RADA

ROYAL
ACADEMY OF
DRAMATIC ART

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2012

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Charity Registration Number 312819

CONTENTS

LEGAL AND ADMINISTRATIVE INFORMATION
FOR THE YEAR ENDED 31 JULY 2012

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 2011:
Chairman	Sir Stephen Waley-Cohen Bt.
Vice-Chairman	Alan Rickman
Members	Catherine Bailey Zac Barratt The Honourable Peter Benson LVO Simon Berry Eve Best (resigned October 2011) Chipo Chung Nicholas Cooper Richard Digby-Day Katherine Farr (appointed July 2012) Nicholas Gold Judy Grahame (appointed March 2012) Stephen Greene Bonnie Greer OBE Margaret Heffernan Thelma Holt CBE (retired October 2011) Richard Johnson (retired October 2011) Mike Leigh OBE Adrian Lester Geoff Locker Glen Moreno Paul Pyant (appointed March 2012) Fiona Shaw CBE Anthony Smith CBE Imogen Stubbs (appointed March 2012) Michelle Terry (appointed March 2012) 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 (resigned June 2012), Sebastian Harcombe Director of the BA Acting Course (resigned October 2012), Geoff Bullen Director of the BA Acting Course from October 2012, Caroline Hawley Development Director, Patricia Myers the Registrar and Bridget Taxy Commercial and Marketing Director (started June 2012).

LEGAL AND ADMINISTRATIVE INFORMATION
FOR THE YEAR ENDED 31 JULY 2012

The following have been members of the Finance and General Purposes Committee since 1 August 2011:

Chairman	Nicholas Gold (retired October 2011) Zac Barratt (appointed October 2011)
Members	Zac Barratt Simon Berry Margaret Heffernan Thelma Holt CBE (retired October 2011)

The following have been members of the Audit Committee since 1 August 2011:

Chairman	The Honourable Peter Benson LVO
Members	Gordon Ashbee (co-opted; retired May 2012) Katherine Farr (appointed July 2012) Stephen Greene

The following have been members of the Nomination Committee since 1 August 2011:

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	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
FOR THE YEAR ENDED 31 JULY 2012

The Royal Academy of Dramatic Art has flourished through the past year, with many fine achievements at the Academy and in the wider world for which our students train. There were many highlights for both performance and technical students and there were a number of significant improvements and additions during the year to RADA's activities notably:

- The acquisition of RADA Studios, the former Drill Hall, contiguous with our building at 18 Chenies St, with its two theatres and a variety of rehearsal spaces.
- The launch of the Screen @RADA with the addition of new digital cinema equipment in the Jerwood Vanbrugh Theatre and with the added comfort of upgraded seating.
- The inaugural RADA Festival, when the Academy was alive with activity and performances and graduates for two weeks in June.
- The first year – a trial – of Theatre Lab, a new MA Course which has had an impressive start with many foreign as well as UK actors and theatre practitioners applying for this course which is considered unique in the UK.

We have also identified a number of other courses which we would like to offer and for which we believe there is both a need and a demand, and the greater space now available to us in the RADA Studios makes it possible to plan a controlled expansion in our range of professional courses, while maintaining our successful and popular foundation and other short courses.

Through the year our finances have continued to strengthen, with year-end cash balances strong. This reflects extremely well not just on those directly responsible but on the entire management team and indeed staff on every level.

During the year we received a very generous, and unexpected, legacy of £412k from Mrs Marianne Pearce, a Canadian teacher who attended an Acting Shakespeare short course at RADA in 1985. This legacy has benefited our designated investment funds. It was the existence of these funds, together with generous philanthropic support, which enabled us to acquire RADA Studios.

The Development team has continued to broaden the sources of donations to more individuals and trusts which contributes enormously to bursary support for students - £186k was raised by them in the last year and an additional £73k was raised by students via their own initiatives and contacts. We expect the demand for bursary support to increase as the higher fees impact. In addition we continue our extensive range of out-reach activity to ensure that no potential applicant is discouraged from applying, by their personal or financial background.

RADA, like other affiliates of the Conservatoire for Dance for Drama ("CDD") is still uncertain about what level of higher education funding support it will receive in the coming year and beyond. As a result RADA has developed contingency plans in the event of adverse changes to the current levels of enhanced funding it receives, which is causing us to remain cautious until we know the details

Our trading subsidiary, RADA Enterprises Ltd, (which provides communication skills training to business and government), has continued to do well and provides significant financial support to RADA. Its activities are becoming fully integrated with those of RADA, to the benefit of all concerned. In June, we were sorry to lose Antonia Gillum-Webb who has led ably and energetically since its creation, and we wish her well.

