RADA

ROYAL
ACADEMY OF
DRAMATIC ART

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2013

.

Charity Registration Number 312819

CONTENTS

THE ROYAL ACADEMY OF DRAMATIC ART

LEGAL AND ADMINISTRATIVE INFORMATION
FOR THE YEAR ENDED 31 JULY 2013

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 2012:
Chairman	Sir Stephen Waley-Cohen Bt.
Vice-Chairman	Alan Rickman
Members	Catherine Bailey Zac Barratt The Honourable Peter Benson LVO Joshua Berger (appointed March 2013) Simon Berry Matthew Byam Shaw (appointed March 2013) Chipo Chung Nicholas Cooper Richard Digby-Day (retired December 2012) Katherine Farr Nicholas Gold Judy Grahame Stephen Greene Bonnie Greer OBE (retired March 2013) Margaret Heffernan Mike Leigh OBE Adrian Lester Geoff Locker Glen Moreno Paul Pyant Robin Soanes (appointed March 2013) Fiona Shaw CBE Anthony Smith CBE Imogen Stubbs Andrew Sutch (appointed October 2012) Michelle Terry 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: Geoff Bullen Director of the BA Acting Course, Neil Fraser Technical Director, Linda Garforth Finance Director, Caroline Hawley Development Director, Patricia Myers the Registrar and Bridget Taxy Commercial and Marketing Director.

LEGAL AND ADMINISTRATIVE INFORMATION
FOR THE YEAR ENDED 31 JULY 2013

The following have been members of the Finance and General Purposes Committee since 1 August 2012:

Chairman	Zac Barratt
Members	Simon Berry Margaret Heffernan Andrew Sutch (appointed October 2012)

The following have been members of the Audit Committee since 1 August 2012:

Chairman	The Honourable Peter Benson LVO
Members	Katherine Farr Stephen Greene

The following have been members of the Nomination Committee since 1 August 2012:

Chairwoman	Margaret Heffernan
Members	Nicholas Gold Alan Rickman Sir Stephen Waley-Cohen Bt

Professional Advisers

Auditors	Saffery Champness Chartered Accountants Lion House Red Lion Street London WC1R 4GB
Bankers	Allied Irish Bank (GB) 10 Berkeley Square Mayfair London W1J 6AA
Solicitors	Bond Dickinson LLP The Chocolate Works Bishopthorpe Rd York YO23 1DE

Investment Managers

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

CHAIRMAN'S REVIEW
FOR THE YEAR ENDED 31 JULY 2013

This year RADA's focus has been on consolidation. Leaving the drama to the talents of our students and alumni in theatre, television and film and behind the scenes, within RADA we have been working hard to review, enrich and augment all our activities. Achievements this year include RADA Studios, which is living up to its aim of being a thriving hub for the theatre industry; The Screen @ RADA, which has grown to offer our students, supporters and audiences more exclusive cinema experiences; and the RADA Festival which has made its mark, showcasing a major series of shows open to the public. Overall, it has been a good year for our students and for the Academy.

RADA's financial position has remained strong, and the outcome – a small surplus after depreciation – reflects extremely well on staff at every level. This greater security allows us to plan for the future with more confidence and vigour. In association with Camden Council, who own the freehold of RADA Studios, we are now exploring the potential to expand and modernise RADA Studios and our adjacent building at 18 Chenies Street.

The Development team has continued to broaden the sources of donations, generating vital bursary support for students. With the new level of higher fees applying to a larger proportion of our students, we expect the demand for bursary support to increase. The department's efforts will also be of particular importance should the expansion potential at RADA Studios become feasible. Alongside this, we continue to develop our extensive range of out-reach activity.

RADA is proud to provide the highest level in theatrical training. With the other affiliates of the Conservatoire for Dance and Drama ("CDD"), we believe that the Government recognises the importance of such vocational training within the Higher Education sector. This gives us some assurance, although we remain cautious and prudent.

Our trading subsidiary, RADA Enterprises Ltd, has continued to do well and provides significant financial support to RADA. During Bridget Taxy's first year at its helm, there has been a valuable refocusing of the company's vision and organisation. The dedicated staff have worked hard within this new framework to ensure that RADA Enterprises' product range of communication skills training remains relevant and useful to the growing numbers of clients.

I should like to thank Richard Digby-Day for his many years of contributing to RADA, both as Council Member until his recent retirement, and for his earlier role as the last Chairman of RADA Associates. I should also like to thank Bonnie Greer OBE for her contribution to Council until her retirement on her appointment as Chancellor of Kingston University.

We were delighted to welcome Joshua Berger, Matthew Byam Shaw, Robin Soanes and Andrew Sutch as new Members of Council. Andrew Sutch has also joined the Finance and General Purposes Committee. Joshua Berger knows us well from his leadership of Warner Bros who have been our Principal Partners for some years. Matthew Byam Shaw is a RADA graduate who is now a leading commercial producer of plays. