122,391)	3,769,882
Other	-	-	-
	3,892,273	(122,391)	3,769,882

17. Consolidated reconciliation of net credit

	£
Net credit at 1 August 2023	3,892,473
Movement in cash and cash equivalents	(122,391)
Other non-cash changes	-
Net credit at 31 July 2024	3,769,882
Change in net credit	(122,391)

Analysis of net credit

31 July 2024

31 July 2023

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts

For the year ended 31 July 2024

	£	£
Cash and cash equivalents	<u>3,769,882</u>	<u>3,892,273</u>

18. Capital and Other Commitments

Capital and other commitments are funded from cash reserves:

Consolidated and Institute at 31 July	2024	2023
	£	£
Capital works authorised but not contracted	-	420,771
Commitments contracted for refurbishment of estates	-	100,007
Other capital additions	187,496	34,619
	<u>187,496</u>	<u>555,397</u>

19. Contingent Assets and Liabilities

Consolidated and Institute at 31 July	2024	2023
	£	£
Guarantees	-	-
	<u>-</u>	<u>-</u>

20. Lease Obligations – Consolidated and Institute

Total rentals payable under operating leases:

	31 July 2024 Plant and Machinery	31 July 2024 Other Leases	31 July 2024 Total	31 July 2023 Total
	£	£	£	£
Payable during the year	-	-	-	9,455
Future minimum lease payments due	-	-	-	-
No later than one year	-	-	-	-
Later than 1 year and not later than 5 years	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,455</u>

21. Financial Assets and Liabilities

	31 July 2024		31 July 2023	
	Consolidated	Institute	Consolidated	Institute
	£	£	£	£
Financial assets measured at amortised cost	3,362,256	3,362,256	3,517,555	3,517,555
Financial liabilities measured at amortised cost	1,129,250	1,129,250	1,092,981	1,092,981

22. Events after the Reporting Period

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts For the year ended 31 July 2024

There were no significant events after the after the reporting period that impact the results for the year or the balance sheet at 31 July 2024.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts For the year ended 31 July 2024

23. Subsidiary Undertaking

During the year ended 31 July 2024, LIPA had one wholly owned subsidiary, LIPA Enterprises Limited (which is registered at the same address as LIPA).

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

24. Connected Charitable Institution: The LIPA Multi Academy Trust (MAT)

Third-party costs paid by LIPA on behalf of The LIPA MAT have been recharged directly to it without uplift.

In the year to 31 July 2024, LIPA charged The LIPA MAT £7,252 for support services (2023: £18,380)

A new Service Level Agreement in relation to Human Resources services commenced on 17/05/2024 and it is therefore expected that the amount charged will increase in the year to 31 July 2025.

In addition, there were recharges of amounts paid on behalf of The LIPA MAT of £16,838 and other sales of £19,497 (2023: £5,187) relating mainly to use of facilities.

At 31 July 2024 The LIPA Multi Academy Trust owed LIPA £30,249 (2023: £5,098).

25. Related Party Transactions

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

The Liverpool Institute Charity

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.

LIPA Enterprises Limited

Transactions with the subsidiary, LIPA Enterprises Limited, have not been disclosed under the exemption allowed in FRS102 Section 33.

LIPA Members

Travel or other expenses amounting to £167 (2023: Nil) were reimbursed to one Member (2023: Nil) in the year.

26. Pension Commitments

26a. 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 Education has provided the information below in order to meet the requirements of Financial Reporting Standard 102 Section 28.

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). 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

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts

For the year ended 31 July 2024

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 Public Service Pensions Act (2013) 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 – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

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 1 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 most recent Department for Education outcome of the valuation of the Teachers' Pension Scheme, based upon 2020 data, confirmed a need to increase the employer contribution rate by 5 percentage points from 1 April 2024 to ensure that the Scheme continues to meet present and future obligations.

The resultant contribution rate therefore increased from 23.68% to 28.68% (including a charge equivalent to 0.08% of pensionable salary costs to cover administration expenses). This follows an increase in September 2019 from a rate of 16.4% to 23.6%, meaning that contribution rates increased by 12.28% over a five year period.

The pension costs paid to TPS in the year amounted to £827,534 (2023: £689,617) and the total amount outstanding as at 31 July 2024 was £93,414 (2023: £80,067).

26b. Defined Contribution Scheme

The employer's contributions payable in respect of defined contribution scheme arrangements were £341,188 (2023: £334,529). The amount outstanding at 31 July 2024 was £48,669 (2023: £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.

27. Legal Form

LIPA is a company limited by guarantee in the United Kingdom, with registration number 02511501. The company is a registered charity, number 1001565. The registered office is: Mount Street, Liverpool, L1 9HF.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

England & Wales - Charity number 1001565

Accounts

**THE LIVERPOOL INSTITUTE FOR
PERFORMING ARTS**

ANNUAL REPORT

YEAR ENDED 31st JULY 2023

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

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Annual Report

For the year ended 31st July 2023

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THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Legal and Administrative Details **For the year ended 31st July 2023**

Status

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

Registered Office

Mount Street
Liverpool
L1 9HF

Advisors

Bankers

Santander plc
Bridle Road
Bootle
Merseyside
L30 4GB

Solicitors

Weightmans LLP
100 Old Hall Street
Liverpool
L3 9QJ

Financial Statements Auditors

Crowe UK LLP
3rd Floor
The Lexicon
Mount Street
Manchester
M2 5NT

Internal Auditors

RSM Risk Assurance Services LLP
14th Floor
20 Chapel Street
Liverpool
L3 9AG

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Operating and Financial Review For the year ended 31st July 2023

The directors present their Annual Report, including the Strategic Report, together with the group's audited Financial Statements for the year ended 31st July 2023.

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	Joe Johnson
Gina Carter	Kim Johnson
James Dow	Ian Jones (to 28 June 2023)
Louise Ellman	Sean McNamara
Victoria Fea	Roger Morris (to 30 September 2022)
Mark Featherstone-Witty	David Owen
David Fletcher (from 23 June 2023)	Simeon Scheuber-Rush (to 15 August 2023)
Simon Fowler	Andrew Westwood (to 30 September 2022)
Geoffrey Goodwin – Chair	Claire Workman

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 six main committees is detailed in the Corporate Governance Statement below.

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, undergraduate and postgraduate programmes for those aged 18 and over and performing arts classes for 4-19 year olds.

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 Founder, 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.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Operating and Financial Review

For the year ended 31st July 2023 continued

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.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Operating and Financial Review

For the year ended 31st July 2023 continued

4. Strategic Report

As a registered charity, the strategic report contains key aspects of LIPA's performance relating, but not limited to:

- Review of Activities and Achievement;
- Results for the year;
- Capital expenditure;
- Cash flows;
- Treasury Policies and Objectives;
- Public Benefit;
- Strategy and Risk;
- Estates; and
- Immediate Prospects.

5. Review of Activities and Achievement

(a) Higher Education

Undergraduate and Postgraduate Programmes

A total of 929 students undertook LIPA's BA degree programmes as follows:

BA Acting	109
BA Acting (Screen and Digital Media)	48
BA Applied Theatre and Community Drama	54
BA Creative Technologies and Performance	44
BA Dance	100
BA Management of Music, Entertainment, Theatre and Events	81
BA Music	88
BA Music Songwriting and Performance	135
BA Music Songwriting and Production	70
BA Sound Technology	86
BA Theatre and Performance Design	50
BA Theatre and Performance Technology	64

Of the students, 730 were eligible for funding from the Student Loan Company and 199 came from countries other than the UK. In addition, 33 students undertook LIPA's postgraduate programmes.

LIPA's 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, LIPA's academic standards need to meet the regulatory requirements imposed by the Office for Students (OfS), as the Higher Education sector's regulator. LIPA's OfS registration is full and without condition, demonstrating a commitment to quality of education.

Foundation Certificate

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Operating and Financial Review

For the year ended 31st July 2023 continued

In addition to the BA and postgraduate courses, 8 students studied on the LIPA foundation certificate in Popular Music and Music Technology and 13 students undertook the LIPA foundation certificate in Acting.

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.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Operating and Financial Review

For the year ended 31st July 2023 continued

(b) LIPA 4-19 Part Time Academy

LIPA 4-19 is a part time performing arts academy for 4 to 19 year olds. 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 learned help develop confidence and presentational skills. They stimulate imagination and creativity.

Its development originally centred on LIPA's premises but also a secondary school in Maghull. Expansion has also been achieved by introducing classes on Sundays and advanced classes. In general, all LIPA managed courses are oversubscribed with a large waiting list.

In 2022/23 many of the students aged 7 to 19 undertook exams in musical theatre, 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 Guildford School of Acting, Performers College, Arts Educational, Urdang Academy, Mountview Academy of Theatre Arts, the Royal Academy of Dramatic Art (RADA) and Central School of Speech and Drama.

Once the students reach 16, many of them go on to train at the LIPA Sixth Form College and have also been accepted to study at LIPA on the degree courses.

LIPA 4-19 activity has additional corporate benefits: non-government 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 2019 and in accordance with note 1 of the Accounting Policies.

At 31st July 2023 the group had total unrestricted reserves of £19,823,082, cash at bank of £3,892,273 and no borrowings. The directors believe that sufficient resources are available to fulfil adequately the obligations of the group.

The group generated a surplus in the year to 31 July 2023 of £311,197 (2022: £725,751). The overall figure represents a surplus of 2.4% on income (2022: 5.6%). The financial objectives of the group include a targeted return of at least 3% of income and therefore whilst not met in the year to 31 July 2023, they have been met, cumulatively, over the past two years.

Total income increased by £273,523 to £13,131,020. The increase in income is due to additional funding received from the OfS offset by additional expenditure related to that income.

Income from government sources totalled £1,648,808 (2022: £908,579). This represents 12.6% of total income (2022: 7.1%). The increase is due to the OfS awarding additional funding for specialist institutions offset by a reduction in capital funding received from the OfS.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Operating and Financial Review

For the year ended 31st July 2023 continued

Operating expenditure increased by £688,077 to £12,819,823. This increase covered staff related expenditure which rose by £212,982 to £8,386,508 partly due to general wage increases but also investment in staff levels. Staff costs represented 63.9% of total income and 65.4% of total expenditure (2022: 63.7% and 67.3% respectively). Other operating expenses increased by £433,956 to £3,443,585 due to higher activity levels and general price rises.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Operating and Financial Review

For the year ended 31st July 2023 continued

7. Capital Expenditure

The total capital additions in the year to 31 July 2023 were £884,644 (2022: £814,260). This money represented the start of an investment phase in campus and facilities, with further capital enhancements planned in the year to 31 July 2024.

8. Cash Flows

The consolidated Cash Flow shows a net cash inflow from operating activities of £680,049 (2022: £1,239,346).

Total cash balances and deposits were £3,892,273 at 31st July 2023 (2022: £4,061,464). The group had no borrowings at 31st July 2023 (2022: £nil).

During the year, LIPA maintained healthy cash balances which were higher than the planned balances in the cash flow forecast. External borrowing to fund future campus investments has been discussed and agreed but has not been deemed necessary up to the point of writing these financial statements.

9. Subsidiary Undertakings

The company has one subsidiary undertaking, LIPA Enterprises Limited. Any distributable surpluses generated by the subsidiary are transferred to the Institute by way of donation in accordance with the Memorandum and Articles of Association. The company has been dormant since 1 August 2020 and has generated no surplus or deficit in the year to 31 July 2023 (2022: no surplus or deficit).

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.

11. Endowment Reserves

Expendable endowment funds represent bursaries and student project funds which are to be distributed over a significant period of time.

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 surplus cash 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 and only holds money with large high-street lenders (primarily Santander plc).

13. Pensions

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Operating and Financial Review

For the year ended 31st July 2023 continued

The Institute participates in only one defined benefit 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 contribution scheme. After each valuation the future contribution rates are adjusted. The last adjustment occurred in 2020, with contributions due to be increased from March 2024. 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 and this was maintained throughout the year to 31 July 2023.

15. Accessibility and Widening Participation

LIPA is committed to a fair and transparent admissions system. There is no discrimination on grounds of race, ethnicity, gender, sexual orientation, religion, disability or age. To ensure suitability is assessed effectively, undergraduate interview and audition events were undertaken. 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 accessibility software.

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 2020/21 to 2024/25 Access & Participation Plan. These are targeted towards:

- First degree entrants from lower socio-economic groups;
- Those from black and minority ethnic groups;
- Mature learners; and
- Students from low participation neighbourhoods.

LIPA is also keen to promote applications and support pupils with disabilities and those with experience of being in care.

In pursuit of these objectives LIPA provides a number of financial support initiatives. In the year to 31st July 2023 these included:

- A LIPA bursary of £560, plus a further additional £40 cost of living support payment, to all students with a household income of £25,000 or below; and
- A care leavers bursary of £1,000 to students who joined us aged 25 or over and who had been in care for six months or more prior to their 16th birthday.

We also chose to remove audition fees for all Acting applicants who applied for 2023. This means that we no longer have any audition fees, as part of efforts to reduce the costs for prospective students auditioning with us.

Through the Widening Participation (WP) team's activity, LIPA offers a range of opportunities for young people across the country that are 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.

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During the year to 31st July 2023, 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:

- Tailored support workshops, known as LIPA Tasters, in partner schools with Year 7, 8 and 9 pupils (along with Year 10 and Year 11 pupils in some cases), reaching 349 learners; and
- Year 9 taster events in June, open to partner schools plus others from across Merseyside. These were attended by over 200 participants from 15 schools.

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 during this year consisted of:

- Review by WP staff of self-tape submissions and online auditions onto the programme, designed, in part, to give participants audition experience;
- A welcome event in early March for new participants and parents explaining the future activities on offer and showcasing the benefits of getting involved in the programme. This was attended by 24 young people and their accompanying supporters;
- LIPA XTRA, a 3-day non-residential course attended by 29 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 32 students finishing year 10. Working together across multiple disciplines to put on their own production, the week culminated in a performance in the George Harrison Workshop Studio Theatre; and
- 16 after-school skills workshops, plus a weekend film making project, for Year 11 students between January and April 2022 covering various topics in acting, dance, music / singing and making performance possible (4 per discipline).

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

- Get Set, a 3-day course attended by 42 students who are interested in applying to LIPA for 2024 entry. They chose to study acting, dance, music/singing or theatre design/technology for the duration of the project, which included a focus on application and audition awareness. Get Set was run as a residential experience with students staying in a local hall of residence and taking part in evening activities. As we were oversubscribed, we also ran an additional summer school in August 2023, with some related recruitment and planning costs for this being accrued within the 2022/23 financial year;
- A range of workshops with eight partner colleges for young people studying performing arts and making performance possible subjects at level 3 and considering higher education for 2023 and 2024 entry (additional workshops were also offered through schools and colleges liaison work);
- Audition preparation phone calls for students from low participation neighbourhoods throughout January, February, March and April; and
- A pilot regional audition preparation workshop for those considering applying to drama school at The Nottingham Playhouse in July.

LIPA also responded to a variety of requests for ad-hoc activities from various schools and community groups. In the year to 31st July 2023 LIPA provided:

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- A further two visits to LIPA by non-partner schools and colleges. These visits included a tour and talk and, on occasion, a workshop in the students' chosen subject. These visits reached 30+ students from Years 9 to 13;
- In-school or online workshops at/with a further three schools;
- Attendance at 67 careers fairs in local and regional schools / colleges with a LIPA / HE information stand;
- The opportunity for local schools / colleges to attend suitable public performances. This included running two additional schools-only performances of Lord of The Flies (alongside post-show Q&As with the cast), attended by four school/college groups;
- Music Theory preparation workshops during November attended by 4 students interested in applying to music courses;
- Online and in-person sessions in collaboration with Backstage Niche, aimed at encouraging more students from black and ethnic minority backgrounds into backstage training roles;
- Two collaborative talks with other HE providers through the Unifrog platform;
- Hosting of and support for three arts-week programmes for looked after young people, delivered by Collective Encounters; and
- Cover of travel costs for a local college to attend a public performance put on by Applied Theatre and Community Drama students.

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 morning in July for all children and their parents / carers due to start at the Primary School in September 2023. 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.

Learners at LIPA Sixth Form College participated in activities designed to raise awareness of the process for applying to study in Higher Education and to assist with building confidence and skills for preparing auditions / interviews. This included talks and audition preparation workshops across some discipline areas, as well as portfolio preparation sessions for Production Arts students across the year.

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 funding relating to support of the Uniconnect Programme.

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 a series of public performances with wide-ranging themes linked to LIPA's creative purpose;
- 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;

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- 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; and
- Sponsored and provided on-going support to The LIPA Multi Academy Trust.

17. Strategy and Risk

Linked to the overall strategic plan to 2026, a comprehensive risk register has been produced which links the goals within the strategic plan to the risks of not achieving those goals. Where appropriate there are also action plans in place to mitigate these risks.

Applications to LIPA each year are approximately eight times the number of places available. As noted above it had free cash of £3,892,273 available on 31st July 2023 and no borrowings.

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:

- Increased competition in the Higher Education marketplace;
- Potential changes in the funding arrangements for UK students;
- The impact of the UK Government's changes to immigration laws and the impact of this on international student recruitment patterns and staff mobility; and
- The steps needed to achieve Degree Awarding Powers.

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

- Continue to provide high quality 'in person' teaching aligned to performing arts industry, thereby providing the best possible student experience;
- Maintain and increase the level of student intake, in terms of both quality and numbers, including overseas students;
- Develop new facilities, including music, technical and performance spaces, designed specifically to meet LIPA's specialist needs;
- Manage costs appropriately whilst balancing the needs of the student experience; and
- Monitoring the wider economic and political landscape and use lobbying and influence groups to ensure that our needs are recognised.

18. OfS Funding

For the year ended 31st July 2023 OfS income provided 11% of LIPA's total funding. This included capital grant income and Specialist Institution Funding in the form of a recurrent 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

LIPA has been operating for circa 25 years and has been at the forefront of the development of the Georgian quarter of Liverpool. One of LIPA's aims was to save the Liverpool Institute building

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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.

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. Following extensive alteration work, the building now provides high quality teaching spaces for the benefit of LIPA students.

LIPA spent £6.9m (including £3.9m of OfS funding to upgrade infrastructure and facilities between 2018 and 2021 as part of a successful capital bidding process. This money was invested into creating additional spaces on the campus. Further to this additional funding was received in 2022 to provide extra facilities linked to its technology-based courses.

Further investments in the estate took place over the summer of 2023 to continue to enhance the provision for students, including remodelling of the Reception area and investment in upgrades to Music facilities. This is part of an ongoing investment in resources planned as part of the current strategic investment cycle, linked to the overall strategic direction.

20. Immediate Prospects

The plans for the next three years are laid out within LIPA's Strategic Plan and include enhancement of the curriculum, growth of student numbers into areas linked to growth industries, aligned with industry partners, achievement of Taught Degree Awarding Powers and forging stronger partnerships, both locally, nationally and internationally.

Whilst investing in the future, the Group will also continue to:

- Review all courses offered and introducing new courses where demand justifies this;
- Optimise the funding available to achieve a maximum impact on the student experience;
- Pursue Value for Money in all aspects of the group's activities; and
- Review all new appointments as posts become available.

21. The LIPA Multi Academy Trust

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 and was full with seven year groups by September 2020. It was graded as 'good' by Ofsted following an inspection in July 2017.

Commencing September 2021, it changed its name and remit to become a through-school, entitled the LIPA Primary and High School. This coincided with an intake of 52 pupils into Year 7 and there have been subsequent intakes each September meaning that the oldest pupils are now in Year 9.

Alongside this, The LIPA Sixth Form College was incorporated on 24th December 2013 and opening in September 2016. It is now heavily oversubscribed and was graded as 'outstanding' by Ofsted following an inspection in February 2020.

On 1st May 2022, the LIPA Sixth Form College changed its name to The LIPA Multi Academy Trust (LIPA MAT) and absorbed the assets and liabilities of the LIPA Primary School. The LIPA MAT is a company limited by guarantee, with charitable status. Whilst LIPA is a corporate Trustee and Sponsor

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and some of its Members and Council Directors are involved with The LIPA MAT as Members and Trustees, the company does not constitute a subsidiary of LIPA.

