

RADA

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2019

Charity Registration Number 312819

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RADA Chairman's Report 2018-19

Towards the end of the year we have become, proudly and gladly, for the first time in our 115 years, an independent Higher Education Institution. We left the Conservatoire for Dance and Drama, which we co-founded when Government support was only available for larger institutions, and are excited by the challenges ahead. We were thrilled to be awarded Gold in the Teaching Excellence Framework (TEF) by the Office for Students (OfS) in their assessment of us as we made the transition.

There is significant detailed information about all our activities in the reports following my statement, which is accordingly brief.

Throughout the year our third year BA acting students, as every year, performed in thirteen productions in our three theatres, as well as making six short films. Our second year BA acting students ended the year with fine performances – at RADA, in schools, at overseas festivals and at No. 10 Downing Street – of abbreviated Shakespeare plays. All of this was wonderfully supported by our technical theatre arts department, who account for about half our total of full-time students. And, of course, by our full and part-time staff and visiting lecturers, directors and designers.

In short, RADA goes from strength to strength in our core activity of providing world-class, effective training to our students, thereby benefitting the industry and the country.

Our financial position remains satisfactory, as set out later in these statements, with a surplus before depreciation. Director of Finance and Operations Fraser Jopp has successfully managed our finances while also working on the strategy and the development project as well as the usual considerable range of routine activities. We are particularly grateful for some generous legacies this year, particularly from the late Council Member Laurence Isaacson.

We continued to receive more than 100 applications for each place on our Acting BA course, and they are strong also for the technical theatre courses and our MA and short courses. Greater transparency about the availability of cost-free auditions for those whose finances justify this support resulted in a significant increase.

We continued to provide scholarship and bursary support at some level for almost half of our full-time students; this scholarship provision enables us to continue to seek out, and offer places to, talented students from all income backgrounds.

There has been much effort during the year on various fronts, including preparing for our independent HEI status (led by Registrar Julie Crofts); for the successful introduction of the new acting curriculum led by Director of Actor Training Lucy Skilbeck; the creation of the new department for video and digital design guided by Director of Technical Training Neil Fraser; enhanced work in widening participation and outreach; and the development, with widespread staff and student participation led by Director of Marketing and Communications Helen Slater, of the strategic plan for the next five years.

Our provision of communications skills training and consultancy to industries beyond the dramatic arts, through RADA Business, improves the performance of leaders in Government, business and the professions, while providing significant support to RADA's finances. This growing team is ably led by Kevin Chapman. Their contribution grew despite much increased costs arising from moving into their own nearby premises.

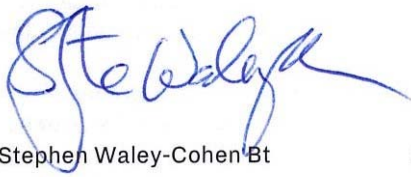
Work towards the redevelopment of our Chenies Street properties continues. It is almost eight years since we began considering this, and we have undertaken a major review of our future facilities' needs, as a result of which we are modifying and adjusting our planned development to meet them. There will be a greater focus on training rooms, and the previously proposed student accommodation will no longer be on-site, with great benefits to the lesser complexity of the physical design and operating requirements. We are aiming for a project capable of modular

implementation, with benefits to fund-raising and financial planning as well as reducing operational disruption.

During the year we were sorry to see the retirement from Council of graduate Chipu Chung, whose co-creation of the Training Committee was a major contribution; of graduates Fiona Shaw and Imogen Stubbs; and of Glen Moreno, whose international business knowledge and connections were of great benefit. We are delighted that graduates Lolita Chakrabarti and Maxine Peake will be joining Council. Student representatives have attended Council meetings for many years, and will now do so as Student Governors, chosen by their peers.

Pat Myers, Registrar Emerita, has now fully retired, having done so much for the Academy, and ensured that her work will be carried on by others. Edward Hicks, Head of Film, TV and Radio, departed for new challenges after successfully founding this department at RADA; we welcome Martin Prendergast as Director of Development and Public Affairs following the departure of Penny Saward, and there have been a number of departures and arrivals as a result of operating adjustments in the technical departments, well set out in that section of the report.

All that RADA achieves each year is only possible because of the dedication and skills of our staff, led by Director Edward Kemp and all the Senior Leadership Team. Their commitment is matched and supported by the input from our many full and part-time teachers, and the professional services teams who make their work possible. We thank them all, as well as all our generous donors and supporters of all kinds. With their continuing and valued encouragement and support RADA remains a remarkable world-leading institution.



Sir Stephen Waley-Cohen Bt

24 October 2019

ANNUAL REPORT

The Trustees present their report and accounts for the year ended 31 July 2019. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the requirements of the Royal Charter, the Charities Act 2011 and the Charities SoRP (FRS102) as well as the disclosure requirements of the Office for Students' (OfS) 'Regulatory advice 9: Accounts direction'.

REVIEW OF PERFORMANCE & ACHIEVEMENTS

Charitable Objectives

The objectives of RADA, as defined by the revised Royal Charter of 19 July 2006, are “to advance the art of the Drama by means of giving instruction in and promoting the study, practice and knowledge of dramatic literature and acting in all or any of its branches exclusively. To promote and supervise such instruction as may be thought most conducive to the cultivation and dissemination of the art of the Drama in the United Kingdom and generally to encourage and promote the cultivation of Drama as an Art throughout the world”.

Strategic Aims

RADA had identified the following themes as the basis of its strategic plan for 2016-2019:

- World-leading learning. To enable learning that nurtures and extends the potential of our students, preparing them for tomorrow's industry
- Effective infrastructure. To ensure our staff, facilities and processes are providing the best learning and teaching environment and culture for our students and are being managed to balance maximum efficiency and Academy wide benefit
- Entrepreneurial and agile. To seek out and secure all available strands of funding and make considered investments to enable RADA to continue to be a world leader; self-sustaining, independent and resilient.
- Reputation and Sustainability. To engage with and inspire our stakeholders and to safeguard and cultivate RADA's reputation

The activities that were identified as priorities for 2018-19 were:

- Prepare for HEI status in 2019-20
- Conduct review of the MA Lab programme
- Pilot the graduate training programme
- Complete design for Chenies St project
- Expand RADA Business courses outside London
- Agree the strategic plan for 2019 onwards

World-leading learning

To enable learning that nurtures and extends the potential of our students, preparing them for tomorrow's industry.

Validated Courses

BA Acting

We introduced the new programme this year, following revalidation from King's College. A new timetable and a renewed focus on integrated learning opportunities have been received positively by students and teaching staff and although it will take a 3-year cycle to thoroughly assess the programme's effectiveness, the early indicators are very encouraging. We have been monitoring each new element of the programme throughout the year and surveyed all first and second year students at the end of the year to gather as much feedback as possible. That feedback has informed some minor adaptations for next year but has, overall, been extremely positive. Faculty feedback has likewise been very encouraging, with teachers noting that the students' ability to integrate strands of the training seemed significantly enhanced from previous years.

This year also saw the introduction of the Graduate Training Programme – an initiative that grew from the review with the intention of supporting and developing the employability of our acting graduates. Free to new graduates and affordable to all others we piloted weekly classes in acting, administrative and personal skills such as overcoming audition and stage fright, funding applications, and self-taping for auditions. Additional to enhancing employability, feedback indicates an increase in well-being and sense of belonging to a community amongst the participants. Graduates from 50 years ago have worked alongside those from last year, embodying the principles of Academy that the review sought to embed.

In line with developments resulting from the review, with student-centred learning determining the curriculum and pedagogy, acting staff training has continued this year. As part of a whole-Academy training, the Acting faculty participated in a three-stage unconscious bias awareness training, designed and delivered by Talawa Theatre. To encourage a joined-up approach to mental health and resilience training, the acting teachers, well-being team and student services team undertook sessions with psychotherapist Barry Smale. Barry is teaching strategies for resilience and good mental health to first year students as part of a new personal development strand. Developing a common understanding and language is part of our strategy to better support our students.

The Director of Actor Training and members of the Acting faculty have been involved this year in the development of RADA's forthcoming 5-year strategic plan. An opportunity to place Academy at the centre of our thinking, this consultative process clarified our purpose, put our values into action and has provided clear direction for the faculty.

Student development has exceeded expectation in many cases this year, with a very high standard of work across all the third year productions and a strong sense of ensemble supporting them through the challenging transition from student to actor. As last year, a significant number left early for professional work. First years indicated exceptional promise in a number of projects but especially the Chekhov scene study at the end of the year in which their work was truthful, nuanced and free. The second years again impressed their hosts and fellow participants in European festivals (and 10 Downing St) with the Shakespeare for Young Audiences tours.

MA Theatre Lab

During this last academic year MA Theatre LAB has undertaken a formal Review, as have all the full time King's College validated courses at RADA over the last few years. This Review involved revitalising the programme's core rationale and assessing its provision and pedagogy in the light of this analysis, assuring the programme's relevance and quality for the independent minded

participant, responding to the flexibility required by an increasingly broad theatre arts environment. As a postgraduate programme, the MA has always defined itself outside the terms of the conventional MAs in Acting within the field, and focused on a provision enhancing the skills of applicants with experience through a more critical and advanced, yet always vocational, approach to training and 'theatre making'. The review was supported by the relevant institutional committees and take the resulting alterations to its modular structure to Kings for re-validation this Autumn.

During the year, MA Lab students have continued to benefit from the excellence of our core teaching staff. However, we have specifically, this year, had the pleasure to receive intensive workshops from Amit Lahav of Gecko, Elizabeth Hess (New York, USA - The Embodied Actor), Mark Winstanley (Buffon), Professor Sergei Tcherkasski PhD, DSc (Theatre Arts) Head of the Acting Studio at Russian State Institute of Performing Arts St Petersburg (Active analysis), and the actor Ben Caplan (Self-taping technique). Students have also received professional development support from artists and creatives such as, from the National Theatre (Bryony Jarvis-Taylor), Shakespeare's Globe (Richard Katz) and experimental theatre companies such as Theatre Re and New Public, helping the Lab students to imagine their own future in the field of performance.

Supporting their steps towards discovering an independent practice, students collaborated to create work with choreographer Jorge Crejis, as part of his Nine Minutes project, in collaboration with the National Centre for Circus Arts and the EDGE postgraduate company of the London Contemporary Dance School, exploring the space between choreographic dance theatre and devised physical performance. For their dissertation public performance, the company collaborated with Gemma Brockis as director (from Shunt Theatre) on a devised piece called *Changeling*. The performance sold out and was a highly successful representation of the students' abilities, learning on the course and possible future practice.

