

# RADA

ROYAL  
ACADEMY OF  
DRAMATIC ART

ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2014

Charity Registration Number 312819

# THE ROYAL ACADEMY OF DRAMATIC ART

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## THE ROYAL ACADEMY OF DRAMATIC ART

### LEGAL AND ADMINISTRATIVE INFORMATION FOR THE YEAR ENDED 31 JULY 2014

<b>Principal Office</b>	62-64 Gower Street London WC1E 6ED
<b>President</b>	Lord Attenborough Kt CBE (deceased 24 August 2014)
<b>Trustees</b>	The following have been members of Council since 1 August 2013 unless otherwise stated.
<b>Chairman</b>	Sir Stephen Waley-Cohen Bt.
<b>Vice-Chairman</b>	Alan Rickman
<b>Members</b>	Catherine Bailey Zac Barratt The Honourable Peter Benson LVO Josh Berger CBE Simon Berry Matthew Byam Shaw Chipo Chung Paul Clay (appointed October 2013) Nicholas Cooper (retired December 2013) Buster Dover (appointed March 2014) Katherine Farr (resigned September 2014) Nicholas Gold Judy Grahame Stephen Greene Margaret Heffernan Laurence Isaacson CBE (appointed March 2014) Mike Leigh OBE Adrian Lester OBE Geoff Locker Glen Moreno Paul Pyant Fiona Shaw CBE Anthony Smith CBE Robin Soans Imogen Stubbs Andrew Sutch Michelle Terry Richard Wilson OBE Professor Michael Worton CBE (appointed December 2013)

Council delegates the day to day management of The Royal Academy of Dramatic Art ("RADA") to the Director, Edward Kemp, and a team of six senior managers: Geoff Bullen Director of the BA Acting Course (retired September 2014), Kevin Chapman Director RADA in Business (appointed August 2014), Neil Fraser Technical Director, Linda Garforth Finance Director, Caroline Hawley Development Director, Patricia Myers the Registrar, Lucy Skilbeck Director of Actor Training (appointed September 2014), Flo Swann (appointed September 2014) and Bridget Taxy Commercial and Marketing Director (resigned May 2014).

## THE ROYAL ACADEMY OF DRAMATIC ART

### LEGAL AND ADMINISTRATIVE INFORMATION FOR THE YEAR ENDED 31 JULY 2014

The following have been members of the Finance and General Purposes Committee since 1 August 2013:

**Chairman** Zac Barratt

**Members** Simon Berry (resigned June 2014)  
Margaret Heffernan  
Andrew Sutch

The following have been members of the Audit Committee since 1 August 2013:

**Chairman** The Honourable Peter Benson LVO

**Members** Katherine Farr (resigned September 2014)  
Stephen Greene

The following have been members of the Nominations Committee since 1 August 2013:

**Chairwoman** Margaret Heffernan

**Members** Nicholas Gold  
Alan Rickman  
Sir Stephen Waley-Cohen Bt

#### Professional Advisers

**Auditors** Saffery Champness  
Chartered Accountants  
Lion House  
Red Lion Street  
London WC1R 4GB

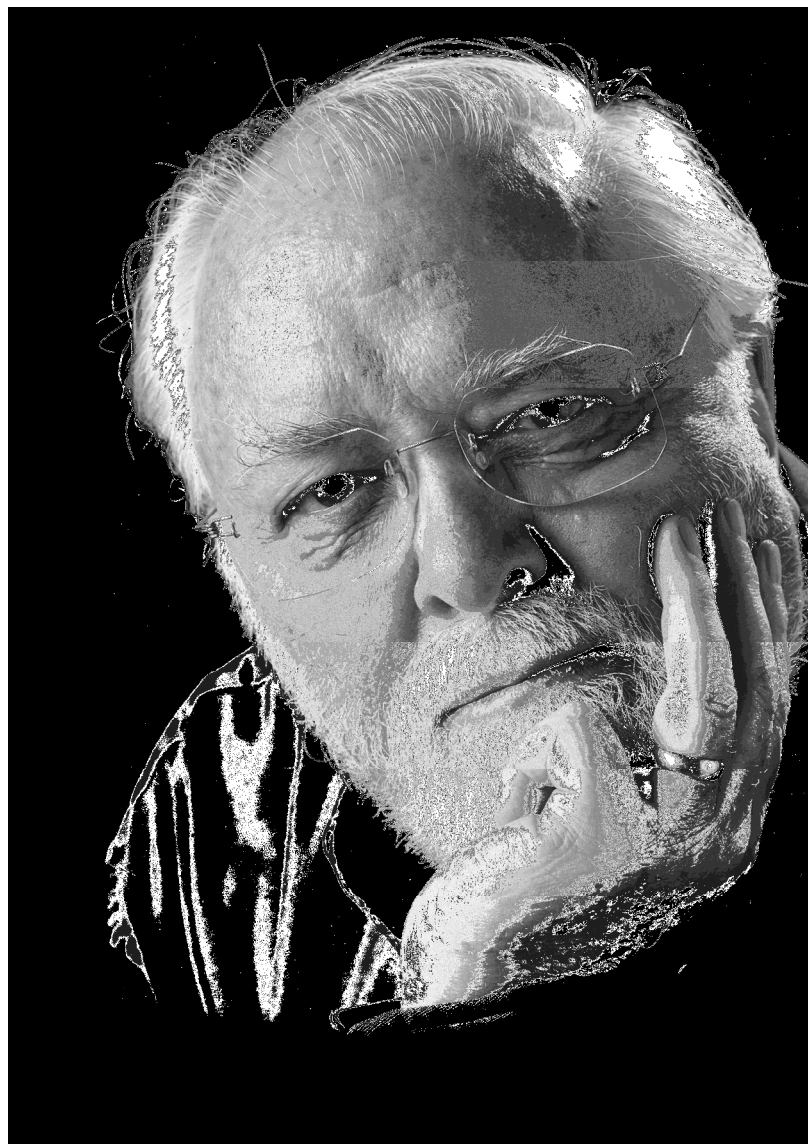
**Bankers** Allied Irish Bank (GB)  
10 Berkeley Square  
Mayfair  
London W1J 6AA

**Solicitors** Bond Dickinson LLP  
The Chocolate Works  
Bishopthorpe Rd  
York YO23 1DE

**Investment  
Managers** McInroy & Wood Ltd  
Easter Alderston, Haddington  
East Lothian EH41 3SF

# THE ROYAL ACADEMY OF DRAMATIC ART

## CHAIRMAN'S REVIEW YEAR ENDED 31 JULY 2014



We were deeply saddened to learn of the death of our beloved President, Lord Attenborough. No individual has contributed more to the life and success of RADA, from his time with us as a student – when he helped to clear rubble after the Gower Street building had been bombed – to his many years as Chairman and ultimately as President. His dedication to the Academy, his passion for the nurture of young artists and the pleasure he took in their success were boundless. His spirit will live on in the work we do to inspire future generations of actors and theatre makers. His passing is a great loss, not only for RADA, but for the world at large.

This has been another good year for RADA. We are delivering the highest level of effective theatrical training to our full-time acting and technical students, and thereby providing benefit to the industry and the country as a whole. At a less intensive level, we also provide shorter courses to several hundred students of all ages who also gain much from their RADA experience. The Academy's financial position has remained strong, and the outcome – a small surplus after depreciation – reflects extremely well on staff at every level.