22. Stakeholder Relationships

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

23. 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.

24. Fundraising

LIPA does not carry out fundraising to the general public.

25. Going Concern

After a thorough review of the Group's status as a going concern, the Council has agreed that the Group has sufficient resources to continue to meet its obligations as they arise over the next 12 months. The Group has a five-year financial forecast that is cash positive. Student numbers for the September 2023 intake are broadly in line with expectations and, up to the time of signing these financial statements, student withdrawal levels are not out of line with previous years. The Group has undertaken stress testing on the assumptions within its financial forecasts and believe that the risk of significant adverse performance is very low.

26. Financial Statements Auditors

A resolution to reappoint Crowe 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


[Katharine Dimmock \(Nov 27, 2023 19:27 GMT\)](#)

K Dimmock
Company Secretary

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Corporate Governance Statement For the year ended 31st July 2023

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 Chairs (CUC) Higher Education Code of Governance 2020. In carrying out its duties it also has regard for the best practice in The UK Corporate Governance Code 2018, 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 CUC Higher Education Code of Governance. 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 financial statements 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.

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 the management of teams 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;

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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;
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.

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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 an induction programme at LIPA. 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).

The Council has six main committees – Audit, Equality, Diversity & Inclusion (EDI), Finance, Nominations & Governance, Remuneration, and Teaching & Learning Board. Each has a terms of reference agreed by Council.

The Finance Committee meets three times per year and, 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 Financial Statements Auditors and Internal Auditors in attendance as appropriate. The Committee considers detailed reports together with recommendations for the improvement of the Institute's systems of internal control and management's responses and implementation plans. It also receives and considers reports from the OfS 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 Financial Statements Auditors and Internal Auditors on their own for independent discussions.

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 Principal. The Remuneration Committee has agreed that it will be guided by the CUC HE Senior Staff Remuneration Code but would not formally adopt it as LIPA's Principal is a member of the Remuneration Committee, but is not involved in discussions related to their own salary.

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

The EDI Committee has delegated oversight for the development, implementation, impact and monitoring of the EDI Strategy as well as providing assurances to Council that LIPA is satisfying its legal and regulatory duties under the Equality Act 2010.

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

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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.

As noted above, LIPA is the sponsor of the LIPA MAT, which is a separate legal entity and these financial statements do not consolidate LIPA's figures with those of the LIPA MAT.

The Council is ultimately responsible for the company's system of internal control and for reviewing its effectiveness to ensure that LIPA upholds regularity and propriety in the use of public funding. 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 2023 and up to the date of approval of the Financial Statements and accords with OfS 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 financial statements 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 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;
- 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 senior management team, and risk management is planned into the work of the team for the year, with regular updates to the Institute's risk profile reported and discussed at senior management team meetings;

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- 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. This is the same for the Financial Statements Audit function.

The Internal Auditors submit regular reports on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement. Similarly, the Financial Statements Auditors have the opportunity to suggest control improvements during their audit process. All recommendations made are monitored and tracked to completion by the Audit Committee.

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 Financial Statements Auditors in their management letter and other reports. No significant control weaknesses have arisen during the year.

ON BEHALF OF THE BOARD



[Geoffrey Goodwin \(Nov 29, 2023 14:32 GMT\)](#)

G. Goodwin
Chair of Council

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Trustees' Responsibilities Statement For the year ended 31st July 2023

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.

The 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 Review including the Strategic 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, through its Accounting Officer, is required to prepare the financial statements in accordance with the terms and conditions of the OfS's Terms and conditions of funding for higher education institutions 2022-23 (issued July 2022) 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 OfS's Terms and conditions of funding for higher education institutions 2022-23 (issued July 2022), the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 edition), and any subsequent amendments, the Office for Student's Accounts Direction (issued October 2019) and the Companies Act 2006. Council is 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 the OfS and other funding bodies are used only for the proper purposes for which they have been given and seek to achieve value for money in accordance with the OfS's Terms and conditions of funding for higher education institutions 2022-23 (issued July 2022) and any other conditions which the funding body may from time to time prescribe;
- 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;
- Ensure that there is regular, reliable, timely and adequate information to monitor performance and track the use of public funds;
- Plan and manage the Institute's activities to remain sustainable and financially viable;

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Trustees' Responsibilities Statement

For the year ended 31st July 2023 continued

- Ensure that it informs the OfS of any material change in its circumstances, including any significant developments that could impact on the mutual interests of the Institute and the OfS;
- Ensure that there are adequate and effective arrangements for the management and quality assurance of data submitted to the Higher Education Statistics Agency, the Student Loans Company, the OfS and other funding or regulatory bodies;
- Ensure an effective framework – overseen by the Institute's academic board or equivalent – to manage the quality of learning and teaching and to maintain academic standards; and
- Consider and act on the OfS's assessment of the Institute's risks specifically in relation to these funding purposes.

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.

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 as members 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:

Sean McNamara
[Sean McNamara \(Nov 29, 2023 17:06 GMT\)](#)

S. McNamara
Director

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Independent Auditor's report to the Council of The Liverpool Institute for Performing Arts For the year ended 31st July 2023

Opinion

We have audited the financial statements of The Liverpool Institute for Performing Arts for the year ended 31 July 2023 which comprise Consolidated and Institute Statement of Comprehensive Income, the Consolidated and Institute Statement of Changes in Reserves, the Consolidated and Institute Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including 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) and the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 Edition).

In our opinion the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 July 2023 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other

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Independent Auditor's report to the Council of The Liverpool Institute for Performing Arts For the year ended 31st July 2023 continued

information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 this gives rise to a material misstatement in the financial statements themselves. 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 our audit:

- The information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, 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 included within the trustees' report have been prepared in accordance with applicable legal requirements.

Opinion on other matters prescribed by the OfS accounts direction (issued October 2019)

In our opinion, in all material respects:

- Funds from whatever source administered by the parent institute for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- Funds provided by the OfS, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and any other terms and conditions attached to them; and
- The requirements of the OfS's accounts direction (issued October 2019) have been met.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

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 2023 continued

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on pages 16 to 17, the trustees (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, and for such internal control as the trustees 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 trustees are responsible for assessing the charitable company'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 trustees either intend to liquidate the charitable company 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, Charities Act 2011 and employment legislation.
- Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustees and other management and inspection of regulatory and legal correspondence, if any.
- We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management and completeness and cutoff of grant income. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases and sample testing from grant documentation.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations. A further description of our responsibilities for the audit of the financial statements is located on the Financial

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 2023 continued

Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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



Vicky Szulist
Senior Statutory Auditor
for and on behalf of Crowe UK LLP
Statutory Auditor
The Lexicon
Mount Street
Manchester
M2 5NT

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Consolidated and Institute Statement of Comprehensive Income and Expenditure For the year ended 31st July 2023

Year ended 31 st July		2023	2023	2022	2022
INCOME		Consolidated	Institute	Consolidated	Institute
	Notes	£	£	£	£
Tuition Fees	1.1	10,334,804	10,334,804	10,573,344	10,573,344
Funding Body Grants	1.2	1,648,808	1,648,808	908,579	908,579
Project Income	1.3	471,628	471,628	431,882	431,882
Other Income	1.4	606,241	606,241	910,814	910,814
Investment Income	1.5	42,404	42,404	6,999	6,999
Total Income before Donations and Endowments		13,103,885	13,103,885	12,831,618	12,831,618
Donations and Endowments	1.6	27,135	27,135	25,879	25,879
Total Income		13,131,020	13,131,020	12,857,497	12,857,497
EXPENDITURE					
Staff Costs	2	8,386,508	8,386,508	8,173,526	8,173,526
Other Operating Expenses	3	3,443,585	3,443,585	3,009,629	3,009,629
Depreciation		989,730	989,730	945,990	945,989
Interest and Other Finance Costs	4	-	-	2,601	2,601
Total Expenditure		12,819,823	12,819,823	12,131,746	12,131,746
Surplus before Tax		311,197	311,197	725,751	725,751
Taxation	5	-	-	-	-
Surplus and Total Comprehensive Income for the year		311,197	311,197	725,751	725,751
Represented by:					
Unrestricted income for the year		292,452	292,452	720,449	720,449
Restricted income for the year		-	-	7,500	7,500
Endowment income/(expenditure) for the year		18,745	18,745	(2,198)	(2,198)
		311,197	311,197	725,751	725,751

All amounts relate to continuing operations.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Consolidated and Institute Statement of Changes in Reserves For the year ended 31st July 2023

Income and Expenditure Account				
	Endowment	Restricted	Unrestricted	Total
Consolidated	£	£	£	£
Balance at 1st August 2021	267,009	-	18,802,681	19,069,690
(Deficit)/Surplus from the Income and Expenditure Account	(2,198)	7,500	720,449	725,751
Transfers between funds	-	(7,500)	7,500	-
Total Comprehensive Income for the year	(2,198)	-	727,949	725,751
Balance at 1st August 2022	264,811	-	19,530,630	19,795,441
(Deficit) / Surplus from the Income and Expenditure Account	18,745	-	292,452	311,197
Transfers between funds	-	-	-	-
Total Comprehensive Income for the year	18,745	-	292,452	311,917
Balance at 31st July 2023	283,556	-	19,823,082	20,106,638
Institute				
Balance at 1st August 2021	267,009	-	18,802,681	19,069,690
(Deficit)/Surplus from the Income and Expenditure Account	(2,198)	7,500	720,449	725,751
Transfers between funds	-	(7,500)	7,500	-
Total Comprehensive Income for the year	(2,198)	-	727,949	725,751
Balance at 1st August 2022	264,811	-	19,530,630	19,795,441
(Deficit) / Surplus from the Income and Expenditure Account	18,745	-	292,452	311,197
Transfers between funds	-	-	-	-
Total Comprehensive Income for the year	18,745	-	292,452	311,917
Balance at 31st July 2023	283,556	-	19,823,082	20,106,638

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Consolidated and Institute Balance Sheets

Registered number: 02511501

		As at 31 st July 2023		As at 31 st July 2022	
		Consolidated	Institute	Consolidated	Institute
	Notes	£	£	£	£
Non-Current Assets					
Intangible Assets	6	154,698	154,698	202,014	202,014
Fixed Assets	7	15,987,378	15,987,378	16,020,063	16,020,063
Assets Held in Trust	8	1,273,562	1,273,562	1,291,647	1,291,647
Investments	9	2,377	2,477	2,377	2,477
		17,418,015	17,418,115	17,516,101	17,516,201
Current Assets					
Stock	10	8,573	8,573	9,287	9,287
Trade and Other Receivables	11	684,688	684,688	567,649	567,649
Cash and Cash Equivalents	12	3,892,273	3,892,273	4,061,464	4,061,464
		4,585,534	4,585,534	4,638,400	4,638,400
Less: Creditors					
Amounts Falling Due Within One Year	13	(1,896,911)	(1,897,011)	(2,359,060)	(2,359,160)
Net Current Assets		2,688,623	2,688,523	2,279,340	2,279,240
Total Assets less Current Liabilities		20,106,638	20,106,536	19,795,441	19,795,441
Less: Creditors					
Amounts Falling Due after more than One Year		-	-	-	-
Total Net Assets		20,106,638	20,106,638	19,795,441	19,795,441
Restricted Reserves					
Income and Expenditure Reserve – Endowment Reserve	14	283,556	283,556	264,811	264,811
Income and Expenditure Reserve – Restricted Reserve	15	-	-	-	-
Unrestricted Reserves					
Income and Expenditure Account - Unrestricted		19,823,082	19,823,082	19,530,630	19,530,630
Total Funds		20,106,638	20,106,638	19,795,441	19,795,441

Approved by the board on 24 November 2023 and signed on its behalf by:

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 2023 continued**

G. Goodwin – Chair of Council



Geoffrey Goodwin (Nov 29, 2023 14:32 GMT)

S. McNamara – Director

Sean McNamara

Sean McNamara (Nov 29, 2023 17:06 GMT)

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Consolidated Statement of Cash Flows For the year ended 31st July 2023

	2023 £	2022 £
Cash Flow from Operating Activities		
Surplus / (Deficit) for the year ended 31 st July	311,197	725,751
Adjustment for Non-Cash Items		
Depreciation	989,730	945,990
(Increase) / Decrease in Stock	714	(5,287)
(Increase) / Decrease in Debtors	(117,039)	(49,220)
Increase / (Decrease) in Creditors	(462,149)	(373,490)
Adjustment for Investing or Financing Activities		
Investment Income	(42,404)	(6,999)
Interest Payable	-	2,601
Net Cash Inflow from Operating Activities	<u>680,049</u>	<u>1,239,346</u>
Cash Flows from investing activities		
Investment Income	42,404	6,999
Payments made to Acquire Fixed Assets	(884,644)	(814,260)
Donated Assets	(7,000)	(12,232)
Write back of liability for purchase of fixed assets	-	603,733
	<u>(849,240)</u>	<u>(215,760)</u>
Cash flows from financing activities		
Interest Paid	-	(2,601)
Loan Repaid	-	(395,682)
	<u>-</u>	<u>(398,283)</u>
(Decrease) in Cash and Cash Equivalents in the year	<u>(169,191)</u>	<u>625,303</u>
 Cash and Cash Equivalents at beginning of the year	 <u>4,061,464</u>	 <u>3,436,161</u>
Cash and Cash Equivalents at end of the year	<u>3,892,273</u>	<u>4,061,464</u>

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Accounting Policies

For the year ended 31st July 2023

1. Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 edition) 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.

1.1 The financial statements have been prepared under FRS 102.

1.2 The financial statements are presented in sterling (£).

1.3 Going Concern - After a thorough review of the Group's status as a going concern, the Council has agreed that the Group has sufficient resources to continue to meet its obligations as they arise over the next 12 months. The Group has a five-year financial forecast that is cash positive. Student numbers for the September 2023 intake are broadly in line with expectations and, up to the time of signing these financial statements, student withdrawal levels are not out of line with previous years. The Group has undertaken stress testing on the assumptions within its financial forecasts and believe that the risk of significant adverse performance is very low.

2. Basis of consolidation

The consolidated financial statements include the company and its subsidiary for the financial year to 31st July 2023. Intra-group transactions are eliminated on consolidation. In the financial year to 31st July 2023, the subsidiary was dormant and therefore there were no transactions within it.

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 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 Statement of Comprehensive Income and 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.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Accounting Policies continued For the year ended 31st July 2023

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 are recognised within the Statement of Income and Expenditure over the periods in which the Institute recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Other grants and donations from non-government sources are recognised within the 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 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 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 Statement of Comprehensive Income and Expenditure in line with such conditions being met.

4.8 Non-exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor-imposed restrictions are recognised within the 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 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 Statement of Comprehensive Income and Expenditure 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

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Accounting Policies continued **For the year ended 31st July 2023**

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 Section 28 of FRS102, 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 Section 28.11 of FRS102 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 Statement of Comprehensive Income and Expenditure 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.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Accounting Policies continued For the year ended 31st July 2023

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.

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 stated at cost less accumulated amortisation. 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.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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. Assets held in trust

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Accounting Policies continued For the year ended 31st July 2023

Assets held in trust include additions to the Liverpool Institute building. These assets are depreciated over a period of up to 25 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.

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 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

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Accounting Policies continued **For the year ended 31st July 2023**

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 subsidiary is liable to Corporation Tax in the same way as any other commercial organisation.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Accounting Policies continued For the year ended 31st July 2023

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:

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 2023

1.	Income	2023 Consolidated	2023 Institute	2022 Consolidated	2022 Institute
1.1	Tuition Fees	£	£	£	£
	Full Time UK Undergraduate Fees	6,591,625	6,591,625	6,907,722	6,907,722
	Full Time Overseas Undergraduate Fees	3,225,667	3,225,667	2,783,201	2,783,201
	Postgraduate and foundation self-funded fees	516,411	516,411	871,346	871,346
	Other Fees	1,101	1,101	11,075	11,075
		10,334,804	10,334,804	10,573,344	10,573,344
1.2	Funding Body Grants				
	OfS Recurrent Grants	1,337,126	1,337,126	394,196	394,196
	OfS Capital Grant	100,000	100,000	294,500	294,500
	OfS Hardship Funding	12,300	12,300	3,716	3,716
	Research England	193,548	193,548	200,000	200,000
	Kickstart	5,834	5,834	16,167	16,167
		1,648,808	1,648,808	908,579	908,579
1.3	Project Income				
	LIPA 4-19	455,142	455,142	415,619	415,619
	Other Projects	16,486	16,486	16,263	16,263
		471,628	471,628	431,882	431,882
1.4	Other Income				
	Catering, Bar and Venue Hire	282,117	282,117	246,610	246,610
	Projects and Performances	263,126	263,126	128,460	128,460
	Service Level Agreement Income	18,380	18,380	224,883	224,883
	Sundry Income	42,618	42,618	310,861	310,861
		606,241	606,241	910,814	910,814
1.5	Investment Income				
	Interest Receivable	42,404	42,404	6,999	6,999
		42,404	42,404	6,999	6,999
1.6	Donations and Endowments				
	New Endowments	16,000	16,000	2,000	2,000
	Donations with Restrictions	3,107	3,107	10,500	10,500
	Unrestricted Donations	1,028	1,028	1,147	1,147

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts continued For the year ended 31st July 2023

Donated Assets	<u>7,000</u>	<u>7,000</u>	<u>12,232</u>	<u>12,232</u>
	<u>27,135</u>	<u>27,135</u>	<u>25,879</u>	<u>25,879</u>

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts continued For the year ended 31st July 2023

1.7 Grant and Fee Income

The sources of grant and fee income included in notes 1.1 to 1.3 are as follows:

	2023 Consolidated	2023 Institute	2022 Consolidated	2022 Institute
	£	£	£	£
Grant income from the OfS	1,449,426	1,449,426	692,412	692,412
Grant income from other bodies	199,382	199,382	201,688	201,688
Fee income from non-qualifying courses	989,140	989,140	1,312,614	1,312,614
Fee income for taught awards	9,817,292	9,817,292	9,690,923	9,690,923
	12,455,240	12,455,240	11,897,637	11,897,637

2. Staff Costs

	2023 Consolidated	2023 Institute	2022 Consolidated	2022 Institute
	£	£	£	£
Aggregate amounts for staff and directors paid in respect of:				
Wages and Salaries	6,750,564	6,750,564	6,626,845	6,626,845
Social Security Costs	611,798	611,798	557,578	557,578
Other Pension Costs	1,024,146	1,024,146	989,103	989,103
	8,386,508	8,386,508	8,173,526	8,173,526

	2023 £	2022 £
Emoluments of the Chief Executive:		
Remuneration	151,500	138,167
Pension contributions	35,875	30,823
	187,375	168,990

No other employees received remuneration more than £100,000.

The emoluments of the Principal and CEO are set by LIPA's Remuneration Committee and reflect the operational structure operated by LIPA, the complexity of the role, the performance of the CEO and the rates of pay of others in similar roles both locally and nationally. The Principal and CEO received a remuneration that was 4.76 times the remuneration for other substantive staff at LIPA (2022: 5.34 times).

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 comprised six (2022: four) individuals led by the Chief Executive.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts continued For the year ended 31st July 2023

	2023 £	2022 £
Remuneration of key management personnel, other than the Chief Executive, including pension contributions	570,973	386,135
Average number of persons (including the Principal and CEO) employed during the year was:	2023 number	2022 number
Administration	54	62
Teaching and Teaching Support	92	90
Catering, Bar, Conference and Venue	5	6
	151	158

The number has reduced between years due to the cessation of support service arrangements with the LIPA Multi Academy Trust.

In addition to the numbers above, LIPA also employed students and graduates on a number of specific projects, such as working on Open Days and LIPA 4-19. These figures are not included in the staff numbers above.