Additionally, Lab students have engaged in their own creative projects such as Euripides' *The Bacchae* for the Student Festival of Classical Theatre in Ancient Messene, Greece and small company Manifesto performances - many of which will be shared in the Bloomsbury Festival in October 2019. They also produced a highly successful performative Drag Show in term 1 to over 200 people in the RADA Studio Theatre.

The Course Leader also represented RADA in the Virtual Conservatoire Project, co-directing the project's final performance, *Otis and Eunice*, at the Royal College of Music. Collaborating with students from RCM, Royal Academy of Music, and from the CDD (LAMDA, Central School of Ballet, Bristol Old Vic Theatre School), LAB alumni participated in a piece exploring how a high-speed video link can play a part in a live performance linking two separate spaces telling the separate, yet interlaced stories of Orpheus and Eurydice.

FDA & BA Technical Theatre & Stage Management PgDip in Theatre Costume

The academic year saw a number of changes in personnel and continued vigilance in areas requiring development or improvement. It was most rewarding therefore, towards the end of the year, to receive the results from the National Student Survey and discover that the overall approval rating for the FdA TTSM programme had risen significantly to an average of 94%.

During the year, our relatively new staff Production Manager returned to her freelance career and was successfully replaced. Mel Purves joined us from a similar role at the Royal Northern College of Music in Manchester. This change of staff has also therefore been an opportunity to look to further develop this area, which continues to grow as a popular option for students - e.g. in the second and third years of the programme.

The role of Technical Manager was retitled as Deputy Production Manager. This was undertaken to encourage applicants to the role with a wider range of professional skills than previously, but not with the intent of lessening the training in this area, which has also seen an acute rise of

popularity in recent years as an area of study. The role was successfully filled by Sarah Barton who joined us from her role as Production Manager at the Mountview Academy of Theatre Arts. Once again this has allowed the Academy to revisit both content and the delivery of this area, and which remained popular (e.g. for students applying for and entering their 3rd year of study).

This academic year saw an improved offering in training in the vital production area of Video and Digital Design. Allocated full production departmental status, staffing and budget, it now inhabits a space in RADA's Gower Street building that includes an office/tutorial space and a small 'workshop'. As a result of having a greater presence in the Academy, and specifically as part of several public productions – e.g. *Blasted*, *Gig* and *The Last Days of Judas Iscariot*, student interest in this area has burgeoned.

This is the first new production department to have been created in the Academy for several decades and is part of our commitment to stay relevant, industry connected and forward looking in our training.

This academic year saw the first ever full-scale public production created purely to enhance and contribute to the technical student training. This event sat alongside the more usual public productions, which are the more traditional RADA vehicle for training at this level and involve students from production and acting programmes.

Given the generic title of 'Installation Project', this project was designed to give production students an opportunity to undertake numerous roles as part of their programme but on a piece of work outside of the traditional drama school canon. In particular, not to rely on a published text, traditional staging, actors or directors. In the first instance, *The Philosophy Shop* in the Gielgud Theatre was specifically designed to display the skills of the new Video and Digital Design Dept. As it happened, it also very successfully offered significant opportunities for management, scenic art, design, construction, props, sound and lighting.

An important practical class, Life Drawing, was re-introduced for students in Scenic Art and Costume, as well as any others who showed an interest. It is intended that this will continue.

Students in lighting and video took part in the largest expression to date of the Virtual Conservatoire research project, *Otis and Eunice* (see above). As well as working with new technology, students also had the opportunity to work alongside their peers from other institutions.

Finally, in a busy but successful year, we also saw an increase of students undertaking the TTSM BA Completion year programme, which has seen an increase in every successive year – this year 20 places were offered, and the group included two external applicants.

Performances

This year saw a change in the production cycle as a result of a review of RADA's industry engagement. There were six productions in the Autumn Term (three in each 'block') rather than the previous five (three and then two) with all the RADA films being shot in the Spring Term. This meant that every third year actor was seen in two stage productions in the months of major agent interest; previously it had seemed that those actors who appeared in only one stage production in the autumn were at a disadvantage in terms of industry interest. In addition, we created a new showcase of Contemporary Duologues, which took place in early December, to provide a further opportunity for the industry to become familiar with our students' range. The evidence suggests that these changes were very beneficial, they were welcomed by our industry colleagues and seem to have had a positive effect on the levels of interest the students received over the year. By graduation all students had signed with an agent, and many were into their first professional jobs.

The opening production saw us return to Steven Adly Guirgis's *The Last Days of Judas Iscariot* (last staged at RADA in 2009) in the Jerwood Vanbrugh. Alongside this we presented Duncan

Macmillan's version of Ödön von Horváth's *Don Juan Comes Back from the War*, and *Cathy* by Ali Taylor (inspired by the Ken Loach film). These were directed by three artists making their debuts at RADA, respectively Matthew Xia, Sue Lefton and BA acting graduate Rosie Jones. In the second half of term, we presented Gorky's *Philistines* in a version by Andrew Upton and directed by Donnacadh O'Briain, Penelope Skinner's *Linda* directed by Abigail Graham and Lynn Nottage's *Intimate Apparel* directed by graduate and Council member Chipo Chung.

The Spring Term productions were *Romeo & Juliet*, directed by RADA Director Edward Kemp in the Jerwood Vanbrugh, playing opposite a co-production with Graeae Theatre of Sarah Kane's *Blasted*, directed by Graeae's Artistic Director, Jenny Sealey. This production doublecast the three roles with RADA students and professional D/deaf performers and the production used multiple means of delivery (including British Sign Language, audio-description and projection) to be as accessible as possible. In the second half of term graduate and Council member Richard Wilson directed a new commission from Atiha Sen Gupta, *GIG*, while Caroline Byrne made her RADA debut with Marina Carr's *Woman and Scarecrow*. The latter featured a vertiginous and space-distorting design by Ana Inés Jabares-Pita.

Having moved the Tree showcase to an earlier date before Easter (in part as a result of the very late fall of Easter this year) our summer productions took place a week earlier than usual. They were: Sondheim and Lapine's *Into the Woods*, directed by graduate James Bonas, in a production which was filmed by the Stephen Sondheim Society for their archive; Anna Jordan's *Chicken Shop* directed by Director of Actor Training Lucy Skilbeck; Dennis Kelly's *Love and Money*, directed by Ria Parry.

The Film Showcase took place in early June. The six films, all drawing on Shakespearean themes and plays, were run together as a portmanteau with interlinking text read by RADA President Kenneth Branagh. There has been industry interest both in presenting the full portmanteau and also individual films. Meanwhile earlier RADA Films have continued to find acclaim beyond RADA, with last year's *A Heart-Shaped Stone* being selected for a number of festivals and winning an award at the Shiver International Film Festival in Ontario. At the end of the year we said goodbye to our Head of Film TV and Radio, Edward Hicks, who has gone on to become Principal of Oxford School of Drama. In his ten years at RADA Ed has built up a film department from scratch and leaves a solid foundation for his successor, Pamela Jikiemi.

The Shakespeare for Young Audiences productions (*As You Like It*, *Cymbeline* and *Julius Caesar*) were targeted more specifically at schools with low participation around London, some of whom attended a performance of *As You Like It* in the garden of 10 Downing Street. As in previous years they visited student festivals in Florence, Gdansk and Alpbach. The RADA Festival again hosted an extraordinary range of work by graduates and staff, with a growing number of current students participating, both as performers and makers. A substantial body of work which has grown out of the RADA Festival is now being seen nationally and internationally.

Student Achievements

Third year BA Jamie Bogyo was the recipient of a special runner's up prize in the Stephen Sondheim Society Student Performer of the Year Award. Second years Caleb Obediah and Mali O'Donnell both won Laurence Olivier Bursaries. Marissa Abela, Jack Bardoe and Francis Lovehall all began their professional work during their final year, with Sky TV, ITV and the Bridge Theatre respectively. By the time of graduation, BA actors had been engaged by the National Theatre, Shakespeare's Globe, The Old Vic, BBC TV and Netflix, amongst others.

Graduate Achievements

A significant number of awards were presented to graduates of the last decade. These included three out of the four acting awards at the Oliviers: Kyle Soller (Best Actor), Patsy Ferran (Best Actress) and Chris Walley (Best Supporting Actor). These three also won awards from the Critics Circle, where they were joined by Sophie Okonedo who won Best Shakespearean performance. Sophie also won Best Actress in the Evening Standard Awards for *Antony and Cleopatra* alongside her co-star and fellow graduate Ralph Fiennes as Best Actor; Jamael

Westman won the Emerging Talent Award. Sophie was also made a CBE for services to drama in the New Year's Honours. At the Tony Awards Bertie Carvel won Best Featured Actor in a Play for his performance as Rupert Murdoch in *Ink*, and Rosemary Harris was awarded a lifetime achievement award. On screen, Ben Whishaw's performance in *A Very English Scandal* won him Best Supporting Actor awards at both the Golden Globes and the TV BAFTAs; at the latter Fiona Shaw won Best Supporting Actress for *Killing Eve*, which is written by graduate Phoebe Waller-Bridge and won Best Drama. Jessie Buckley won the Times Breakthrough Award in the South Bank Sky Arts Awards and Most Promising Newcomer in the British Independent Film Awards.

At graduation we were joined by Glenda Jackson, who last year became the first of a new generation of RADA Honorary Fellows. This year Fellowships were awarded to graduates Mona Hammond and Anthony Hopkins, as well as staff member Francine Watson Coleman and composer and lyricist Stephen Sondheim.

Student & Academic Services

RADA was successfully registered as a Higher Education Institution with the Office for Students on 30 July 2018. In addition to supporting our teaching staff and students, we have focused our attention on two areas in the 2018-19 academic year: preparations for our departure from the Conservatoire and building our widening participation and outreach activity.

We have worked on our quality assurance structures, our data management and capacity within the team in preparation for HEI status. This is accompanied by extending our student wellbeing support and specialist counsellors. The Academic Services team supported a review of the MA Theatre Lab programme. RADA Council approved the appointment of student governors for the first time in RADA's history and our first election took place in September 2019.

We have had a very successful year in Widening Participation and Outreach, culminating in the approval of a five-year Access and Participation Plan (<https://www.rada.ac.uk/widening-participation/>) setting our targets for the next five years. Our activity saw a step change in 2018-19 with the appointment of a new Senior Widening Participation and Outreach Manager in September 2018. We worked with twelve schools in the London area on our Shakespeare for Young Audiences Tours, bringing young people from partner schools to the garden of 10 Downing Street for one performance on the tour and to participate in workshops with RADA graduates. Hundreds of young people attended RADA productions during the year. We established new relationships with Platform Youth Hub and with the Surma Community Centre in Camden (the latter focuses on work with younger children). Our successful relationship with Open Door has seen two students joining the BA (Hons) in Acting in Sept 2018, with six starting in September 2019. We ended the year with over 300 applications for the RADA Youth Company acting strand and the initiative is free to all participants.