CHAIRMAN'S REVIEW
FOR THE YEAR ENDED 31 JULY 2012

I would like to thank Richard Johnson who retired as a Council Member during the year for his fine contributions to RADA. I must make special mention of Thelma Holt, whose 26 years on Council provided unparalleled benefit, She worked closely with Lord Attenborough on achieving the success of the Centenary Appeal with Arts Council Lottery support, and her knowledge of the Academy and of Theatre worldwide has been invaluable. Eve Best has stood down because of her working commitments, particularly in the US, but we hope she may rejoin Council at a later date. We are pleased they will all remain involved as RADA Ambassadors.

We were delighted to welcome as new Members of Council Katherine Farr (who has also joined the Audit Committee), Judy Grahame, and graduates Paul Pyant, Imogen Stubbs and Michelle Terry.

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.

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 Conservatoire for Dance and Drama ("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 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 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 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
- 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:

- monitor the impact of the increase in student fees on the quality and diversity of applications and on the student body;

- complete the review of technical training;
- review third year acting training;
- continue to develop the range of Outreach work, targeting especially under-supported sectors such as the disabled and the over 60s;
- seek ways to increase income from RADA's short courses, through the development of new courses;
- review the spectrum of actor training offered by RADA, both commercial and charitable, to ensure coherent pathways are available for the widest range of people;
- 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 to taking 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 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

RADA maintained the quality, rigour and intensity of its training, despite the considerable changes taking place in the higher education sector: in recruitment, retention and employment we have remained at the very top of our sector and scored the highest marks in the National Student Survey, achieving 4.0 or more out of 5 in all categories.

RADA underwent a very successful periodic programme review with King's College London with a number of commendations.

The acquisition of digital projection equipment for the Jerwood Vanbrugh theatre has enabled RADA to use the theatre as a state of the art cinema showing a mixture of films – particularly those with graduates in as well as alternative content like theatre productions from the National Theatre and recorded and live opera from a range of opera houses.
RADA launched the first RADA Festival to significant success and much enthusiasm from graduates. This is a major development in the Academy's engagement with its alumni.

Validated Courses

The BA Acting course ran for its first full year in the revised format. New systems of electronic student feedback have been tested during the year and are still being refined. A review of Technical training has been launched and will be completed in 2012/13. The MA Theatre Lab took on its first cohort of students and showcased their work in September 2012. The RADA Council have agreed to extend the initial pilot for a further two years.

Short Courses

There was a slight decline in numbers on short courses over the summer due to the Olympics, but feedback has been very positive from students and most courses were full with last minute bookings when it became clear that we were able to supply accommodation. The Foundation Course had one of its most successful years with many students gaining places on BA Courses at RADA and elsewhere.

Master Classes

Visitors to the Academy this year included alumni David Harewood, Sally Hawkins, Mark Rylance and Michael Sheen. The new cinema showed an exclusive preview of Ralph Fiennes' *CORIOLANUS*, after which alumni Ralph Fiennes and Mike Leigh held a discussion. Mike Leigh also held a question and answer session with graduate costume designer Lindy Hemming after a showing of the new digital print of their film *TOPSY-TURVY*. A masterclass on rhetoric was led by lawyers Richard Lissack QC and Benet Brandreth who is a rhetoric advisor to the BBC.

Performances

Notable productions this year included the London premiere of Heidi Thomas's *A HOUSE OF SPECIAL PURPOSE*, the world premiere of Melissa Murray's adaptation of *BROTHERS KARAMAZOV* and the UK premiere of Valle-Inclan's *DIVINE WORDS*, the last directed by Paul Hunter of Told By An Idiot. During the RADA Festival 80 performances were staged in 10 days at the Academy and in schools across London, including the UK premiere of the Palestinian play *MASKED*.

Outreach

The RADA Youth Group performed its summer production of Macbeth to near capacity audiences for two performances in the Jerwood Vanbrugh Theatre. The Elders Project (for over 60s) was launched this year with a pilot scheme of workshops run in partnership with Sadler's Wells and the continued development of this project will be a prime area of focus in the forthcoming academic years. Graduate training programmes, regional access workshop and developing regional networking programmes with care providers are also high priorities for 2012-13.

