RADA

ROYAL
ACADEMY OF
DRAMATIC ART

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2011

Charity Registration Number 312819

THE ROYAL ACADEMY OF DRAMATIC ART

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2011

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LEGAL AND ADMINISTRATIVE INFORMATION
FOR THE YEAR ENDED 31 JULY 2011

Principal Office	62-64 Gower Street London WC1E 6ED
President	Lord Attenborough Kt CBE
Trustees	The following have been members of Council since 1 August 2010:
Chairman	Sir Stephen Waley-Cohen Bt.
Vice-Chairman	Alan Rickman
Members	Catherine Bailey Zac Barratt The Honourable Peter Benson LVO Simon Berry Eve Best Chipo Chung Nicholas Cooper Richard Digby-Day Nicholas Gold Stephen Greene Bonnie Greer OBE Margaret Heffernan Thelma Holt CBE Richard Johnson Mike Leigh OBE Adrian Lester Geoff Locker Glen Moreno Fiona Shaw CBE Anthony Smith CBE Richard Wilson OBE

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: Neil Fraser Technical Director, Linda Garforth Finance Director, Antonia Gillum-Webb Commercial Director, Sebastian Harcombe Director of the BA Acting Course, Caroline Hawley Development Director and Patricia Myers the Registrar.

LEGAL AND ADMINISTRATIVE INFORMATION
FOR THE YEAR ENDED 31 JULY 2011

The following have been members of the Finance and General Purposes Committee since 1 August 2010:

Chairman Nicholas Gold

Members Zac Barratt
Margaret Heffernan
Thelma Holt CBE
Simon Berry

The following have been members of the Audit Committee since 1 August 2010:

Chairman The Honourable Peter Benson LVO

Members Gordon Ashbee (co-opted)
Stephen Greene

The following have been members of the Nomination Committee since 1 August 2010:

Chairwoman Margaret Heffernan

Members Nicholas Gold
Alan Rickman
Sir Stephen Waley-Cohen

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 Dickinson Dees LLP
The Chocolate Works
Bishopthorpe Rd
York YO23 1DE

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

Chairman's Review

This has again been a positive year for the Royal Academy of Dramatic Art, with stability in all our many activities. There has been a steady and continuing improvement in the Academy's financial position together with very strong productions through the year from the final year students, with a high proportion of both actors and technicians leaving directly into work in the profession.

Applications for the core courses in Technical Theatre, Stage Management and specialist courses remained at a good level with a pleasing quality of applicants, while those for the 28 places on the core 3-year BA Acting course exceeded 3,000. We have now introduced differential audition fees to encourage early application; we continue to audition every applicant, offering places only after four rounds. It remains the case that virtually every applicant to whom we offer a place accepts it.

We are very aware of the potential implications of the changes in Government funding for students (which comes to us from HEFCE via the Conservatoire for Dance and Drama of which we are a founding affiliate). As for other higher education students, RADA students will have to pay £9,000 a year from 2012, although the terms for the eventual repayment of student loans have been improved so that nothing is repayable until an annual income of £21,000 is achieved. Students who already have a first-level degree remain ineligible for support for a second course at the same level, which has the effect of making it extremely difficult for anyone to take a non-specialist university degree and then come to RADA, so the average age of our intake is continuing to reduce, with most being 18 or 19.

We are working hard through our extensive range of out-reach activities to ensure that no potential applicant is discouraged from applying by their personal or financial background, and our audition process remains 'needs-blind', a decision which will undoubtedly cause us to increase our fund-raising for the provision of scholarship and bursary support.

Of crucial importance to RADA is the continuation of the Targeted Allocation, an additional payment to certain drama, dance, music and art conservatoires to recognise the intensive and small group training we offer. While there has been no suggestion that this is under threat - and the total involved is relatively modest in terms of either education or arts expenditure - its continuation has not yet been confirmed.

Our financial position has maintained the steady improvement of the last few years, with our overdraft having been eliminated, and the financial outcome being ahead of our business plan. This has not been easy, and its maintenance will not become any more so in the foreseeable future. It reflects extremely well not just on those directly responsible but on the entire management team and indeed on staff at every level.

The many short courses which RADA organises, mainly in the spring and summer vacations, and also the Foundation Course, have continued to attract good numbers of students who receive elements of the RADA training without any course becoming in any way a substitute for the core BA Acting course. It remains our objective to provide high quality training on these courses which last from a few days to a few weeks at fees which provide a surplus to support our core acting and technical courses.

Our trading subsidiary, RADA Enterprises, which provides communication skills training to business and government, has continued to do well and provides significant financial support to RADA. During the year many of its activities have become more fully integrated with those of RADA, to the benefit of all concerned.

The Development department is the third 'leg' of support for RADA's financial needs, and in an extremely difficult economic climate it has achieved good results, boosting the numbers of supporters at many different levels. It also raised targeted donations sufficient to enable us to install high quality cinema equipment in our largest theatre, the Jerwood Vanbrugh, and this will benefit RADA in many ways, which will become more apparent as it comes into use from September 2011. As we move towards our objective of a financially self-sustaining position, we hope that a higher proportion of Development activity can be focused on scholarship and bursary funding and on capital improvements or new projects.