The Department has four priority areas in the coming years: supporting new talent coming to RADA and improving our admissions procedures; further developing student support, especially for disabled students; working with students to ensure that their voices are heard at every level of the Academy; and building a long-lasting relationship with our alumni.

Master Classes and Professional Development

The Rickman Breakfast series continued this year with guests Sophie Walker (Leader of the Women's Equality Party), Chi Chi Nwanoku (musician), Jon Snow (journalist), Baron Verjee (businessman and politician), Matthew Cobb (zoologist), Christine Ohuruogu (Olympic athlete), Michael Morpurgo (novelist) and Liv Little (founder of gal-dem). Pippa Bennett-Warner, David Bishop, Tom Burke, Sean Delaney, Anthony Hopkins, Tom Hughes, Patsy Ferran, Syrus Lowe, Lindsay Posner, Jenny Rainsford, Fiona Shaw and Rebekah Staton were amongst a large number of graduates who returned to lead sessions at the Academy. Poet Alice Oswald and actor Finbar Lynch contributed to our annual Poetry Week programme supported by the Josephine Hart Foundation. Ian McKellen made RADA a venue on his 80th Birthday tour, to which students from a range of London drama schools were invited, and in the same week graduate Kwaku Mills returned in a performance of *good dog*, the one man show written by Arinzé Kene and presented

by tiata fahodzi. A wide range of casting directors and agents led sessions and there were mock audition sessions with Shakespeare Globe, the RSC and the Kenneth Branagh Theatre Company.

Short Courses

RADA's short course portfolio offers 1-day to 2-term courses and workshops for individuals and student groups. These courses continue to operate at capacity throughout the year and extend RADA's practice across the world. For seven weeks, over 500 students from 32 different countries came through the doors, and many did not have English as their first language. They all enjoyed the superb teaching in which the Academy excels; and many are eager to return.

We initiated one new course this year, in the Spring. *Taking Text Apart* dealt with approaches to text, literary and otherwise: though an avowedly intellectual course, the emphasis was as much about discovering with the body as with the mind. The course was very well received, particularly by some A-level students, and the intention is to repeat it in 2020.

Effective Infrastructure

To ensure our staff, facilities and processes are providing the best learning and teaching environment and culture for our students and are being managed to balance maximum efficiency and Academy wide benefit

There are three main strands to RADA's estate and infrastructure strategy; developing the Chenies St site (the RADA Attenborough campaign), replacing obsolete on-premise business systems with modern cloud ones and maintaining the Gower St site in a good state of repair.

Estate strategy

The detailed design of the Chenies St scheme was completed in December 2018 and we have now secured final planning permission for the overall scheme. We have also begun a wider estate strategy review, with the aim of considering how RADA's entire estate can meet the changing needs of our training, with regard to both the spaces and technology required. A full condition survey of the Gower Street site was undertaken which has identified a number of areas of core infrastructure replacement and preventative maintenance issues that should be undertaken over the coming years. 16 Chenies Street was substantially rewired.

IT

The programme of IT investment continued, including replacement of elderly file servers and desktop equipment. All critical systems are now up to date and patched regularly with a resilient backup strategy in place. RADA is working towards achieving Cyber Essentials accreditation.

Staff Development

RADA is committed to developing its staff and enabling them to achieve the highest standards. The annual staff conference took place in January with a wide range of sessions on topics from production management to unconscious bias, with practical sessions on voice, hat making and filmmaking. Feedback was very positive. During the year a major review of staff salaries and conditions was completed, benchmarking roles and responsibilities internally and externally, as part of our recruitment and retention strategy. Its recommendations will be implemented during 2019-20.

Entrepreneurial & Agile

To seek out and secure all available strands of funding and make considered investments to enable RADA to continue to be a world leader; self-sustaining, independent and resilient

RADA relies on fees from students and grants from the Office for Students (OfS)-formerly Higher Education Funding Council for England (HEFCE) - to deliver its world-leading under-graduate and post-graduate courses. However the intensive nature of the work means that the full costs of the core courses have to be subsidised by other sources of income.

RADA Business

RADA Business traded strongly in 2018-19 growing income by 32% to just over £6m and making a contribution of £1.62m to RADA.

Revenue grew strongly across all business areas, notably in Open Courses (rising by 66%), coaching and Women in Business (44% each) with a 21% increase in standard corporate work.

There has been continued focus on building business development capability and improving systems to support the business development and delivery life-cycle. To support growth, a number of key hires were made during the year including Operations Director, Client Director (Manchester) and an additional Client Manager. The Tutors remain key to the success of the work and various initiatives were undertaken to increase the size, skills and availability of the tutor pool.

A number of programmes were undertaken to enhance reputation including improvements to the website, enhancements to digital campaigns as well as a number of successful sponsorship and PR events.

The introduction of the Elite Performance Programme, aimed at senior leaders who want intensive support and direction on all aspects of their leadership, and further development of the Performance Coaching offering has been a key focus within product development.

The focus for 2019-20 will be to maintain the contribution to RADA, with a higher cost base and increasing uncertainty in the market. To achieve this, the drive will be to continue the move to a business-to-business performance consultancy, focussing on the life-time value of clients and primarily a referral-led business. A number of initiatives are planned for the year to achieve this including

- The implementation of a balanced score card and performance management system with increased focus on measurement of outcomes, resource allocation and prioritisation.
- Systematisation of processes and the continued upskilling of staff to ensure that organisational structure and processes are aligned.
- Improving the quality of customer insight, operational and financial data to provide business focus; and
- More systematically and strategically managing Tutor resources.

Fundraising

To be able to deliver RADA's programmes, we are reliant on the generous support from our family of supporters, including individuals, corporate organisations, trusts and foundations, legacies and income from our development events. We also secure significant support from companies through in-kind giving and sponsorship, ensuring that we can provide our students with the highest quality, world-leading training for which we are renowned.

Total funds raised and recognised in the year amounted to £2.42m, including some significant and generous legacies. Of this total, £1.65m are unrestricted funds. These are used to help underwrite the continuing costs of the core training and to maintain our facilities.

Restricted income received in support of our work amounted to £446k, income which supports scholarship and bursary provisions, widening participation and outreach work and The Shaw Fund (which this year helped fund the RADA Festival). We ensure that all restricted income is allocated to the specific project. A further £323k related to our capital project, the RADA Attenborough Campaign.

RADA's fundraising is conducted by its employees, supported voluntarily by members of Council and the Development Board. We do not operate through external professional fund-raisers or commercial participators. RADA follows the Code of Practice set out by the Fundraising Regulator. RADA has not received any complaints about its fundraising in the year. RADA's fundraising is principally with individuals who have a personal connection to RADA, charitable trusts and foundations, and corporate supporters. RADA does not approach the general public for funds, or use intrusive or persistent approaches.

Reputation and Sustainability

To engage with and inspire our stakeholders and to safeguard and cultivate RADA's reputation

Brand, digital and content

During 2018-19 we implemented our refreshed visual identity and brand guidelines across all channels and continued to optimise the RADA website. Recruitment marketing focused on diversifying our applicants and on theatre production. We successfully launched a RADA Instagram channel, seeing our highest engagement to date on any social media channel.

The RADA Festival campaign was created in collaboration with artists appearing in the Festival, with reciprocal marketing with partners including the Royal Court, Barbican and ICA. Attendance at the Festival remains strong, with many new connections made between creatives, graduates and the industry.

Public affairs

We launched a programme to build relationships with key policy makers, to raise awareness of RADA as a small, specialist and newly independent HEI, and to ensure that RADA's value to sector and industry is understood, at a time of uncertainty in government policy. This work is particularly critical as government considers the Augar review on post-18 education, and the current round of institution-specific funding (ISTA) comes to an end.

Commercial marketing

We continued to develop brand, messaging and value propositions for RADA Business during 2018-19. We launched RADA Business Manchester and continued 'out of home' advertising in both London and Manchester. Our PR campaigns over the course of the year resulted in us reaching 129m people worldwide, with coverage on BBC World TV and in the Financial Times. Digital advertising continues to perform well for communication skills training, and we have introduced digital advertising for RADA's Short Courses from 2019.

Public benefit

RADA's Council members have had regard to the guidance on public benefit issued by the Charity Commission. RADA is committed to making its training accessible to students from all backgrounds. This ambition is supported by our Widening Participation & Outreach programmes, and Bursary scheme.

Priorities for 2019-20

The key priorities for the coming year have been identified as part of the new strategic plan and include:

- Setting up a staff development plan to sustain the quality of our teaching and meet the requirements of being an HEI
- Deliver the Access and Participation Plan and assess its impact
- Invest in RADA's estate to improve facilities now and in the future
- Increase the amount of income earned from fundraising, RADA Business and short course activity so that investment can continue.
- Updating RADA's governance to meet HEI expectations, including the appointment of staff and student governors.

FINANCIAL REVIEW

There follows below, in the form of an abridged operating income and expenditure account, a summary of RADA's financial performance for the years ended 31 July 2019 and 31 July 2018:

		2019	2018
		£000	£000
RADA Business	Turnover	6,340	5,047
	Expenditure	<u>(4,722)</u>	<u>(3,554)</u>
	Operating profit	1,618	1,493
RADA	Student & other fees	4,390	4,247
	HE grants	823	945
	Bursary funding	413	527
	Other fundraising	1,374	893
	Donations in kind	<u>201</u>	<u>188</u>
	Total Academy Income	7,201	6,800
	Operating costs	(7,760)	(7,471)
	Bursary cost	(454)	(605)
	Donations in kind	(201)	(188)
	Net Income from principal activities	<u>404</u>	<u>29</u>
Royalties	165	145	
Investment Income	123	91	
Depreciation	(754)	(696)	
Net (Deficit)/Income	<u>(62)</u>	<u>(431)</u>	

Operating costs increased as more resources were dedicated to core training, but the increase also reflects higher staff numbers and increased general overheads, such as utilities. We have also recognised two significant legacy donations during the year, with an estimated value of £1m. This increase in unrestricted assets, together with the investment gain of £510k, will boost RADA's reserves ahead of the capital project and enable RADA to begin implementing its strategic plan while guaranteeing support for those students who need it. It is the intention that RADA's net operating result before depreciation in future years should aim to be at breakeven or better. A further £323k was received for use in the capital project (2018:£341k).

Investment Policy

RADA's policy is to invest in total return funds that aim to protect capital and provide real absolute returns. To spread risk, the investments are currently with three funds that have different asset mixes that include equities, bonds, gilts, gold and cash. The Academy's investments are monitored by the chairs of the Finance and General Purposes and Audit committees, and the Director of Finance and Operations. Any deployment of those funds will be decided upon by a committee formed by those people, the Chairman of the Academy and the Director.