In February 2014 RADA participated in a special event at Buckingham Palace. *A Celebration of Dramatic Art* was hosted by Her Majesty The Queen, in part to mark her 60 years as our Royal

## THE ROYAL ACADEMY OF DRAMATIC ART

### CHAIRMAN'S REVIEW YEAR ENDED 31 JULY 2014

Patron. Leading figures from theatre, film, radio and television came to celebrate the performing arts in the presence of The Queen, HRH The Duchess of Cambridge and HRH Prince Michael of Kent. There was a short performance including present RADA students, graduates Sir Tom Courtenay, Trevor Eve, Jessie Buckley, Graham Seed and Cynthia Erivo, and Dame Helen Mirren. In Lord Attenborough's 90<sup>th</sup> year, we took the opportunity to celebrate his lifetime achievements and future aspirations for the Academy by launching the vision for the redevelopment of our Cheries Street premises under the title: *The RADA Attenborough Campaign*. Lord (Julian) Fellowes and Sir David Attenborough also spoke during the event.

We are in discussion with Camden Council (as freeholders of RADA Studios, as well as the planning authority) about the implementation of this vision, including great improvements to the theatres, Library and public access in Cheries Street, and the creation of student accommodation. Founding Benefactors and Contributors to the Campaign joined the celebration at Buckingham Palace, and their significant contributions have enabled the planning and feasibility work on this exciting project to commence.

The Development team has also continued to generate vital bursary support, which now benefits about 60% of all full-time students. We have strengthened, and continue to develop, our extensive range of out-reach activity.

Our trading subsidiary, RADA Enterprises Ltd, has continued to do well and provides significant financial support to RADA. The dedicated staff have worked well to ensure that RADA Enterprises' product range of communication skills training remains relevant and useful to the growing numbers of clients. Over the past ten years many RADA functions have been delegated to RADA Enterprises. A review undertaken by a Council committee advised that some be relocated elsewhere within RADA. This is now being implemented, including the creation of a marketing group to work on all RADA and RADA Enterprises activities, leading to a closer coordination across the Academy. We welcome Kevin Chapman as the new Director of RADA in Business for RADA Enterprises.

After many years of distinguished service on Council, Nicholas Cooper retired. He has been an exceptionally generous benefactor, endowing Nicholas Cooper House in Cheries Street, and was also the instigator and sponsor of ten years of hugely successful business lunches, as well as providing the inspiration for RADA Enterprises on its foundation, and enthusiastic support for its growth and development.

We were delighted to welcome on Council graduate Paul Clay, now managing the Manchester International Festival, Buster Dover, who brings valued skills in digital and social media, Laurence Isaacson, CBE, whose many years of service to theatre include the Royal Shakespeare Company Board, and Professor Michael Worton, CBE, formerly Vice Provost of our neighbour University College London, whose experience in higher education in the UK and worldwide is already proving valuable, including serving as the Academy's representative on the Conservatoire for Dance and Drama ("CDD") Board.

I can finish no better than I did last year, by emphasising that RADA can only achieve what we do because of the commitment of our dedicated and skilled staff of full and part-time teachers. We thank them all, and also our managers and administrative team, graduates, students and supporters of all kinds, without all of whom RADA would not continue to be the remarkable institution it undoubtedly is.

Sir Stephen Waley-Cohen Bt.

2014

## **THE ROYAL ACADEMY OF DRAMATIC ART**

### **REPORT OF THE MEMBERS OF COUNCIL YEAR ENDED 31 JULY 2014**

#### **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 Enterprises Ltd ("REL"), (company registration number 3999577, incorporated 12 June 2000). RADA holds 100% of the issued ordinary share capital of REL.

RADA is a founder affiliate of the CDD, a Higher Education Institution, through which it receives funding towards the cost of its higher education qualifications.

#### **Organisational Structure**

The primary responsibility for RADA is vested in the Council but management of RADA has been delegated to the Director, Edward Kemp, and the Senior Management Team. The Council operates with a series of committees with relevant senior RADA staff attending and presenting information and updates. The Finance and General Purposes Committee is responsible for, inter alia, recommending RADA's annual revenue and capital budgets to Council and monitoring performance in relation to approved budgets. The Audit 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.

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 operates within the requirements of CDD and is required to attend various meetings within that structure to adhere to the requirements for Higher Education funding.

#### **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 will never 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).

The risks are reviewed regularly through a risk register monitored by the Audit Committee. The current business plan was revised significantly earlier in the year to reflect the attendant risks of the current external economic climate and reflects expectations of lower revenues from fundraising and commercial activity. The Council feels that RADA is adapting satisfactorily to the current financial environment.

## **THE ROYAL ACADEMY OF DRAMATIC ART**

### **REPORT OF THE MEMBERS OF COUNCIL YEAR ENDED 31 JULY 2014**

#### **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 Nomination 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 prospectus, events brochures, graduate brochures, programmes, 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.

#### **Objects of the Charity**

The objective of RADA, as defined by the revised Royal Charter of 19 July 2006, is "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".

#### **Principal Aims**

The principal aims of RADA are to:

- produce exceptional artists and technicians who can shape the future of the dramatic arts;
- foster talent and creativity through world-class vocational training;
- find and nurture the finest UK talent in the dramatic arts;
- fuel development in the creative industries, especially theatre; and
- provide international leadership in drama and drama training.

#### **Main Objectives for the Year Ahead**

RADA's future is defined by the key priorities within the business plan for the next three years. Key objectives in the year ahead include to:

- maintain the diversity and quality of applications and students in the changing funding climate;
- consider the conclusions of the review of technical training;
- complete the review of the third year acting training;



## **THE ROYAL ACADEMY OF DRAMATIC ART**

### **REPORT OF THE MEMBERS OF COUNCIL YEAR ENDED 31 JULY 2014**

- strengthen the Academy's academic services in preparation for CDD's next Quality Assurance Review and a future bid for degree awarding powers;
- streamline and consolidate RADA's commercial activities;
- embed a new leadership team in actor training to ensure coherence and consistent quality across the whole gamut of the Academy's training;
- provide more focus on RADA's fundraising capability in corporate sectors; and
- build on the success of the RADA Festival to support the enterprise of graduates and graduating students.

#### **Strategy to Achieve the Objectives**

Objectives are reviewed regularly through weekly senior management meetings, staff performance reviews and Council and committee meetings against a clear set of milestones and actions in the business plan.

#### **A Review of the Activities of RADA to Further its Charitable Purposes for Public Benefit**

Public benefit is a key focus in RADA's strategy. In addition to the ongoing raising of funds for bursaries to ensure that no students face financial obstacles in taking up their place at RADA, we are extending our Education and Outreach programme to increase the number of disabled applicants to RADA courses, and working with a variety of bodies, including Warner Bros Entertainment and ICAP, to improve wider access to drama for a wide section of the population.

Council confirms that in planning activities for the year it has given careful consideration to the Charity Commission's general guidance on public benefit, in particular to its supplementary public benefit guidance on advancing education.

The further details of RADA's activities below explain how the charity fulfils its objectives and all of the activities provide public benefit.

#### **Achievements and Performance**

There was a further increase in the number of applicants for the BA in Acting and a 30% increase in applications for some technical courses. From September 2014 20% of the BA in Acting students will be from Black, Asian, Minority, Ethnic ("BAME") backgrounds.