	2023 Consolidated £	2023 Institute £	2022 Consolidated £	2022 Institute £
The aggregate amounts for staff and directors can be split into the following categories:				
Teaching	4,724,854	4,724,854	4,665,767	4,665,767
Productions	502,400	502,400	492,005	492,005
Projects	202,453	202,453	190,166	190,166
Canteen, Bar and Venue	155,075	155,075	154,195	154,195
Information Systems and Technical Support	587,964	587,964	545,359	545,359
Marketing and Student Recruitment	797,915	797,915	760,310	760,310
Facilities	447,598	447,598	483,067	483,067
Administration	968,249	968,249	882,657	882,657
	8,386,508	8,386,508	8,173,526	8,173,526
	2023 No.		2022 No.	
Number of directors accruing retirement benefits	2		1	

The Institute's Council Directors are the trustees for charitable law purposes. Excluding the remuneration and reimbursement of expenses of the Chief Executive and the Chief Operating Officer, one other Council Director received payment for services totalling £12,750 (2022: £0). This related to a specific initiative which involved time commitment in excess of that usually expected from a Council Director. The only other payments to Council Directors related to the reimbursement of expenses. In the year to 31st July 2023 the total expenses paid to Council Directors, other than the Chief Executive and the Chief Operating Officer, were:

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts continued For the year ended 31st July 2023

	2023	2022
	£	£
Reimbursement of travel and accommodation expenses to three directors (2022: three directors).	1,356	623

3a. Analysis of Operating Expenditure by Activity

	2023 Consolidated	2023 Institute	2022 Consolidated	2022 Institute
	£	£	£	£
Teaching Related	429,227	429,227	429,915	429,915
Productions	319,818	319,818	292,925	292,925
Projects	94,826	94,826	148,711	148,711
Cafe, Bar and Venue	149,220	149,220	122,295	122,295
Information Services and Technical Support	684,896	684,896	601,919	601,919
Marketing and Student Recruitment	487,021	487,021	419,651	419,651
Facilities	736,316	736,316	678,579	678,579
Administration	542,261	542,261	315,634	315,634
	3,443,585	3,443,585	3,009,629	3,009,629

Operating Expenditure includes	2023 £	2022 £
Financial Statements Auditors' Remuneration		
Audit	22,200	18,900
Other	3,510	1,260
Internal Auditors' Remuneration	18,827	15,844
Operating Lease Rentals	9,455	9,455

3b. Access and Participation

	2023 Consolidated £	2023 Institute £
Total access activity investment		
- Access (pre-16)	173,180	162,232
- Access (post-16)	107,957	87,017
- Access (adults and the community)	16,922	12,396
- Access (other)		-
Financial support	117,000	129,440
Research and evaluation	21,670	10,897
	£436,729	401,982

£213,892 of these costs are already included in the overall staff costs figures included in the financial statements, see note 2. In addition, LIPA spent £87,524 in support for disabled students in the financial year to 31st July 2023.

The Access and Participation expenditure needs to be understood in conjunction with LIPA's Access and Participation Plan 2020-21 to 2024-25, which is located [on LIPA's website](#). The differences between the planned spend as per the Access and Participation Plan relate to changes in activity during the year, some linked to the COVID-19 pandemic, which meant that activities had to be altered.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts continued For the year ended 31st July 2023

4. Interest Payable	2023 Consolidated £	2023 Institute £	2022 Consolidated £	2022 Institute £
Interest on bank loan	-	-	2,601	2,601
Other finance costs	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>2,601</u>	<u>2,601</u>

5. Taxation

LIPA is a charitable company as stated in Accounting Policies note 20. There is no tax charge arising for the year (2022: £nil) in respect of subsidiary undertakings.

6. Intangible Assets (software) Consolidated and Institute

Cost	Total £
At 1 st August 2022	465,893
Additions	6,732
Disposals	-
At 31 st July 2023	<u>472,625</u>
At 1 st August 2022	263,879
Charge for the Year	54,048
Eliminated on Disposal	-
At 31 st July 2023	<u>317,927</u>
Net Book Value	
At 31 st July 2023	<u>154,698</u>
At 31 st July 2022	<u>202,014</u>

7. Tangible Fixed Assets Consolidated and Institute

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts continued For the year ended 31st July 2023

	Freehold Land and Buildings £	Fixtures, Fittings and Equipment £	Art Works £	Total £
Cost				
At 1 st August 2022	15,702,327	5,779,314	197,092	21,678,733
Additions	213,146	558,272	-	771,418
Donated Assets	-	7,000	-	7,000
Disposals	-	(545,062)	-	(545,062)
At 31 st July 2023	<u>15,915,473</u>	<u>5,799,524</u>	<u>197,092</u>	<u>21,912,089</u>
Depreciation				
At 1 st August 2022	1,720,773	3,740,805	197,092	5,658,670
Charge for the Year	295,451	515,652	-	811,103
Disposals	-	(545,062)	-	(545,062)
At 31 st July 2023	<u>2,016,224</u>	<u>3,711,395</u>	<u>197,092</u>	<u>5,924,711</u>
Net Book Value				
At 31 st July 2023	<u>13,899,249</u>	<u>2,088,129</u>	<u>-</u>	<u>15,987,378</u>
At 31 st July 2022	<u>13,981,554</u>	<u>2,038,509</u>	<u>-</u>	<u>16,020,063</u>

Freehold Land and Buildings

The freehold buildings relates to the property at 68 Hope Street, Liverpool.

Freehold land includes land amounting to £1,000,000 which is not depreciated.

8. Assets held in Trust Consolidated and Institute

Cost	Total £
At 1 st August 2022	2,050,772
Additions	106,494
At 31 st July 2023	<u>2,157,266</u>
Depreciation	
At 1 st August 2022	759,125
Charge for the Year	124,579
At 31 st July 2023	<u>883,704</u>
Net Book Value	
At 31 st July 2023	<u>1,273,562</u>
At 31 st July 2022	<u>1,291,647</u>

The assets held in trust represent the cost of capital works on the Liverpool Institute building.

Interest in Liverpool Institute building

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts continued For the year ended 31st July 2023

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 not be in the best interests of the Institute.

9. Non-Current Investments	Subsidiary Companies	Chattels and Memorabilia	Total
Consolidated	£	£	£
At 1 st August 2022	-	2,377	2,377
Additions	-	-	-
Disposals	-	-	-
Impairment	-	-	-
At 31st July 2023	-	2,377	2,377
Institute	£	£	£
At 1 st August 2022	100	2,377	2,477
Additions	-	-	-
Disposals	-	-	-
Impairment	-	-	-
At 31st July 2023	100	2,377	2,477

Please refer to note 24 for additional details relating to the investment in the subsidiary company.

10. Stock	2023	2022
Consolidated and Institute	£	£
Canteen and bar stocks	8,573	9,287

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts continued For the year ended 31st July 2023

11. Trade and Other Receivables Amounts due within one year	At 31 st July 2023		At 31 st July 2022	
	Consolidated £	Institute £	Consolidated £	Institute £
Tuition and Other Fees	16,506	16,506	41,099	41,099
Other Debtors	288,366	288,366	184,220	184,220
Amount owed by subsidiary undertakings	-	-	-	-
Amounts owed by related undertakings	5,098	5,098	882	882
Prepayments and Accrued Income	374,718	374,718	341,448	341,448
	<u>684,688</u>	<u>684,688</u>	<u>567,649</u>	<u>567,649</u>

12. Cash and Cash Equivalents	At 31 st July 2023		At 31 st July 2022	
	Consolidated £	Institute £	Consolidated £	Institute £
Cash and Cash Equivalents	<u>3,892,273</u>	<u>3,892,273</u>	<u>4,061,464</u>	<u>4,061,464</u>

13. Creditors: Amounts falling due within one year	At 31 st July 2023		At 31 st July 2022	
	Consolidated £	Institute £	Consolidated £	Institute £
Trade Creditors	226,029	226,029	470,098	470,098
Taxation and Social Security	165,155	165,155	204,410	204,410
Accruals	307,234	307,234	287,126	287,126
Other Creditors and Deferred Income	1,198,493	1,198,593	1,397,426	1,397,526
	<u>1,896,911</u>	<u>1,897,011</u>	<u>2,359,060</u>	<u>2,359,160</u>

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 31 st July 2023		At 31 st July 2022	
	Consolidated £	Institute £	Consolidated £	Institute £
Donations	-	-	-	-
Grants	-	-	3,072	3,072
	<u>-</u>	<u>-</u>	<u>3,072</u>	<u>3,072</u>

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts continued
For the year ended 31st July 2023

14. Endowments	Restricted Permanent Endowments £	Unrestricted Permanent Endowments £	Expendable Endowments £	2023 Total £	2022 Total £
Balances at 1st August 2022					
Capital	-	-	232,460	232,460	235,372
Accumulated Income	-	-	32,351	32,351	31,637
	-	-	264,811	264,811	267,009
New Endowments	-	-	16,000	16,000	2,000
Investment Income	-	-	9,545	9,545	1,022
Expenditure	-	-	(6,800)	(6,800)	(5,220)
At 31st July 2023	-	-	283,556	283,556	264,811
Represented by:					
Capital	-	-	243,842	243,842	232,460
Accumulated Income	-	-	39,714	39,714	32,351
	-	-	283,556	283,556	264,811
Analysis by type of purpose					
Bursary and Prize Funds	-	-	76,563	76,563	60,918
Culture	-	-	188,332	188,332	181,995
Graduate Business Support	-	-	18,661	18,661	21,898
	-	-	283,556	283,556	264,811
Analysis by Asset					
Cash	-	-	283,556	283,556	264,811

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts continued For the year ended 31st July 2023

15. Restricted Reserves

Reserves with restrictions are as follows:

	Capital Grants	Other Restricted Funds and Donations	2023 Total	2022 Total
	£	£	£	£
Balances at 1st August 2022				-
New Grants	-	-	-	-
New Donations	-	3,107	3,107	10,500
Investment Income	-	-	-	-
Capital Grant Utilised	-	-	-	-
Expenditure	-	(3,107)	(3,107)	(10,500)
At 31st July 2023	-	-	-	-

Analysis of Other Restricted Funds and Donations by type of purpose

	2023 Total £	2022 Total £
Buildings	-	-
Other	-	-
	-	-

Other restricted funds include donations and restricted expendable endowments.

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

	At 1 st August 2022 £	Cash Flows £	At 31 st July 2023 £
Cash at Bank and on Deposit	4,061,464	(169,191)	3,892,273
Other	-	-	-
	4,061,464	(169,191)	3,892,273

17. Consolidated reconciliation of net credit

	31 July 2023 £
Net credit at 1 August 2022	4,061,464
Movement in cash and cash equivalents	(169,191)
Other non-cash changes	-
Net credit at 31 July 2023	3,892,273
Change in net credit	(169,191)

Analysis of net credit:

	31 July 2023 £	31 July 2022 £
Cash and cash equivalents	3,892,273	4,061,464
Borrowings: amounts falling due within one year		
Secured loans	-	-

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts continued For the year ended 31st July 2023

Borrowings: amounts falling after more than one year

Secured loans

Net credit

-	-
<u>3,892,273</u>	<u>4,061,464</u>

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

Capital works authorised but not contracted
Commitments contracted for refurbishment of estates
Other capital additions

2023 £	2022 £
420,771	-
100,007	330,066
<u>34,619</u>	<u>88,997</u>
<u>555,397</u>	<u>419,063</u>

Capital commitments are funded from cash reserves.

19. Contingent Assets and Liabilities Consolidated and Institute at 31st July

Guarantees

2023 £	2022 £
<u>-</u>	<u>-</u>

20. Lease Obligations

Consolidated and Institute

Total Rentals payable under Operating Leases

	31 st July 2023			31 st July 2022
	Plant and Machinery £	Other Leases £	Total £	Total £
Payable during the year	<u>9,455</u>	<u>-</u>	<u>9,455</u>	<u>9,455</u>
Future minimum Lease payments due				
Not later than one year	-	-	-	-
Later than 1 year and not later than 5 years	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,455</u>

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts continued For the year ended 31st July 2023

21. Financial assets and liabilities

	31 st July 2023		31 st July 2022	
	Consolidated £	Institute £	Consolidated £	Institute £
Financial assets measured at amortised cost	3,517,555	3,517,555	4,287,665	4,287,665
Financial liabilities measured at amortised cost	1,092,981	1,092,981	1,418,807	1,418,807

22. Events after the Reporting Period

There were no significant events after the after the reporting period that impact the results for the year or the balance sheet at 31st July 2023.

23. Subsidiary Undertaking

During the year ended 31st July 2023, LIPA had one wholly owned subsidiary, LIPA Enterprises Limited (which is registered at the same address as LIPA).

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

24. Connected Charitable Institutions

24.1 The LIPA Multi Academy Trust (MAT), previously LIPA Sixth Form College

Salaries and third-party costs paid by LIPA on behalf of The LIPA MAT have been recharged directly to it without uplift. In the year to 31st July 2023, LIPA charged The LIPA MAT £18,380 for support services (2022: £153,966). The significant reduction is due to the cessation of Service Level Agreements with the LIPA MAT as of 31 August 2022. In addition there were other intercompany sales of £5,187 in relation to room hire.

At 31st July 2023 The LIPA Multi Academy Trust owed LIPA £5,098 (2022: £882).

24.2 The LIPA Primary School

The activities of The LIPA Primary School were transferred to The LIPA Multi Academy Trust with effect from 1st May 2022. Salaries and third-party costs paid by LIPA on behalf of The LIPA Primary School were recharged directly to it without uplift. In the year to 31st July 2023, LIPA recharged no costs to The LIPA Primary School for support services (2022: £70,917). There were no other intercompany sales.

At 31st July 2023 The LIPA Primary School owed LIPA £nil (2022: £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

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.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts continued For the year ended 31st July 2023

25.2 LIPA Enterprises Limited

Transactions with the subsidiary, LIPA Enterprises Limited, have not been disclosed under the exemption allowed in FRS102 Section 33.

25.3 LIPA Members

Mr J Dimmock, a Member of the company received no remuneration in the year (2022: £2,777). K. Dimmock, a close family member of J. Dimmock is also employed by the company. R Grey, another Member of the company, is a consultant with Swan Turton LLP, who received no payments in the year (2022: £6,837).

No travel or other expenses were reimbursed to Members in the year (2022: £nil).

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 Education has provided the information below in order to meet the requirements of Financial Reporting Standard 102 Section 28.

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). 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 Public Service Pensions Act (2013) 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 – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

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 1 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

As a result of the latest scheme valuation employer contributions were increased in September 2019 from a rate of 16.4% to 23.6%. Employers also pay a charge equivalent to 0.08% of pensionable salary costs to cover administration expenses.

The next valuation is expected to take effect in 2024.

A copy of the latest valuation report can be found by following this link to the [Teachers' Pension Scheme website](#).

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts continued For the year ended 31st July 2023

The pension costs paid to TPS in the year amounted to £689,617 (2022: £657,177) and the total amount outstanding as at 31st July 2023 was £80,067 (2022: £71,385).

26.2 Defined Contribution Scheme

The employer's contributions payable in respect of defined contribution scheme arrangements were £334,529 (2022: £331,926). The amount outstanding at 31st July 2023 was £nil (2022: £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.

27. Legal Form

LIPA is a company limited by guarantee in the United Kingdom, with registration number 02511501. The company is a registered charity, number 1001565. The registered office is: Mount Street, Liverpool, L1 9HF.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

England & Wales - Charity number 1001565

Accounts

**THE LIVERPOOL INSTITUTE FOR
PERFORMING ARTS**

ANNUAL REPORT

YEAR ENDED 31st JULY 2022

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

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Annual Report For the year ended 31st July 2022

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THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Legal and Administrative Details For the year ended 31st July 2022

Status

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

Registered Office

Mount Street
Liverpool
L1 9HF

Advisors

Bankers

Santander plc
Bridle Road
Bootle
Merseyside
L30 4GB

Solicitors

Swan Turton
68A Neal Street
London
WC2H 9PA

Weightmans LLP
100 Old Hall Street
Liverpool
L3 9QJ

Financial Statements Auditors

Crowe UK LLP
3rd Floor
The Lexicon
Mount Street
Manchester
M2 5NT

Internal Auditors

RSM Risk Assurance Services LLP
14th Floor
20 Chapel Street
Liverpool
L3 9AG

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Operating and Financial Review For the year ended 31st July 2022

The directors present their Annual Report, including the Strategic Report, together with the group's audited Financial Statements for the year ended 31st July 2022.

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	Kim Johnson
Gina Carter	Ian Jones
James Dow	Sean McNamara (from 3 September 2021)
Louise Ellman	Roger Morris (to 30 September 2022)
Victoria Fea	David Owen
Mark Featherstone-Witty	Simeon Scheuber-Rush
Simon Fowler	Andrew Westwood (to 30 September 2022)
Geoffrey Goodwin – Chair	Claire Workman
Joe Johnson (from 4 August 2021)	

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. Apart from the Chief Executive and the designated staff trustee, none of the trustees receive 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.

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 Founder: 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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Corporate Governance Statement For the year ended 31st July 2022 continued

4. Strategic Report

As a registered charity, the strategic report contains key aspects of LIPA's performance relating, but not limited to:

- Review of Activities and Achievement;
- Results for the year;
- Capital expenditure;
- Cash flows;
- Treasury Policies and Objectives;
- Public Benefit;
- Strategy and Risk;
- Estates; and
- Immediate Prospects.

5. Review of Activities and Achievement

(a) Higher Education

Undergraduate and Postgraduate Programmes

A total of 901 students undertook LIPA's BA degree programmes as follows:

BA Acting	110
BA Acting (Screen and Digital Media)	43
BA Applied Theatre and Community Drama	60
BA Creative Technologies and Performance	40
BA Dance	98
BA Management of Music, Entertainment, Theatre and Events	93
BA Music	94
BA Music Songwriting and Performance	114
BA Music Songwriting and Production	69
BA Sound Technology	84
BA Theatre and Performance Design	46
BA Theatre and Performance Technology	50

Of the students, 733 were eligible for funding from the Student Loan Company and 168 came from countries other than the UK. In addition, 33 students undertook LIPA's postgraduate programmes.

LIPA's 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, LIPA's academic standards need to comply with those monitored by the Quality Assurance Agency (QAA) for Higher Education. The most recent QAA review in 2015 resulted in the following outcomes:

- 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.

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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.

Foundation Certificate

In addition to the BA and postgraduate courses, 9 students studied on the LIPA foundation certificate in Popular Music and Music Technology, 11 students undertook the LIPA foundation certificate in Dance and 30 students undertook the LIPA foundation certificate in Acting.

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. As an example of this, a survey of students who graduated in 2015 traced 84% of students and found that 89% were in employment with 78% 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. 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 learned help develop confidence and presentational skills. They stimulate imagination and creativity.

Its development originally centred on LIPA's premises but also a sister school in Maghull. Expansion has also been achieved by introducing classes on Sundays and advanced classes. In general, all LIPA managed courses are oversubscribed with a large waiting list, indicating acceptance amongst students and parents.

Many of the students aged 7 to 19 undertook singing exams in 2021/22 and early starters aged 5 to 6 undertook dance exams.

Many students graduating from LIPA 4-19 have been accepted at highly credited colleges such as Guildford School of Acting, Performers College, Arts Educational, Urdang Academy, Mountview Academy of Theatre Arts, the Royal Academy of Dramatic Art (RADA) and Central School of Speech and Drama.

Once the students reach 16, many of them go on to train at the LIPA Sixth Form College and have also been accepted to study at LIPA on the degree courses.

LIPA 4-19 activity has additional corporate benefits: non-government revenue streams, utilisation of specialist facilities outside the normal Higher Education usage and generating expansion without the need for high levels of capital investment.

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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 2019 and in accordance with note 1 of the Accounting Policies.

At 31st July 2022 the group had free reserves of £19,530,630, cash at bank of £4,061,464 and no borrowings. The directors believe that sufficient resources are available to fulfil adequately the obligations of the group.

The group experienced a surplus in the year of £725,751 (2021: £201,940 deficit). The overall figure represents a surplus of 5.6% on income (2021: 1.8% deficit). The financial objectives of the group include a targeted return of at least 3% of income.

Total income increased by £1,361,269 to £12,857,497. The increase in income is partly due to some exceptional income items but also due to the previous year's income figures being lower than expected due to the COVID-19 pandemic.