Reserves Policy

The general unrestricted funds of RADA at 31 July 2019 are £4.1m (2018: £2.0m, see note 19) with a further £3.5m of designated revenue reserves (2018: £5.7m). These are offset by long term liabilities relating to the pension fund (note 7) and finance lease (note 14). Annual payments towards these continue to be met from operating income.

RADA's total reserves of £40.8m are made up of the following amounts (as shown in notes 18 and 19):

	2019	2018	
	£m	£m	
Fixed Assets	34.4	34.8	Land, buildings & equipment used for charitable purposes
Endowment Funds	5.3	4.8	Invested to provide future income
Designated	3.5	5.7	Invested for expenditure on future projects including Chenies St
Unrestricted	4.1	2.0	General reserve
Restricted funds	0.2	0.3	Specific project funding
Capital project fund	-	(0.9)	Transferred to unrestricted funds
Pension scheme liability	(2.3)	(1.4)	To be met from operating income
Long term lease	(4.4)	(4.5)	To be met from operating income
Total	40.8	40.8	

Council's long-term aim is to ensure that RADA has freely available unrestricted general funds equal to its estimate of at least six months' running costs excluding depreciation and the costs of subsidiary trading and short courses. This is currently estimated at £4.0m. In addition, RADA has designated funds to meet the planned infrastructure replacement of Gower St (c.£1.0m over the next 4 years), to support our commitments to existing bursaries and the new bursary scheme (£0.5m), and to support and prepare for a major capital project (£2.0m).

The Trustees have decided that expenditure incurred to date that relates to the capital project and has not been funded from specific donations should be met from unrestricted reserves by way of a transfer of £962k.

Pay policy for senior staff

Members of Council, who are the charity's Trustees, and the Senior Leadership Team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the Academy on a day to day basis. All Council members give of their time freely and no member received remuneration in the year. Details of Council members' expenses (if any) and related party transactions are disclosed in note 17 to the accounts.

The pay and conditions of the Senior Leadership Team are reviewed annually by the Remuneration Committee and normally increased in accordance with average earnings. When senior staff are recruited, remuneration is benchmarked against similar roles in other educational, artistic, charitable or commercial organisations as appropriate.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The Trustees of RADA acknowledge their responsibility for ensuring that a sound system of internal control is maintained and have reviewed the effectiveness of those arrangements for the period from 1 August 2018 to the date of signing of these accounts. Further details of RADA's corporate governance arrangements and approach to internal control are set out below.

Legal Structure

RADA is a charity registered with the Charity Commission under registration number 312819. It is governed by a Royal Charter of Incorporation dated 16 July 1920 as amended by Order in Council dated 22 December 1971 and further amended by Order in Council dated 19 July 2006.

RADA has a subsidiary company, RADA in Business Limited ("RADA Business" or "RB"), company registration number 03999577, incorporated 12 June 2000). RADA holds 100% of the issued ordinary share capital of RB.

RADA was a founder school of the Conservatoire for Dance and Drama ("CDD"), a Higher Education Institution, through which it received funding towards the cost of its higher education qualifications. From 1 August 2019, RADA ceased to be a member of CDD and became an independently registered Higher Education Institution (HEI) with the Office for Students (OfS).

Organisational Structure

The primary responsibility for RADA is vested in the Council with management of RADA being delegated to the Director, Edward Kemp, and through him to the Senior Leadership Team. The Council operates a series of committees with relevant senior RADA staff attending and presenting information and updates. The Finance and General Purposes Committee is responsible for recommending RADA's annual revenue and capital budgets to Council and monitoring performance in relation to approved budgets. The Audit & Risk Committee is responsible for monitoring RADA's system of internal controls, the work of internal and external auditors and the preparation of, and proper disclosure in, the annual Financial Statements. The Nominations Committee is responsible for identifying potential new members of Council. The Remuneration Committee considers the pay and conditions of senior staff and any other remuneration issues as they arise. The Training Committee reviews and makes recommendations on any aspect of the training policy, provision and practice.

These committees agree financial and non-financial targets with the management of RADA and monitor these on a regular basis on behalf of Council. RADA's management is required to supply further reports to the relevant committee if there is any significant change to the budget or business plan.

RADA operated within the requirements of CDD during 2018-19 and was required to attend various meetings within that structure to adhere to the requirements for Higher Education funding. From 1 August 2019, RADA is required to operate within the requirements set out by the OfS.

With effect from June 2019, the governance of RADA Business lies with the RADA Business Board. This Board will monitor the activity of RADA Business through two committees (Audit, Risk & Ethics Committee and Remuneration Committee) and one Advisory Board. The Managing Director of RADA Business reports directly to the RADA Business Board.

Appointment of Trustees

As set out in the revised articles of the Royal Charter, members of the Council, who are Trustees for charity law purposes, are elected by the Council at a meeting of the Council or by written resolution signed by the majority of members.

Members of the Council hold office for a period of three years from the date of their election. Members may be re-elected for further three year periods provided that they do not serve for more than nine consecutive years without a break of at least one year, unless the Council shall by Special Resolution otherwise determine. A Nominations Committee exists to review potential

new members, both to replace retiring members and to reflect the needs and requirements of the Academy going forward.

Trustee Induction and Training

New members are given agendas, papers and minutes from the previous year's Council meetings together with documents such as the events brochures, fundraising literature and supporters' packs and a copy of the last Annual Report and Financial Statements. New members meet key individuals in RADA and on Council to discuss their duties as members. New and existing members are encouraged to attend key meetings, depending on their area of expertise, and performance and fundraising events at RADA. All new members have an introductory session with the Chairman and Secretary.

Risk Management

The risk management policy of RADA is to adopt best practices in the identification, evaluation and cost-effective control of risks to ensure that they are eliminated or reduced to an acceptable level. It is acknowledged that some risks will always exist and cannot be eliminated. The main risks for RADA are dependence on variable revenue streams (for example, donations) versus a relatively fixed cost base around the three main buildings, and the effects of changes in educational policy (for example, the level and type of grants and fees). The impact of variable income has been mitigated by developing other sources of income (via RADA Business and short courses). Through its professional networks (and via CDD while still a member), RADA is kept informed of possible changes to HE policy and aims to position itself as a key provider of world-leading learning.

The risks are reviewed regularly through a risk register monitored by the Audit Committee. The Council feels that RADA is adapting satisfactorily to the current financial and regulatory environments. The Audit Committee receives regular reports from management and internal audit on emerging risks and their management. These are reported to Council. The Audit Committee is responsible for reviewing the effectiveness of RADA's internal controls, supported by internal audit.

Internal Controls

RADA's key internal financial controls, which are designed to discharge the responsibilities set out in the Statement of Trustees Responsibilities, include the following:

- regular scrutiny of budgets through monthly management accounts and detailed transaction listings in meetings with key budget holders;
- two year rolling cash flow projections and reviews of medium-term forecasts;
- regular reviews of key budget and Business Plan milestones by the Council's Finance and General Purposes Committee; and
- authorisation procedures, separation of incompatible duties, performance and review of key accounting reconciliations and controls over access to systems.

Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against any material misstatement or loss.

Administrative Information

Principal Office	62-64 Gower Street London WC1E 6ED
President	Sir Kenneth Branagh
Trustees	The following have served as members of Council since 1 August 2018:
Chairman	Sir Stephen Waley-Cohen Bt.

Members

S J K Barratt	
Josh Berger CBE	
Simon Berry CVO	
Lolita Chakrabarti	(from 14 June 2019)
Chipo Chung	(to 24 October 2018)
Paul Clay	
Sir Martin Donnelly	
Buster Dover	
Judy Grahame	
Stephen Greene	
Ros Haigh	
Laurence Isaacson CBE	(to 23 October 2018)
Mike Leigh OBE	
Rishi Madlani	
Tanya Moodie	
Glen Moreno	(to 23 January 2019)
Maxine Peake	(from 14 June 2019)
Paul Pyant	
Fiona Shaw CBE	(to 23 January 2019)
Robin Soans	
Imogen Stubbs	(to 24 October 2018)
Andrew Sutch	
Michelle Terry	
Tamar Thomas	
Richard Wilson OBE	
Professor Michael Worton CBE	

Senior Leadership Team	Edward Kemp	Director
	Kevin Chapman	Managing Director of RADA Business
	Julie Crofts	Registrar
	Neil Fraser	Director of Technical Training
	Fraser Jopp	Director of Finance & Operations
	Martin Prendergast	Director of Development & Public Affairs (from 15 February 2019)
	Penny Saward	Director of Development (to 15 February 2019)
	Lucy Skilbeck	Director of Actor Training
	Helen Slater	Director of Marketing & Communications

Sub-Committees

Finance & General Purposes Committee

Remuneration Committee

Chair S J K Barratt
Members Paul Clay
Andrew Sutch

Audit & Risk Committee

Chair Stephen Greene
Members Ros Haigh
Rishi Madlani

Nominations Committee

Chair Sir Stephen Waley-Cohen Bt
Members Simon Berry CVO
Robin Soans

Training Committee

Chair Robin Soans
Members Catherine Bailey
Michelle Terry
Paul Clay
Neil Fraser
Edward Kemp
Mike Leigh
Tanya Moodie
Paul Pyant
Fiona Shaw
Lucy Skilbeck
Robin Soans
Tamar Thomas
Sir Stephen Waley-Cohen
Richard Wilson

Attendance

Attendance at Council and other meetings was as follows:

Name	Council	F&GP	Audit
S J K Barratt	3/4	4/4	
Josh Berger CBE	0/4		
Simon Berry CVO	4/4		
Paul Clay	0/4	3/4	
Sir Martin Donnelly	3/4		
Buster Dover	2/4		
Judy Grahame	3/4		
Stephen Greene	3/4		3/3
Ros Haigh	4/4		3/3
Mike Leigh OBE	1/4		
Rishi Madlani	2/4		2/3
Tanya Moodie	0/4		
Glen Moreno (to 23 January 2019)	0/1		
Paul Pyant	1/4		
Fiona Shaw CBE (to 23 January 2019)	0/1		
Robin Soans	3/4		
Andrew Sutch	4/4	4/4	
Michelle Terry	0/4		
Tamar Thomas	4/4		
Sir Stephen Waley-Cohen Bt	4/4		
Richard Wilson OBE	3/4		
Prof. Michael Worton CBE	4/4		

RADA recognises that many of its Council members in the profession may not be able to attend all meetings due to their professional commitments. All members receive all relevant papers in advance of meetings and are able to discuss issues with the Chair, the Director or Senior Leadership Team at any time.