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 role in the new play written by RADA graduate Stephen Beresford staged at the National Theatre to critical acclaim called *THE LAST OF THE HAUSSMANS*.

During the 2011/12 academic year the following students won competitive awards:

Adam Nagaitis – Carlton Hobbs Award
Francesca Zoutewelle – Laurence Olivier Bursary
Ashleigh German – Lillian Baylis Award
Adam Harley – John Gielgud Award

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 2012 and 31 July 2011:

	Year to 31 July 2012 £'000	**Year to 31 July 2011 £'000**
Course, Fee and Grant Income	3,919	3,855
Investment Income	11	91
Donation and Sponsorship Income	568	256
Sundry Income	1,067	959
	5,565	**5,161**
Expenditure	**(6,096)**	**(5,725)**
Gross Operating Deficit	(531)	(564)
Net contribution from RADA Enterprises Ltd	446	552
Net Operating Deficit	**(85)**	**(12)**

A reconciliation of the Net Operating Deficit shown above to the Net Incoming Resources before recognised gains and losses shown in the SOFA on page 14 is as follows:

	Year to 31 July 2012 £'000	**Year to 31 July 2011 £'000**
Net Operating Deficit	(85)	(12)
FRS17 pension adjustment	282	275
Legacy	412	-
Capital Grants	-	111
Net Incoming Resources per SOFA	**609**	**374**

RADA Enterprises Ltd

RADA Enterprises Ltd turnover for the year 2011/2012 was £1,598k (2011- £1,593k) with a net profit of £385k (2011 - £495k). Direct and indirect costs rose sharply (£49k and £66k respectively) because of additional expenditure in new product lines, reduced margins on some established courses, the costs of recruitment and restructuring, an increase in bad debt and investment in new IT.

Staffing levels have increased in line with the development and expansion of new areas of business for young people and schools.

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 £4,095k (2011: £3,479k) 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.

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.

REPORT OF THE MEMBERS OF COUNCIL
YEAR ENDED 31ST JULY 2012

Council is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enables 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 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 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 2012

INDEPENDENT AUDITORS REPORT TO THE TRUSTEES
YEAR ENDED 31ST JULY 2012

We have audited the financial statements of the charity and the group on pages 14 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 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. 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 2012 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.

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

October 2012

THE ROYAL ACADEMY OF DRAMATIC ART

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 JULY 2012

	Notes	Unrestricted Funds	Restricted Funds: Income Funds	Restricted Funds: Capital Funds	Total Funds 2012	Total Funds 2011
		£'000	£'000	£'000	£'000	£'000
Incoming Resources						
Incoming Resources from Generated Funds	1					
Voluntary income		876	497	-	1,373	951
Activities for generating funds		2,093	59	68	2,220	1,968
Investment Income		11	-	-	11	91
Incoming Resources from Charitable Activities	1					
Provision of higher education		2,121	-	-	2,121	2,209
Other educational income		1,798	51	-	1,849	1,646
Total Incoming Resources		**6,899**	**607**	**68**	**7,574**	**6,865**
Resources Expended						
Costs of generating funds	4	496	-	-	496	215
Costs of REL	2	1,151	-	-	1,151	1,041
Costs of charitable activities	5	4,218	1,051	-	5,269	5,186
Governance costs	6	49	-	-	49	49
Total Resources Expended		**5,914**	**1,051**	**-**	**6,965**	**6,491**
Net incoming/(outgoing) resources before recognised gains and losses	19a	985	(444)	68	609	**374**
Unrealised gains on investments		197	-	42	239	946
Actuarial losses on pension fund	23	(1,378)	-	-	(1,378)	(128)
Net Movement in Funds		**(196)**	**(444)**	**110**	**(530)**	**1,192**
Fund Balances at beginning of year		**10,646**	**22,958**	**2,672**	**36,276**	**35,084**
Fund Balances at end of year		**10,450**	**22,514**	**2,782**	**35,746**	**36,276**