Income from government sources totalled £908,579 (2021: £590,656). This represents 7.1% of total income (2021: 5.1%). The increase is due to additional funding received via a successful bidding round for OfS capital funding.

Operating expenditure increased by £433,577 to £12,131,746. The main increase was with respect to staff costs, partly due to general wage increases but also investment in staff levels. Staff related expenditure increased by £466,041 to £8,173,526. Staff costs represented 63.7% of total income and 67.3% of total expenditure (2021: 67.0% and 65.9% respectively).

7. Capital Expenditure

The total capital additions in the year to 31 July 2022 were £814,260 (2021: £313,536). This money represented the start of an investment phase in campus and facilities, with further capital enhancements planned in the year to 31 July 2023.

8. Cash Flows

The consolidated Cash Flow shows a net cash inflow from operating activities of £1,239,346 (2021: £1,089,486).

Total cash balances and deposits were £4,061,464 at 31st July 2022 (2021: £3,436,161). The group had no borrowings at 31st July 2022 (2021: £395,682).

During the year, LIPA maintained healthy cash balances which were higher than the planned balances in the cash flow forecast. External borrowing to fund future campus investments has been discussed and agreed but has not been deemed necessary up to the point of writing these financial statements.

9. Subsidiary Undertakings

The company has one subsidiary undertaking, LIPA Enterprises Limited. Any distributable surpluses generated by the subsidiary are transferred to the Institute by way of donation in accordance with the Memorandum and Articles of Association. The company has been dormant since 1 August 2020 and has generated no surplus or deficit in the year to 31 July 2022 (2021: no surplus or deficit).

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

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approach is to retain sufficient free cash, or have bank facilities available, to meet three months' expenditure.

11. Endowment Reserves

Expendable endowment funds represent bursaries and student project funds which are to be distributed over a significant period of time.

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 surplus cash 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 and only holds money with large high-street lenders (primarily Santander plc).

13. Pensions

The Institute participates in only one defined benefit 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 contribution scheme. After each valuation the future contribution rates are adjusted. The last adjustment occurred in March 2016, with contributions being increased from September 2019. A full explanation of pension commitments is given in note 27 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 and this was maintained throughout the year to 31 July 2022.

15. Accessibility and Widening Participation

LIPA is committed to a fair and transparent admissions system. There is no discrimination on grounds of race, ethnicity, gender, sexual orientation, religion, disability or age. To ensure suitability is assessed effectively, undergraduate interview and audition events were undertaken. 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 accessibility software.

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 2020/21 to 2024/25 Access & Participation Plan. These are targeted towards:

- First degree entrants from lower socio-economic groups;
- Those from black and minority ethnic groups;
- Mature learners; and
- Students from low participation neighbourhoods.

LIPA is also keen to promote applications and support pupils with disabilities and those with experience of being in care.

In pursuit of these objectives LIPA provides a number of financial support initiatives. In the year to 31st July 2022 these included:

- A LIPA bursary of £560 to all students with a household income of £25,000 or below; and
- A care leavers bursary of £1,000 to students who joined us aged 25 or over and who had been in care for six months or more prior to their 16th birthday.

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We also chose not to charge audition fees for first-stage Acting applicants who applied for 2022 entry as this part of the process was retained as a self-tape audition.

Through the Widening Participation (WP) team's activity, LIPA offers a range of opportunities for young people across the country that are 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 2022, LIPA worked closely with seven 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:

- Tailored support workshops, known as LIPA Tasters, in partner schools with Year 7, 8 and 9 pupils (along with Year 10 and Year 11 pupils in some cases), reaching 395 learners; and
- Year 9 taster events between June, open to partner schools plus others from across Merseyside. These were attended by 224 participants from 10 schools.

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 during this year consisted of:

- Review by WP staff of self-tape submissions and online auditions onto the programme, designed, in part, to give participants audition experience;
- Regular communications over the autumn for those signed up to the programme, including pre-recorded taster workshop sessions;
- A welcome event in early March for new participants and parents explaining the future activities on offer and showcasing the benefits of getting involved in the programme. This was attended by 19 young people and their accompanying supporters;
- LIPA XTRA, a 3-day non-residential course attended by 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 summer school – which this year focused on film making - attended by 15 students finishing Year 10. Working together across four disciplines to create a short film, the week culminated in a recording which was shared with participants and their families;
- 16 after-school skills workshops, plus a weekend film making project, for Year 11 students between January and April 2022 covering various topics in acting, dance, music / singing and making performance possible (4 per discipline).

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

- Get Set, a 3-day course attended by 26 students who are interested in applying to LIPA for 2023 entry. They chose to study acting, dance, music or singing for the duration of the project, which included a focus on application and audition awareness. During Summer 2022 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 nine partner colleges for young people studying performing arts and making performance possible subjects at level 3 and considering higher education for 2022 and 2023 entry (additional workshops were also offered through schools and colleges liaison work); and
- Audition preparation phone calls for students from low participation neighbourhoods throughout January, February, March and April.

LIPA also responded to a variety of requests for ad-hoc activities from various schools and community groups. In the year to 31st July 2022 LIPA provided:

- Five 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 63 students from Years 9 to 13;
- In-school or online workshops at/with a further eight schools;

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Corporate Governance Statement For the year ended 31st July 2022 continued

- Attendance at 42 careers fairs in local and regional schools / colleges with a LIPA / HE information stand;
- The opportunity for local schools / colleges to attend one of LIPA's Public Performances (Mythos);
- Music Theory preparation workshops during November attended by 4 students interested in applying to music courses;
- Online and in-person sessions in collaboration with Backstage Niche, aimed at encouraging more students from black and ethnic minority backgrounds into backstage training roles;
- Two collaborative talks with other HE providers through the Unifrog platform;
- Hosting of and support for an arts week programme for looked after young people, delivered by Collective Encounters; and
- Cover of travel costs for a local college to attend a public performance put on by Applied Theatre and Community Drama students.

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 2022. 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.

Learners at LIPA Sixth Form College participated in activities designed to raise awareness of the process for applying to study in Higher Education and to assist with building confidence and skills for preparing auditions / interviews. This included talks and audition preparation workshops across some discipline areas, as well as portfolio preparation sessions for Production Arts students across the year.

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 funding relating to support of the Uniconnect Programme (formerly NCOP).

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 a series of public performances, which included 'live streaming' of shows to the public at no cost. The live streaming was a response to the COVID-19 pandemic;
- 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

Linked to the overall strategic plan, a comprehensive risk register has been produced which links the goals to the risks and the action plans to mitigate these risks. COVID-19 has meant that some objectives in the previous strategic plan have not been achieved, but, as appropriate, these have been incorporated into the new strategic plan, which runs to 31 July 2025.

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Corporate Governance Statement For the year ended 31st July 2022 continued

Applications to LIPA each year are approximately eight times the number of places available. As noted above it had free cash of £4,061,464 available at 31st July 2022 and no borrowings.

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:

- The impact of the recovery from the pandemic on staff, students and the ability to continue to deliver high quality programmes in a period of uncertainty;
- Potential changes in the funding arrangements for UK students;
- Increased competition in the Higher Education marketplace;
- The UK leaving the European Union, and the impact of this on international student recruitment patterns and staff mobility; and
- The impact of the loss of Institute Specific Funding.

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

- Continue to provide high quality 'in person' teaching in line with UK Government guidelines, thereby providing the best possible student experience;
- Maintain and increase the level of student intake, in terms of both quality and numbers, including overseas students;
- Develop new facilities, including additional rehearsal and performance spaces, designed specifically to meet LIPA's specialist needs;
- Manage costs appropriately whilst balancing the needs of the student experience; and
- Monitoring the wider economic and political landscape, especially linked to the UK's withdrawal from the European Union.

18. OfS Funding

For the year ended 31st July 2022 OfS income provided 5.4% of LIPA's total funding. This included capital grant income. The majority of UK student funding is through loans provided by the Student Loan Company to students to fund their tuition fees.

19. Estates

LIPA has been operating for circa 25 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.

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. Following extensive alteration work, the building now provides high quality teaching spaces for the benefit of LIPA students.

Further investments in the estate took place over the summer of 2022 to continue to enhance the provision for students. This is part of an ongoing investment in resources planned as part of the current strategic investment cycle, linked to the overall strategic direction.

20. Immediate Prospects

LIPA appointed a new Principal and CEO, Sean McNamara, who was appointed from 1st September 2021 and replaced the Founding Principal and outgoing CEO, Mark Featherstone-Witty.

Following completion of the investment phase of the LIPA 2022 Project (the total project value was £6,907,000, of which the Office for Students provided £3,873,000), the Institute has continued to develop and evolve its curriculum offer in accordance with the project plan and the agreed project

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Corporate Governance Statement For the year ended 31st July 2022 continued

milestones. Further to this, the Institute is continuing to invest in its infrastructure and facilities to the benefit of its students.

New courses created as part of the LIPA 2022 Project have continued to grow and further courses are also planned to allow a broader remit of training to be provided, all within the overarching strategic objective of the company.

Whilst investing in the future, the Group will also continue to:

- 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; and
- Review all new appointments as posts become available.

The Institute is also planning to obtain Taught Degree Awarding Powers (TDAPs) over the course of the strategic planning cycle to 31 July 2025.

21. The LIPA Multi Academy Trust

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 include LIPA Members and Council Directors, the company does not constitute a subsidiary of LIPA. The LIPA Primary School filled up all year groups as of September 2020 and was graded as 'good' by Ofsted following an inspection in July 2017. Commencing September 2021, it changed its name and remit to become a through-school, entitled the LIPA Primary and High School. This coincided with an intake of 52 pupils into Year 7.

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 was a company limited by guarantee, with charitable status. Whilst its members and governors include LIPA Members and Council Directors, the company does not constitute a subsidiary of LIPA. The LIPA Sixth Form College is heavily oversubscribed and was graded as 'outstanding' by Ofsted following an inspection in February 2020.

On 1st May 2022, the company changed its name to The LIPA Multi Academy Trust and absorbed the assets and liabilities of the LIPA Primary School. The LIPA Multi Academy Trust is a company limited by guarantee, with charitable status. Whilst its members and governors include LIPA Members and Council Directors, the company does not constitute a subsidiary of LIPA

During the year LIPA provided support to The LIPA Primary School, The LIPA Sixth Form College and, from 1st May 2022, the LIPA Multi Academy Trust through a Service Level Agreement.

22. Stakeholder Relationships

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

23. 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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Corporate Governance Statement For the year ended 31st July 2022 continued

24. Fundraising

LIPA does not carry out fundraising to the general public.

25. Going Concern

After a thorough review of the Group's status as a going concern, the Council has agreed that the Group has sufficient resources to continue to meet its obligations as they arise over the next 12 months. The Group has a five-year financial forecast that is cash positive. Student numbers for the September 2022 intake are broadly in line with expectations and, up to the time of signing these financial statements, student withdrawal levels are not out of line with previous years. The Group has undertaken stress testing on the assumptions within its financial forecasts and believe that the risk of significant adverse performance is very low.

26. Financial Statements Auditors

A resolution to reappoint Crowe 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


Katharine Dimmock (Nov 30, 2022 11:04 GMT)

K Dimmock
Company Secretary

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Corporate Governance Statement For the year ended 31st July 2022

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 Chairs (CUC) Higher Education Code of Governance 2020. In carrying out its duties it also has regard for the best practice in The UK Corporate Governance Code 2018, 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 CUC Higher Education Code of Governance. 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 financial statements 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 the management of teams 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;

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Corporate Governance Statement For the year ended 31st July 2022 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. 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).

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 Financial Statements Auditors and Internal Auditors in attendance as appropriate. The Committee considers detailed reports together with

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Corporate Governance Statement For the year ended 31st July 2022 continued

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 the OfS 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 Financial Statements Auditors and Internal Auditors on their own for independent discussions.

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 Principal. The Remuneration Committee has agreed that it will be guided by the CUC HE Senior Staff Remuneration Code but would not formally adopt it.

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

Working groups are established from time to time by the Chief Executive, for which a member of the senior management team 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.

LIPA is the sponsor of the LIPA Primary School and the LIPA Sixth Form College. Both are separate legal entities and these financial statements do not consolidate LIPA's figures with those of the sponsored academies.

The Council is ultimately responsible for the company's system of internal control and for reviewing its effectiveness to ensure that LIPA upholds regularity and propriety in the use of public funding. 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 2022 and up to the date of approval of the Financial Statements and accords with OfS 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 financial statements 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 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;

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Corporate Governance Statement For the year ended 31st July 2022 continued

- 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 senior management team, and risk management is planned into the work of the team for the year, with regular updates to the Institute's risk profile reported and discussed at senior management team meetings;
- 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. This is the same for the Financial Statements Audit function.

The Internal Auditors submit regular reports on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement. Similarly, the Financial Statements Auditors have the opportunity to suggest control improvements during their audit process. All recommendations made are monitored and tracked to completion by the Audit Committee.

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 Financial Statements Auditors in their management letter and other reports. No significant control weaknesses have arisen during the year.

ON BEHALF OF THE BOARD

Geoffrey Goodwin

Geoffrey Goodwin (Nov 30, 2022 15:21 GMT)

G. Goodwin
Chair of Council

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Trustees' Responsibilities Statement For the year ended 31st July 2022

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.

The 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 Review including the Strategic 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, through its Accounting Officer, is required to prepare the financial statements in accordance with the terms and conditions of the OfS's Terms and conditions of funding for higher education institutions 2021-22 (issued July 2021) 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 OfS's Terms and conditions of funding for higher education institutions 2021-22 (issued July 2021), the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 edition), and any subsequent amendments, the Office for Student's Accounts Direction (issued October 2019) and the Companies Act 2006. Council is 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 the OfS and other funding bodies are used only for the proper purposes for which they have been given and seek to achieve value for money in accordance with the OfS's Terms and conditions of funding for higher education institutions 2021-22 (issued July 2021) and any other conditions which the funding body may from time to time prescribe;
- 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;
- Ensure that there is regular, reliable, timely and adequate information to monitor performance and track the use of public funds;
- Plan and manage the Institute's activities to remain sustainable and financially viable;
- Ensure that it informs the OfS of any material change in its circumstances, including any significant developments that could impact on the mutual interests of the Institute and the OfS;
- Ensure that there are adequate and effective arrangements for the management and quality assurance of data submitted to the Higher Education Statistics Agency, the Student Loans Company, the OfS and other funding or regulatory bodies;
- Ensure an effective framework – overseen by the Institute's academic board or equivalent – to manage the quality of learning and teaching and to maintain academic standards; and
- Consider and act on the OfS's assessment of the Institute's risks specifically in relation to these funding purposes.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Trustees' Responsibilities Statement For the year ended 31st July 2022 continued

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.

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 as members 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:

Sean McNamara

Sean McNamara (Nov 30, 2022 13:00 GMT)

S. McNamara
Director

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Financial Statements Auditor's report to the Council of The Liverpool Institute for Performing Arts For the year ended 31st July 2022

Opinion

We have audited the financial statements of The Liverpool Institute for Performing Arts for the year ended 31 July 2022 which comprise Consolidated and Institute Statement of Comprehensive Income, the Consolidated and Institute Statement of Changes in Reserves, the Consolidated and Institute Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including 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 charitable company's affairs as at 31 July 2022 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Financial Statements Auditor's report to the Council of The Liverpool Institute for Performing Arts For the year ended 31st July 2022 continued

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 our audit:

- The information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, 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 included within the trustees' report have been prepared in accordance with applicable legal requirements.

Opinion on other matters prescribed by the OfS accounts direction (issued October 2019)

In our opinion, in all material respects:

- Funds from whatever source administered by the parent institute for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- Funds provided by the OfS have been applied in accordance with the relevant terms and conditions; and any other terms and conditions attached to them; and
- The requirements of the OfS's accounts direction (issued October 2019) have been met.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of 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 trustees

As explained more fully in the Trustees' Responsibilities Statement set out on pages 17 to 18, the trustees (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, and for such internal control as the trustees 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 trustees are responsible for assessing the charitable company'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 trustees either intend to liquidate the charitable company 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.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Financial Statements Auditor's report to the Council of The Liverpool Institute for Performing Arts For the year ended 31st July 2022 continued

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.

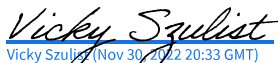
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, Charities Act 2011 and employment legislation.
- Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustees and other management and inspection of regulatory and legal correspondence, if any.
- We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management and completeness of income. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, sample testing from grant and contract documentation, proof in total of tuition fees from the SITS report database and project income from the register.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations. 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.

Use of our report

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


Vicky Szulist (Nov 30, 2022 20:33 GMT)

Vicky Szulist
Senior Statutory Auditor
for and on behalf of Crowe UK LLP
The Lexicon
Mount Street
Manchester
M2 5NT

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Consolidated and Institute Statement of Comprehensive Income and Expenditure For the year ended 31st July 2022

Year ended 31 st July		2022	2022	2021	2021
INCOME		Consolidated	Institute	Consolidated	Institute
	Notes	£	£	£	£
Tuition Fees	1.1	10,573,344	10,573,344	10,092,282	10,092,282
Funding Body Grants	1.2	908,579	908,579	590,656	590,656
Project Income	1.3	431,882	431,882	254,116	254,116
Other Income	1.4	910,814	910,814	502,824	502,824
Investment Income	1.5	6,999	6,999	5,726	5,726
Total Income before Donations and Endowments		12,831,618	12,831,618	11,445,604	11,445,604
Donations and Endowments	1.6	25,879	25,879	50,624	50,624
Total Income		12,857,497	12,857,497	11,496,228	11,496,228
EXPENDITURE					
Staff Costs	2	8,173,526	8,173,526	7,707,485	7,707,485
Other Operating Expenses	3	3,009,629	3,009,629	3,041,412	3,041,412
Depreciation		945,990	945,989	929,875	929,875
Interest and Other Finance Costs	4	2,601	2,601	19,397	19,397
Total Expenditure		12,131,746	12,131,746	11,698,169	11,698,169
Surplus/(Loss) before Tax		725,751	725,751	(201,941)	(201,941)
Taxation	5	-	-	-	-
Surplus/(Loss) and Total Comprehensive Income for the year		725,751	725,751	(201,941)	(201,941)
Represented by:					
Unrestricted (expenditure) / income for the year		720,449	720,449	(249,296)	(249,296)
Restricted income for the year		7,500	7,500	50,000	50,000
Endowment (expenditure) / income for the year		(2,198)	(2,198)	(2,645)	(2,645)
		725,751	725,751	(201,941)	(201,941)

All amounts relate to continuing operations.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Consolidated and Institute Statement of Changes in Reserves For the year ended 31st July 2022

	Income and Expenditure Account			
	Endowment	Restricted	Unrestricted	Total
Consolidated	£	£	£	£
Balance at 1st August 2020	269,654	432,120	18,569,857	19,271,631
(Deficit)/Surplus from the Income and Expenditure Account	(2,645)	50,000	(249,296)	(201,941)
Transfers between funds	-	(482,120)	482,120	-
Total Comprehensive Income for the year	(2,645)	(432,120)	232,825	(201,941)
Balance at 1st August 2021	267,009	-	18,802,681	19,069,690
(Deficit) / Surplus from the Income and Expenditure Account	(2,198)	7,500	720,449	725,751
Transfers between funds	-	(7,500)	7,500	-
Total Comprehensive Income for the year	(2,198)	-	727,949	725,751
Balance at 31st July 2022	264,811	-	19,530,630	19,795,441
Institute				
Balance at 1st August 2020	269,654	432,120	18,569,857	19,271,631
(Deficit)/Surplus from the Income and Expenditure Account	(2,645)	50,000	(249,296)	(201,941)
Transfers between funds	-	(482,120)	482,120	-
Total Comprehensive Income for the year	(2,645)	(432,120)	232,825	(201,941)
Balance at 1st August 2021	267,009	-	18,802,681	19,069,690
(Deficit) / Surplus from the Income and Expenditure Account	(2,198)	7,500	720,449	725,751
Transfers between funds	-	(7,500)	7,500	-
Total Comprehensive Income for the year	(2,198)	-	727,949	725,751
Balance at 31st July 2022	264,811	-	19,530,630	19,795,441