Lolita Chakrabarti and Maxine Peake are not included in this attendance list as their term began after the last meeting of 2018-19.

Professional Advisers

Auditors	Saffery Champness LLP Chartered Accountants 71 Queen Victoria Street London EC4V 4BE
Bankers	Allied Irish Bank (GB) 10 Berkeley Square London W1J 6AA
Solicitors	Bond Dickinson LLP The Chocolate Works Bishopthorpe Rd York YO23 1DE
	Mills & Reeve Botanic House 100 Hills Road Cambridge CB2 1PH
Investment Managers	McInroy & Wood Ltd Easter Alderston Haddington East Lothian EH41 3SF

Statement of Trustees' Responsibilities

Council is responsible for preparing the Report of the Members of Council and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the members of Council (who are Trustees for the purposes of charity law) to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustees are required to:

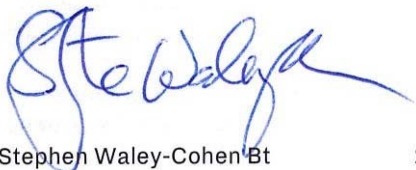
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice ("SORP");
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, 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 charity will continue in business.

Council is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable it to ensure that the Financial Statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, the OfS 'Regulatory advice 9:Accounts direction', and the provisions of the Royal Charter. Council is responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Council also has regard to the voluntary code of practice of the Committee of University Chairs, Guide for Members of Higher Education Governing Bodies in the UK.

Council has taken steps to:

- ensure that funds received from the OfS through the CDD are used only for the purposes for which they have been given and in accordance with the funding agreements and other conditions which each funding body may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of RADA and prevent and detect fraud; and
- secure the efficient and effective management of RADA's resources and expenditure.

For and on behalf of the Members of Council



Sir Stephen Waley-Cohen Bt

24 October 2019

Independent auditors' report to the Trustees

Opinion

We have audited the financial statements of The Royal Academy of Dramatic Art for the year ended 31 July 2019 which comprise the Consolidated Statement of Financial Activities, Balance Sheets, Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice). In our opinion the financial statements:

- give a true and fair view of the state of the group and parent charity's affairs as at 31 July 2019 and of the group's incoming resources and application of resources 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 Charities Act 2011.

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 group and the parent charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The Trustees are responsible for the other information. 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work

we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the group and the parent charity has not kept sufficient accounting records; or
- the parent's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Matters prescribed by the Office for Students (OfS) "Regulatory advice 9: Accounts direction"

In our opinion, in all material respects:

- funds from whatever source administered by the institution for specific purposes during the year ended 31 July 2019 have been applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the OfS and Research England have been applied in accordance with the terms and conditions of the Accounts Direction and any other terms and conditions attached to them during the year ended 31 July 2019; and
- the requirements of OfS's accounts direction have been met.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 25, the Trustees 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 group's and the parent charity'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 group or the parent charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under the Charities Act 2011 and report in accordance with regulations made under that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

This report is made solely to the charity's Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditors' 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 charity and the Trustees as a body, for our audit work, for this report, or for the opinions we have formed.



For and on behalf of

Saffery Champness LLP

Chartered Accountants
Statutory Auditors
71 Queen Victoria Street
London
EC4V 4BE

6 November 2019

Saffery Champness LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Consolidated Statement of Financial Activities for the year ended 31 July 2019

		Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds	Total Funds*
	Note	2019 £000	2019 £000	2019 £000	2019 £000	2018 £000
Income & Endowments from:						
Donations & Legacies		1,647	769	-	2,416	2,349
Charitable activities		5,200	13	-	5,213	5,192
Other trading activities		6,400	-	-	6,400	5,145
Investments		36	-	87	123	95
Total income	2	13,283	782	87	14,152	12,781
Expenditure on:						
Raising funds						
- Commercial trading		4,408	-	-	4,408	3,326
- Fundraising		448	-	-	448	754
- Investment management		5	-	12	17	16
Charitable activities		7,965	1,054	-	9,019	8,418
Total expenditure	3,4	12,826	1,054	12	13,892	12,514
Total income less total expenditure		457	(272)	75	260	267
Net gains on investments	10	390	-	380	770	510
Net income for the year		847	(272)	455	1,030	777
Transfers between funds	19	(962)	962	-	-	-
Net income after transfers		(115)	690	455	1,030	777
Other recognised (losses)/gains						
Net actuarial (losses)/gains on defined pension benefit schemes	7	(1,061)	-	-	(1,061)	240
Net movement in funds		(1,176)	690	455	(31)	1,017
Total funds brought forward		15,479	20,475	4,872	40,826	39,809
Total funds carried forward		14,303	21,165	5,327	40,795	40,826

All activities derive from continuing operations

The notes on pages 33 to 46 form an integral part of these accounts.

* See analysis overleaf.

Analysis of consolidated prior year total funds


	Unrestricted Funds 2018 £000	Restricted Funds 2018 £000	Endowment Funds 2018 £000	Total Funds 2018 £000
Income & Endowments from:				
Donations & Legacies	913	1,436	-	2,349
Charitable activities	5,169	23	-	5,192
Other trading activities	5,145	-	-	5,145
Investments	31	-	64	95
Total income	11,258	1,459	64	12,781
Expenditure on:				
Raising funds				
- Commercial trading	3,326	-	-	3,326
- Fundraising	489	265	-	754
- Investment management	5	-	11	16
Charitable activities	7,376	1,042	-	8,418
Total expenditure	11,196	1,307	11	12,514
Total income less total expenditure	62	152	53	267
Net gains on investments	215	-	295	510
Net income for the year	277	152	348	777
Other recognised gains				
Net actuarial gains on defined pension benefit schemes	240	-	-	240
Net movement in funds	517	152	348	1,017
Total funds brought forward	14,962	20,323	4,524	39,809
Total funds carried forward	15,479	20,475	4,872	40,826

ROYAL ACADEMY OF DRAMATIC ART

Balance Sheets as at 31 July 2019

	Notes	GROUP		ACADEMY	
		2019 £000	2018 £000	2019 £000	2018 £000
Fixed assets					
Intangible assets	8	-	-	-	-
Tangible assets	9	34,440	34,755	34,412	34,731
Investments held as fixed assets	10	12,173	11,800	12,175	11,802
Total fixed assets		<u>46,613</u>	<u>46,555</u>	<u>46,587</u>	<u>46,533</u>
Current assets					
Stocks		18	-	18	-
Debtors	12	3,392	1,227	2,735	1,097
Cash at bank and in hand		630	1,295	344	730
Total current assets		<u>4,040</u>	<u>2,522</u>	<u>3,097</u>	<u>1,827</u>
Current liabilities					
Creditors: amounts falling due within one year	13	(3,165)	(2,374)	(2,219)	(1,677)
Net current assets		<u>875</u>	<u>148</u>	<u>878</u>	<u>150</u>
Total assets less current liabilities		<u>47,488</u>	<u>46,703</u>	<u>47,465</u>	<u>46,683</u>
Creditors: amounts falling due after more than one year	14	(4,391)	(4,514)	(4,391)	(4,514)
Net assets excluding pension liabilities		<u>43,097</u>	<u>42,189</u>	<u>43,074</u>	<u>42,169</u>
Defined benefit pension scheme liabilities					
	7	(2,302)	(1,363)	(2,302)	(1,363)
Total net assets		<u>40,795</u>	<u>40,826</u>	<u>40,772</u>	<u>40,806</u>
Represented by:					
Unrestricted Funds					
Unrestricted Revenue Funds	18,19	(2,614)	(3,881)	(2,637)	(3,901)
Designated Funds					
Designated Revenue Funds	18,19	3,500	5,695	3,500	5,695
Designated Fixed Asset Funds	18,19	13,418	13,665	13,418	13,665
Total unrestricted funds		<u>14,304</u>	<u>15,479</u>	<u>14,281</u>	<u>15,459</u>
Restricted funds					
Restricted Revenue Funds	18,19	142	(615)	142	(615)
Restricted Fixed Asset Funds	18,19	21,022	21,090	21,022	21,090
Total restricted funds		<u>21,164</u>	<u>20,475</u>	<u>21,164</u>	<u>20,475</u>
Endowment funds					
Endowment Revenue Funds	18,19	5,327	4,872	5,327	4,872
Total endowment funds		<u>5,327</u>	<u>4,872</u>	<u>5,327</u>	<u>4,872</u>
Total charity funds		<u>40,795</u>	<u>40,826</u>	<u>40,772</u>	<u>40,806</u>

The financial statements on pages 29 to 46 were approved by Council on 24 October 2019 and signed on its behalf by:


Sir Stephen Waley-Cohen Bt.
Chairman of Council


S J K Barratt
Member of Council


Edward Kemp
Director

The notes attached on pages 33 to 46 form an integral part of these accounts.

Consolidated Cash Flow Statement for the year ended 31 July 2019

	2019	2018
	£000	£000
Cash flows from operating activities		
Net cash provided by operating activities as shown below	A	(721) 815
Cash flows from investing activities		
Interest received	2	4
Other investment income, including rents from investments	121	91
Proceeds from sale of property, plant and equipment	-	1
Purchase of property, plant and equipment	(464)	(4,940)
Proceeds from sales of investments	501	2,251
Purchase of investments	(104)	(75)
Net cash used in investing activities	B	56 (2,668)
Overall cash used by all activities	A+B	(665) (1,853)
Cash movements		
Change in cash and cash equivalents from activities in the year ended 31 July	(665)	(1,853)
Cash and cash equivalents at 1 August	1,295	3,148
Cash at bank and in hand less overdrafts at 31 July	630	1,295
Reconciliation of net income to net cash flow from operating activities		
Net income as shown in the Consolidated Statement of Financial Activities	1,030	777
Adjustments for :-		
Depreciation charges	779	714
Net gains on investment assets	(770)	(510)
Dividends, interest and rents from investments	(123)	(95)
Decrease in stocks	(18)	-
Increase in defined benefit pension scheme funds, less unrealised gains	(122)	(127)
(Increase)/decrease in debtors	(2,165)	190
Increase/(decrease) in creditors, excluding loans	668	(134)
Net cash provided by operating activities	A	(721) 815
Analysis of cash and cash equivalents		
Cash in hand at for the year ended 31 July	626	1,037
Notice deposits - (less than 3 months)	4	258
Total cash and cash equivalents	630	1,295

Notes to the Accounts for the year ended 31 July 2019

1 Accounting policies

Policies relating to the production of the accounts.