The RADA Festival received its first grant from the Arts Council and expanded into new spaces with more performances than ever before.

#### **Validated Courses**

Following financial concerns raised by RADA Council and Management, the decision was taken to suspend the MA in Theatre Directing, pending a full review of options for Director training. A significant strengthening of the leadership team of the BA in Acting has taken place, including the appointment of a new Director of Actor Training and Lead Voice and Movement Tutors.

#### **Short Courses**

In Spring 2014 a new course was trialled; Time Marks in European Theatre History delivered at RADA for Case Western Reserve University of Cleveland, Ohio. This was very successful and will be repeated again this spring with double the intake.

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### **REPORT OF THE MEMBERS OF COUNCIL YEAR ENDED 31 JULY 2014**

#### **Master Classes**

Visitors to the Academy this year included alumni Clive Owen, Mike Leigh, Marianne Jean-Baptiste and Rufus Norris, who was appointed Director Designate of the National Theatre. US composer and lyricist Andrew Lippa led a masterclass for the Academy's acting students in the Jerwood Vanbrugh Theatre. Told By An Idiot became a Creative Associate company of the Academy leading to a range of master classes and collective projects.

#### **Performances**

The year saw a greater number of productions of 'classic' works than recently, including plays by Ibsen, Goldoni, Lawrence, Pinter, Edward Bond, Middleton and an exceptional production of *the School for Scandal* directed by Sir Jonathan Miller. The number of short films increased from 4 to 6 with a notable development in variety and quality.

#### **Outreach**

The annual School Tours project, now in its 13<sup>th</sup> year, took three Shakespeare plays into London state schools and colleges. The RADA Youth Company performed its summer production of *Julius Caesar* to packed audiences in the Jerwood Vanbrugh Theatre, and RADA's Elders Company Project has almost completed its second year. Ongoing collaborations with Camden Council and the Prince's Trust continued and saw delivery of programmes for the sixth and fourth year respectively. The open access 16 to 24s and Over 24s programme go from strength to strength.

#### **Student Achievements**

Three acting students left before graduation, all to major professional roles. Thomas Varey was cast as Bert in the BBC TV series *The Village* with RADA alumna Maxine Peake; Patsy Ferran played Edith in *Blythe Spirit in the West End* production starring Angela Lansbury and Ellora Torchia joined the cast of the Channel 4 drama series, *Indian Summer*. Almost a third of the graduating cohort had begun to work professionally as the academic year ended and six students graduating from the Technical Foundation degree went straight into professional employment at the end of term.

During the 2013/14 academic year Samuel Valentine won the Spotlight Award and he and Phoebe Pryce won parts in a BBC Radio production from the Carleton Hobbs bursary awards. Hubert Burton and Sophie Bleasdale received commendations.

# THE ROYAL ACADEMY OF DRAMATIC ART

## REPORT OF THE MEMBERS OF COUNCIL YEAR ENDED 31 JULY 2014

### Financial review

There follows below, in the form of an abridged income and expenditure account, a summary of RADA's financial performance for the years ended 31 July 2014 and 31 July 2013:

	<b>Operating Results 2014 £'000</b>	<b>Operating Results 2013 £'000</b>
Fee and Grant income	4,497	4,068
Investment income	3	8
Donation & Sponsorship	692	534
Net Capital donations	(189)	-
Bursary donations	347	266
Sundry	285	474
<b>Total Income</b>	<b><u>5,635</u></b>	<b><u>5,350</u></b>
<b>Total Expenditure</b>	<b><u>6,748</u></b>	<b><u>6,231</u></b>
Gross Operating Deficit	(1,113)	(881)
REL Contribution	847	735
<b>Net Operating Deficit</b>	<b><u>(266)</u></b>	<b><u>(146)</u></b>

The year ended 31<sup>st</sup> July 2014 was regarded as generally satisfactory in financial terms with increases in expenditure primarily associated with continued investment in new staff in REL and short course development which is matched to some degree by higher income. The focus on raising funds for the RADA Attenborough Capital Campaign has diverted resources away from the Development department from raising general funds. It is the intention that RADA's net operating result in future years should aim to be at breakeven or better.

### RADA Enterprises Ltd

RADA Enterprises Ltd ("REL") turnover for the year 31/07/2014 was £2,862k (2013: £2,483k) with a net profit of £778k – including internal costs of £69k (2013: £673k). Increased business training sales and one to one coaching contributed to a strong performance with a 16% increase in the gift-aided donation to RADA.

## **THE ROYAL ACADEMY OF DRAMATIC ART**

### **REPORT OF THE MEMBERS OF COUNCIL YEAR ENDED 31 JULY 2014**

#### **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 performance of these funds is reviewed regularly by meetings between RADA's Investment and Endowment Committee and investment managers.

#### **Reserves Policy**

The general funds of RADA of £5,504k (2013: £4,820k) are largely represented by fixed assets.

Council's long term aim is to ensure that RADA has freely available general funds equal to its estimate of one year's running costs excluding depreciation and the costs of subsidiary trading and short courses.

#### **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 Trustees 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 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.

## **THE ROYAL ACADEMY OF DRAMATIC ART**

### **REPORT OF THE MEMBERS OF COUNCIL YEAR ENDED 31 JULY 2014**

Council has taken steps to:

- ensure that funds received from the Higher Education Funding Council for England (“HEFCE”) 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.

#### **Internal Control**

RADA’s key internal financial controls, which are designed to discharge the responsibilities set out above, 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;
- 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.

For and on behalf of the Members of Council

Sir Stephen Waley-Cohen Bt

2014

## **THE ROYAL ACADEMY OF DRAMATIC ART**

### **INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES YEAR ENDED 31 JULY 2014**

We have audited the financial statements of the charity and the group on pages 14 to 40. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of Trustees and auditors**

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditors under the Charities Act 2011 and report in accordance with regulations made under that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the charity and the group and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Chairman's Review and the Report of the Members of Council to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the charity and the group as at 31 July 2014 and of its incoming resources and application of resources, including the income and expenditure of the group 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.

## **THE ROYAL ACADEMY OF DRAMATIC ART**

### **INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES YEAR ENDED 31 JULY 2014**

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

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Report of the Members of Council is inconsistent in any material respect with the financial statements; or
- the charity has not kept sufficient accounting records; or
- the 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 on which we are required to report in respect of the Higher Education Funding Council for England (“HEFCE”)**

In our opinion, in all material respects:

- funds from whatever source administered by the institution for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation; and
- funds provided by HEFCE have been applied in accordance with the Financial Memorandum with the Conservatoire for Dance and Drama and any other terms and conditions attached to them.