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Consolidated and Institute Balance Sheets

Registered number: 02511501

		As at 31 st July 2022		As at 31 st July 2021	
		Consolidated	Institute	Consolidated	Institute
	Notes	£	£	£	£
Non-Current Assets					
Intangible Assets	6	202,014	202,014	243,674	243,674
Fixed Assets	7	16,020,063	16,020,063	16,567,450	16,567,450
Assets Held in Trust	8	1,291,647	1,291,647	1,425,831	1,425,831
Investments	9	2,377	2,477	2,377	2,477
		17,516,101	17,516,201	18,239,332	18,239,432
Current Assets					
Stock	10	9,287	9,287	4,000	4,000
Trade and Other Receivables	11	567,649	567,649	518,429	518,429
Cash and Cash Equivalents	12	4,061,464	4,061,464	3,436,161	3,436,161
		4,638,400	4,638,400	3,958,590	3,958,590
Less: Creditors					
Amounts Falling Due Within One Year	13	(2,359,060)	(2,359,160)	(3,128,232)	(3,128,332)
Net Current Assets		2,279,340	2,279,240	830,358	830,258
Total Assets less Current Liabilities		19,795,441	19,795,441	19,069,690	19,069,690
Less: Creditors					
Amounts Falling Due after more than One Year		-	-	-	-
Total Net Assets		19,795,441	19,795,441	19,069,690	19,069,690
Restricted Reserves					
Income and Expenditure Reserve – Endowment Reserve	14	264,811	264,811	267,009	267,009
Income and Expenditure Reserve – Restricted Reserve	15	-	-	-	-
Unrestricted Reserves					
Income and Expenditure Account - Unrestricted		19,530,630	19,530,630	18,802,681	18,802,681
Total Funds		19,795,441	19,795,441	19,069,690	19,069,690

Approved by the board on 25 November 2022 and signed on its behalf by:

Geoffrey Goodwin

Geoffrey Goodwin (Nov 30, 2022 15:21 GMT)

G. Goodwin – Chair of Council

Sean McNamara

Sean McNamara (Nov 30, 2022 13:00 GMT)

S. McNamara – Director

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Consolidated Statement of Cash Flows For the year ended 31st July 2022

Cash Flow from Operating Activities	2022 £	2021 £
Surplus / (Deficit) for the year ended 31 st July	725,751	(201,941)
Adjustment for Non-Cash Items		
Depreciation	945,990	929,875
(Increase) / Decrease in Stock	(5,287)	850
(Increase) / Decrease in Debtors	(49,220)	30,834
(Decrease) / Increase in Creditors	(373,490)	316,197
Assets Donated	-	-
Adjustment for Investing or Financing Activities		
Investment Income	(6,999)	(5,726)
Interest Payable	2,601	19,397
Loss on Sale of Fixed Assets	-	-
Net Cash Inflow from Operating Activities	1,239,346	1,089,486
Cash Flows from investing activities		
Investment Income	6,999	5,726
Payments made to Acquire Fixed Assets	(814,260)	(489,421)
Donated Assets	(12,232)	-
Write back of liability for purchase of fixed assets	603,733	-
	(215,760)	(483,695)
Cash flows from financing activities		
Interest Paid	(2,601)	(19,397)
Loan Repaid	(395,682)	(376,819)
	(398,283)	(396,216)
Increase/(Decrease) in Cash and Cash Equivalents in the year	625,303	209,575
Cash and Cash Equivalents at beginning of the year	3,436,161	3,226,586
Cash and Cash Equivalents at end of the year	4,061,464	3,436,161

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Accounting Policies For the year ended 31st July 2022

1. Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 edition) 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.

1.1 The financial statements have been prepared under FRS 102.

1.2 The financial statements are presented in sterling (£).

1.3 Going Concern - After a thorough review of the Group's status as a going concern, the Council has agreed that the Group has sufficient resources to continue to meet its obligations as they arise over the next 12 months. The Group has a five-year financial forecast that is cash positive. Student numbers for the September 2022 intake are broadly in line with expectations and, up to the time of signing these financial statements, student withdrawal levels are not out of line with previous years. The Group has undertaken stress testing on the assumptions within its financial forecasts and believe that the risk of significant adverse performance is very low.

2. Basis of consolidation

The consolidated financial statements include the company and its subsidiary for the financial year to 31st July 2022. Intra-group transactions are eliminated on consolidation. In the financial year to 31st July 2022, the subsidiary was dormant and therefore there were no transactions within it.

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 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 Statement of Comprehensive Income and 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 are recognised within the Statement of Income and Expenditure over the periods in which the Institute recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Accounting Policies continued For the year ended 31st July 2022

Other grants and donations from non-government sources are recognised within the 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 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 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 Statement of Comprehensive Income and Expenditure in line with such conditions being met.
- 4.8** Non-exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor-imposed restrictions are recognised within the 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 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 Statement of Comprehensive Income and Expenditure 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 Section 28 of FRS102, 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 Section 28.11 of FRS102 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 Statement of Comprehensive Income and Expenditure 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.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Accounting Policies continued For the year ended 31st July 2022

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.

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 stated at cost less accumulated amortisation. 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.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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. Assets held in trust

Assets held in trust include additions to the Liverpool Institute building. These assets are depreciated over a period of up to 25 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.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Accounting Policies continued For the year ended 31st July 2022

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.

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 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 subsidiary is liable to Corporation Tax in the same way as any other commercial organisation.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Accounting Policies continued For the year ended 31st July 2022

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:

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 2022

1.	Income	2022 Consolidated	2022 Institute	2021 Consolidated	2021 Institute
1.1	Tuition Fees	£	£	£	£
	Full Time UK/EU Undergraduate Fees	6,907,722	6,907,722	6,993,470	6,993,470
	Full Time Overseas Undergraduate Fees	2,783,201	2,783,201	2,197,859	2,197,859
	Postgraduate and foundation self-funded fees	871,346	871,346	897,533	897,533
	Audition and Other Fees	11,075	11,075	3,420	3,420
		10,573,344	10,573,344	10,092,282	10,092,282
1.2	Funding Body Grants				
	OfS Recurrent Grants	394,196	394,196	443,798	443,798
	OfS Capital Grant	294,500	294,500	74,174	74,174
	OfS Hardship Funding	3,716	3,716	72,684	72,684
	Research England	200,000	200,000	-	-
	Kickstart	16,167	16,167	-	-
		908,579	908,579	590,656	590,656
1.3	Project Income				
	LIPA 4-19	415,619	415,619	234,085	234,085
	Other Projects	16,263	16,263	20,031	20,031
		431,882	431,882	254,116	254,116
1.4	Other Income				
	Catering, Bar and Venue Hire	246,610	246,610	74,538	74,538
	Projects and Performances	128,460	128,460	90,437	90,437
	Service Level Agreement Income	224,883	224,883	216,624	216,624
	Sundry Income	310,861	310,861	121,225	121,226
		910,814	910,814	502,824	502,824
1.5	Investment Income				
	Interest Receivable	6,999	6,999	5,726	5,726
		6,999	6,999	5,726	5,726
1.6	Donations and Endowments				
	New Endowments	2,000	2,000	-	-
	Donations with Restrictions	10,500	10,500	50,000	50,000
	Unrestricted Donations	1,147	1,147	624	624
	Donated Assets	12,232	12,232	-	-
		25,879	25,879	50,624	50,624

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts continued For the year ended 31st July 2022

1.7 Grant and Fee Income

The sources of grant and fee income included in notes 1.1 to 1.3 is as follows:

	2022 Consolidated	2022 Institute	2021 Consolidated	2021 Institute
	£	£	£	£
Grant income from the OfS	692,412	692,412	590,656	590,656
Grant income from other bodies	201,688	201,688	20,031	20,031
Fee income from non-qualifying courses	1,312,614	1,312,614	1,135,038	1,135,038
Fee income for taught awards	9,690,923	9,690,923	9,191,329	9,191,329
	11,897,637	11,897,637	10,937,054	10,937,054

2. Staff Costs

	2022 Consolidated	2022 Institute	2021 Consolidated	2021 Institute
	£	£	£	£
Aggregate amounts for staff and directors paid in respect of:				
Wages and Salaries	6,626,845	6,626,845	6,236,133	6,236,133
Social Security Costs	557,578	557,578	532,874	532,874
Other Pension Costs	989,103	989,103	938,478	938,478
	8,173,526	8,173,526	7,707,485	7,707,485

Emoluments of the Chief Executive
(2021 Founding Principal and Chief Executive):

	2022 £	2021 £
Remuneration	138,167	203,312
Pension contributions	30,823	-
	168,990	203,312

No other employees received remuneration more than £100,000.

The emoluments of the Principal and CEO are set by LIPA's Remuneration Committee and reflect the operational structure operated by LIPA, the complexity of the role, the performance of the CEO and the rates of pay of others in similar roles both locally and nationally. The Principal and CEO received a remuneration that was 5.34 times the median FTE salary for other substantive staff at LIPA (2021: 5.97 times).

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 comprised four (2021: six) individuals led by the Chief Executive.

	2022 £	2021 £
Remuneration of key management personnel, other than the Chief Executive, including pension contributions	386,135	540,829

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts continued For the year ended 31st July 2022

Average number of persons (including the Principal and CEO) employed during the year was:

	2022 number	2021 number
Administration	62	60
Teaching and Teaching Support	90	86
Catering, Bar, Conference and Venue	6	6
	158	152

In addition, about 180 staff were employed on a part time hourly paid basis. Many of these were students or part-time LIPA 4-19 staff. The full time equivalent of all the part - time hourly paid staff is 12 (2021: 12).

	2022 Consolidated	2022 Institute	2021 Consolidated	2021 Institute
	£	£	£	£
The aggregate amounts for staff and directors can be split into the following categories:				
Teaching	4,665,767	4,665,767	4,403,514	4,403,514
Productions	492,005	492,005	456,283	456,283
Projects	190,166	190,166	152,723	152,723
Canteen, Bar and Venue	154,195	154,195	120,131	120,131
Information Systems and Technical Support	545,359	545,359	520,182	520,182
Marketing and Student Recruitment	760,310	760,310	698,417	698,417
Facilities	483,067	483,067	443,495	443,495
Administration	882,657	882,657	912,740	912,740
	8,173,526	8,173,526	7,707,485	7,707,485

	2022 No.	2021 No.
Number of directors accruing retirement benefits	1	1

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 2022 the total expenses paid to Council Directors was:

	2022 £	2021 £
Reimbursement of travel and accommodation expenses to 2 directors (2021: three directors).	623	89

3a. Analysis of Operating Expenditure by Activity

	2022 Consolidated	2022 Institute	2021 Consolidated	2021 Institute
	£	£	£	£
Teaching Related	429,915	429,915	545,700	545,700
Productions	292,925	292,925	249,293	249,293
Projects	148,711	148,711	40,588	40,588
Cafe, Bar and Venue	122,295	122,295	23,529	23,529
Information Services and Technical Support	601,919	601,919	615,474	615,474
Marketing and Student Recruitment	419,651	419,651	205,989	205,989
Facilities	678,579	678,579	626,989	626,989
Administration	315,634	315,634	733,850	733,850
	3,009,629	3,009,629	3,041,412	3,041,412

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts continued For the year ended 31st July 2022

Operating Expenditure includes	2022 £	2021 £
Financial Statements Auditors' Remuneration		
Audit	18,900	18,000
Other	1,260	1,200
Internal Auditors' Remuneration	15,844	19,016
Operating Lease Rentals	9,455	9,545

3b. Access and Participation

	2022 Consolidated £	2022 Institute £
Total access activity investment		
- Access (pre-16)	162,232	139,781
- Access (post-16)	87,017	81,519
- Access (adults and the community)	12,396	5,909
- Access (other)	-	-
Financial support	129,440	123,300
Research and evaluation	10,897	17,550
	401,982	368,059

£246,809 of these costs are already included in the overall staff costs figures included in the financial statements, see note 2. In addition, LIPA spent £85,372 in support for disabled students in the financial year to 31st July 2022.

The Access and Participation expenditure needs to be understood in conjunction with LIPA's Access and Participation Plan 2020-21 to 2024-25, which is located [on LIPA's website](#). The differences between the planned spend as per the Access and Participation Plan relate to changes in activity during the year, some linked to the COVID-19 pandemic, which meant that activities had to be altered.

4. Interest Payable	2022 Consolidated £	2022 Institute £	2021 Consolidated £	2021 Institute £
Interest on bank loan	2,601	2,601	19,397	19,397
Other finance costs	-	-	-	-
Total	2,601	2,601	19,397	19,397

5. Taxation

LIPA is a charitable company as stated in Accounting Policies note 20. There is no tax charge arising for the year (2021: £nil) in respect of subsidiary undertakings.

6. Intangible Assets (software) Consolidated and Institute

Cost	Total £
At 1 st August 2021	439,639
Additions	
Disposals	-
At 31 st July 2022	465,893
Depreciation	
At 1 st August 2021	195,965
Charge for the Year	67,914
Eliminated on Disposal	-

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts continued For the year ended 31st July 2022

At 31 st July 2022	263,879
Net Book Value	
At 31st July 2022	202,014
At 31 st July 2021	243,674

7. Tangible Fixed Assets Consolidated and Institute

	Freehold Land and Buildings £	Fixtures, Fittings and Equipment £	Art Works £	Total £
Cost				
At 1 st August 2021	16,223,608	5,527,684	197,092	21,948,384
Additions	82,452	705,554	-	788,006
Donated Assets	-	12,232	-	12,232
Write back of liability	(603,733)	-	-	(603,733)
Disposals	-	(466,156)	-	(466,156)
At 31 st July 2022	15,702,327	5,779,314	197,092	21,678,733
Depreciation				
At 1 st August 2021	1,428,376	3,755,466	197,092	5,380,934
Charge for the Year	292,397	451,495	-	743,892
Disposals	-	(466,156)	-	(466,156)
At 31st July 2022	1,720,773	3,740,805	197,092	5,658,670
Net Book Value				
At 31st July 2022	13,981,554	2,038,509	-	16,020,063
At 31st July 2021	14,795,232	1,772,218	-	16,567,450

Freehold Land and Buildings

The freehold buildings relates to the property at 68 Hope Street, Liverpool.

Freehold land includes land amounting to £1,000,000 which is not depreciated.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts continued For the year ended 31st July 2022

8. Assets held in Trust Consolidated and Institute

Cost	Total £
At 1 st August 2021	2,050,772
Additions	-
At 31 st July 2022	<u>2,050,772</u>
Depreciation	
At 1 st August 2021	624,941
Charge for the Year	<u>134,184</u>
At 31 st July 2022	<u>759,125</u>
Net Book Value	
At 31st July 2022	<u>1,291,647</u>
At 31 st July 2021	<u>1,425,831</u>

The assets held in trust represent the cost of capital works on the Liverpool Institute building.

Interest in Liverpool Institute 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 not be in the best interests of the Institute.

9. Non-Current Investments

Consolidated	Subsidiary Companies	Chattels and Memorabilia	Total
£	£	£	£
At 1 st August 2021	-	2,377	2,377
Additions	-	-	-
Disposals	-	-	-
Impairment	-	-	-
At 31st July 2022	-	2,377	2,377
Institute			
£	£	£	£
At 1 st August 2021	100	2,377	2,477
Additions	-	-	-
Disposals	-	-	-
Impairment	-	-	-
At 31st July 2022	100	2,377	2,477

Please refer to note 24 for additional details relating to the investment in the subsidiary company.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts continued For the year ended 31st July 2022

10. Stock			2022	2021
Consolidated and Institute			£	£
Canteen and bar stocks			<u>9,287</u>	<u>4,000</u>
11. Trade and Other Receivables	At 31st July 2022	At 31st July 2021		
Amounts due within one year	Consolidated	Institute	Consolidated	Institute
	£	£	£	£
Tuition and Other Fees	41,099	41,099	35,862	35,862
Other Debtors	184,220	184,220	166,378	166,378
Amount owed by subsidiary undertakings	-	-	-	-
Amounts owed by related undertakings	882	882	7,755	7,755
Prepayments and Accrued Income	341,448	341,448	308,434	308,434
	<u>567,649</u>	<u>567,649</u>	<u>518,429</u>	<u>518,429</u>
12. Cash and Cash Equivalents	At 31st July 2022	At 31st July 2021		
	Consolidated	Institute	Consolidated	Institute
	£	£	£	£
Cash and Cash Equivalents	<u>4,061,464</u>	<u>4,061,464</u>	<u>3,436,161</u>	<u>3,436,161</u>
13. Creditors: Amounts falling due within one year	At 31st July 2022	At 31st July 2021		
	Consolidated	Institute	Consolidated	Institute
	£	£	£	£
Bank loan	-	-	395,682	395,682
Trade Creditors	470,098	470,098	772,662	772,662
Taxation and Social Security	204,410	204,410	375,568	375,568
Accruals	287,126	287,126	367,948	367,948
Other Creditors and Deferred Income	1,397,426	1,397,526	1,216,372	1,216,472
	<u>2,359,060</u>	<u>2,359,160</u>	<u>3,128,232</u>	<u>3,128,332</u>

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 2022	At 31st July 2021		
	Consolidated	Institute	Consolidated	Institute
	£	£	£	£
Donations	-	-	4,000	4,000
Grants	3,072	3,072	-	-
	<u>3,072</u>	<u>3,072</u>	<u>4,000</u>	<u>4,000</u>

Bank Loan

Within the creditors falling due within one year for the year ended 31 July 2021, the bank loan refers to a secured loan originally taken out with RBS but then transferred to Santander plc. Security on the loan was in the form of a first legal charge against LIPA's property. The loan transferred to Santander plc was for an amount of £791,364 repayable over a remaining term of circa 18 months, at a rate of 3% plus base rate. The final repayment was made in January 2022.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts continued For the year ended 31st July 2022

14. Endowments	Restricted Permanent Endowments £	Unrestricted Permanent Endowments £	Expendable Endowments £	2022 Total £	2021 Total £
Balances at 1st August 2021					
Capital	-	-	235,372	235,372	238,689
Accumulated Income	-	-	31,637	31,637	30,965
	-	-	267,009	267,009	269,654
New Endowments	-	-	2,000	2,000	-
Investment Income	-	-	1,022	1,022	809
Expenditure	-	-	(5,220)	(5,220)	(3,454)
At 31st July 2022	-	-	264,811	264,811	267,009
Represented by:					
Capital	-	-	232,460	232,460	235,372
Accumulated Income	-	-	32,351	32,351	31,637
	-	-	264,811	264,811	267,009
Analysis by type of purpose					
Bursary and Prize Funds	-	-	60,918	60,918	62,909
Culture	-	-	181,995	181,995	181,270
Graduate Business Support	-	-	21,898	21,898	22,830
	-	-	264,811	264,811	267,009
Analysis by Asset					
Cash	-	-	264,811	264,811	267,009

15. Restricted Reserves Reserves with restrictions are as follows:

	Capital Grants £	Other Restricted Funds and Donations £	2022 Total £	2021 Total £
Balances at 1st August 2021	-	-	-	432,120
New Grants	-	-	-	-
New Donations	-	10,500	10,500	50,000
Investment Income	-	-	-	-
Capital Grant Utilised	-	-	-	-
Expenditure	-	(10,500)	(10,500)	(482,120)
At 31st July 2022	-	-	-	-
Analysis of Other Restricted Funds and Donations by type of purpose			2022 Total £	2021 Total £
Buildings			-	-
Other			-	-
			-	-

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 2022

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

	At 1 st August 2021	Cash Flows	At 31 st July 2022
	£	£	£
Cash at Bank and on Deposit	3,436,161	625,303	4,061,464
Other	-	-	-
	<u>3,436,161</u>	<u>625,303</u>	<u>4,061,464</u>

17. Consolidated reconciliation of net credit

	31 July 2022 £
Net credit at 1 August 2021	3,040,479
Movement in cash and cash equivalents	1,020,985
Other non-cash changes	-
Net credit at 31 July 2022	<u>4,061,464</u>
Change in net credit	<u>1,020,985</u>

Analysis of net credit:

	31 July 2022 £	31 July 2021 £
Cash and cash equivalents	4,061,464	3,436,161
Borrowings: amounts falling due within one year		
Secured loans	-	(395,682)
Borrowings: amounts falling after more than one year		
Secured loans	-	-
Net credit	<u>4,061,464</u>	<u>3,040,479</u>

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

	2022 £	2021 £
Commitments contracted for refurbishment of estates	330,066	-
Other capital additions	88,997	-
	<u>419,063</u>	<u>-</u>

Capital commitments are funded from cash reserves.