Basis of preparation and accounting convention

These consolidated accounts have been prepared on the accruals basis, under the historical cost convention, and in accordance with the FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the 2015 Statement of Recommended Accounting Practice applicable to charities (SORP 2015), and in accordance with all UK applicable law. The accounts are prepared in sterling which is the functional currency of the group and the charity. Monetary amounts are rounded to the nearest £000.

The charity constitutes a public benefit entity as defined by FRS 102; it is incorporated under a Royal Charter of Incorporation dated 16 July 1920 as amended by Order in Council dated 22 December 1971 and further amended by Order in Council dated 19 July 2006. It is a charity registered with the Charity Commission for England and Wales under registration number 312819. Its registered office is 62-64 Gower Street, London WC1E 6ED.

Group accounts

These accounts consolidate the results of RADA and its wholly owned subsidiary, RADA in Business Limited (RiB, together "the Academy"), on a line-by-line basis. A separate Statement of Financial Activities has not been prepared for the charity alone as this is not considered to be materially different to the consolidated Statement of Financial Activities.

Going concern

The Council considers that there are no material uncertainties about the Academy's ability to continue as a going concern; although it has long-term liabilities relating to the pension scheme (see note 7) and the lease under which it occupies 20-22 Chenies St (see note 14), the Academy expects to continue to meet these liabilities from operating income as it has to date. The core OfS grant is subject to changes in legislation and government policy but the Academy has the ability to adjust its other expenditure according to funds available. The Academy has unrestricted cash and investment reserves of £4.1m (see note 19) which would also mitigate the impact of a material fall in grant or fundraising income.

Critical estimates and judgements

The level of liability relating to the defined benefit pension scheme depends on a number of actuarial assumptions (see note 7). A recovery plan has been agreed with the trustees of the scheme that aims to eliminate this liability by March 2021.

The allocation of support costs between activities is based on assumptions regarding the relationship between activity and cost. The Trustees believe that the assumptions made are reasonable.

With respect to the next reporting period, the most significant area of uncertainty that relates to the carrying value of investment assets is the future performance of capital markets (see the Investment Policy section of the Trustees report for more information).

Significance of financial instruments to the Academy's position

The Academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments (i.e. debtors and creditors). These are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans and finance leases which are subsequently measured at amortised cost using the effective interest method.

Policies relating to categories of income and income recognition.

Specific sources of income are treated as follows:

- Funding Council Grants

Income receivable from HEFCE is apportioned to financial years on a time basis.

- Tuition Fees

Tuition fees are recognised in the period in which tuition is provided.

- Bursary and scholarships

Gifts intended to provide bursaries or scholarships to students are recognised in the period in which they become available to students. Scholarships towards RADA fees and fee waivers are shown as charitable expenditure rather than as a reduction of income.

Notes to the Accounts for the year ended 31 July 2019

Accounting for other deferred income and income received in advance

Where terms and conditions relating to income have not been met or uncertainty exists as to whether the Academy can meet any terms or conditions otherwise within its control, income is not recognised but is deferred as a liability until it is probable that the terms or conditions imposed can be met.

Any grant that is subject to performance-related conditions received in advance of delivering the goods and services required by that condition, or is subject to unmet conditions wholly outside the control of the Academy, is accounted for as a liability and shown on the balance sheet as deferred income. Deferred income is released to income in the reporting period in which the performance-related or other conditions that limit recognition are met.

Where time related conditions are imposed or implied by a funder, then the income is apportioned to the time periods concerned, and, where applicable, is accounted for as a liability and shown on the balance sheet as deferred income. When grants are received in advance of the expenditure on the activity funded by them, but there are no specific time related conditions, then the income is not deferred.

Income from legacies

Income from legacies is recognised when RADA has sufficient evidence that a gift has been left to it, that, where required, probate has been granted, the executor is satisfied that the property in question will not be required to satisfy claims in the estate, that it is probable that the amount will be received by RADA, and the amount to be received can be estimated with sufficient accuracy, and that any conditions attached to the legacy are either within the control of RADA or have been met.

Donated goods, facilities and services

Donated goods, assets and services are recognised at the current fair value. All such donations are recognised as donation income, and debited to expenditure or fixed assets as appropriate.

Policies relating to expenditure on goods and services provided to the Academy.

Recognition of liabilities and expenditure

A liability, and the related expenditure, is recognised when a legal or constructive obligation exists as a result of a past event, and when it is more likely than not that a transfer of economic benefits will be required in settlement, and when the amount of the obligation can be measured or reliably estimated.

Allocating costs to activities

Direct costs that are specifically related to an activity are allocated to that activity. Shared direct costs and support costs are apportioned between activities.

The basis for apportionment, which is consistently applied, and proportionate to the circumstances, is pro-rata with total direct expenditure in each area (excluding grants of scholarship and bursary funds).

Policies relating to assets, liabilities and provisions and other matters.

Fixed asset investments

Fixed asset investments in quoted shares, traded bonds and similar investments are shown initially at cost upon acquisition and at their market value at the balance sheet date.

Investments in subsidiaries are valued at the cost of acquisition of shares in the subsidiary.

All gains on fixed asset investments, whether realised or unrealised, are included in the Statement of Financial Activities.

Intangible assets

Acquired goodwill is written off in equal instalments over its estimated useful economic life.

Tangible fixed assets

Tangible fixed assets are measured at their original cost value. Cost value includes all costs expended in bringing the asset into its intended working condition.

Assets costing more than £2,000 are capitalised in the year of purchase.

Depreciation has been provided at the following rates in order to write off the assets to their anticipated residual value over their estimated useful lives.

Freehold premises	1% straight line
Leasehold premises	Straight line over the period of the lease
Fixtures, fittings and office equipment	10% to 33% straight line
Theatre, props, wardrobe and library plant and equipment	10% straight line

Freehold land is not depreciated.

Assets under construction are depreciated when the work is complete and the asset is brought into use.

Notes to the Accounts for the year ended 31 July 2019

Accounting for capital grants and fixed asset funds.

Gifts for the purposes of acquiring specific assets to be used in charitable activity are credited to fixed asset funds after the donated asset has been received or sums have been properly expended on the restricted purpose.

Where the terms of the gift require RADA to hold the asset on an ongoing basis for a specific purpose, then the fixed asset fund so created is categorised as a restricted fixed asset fund.

When assets are acquired for the furtherance of the RADA's objects, utilising the Academy's own unrestricted funds, a transfer is made from unrestricted funds to a designated fixed asset fund.

Whether acquired with unrestricted or restricted funds, the asset acquired is initially shown in the balance sheet at the full cost of acquisition or subsequent revaluation.

As the assets are depreciated, in accordance with the depreciation policy, in order to reflect the diminution in the value of the asset, a transfer is made from the relevant fixed asset funds to either unrestricted or restricted revenue funds, as appropriate to the terms of the original gift, if any.

The effect of this policy is that the aggregate of all the fixed asset funds equates to the net book value of the Academy's fixed assets.

Stocks and work in progress

Stock is valued at the lower of cost and net realisable value.

Debtors

Debtors are measured at their recoverable amounts at the balance sheet date.

Creditors and provisions

Creditors and provisions are recognised where the Academy has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Liabilities relating to RADA's obligations to the defined benefit pension scheme (The Royal Academy of Dramatic Art 1978 Retirement Fund) are recognised and valued in line with FRS 102, Section 28. See note 7 for detail.

All other creditors and provisions are measured at fair value.

Cash and bank balances

Cash held by the Academy is included at the amount actually held and counted at the year end. Bank balances, whether in credit or overdrawn, are shown at the amounts properly reconciled to the bank statements.

Leasing and hire purchase contracts and commitments

The leasehold property held under a finance lease is recognised as an asset of RADA at historic cost less depreciation. The liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and a reduction in the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised.

Rentals payable under operating leases are expensed on a straight line basis over the term of the relevant lease.

Pensions - defined contribution schemes

The Academy operates a defined contribution pension scheme. Contributions are charged to the Statement of Financial Activities as they become payable in accordance with the rules of the scheme.

Pensions - defined benefit schemes

The Academy operates a defined benefit pension scheme (The Royal Academy of Dramatic Art 1978 Retirement Fund, "the Scheme"). Scheme assets are measured using market values. Scheme liabilities are measured using the projected unit valuation method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any increase in the present value of liabilities within the Scheme expected to arise from employee service in the period and net interest is charged to the Statement of Financial Activities within total expenditure. Changes to the plan liabilities arising from changes to demographic and financial assumptions are shown in other recognised gains and losses.

The expected return on the Scheme's assets and any decrease during the period in the present value of the Scheme's liabilities arising from the passage of time are included in the Statement of Financial Activities. Scheme surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet.

Liability to taxation

As a registered charity, RADA is exempt from income and corporation tax to the extent that its income and gains are applied towards its charitable objects and for no other purpose. Value Added Tax is not completely recoverable by the RADA, and the irrecoverable amount is therefore included in the relevant costs in the Statement of Financial Activities.

ROYAL ACADEMY OF DRAMATIC ART

Notes to the Accounts for the year ended 31 July 2019

2 Incoming Resources

	Unrestricted 2019 £000	Restricted 2019 £000	Endowment 2019 £000	Total Funds 2019 £000	Total Funds 2018 £000
<u>Donations & Legacies</u>					
Fundraising (Donations & grants)	211	769	-	980	1,677
Royalties	165	-	-	165	145
Donated goods & services	201	-	-	201	188
Legacies	1,070	-	-	1,070	339
Total from donations & legacies	1,647	769	-	2,416	2,349
<u>Charitable Activities</u>					
HEFCE grant	641	-	-	641	749
HEIF income	169	-	-	169	173
Teaching capital grant	-	13	-	13	23
Fees from EU Higher Education students	1,505	-	-	1,505	1,448
Fees from non-EU Higher Education Students	210	-	-	210	251
	2,525	13	-	2,538	2,644
Short Course Inome	2,218	-	-	2,218	2,207
Audition Fees	197	-	-	197	187
Outreach Income	16	-	-	16	10
Ticket & Audience income	232	-	-	232	99
Sundry Income	12	-	-	12	45
	2,675	-	-	2,675	2,548
Total from charitable activities	5,200	13	-	5,213	5,192
<u>Other Trading Activities</u>					
RiB turnover	11 6,340	-	-	6,340	5,047
Fundraising events	60	-	-	60	98
Commercial sponsorships	-	-	-	-	-
	6,400	-	-	6,400	5,145
<u>Investment Income</u>					
Income on fixed asset investments	34	-	87	121	91
Bank interest	2	-	-	2	4
	36	-	87	123	95
Total Incoming resources	13,283	782	87	14,152	12,781

Donated goods and services largely represent the estimated value of renting theatre equipment that has been lent to RADA free of charge.