Saffery Champness  
Chartered Accountants  
Statutory Auditors  
Lion House  
Red Lion Street  
London  
WC1R 4GB

2014

# THE ROYAL ACADEMY OF DRAMATIC ART

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 JULY 2014

	Notes	<u>Restricted Funds</u>			Total Funds 2014	Total Funds 2013
		Unrestricted Funds	Income Funds	Capital Funds		
		£'000	£'000	£'000		
<b><u>Incoming Resources</u></b>						
<b>Incoming Resources from Generated Funds</b>						
	1					
Voluntary income		407	678	-	1,085	1,009
Activities for generating funds		2,995	23	-	3,018	2,739
Investment income		3	-	-	3	8
<b>Incoming Resources from Charitable Activities</b>						
	1					
Provision of higher education		2,485	-	-	2,485	2,333
Other educational income		2,091	15	-	2,106	1,821
<b>Total Incoming Resources</b>		<b>7,981</b>	<b>716</b>	<b>-</b>	<b>8,697</b>	<b>7,910</b>
<b><u>Resources Expended</u></b>						
<b>Costs of generating funds</b>	4	240	41	-	281	240
<b>Costs of REL</b>	2	2,015	-	-	2,015	1,748
<b>Costs of charitable activities</b>	5	4,671	1,398	50	6,119	5,693
<b>Governance costs</b>	6	57	-	-	57	59
<b>Total Resources Expended</b>		<b>6,983</b>	<b>1,439</b>	<b>50</b>	<b>8,472</b>	<b>7,740</b>
<b>Net incoming/(outgoing) resources before recognised gains and losses</b>	18a	998	(723)	(50)	225	170
<b>Unrealised gains on investments</b>		42	-	66	108	1,064
<b>Actuarial (losses)/gains on pension fund</b>	22	(74)	-	-	(74)	232
<b>Net Movement in Funds</b>		<b>966</b>	<b>(723)</b>	<b>16</b>	<b>259</b>	<b>1,466</b>
<b>Fund Balances at beginning of year</b>		<b>11,709</b>	<b>22,172</b>	<b>3,331</b>	<b>37,212</b>	<b>35,746</b>
<b>Fund Balances at end of year</b>		<b>12,675</b>	<b>21,449</b>	<b>3,347</b>	<b>37,471</b>	<b>37,212</b>

All amounts above derive from continuing operations. The Consolidated Statement of Financial Activities contains all gains and losses in the period.



# THE ROYAL ACADEMY OF DRAMATIC ART

## BALANCE SHEETS AT 31 JULY 2014

	Notes	GROUP		ACADEMY	
		31 July 2014 £'000	31 July 2013 £'000	31 July 2014 £'000	31 July 2013 £'000
<b>Fixed assets</b>					
Tangible assets	8	30,951	31,487	30,946	31,480
Intangible assets	8a	412	562	412	562
Investments	2, 9	10,518	10,195	10,518	10,195
		<u>41,881</u>	<u>42,244</u>	<u>41,876</u>	<u>42,237</u>
<b>Current assets</b>					
Debtors	10	639	663	952	874
Cash at bank and in hand		2,295	1,900	1,732	1,439
		<u>2,934</u>	<u>2,563</u>	<u>2,684</u>	<u>2,313</u>
<b>Creditors: amounts falling due within one year</b>					
	11	<u>(1,531)</u>	<u>(1,504)</u>	<u>(1,279)</u>	<u>(1,251)</u>
<b>Net current assets</b>					
		<u>1,403</u>	<u>1,059</u>	<u>1,405</u>	<u>1,062</u>
Total assets less current liabilities		<u>43,284</u>	<u>43,303</u>	<u>43,281</u>	<u>43,299</u>
<b>Creditors: amounts falling due after more than one year</b>					
	12	<u>(4,874)</u>	<u>(4,935)</u>	<u>(4,874)</u>	<u>(4,935)</u>
<b>Total net assets before Pension scheme liability</b>					
		<u>38,410</u>	<u>38,368</u>	<u>38,407</u>	<u>38,364</u>
Pension scheme liability	22	(939)	(1,156)	(939)	(1,156)
<b>Total net assets after Pension scheme liability</b>					
		<u>37,471</u>	<u>37,212</u>	<u>37,468</u>	<u>37,208</u>
<b>Represented by:</b>					
Designated funds		7,171	6,889	7,171	6,889
General funds		5,504	4,820	5,501	4,816
<b>Total unrestricted funds</b>	15	<u>12,675</u>	<u>11,709</u>	<u>12,672</u>	<u>11,705</u>
Restricted income funds	13	21,449	22,172	21,449	22,172
Restricted capital funds	14	3,347	3,331	3,347	3,331
<b>Total funds</b>					
	16	<u>37,471</u>	<u>37,212</u>	<u>37,468</u>	<u>37,208</u>

The financial statements on pages 14-40 were approved by Council on behalf by

2014 and signed on its

.....  
Chairman of Council

.....  
Member of Council

.....  
Director

# THE ROYAL ACADEMY OF DRAMATIC ART

## CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2014

	Notes	2014 £'000	2013 £'000
Net cash inflow from operating activities	18a	808	865
Returns on investments and servicing of finance	18b	3	8
Capital expenditure	18c	(355)	(560)
Cash inflow/(outflow) before use of financing		456	313
Management of liquid resources	18d	-	1
Financing	18e	(61)	(51)
Increase/(decrease) in cash in the year		<b>395</b>	<b>263</b>
 <b>Reconciliation of net cash flow to movement in net debt</b>			
Increase/(decrease) in cash in the year		395	263
<b>Movement in net debt resulting from cash flows in the year</b>		395	263
Non cash movement		51	42
Net debt at beginning of the year		(3,086)	(3,391)
<b>Net debt at end of the year</b>	18f	<b>(2,640)</b>	<b>(3,086)</b>

# THE ROYAL ACADEMY OF DRAMATIC ART

## ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2014

### Basis of Preparation and Accounting

These financial statements have been prepared in accordance with the Charities Act 2011, applicable Accounting Standards and with the historical cost convention (except for the revaluation of fixed asset investments). The financial statements comply with United Kingdom Accounting Standards and the Statement of Recommended Practice – Accounting and Reporting by Charities, issued in March 2005 (“SORP 2005”).

### Group Accounts

These financial statements consolidate the results of RADA and its wholly owned subsidiary, REL, on a line by line basis.

### Incoming Resources

Incoming resources are recognised on the following basis:

- **Funding Council Grants**  
Income receivable from HEFCE is apportioned to financial years on a time basis.
- **Tuition Fees**  
Tuition fees receivable are accounted for in the period in which the tuition is provided.
- **Seat Endowments and other Donations and Grants**  
Income from these sources is recognised on a receipts basis.
- **Legacies**  
Legacies are recognised when entitlement and certainty of receipt have been confirmed and the legacy can be quantified with sufficient accuracy.
- **Capital Expenditure Grants**  
Grants received to fund capital expenditure are recorded as income and taken to reserves.

### Resources Expended

Resources expended are accounted for on an accruals basis. Resources expended are classified under activity headings that aggregate costs related to that category.

The costs of generating funds include the costs of fund raising, commercial trading, running a bar and selling merchandise.

Charitable activities costs comprise teaching and production of theatre.

Governance costs include a proportion of costs for staff who work on Council meetings and audit, as well as the costs of audit fees.

Support costs are allocated entirely to charitable activities, based on the proportions of costs within each group. The cost of irrecoverable Value Added Tax is included as a finance cost within support costs.

# THE ROYAL ACADEMY OF DRAMATIC ART

## ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2014

### Investments

Investments are stated at market value.

### Tangible Fixed Assets

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

Depreciation is provided on the following bases:

Freehold buildings	1% per annum straight line
Long leasehold	Straight line over the period of the lease
Short leasehold	Straight line over the period of the lease
Fixtures, fittings and office equipment	10% to 33.3% per annum straight line
Theatre, props, wardrobe and library plant and equipment,	10% per annum straight line
Freehold land is not depreciated.	

### Intangible Fixed Assets

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

This is considered to be five years for the RADA Studios (previously the Drill Hall).

### Fund Accounting

Donations and grants received for the general purposes of the charity are included as "unrestricted funds". Donations and grants restricted by the donor or the terms of the grant are taken to "restricted funds". Donations or grants required to be retained as capital in accordance with the donor's wishes or the terms of the grant are credited to restricted capital funds (see note 14).

### Taxation

RADA is a registered charity and is exempt from taxation on income and capital gains arising from charitable activities, to the extent that such income and gains are applied to charitable purposes.

### Leases

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 reduction of 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 charged to income on a straight-line basis over the term of the relevant lease.

## **THE ROYAL ACADEMY OF DRAMATIC ART**

### **ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2014**

#### **Royal Academy of Dramatic Art 1978 Retirement Fund (“the Scheme”)**

The Scheme is a defined benefit plan. Scheme assets are measured using market values. Scheme liabilities are measured using the projected unit actuarial 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 is charged to the Consolidated Statement of Financial Activities (“SOFA”).

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 SOFA. Actuarial gains and losses are recognised in the SOFA. 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.

# THE ROYAL ACADEMY OF DRAMATIC ART

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

### Note 1 Incoming Resources

	<i>Unrestricted Funds</i> 2014 £'000	<i>Restricted Funds</i> 2014 £'000	<i>Total Funds</i> 2014 £'000	<i>Total Funds</i> 2013 £'000
<b>INCOMING RESOURCES FROM GENERATED FUNDS</b>				
<b><u>Voluntary Income</u></b>				
Bursary and grants	-	347	347	266
Fundraising income (donations and sponsorship)	268	331	599	449
Legacy income	11	-	11	77
Royalty income	128	-	128	217
	<b>407</b>	<b>678</b>	<b>1,085</b>	<b>1,009</b>
<b><u>Activities for Generating Funds</u></b>				
Merchandise	5	-	5	4
Sundry income	24	-	24	24
Fundraising events	57	-	57	139
Grant income	47	23	70	89
REL trading income	2,862	-	2,862	2,483
	<b>2,995</b>	<b>23</b>	<b>3,018</b>	<b>2,739</b>
<b><u>Investment Income</u></b>				
Bank Interest	<b>3</b>	-	<b>3</b>	<b>8</b>
<b>INCOMING RESOURCES FROM CHARITABLE ACTIVITIES</b>				
Contributions from HEFCE	939	-	939	1,069
Fees from EU Higher Education students	1,298	-	1,298	1,032
Fees from non EU Higher Education students	248	-	248	232
	<b>2,485</b>	-	<b>2,485</b>	<b>2,333</b>
Short course income	1,696	-	1,696	1,446
Audition fees	221	-	221	193
Outreach income	78	15	93	86
Production and refectory	96	-	96	96
	<b>2,091</b>	<b>15</b>	<b>2,106</b>	<b>1,821</b>
<b>Total from Charitable Activities</b>	<b>4,576</b>	<b>15</b>	<b>4,591</b>	<b>4,154</b>
<b>TOTAL INCOMING RESOURCES</b>	<b>7,981</b>	<b>716</b>	<b>8,697</b>	<b>7,910</b>

# THE ROYAL ACADEMY OF DRAMATIC ART

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

### Note 2

#### Income and Expenditure of RADA and its subsidiary company

- a) A Statement of Financial Activities for RADA as an individual entity is not included as a result of applying the exemption given in SORP 2005. The total incoming resources of RADA as an individual entity for the year were £6,615k (2013: £6,100k). Its net incoming resources were £158k (2013: £108k);
- b) RADA has one wholly owned subsidiary, RADA Enterprises Ltd ("REL"), which is incorporated in England and Wales which has a share capital of £2. REL gift aids its taxable profits to RADA every year. A summary of the accounts of REL is set out below. Full accounts for REL are filed with the Registrar of Companies.

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
<b>Profit and Loss</b>		
Turnover REL	2,304	1,914
Turnover RADA Studios	558	569
TOTAL Turnover	<u>2,862</u>	<u>2,483</u>
Cost of sales REL	(897)	(738)
Cost of sales RADA Studios	(138)	(106)
Total cost of sales	<u>(1,035)</u>	<u>(844)</u>
Gross profit	1,827	1,639
Other operating expenses REL (i)	(702)	(612)
Other operating expenses RADA Studios	(347)	(357)
Total other operating expenses	<u>(1,049)</u>	<u>(969)</u>
Profit on ordinary activities before and after taxation	778	670
Donation to RADA by way of gift aid	(780)	(673)
Net loss for the year	<u>(2)</u>	<u>(3)</u>

- (i) Other operating costs include £69k (2013: £65k) of rent and other charges from RADA.

# THE ROYAL ACADEMY OF DRAMATIC ART

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

### Note 3 Staff Costs

	<b>2014</b> <b>£'000</b>	<b>2013</b> <b>£'000</b>
Wages and salaries	3,441	3,213
Pensions	5	-
Social security costs	327	311
	<u>3,773</u>	<u>3,524</u>

	<b>2014</b>	<b>2013</b>
The average monthly number of persons analysed by function was:		
Core course teaching	34	34
Short course	6	6
Outreach	1	1
Fundraising	5	5
Building and reception staff	8	8
REL (including RADA Studios)	22	21
Administration	15	14
Productions/Box Office	5	5
	<u>96</u>	<u>94</u>

Emoluments for the Director, including pension payments of £84 were as follows:

	<b>2014</b> <b>£</b>	<b>2013</b> <b>£</b>
The Director	100,695	98,483

The following number of employees received salaries in excess of £60,000:

	<b>2014</b> <b>Number</b>	<b>2013</b> <b>Number</b>
£60,000 - £70,000	2	2
£70,001 - £80,000	0	0
£80,000 - £90,000	1	1
£90,001 - £100,000	0	1
£100,000 - £110,000	2	1

A compensation payment for loss of office payment of £30,000 was made during the year.

Contributions to pension schemes of £572 were made on behalf of these employees.



# THE ROYAL ACADEMY OF DRAMATIC ART

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

### Note 4

#### Costs of Generating Funds

	Unrestricted £'000	Restricted £'000	Total 2014 £'000	2013 £'000
<b>Fundraising Costs</b>				
Salary Costs	208	-	208	166
Direct Costs	8	41	49	19
	<u>216</u>	<u>41</u>	<u>257</u>	<u>185</u>
<b>Fundraising event costs</b>	11	-	11	40
Bar and Merchandising				
Salary Costs	7	-	7	10
Other bar costs	1	-	1	1
Merchandise Costs	5	-	5	4
	<u>13</u>	<u>-</u>	<u>13</u>	<u>15</u>
<b>TOTAL</b>	<b>240</b>	<b>41</b>	<b>281</b>	<b>240</b>

### Note 5

#### Costs of Charitable Activities

£'000	Core Course	Short Courses	Outreach	Box Office	TOTAL 2014	TOTAL 2013
Salaries	1,399	303	55	94	1,851	1,765
Fees	113	222	58	-	393	333
Teaching	149	-	-	-	149	143
Validation	30	-	-	-	30	29
Audition	88	-	-	-	88	77
Production	139	-	-	29	168	172
Refectory (net cost)	14	-	-	-	14	12
Support costs	1,994	542	118	126	2,780	2,703
Bursaries and student support	521	-	-	-	521	379
Other	16	109	-	-	125	80
<b>TOTAL</b>	<b>4,463</b>	<b>1,176</b>	<b>231</b>	<b>249</b>	<b>6,119</b>	<b>5,693</b>