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 2012

	Notes	GROUP		ACADEMY	
		31 July 2012 £'000	31 July 2011 £'000	31 July 2012 £'000	31 July 2011 £'000
Fixed assets					
Tangible assets	**8**	32,029	31,690	32,020	31,678
Intangible assets	**8a**	712	-	712	-
Investments	**2, 9**	8,696	8,071	8,696	8,071
		41,437	**39,761**	**41,428**	**39,749**
Current assets					
Debtors	**10**	638	710	650	762
Cash at bank and in hand		1,637	2,556	1,464	2,423
		2,275	3,266	2,114	3,185
Creditors: amounts falling due within one year	**11**	(1,353)	(1,192)	(1,194)	(1,110)
Net current assets		922	2,074	920	2,075
Total assets less current liabilities		**42,359**	**41,835**	**42,348**	**41,824**
Creditors: amounts falling due after more than one year	**12**	(4,986)	(5,028)	(4,986)	(5,028)
Total net assets before Pension scheme liability		37,373	36,807	37,362	36,796
Pension scheme liability	**23**	(1,627)	(531)	(1,627)	(531)
Total net assets after Pension scheme liability		**35,746**	**36,276**	**35,735**	**36,265**
Represented by:					
Designated funds	**15**	6,355	7,167	6,355	7,167
General funds	**16**	4,095	3,479	4,084	3,468
Total unrestricted funds		10,450	10,646	10,439	10,635
Restricted income funds	**13**	22,514	22,958	22,514	22,958
Restricted capital funds	**14**	2,782	2,672	2,782	2,672
Total funds	**17**	**35,746**	**36,276**	**35,735**	**36,265**

The financial statements on pages 14-41 were approved by Council on 2012 and signed on its behalf by

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Chairman of Council　　Member of Council　　Director

CONSOLIDATED CASHFLOW
FOR THE YEAR ENDED 31 JULY 2012

	Notes	2012 £'000	2011 £'000
Net cash inflow from operating activities	**19a**	1,223	580
Returns on investments and servicing of finance	**19b**	11	86
Capital expenditure	**19c**	(2,178)	(179)
Cash (outflow)/ inflow before use of financing		(944)	487
Management of liquid resources	**19d**	67	(50)
Financing	**19e**	(42)	(33)
(Decrease)/increase in cash in the year		**(919)**	**404**

Reconciliation of net cash flow to movement in net debt

(Decrease)/increase in cash in the year		(919)	404
Movement in net debt resulting from cash flows in the year		(919)	404
Non cash movement		33	25
Net debt at beginning of the year		(2,505)	(2,934)
Net debt at end of the year	**19f**	**(3,391)**	**(2,505)**

ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 JULY 2012

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 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.

ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 JULY 2012

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.

ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 JULY 2012

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 SOFA.

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 the SOFA. 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 2012

Note 1
Incoming Resources

	Unrestricted Funds 2012 £'000	*Restricted Funds* 2012 £'000	*Endowment Funds* 2012 £'000	*Total Funds* 2012 £'000	*Total Funds* 2011 £'000
INCOMING RESOURCES FROM GENERATED FUNDS					
Voluntary Income					
Bursary and Grants	-	259	-	259	262
Fundraising Income (Donations and Sponsorship)	205	238	-	443	367
Legacy Income	425	-	-	425	104
Royalty Income	246	-	-	246	218
	876	**497**	**-**	**1,373**	**951**
Activities for Generating Funds					
Bar and Merchandise	5	-	-	5	13
Sundry income	82	-	68	150	218
Fundraising events	125	-	-	125	88
Grant income	-	59	-	59	56
RADA Studios	283	-	-	283	-
REL trading income	1,598	-	-	1,598	1,593
	2,093	**59**	**68**	**2,220**	**1,968**
Investment Income					
Dividends	-	-	-	-	51
Bank Interest	11	-	-	11	40
	11	**-**	**-**	**11**	**91**
INCOMING RESOURCES FROM CHARITABLE ACTIVITIES					
Contributions from HEFCE	1,380	-	-	1380	1,458
Fees from EU Higher Education Students	561	-	-	561	510
Fees from non EU Higher Education Students	180	-	-	180	241
	2,121	-	**-**	**2,121**	**2,209**
Short Course Income	1,552	-	-	1,552	1,330
Audition Fees	163	-	-	163	189
Outreach Income	-	51	-	51	48
Production and Refectory	83	-	-	83	79
	1,798	**51**	**-**	**1,849**	**1,646**
Total from Charitable activities	**3,919**	**51**	**-**	**3,970**	**3,855**
TOTAL INCOMING RESOURCES	**6,899**	**607**	**68**	**7,574**	**6,865**

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 £6,362k (2011: £5,775k). Its net incoming resources were £547k (2011: £326k);

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.