RADA continues to fulfil its role as one of the world's leading Drama Schools and we 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, Members of Council and of the Development, Artistic Advisory and Academic Boards, Ambassadors, Patrons including our sponsors, Warner Brothers, and supporters of all kinds, without all of whom RADA would not be the remarkable institution it undoubtedly continues to be.

………………………..
Sir Stephen Waley-Cohen Bt.

REPORT OF THE MEMBERS OF THE COUNCIL
FOR THE YEAR ENDED 31 JULY 2011

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.

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 budget or business plan.

RADA operates within the requirements of the Conservatoire for Dance and Drama ("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 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 environment

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 a further three year period 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 Accounts. 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
- offer 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:

- respond to cuts in government funding and a major overhaul of the structure of HE funding without undermining the quality of training offered to students or ceasing to draw students from the widest range of social and economic backgrounds;

- continue to monitor the reviewed BA acting course, in particular improving cross - departmental communication and the methods and evaluation of student feedback on teaching;
- embark upon a review of all technical teaching to ensure that it meets industry requirements
- complete a successful Periodic Programme Review with King's College London
- secure further funding for RADA's Outreach work in schools and the wider community, in order to maintain and enhance the breadth of the intake or, increase employment opportunities for RADA graduates and improve the standard and understanding of drama training in the world at large;
- seek ways to increase income from RADA's short courses, through the development of new courses ;
- monitor the 1st year of the new MA Theatre Lab and explore the opportunities for other forms of pre- and post-graduate performer training; develop new academic courses, specifically in the area of post-graduate actor training;
- establish a new sub-committee of Council to consider issues relating to teaching
- to increase alumni presence as guest teachers and directors and respond to alumni interest in continued association with RADA and training, including the development of a RADA Festival;
- enhance RADA's fundraising capability and continue to explore new models for stable and long term fundraising; and
- explore models of apprenticeships and training partnerships with like-minded employers and organisations, both in the UK and abroad.

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

In planning all of RADA's activities for the year the Council is mindful of the need to provide public benefit. In particular in the current year RADA has extended its bursary support of students to enable them either to start or continue in courses that require external funding, which for many of them has ceased or reduced. This has included extending support to students from abroad who are part way through a course and have lost their funding through direct or indirect consequence of the financial crisis.

RADA continues to develop Outreach work through a wide range of activities including the work of our full time Education and Outreach Manager. RADA works with schools and academies in the London area to encourage applications from those who would never have thought of applying to RADA or of a career in the dramatic arts and to support the teaching of drama and literature. RADA is also working increasingly closely with a number of agencies, both public and private, to widen the opportunities for RADA students and staff to work in the community and to improve access to our training. A pilot progression agreement is in place with Lambeth College which we hope will soon be extended to others in the National Skills Academy.

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 and on fee charging.

REPORT OF THE MEMBERS OF THE COUNCIL
FOR THE YEAR ENDED 31 JULY 2011

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

The principal objectives for the year were to:

- respond to predicted cuts in government funding of up to 25% over the next four years without diminishing the breadth of the intake or undermining the quality of training offered to students or RADA's international reputation for excellence;
- embed the results of the review of the BA acting course, develop new academic courses and undertake an informal review of technical training as regards quality, industry-relevance, resource use and cost;
- reconnect with alumni with the new Graduate Committee, continued increased alumni presence as guest teachers and directors and increased opportunities for alumni to return to RADA;
- develop RADA's fundraising capability and establish models for stable and long term fundraising;

Validated Courses

The BA Acting course ran in a hybrid fashion, with the First Years embarking upon the reviewed course, while Second and Third Years continued the pre-review training programme. The new Academic meeting structure has been welcomed for its clarity, though greater cross-department communication is still requested by staff.

There were no significant changes to any technical courses, though a format has now been agreed for an informal review of technical training to be undertaken in 2011/12.

The MA in Text and Performance began in its new association with Birkbeck College. This first year has been very successful and exceeded expectations in terms of recruitment.

Short Courses

All summer courses were successful with a number of students returning to attend new courses. We had positive feedback from the students about the high quality of teaching and support. The Foundation Course in Acting continues to go from strength to strength, this year building on a relationship with playwriting students at Goldsmiths' College.

The first screen acting short courses for many years were run by the Head of Film TV and Radio. These proved popular and suggest further expansion.

Master Classes

Visitors to the Academy this year included alumni Jonathan Pryce, Jane Horrocks and Alex Kingston, playwrights Neil Labute, Howard Barker and Alecky Blythe and the Director of the National Theatre, Sir Nicholas Hytner.

REPORT OF THE MEMBERS OF THE COUNCIL
FOR THE YEAR ENDED 31 JULY 2011

Performances

Notable productions this year included Philip Franks' production of *The Tyrant*, Jonathan Moore's production of *Our Lady of Sligo*, a revival of Noel Coward's second play, *The Young Idea*, Abi Morgan's *Splendour*, Arthur Miller's *The Crucible*, *The Brothers Size* by Tarell Alvin McCrainey, the London premiere of Robert David Macdonald's Proust adaptation and Seb Harcombe's production of *Ladybird*, which was subsequently invited to the Yalta Festival.

As last year, three of the short films made during the Third Year under the direction of the Head of Film, TV and Radio were shown at the Soho Shorts Film Festival.

Outreach

The Education and Outreach Department had another successful year consolidating its work through the schools programme, providing weekly workshops at RADA for young (16-20 years old) people; running the RADA Youth Group, which performed its summer production of Troilus and Cressida to a 95% audience capacity in the Jerwood Vanbrugh Theatre in August and expanding partnership arrangements with the Prince's Trust, Camden Summer University, Dreamworks and Lewisham College. New initiatives for 2011-12 include the development of an Elders Project (for over 60's) and intensive workshops for the over 25's.

Student Achievements

Following discussions with the industry and RADA Council about the importance of students completing three years of training, this year only one student left before graduation, to play a major role in the new Titanic series. Other students have begun their professional careers with Paines Plough at the Latitude Festival, at Sheffield Crucible, Bath Theatre Royal, Gate Theatre Dublin, the Almeida, Donmar Warehouse and Kingston Rose. Many others have been working in film or TV, with the BBC and commercial companies.

During the 2009/10 academic year the following students won competitive awards:

Taron Egerton – Stephen Sondheim Student Performer of the Year
Adam Nagaitis – Laurence Olivier Bursary
Molly Gromadzky – Laurence Olivier Bursary
Jennifer Logan – Lillian Baylis Award
Scarlett Brookes – John Gielgud Award

Fundraising

The Development Team has had a year of consolidation and growth with the revision of a strong fundraising strategy and clear supporter schemes. Volume of gifts has increased by 40% on last year, although average gift value is down. The economic climate for fundraising remains poor but despite this the Team successfully raised funds to enable digital cinema equipment to be installed in the Jerwood Vanbrugh Theatre, providing a sustainable income source for the future. RADA was fortunate to receive notification of an unrestricted legacy gift of £63,167 from a former graduate, William Percival Patenall.

RADA Enterprises Ltd

RADA Enterprises Ltd turnover for the year 2010/2011 was £1,593k with a net profit of £495k. The turnover was greater than budgeted as were the direct expenses and overhead. The largest income source, business training, accounted for around 60% of turnover and has remained buoyant although there has been a significant reduction in the level of public sector business. Staffing levels have increased in line with the development and expansion of new areas of business including the RADA Certificates and the partnership with Stagecoach both of which we expect to become significant sources of income over the next two years. There have been a number of changes to the structure of the organisation which will allow more senior management time and resource to be put into further developing the REL marketing and sales function to support new work streams over the next 12 months.

Summary Results

There follows below, in the form of an abridged income and expenditure account, the relevant figures being taken from the Consolidated Statement of Financial Activities ("SOFA"), a summary of RADA's financial performance for the years ended 31 July 2011 and 31 July 2010:

	Year to 31 July 2011 £'000	**Year to 31 July 2010 £'000**
Course, Fee and Grant Income	3,855	3,838
Investment Income	91	16
Donation and Sponsorship Income	256	269
Sundry Income	959	761
	5,161	**4,884**
Expenditure	**(5,725)**	**(5,791)**
Gross Operating Deficit	(564)	(907)
Net contribution from REL	552	591
Net operating deficit	**(12)**	**(316)**

The above figures exclude capital grants and donations, treated as income in the SOFA, of £111k in 2011 (and the exceptional legacy in 2010 of £6,296k), and credits arising under FRS17 in respect of pension costs of £275k in 2011 and £229k in 2010.

Also excluded are unrealised gains on investments of £946k in 2011 and £579k in 2010 and actuarial losses on the pension fund of (£128k) in 2011 and (£286k) in 2010.

The figures indicate that RADA is moving close to break-even on its core course activities with cost savings from the BA Acting review bearing fruit, despite another difficult year for fundraising.

An analysis of the reconciliation of the Net Operating Deficit shown above to the Net Incoming Resources before recognised gains and losses shown in the SOFA on page 15 is as follows:

	Year to 31 July 2011 £'000	Year to 31 July 2010 £'000
Net Operating Deficit	(12)	(316)
FRS17 pension adjustment	275	229
Legacy	-	6,296
Capital Grants	111	-
Net Incoming resources per SOFA	**374**	**6,209**

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 through RADA's Finance & General Purposes committee and with the investment managers.

Reserves Policy

Notes 13, 14, and 15 to the Financial Statements list the endowment, restricted and designated funds of RADA and show the assets and liabilities attributable to them and also describe the various trusts of RADA as well as summarising the movements on each fund for the year. As the general funds of RADA of £3,479k (2010:£2,653k) are represented entirely by fixed assets (see note 16) there are no free reserves.

The intention over time is to increase general funds by improving the financial performance of RADA.

During the year RADA retained a credit balance in its main bank account. This is the first time in many years that RADA has not been reliant upon an overdraft for its working capital needs and it is the intention of Council to ensure that this continues.

Statement of Trustees' Responsibilities

Council is responsible for preparing the Trustees' Report 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 & 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 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 them to ensure that the financial statements comply with the Charities Act 1993, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Royal Charter. They are also 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 has taken steps to:

- ensure that funds from the Higher Education Funding Council for England ("HEFCE") through the CDD, and The Foundation for Sport and the Arts 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 the charity and prevent and detect fraud; and
- secure the efficient and effective management of the charity'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 with 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; and
- a schedule of reviews with the Audit Committee and the CDD internal auditor.