3 Total Expenditure

	Direct Costs £000	Grants made to Individuals £000	Allocated Support costs £000	Depreciation £000	Total 2019 £000	Total 2018 £000
<u>Raising Funds</u>						
RADA Business expenditure	4,408	-	-	-	4,408	3,326
Fundraising	448	-	-	-	448	754
Investment management	17	-	-	-	17	16
Total Raising funds	4,873	-	-	-	4,873	4,096
<u>Charitable Activities</u>						
Core courses	3,552	537	1,919	466	6,474	5,283
Non-core courses	405	-	664	160	1,229	1,838
Theatre & Other presentation	329	-	434	105	868	785
Auditions	89	-	96	24	209	192
Other Charitable activities	116	-	99	24	239	320
Total Charitable Activities	4,491	537	3,212	779	9,019	8,418
Total expenditure	9,364	537	3,212	779	13,892	12,514

Notes to the Accounts for the year ended 31 July 2019

3 Total Expenditure (cont.)

Grants made to individuals consist of bursary payments to students.

Core courses are the Foundation degree and BA courses in Acting and Technical Theatre & Stage Management.

Non-core courses include MA courses, Foundation courses and short courses as well as Widening Participation and Outreach activities such as the Elders and Youth companies.

Support costs included in the above expenditure have been allocated to the activities above by the following amounts:

	Governance	Finance	Admin & Support Costs	Premises & Other Overheads	Total
	£000	£000	£000	£000	£000
Core courses	16	484	1,110	775	2,385
Non-core courses	7	166	384	267	824
Theatre & Other presentation	3	109	252	175	539
Auditions	1	25	56	38	120
Other Charitable activities	1	25	58	39	123
	28	809	1,860	1,294	3,991

4 Specific Expenditure

	2019	2018
	£000	£000

The net movement in funds in the financial year is stated after charging:-

Remuneration of auditors for audit services	24	26
Remuneration of auditors for non-audit services	2	2

5 Staff costs and emoluments

Salary costs	2019	2018
	£000	£000
Gross salaries excluding Trustees and key management personnel	4,161	4,028
Employer's National Insurance for all staff	483	469
Employer's contribution to defined contribution pension schemes	126	70
Other employee benefits, excluding amounts paid to Trustees and key management personnel	21	-
Salaries and benefits paid to key management personnel	800	726
Total salaries, wages and related costs	5,591	5,293

Redundancy, termination and compensation payments	2019	2018
	£000	£000
Redundancy and other severance payments	35	18
	35	18

Numbers of employees	2019	2018
The average number of total staff employed in the year was	163	167
The estimated full time equivalent number of all staff employed in the year was	112	113

Notes to the Accounts for the year ended 31 July 2019

5 Staff costs and emoluments (cont.)

The estimated equivalent number of full time staff deployed in different activities in the year was:-

	2019	2018
Engaged on charitable activities	65	65
Engaged on fundraising activities		
- Commercial trading	18	17
- Fundraising	5	6
Engaged on management and administration	23	25
The estimated full time equivalent number of all staff employed as above	111	113

Except as noted in Note 17, no Trustee or any person connected with any of them has received any remuneration from the Academy or any related entity, either in the current or prior year.

The number of employees whose emoluments including taxable benefits but excluding employer's pension contributions fall into the following bands were :-

	2019 No	2018 No
£60,001 to £70,000	4	3
£70,001 to £80,000	1	-
£80,001 to £90,000	3	3
£120,001 to £130,000	1	1
£260,000 to £270,000	1	1
	10	8

The pension details of such higher paid staff were :-

	2019 £000	2018 £000
Contributions for the provision of money purchase pension	29	15

Numbers of such staff to whom benefits are accruing :-

	2019 No	2018 No
Under money purchase pension schemes	10	8
	10	8

Emoluments for the Director were as follows:

	2019 £000	2018 £000
The remuneration in the year was	121	120
Pension contributions paid by the employer	5	3
Total remuneration package included in total salaries above	126	123

Based on salaries paid in April 2019, the Director's basic salary is 3.1 times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff. The same ratio applies when total remuneration is considered.

When considering the Director's salary, the Remuneration Committee take into account the context in which RADA operates (as a small specialist HEI) and the value and performance delivered by the Director. Both RADA's and the Director's performance over a number of years are considered. Benchmarks from the higher education, arts and charity sectors are used.

6 Defined contribution pension schemes

The Academy operates a defined contribution auto-enrolment pension scheme administered by Legal & General, the costs of which are shown above. The Academy contributes 4% of basic salary for all eligible employees (2018:2.5%). All costs are treated as an expense of unrestricted funds.

Notes to the Accounts for the year ended 31 July 2019

7 Defined benefit pension scheme

RADA operates a defined benefit pension scheme in the UK ("the Scheme"). A full actuarial valuation was carried out at 31 March 2016 and updated to 31 July 2019 by a qualified actuary, independent of the Scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

This most recent full actuarial valuation showed a deficit of £1,732,000. The Academy has agreed with the trustees of the Scheme that it will aim to eliminate the deficit over a period of 4 years and 11 months from 1 April 2016 by the payment of annual contributions of £250,008 in respect of the deficit. In addition and in accordance with the actuarial valuation, the Academy has agreed with the trustees that it will meet expenses of the scheme and levies to the Pension Protection Fund.

The best estimate of contributions to be paid by the Academy to the Scheme for the period commencing 1 August 2019 is £250,008.

Present values of defined benefit obligation, fair value of assets and defined benefit liability

	2019	2018	2017
	£000	£000	£000
Fair value of plan assets	7,482	7,095	6,774
Present value of defined benefit obligation	9,784	8,458	8,504
Defined benefit (liability) to be recognised	<u>(2,302)</u>	<u>(1,363)</u>	<u>(1,730)</u>

Reconciliation of opening and closing balances of the defined benefit obligation

	2019	2018
	£000	£000
Defined benefit obligation at start of period	8,458	8,504
Interest expense	229	220
Actuarial losses/(gains)	1,063	(216)
Benefits paid & expenses	(60)	(50)
Losses due to benefit changes	94	-
Defined benefit obligation at end of period	<u>9,784</u>	<u>8,458</u>

Reconciliation of opening and closing balances of the fair value of plan assets

	2019	2018
	£000	£000
Fair value of plan assets at start of period	7,095	6,774
Interest income	194	178
Actuarial gains	2	24
Contributions by the employer	251	169
Benefits paid & expenses	(60)	(50)
Fair value of plan assets at end of period	<u>7,482</u>	<u>7,095</u>

The actual return on the plan assets over the period ended 31 July 2019 was £194k.

The plan assets are entirely invested in the Baillie Gifford Diversified Growth Fund. There is no investment in the Academy's own financial instruments or any property occupied, or other assets used, by the employer.

Defined benefit costs recognised in profit or loss

	2019	2018
	£000	£000
Net interest cost	35	42
Losses due to changes in benefits	94	-
	<u>129</u>	<u>42</u>

Notes to the Accounts for the year ended 31 July 2019

7. Defined benefit pension scheme (cont.)

Defined benefit costs recognised in other recognised gains

	2019	2018
	£000	£000
Gain on plan assets excluding amounts included in net interest cost	2	24
Experience gain/(loss) arising on the plan liabilities	1	(11)
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities - (losses)/gains	(1,064)	227
Total recognised in other recognised (losses)/gains	(1,061)	240

Assumptions

	2019	2018	2017
	% per annum	% per annum	% per annum
Discount rate	2.10	2.70	2.60
Inflation (RPI)	3.50	3.40	3.40
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	3.50	3.40	3.40
Allowance for pension in payment increases	3.50	3.40	3.40
Allowance for commutation of pension for cash at retirement	None	None	None

The mortality assumptions adopted at 31 July 2019 imply the following life expectancies

	Life expectancy at age 65 (years)	
	2019	2018
Male aged 65	23.0	23.2
Female aged 65	24.9	25.1
Male aged 45	24.4	24.6
Female aged 45	26.4	26.6

Any liabilities and assets associated with the scheme are shown under debtors and creditors.

8 Intangible Fixed Assets

GROUP & ACADEMY

	2019	2018
	£000	£000
Goodwill:		
Cost		
At 1 August 2018	-	750
Disposals	-	(750)
At 31 July 2019	-	-
Amortisation		
At 1 August 2018	-	750
Provided during the year	-	-
On disposals	-	(750)
At 31 July 2019	-	-
Net book value	-	-

Notes to the Accounts for the year ended 31 July 2019

9 Tangible fixed assets

Group

	Land & Buildings	Plant & Machinery	Total
	£000	£000	£000
Cost			
At 1 August 2018	42,651	4,935	47,586
Additions	362	102	464
At 31 July 2019	43,013	5,037	48,050
Depreciation			
At 1 August 2018	9,142	3,689	12,831
Charge for the year	767	12	779
At 31 July 2019	9,909	3,701	13,610
Net book value			
At 31 July 2019	33,104	1,336	34,440
At 31 July 2018	33,509	1,246	34,755
Academy only			
	£000	£000	£000
Cost			
At 1 August 2018	42,652	4,851	47,503
Additions	362	86	448
At 31 July 2019	43,014	4,937	47,951
Depreciation			
At 1 August 2018	9,142	3,630	12,772
Charge for the year	553	214	767
At 31 July 2019	9,695	3,844	13,539
Net book value			
At 31 July 2019	33,319	1,093	34,412
At 31 July 2018	33,510	1,221	34,731

Included in Land and Buildings above are assets in the course of construction with a net book value of £2,151k (2018:£1,792k). This relates to costs associated with design work and planning applications for the refurbishment and redevelopment of 16 & 18 Chenies St.

The net book value of plant, machinery and vehicles held under finance leases and hire purchase contracts included above is:

	2019 £000	2018 £000
Total of assets held under finance leases	2,219	2,361

ROYAL ACADEMY OF DRAMATIC ART

Notes to the Accounts for the year ended 31 July 2019

10 Investments held as fixed assets

	Note	GROUP		ACADEMY	
		2019 £000	2018 £000	2019 £000	2018 £000
Quoted investments		12,173	11,800	12,173	11,800
Investments in subsidiary	11	-	-	2	2
		<u>12,173</u>	<u>11,800</u>	<u>12,175</u>	<u>11,802</u>

GROUP & ACADEMY

2019 £000	2018 £000
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Carrying values of listed investments

At 1 August 2018	11,800	13,466
Additions - income re-invested	104	75
Revaluation at 31 July 2019	770	510
Disposals and management Fees	(501)	(2,251)
At 31 July 2019	<u>12,173</u>	<u>11,800</u>

Analysis between fair value and historical cost

Investments as above held at fair value	<u>12,173</u>	<u>11,800</u>
Historic cost of the above investments	<u>7,181</u>	<u>7,806</u>

The market value at 31 July 2019 includes cash and securities which are invested in three funds managed by McInroy & Wood Ltd, Ruffer LLP and Troy Asset Management Ltd.