	2012	**2011**
	£'000	**£'000**
Profit and Loss		
Turnover	1,598	1,593
Cost of sales	(658)	(609)
Gross profit	**940**	**984**
Other operating expenses (i)	(555)	(489)
Profit on ordinary activities before and after taxation	385	495
Donation to RADA by way of gift aid	(390)	(503)
Net loss for the year	(5)	**(8)**

(i) Other operating costs include £62k (2011:£57k) of rent and other charges from RADA.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2012

Note 3
Staff costs

	2012 £'000	2011 £'000
Staff costs:		
Wages and salaries	2,892	2,699
Social security costs	264	263
	3,156	2,962

The average monthly number of persons analysed by function was:	2012	2011
Core Course Teaching (i)	34	30
Short Course	6	6
Outreach	1	1
Fundraising	5	4
Building and Reception Staff	8	7
REL	14	10
Administration	13	14
RADA Studios	6	-
Productions/Box Office	5	4
	92	76

(i) Increase reflects new MA Course

Emoluments for the Director were as follows:

	2012 £	2011 £
The Director	95,000	95,000

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

	2012 Number	2011 Number
£60,000 - £70,000	3	1
£70,001 – £80,000	1	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 2012

Note 4
Costs of Generating Funds

	Unrestricted Funds £'000	Total 2011 £'000
Fundraising Costs		
Salary Costs	153	138
Direct Costs	26	57
Total	**179**	**195**
FUNDRAISING EVENTS COSTS	**40**	**11**
RADA STUDIOS		-
Salary Costs	106	-
Direct Costs	158	-
Total	**264**	**-**
Bar Salary Costs	5	5
Other Bar Costs	3	0
Merchandise Costs	5	4
Total	**13**	**9**
TOTAL	**496**	**215**

Note 5
Costs of Charitable Activities

£'000	Core Course	Short Courses	Outreach	Box Office	TOTAL 2012	TOTAL 2011
Salaries	1,257	250	39	100	1,646	1,639
Fees	100	158	31	-	289	235
Teaching	157	-	-	-	157	135
Validation	26	-	-	-	26	27
Audition	64	-	-	-	64	65
Production	108	-	-	28	136	113
Refectory(net cost)	13		-	-	13	7
Other	-	99	-	-	99	90
Support costs	1,815	429	74	135	2,453	2,511
Bursaries and student support	386	-	-	-	386	364
TOTAL	**3,926**	**936**	**144**	**263**	**5,269**	**5,186**

Note 5 Costs of Charitable Activities (continued)

Support Cost Analysis

£'000	**Unrestricted Costs**	**Restricted Costs**	**Total 2012**	**Total 2011**
Salaries	754	-	754	749
Welfare	5	-	5	2
Administration costs	153	-	153	143
Buildings and IT	729	-	729	721
Depreciation	124	526	650	734
FRS17 adjustment	(282)	-	(282)	(275)
Finance costs	142	-	142	155
Pension costs	302	-	302	282
TOTAL	**1,927**	**526**	**2,453**	**2,511**

Note 6
Governance Costs

£'000	**Total 2012**	**Total 2011**
Auditors' remuneration	16	17
Staff costs	28	28
Meetings and other costs	5	4
TOTAL	**49**	**49**

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, library and theatre plant £'000	Short leasehold 16 Chenies St £'000	Total £'000
Cost						
1 August 2011	5,788	26,678	4,100	3,428	-	39,994
Additions	-	-	-	176	780	956
Cost at 31 July 2012	5,788	26,678	4,100	3,604	780	40,950
Depreciation and amounts written off						
1 August 2011	1,625	3,074	749	2,857	-	8,305
Charge for the period	30	276	141	150	19	616
31 July 2012	1,655	3,350	890	3,007	19	8,921
Net Book Value 31 July 2012	4,133	23,328	3,210	597	761	32,029
Net Book Value 31 July 2011	4,163	23,604	3,351	572	-	31,690

The net book value of assets under finance leases is £3,210k (2011: £3,351k).
All fixed assets are used for charitable purposes.