19. Contingent Assets and Liabilities Consolidated and Institute at 31st July

	2022 £	2021 £
Guarantees	-	-

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts continued For the year ended 31st July 2022

20. Lease Obligations

Consolidated and Institute

Total Rentals payable under Operating Leases

	31 st July 2022		31 st July 2021	
	Plant and Machinery £	Other Leases £	Total £	Total £
Payable during the year	9,455	-	9,455	9,545
Future minimum Lease payments due				
Not later than one year	9,455	-	9,455	9,455
Later than 1 year and not later than 5 years	-	-	-	9,455
	18,910	-	18,910	28,455

21. Financial assets and liabilities

	31 st July 2022		31 st July 2021	
	Consolidated £	Institute £	Consolidated £	Institute £
Financial assets measured at amortised cost	4,287,665	4,287,665	3,646,156	3,646,156
Financial liabilities measured at amortised cost	1,418,907	1,418,807	2,187,397	2,187,397

22. Events after the Reporting Period

There were no significant events after the after the reporting period that impact the results for the year or the balance sheet at 31st July 2022.

23. Subsidiary Undertaking

During the year ended 31st July 2022, LIPA had one wholly owned subsidiary, LIPA Enterprises Limited (which is registered at the same address as LIPA).

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

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 were recharged directly to it without uplift. In the year to 31st July 2022, LIPA charged The LIPA Primary School £70,917 for support services (2021: £95,279). Further to this, there were other intercompany sales of £3,842 in relation to cleaning and postal charges.

At 31st July 2022 The LIPA Primary School owed LIPA £nil (2021: £2,642).

24.2 The LIPA Sixth Form College (from 1st May 2022, The LIPA Multi Academy Trust)

Salaries and third-party costs paid by LIPA on behalf of The LIPA Sixth Form College were recharged directly to it without uplift. In the year to 31st July 2022, LIPA charged The LIPA Sixth Form College (and from 1st May 2022, the LIPA Multi Academy Trust) £153,966 for support services (2021: £121,345). Further to this, there were other intercompany sales of £406 in relation to cleaning and postal services.

At 31st July 2022 The LIPA Multi Academy Trust owed LIPA £882 (2021: £5,114).

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts continued For the year ended 31st July 2022

24.3 Transfer of Undertakings (Protection of Employment) (TUPE) Procedure

On 1 April 2022 the staff members employed by LIPA on behalf of the LIPA Primary School and LIPA Sixth Form College transferred their employment status to the LIPA Sixth Form College via a TUPE transfer. All future rights and liabilities passed to the LIPA Sixth Form College on that date.

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

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 FRS102 Section 33.

25.3 LIPA members

M Featherstone-Witty, the Founding Principal and former CEO, is a Member of the company. In the year he received remuneration of £4,871. His remuneration for the previous year is disclosed in note 2. Mr J Dimmock, a Member of the company, received remuneration of £2,777 for services provided to the company in the year (2021: £24,255). K. Dimmock, a close family member of J. Dimmock is also employed by the company. R Grey, another Member of the company, is a consultant with Swan Turton LLP, who received payments of £6,837 in relation to professional services (2021: £8,912). J Thornton, who is a paid employee of the company and is also a Member received remuneration of £58,278 during the year (2021: £57,418).

In addition to this, no other travel expenses were paid (2021: £89 in relation to one individual).

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 Education has provided the information below in order to meet the requirements of Financial Reporting Standard 102 Section 28.

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). 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 Public Service Pensions Act (2013) 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 – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

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 1 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 LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts continued For the year ended 31st July 2022

As a result of the latest scheme valuation employer contributions were increased in September 2019 from a rate of 16.4% to 23.6%. Employers also pay a charge equivalent to 0.08% of pensionable salary costs to cover administration expenses.

The next valuation is expected to take effect in 2023.

A copy of the latest valuation report can be found by following this link to the [Teachers' Pension Scheme website](#).

Scheme Changes

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, rejected the Government's application for permission to appeal the Court of Appeal's ruling and subsequently referred the case to an Employment Tribunal to determine a remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

Since then, claims have also been lodged against the main public service schemes including the TPS. The Department has conceded those in line with the rest of the government. In July 2020 HM Treasury launched a 12-week public consultation which will provide evidence to support the delivery of an appropriate remedy for the affected schemes, including TPS.

A final remedy will be determined once the results of the consultation are established.

In December 2019, a further legal challenge was made against the TPS relating to an identified equalities issue whereby male survivors of opposite-sex marriages and civil partnerships are treated less favourably than survivors in same-sex marriages and civil partnerships. The Secretary of State for Education agreed not to defend the case. In June 2020, the Employment Tribunal recorded its findings in respect of the claimant. DfE is currently working to establish what changes are necessary to address this discrimination.

Any impact of these events will be taken into account when the next scheme valuation is implemented. This is scheduled to be implemented in April 2023, based on April 2020 data.

The pension costs paid to TPS in the year amounted to £657,177 (2021: £607,209) and the total amount outstanding as at 31st July 2022 was £71,385 (2021: £107,181).

26.2 Defined Contribution Scheme

The employer's contributions payable in respect of defined contribution scheme arrangements were £331,926 (2021: £331,269). The amount outstanding at 31st July 2022 was £nil (2021: £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.

27. Legal Form

LIPA is a company limited by guarantee in the United Kingdom, with registration number 02511501. The company is a registered charity, number 1001565. The registered office is: Mount Street, Liverpool, L1 9HF.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

England & Wales - Charity number 1001565

Accounts

**THE LIVERPOOL INSTITUTE FOR
PERFORMING ARTS**

ANNUAL REPORT

YEAR ENDED 31st JULY 2021

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

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

**Annual Report
For the year ended 31st July 2021**

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THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Legal and Administrative Details For the year ended 31st July 2021

Status

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

Registered Office

Mount Street
Liverpool
L1 9HF

Advisors

Bankers

Santander plc
Bridle Road
Bootle
Merseyside
L30 4GB

Solicitors

Swan Turton
68A Neal Street
London
WC2H 9PA

Weightmans LLP
100 Old Hall Street
Liverpool
L3 9QJ

Financial Statements Auditors

Crowe UK LLP
3rd Floor
The Lexicon
Mount Street
Manchester
M2 5NT

Internal Auditors

RSM Risk Assurance Services LLP
14th Floor
20 Chapel Street
Liverpool
L3 9AG

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Operating and Financial Review For the year ended 31st July 2021

The directors present their Annual Report, including the Strategic Report, together with the group's audited Financial Statements for the year ended 31st July 2021.

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	Kim Johnson (from 6 July 2021)
Gina Carter	Ian Jones - Chair
James Dow	Sean McNamara (from 3 September 2021)
Louise Ellman	Roger Morris
Victoria Fea	David Owen
Mark Featherstone-Witty	Frank Sanderson (to 25 June 2021)
Jonathan Ford (to 25 June 2021)	Simeon Scheuber-Rush (from 9 November 2020)
Simon Fowler	Andrew Westwood
Geoffrey Goodwin - Vice Chair	Claire Workman
Joe Johnson (from 4 August 2021)	Richard Young (to 25 June 2021)

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. Apart from the Chief Executive, none of the trustees (except for the designated staff trustee) receive 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.

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 Founder: 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.

4. Strategic Report

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Operating and Financial Review For the year ended 31st July 2021 continued

As a registered charity, the strategic report contains key aspects of LIPA's performance relating, but not limited to:

- Review of Activities and Achievement;
- Results for the year;
- Capital expenditure;
- Cash flows;
- Treasury Policies and Objectives;
- Public Benefit;
- Strategy and Risk;
- Estates; and
- Immediate Prospects.

5. Review of Activities and Achievement

(a) Higher Education

Undergraduate and Postgraduate Programmes

A total of 869 students undertook LIPA's BA degree programmes as follows:

BA Acting	108
BA Acting (Screen and Digital Media)	30
BA Applied Theatre and Community Drama	66
BA Creative Technologies and Performance	25
BA Dance	94
BA Management of Music, Entertainment, Theatre and Events	91
BA Music	96
BA Music Songwriting and Performance	107
BA Music Songwriting and Production	60
BA Sound Technology	84
BA Theatre and Performance Design	50
BA Theatre and Performance Technology	58

Of the students, 695 were from the UK, 47 from countries within the EU and 127 from countries outside the EU. Further to this, 28 students undertook LIPA's postgraduate programmes.

LIPA's 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, LIPA's academic standards need to comply with those monitored by the Quality Assurance Agency (QAA) for Higher Education. The most recent QAA review in 2015 resulted in the following outcomes:

- 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.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Operating and Financial Review For the year ended 31st July 2021 continued

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.

Foundation Certificate

In addition to the BA and MA courses, 5 students studied on the LIPA foundation certificate in Popular Music and Music Technology, 15 students undertook the LIPA foundation certificate in Dance and 37 students undertook the LIPA foundation certificate in Acting.

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. A recent survey of students has shown that over the most recent four year period, 89% of LIPA's graduates are in work four years after leaving, while 78% work in the performing arts.

(b) LIPA 4-19 Part Time Academy

LIPA 4-19 is a part time performing arts academy for 4 to 19 year olds. 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 learned 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 and advanced classes. In general, all LIPA managed courses are oversubscribed with a large waiting list, indicating acceptance amongst students and parents.

Many of the students aged 7 to 19 undertook singing exams in 2020/21 and early starters aged 5 to 6 undertook dance exams.

Many students graduating from LIPA 4-19 have been accepted at highly credited colleges such as Guildford School of Acting, Performers College, Arts Educational, Urdang Academy, Mountview Academy of Theatre Arts, the Royal Academy of Dramatic Art (RADA) and Central School of Speech and Drama.

Once the students reach 16, many of them go on to train at the LIPA Sixth Form College and have also been accepted to study at LIPA on the degree courses.

LIPA 4-19 activity has additional corporate benefits: non-government revenue streams, utilisation of specialist facilities outside the normal Higher Education usage and generating expansion without the need for high levels of capital investment.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Operating and Financial Review

For the year ended 31st July 2021 continued

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 2019 and in accordance with note 1 of the Accounting Policies.

At 31st July 2021 the group had free reserves of £18,802,681, cash at bank of £3,436,161 and borrowings of £395,682 (none of which were long-term borrowings). The directors believe that sufficient resources are available to fulfil adequately the obligations of the group.

The group experienced a deficit on continuing operations in the year of £201,940 (2020: £2,025,169 surplus, which included Office for Students (OfS) Catalyst capital funding of £1,705,666). The overall figure represents a deficit of 1.8% on income (2020: 15.4% surplus). The financial objectives of the group include a targeted return of at least 3% of income. This has not been achieved in the year to 31st July 2021, predominantly due to events linked to the COVID-19 pandemic resulting in a loss of commercial income coupled with increased costs.

Total income decreased by £1,677,186 to £11,496,228. The decrease in income is mainly due to a reduction in Catalyst capital funding from the OfS compared to the previous year coupled with a loss of commercial income relating to the COVID-19 pandemic.

Income from OfS sources totalled £590,656 (2020: £2,544,598). This represents 5.1% of total income (2020: 19.3%). As noted above, the 2020 figures are skewed by receipt of Catalyst funding, which was for a project that ended in the previous year, and is therefore not included in the figures for the year to 31st July 2021.

Operating expenditure increased by £549,924 to £11,698,169. This is primarily due to the COVID-19 pandemic which meant that some expenditure from the year to 31st July 2020 was deferred and incurred in the year to 31st July 2021. Furthermore, additional costs related to increased student numbers, additional COVID-19 costs and other administrative expenditure resulted in costs increasing more than anticipated. The major element of expenditure related to staff costs, which increased by £440,836 to £7,707,485. Staff costs represented 67% of total income and 65.9% of total expenditure (2020: 55.2% and 65.2% respectively). Staff costs were not affected by the COVID-19 pandemic as LIPA continued to pay its staff throughout the pandemic.

Operating expenses increased by £142,148 to £3,041,412.

The group had net assets of £19,069,690 at 31st July 2021.

7. Capital Expenditure

The total capital additions in the year were £313,536 (2020: £3,470,437). This money represents a continuance of our investment in our facilities and infrastructure. Given the large amount of expenditure in previous years, the year to 31st July 2021 represented a consolidation of the current position, with further capital enhancements planned in future.

8. Cash Flows

The consolidated Cash Flow shows a net cash inflow from operating activities of £1,089,486 (2020: £3,025,137).

Total cash balances and deposits were £3,436,161 at 31st July 2021 (2020: £3,226,586). The group had borrowings of £395,682 at 31st July 2021 (2020: £772,501).

During the year, LIPA maintained healthy cash balances which were higher than the planned balances in the cash flow forecast. External borrowing was agreed in principle with LIPA's bankers, Santander, but was not deemed necessary to be drawn down during the year.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Operating and Financial Review For the year ended 31st July 2021 continued

9. Subsidiary Undertakings

The company has one subsidiary undertaking, LIPA Enterprises Limited. Any distributable surpluses generated by the subsidiary are transferred to the Institute by way of donation in accordance with the Memorandum and Articles of Association. The company has been dormant since 1 August 2020 and has generated no surplus or deficit in the year to 31 July 2021 (2020: surplus £2,096).

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.

11. Endowment Reserves

Expendable endowment funds represent bursaries and student project funds which are to be distributed over a significant period of time.

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 surplus cash 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 and only holds money with large high-street lenders (primarily the Royal Bank of Scotland group and Santander plc).

13. Pensions

The Institute participates in only one defined benefit 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 contribution scheme. After each valuation the future contribution rates are adjusted. The last adjustment occurred in March 2016, with contributions being increased from September 2019. A full explanation of pension commitments is given in note 27 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. Excluding disputed amounts, creditor payment days at 31st July 2021 were 13 days (2020: 16 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, undergraduate interview and audition events were undertaken. Due to the COVID-19 pandemic, these were delivered as virtual events during 2020/21, but they followed the same access and widening participation protocols. 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 accessibility software.

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 2020/21 to 2024/25 Access & Participation Plan. These are targeted towards:

- First degree entrants from lower socio-economic groups;

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

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For the year ended 31st July 2021 continued

- Those from black and minority ethnic groups;
- Mature learners; and
- Students from low participation neighbourhoods.

LIPA is also keen to promote applications and support pupils with disabilities and those with experience of being in care.

In pursuit of these objectives LIPA provides a number of financial support initiatives. In the year to 31st July 2021 these included:

- A LIPA bursary of £560 to all students with a household income of £25,000 or below; and
- A care leavers bursary of £1,000 to students who joined us aged 25 or over and who had been in care for six months or more prior to their 16th birthday.

Due to the adoption of online auditions and interviews for 2021 entrants, we chose not to charge audition fees to applicants for any of our courses during 2020/21.

Through the Widening Participation (WP) team's activity, LIPA offers a range of opportunities for young people across the country that are 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.

Due to the COVID-19 pandemic, all activities between September 2020 and March 2021 were delivered virtually. A combination of virtual and in-school delivery took place from April onwards. On-campus activities did not recommence until July 2021.

During the year to 31st July 2021, LIPA worked closely with seven 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:

- 33 tailored support workshops and visits, known as LIPA Tasters, in partner schools with Year 7, 8 and 9 students (and on occasion Year 10 students in a few schools); and
- Year 9 taster events between April and June, open to partner schools plus others from across Merseyside.

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 during this year consisted of:

- Review by WP staff of self-tape submissions and online auditions onto the programme, designed, in part, to give participants audition experience;
- A series of online taster sessions during November / December and February half term aimed at prospective participants;
- Regular communications over the autumn for those signed up to the programme, including pre-recorded taster workshop sessions;
- An online 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 9 participants and their families;
- LIPA XTRA, a 3-day course (delivered online due to COVID-19) attended by 9 Year 10 students who are considering progressing to performing arts related Higher Education courses in the future. They chose to study acting, backstage or music for the duration of the course and participated in a series of online practical workshops;
- The LIPA Summer Xperience, a 5-day summer school – which this year focused on film making - attended by 15 students finishing Year 10. Working together across four disciplines to put on their own showreel, the week culminated in a recording which was shared with participants and their families;
- 16 after-school skills workshops for Year 11 students between January and March 2021 covering various topics in acting, dance, music / singing and making performance possible (4 per discipline);

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Operating and Financial Review

For the year ended 31st July 2021 continued

- A 1-day on-campus project in July for Year 11 students, attended by 8 participants, with an emphasis on planning for next steps into careers in the performing arts.

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

- Get Set, a 5-day course (delivered online due to coronavirus) attended by 21 students who are interested in applying to LIPA for 2022 entry. They chose to study acting, dance, music / singing or making performance possible for the duration of the project, which included a focus on application and audition awareness. Get Set participants also took part in a series of online evening activities;
- A range of workshops with six partner colleges for young people studying performing arts and making performance possible subjects at level 3 and considering Higher Education for 2021 and 2022 entry (additional workshops were also offered through our schools and colleges liaison work);
- Additional audition preparation support for students from low participation neighbourhoods throughout January, February and March; and
- Seven online open live Q&A events across the year with LIPA student/graduate panels.

Due to the pandemic restricting our ability to deliver in-person outreach, a series of online resources were created for both pre-16 and post-16 learners. These were made available to Merseyside schools and targeted colleges during January 2021 and included around 30 pre-recorded workshops / lesson recordings covering multiple disciplines. The intention was that these could be used by schools / colleges to support group lessons being delivered at home, or that providers could direct individuals to access these in their own time. We also used our LIPA WP social media accounts in various ways to provide information, advice and guidance, share resources and encourage interest in our activities across this year.

LIPA also responded to a variety of requests for ad-hoc activities from various schools and community groups. In the year to 31st July 2021 LIPA provided:

- Six online taster sessions plus four additional in-school workshops for non-partner schools and colleges;
- Two collaborative talks with other HE providers through the Unifrog platform;
- Attendance at two online careers fairs with a virtual LIPA / HE information stand;
- Online sessions linked to raising awareness of International Dance Day and Mental Health Awareness Week;
- Four Music Theory preparation workshops in November 2020 for 10 students interested in applying to music courses;
- Hosting for an arts week programme for looked after young people, delivered by Collective Encounters; and
- Cover of travel costs for a local school to attend a public performance put on by Applied Theatre and Community Drama students.

LIPA has also engaged in activities closer to home, supporting its additional education ventures. Pupils currently at the LIPA Primary School participated in a series of live and online inspirational assemblies and workshop sessions in acting, singing, dance and backstage delivered through LIPA's widening participation provision. Learners at LIPA Sixth Form College participated in activities designed to raise awareness of the process for applying to study in Higher Education and to assist with building confidence and skills for preparing auditions / interviews, including live online Q&As and discipline workshops as well as mentoring sessions for Design for Performance / Technical Theatre students.

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 funding relating to support of the UniConnect programme (formerly known as NCOP).

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.

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Operating and Financial Review

For the year ended 31st July 2021 continued

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 a series of public performances, which included 'live streaming' of shows to the public at no cost. The live streaming was a response to the COVID-19 pandemic;
- 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. COVID-19 has meant that some objectives in the strategic plan have not been achieved, but these will be assessed and continued forward where appropriate.

Applications to LIPA each year are approximately eight times the number of places available. As noted above it had free cash of £3,436,161 available at 31st July 2021 and borrowings of £395,682 at that date.

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:

- The impact of COVID-19 on staff, students and the ability to continue to deliver high quality programmes despite social distancing restrictions;
- Potential changes in the funding arrangements for UK students;
- Increased competition in the Higher Education marketplace;
- The UK leaving the European Union, and the impact of this on international student recruitment patterns and staff mobility; and
- The impact of the loss of Institute Specific Funding.