# THE ROYAL ACADEMY OF DRAMATIC ART

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

### Note 5

#### Costs of Charitable Activities (continued)

##### Support Cost Analysis

£'000	Unrestricted Costs	Restricted Costs	Total 2014	Total 2013
Salaries	886	-	886	837
Welfare	2	-	2	3
Administration costs	114	-	114	114
Buildings and IT	700	125	825	753
Depreciation	270	521	791	792
FRS17 adjustment	(291)	-	(291)	(239)
Finance costs	174	-	174	170
Pension costs	279	-	279	273
<b>TOTAL</b>	<b>2,134</b>	<b>646</b>	<b>2,780</b>	<b>2,703</b>

### Note 6

#### Governance Costs

£'000	Total 2014	Total 2013
Auditors' remuneration	20	22
Staff costs	32	31
Meetings and other costs	5	6
<b>TOTAL</b>	<b>57</b>	<b>59</b>

### Note 7

#### Taxation

No charge to taxation arises as the income of RADA falls solely within its charitable activities and is spent on charitable purposes and as the subsidiary, REL, gives its taxable profits to RADA by way of Gift Aid.

# THE ROYAL ACADEMY OF DRAMATIC ART

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

### Note 8 Tangible Fixed Assets

Group	Freehold property £'000	Long leasehold property £'000	Short leasehold properties £'000	Fixtures, fittings, library and theatre plant £'000	Total £'000
<b>Cost</b>					
1 August 2013	5,788	26,678	4,880	3,704	41,050
Additions	-	-	-	105	105
At 31 July 2014	5,788	26,678	4,880	3,809	41,155
<b>Depreciation and amounts written off</b>					
1 August 2013	1,685	3,625	1,105	3,148	9,563
Charge for the period	30	276	198	137	641
31 July 2014	1,715	3,901	1,303	3,285	10,204
<b>Net Book Value 31 July 2014</b>	4,073	22,777	3,577	524	30,951
<b>Net Book Value 31 July 2013</b>	4,103	23,053	3,775	556	31,487

The net book value of assets under finance leases is £2,927k (2013: £3,069k).  
All fixed assets are used for charitable purposes.

# THE ROYAL ACADEMY OF DRAMATIC ART

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

### Note 8 Tangible Fixed Assets (continued)

<b>ACADEMY</b>	<b>Freehold property £'000</b>	<b>Long leasehold property £'000</b>	<b>Short leasehold properties £'000</b>	<b>Fixtures, fittings, library and theatre plant £'000</b>	<b>Total £'000</b>
<b>Cost</b>					
1 August 2013	5,788	26,678	4,880	3,642	40,988
Additions	-	-	-	105	105
<b>At 31 July 2014</b>	<b>5,788</b>	<b>26,678</b>	<b>4,880</b>	<b>3,747</b>	<b>41,093</b>
<b>Depreciation and amounts written off</b>					
1 August 2013	1,685	3,625	1,105	3,093	9,508
Charge for the period	30	276	198	135	639
<b>31 July 2014</b>	<b>1,715</b>	<b>3,901</b>	<b>1,303</b>	<b>3,228</b>	<b>10,147</b>
<b>Net Book Value 31 July 2014</b>	<b>4,073</b>	<b>22,777</b>	<b>3,577</b>	<b>519</b>	<b>30,946</b>
<b>Net Book Value 31 July 2013</b>	<b>4,103</b>	<b>23,053</b>	<b>3,775</b>	<b>549</b>	<b>31,480</b>

The net book value of assets held under finance leases is £2,927k (2013: £3,069k).  
All fixed assets are used for charitable purposes.

**THE ROYAL ACADEMY OF DRAMATIC ART**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2014**

**Note 8a  
Intangible Assets**

	<b>Group and Academy £'000</b>
<b>Goodwill of RADA Studios</b>	
<b>Cost</b>	
1 August 2013 and 31 July 2014	<u>750</u>
<b>Amortisation</b>	
1 August 2013	188
Charge for period	<u>150</u>
31 July 2014	<u>338</u>
<b>Net Book Value 31 July 2014</b>	<u>412</u>
<b>Net Book Value 31 July 2013</b>	<u>562</u>

The goodwill on RADA Studios is being amortised over five years which is the period up to the first rent review.

**Note 9  
Fixed Asset Investments**

	<b>Group and Academy</b>	
	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Quoted investments	10,518	10,195
Investment in subsidiary (i)	*	*
	<u>10,518</u>	<u>10,195</u>

(i) \* Included in the RADA investments is share capital in REL at a cost of £2 (Note 2).

**Quoted investments at valuation**

	<b>Group and Academy</b>	
	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
At 1 August	10,195	8,696
Additions at cost	250	462
Investment management fee deducted from fund value	(35)	(27)
Unrealised gains in the year	108	1,064
Quoted Investments at Market Valuation	<u>10,518</u>	<u>10,195</u>
Historic cost	<u>7,806</u>	<u>7,556</u>

**THE ROYAL ACADEMY OF DRAMATIC ART**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2014**

**Note 9  
Fixed Asset Investments (continued)**

The market value at 31 July 2014 includes cash and securities which are invested by McInroy & Wood Ltd in a diversified portfolio.

**Investments are analysed as follows:**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
<b>Geographic</b>		
UK	6,202	4,188
Non UK	4,316	6,007
	<u><b>10,518</b></u>	<u><b>10,195</b></u>
Fixed interest	3,017	3,493
UK equities	1,631	1,374
Overseas equities	4,818	4,294
Cash	529	579
Other (commodities)	523	455
	<u><b>10,518</b></u>	<u><b>10,195</b></u>

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

**Note 10  
Debtors**

	<b>Group</b>		<b>Academy</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Due within one year:				
Trade debtors including student fees	474	461	11	2
Loans to staff and students	3	10	3	10
Prepayments and accrued income	162	192	158	189
Amount due from subsidiary undertaking	-	-	780	673
	<u>639</u>	<u>663</u>	<u>952</u>	<u>874</u>

**THE ROYAL ACADEMY OF DRAMATIC ART**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2014**

**Note 11**

**Creditors: amounts falling due within one year**

	<b>Group</b>		<b>Academy</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Amount due under finance lease	61	51	61	51
Trade creditors	109	88	101	94
Taxation and social security costs	203	193	69	72
Other creditors	47	47	47	48
Accruals and deferred income	1,111	1,125	1,001	986
	<b>1,531</b>	<b>1,504</b>	<b>1,279</b>	<b>1,251</b>

**Note 12**

**Creditors: amounts falling due after more than one year**

	<b>Group and Academy</b>	
	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Amount due under finance lease	4,874	4,935
Amount due under finance lease falls due as follows:		
Within 1-2 years	72	61
Within 2-5 years	288	252
After more than 5 years	4,514	4,622
	<b>4,874</b>	<b>4,935</b>

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.