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.

October 2011

INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 JULY 2011

We have audited the financial statements of the charity and the group on pages 15 to 41. 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 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.

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 Section 43 of the Charities Act 1993 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. 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 July2011 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 1993.

INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 JULY 2011

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 1993 requires 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 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

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.
- 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
2011

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 JULY 2011

	Notes	Unrestricted Funds	Restricted Funds: Income Funds	Restricted Funds: Capital Funds	Total Funds 2011	Total Funds 2010
		£'000	£'000	£'000	£'000	£'000
Incoming Resources						
Incoming Resources from Generated Funds	1					
Voluntary income		406	545	-	951	7,078
Activities for generating funds	2	1,912	56	-	1,968	1,764
Investment Income		91	-	-	91	16
Incoming Resources from Charitable Activities	1					
Provision of higher education		2,209	-	-	2,209	2,231
Other educational income		1,598	48	-	1,646	1,606
Total Incoming Resources		**6,216**	**649**	**-**	**6,865**	**12,695**
Resources Expended						
Costs of generating funds	4	215	-	-	215	191
Costs of REL	2	1,041	-	-	1,041	924
Costs of charitable activities	5	3,956	1,230	-	5,186	5,332
Governance costs	6	49	-	-	49	39
Total Resources Expended		**5,261**	**1,230**	**-**	**6,491**	**6,486**
Net incoming/(outgoing) resources before recognised gains and losses		955	(581)	-	374	**6,209**
Unrealised gains on investments		626	-	320	946	579
Actuarial losses on pension fund	23	(128)	-	-	(128)	(286)
Net Movement in Funds		**1,453**	**(581)**	**320**	**1,192**	**6,502**
Fund Balances at beginning of year		**9,193**	**23,539**	**2,352**	**35,084**	**28,582**
Fund Balances at end of year		**10,646**	**22,958**	**2,672**	**36,276**	**35,084**

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 2011

	Notes	GROUP		ACADEMY	
		31 July 2011 £'000	31 July 2010 £'000	31 July 2011 £'000	31 July 2010 £'000
Fixed assets					
Tangible assets	**8**	31,690	32,276	31,678	32,254
Investments	**2, 9**	8,071	7,096	8,071	7,096
		39,761	**39,372**	**39,749**	**39,350**
Current assets					
Debtors	**10**	710	485	762	788
Cash at bank and in hand		2,556	2,235	2,423	1,818
		3,266	2,720	3,185	2,606
Creditors: amounts falling due within one year					
Bank overdraft	**11**	-	(83)	-	(83)
Other creditors	**11**	(1,192)	(1,186)	(1,110)	(1,075)
		(1,192)	(1,269)	(1,110)	(1,158)
Net current assets		2,074	1,451	2,075	1,448
Total assets less current liabilities		**41,835**	**40,823**	**41,824**	**40,798**
Creditors: amounts falling due after more than one Year	**12**	(5,028)	(5,061)	(5,028)	(5,061)
Total net assets before Pension scheme liability		36,807	35,762	36,796	35,737
Pension scheme liability	**23**	(531)	(678)	(531)	(678)
Total net assets after pension scheme liability		**36,276**	**35,084**	**36,265**	**35,059**
Represented by:					
Designated funds	**15**	7,167	6,540	7,167	6,540
General funds	**16**	3,479	2,653	3,468	2,628
Total Unrestricted funds		10,646	9,193	10,635	9,168
Restricted Income funds	**13**	22,958	23,539	22,958	23,539
Restricted Capital funds	**14**	2,672	2,352	2,672	2,352
Total funds	**17**	**36,276**	**35,084**	**36,265**	**35,059**

The financial statements on pages 15-41 were approved by Council on 2011 and signed on its behalf by

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Chairman of Council Member of Council Director

THE ROYAL ACADEMY OF DRAMATIC ART

CONSOLIDATED CASHFLOW
FOR THE YEAR ENDED 31 JULY 2011

	Notes	2011 £'000	2010 £'000
Net cash inflow from operating activities	**19a**	580	6,653
Returns on investments and servicing of finance	**19b**	86	8
Capital expenditure	**19c**	(179)	(4,546)
Cash inflow before use of financing		487	2,115
Management of liquid resources	**19d**	(50)	(6)
Financing	**19e**	(33)	(25)
Increase in cash		**404**	**2,084**

Reconciliation of net cash flow to movement in net debt		**2011 £'000**	**2010 £'000**
Increase in cash in the year		404	2,084
Movement in net debt resulting from cash flows in the year		404	2,084
Non cash movement		25	15
Net debt at beginning of the year		(2,934)	(5,033)
Net debt at end of the year	**19f**	**(2,505)**	**(2,934)**

Basis of Preparation and Accounting
These financial statements have been prepared in accordance with the Charities Act 1993, 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 cost of generating funds includes the costs of commercial trading, running a bar and selling merchandise.

Charitable activity costs comprise the 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.

Investments
Investments are stated at market value.