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

- Continue to provide high quality 'in person' teaching in line with UK Government guidelines, thereby providing the best possible student experience;
- Maintain and increase the level of student intake, in terms of both quality and numbers, including overseas students;
- Develop new facilities, including additional rehearsal and performance spaces, designed specifically to meet LIPA's specialist needs;
- Manage costs appropriately whilst balancing the needs of the student experience; and
- Monitoring the wider economic and political landscape, especially linked to the UK's withdrawal from the European Union.

18. OfS Funding

For the year ended 31st July 2021 OfS income provided 5.1% of LIPA's total funding. This included capital grant income. The majority of UK student funding is through loans provided by the Student Loan Company to students to fund their tuition fees.

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Operating and Financial Review For the year ended 31st July 2021 continued

19. Estates

LIPA has been operating for circa 25 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.

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. Following extensive alteration work, the building now provides high quality teaching spaces for the benefit of LIPA students.

At the time of writing this report, the contractor's final account for the renovation of 68 Hope Street remains under negotiation, but we anticipate that there should be a conclusion to this matter during the fiscal year 2021/22. A liability of £623,477 relating to this matter is included within these financial statements, but this is under legal dispute.

20. Immediate Prospects

LIPA appointed a new Principal and CEO, Sean McNamara, who was appointed from 1st September 2021 and has replaced the Founding Principal and outgoing CEO, Mark Featherstone-Witty.

Following completion of the investment phase of the LIPA 2022 Project (the total project value was £6,907,000, of which the Office for Students provided £3,873,000), the Institute will continue to develop and evolve its curriculum offer in accordance with the project plan and the agreed project milestones. Further to this, the Institute will continue to invest in its infrastructure and facilities to the benefit of its students.

New courses created as part of the LIPA 2022 Project will continue to grow and further courses are also planned to allow a broader remit of training to be provided, all within the overarching strategic objective of the company.

Whilst investing in the future, the Group will also continue to:

- 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; and
- Review all new appointments as posts become available.

21. The LIPA Primary and High 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 include LIPA Members and Council Directors, the company does not constitute a subsidiary of LIPA.

The LIPA Primary School filled up all year groups as of September 2020 and was graded as 'good' by Ofsted following an inspection in July 2017. Commencing September 2021, it changed its name and remit to become a through-school, entitled the LIPA Primary and High School. This coincided with an intake of 52 pupils into Year 7. There are plans in place for the School to join with the LIPA Sixth Form College to form a Multi Academy Trust.

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

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Operating and Financial Review

For the year ended 31st July 2021 continued

company limited by guarantee, with charitable status. Whilst its members and governors include LIPA Members and Council Directors, the company does not constitute a subsidiary of LIPA.

The LIPA Sixth Form College is now full. The College was graded as 'outstanding' by Ofsted following an inspection in February 2020. The College is based in 70 Hope Street, which is adjacent to LIPA.

There are plans in place for the College to join with the LIPA Primary and High School to form a Multi-Academy Trust.

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, the OfS, employers, government offices, 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.

25. Fundraising

LIPA does not carry out fundraising to the general public.

26. Going Concern

After a thorough review of the Group's status as a going concern, the Council has agreed that the Group has sufficient resources to continue to meet its obligations as they arise over the next 12 months. The Group has a five-year financial forecast that is cash positive. Student numbers for the September 2021 intake are in line with our expectations and, up to the time of signing these financial statements, student withdrawal levels are not out of line with previous years. The Group has undertaken stress testing on the assumptions within its financial forecasts and believe that the risk of significant adverse performance is very low.

27. Financial Statements Auditors

A resolution to reappoint Crowe 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

Katharine Dimmock

Katharine Dimmock (Nov 30, 2021 15:42 GMT)

K Dimmock
Company Secretary
26 November 2021

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Corporate Governance Statement For the year ended 31st July 2021 continued

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 Chairs (CUC) Higher Education Code of Governance 2020. In carrying out its duties it also has regard for the best practice in The UK Corporate Governance Code 2018, 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 CUC Higher Education Code of Governance. 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 financial statements 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;

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For the year ended 31st July 2021 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. 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).

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.

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Operating and Financial Review For the year ended 31st July 2021 continued

The Audit Committee meets four times a year, with the company's Financial Statements Auditors 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 the OfS 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 Financial Statements Auditors and Internal Auditors on their own for independent discussions.

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 Principal. The Remuneration Committee has agreed that it will be guided by the CUC HE Senior Staff Remuneration Code but would not formally adopt it.

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

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.

LIPA is the sponsor of the LIPA Primary School and the LIPA Sixth Form College. Both are separate legal entities and these financial statements do not consolidate LIPA's figures with those of the sponsored academies.

The Council is ultimately responsible for the company's system of internal control and for reviewing its effectiveness to ensure that LIPA upholds regularity and propriety in the use of public funding. 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 2021 and up to the date of approval of the Financial Statements and accords with OfS 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 financial statements 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 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;

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Operating and Financial Review

For the year ended 31st July 2021 continued

- 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. This is the same for the Financial Statements Audit function.

The Internal Auditors submit regular reports on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement. Similarly, the Financial Statements Auditors have the opportunity to suggest control improvements during their audit process. All recommendations made are monitored and tracked to completion by the Audit Committee.

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 Financial Statements Auditors in their management letter and other reports. No significant control weaknesses have arisen during the year.

ON BEHALF OF THE BOARD

Geoffrey Goodwin

Geoffrey Goodwin (Nov 30, 2021 17:57 GMT)

G. Goodwin
Vice Chair of Council
26 November 2021

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Trustees' Responsibilities Statement For the year ended 31st July 2021

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.

The 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 Review including the Strategic 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, through its Accounting Officer, is required to prepare the financial statements in accordance with the terms and conditions of the OfS's Terms and conditions of funding for higher education institutions 2020-21 (issued May 2020) 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 OfS's Terms and conditions of funding for higher education institutions 2020-21 (issued May 2020), the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 edition), and any subsequent amendments, the Office for Student's Accounts Direction (issued October 2019) and the Companies Act 2006. Council is 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 the OfS and other funding bodies are used only for the proper purposes for which they have been given and seek to achieve value for money in accordance with the OfS's Terms and conditions of funding for higher education institutions 2020-21 (issued May 2020) and any other conditions which the funding body may from time to time prescribe;
- 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;
- Ensure that there is regular, reliable, timely and adequate information to monitor performance and track the use of public funds;
- Plan and manage the Institute's activities to remain sustainable and financially viable;
- Ensure that it informs the OfS of any material change in its circumstances, including any significant developments that could impact on the mutual interests of the Institute and the OfS;
- Ensure that there are adequate and effective arrangements for the management and quality assurance of data submitted to the Higher Education Statistics Agency, the Student Loans Company, the OfS and other funding or regulatory bodies;
- Ensure an effective framework – overseen by the Institute's academic board or equivalent – to manage the quality of learning and teaching and to maintain academic standards; and

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Trustees' Responsibilities Statement For the year ended 31st July 2021 continued

- Consider and act on the OfS's assessment of the Institute's risks specifically in relation to these funding purposes.

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.

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 as members 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:

Sean McNamara

Sean McNamara (Nov 30, 2021 17:24 GMT)

S. McNamara
Director
26 November 2021

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Financial Statements Auditor's report to the Council of The Liverpool Institute for Performing Arts For the year ended 31st July 2021

Opinion

We have audited the financial statements of The Liverpool Institute for Performing Arts for the year ended 31 July 2021 which comprise Consolidated and Institute Statement of Comprehensive Income, the Consolidated and Institute Statement of Changes in Reserves, the Consolidated and Institute Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including 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 charitable company's affairs as at 31 July 2021 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Financial Statements Auditor's report to the Council of The Liverpool Institute for Performing Arts For the year ended 31st July 2021 continued

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 trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, 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 included within the trustees' report have been prepared in accordance with applicable legal requirements.

Opinion on other matters prescribed by the OfS accounts direction (issued October 2019)

In our opinion, in all material respects:

- Funds from whatever source administered by the parent institute for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- Funds provided by the OfS have been applied in accordance with the relevant terms and conditions; and any other terms and conditions attached to them; and
- The requirements of the OfS's accounts direction (issued October 2019) have been met.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of 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 trustees

As explained more fully in the Trustees' Responsibilities Statement set out on pages 17 to 18, the trustees (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, and for such internal control as the trustees 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 trustees are responsible for assessing the charitable company'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 trustees either intend to liquidate the charitable company 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.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Financial Statements Auditor's report to the Council of The Liverpool Institute for Performing Arts For the year ended 31st July 2021 continued

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, Charities Act 2011 and employment legislation.
- Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustees and other management and inspection of regulatory and legal correspondence, if any.
- We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management and completeness of income. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, sample testing from grant and contract documentation, proof in total of tuition fees from the SITS report database and project income from the register.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations. 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.

Use of our report

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

Vicky Szulist

Vicky Szulist
Senior Statutory Auditor
for and on behalf of Crowe UK LLP
The Lexicon
Mount Street
Manchester
M2 5NT

7 December 2021

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Consolidated and Institute Statement of Comprehensive Income and Expenditure
For the year ended 31st July 2021

Year ended 31 st July		2021	2021	2020	2020
INCOME		Consolidated	Institute	Consolidated	Institute
	Notes	£	£	£	£
Tuition Fees	1.1	10,092,282	10,092,282	9,511,165	9,511,165
Funding Body Grants	1.2	590,656	590,656	2,544,598	2,544,598
Project Income	1.3	254,116	254,116	339,399	339,399
Other Income	1.4	502,824	502,824	729,816	728,566
Investment Income	1.5	5,726	5,726	7,175	7,175
Total Income before Donations and Endowments		11,445,604	11,445,604	13,132,153	13,130,903
Donations and Endowments	1.6	50,624	50,624	41,261	42,012
Total Income		11,496,228	11,496,228	13,173,414	13,172,915
EXPENDITURE					
Staff Costs	2	7,707,485	7,707,485	7,266,649	7,266,649
Other Operating Expenses	3	3,041,412	3,041,412	2,899,264	2,900,110
Depreciation		929,875	929,875	945,691	945,691
Interest and Other Finance Costs	4	19,397	19,397	36,642	36,642
Total Expenditure		11,698,169	11,698,169	11,148,245	11,149,092
(Loss) / Surplus before Tax		(201,941)	(201,941)	2,025,169	2,023,823
Taxation	5	-	-	-	-
(Loss) / Surplus and Total Comprehensive Income for the year		(201,941)	(201,941)	2,025,169	2,023,823
Represented by: Unrestricted (expenditure) / income for the year		(249,296)	(249,296)	2,015,699	2,014,353
Restricted income for the year		50,000	50,000	10,000	10,000
Endowment (expenditure) / income for the year		(2,645)	(2,645)	(530)	(530)

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

**Financial Statements Auditor's report to the Council of The Liverpool Institute for Performing Arts
For the year ended 31st July 2021 continued**

<u>(201,941)</u>	<u>(201,941)</u>	<u>2,025,169</u>	<u>2,023,823</u>
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All amounts relate to continuing operations.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

**Consolidated and Institute Statement of Changes in Reserves
For the year ended 31st July 2021**

	Income and Expenditure Account			
	Endowment	Restricted	Unrestricted	Total
Consolidated	£	£	£	£
Balance at 1st August 2019	270,184	422,120	16,554,158	17,246,462
(Deficit)/Surplus from the Income and Expenditure Account	(530)	10,000	2,015,699	2,025,169
Balance at 1st August 2020	269,654	432,120	18,569,857	19,271,631
(Deficit) / Surplus from the Income and Expenditure Account	(2,645)	50,000	(249,296)	(201,941)
Transfers between funds	-	(482,120)	482,120	-
Total Comprehensive Income for the year	(2,645)	(432,120)	232,825	(201,941)
Balance at 31st July 2021	267,009	-	18,802,681	19,069,690
Institute				
Balance at 1st August 2019	270,184	422,120	16,555,504	17,247,808
(Deficit)/Surplus from the Income and Expenditure Account	(530)	10,000	2,014,353	2,023,823
Balance at 1st August 2020	269,654	432,120	18,569,857	19,271,631
(Deficit) / Surplus from the Income and Expenditure Account	(2,645)	50,000	(249,296)	(201,941)
Transfers between funds	-	(482,120)	482,120	-
Total Comprehensive Income for the year	(2,645)	(432,120)	232,825	(201,941)
Balance at 31st July 2021	267,009	-	18,802,681	19,069,690

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Consolidated and Institute Balance Sheets
Registered number: 02511501

	Notes	As at 31 st July 2021		As at 31 st July 2020	
		Consolidated	Institute	Consolidated	Institute
		£	£	£	£
Non-Current Assets					
Intangible Assets	6	243,674	243,674	272,232	272,232
Fixed Assets	7	16,567,450	16,567,450	17,016,666	17,016,666
Assets Held in Trust	8	1,425,831	1,425,831	1,564,396	1,564,396
Investments	9	2,377	2,477	2,377	2,477
		18,239,332	18,239,432	18,855,671	18,855,771
Current Assets					
Stock	10	4,000	4,000	4,850	4,850
Trade and Other Receivables	11	518,429	518,429	549,263	549,263
Cash and Cash Equivalents	12	3,436,161	3,436,161	3,226,586	3,226,586
		3,958,590	3,958,590	3,780,699	3,780,699
Less: Creditors					
Amounts Falling Due Within One Year	13	(3,128,232)	(3,128,332)	(3,137,763)	(3,137,863)
Net Current Assets		830,358	830,258	642,936	642,836
Total Assets less Current Liabilities		19,069,690	19,069,690	19,498,607	19,498,607
Less: Creditors					
Amounts Falling Due after more than One Year	14	-	-	(226,976)	(226,976)
Total Net Assets		19,069,690	19,069,690	19,271,631	19,271,631
Restricted Reserves					
Income and Expenditure Reserve – Endowment Reserve	15	267,009	267,009	269,654	269,654
Income and Expenditure Reserve – Restricted Reserve	16	-	-	432,120	432,120
Unrestricted Reserves					
Income and Expenditure Account - Unrestricted		18,802,681	18,802,681	18,569,857	18,569,857
Total Funds		19,069,690	19,069,690	19,271,631	19,271,631

Approved by the board on 26 November 2021 and signed on its behalf by:

Geoffrey Goodwin

G. Goodwin – Vice Chair of Council

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

**Financial Statements Auditor's report to the Council of The Liverpool Institute for Performing Arts
For the year ended 31st July 2021 continued**

Sean McNamara
Sean McNamara (Nov 30, 2021 17:24 GMT)

S. McNamara
Director
26 November 2021

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Consolidated Statement of Cash Flows
For the year ended 31st July 2021

	2021	2020
	£	£
Cash Flow from Operating Activities		
Surplus for the year ended 31 st July	(201,941)	2,025,169
Adjustment for Non-Cash Items		
Depreciation	929,875	945,691
Decrease in Stock	850	2,160
Decrease / (Increase) in Debtors	30,834	440,160
(Decrease) / Increase in Creditors	316,197	(388,296)
Assets Donated	-	(29,214)
Adjustment for Investing or Financing Activities		
Investment Income	(5,726)	(7,175)
Interest Payable	19,397	36,642
Loss on Sale of Fixed Assets	-	-
Net Cash Inflow from Operating Activities	1,089,486	3,025,137
Cash Flows from investing activities		
Investment Income	5,726	7,175
Payments made to Acquire Fixed Assets	(489,421)	(3,887,715)
	(483,695)	(3,880,540)
Cash flows from financing activities		
Interest Paid	(19,397)	(36,642)
Loan Repaid	(376,819)	(545,526)
	(396,216)	(582,168)
Increase/(Decrease) in Cash and Cash Equivalents in the year	209,575	(1,437,571)
Cash and Cash Equivalents at beginning of the year	3,226,586	4,664,157
Cash and Cash Equivalents at end of the year	3,436,161	3,226,586

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Accounting Policies

For the year ended 31st July 2021

1. Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 edition) 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.

1.1 The financial statements have been prepared under FRS 102.

1.2 The financial statements are presented in sterling (£).

1.3 Going Concern - After a thorough review of the Group's status as a going concern, the Council has agreed that the Group has sufficient resources to continue to meet its obligations as they arise over the next 12 months. The Group has a five-year financial forecast that is cash positive. Student numbers for the September 2021 intake are in line with our expectations and, up to the time of signing these financial statements, student withdrawal levels are not out of line with previous years. The Group has undertaken stress testing on the assumptions within its financial forecasts and believe that the risk of significant adverse performance is very low.

2. Basis of consolidation

The consolidated financial statements include the company and its subsidiary for the financial year to 31st July 2020. Intra-group transactions are eliminated on consolidation. In the financial year to 31st July 2021, the subsidiary was dormant and therefore there were no transactions within it.

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 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 Statement of Comprehensive Income and 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 are recognised within the Statement of Income and Expenditure over the periods in which the Institute recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Accounting Policies continued For the year ended 31st July 2021

Other grants and donations from non-government sources are recognised within the 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 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 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 Statement of Comprehensive Income and Expenditure in line with such conditions being met.
- 4.8** Non-exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor-imposed restrictions are recognised within the 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 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 Statement of Comprehensive Income and Expenditure 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 Section 28 of FRS102, 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 Section 28.11 of FRS102 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 Statement of Comprehensive Income and Expenditure 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.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Accounting Policies continued For the year ended 31st July 2021

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.

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 stated at cost less accumulated amortisation. 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.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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. Assets held in trust

Assets held in trust include additions to the Liverpool Institute building. These assets are depreciated over a period of up to 25 years.

Art works represent historic assets used by the institution and corporate art and are not, therefore, accounted for as a heritage asset. They are not depreciated as it is anticipated that their current value is at least as high as their cost.

13. Investments

Investments are shown at cost less any provision for impairment.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Accounting Policies continued For the year ended 31st July 2021

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.

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 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 LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Accounting Policies continued
For the year ended 31st July 2021

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

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Accounting Policies continued For the year ended 31st July 2021

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:

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.

Loan – the loan does not contain any complex financial instruments, it is repayable on a capital plus interest basis.

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts

For the year ended 31st July 2021

1. Income	2021 Consolidated	2021 Institute	2020 Consolidated	2020 Institute
	£	£	£	£
1.1 Tuition Fees				
Full Time UK/EU Undergraduate Fees	6,993,470	6,993,470	6,466,255	6,466,255
Full Time Overseas Undergraduate Fees	2,197,859	2,197,859	2,383,642	2,383,642
Postgraduate and foundation self-funded fees	897,533	897,533	627,183	627,183
Audition and Other Fees	3,420	3,420	34,085	34,085
	10,092,282	10,092,282	9,511,165	9,511,165
1.2 Funding Body Grants				
OfS Recurrent Grants	443,798	443,798	440,073	440,073
OfS Capital Grant	74,174	74,174	43,859	43,859
OfS Hardship Funding	72,684	72,684	-	-
Catalyst Revenue Grant	-	-	355,000	355,000
Catalyst Capital Grant	-	-	1,705,666	1,705,666
	590,656	590,656	2,544,598	2,544,598
1.3 Project Income				
LIPA 4-19	234,085	234,085	315,402	315,402
Other Projects	20,031	20,031	23,997	23,997
	254,116	254,116	339,399	339,399
1.4 Other Income				
Catering, Bar and Venue Hire	74,538	74,538	250,914	250,914
Projects and Performances	90,437	90,437	134,159	134,159
Service Level Agreement Income	216,624	216,624	208,554	208,554
Sundry Income	121,225	121,226	136,189	134,939
	502,824	502,824	729,816	728,566
1.5 Investment Income				
Interest Receivable	5,726	5,726	7,175	7,175
	5,726	5,726	7,175	7,175
1.6 Donations and Endowments				
New Endowments	-	-	950	950
Donations with Restrictions	50,000	50,000	39,214	39,214
Unrestricted Donations	624	624	1,097	1,848
	50,624	50,624	41,261	42,012

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts continued For the year ended 31st July 2021

1.7 Grant and Fee Income

The sources of grant and fee income included in notes 1.1 to 1.3 is as follows:

	2021 Consolidated	2021 Institute	2020 Consolidated	2020 Institute
	£	£	£	£
Grant income from the OFS	590,656	590,656	2,544,598	2,544,598
Grant income from other bodies	20,031	20,031	23,997	23,997
Fee income from non-qualifying courses	1,135,038	1,135,038	976,670	976,670
Fee income for taught awards	9,191,329	9,191,329	8,849,897	8,849,897
	10,937,054	10,937,054	12,395,162	12,395,162

2. Staff Costs

	2021 Consolidated	2021 Institute	2020 Consolidated	2020 Institute
	£	£	£	£
Aggregate amounts for staff and directors paid in respect of:				
Wages and Salaries	6,236,133	6,236,133	5,916,923	5,916,923
Social Security Costs	532,874	532,874	486,573	486,573
Other Pension Costs	938,478	938,478	863,153	863,153
	7,707,485	7,707,485	7,266,649	7,266,649

Emoluments of the Founding Principal and Chief Executive:	2021	2020
	£	£
Remuneration	203,312	187,456
Pension contributions	-	-
	203,312	187,456

In addition to the above, the Founding Principal and Chief Executive also received back pay of pension payments related to previous periods of £73,660. No other employees received remuneration more than £100,000.