Note 8
Tangible Fixed Assets (continued)

ACADEMY	Freehold property £'000	Long leasehold property £'000	Short leasehold property Nicholas Cooper House £'000	Fixtures fittings, library and theatre plant £'000	Short leasehold 16 Chenies St £'000	Total £'000
Cost						
1 August 2011	5,788	26,678	4,100	3,366	-	39,932
Additions	-	-	-	176	780	956
Cost at 31 July 2012	5,788	26,678	4,100	3,542	780	40,888
Depreciation and amounts written off						
1 August 2011	1,625	3,074	749	2,808	-	8,256
Charge for the period	30	276	141	146	19	612
31 July 2012	1,655	3,350	890	2,954	19	8,868
Net Book Value 31 July 2012	4,133	23,328	3,210	588	761	32,020
Net Book Value 31 July 2011	4,163	23,604	3,351	560	-	31,678

The net book value of assets held under finance leases is £3,210k (2011: £3,351k).
All fixed assets are used for charitable purposes.

Note 8a

Intangible Assets

Goodwill of 16 Chenies St	Group and Academy 2012 £'000
Addition	750
Cost at 31 July 2012	750
Amortisation charge for period	38
Net Book Value 31 July 2012	712

The goodwill on 16 Chenies St is being amortised over five years which is the period up to the first rent review.

Note 9
Fixed asset investments

	Group and Academy	
	2012 £'000	2011 £'000
Quoted investments	8,696	8,005
Cash held as investment	-	66
Investment in subsidiary(i)	*	*
	8,696	8,071

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

Quoted investments at Valuation

	Group and Academy	
	2012 £'000	2011 £'000
At 1 August 2011	8,005	7,080
Additions at cost	474	22
Investment management fee deducted from fund value	(22)	(44)
Unrealised gains in the year	239	947
Quoted Investments at Market Valuation	8,696	8,005
Historic cost	7,192	6,718

The market value at 31 July 2012 includes cash and securities which are invested by McInroy & Wood in a diversified portfolio.

Investments are analysed as follows:

	2012 £'000	2011 £'000
Geographic		
UK	3,102	2,753
Non UK	5,594	5,252
	8,696	**8,005**
Fixed interest	2,750	2,312
UK equities	1,211	1,251
Overseas equities	3,291	3,081
Cash	726	747
Other (commodities)	718	614
	8,696	**8,005**

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 2012 £'000	Group 2011 £'000	Academy 2012 £'000	Academy 2011 £'000
Due within one year:				
Trade debtors including student fees	365	470	40	18
VAT debtor	-	16	-	16
Loans to staff and students	16	9	16	9
Stock	2	-	2	-
Prepayments and accrued income	255	215	202	216
Amount due from subsidiary undertaking	-	-	390	503
	638	710	650	762

Note 11
Creditors: amounts falling due within one year

	Group		Academy	
	2012	**2011**	**2012**	**2011**
	£'000	**£'000**	**£'000**	**£'000**
Amount due under finance lease	42	33	42	33
Trade creditors	127	182	98	156
Taxation and social security costs	124	96	79	66
Other creditors	46	6	52	3
Accruals and deferred income	1,014	875	923	852
	1,353	**1,192**	**1,194**	**1,110**

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

	Group and Academy	
	2012	**2011**
	£'000	**£'000**
Amount due under finance lease	4,986	5,028
Amount due under finance lease falls due as follows:		
Within 1-2 years	51	42
Within 2-5 years	216	184
After more than 5 years	4,719	4,802
	4,986	**5,028**

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 2011 £'000	Movement in Incoming resources £'000	Movement in Outgoing resources £'000	Balance 31 July 2012 £'000
Centenary Project Fund	21,584	-	(297)	21,287
Bursary Fund	235	260	(343)	152
WAR Fund	129	203	(113)	219
Chenies Street Project	698	-	(172)	526
Chenies Street Props Refurbishment	201	-	(49)	152
Production Sponsorship	-	9	(9)	-
RADA Studios refurbishment	-	75	-	75
Jerwood Vanbrugh Cinema	111	-	(8)	103
Warners Film Sponsorship	-	60	(60)	-
	22,958	**607**	**(1,051)**	**22,514**

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.

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 Project 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.

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).

Jerwood Vanbrugh Cinema
This Fund represents the £111k raised to provide a digital cinema facility in the Jerwood 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**.**

Warners Film Sponsorship
This Fund represents monies donated by Warner Brothers for sponsorship for RADA's Head of Film and associated costs of the film department.