**THE ROYAL ACADEMY OF DRAMATIC ART**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2014**

**Note 13**

**Restricted Income Funds**

Group and Academy	Balance	Movement in		Balance
	1 August 2013 £'000	Incoming resources £'000	Outgoing resources £'000	31 July 2014 £'000
Centenary Project Fund	20,985	-	(301)	20,684
Bursary Fund	89	360	(449)	0
WAR Fund	403	98	(248)	253
Chenies Street Fund	354	-	(164)	190
Chenies Street Props Refurbishment	121	-	(46)	75
Production Sponsorship	-	28	(28)	-
RADA Studios Refurbishment	125	-	(125)	-
Attenborough Campaign	-	230	(41)	189
Jerwood Vanbrugh Cinema	95	-	(37)	58
	<b>22,172</b>	<b>716</b>	<b>(1,439)</b>	<b>21,449</b>

**Centenary Project Fund**

This Fund represents monies received from Arts Council England and other donors for the redevelopment and refurbishment of the freehold and leasehold properties owned by RADA.

**Bursary Fund**

The Bursary Fund is used solely for student scholarships and bursaries.

**WAR Fund**

The Wider Access and Retention Fund is held to support outreach and student retention activities. During this year monies from the Fund were spent on paying for medical and psychological specialist services.

**Chenies Street Fund**

This Fund represents monies donated for the refurbishment of 18 Chenies Street and Nicholas Cooper House.

**Chenies Street Props Refurbishment**

This Fund represents monies donated for the refurbishment of the Props department at 18 Chenies Street.

**Production Sponsorship**

This Fund represents sponsorship for productions during the year as well as the final year Tree presentations and second year student Prize Fight performances. Incoming resources also include film sponsorship from the Josephine Saatchi Trust of £10,000.



## THE ROYAL ACADEMY OF DRAMATIC ART

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

#### Note 13

##### Restricted Income Funds (continued)

###### RADA Studios Refurbishment

This Fund represents monies donated to refurbish the theatre and modernise the facilities of the RADA Studios (formerly called the Drill Hall). **The monies raised were expended during the year on costs associated with the development.**

###### Attenborough Campaign

This Fund has been established in memory of Lord Attenborough to raise money to upgrade the theatre and buildings in 16-18 Chenies St and provide student accommodation.

###### Jerwood Vanbrugh Cinema

This Fund represents the balance of £111k raised to provide a digital cinema facility in the Jerwood Vanbrugh Theatre. As well as being used for educational purposes the cinema facility shows a series of graduate work and live relay broadcasts from theatres, concert and opera houses worldwide.

#### Note 14

##### Restricted Capital Funds

###### Group and Academy

	1 August 2013 £'000	Net deduction £'000	Unrealised gains on investments net of fees £'000	31 July 2014 £'000
Category A	2,378	(36)	47	2,389
Category B	953	(14)	19	958
	<u>3,331</u>	<u>(50)</u>	<u>66</u>	<u>3,347</u>

The original monies donated to restricted capital funds must be retained as capital. An assessment of the income from these funds is made as required and investments are sold where required to provide bursary and other support whilst keeping within limits that preserve the original capital value. Income relating to Categories A and B Funds is used for student bursaries. In addition, income relating to Category B Funds may be used for wider RADA purposes as agreed by Council.

THE ROYAL ACADEMY OF DRAMATIC ART

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2014

**Note 15**  
**Unrestricted Funds**

	1 August 2013 £'000	Net incoming resources £'000	Unrealised gains on investments £'000	Actuarial (losses) £'000	31 July 2014 £'000
<b>General fund</b>	5,976	467	-	-	6,443
Pension scheme debt	(1,156)	291	-	(74)	(939)
	<u>4,820</u>	<u>758</u>	<u>-</u>	<u>(74)</u>	<u>5,504</u>
<b>Designated funds</b>					
Scholarship Fund	1,350	-	8	-	1,358
Building and Capital Fund	5,539	240	34	-	5,813
	<u>6,889</u>	<u>240</u>	<u>42</u>	<u>-</u>	<u>7,171</u>
<b>Total Unrestricted funds</b>	<u>11,709</u>	<u>998</u>	<u>42</u>	<u>(74)</u>	<u>12,675</u>

**Scholarship Fund**

The Scholarship Fund is to provide student bursaries and scholarships. In the year scholarships were paid from current account surpluses.

**Building and Capital Projects Fund**

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

THE ROYAL ACADEMY OF DRAMATIC ART

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2014

Note 16 Analysis of Net Assets between Funds

	Tangible & intangible fixed assets £'000	Investments £'000	Net current (liabilities)/ assets £'000	Long term & pension liabilities £'000	Total £'000
<b>Restricted capital funds</b>	-	3,347	-	-	3,347
<b>Restricted income funds</b>					
Centenary Project Fund	20,985	-	(301)	-	20,684
Bursary Fund	-	-	-	-	-
WAR Fund	-	-	252	-	252
Chenies Street Project Fund	354	-	(164)	-	190
Chenies Street Props Refurbishment	121	-	(46)	-	75
Attenborough Campaign	-	-	189	-	189
Jerwood Vanbrugh Cinema	95	-	(37)	-	58
<b>Designated funds</b>	-	7,171	-	-	7,171
<b>General fund</b>	9,808	-	1,509	(5,813)	5,504
	<b>31,363</b>	<b>10,518</b>	<b>1,403</b>	<b>(5,813)</b>	<b>37,471</b>

**Note 17**  
**Contingent Liabilities**

- (a) RADA received during the year ended 31 March 1990 a sum of £500,000 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.

THE ROYAL ACADEMY OF DRAMATIC ART

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2014

**Note 18**  
**Notes to the Cash Flow Statement**

	2014 £'000	2013 £'000
a) <b>Reconciliation of changes in resources to net cash inflow from operating activities:</b>		
Changes in resources	225	170
Interest and dividends receivable	(3)	(8)
Changes in resources after revaluations, interest paid and interest and dividends received	<u>222</u>	<u>162</u>
Depreciation and amortisation	791	792
<b>(Decrease)/increase</b> in debtors	25	(26)
Increase in creditors	26	151
Difference between FRS 17 pension scheme current cost and scheme contributions	(291)	(241)
Investment management fees deducted from fund valuation	35	27
Net cash inflow from operating activities	<u><b>808</b></u>	<u><b>865</b></u>
b) <b>Returns on investments and servicing of finance:</b>		
Interest received	<u>3</u>	<u>8</u>
c) <b>Capital expenditure:</b>		
Purchase of tangible and intangible fixed assets	(105)	(98)
Purchase of investments	<u>(250)</u>	<u>(462)</u>
Capital expenditure	<u><u>(355)</u></u>	<u><u>(560)</u></u>
d) <b>Management of liquid resources:</b>		
Increase in cash held as part of investment portfolio	<u>-</u>	<u>1</u>
e) <b>Financing:</b>		
Capital element of finance lease payments	<u>(61)</u>	<u>(51)</u>

THE ROYAL ACADEMY OF DRAMATIC ART

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2014

**Note 18**

**Notes to the Cash Flow Statement (continued)**

f) **Analysis of net debt:**

	<b>1 August 2013 £'000</b>	<b>Cashflow £'000</b>	<b>Other changes £'000</b>	<b>31 July 2014 £'000</b>
Cash in hand and at bank	<u>1,900</u>	<u>395</u>	<u>-</u>	<u>2,295</u>
Finance lease due in less than one year	(51)	51	(61)	(61)
Finance lease due in more than one year	<u>(4,935)</u>	<u>-</u>	<u>61</u>	<u>(4,874)</u>
	<u>(3,086)</u>	<u>446</u>	<u>-</u>	<u>(2,640)</u>

## THE ROYAL ACADEMY OF DRAMATIC ART

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

#### **Note 19**

##### **Related Party Transactions**

Donations include £63,620 (2013: £155,650) received from Council members, or organisations connected with Council members. Donations for student bursaries of £7,000 were also received from Council members (2013: £8,100).