The emoluments of the Founding Principal and Chief Executive are set by LIPA's Remuneration Committee and reflect the Group structure operated by LIPA (including being CEO of a Sixth Form College and a Primary School), the complexity of the role, the performance of the CEO and the rates of pay of others in similar roles both locally and nationally. The Founding Principal and CEO received a remuneration that was 5.97 times the median FTE salary for other substantive staff at LIPA (2020: 5.41 times).

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 comprised seven (2020: six) individuals led by the Chief Executive.

	2021 £	2020 £
Remuneration of key management personnel, other than the Chief Executive, including pension contributions	540,829	493,129

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts continued For the year ended 31st July 2021

Average number of persons (including the Founding Principal and Chief Executive) employed during the year was:

	2021 number	2020 number
Administration	60	63
Teaching and Teaching Support	86	85
Catering, Bar, Conference and Venue Hire	6	6
	<u>152</u>	<u>154</u>

In addition, about 180 staff were employed on a part time hourly paid basis. Many of these were students or part-time LIPA 4-19 staff. The full time equivalent of all the part - time hourly paid staff is 12 (2020: 12).

	2021 Consolidated	2021 Institute	2020 Consolidated	2020 Institute
	£	£	£	£
The aggregate amounts for staff and directors can be split into the following categories:				
Teaching	4,403,514	4,403,514	3,979,173	3,979,173
Productions	456,283	456,283	427,059	427,059
Projects	152,723	152,723	156,892	156,892
Canteen, Bar and Venue	120,131	120,131	152,790	152,790
Information Systems and Technical Support	520,182	520,182	525,802	525,802
Marketing and Student Recruitment	698,417	698,417	728,264	728,264
Facilities	443,495	443,495	409,869	409,869
Administration	912,740	912,740	886,800	886,800
	<u>7,707,485</u>	<u>7,707,485</u>	<u>7,266,649</u>	<u>7,266,649</u>

	2021 No.	2020 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 2021 the total expenses paid to Council Directors was:

	2021 £	2020 £
Reimbursement of travel and accommodation expenses to one director (2020: three directors).	<u>89</u>	<u>347</u>

3a. Analysis of Operating Expenditure by Activity

	2021 Consolidated	2021 Institute	2020 Consolidated	2020 Institute
	£	£	£	£
Teaching Related	545,700	545,700	435,116	435,116
Productions	249,293	249,293	147,149	147,149
Projects	40,588	40,588	54,262	54,262
Cafe, Bar and Venue	23,529	23,529	110,433	110,433
Information Services and Technical Support	615,474	615,474	446,268	446,268
Marketing and Student Recruitment	205,989	205,989	362,210	362,210
Facilities	626,989	626,989	587,717	587,716

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts continued For the year ended 31st July 2021

Administration	733,850	733,850	756,110	756,956
	3,041,412	3,041,412	2,899,264	2,900,110

Operating Expenditure includes	2021 £	2020 £
Financial Statements Auditors' Remuneration		
Audit	18,000	16,980
Other	1,200	10,320
Internal Auditors' Remuneration	19,016	14,725
Operating Lease Rentals	9,545	9,983

3b. Access and Participation

	2021 Consolidated £	2021 Institute £
Total access activity investment		
- Access (pre-16)	139,781	139,781
- Access (post-16)	81,519	81,519
- Access (adults and the community)	5,909	5,909
- Access (other)	-	-
Financial support	123,300	123,300
Research and evaluation	17,550	17,550
	368,059	368,059

£147,989 of these costs are already included in the overall staff costs figures included in the financial statements, see note 2. In addition, LIPA spent £74,749 in support for disabled students in the financial year to 31st July 2021.

The Access and Participation expenditure needs to be understood in conjunction with LIPA's Access and Participation Plan 2020-21 to 2024-25, which is located [on LIPA's website](#). The differences between the planned spend as per the Access and Participation Plan relate to changes in activity during the year, some linked to the COVID-19 pandemic, which meant that activities had to be altered.

4. Interest Payable	2021 Consolidated £	2021 Institute £	2020 Consolidated £	2020 Institute £
Interest on bank loan	19,397	19,397	36,642	36,642
Other finance costs	-	-	-	-
Total	19,397	19,397	36,642	36,642

5. Taxation

LIPA is a charitable company as stated in Accounting Policies note 20. There is no tax charge arising for the year (2020: £nil) in respect of subsidiary undertakings.

6. Intangible Assets (software) Consolidated and Institute

Cost	Total £
At 1 st August 2020	637,535
Additions	-
Disposals	(197,896)
At 31 st July 2021	439,639
Depreciation	
At 1 st August 2020	365,303

THE LIVERPOOL INSTITUTE FOR PERFORMING ARTS

Notes to the Accounts continued For the year ended 31st July 2021

Charge for the Year	28,558
Eliminated on Disposal	(197,896)
At 31 st July 2021	<u>195,965</u>
Net Book Value	
At 31 st July 2021	<u>243,674</u>
At 31 st July 2020	<u>272,232</u>

7. Tangible Fixed Assets Consolidated and Institute

	Freehold Land and Buildings £	Assets in Course of Construction £	Fixtures, Fittings and Equipment £	Art Works £	Total £
Cost					
At 1 st August 2020	13,897,683	2,194,450	5,574,402	197,092	21,863,627
Additions	57,800	73,675	182,061	-	313,536
Transfers	2,268,125	(2,268,125)	-	-	-
Disposals	-	-	(228,779)	-	(228,779)
At 31 st July 2021	<u>16,223,698</u>	<u>-</u>	<u>5,527,684</u>	<u>197,092</u>	<u>21,948,384</u>
Depreciation					
At 1 st August 2020	1,141,228	-	3,508,641	197,092	4,846,961
Charge for the Year	287,148	-	475,604	-	762,752
Disposals	-	-	(228,779)	-	(228,779)
At 31 st July 2021	<u>1,428,376</u>	<u>-</u>	<u>3,755,466</u>	<u>197,092</u>	<u>5,380,934</u>
Net Book Value					
At 31 st July 2021	<u>14,795,232</u>	<u>-</u>	<u>1,772,218</u>	<u>-</u>	<u>16,567,450</u>
At 31 st July 2020	<u>12,756,455</u>	<u>2,194,450</u>	<u>2,065,761</u>	<u>-</u>	<u>17,016,666</u>

Freehold Land and Buildings

The freehold buildings relates to the property at 68 Hope Street, Liverpool.

Freehold land includes land amounting to £1,000,000 which is not depreciated.

8. Assets held in Trust Consolidated and Institute

Cost	Total £
At 1 st August 2020	2,050,772
Additions	-
At 31 st July 2021	<u>2,052,772</u>
Depreciation	
At 1 st August 2020	486,376
Charge for the Year	138,565

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Notes to the Accounts continued For the year ended 31st July 2021

At 31 st July 2021	624,941
Net Book Value	
At 31st July 2021	1,425,831
At 31 st July 2020	1,564,396

The assets held in trust represent the cost of capital works on the Liverpool Institute building.

Interest in Liverpool Institute 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.

9. Non-Current Investments	Subsidiary Companies	Chattels and Memorabilia	Total
Consolidated	£	£	£
At 1 st August 2020	-	2,377	2,377
Additions	-	-	-
Disposals	-	-	-
Impairment	-	-	-
At 31st July 2021	-	2,377	2,377
Institute	£	£	£
At 1 st August 2020	100	2,377	2,477
Additions	-	-	-
Disposals	-	-	-
Impairment	-	-	-
At 31st July 2021	100	2,377	2,477

Please refer to note 24 for additional details relating to the investment in the subsidiary company.

10. Stock	2021	2020
Consolidated and Institute	£	£
Canteen and bar stocks	4,000	4,850

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Notes to the Accounts continued For the year ended 31st July 2021

11. Trade and Other Receivables Amounts due within one year	At 31 st July 2021		At 31 st July 2020	
	Consolidated £	Institute £	Consolidated £	Institute £
Tuition and Other Fees	35,862	35,862	15,029	15,029
Other Debtors	166,378	166,378	192,731	192,731
Amount owed by subsidiary undertakings	-	-	-	-
Amounts owed by related undertakings	7,755	7,755	-	-
Prepayments and Accrued Income	308,434	308,434	341,503	341,503
	518,429	518,429	549,263	549,263

12. Cash and Cash Equivalents	At 31 st July 2021		At 31 st July 2020	
	Consolidated £	Institute £	Consolidated £	Institute £
Cash and Cash Equivalents	3,436,161	3,436,161	3,226,586	3,226,586

13. Creditors: Amounts falling due within one year	At 31 st July 2021		At 31 st July 2020	
	Consolidated £	Institute £	Consolidated £	Institute £
Bank loan	395,682	395,682	545,525	545,525
Trade Creditors	772,662	772,662	953,559	953,559
Taxation and Social Security	375,568	375,568	314,623	314,623
Accruals	367,948	367,948	265,503	265,503
Other Creditors and Deferred Income	1,216,372	1,216,472	1,058,553	1,058,653
	3,128,232	3,128,332	3,137,763	3,137,863

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 31 st July 2021		At 31 st July 2020	
	Consolidated £	Institute £	Consolidated £	Institute £
Donations	4,000	4,000	2,000	2,000
Grants	-	-	26,769	26,769
	4,000	4,000	28,769	28,769

Bank Loan

Within the creditors falling due within one year, the bank loan refers to a secured loan originally taken out with RBS but then transferred to Santander plc during the year. Security on the loan is in the form of a first legal charge against LIPA's property. The loan transferred to Santander plc on was for an amount of £791,364 repayable over a remaining term of circa 18 months, at a rate of 3% plus base rate. The final repayment is scheduled to take place in February 2022.

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**Notes to the Accounts continued
For the year ended 31st July 2021**

14. Creditors: Amounts falling due after more than one year

	At 31 st July 2021		At 31 st July 2020	
	Consolidated £	Institute £	Consolidated £	Institute £
Bank loan: Amounts payable				
Between one and two years	-	-	226,976	226,976
Between two and five years	-	-	-	-
Over five years	-	-	-	-
	<u>-</u>	<u>-</u>	<u>226,976</u>	<u>226,976</u>

15. Endowments

	Restricted Permanent Endowments £	Unrestricted Permanent Endowments £	Expendable Endowments £	2021 Total £	2020 Total £
Balances at 1st August 2020					
Capital	-	-	238,689	238,689	239,441
Accumulated Income	-	-	30,965	30,965	30,218
	<u>-</u>	<u>-</u>	<u>269,654</u>	<u>269,654</u>	<u>270,184</u>
New Endowments	-	-	-	-	950
Investment Income	-	-	809	809	270
Expenditure	-	-	(3,454)	(3,454)	(1,750)
At 31st July 2021	<u>-</u>	<u>-</u>	<u>267,009</u>	<u>267,009</u>	<u>269,654</u>
Represented by:					
Capital	-	-	235,372	235,372	238,689
Accumulated Income	-	-	31,637	31,637	30,965
	<u>-</u>	<u>-</u>	<u>267,009</u>	<u>267,009</u>	<u>269,654</u>
Analysis by type of purpose					
Bursary and Prize Funds	-	-	62,909	62,909	63,398
Culture	-	-	181,270	181,270	180,727
Graduate Business Support	-	-	22,830	22,830	25,529
	<u>-</u>	<u>-</u>	<u>267,009</u>	<u>267,009</u>	<u>269,654</u>
Analysis by Asset					
Cash	-	-	267,009	267,009	269,654

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Notes to the Accounts continued For the year ended 31st July 2021

16. Restricted Reserves

Reserves with restrictions are as follows:

	Capital Grants	Other Restricted Funds and Donations	2021 Total	2020 Total
	£	£	£	£
Balances at 1 st August 2020	-	432,120	432,120	422,120
New Grants	-	-	-	1,705,666
New Donations	-	50,000	50,000	10,000
Investment Income	-	-	-	-
Capital Grant Utilised	-	-	-	-
Expenditure	-	(482,120)	(482,120)	(1,705,666)
At 31 st July 2021	-	-	-	432,120

Analysis of Other Restricted Funds and Donations by type of purpose

	2021 Total £	2020 Total £
Buildings	-	418,120
Other	-	14,000
	-	432,120

Other restricted funds include donations and restricted expendable endowments.

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

	At 1 st August 2020 £	Cash Flows £	At 31 st July 2021 £
Cash at Bank and on Deposit	3,226,586	209,575	3,436,161
Other	-	-	-
	<u>3,226,586</u>	<u>209,575</u>	<u>3,436,161</u>

18. Consolidated reconciliation of net credit

	31 July 2021 £	
Net credit at 1 August 2020	2,454,085	
Movement in cash and cash equivalents	209,575	
Other non-cash changes	376,819	
Net credit at 31 July 2021	<u>3,040,479</u>	
Change in net credit	586,394	
Analysis of net credit:	31 July 2021 £	31 July 2020 £
Cash and cash equivalents	3,436,161	3,226,586
Borrowings: amounts falling due within one year		
Secured loans	(395,682)	(545,525)
Borrowings: amounts falling after more than one year		
Secured loans	-	(226,976)
Net credit	<u>3,040,479</u>	<u>2,454,085</u>

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Notes to the Accounts continued For the year ended 31st July 2021

19. Capital and Other Commitments

Consolidated and Institute at 31st July

	2021 £	2020 £
Commitments contracted for refurbishment of estates	-	24,738
Other capital additions	-	-
	<u>-</u>	<u>24,738</u>

20. Contingent Assets and Liabilities

Consolidated and Institute at 31st July

	2021 £	2020 £
Guarantees	<u>-</u>	<u>-</u>

At the balance sheet date, LIPA had an outstanding claim for business interruption insurance relating from a loss of earnings relating to the pandemic. There was no certainty as to whether the claim would be successful. Following the balance sheet date, the claim has proven to be successful and LIPA's insurers have paid £250,000 in settlement of the claim. This is therefore noted as a contingent asset within these accounts.

21. Lease Obligations

Consolidated and Institute

Total Rentals payable under Operating Leases

	31 st July 2021		31 st July 2020
	Plant and Machinery £	Other Leases £	Total £
Payable during the year	<u>9,545</u>	<u>-</u>	<u>9,545</u>
Future minimum Lease payments due			
Not later than one year	9,455	-	9,455
Later than 1 year and not later than 5 years	<u>9,455</u>	<u>-</u>	<u>9,455</u>
	<u>28,455</u>	<u>-</u>	<u>28,455</u>

22. Financial assets and liabilities

	31 st July 2021		31 st July 2020	
	Consolidated £	Institute £	Consolidated £	Institute £
Financial assets measured at amortised cost	<u>3,646,156</u>	<u>3,646,156</u>	<u>3,434,346</u>	<u>3,434,346</u>
Financial liabilities measured at amortised cost	<u>2,187,397</u>	<u>2,187,397</u>	<u>2,318,055</u>	<u>2,318,055</u>

23. Events after the Reporting Period

There were no significant events after the after the reporting period that impact the results for the year or the balance sheet at 31st July 2021.

24. Subsidiary Undertaking

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Notes to the Accounts continued For the year ended 31st July 2021

During the year ended 31st July 2021, LIPA had one wholly owned subsidiary, LIPA Enterprises Limited (which is registered at the same address as LIPA).

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

25. Connected Charitable Institutions

25.1 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 to 31st July 2021, LIPA charged The LIPA Primary School £95,279 for support services (2020: £92,098). Further to this, there were other intercompany sales of £977.46 in relation to cleaning charges.

At 31st July 2021 The LIPA Primary School owed LIPA £2,642 (2020: £nil).

25.2 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 to 31st July 2021, LIPA charged The LIPA Sixth Form College £121,345 for support services (2020: £116,453). Further to this, there were other intercompany sales of £245 in relation to cleaning charges.

At 31st July 2021 The LIPA Sixth Form College owed LIPA £5,114 (2020: £nil).

26. Related Party Transactions

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

26.1 The Liverpool Institute Charity

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.

26.2 LIPA Enterprises Limited

Transactions with the subsidiary, LIPA Enterprises Limited, have not been disclosed under the exemption allowed in FRS102 Section 33.

26.3 LIPA members

M Featherstone-Witty, the Founding Principal and outgoing CEO, is a member of the company. His remuneration is disclosed in note 2. J Dimmock, a member of the company, received remuneration of £24,255 for services provided to the company in the year (2020: £25,810). K. Dimmock, a close family member of J. Dimmock is also employed by the company. R Grey, another member of the company, is a consultant with Swan Turton LLP, who received payments of £8,912 in relation to professional services (2020: £13,074). J Thornton, who is a paid employee of the company and is also a member received remuneration of £57,418 during the year (2020: £57,418).

In addition to this, travel and other expenses totalling £89 were paid to or on behalf of one individual (2020: £994 in relation to two individuals).

27. Pension Commitments

27.1 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 Education has provided the information below in order to meet the requirements of Financial Reporting Standard 102 Section 28.

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). 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,

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Notes to the Accounts continued For the year ended 31st July 2021

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 Public Service Pensions Act (2013) 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 – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

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 1 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

As a result of the latest scheme valuation employer contributions were increased in September 2019 from a rate of 16.4% to 23.6%. Employers also pay a charge equivalent to 0.08% of pensionable salary costs to cover administration expenses.

The next valuation is expected to take effect in 2023.

A copy of the latest valuation report can be found by following this link to the [Teachers' Pension Scheme website](#).

Scheme Changes

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, rejected the Government's application for permission to appeal the Court of Appeal's ruling and subsequently referred the case to an Employment Tribunal to determine a remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

Since then, claims have also been lodged against the main public service schemes including the TPS. The Department has conceded those in line with the rest of the government. In July 2020 HM Treasury launched a 12-week public consultation which will provide evidence to support the delivery of an appropriate remedy for the affected schemes, including TPS.

A final remedy will be determined once the results of the consultation are established.

In December 2019, a further legal challenge was made against the TPS relating to an identified equalities issue whereby male survivors of opposite-sex marriages and civil partnerships are treated less favourably than survivors in same-sex marriages and civil partnerships. The Secretary of State for Education agreed not to defend the case. In June 2020, the Employment Tribunal recorded its findings in respect of the claimant. DfE is currently working to establish what changes are necessary to address this discrimination.

Any impact of these events will be taken into account when the next scheme valuation is implemented. This is scheduled to be implemented in April 2023, based on April 2020 data.

The pension costs paid to TPS in the year amounted to £607,209 (2020: £529,330) and the total amount outstanding as at 31st July 2021 was £107,181 (2020: £95,661).

27.2 Defined Contribution Scheme

The employer's contributions payable in respect of defined contribution scheme arrangements were £331,269 (2020: £333,822). The amount outstanding at 31st July 2021 was £nil (2020: £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

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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.

28. Legal Form

LIPA is a company limited by guarantee in the United Kingdom, with registration number 02511501. The company is a registered charity, number 1001565. The registered office is: Mount Street, Liverpool, L1 9HF.

Signature: 
Vicky Szulist (Dec 7, 2021 09:45 GMT)
Email: vicky.szulist@crowe.co.uk