Note 14
Restricted capital funds

Group and Academy	1 August 2011 £'000	Incoming resources £'000	Net unrealised gains on investments £'000	31 July 2012 £'000
Category A	1,907	49	30	1,986
Category B	765	19	12	796
	2,672	**68**	**42**	**2,782**

The original monies donated to Restricted Capital Funds must be retained as capital. 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 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.

Note 15
Designated funds

Group and Academy

	1 August 2011 £'000	Net (Outgoing) Incoming resources £'000	Unrealised gains on investments £'000	Transfer between funds £'000	31 July 2012 £'000
Drill Hall Fund	1,707	(1,382)	47	(372)	-
Scholarship Fund	1,139	79	31	-	1,249
Building and Capital Projects Fund	4,321	294	119	372	5,106
	7,167	**(1,009)**	**197**	**-**	**6,355**

Drill Hall Fund
The Drill Hall Fund was established to enable RADA to purchase the Drill Hall, now called the RADA Studios. As the purchase has taken place the residue of the Fund has been moved to the Building and Capital Projects Fund.

Scholarship Fund
The Scholarship fund is to provide student bursaries and scholarships.

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 residue of funds from the Drill Hall purchase fund has been moved to this fund to support the refurbishments projects in 16 and 18 Chenies Street.

Note 16
Unrestricted fund movements

	1 August 2011 £'000	Net (Outgoing)/ Incoming resources £'000	Unrealised gains on investments £'000	Actuarial losses £'000	31 July 2012 £'000
General fund	4,010	1,712	-	-	5,722
Pension scheme debt	(531)	282	-	(1,378)	(1,627)
	3,479	1,994	-	(1,378)	4,095
Designated fund	7,167	(1,009)	197	-	6,355
Total unrestricted funds	10,646	985	197	(1,378)	10,450

Note 17
Analysis of net assets between funds

	Tangible & intangible fixed assets £'000	Investments £'000	Net current assets/ (liabilities) (£'000	Long term & pension liabilities £'000	Total £'000
Restricted Capital funds	-	**2,782**	**-**	**-**	**2,782**
Restricted Income funds					
Centenary Project	21,584	-	(297)	-	21,287
Bursary Fund	-	-	152	-	152
WAR Fund	-	-	220	-	220
Chenies Street Project	698	-	(173)	-	525
Chenies Street Props	201	-	(49)		152
Drill Hall Refurbishment	-	-	75		75
Jerwood Vanbrugh Cinema	111	-	(8)	-	103
Designated funds	**-**	**5,914**	**441**	**-**	**6,355**
General funds	10,147	-	561	(6,613)	4,095
Total unrestricted funds	**32,741**	**8,696**	**922**	**(6,613)**	**35,746**

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 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, 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

		2012 £'000	2011 £'000
a)	Reconciliation of changes in resources to net cash inflow from operating activities:		
	Changes in resources	609	374
	Interest payable	-	5
	Interest and dividends receivable	(11)	(91)
	Changes in resources after revaluations, interest paid and interest and dividends received	598	288
	Depreciation and amortisation	654	743
	Decrease/(Increase) in debtors	72	(227)
	Increase in creditors	161	6
	Difference between FRS 17 pension scheme current cost and scheme contributions	(284)	(273)
	Investment management fees deducted from fund valuation	22	43
	Net cash inflow from operating activities	**1,223**	**580**

		2012 £'000	2011 £'000
b)	Returns on investments and servicing of finance:		
	Interest received	11	40
	Dividends received	-	51
	Interest paid – bank and others	-	(5)
	Returns on investments and servicing of finance	**11**	**86**
c)	Capital expenditure:		
	Purchase of tangible and intangible fixed assets	(1,704)	(157)
	Purchase of investments	(474)	(22)
	Capital expenditure	**(2,178)**	**(179)**
d)	Management of liquid resources:		
	Increase/(Decrease) in cash held as part of investment portfolio	67	(50)
e)	Financing:		
	Capital element of finance lease payments	(42)	(33)

f) Analysis of Net Debt

	1 August 2011 £'000	Cashflow £'000	Other changes £'000	31 July 2012 £'000
Cash in hand and at bank	2,556	(919)	-	1,637
	2,556	(919)	-	1,637
Finance lease due in less than one year	(33)	33	(42)	(42)
Finance lease due in more than one year	(5,028)	-	42	(4,986)
	(2,505)	(886)	-	(3,391)

Note 20
Related Party Transactions

Donations include £127,153 (2011: £34,750) received from Council members, or organisations connected with Council members. Donations for student bursaries of £10,000 were also received from Council members (2011: £10,000).