Tangible Fixed Assets
Assets costing more than £2,000 (increased from £1,000 in 2010) 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

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 in accordance with RADA’s general policy on borrowing costs.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Royal Academy of Dramatic Art 1978 Retirement Fund (“the Pension Scheme”)
The Pension Scheme is a defined benefit plan. Pension Scheme assets are measured using market values. Pension 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 Pension Scheme expected to arise from employee service in the period is charged to the statement of financial activities

The expected return on the Pension Scheme’s assets and any decrease during the period in the present value of the Pension Scheme’s liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the consolidated statement of financial activities. Pension 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2011

Note 1
Incoming resources

	Unrestricted Funds 2011 £'000	*Restricted Funds* 2011 £'000	*Total Funds* 2011 £'000	*Total Funds* 2010 £'000
INCOMING RESOURCES FROM GENERATED FUNDS				
Voluntary Income				
Bursary and Grants	-	262	262	300
Fundraising Income (Donations and Sponsorship)	125	242	367	269
Legacy Income	63	40	103	6,306
Royalty Income	218	-	218	203
Donations to Endowment Fund	-	-	-	-
	406	**545**	**951**	**7,078**
Activities for Generating Funds				
Bar and Merchandise	13	-	13	10
Sundry income	218	-	218	165
Fundraising events	88	-	88	-
Grant income	-	56	56	74
REL trading income	1,593	-	1,593	1,515
	1,912	**56**	**1,968**	**1,764**
Investment Income				
Dividends	51	-	51	6
Bank Interest	40	-	40	10
	91	**-**	**91**	**16**
INCOMING RESOURCES FROM CHARITABLE ACTIVITIES				
Contributions from HEFCE	1,458	-	1,458	1,499
Fees from EU Higher Education Students	510	-	510	514
Fees from non EU Higher Education Students	241	-	241	218
	2,209		**2,209**	**2,231**
Short Course Income	1,330	-	1,330	1,319
Audition Fees	189	-	189	154
Outreach Income	-	48	48	48
Production and Refectory	79	-	79	85
	1,598	**48**	**1,646**	**1,606**
	3,807	**48**	**3,855**	**3,837**
TOTAL INCOME	**6,216**	**649**	**6,865**	**12,695**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2011

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 £5,775k (2010: £11,701k). Its net incoming resources were £326k (2010: £6,139k);

b) RADA has one wholly owned subsidiary which is incorporated in England and Wales, RADA Enterprises Ltd ("REL") which has a share capital of £2. REL gift aids its 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.

	2011 £'000	2010 £'000
Profit and Loss		
Turnover	1,593	1,515
Cost of sales	(609)	(531)
Gross profit	**984**	**984**
Other operating expenses(i)	(489)	(449)
Profit on ordinary activities before and after taxation	495	535
Donation to RADA by way of gift aid	(503)	(521)
Net profit for the year	**(8)**	**14**

(i) Other operating costs include £57k (£56k in 2010) of rent and other charges from the parent company.

THE ROYAL ACADEMY OF DRAMATIC ART

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2011

Note 3
Staff costs

	2011 **£'000**	**2010** **£'000**
Staff costs:		
Wages and salaries	2,699	2,656
Social security costs	263	254
	2,962	2,910

	2011	**2010**
The average monthly number of persons analysed by function was:		
Core Course Teaching	30	36
Short Course	6	5
Outreach	1	1
Fundraising	4	4
Building & Reception Staff	7	7
REL	10	9
Administration	14	13
Productions/Box Office	4	4
	76	79

Emoluments for the Director were as follows:

	2011 **£**	**2010** **£**
The Director	95,000	95,000
	95,000	95,000

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

	2011 **Number**	**2010** **Number**
£60,000 - £70,000	1	1
£70,001 – £80,000	2	2
£90,001 - £100,000	1	1

No contributions to pension schemes were made on behalf of these employees.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2011

Note 4
Costs of Generating Funds

	Unrestricted Funds £'000	Total 2011 £'000	Total 2010 £'000
Fundraising Costs			
Salary Costs	138	138	89
Direct Costs	57	57	99
Total	**195**	**195**	**188**
FUNDRAISING EVENTS	**11**	**11**	**-**
Bar Salary Costs	5	5	-
Bar Costs	0	0	-
Merchandise Costs	4	4	3
Total	**9**	**9**	**3**
Costs of generating funds	**215**	**215**	**191**

Note 5
Costs of Charitable Activities

£'000	Core Course	Short Courses	Outreach	Box Office	TOTAL 2011	TOTAL 2010
Salaries	1,250	271	37	81	1,639	1,710
Fees	90	120	25	-	235	275
Teaching	135	-	-	-	135	123
Validation	27	-	-	-	27	24
Audition	65	-	-	-	65	61
Production	93	-	-	20	113	110
Refectory(net cost)	7		-	-	7	22
Other	-	90	-	-	90	78
Support Costs	1,883	442	71	115	2,511	2,519
Bursaries and student support	364	-	-	-	364	410
TOTAL	**3,914**	**923**	**133**	**216**	**5,186**	**5,332**

Note 5 Costs of Charitable Activities (continued)

Support Cost Analysis

£'000	**Unrestricted**	**Restricted**	**Total 2011**	**Total 2010**
Salaries	749	-	749	719
Welfare	2	-	2	2
Administration Costs	143	-	143	121
Buildings and IT	721	-	721	728
Depreciation	78	656	734	762
FRS17 adjustment	(275)	-	(275)	(229)
Finance Costs	155	-	155	140
Pension Costs	282	-	282	276
TOTAL	**1,855**	**656**	**2,511**	**2,519**

Note 6
Governance Costs

£'000	**Total 2011**	**Total 2010**
Auditors' remuneration*	17	10
Staff Costs	28	27
Meetings and Other Costs	4	2
TOTAL GOVERNANCE	**49**	**39**

- The lower audit charge in 2010 was the result of an over accrual in 2009, the actual fee in the year was £17k.