Wine to the value of £1,758 was purchased for RADA events at a rate that is discounted compared to market prices from Berry Bros. Rudd. That company's Chairman, Simon Berry, is a member of Council. Berry Bros. Rudd also provided wine, at a competitive rate to RADA Enterprises Ltd to the value of £3,278 for sales in the RADA Studios bar.

#### **Note 20**

##### **Capital Commitments**

RADA had no capital commitments at 31 July 2014 or 2013.

#### **Note 21**

##### **Legacies**

RADA received the residue of the Grace Marianne Pearce estate totalling £11,140 in the year.

#### **Note 22**

##### **Pension Commitments**

RADA operates a defined benefit Pension Scheme ("the Scheme"), the assets of which are held separately from RADA.

The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

A full actuarial valuation was carried out at 1 April 2013 by a qualified actuary, independent of the Scheme's sponsoring employer. It was assumed for the 2013 valuation that the rate of return on the Scheme's assets would be 4.3% and the rate of future pensionable salary increases would be 3.5%. The actuarial valuation of the Scheme's assets at 1 April 2013 was £5,003,000, actuarially estimated to represent 73% of the benefits that had accrued to members of the Scheme after allowing for expected future increases in earnings.

Employees no longer contribute to the Scheme as it is closed to the accrual of future benefits. RADA makes a contribution, agreed between the Trustees of the Scheme and RADA based on advice given by the Scheme actuary, of £20,834 per month.

**THE ROYAL ACADEMY OF DRAMATIC ART**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2014**

**Note 22**

**Pension Commitments (continued)**

**FRS 17 disclosures for the year ended 31 July 2014**

**Present value of the Scheme liabilities, fair value of assets and deficit**

	<b>At 31 July 2014 £'000</b>	<b>At 31 July 2013 £'000</b>	<b>At 31 July 2012 £'000</b>
Fair value of the Scheme assets	5,412	4,947	4,403
Present value of the Scheme liabilities	<u>(6,351)</u>	<u>(6,103)</u>	<u>(6,030)</u>
Deficit in the Scheme	<u><b>(939)</b></u>	<u><b>(1,156)</b></u>	<u><b>(1,627)</b></u>

**Reconciliation of opening and closing balances of the present value of the Scheme liabilities**

	<b>2014 £'000</b>	<b>2013 £'000</b>
The Scheme liabilities at start of the year	6,103	6,030
Interest cost	262	240
Actuarial gains/losses	21	(94)
Benefits paid	(35)	(73)
The Scheme liabilities at end of the year	<u><b>6,351</b></u>	<u><b>6,103</b></u>

**Reconciliation of opening and closing balances of the fair value of the Scheme assets**

	<b>2014 £'000</b>	<b>2013 £'000</b>
Fair value of the Scheme assets at 1 August	4,947	4,403
Expected return on the Scheme assets	303	229
Actuarial (losses)/gains	(53)	138
Benefits paid	(35)	(73)
Contributions by RADA	250	250
Fair value of the Scheme assets at 31 July	<u><b>5,412</b></u>	<u><b>4,947</b></u>

The actual return on the Scheme assets over the year ended 31 July 2014 was £250,000.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2014**

**Note 22**

**Pension Commitments (continued)**

**Total expense recognised in the SOFA**

	<b>2014</b> <b>£'000</b>	<b>2013</b> <b>£'000</b>
Interest cost	262	240
Expected return on the Scheme assets	(303)	(229)
	<u>(41)</u>	<u>11</u>

**Actuarial gains and losses**

	<b>2014</b> <b>£'000</b>	<b>2013</b> <b>£'000</b>
Difference between expected and actual return on the Scheme assets	(53)	138
Experience losses arising on the Scheme liabilities	(52)	-
Effects of changes in the demographics and financial assumptions underlying the present value of the Scheme liabilities:	31	94
<b>Total actuarial loss recognised in the SOFA</b>	<u>(74)</u>	<u>232</u>

**Assets**

	<b>31 July 2014</b> <b>£'000</b>	<b>31 July 2013</b> <b>£'000</b>	<b>31 July 2012</b> <b>£'000</b>
Diversified Growth Fund	5,412	4,947	4,403
<b>TOTAL</b>	<u>5,412</u>	<u>4,947</u>	<u>4,403</u>

None of the fair value of the assets shown above include any of the Academy's own financial instruments or any property occupied by, or other assets used by, the Academy.



**THE ROYAL ACADEMY OF DRAMATIC ART**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2014**

**Note 22**

**Pension Commitments (continued)**

**Assumptions**

	<b>31 July 2014 per annum</b>	<b>31 July 2013 per annum</b>	<b>31 July 2012 per annum</b>
Inflation	3.40%	3.40%	2.60%
Rate of discount	4.15%	4.30%	4.00%
Allowance for revaluation of deferred pensions of RPI or 5% p.a., if less	3.40%	3.40%	2.60%
Allowance for pension in payment increases of RPI or 5% p.a., if less	3.40%	3.40%	2.60%
Allowance for commutation of pension for cash at retirement	None	None	None

**The mortality assumptions adopted at 31 July 2014 imply the following life expectancies at age 65 years:**

	<b>Years</b>
Male retiring in 2014	23.5
Female retiring in 2014	25.8
Male retiring in 2034	25.4
Female retiring in 2034	27.7

**Expected long term rates of return**

The long-term expected rate of return on cash is determined by reference to gilt yields. The long-term expected return on bonds is determined by reference to corporate bond yields at the balance sheet date. The long-term expected rate of return on equities is determined by setting an appropriate risk premium above gilt/bond yields having regard to market conditions. The long-term expected return on the diversified growth fund has been determined by reference to gilt/bond yields with an allowance for out-performance.

The expected long term rates of return applicable for each period are as follows:

	<b>Year commencing 1 August 2014 % per annum</b>	<b>Period commencing 1 August 2013 % per annum</b>
Diversified Growth Fund	6.00%	5.10%
<b>Overall for the Scheme</b>	<b>6.00%</b>	<b>5.10%</b>

**THE ROYAL ACADEMY OF DRAMATIC ART**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2014**

**Note 22**

**Pension Commitments (continued)**

Assumptions for the current and previous four years:

	<b>31 July 2014 £,000</b>	<b>31 July 2013 £'000</b>	<b>31 July 2012 £'000</b>	<b>31 July 2011 £'000</b>	<b>31 March 2010 £'000</b>
Fair value of the Scheme assets	5,412	4,947	4,403	4,167	3,357
Present value of the Scheme liabilities	(6,351)	(6,103)	(6,030)	(4,698)	(4,035)
Deficit in the Scheme	(939)	(1,156)	(1,627)	(531)	(678)
Experience adjustment on the Scheme assets	(53)	138	(291)	321	387
Experience adjustment on the Scheme liabilities	(52)	-	(28)	(35)	33

The best estimate of contributions to be paid by RADA to the Scheme for the year beginning after 1 August 2014 is £250,008 per annum.