Note 21
Capital Commitments

RADA had no capital commitments at 31 July 2012 or 2011.

Note 22
Legacies

RADA received an unrestricted legacy gift of £412,000 from a former Canadian student of the short Shakespeare acting course, Mrs Marianne Pearce' and an unrestricted legacy gift of £13,463 from the estate of Mrs Sheila Manning.

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 2012

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

	At 31 July 2012 £'000	At 31 July 2011 £'000	At 31 March 2010 £'000
Fair value of the Scheme assets	4,403	4,167	3,357
Present value of the Scheme liabilities	(6,030)	(4,698)	(4,035)
Deficit in the Scheme	**(1,627)**	**(531)**	**(678)**

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

	2012 £,000	2011 £'000
The Scheme liabilities at start of the year	4,698	4,035
Interest cost	245	214
Actuarial losses	1,087	449
The Scheme liabilities at end of the year	**6,030**	**4,698**

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

	2012 £'000	2011 £'000
Fair value of the Scheme assets at 1 August 2011	4,167	3,357
Expected return on scheme assets	277	239
Actuarial (losses)/gains	(291)	321
Contributions by RADA	250	250
Fair value of the Scheme assets at 31 July 2012	**4,403**	**4,167**

The actual return on the scheme assets over the year ended 31 July 2012 was (£14,000)

Note 23
Pension commitments (continued)

Total expense recognised in Statement of Financial Activities

	2012 £'000	2011 £'000
Interest cost	245	214
Expected return on the Scheme assets	(277)	(239)
Total expense recognised in income and expenditure	**(32)**	**(25)**

Actuarial gains and losses

	2012 £'000	2011 £'000
Difference between expected and actual return on the Scheme assets	(291)	321
Experience (losses) arising on the Scheme liabilities:	(28)	(35)
Effects of changes in the demographics and financial assumptions underlying the present value of the Scheme liabilities:	(1,059)	(414)
Total actuarial loss recognised in Statement of Financial Activities	**(1,378)**	**(128)**

Assets

	31 July 2012 £'000	31 July 2011 £'000	31 March 2010 £'000
Equities	-	2,828	3,112
Bonds	-	132	208
Cash	-	153	37
Diversified Portfolio	4,403	1,054	-
TOTAL	**4,403**	**4,167**	**3,357**

Note 23
Pension commitments (continued)

Assumptions

	31 July 2012 % per annum	31 July 2011 % per annum	31 March 2010 % per annum
Inflation	2.60%	3.60%	3.30%
Rate of discount	4.00%	5.20%	5.30%
Allowance for revaluation of deferred pensions of RPI or 5% p.a., if less	2.60%	3.60%	3.30%
Allowance for pension in payment increases of RPI or 5% if less	2.60%	3.60%	3.30%
Allowance for commutation of pension for cash at retirement	None	None	None

The mortality assumptions adopted at 31 July 2012 imply the following life expectancies:

	Years
Male retiring at age 65 in 2012	24.2
Female retiring at age 65 in 2012	26.6
Male retiring at age 65 in 2032	26.2
Female retiring at age 65 in 2032	28.5

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 August 2010 % per annum
Equities	6.60%	7.00%
Bonds	5.20%	5.30%
Cash	3.50%	3.80%
Diversified Growth Fund	6.60%	-
Overall for the Scheme	**6.44%**	**6.86%**

Note 23
Pension commitments (continued)

Assumptions for the current and previous four years:

	31 July 2012 £,000	31 July 2011 £'000	31 July 2010 £'000	31 July 2009 £'000	31 March 2008 £'000
Fair value of the Scheme assets	4,403	4,167	3,357	2,542	2,584
Present value of the Scheme liabilities	(6,030)	(4,698)	(4,035)	(3,163)	(2,798)
Deficit in the Scheme	(1,627)	(531)	(678)	(621)	(214)
Experience adjustment on The Scheme assets	(291)	321	387	(428)	(98)
Experience adjustment on the Scheme liabilities	(28)	(35)	33	(34)	37

The best estimate of contributions to be paid by RADA to the Scheme for the year beginning after 31 July 2012 is £250,008 per annum.