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.

Note 8
Tangible fixed assets

Group	Freehold property £'000	Long leasehold property £'000	Short leasehold property Nicholas Cooper House £'000	Fixtures fittings and office equipment £'000	Theatre plant and equipment £'000	Library £'000	Total £'000
Cost							
1 August 2010	5,788	26,678	4,100	1,346	1,805	119	39,836
Additions	-	-	-	62	96	-	158
Cost at 31 July 2011	5,788	26,678	4,100	1,408	1,901	119	39,994
Depreciation and amounts written off							
1 August 2010	1,595	2,799	608	1,063	1,378	118	7,561
Charge for the period	30	275	141	123	173	1	743
31 July 2011	1,625	3,074	749	1,186	1,551	119	8,304
Net Book Value 31 July 2011	4,163	23,604	3,351	222	350	-	31,690
Net Book Value 31 July 2010	4,193	23,879	3,492	284	427	1	32,276

The net book value of assets under finance leases is £3,351k (2010: £3,492k).
All fixed assets are used for charitable purposes.

Note 8
Tangible fixed assets (continued)

RADA	Freehold property £'000	Long leasehold property £'000	Short leasehold property Nicholas Cooper House £'000	Fixtures fittings and office equipment £'000	Theatre plant and equipment £'000	Library £'000	Total £'000
Cost							
1 August 2010	5,788	26,678	4,100	1,299	1,790	119	39,774
Additions	-	-	-	62	96	-	158
Cost at 31 July 2011	5,788	26,678	4,100	1,361	1,886	119	39,932
Depreciation and amounts written off							
1 August 2010	1,595	2,799	608	1,025	1,375	118	7,520
Charge for the period	30	275	141	117	170	1	734
31 July 2011	1,625	3,074	749	1,142	1,545	119	8,254
Net Book Value 31 July 2011	4,163	23,604	3,351	219	341	-	31,678
Net Book Value 31 July 2010	4,193	23,879	3,492	274	415	1	32,254

The net book value of assets held under finance leases is £3,351k (2010: £3,492k).
All fixed assets are used for charitable purposes.

Note 9
Fixed asset investments

	Group		Academy	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Quoted investments	8,005	7,080	8,005	7,080
Cash held as investment	66	16	66	16
Investment in subsidiary(i)	-	-	0	0
	8,071	7,096	8,071	7,096

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

Quoted investments

	2011 £'000	2010 £'000
Brought forward	7,080	2,017
Additions at cost	22	4,552
Disposals at valuation	-	(68)
Investment management t fee deducted from fund value	(44)	
Unrealised gains in the year	947	579
	8,005	7,080
Historic cost	6,718	6,696

The market value at 31 July 2011 includes cash and securities which are invested by McInroy & Wood in a diversified portfolio of equities and bonds.

Investments are analysed as follows:

	2011 £'000	2010 £'000
Geographic		
UK	2,753	2,631
Non UK	5,252	4,449
	8,005	**7,080**
Fixed Interest	2,312	2,128
UK Equities	1,251	1,316
Overseas Equities	3,081	2,813
Cash	747	403
Other (Commodities)	614	420
	8,005	**7,080**

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

	Group 2011 £'000	Group 2010 £'000	Academy 2011 £'000	Academy 2010 £'000
Due within one year:				
Trade debtors including student fees	470	308	18	89
VAT debtor	16	22	16	22
Loans to staff and students	9	3	9	3
Prepayments and accrued income	215	152	216	153
Amount due from subsidiary undertaking	-	-	503	521
	710	485	762	788

Note 11
Creditors: amounts falling due within one year

	Group 2011 £'000	Group 2010 £'000	Academy 2011 £'000	Academy 2010 £'000
Bank overdraft	-	83	-	83
Amount due under finance lease	33	25	33	25
Trade creditors	182	171	156	73
Taxation and social security costs	96	107	66	68
Other creditors	6	21	3	47
Accruals and deferred income	875	862	852	862
	1,192	1,186	1,110	1,075

Note 12
Creditors: amounts falling due after more than one year

	Group		Academy	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Amounts due under finance lease	5,028	5,061	5,028	5,061
	5,028	5,061	5,028	5,061
Amounts due under finance leases fall due as follows:				
Within 1-2 years	42	33	42	33
Within 2-5 years	184	154	184	154
After more than 5 years	4,802	4,874	4,802	4,874
	5,028	5,061	5,028	5,061

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.

Note 13
Restricted Income funds

Group and Academy	Balance 1 August 2010 £'000	Movement in Incoming resources £'000	Movement in Outgoing resources £'000	Balance 31 July 2011 £'000
Centenary Project Fund	22,022	-	(438)	21,584
Bursary Fund	264	302	(331)	235
Learning & Teaching	28	73	(101)	-
WAR Fund	108	43	(22)	129
Chenies St Project	870	-	(172)	698
Chenies St props refurbishment	247	-	(46)	201
Production sponsorship	-	60	(60)	-
Jerwood Vanbrugh Cinema	-	111	-	111
Warners Film Sponsorship	-	60	(60)	-
	23,539	**649**	**(1,230)**	**22,958**

The Centenary Project Fund
This Fund represents monies received from the Arts Council England ("ACE") 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.

Learning & Teaching Fund
This Fund represents a range of grants from HEFCE to promote enhanced knowledge in the teaching faculty, including improving IT, staff development and quality assurance procedures.
It also includes amounts for outreach activity and support for student learning from Local Educational Authorities for students with dyslexia and other disabilities.

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

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

Chenies Street Props Refurbishment
This fund represents monies donated for the refurbishment of the Props department at 18 Chenies St.

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.

Jerwood Vanbrugh Cinema
£111k was raised to provide a digital cinema facility in the Vanbrugh theatre. As well as being used for educational purposes the cinema facility will also show a series of graduate work and live relay broadcasts from theatres, concert and opera houses worldwide**.**

Warner Film Sponsorship
Warner Brothers provide sponsorship for RADA's Head of Film and associated costs of the film department.

Note 14
Restricted Capital funds

Group and Academy	1 August 2010 £'000	Incoming resources £'000	Net unrealised gains on investments £'000	31 July 2011 £'000
Category A	1,679	-	228	1,907
Category B	673	-	92	765
	2,352	**-**	**320**	**2,672**

The original monies donated to Restricted Capital Funds must be retained as capital. The investments have been moved to a total return fund. An assessment of the income from this fund is made and units are sold where required to provide bursary and other support whilst keeping within limits that preserve the 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.

Note 15
Designated funds

Group and Academy	1 August 2010 £'000	Unrealised gains on investments £'000	31 July 2011 £'000
Property Fund (i)	1,558	149	1,707
Scholarship fund(ii)	1,039	100	1,139
Building fund(iii)	3,943	378	4,321
	6,540	**627**	**7,167**

(i) The Property fund has been established in contemplation of a possible purchase.
(ii) The Scholarship fund is to provide student bursaries and scholarships.
(iii) The Building fund has been created to enable the Academy to undertake capital and refurbishment projects on its estate.

Note 16
General funds

Group	**2011 £'000**	**2010 £'000**
Funds excluding Pension Scheme debt	4,010	3,331
Pension Scheme debt	(531)	(678)
Funds including Pension Scheme debt	3,479	2,653

Academy	**2011 £'000**	**2010 £'000**
Funds excluding Pension Scheme debt	3,991	3,306
Pension Scheme debt	(531)	(678)
Funds including Pension Scheme debt	3,460	2,628

Note 17
Analysis of net assets between funds

	Tangible fixed assets £'000	**Investments £'000**	**Net current assets/ (liabilities) (£'000**	**Long term & pension liabilities £'000**	**Total £'000**
Restricted Capital funds	-	2,672	-	-	2,672
Restricted Income funds					
Centenary Project	22,022	-	(438)	-	21,584
Bursary Fund	-		235	-	235
WAR Fund	-	-	129	-	129
Chenies St Project	870	-	(172)	-	698
Chenies St Props	247		(46)		201
Jerwood Cinema	111	-	-	-	111
Designated Funds	-	5,399	1,768	-	7,167
General funds	8,440	-	598	(5,559)	3,479
	31,690	**8,071**	**2,074**	**(5,559)**	**36,276**

Note 18
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 St 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, the Arts Council of 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.

Note 19
Notes to the cash flow statement

		2011 £'000	2010 £'000
a)	Reconciliation of changes in resources to net cash inflow from operating activities:		
	Changes in resources	374	6,209
	Interest payable	5	8
	Interest and dividends receivable	(91)	(16)
	Changes in resources after revaluations, interest paid and interest and dividends received	288	6,201
	Depreciation	743	778
	Profit on disposal of fixed assets	-	-
	Increase in debtors	(227)	(149)
	Increase in creditors	6	52
	Difference between FRS 17 pension scheme current cost and scheme contributions	(273)	(229)
	Investment management fees deducted from fund valuation	43	-
	Net cash inflow from operating activities	**580**	**6,653**
b)	Returns on investments and servicing of finance:		
	Interest received	40	10
	Dividends received	51	6
	Interest paid – bank and others	(5)	(8)
	Returns on investments and servicing of finance	**86**	**8**
c)	Capital expenditure:		
	Purchase of tangible fixed assets	(157)	(62)
	Purchase of investments	(22)	(4,552)
	Disposal of investments	-	68
	Capital expenditure	**(179)**	**(4,546)**
d)	Management of liquid resources:		
	Increase in cash held as part of investment portfolio	(50)	(6)
e)	Financing:		
	Capital element of finance lease payments	(33)	(25)

f) Analysis of net debt

	1 August 2010 £'000	Cashflow £'000	Other changes £'000	31 July 2011 £'000
Cash in hand and at bank	2,235	321	-	2,556
Bank overdrafts	(83)	83	-	-
	2,152	404	-	2,556
Finance lease due in less than one year	(25)	25	(33)	(33)
Finance lease due in more than one year	(5,061)	-	33	(5,028)
	(2,934)	429	-	(2,505)

Note 20
Related party transactions

Donations include £34,750 (2010: £36,268) received from Council members, or organisations connected with Council members. Donations for student bursaries of £10,000 were also received from Council members (2010: £10,000).