All investments are held in one of three funds. Within those funds no one investment in any company accounts for more than 5% of that fund's value.

Investments are analysed as follows

	2019 £000	2018 £000
UK	3,769	4,737
Non UK	8,404	7,063
	<u>12,173</u>	<u>11,800</u>
Fixed Interest	4,670	4,302
UK equities	3,775	1,509
Overseas equities	2,410	4,504
Cash	350	783
Other	968	702
	<u>12,173</u>	<u>11,800</u>

Notes to the Accounts for the year ended 31 July 2019

11 Subsidiary companies

The name of the subsidiary undertaking is RADA in Business Limited (RiB), and is registered in England & Wales with company number 03999577.

The aggregate amount of RADA's investment in its subsidiary is £2k, which represents 100% of the issued ordinary share capital of the subsidiary. The subsidiary is controlled by the holding company by virtue of the power to appoint directors to the board of the subsidiary.

RiB donates its profits to RADA every year.

A summary of the audited financial statements of the subsidiary is :-

	2019 £000	2018 £000
Assets and Funds		
Aggregate amount of assets	1,631	1,459
Aggregate amounts of liabilities	(1,605)	(1,437)
Aggregate amount of funds	<u>26</u>	<u>22</u>
Profit and Loss		
Turnover net of VAT	6,341	5,048
Expenses net of VAT	(4,722)	(3,554)
Net profit for the year before tax	<u>1,619</u>	<u>1,494</u>
Donation to RADA by way of Gift Aid	(1,615)	(1,491)
Surplus for the year after tax and Gift Aid	<u>4</u>	<u>3</u>

The net profit of the subsidiary is stated after including intergroup expenditure of £294k (2018:£94k) which has been eliminated on consolidation.

Amounts owing to and from the subsidiary are shown in the notes relating to creditors and debtors.

12 Debtors

	GROUP		ACADEMY	
	2019 £000	2018 £000	2019 £000	2018 £000
Trade debtors	1,866	723	717	65
Prepayments and accrued income	1,354	197	1,354	197
Other debtors	172	307	5	95
Due from group undertakings	-	-	659	740
	<u>3,392</u>	<u>1,227</u>	<u>2,735</u>	<u>1,097</u>

13 Creditors: amounts falling due within one year

	GROUP		ACADEMY	
	2019 £000	2018 £000	2019 £000	2018 £000
Trade creditors	544	465	407	382
Accruals	361	220	157	220
Deferred income	1,180	758	1,180	758
PAYE, NIC VAT and other taxes	308	314	155	104
Other creditors	772	617	320	213
	<u>3,165</u>	<u>2,374</u>	<u>2,219</u>	<u>1,677</u>

Deferred income reflects fee income received or invoiced in the year for courses that take place after year end (such as short courses), and funding for multi-year scholarships and bursaries that has been donated for use in future years.

Notes to the Accounts for the year ended 31 July 2019

14 Creditors: amounts falling due after one year

	GROUP & ACADEMY	
	2019	2018
	£000	£000
Amount due under finance lease	4,391	4,514
Amount due under finance lease falls due as follows:		
Within 1-2 years	138	123
Within 2-5 years	512	461
After more than 5 years	3,741	3,930
	4,391	4,514

The finance lease has a term of 30 years from December 2005 and is repayable by quarterly instalments, which are subject to annual fixed rate increments. The interest rate implicit on the lease is 5.0% per annum.

15 Contingent liabilities

a) RADA received during the year ended 31 March 1990 a sum of £500k being a contribution towards the purchase price of 18 Chenies Street from the then Secretary of State for Education to be used in compliance with the Education (Grant) Regulations 1983.

In the event of the property not being used for the purpose for which it was intended to be used at the time the grant was made, on the application of the Secretary of State, it may be repayable by RADA.

b) Under the terms of a grant towards RADA's Centenary Project, Arts Council England ("ACE") paid RADA a grant of £22,897,736 from the National Lottery Fund. In the event of RADA not complying with the conditions of the grant, ACE may apply for it to be repaid.

16 Lessor commitments

RADA acts as a lessor in connection with operating leases and continues to recognise the assets subject to the operating lease as assets on its balance sheet. The lease payments received from the lessee are recognised in the Statement of Financial Activities on a receivable basis. The leases relate to the rental of property, namely the use of part of the roofs of Gower St and Chenies St for telecoms masts. The future minimum lease payments arising from non-cancellable operating leases are shown below. The amounts due to the Academy fall due as follows:

	GROUP & ACADEMY	
	2019	2018
	£000	£000
Within one year	35	35
In the second to fifth years inclusive	50	85
	85	120

17 Related party transactions

Donations totalling £32k were received from Council members, or organisations connected with Council members (2018: £47k). No Trustee claimed expenses from the Academy during the year (2018: nil).

Rishi Madlani, a member of Council, is also the councillor for the Bloomsbury ward of the London Borough of Camden, where RADA is situated. During the year the Academy paid £25k in rent and £143k in non-domestic rates to the borough. RADA purchased services for £200 (2018: £200) from Frantic Assembly on an arm's length basis; Julie Crofts, a member of SLT, is a Trustee of Frantic Assembly. RADA purchased tickets for £777 from Shakespeare's Globe on an arm's length basis; Michelle Terry, a member of Council is the Artistic Director of Shakespeare's Globe. Chipso Chung, a member of Council until October 2018, received the standard fee of £4,200 for directing a RADA production (2018:nil).

Council members S J K Barratt and Ros Haigh are Trustees of the RADA 1978 Retirement Fund, a defined benefit pension scheme. Details of RADA's transactions and liabilities with the Scheme are shown in Note 7.

Transactions with RiB are described in note 11 and the balance due from RiB to RADA is shown in note 12.

There were no material balances due to or from other related parties at the reporting date.

Notes to the Accounts for the year ended 31 July 2019

18 Analysis of how particular funds are represented by assets and liabilities

<i>At 31 July 2019</i>	Unrestricted funds £000	Designated funds £000	Restricted funds £000	Endowment funds £000	Total Funds £000
Tangible fixed assets	-	13,418	21,022	-	34,440
Investments at valuation:-					
<i>Fixed asset investments</i>	3,346	3,500	-	5,327	12,173
Current assets	3,898	-	142	-	4,040
Current liabilities	(3,165)	-	-	-	(3,165)
Long Term liabilities	(4,391)	-	-	-	(4,391)
Pension liability	(2,302)	-	-	-	(2,302)
	(2,614)	16,918	21,164	5,327	40,795

19 Change in total funds over the year

	Funds brought forward from 2018 £000	Income See Note 2 £000	Expenditure See Note 3 £000	Asset purchases and transfers See Note 9 £000	Gains & Losses See Notes 7,10 £000	Funds carried forward to 2020 £000
<i>Unrestricted and designated funds:-</i>						
Unrestricted general fund	1,996	13,256	(12,741)	1,513	54	4,078
Sale & Leaseback commitments	(4,514)	-	123	-	-	(4,391)
Pension scheme liabilities	(1,363)	-	122	-	(1,061)	(2,302)
Designated revenue funds						
- Scholarships	1,746	8	(1)	(1,356)	103	500
- Building & Capital	3,949	19	(3)	(1,198)	233	3,000
Designated fixed asset funds	13,665	-	(326)	79	-	13,418
Total unrestricted and designated funds	15,479	13,283	(12,826)	(962)	(671)	14,304

Designated Funds

The Scholarships Fund is to provide student scholarships and bursaries. In the year scholarships were paid from specific donations.

The Building and Capital Projects Fund was created to undertake capital and refurbishment projects on its estate.

Designated fixed asset funds represent the net present value of assets acquired with unrestricted funds.

Transfers

Transfers consist of (i) asset purchases from unrestricted or restricted funds and (ii) re-allocation of designated funds (see reserves policy on page 18).

Notes to the Accounts for the year ended 31 July 2019

19 Change in total funds over the year (cont.)

Restricted funds:-

	Funds brought forward from 2018	Income	Expenditure	Asset purchases and transfers	Gains & Losses	Funds carried forward to 2020
	£000	See Note 2 £000	See Note 3 £000	See Note 9 £000	See Notes 7,10 £000	£000
Restricted fixed asset funds	21,090	-	(440)	372	-	21,022
Attenborough Campaign Fund	(926)	323	-	603	-	-
Shaw Fund	107	-	(50)	-	-	57
Widening Participation Fund	96	-	(96)	-	-	-
Scholarship Funds	108	413	(454)	-	-	67
Teaching Capital	-	13	-	(13)	-	-
Student wellbeing	-	18	-	-	-	18
Sundry other funds	-	15	(15)	-	-	-
Total restricted funds	20,475	782	(1,055)	962	-	21,164

Restricted Funds

Restricted fixed asset funds represent the net present value of assets that have been purchased with restricted funds. These include the Centenary Project investment in the Gower Street site, the Jerwood Vanbrugh Cinema and the refurbishment of the Props Room, as well as new investment in the current Chenies Street project.

The Attenborough Campaign Fund has been established to raise money to upgrade the theatre and buildings in 16-18 Chenies St and provide student accommodation. Expenditure in the year has been capitalised (see note 9) and £962k has been transferred from unrestricted funds to eliminate the deficit on restricted funds to date.

The Shaw Fund represents monies donated towards a fund to invest in new writing and to replace the royalties bequeathed to RADA by George Bernard Shaw which expire in 2020.

The Widening Participation Fund represents monies donated to encourage progression to higher education by students from diverse social backgrounds.

The Scholarship Funds represents funds donated for student bursaries, maintenance grants and other support costs.

The Teaching Capital Fund is a grant from HEFCE that is used to replace teaching equipment.

Endowment funds:-

	Funds brought forward from 2018	Income	Expenditure	Asset purchases and transfers	Gains & Losses	Funds carried forward to 2020
	£000	See Note 2 £000	See Note 3 £000	See Note 9 £000	See Notes 7,10 £000	£000
Category A	3,505	63	(9)	-	273	3,832
Category B	1,367	24	(3)	-	107	1,495
Total endowment funds	4,872	87	(12)	-	380	5,327
Total charity funds	40,826	14,152	(13,893)	-	(291)	40,795

Endowment Funds

The original monies donated to endowment funds are preserved as capital. An assessment of the income from these funds is made as required and investments are sold where required to provide scholarship and other support whilst keeping within limits that preserve the original capital value.

Category A funds may only be used for student scholarships and bursaries

Category B funds may be used for scholarships or for wider RADA purposes as agreed by Council