Note 21
Capital commitments

RADA has no capital commitments at 31 July 2011.

Note 22
Legacies

RADA received notification of an unrestricted legacy gift of £63,167 from a former graduate, William Percival Patenall. RADA also received legacies of £20,000 from each of the estates of Keith Waterhouse and Constance Roberts for the provision of student bursaries.

Note 23
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 2010 by a qualified actuary, independent of the Scheme's sponsoring employer. It was assumed for the 2010 valuation that the rate of return on the Scheme's assets would be 5.9% and the rate of future pensionable salary increases would be 3.7%. The actuarial valuation of the Scheme's assets at 1 April 2010 was £3,455,000, actuarially estimated to represent 71% 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, currently set by the actuary, of £20,834 per month.

Note 23
Pension commitments (continued)

FRS 17 disclosures for the year ended 31 July 2011

Present value of Scheme liabilities, fair value of assets and surplus

	At 31 July 2011 £'000	At 31 July 2010 £'000	At 31 March 2009 £'000
Fair value of Scheme Assets	4,167	3,357	2,542
Present value of Scheme Liabilities	(4,698)	(4,035)	(3,163)
Deficit in Scheme	**(531)**	**(678)**	**(621)**

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

	2011 £,000	2010 £'000
Scheme liabilities at start of the year	4,035	3,163
Interest cost	214	199
Actuarial losses	449	673
Scheme liabilities at end of the year	**4,698**	**4,035**

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

	2011 £'000	2010 £'000
Fair value of Scheme assets at start of the year	3,357	2,542
Expected return on scheme assets	239	189
Actuarial gains	321	387
Contributions by RADA	250	239
Fair value of Scheme assets at end of the year	**4,167**	**3,357**

The actual return on the scheme assets over the year ended 31 July 2011 was £560,000

Note 23
Pension commitments (continued)

Total expense recognised in statement of financial activities

	2011 £'000	2010 £'000
Interest cost	214	199
Expected return on Scheme assets	(239)	(189)
Total expense recognised in income and expenditure	**(25)**	**10**

Actuarial gains and losses

	2011 £'000	2010 £'000
Difference between expected and actual return on Scheme assets	321	387
Experience (losses)/gains arising on the Scheme liabilities:	(35)	33
Effects of changes in the demographics and financial assumptions underlying the present value of the Scheme liabilities:	(414)	(706)
Total actuarial loss recognised in statement of financial activities	**(128)**	**(286)**

Assets

	31 July 2011 £'000	31 July 2010 £'000	31 March 2009 £'000
Equities	2,828	3,112	2,179
Bonds	132	208	305
Cash	153	37	58
Diversified Portfolio	1,054	-	-
TOTAL ASSETS	**4,167**	**3,357**	**2,542**

Note 23
Pension commitments (continued)

Assumptions

	31 July 2011 % per annum	31 July 2010 % per annum	31 March 2009 % per annum
Inflation	3.60%	3.30%	3.50%
Rate of discount	5.20%	5.30%	6.30%
Allowance for revaluation of deferred pensions of RPI or 5% p.a., if less	3.60%	3.30%	3.50%
Allowance for pension in payment increases of RPI or 5% if less	3.60%	3.30%	3.50%
Allowance for commutation of pension for cash at retirement	None	None	None

The mortality assumptions adopted at 31 July 2011 imply the following life expectancies:

	Years
Male retiring at age 65 in 2009	24.1
Female retiring at age 65 in 2009	26.5
Male retiring at age 65 in 2029	26.1
Female retiring at age 65 in 2029	28.4

Expected long term rates of return

The long-term expected rate of return on bonds is determined by reference to corporate bond yields at the balance sheet date. The expected rate of return on equities was determined by setting an appropriate risk premium above gilt/bond yields having regard to market conditions. The expected rate of return on the with-profit policy was determined as a weighted average based on the target asset allocation of the with-profit fund.

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

	Year commencing 1 August 2011 % per annum	Period commencing 1 April 2010 % per annum
Equities	7.00%	7.30%
Bonds	5.30%	6.30%
Cash	3.80%	4.00%
Overall for Scheme	**6.86%**	**7.10%**

Note 23
Pension commitments (continued)

Assumptions for the current and previous four years:

	31 July 2011 £,000	31 July 2010 £'000	31 July 2009 £'000	31 March 2008 £'000	31 March 2007 £'000
Fair value of Scheme Assets	4,167	3,357	2,542	2,584	2,740
Present value of Scheme Liabilities	(4,698)	(4,035)	(3,163)	(2,798)	(3,421)
Deficit in Scheme	(531)	(678)	(621)	(214)	(681)
Experience adjustment on Scheme assets	321	387	(428)	(98)	58
Experience adjustment on Scheme liabilities	(35)	33	(34)	37	(27)

The best estimate of contributions to be paid by RADA to the Scheme for the year beginning after 31 July 2011 is £250,008 per annum.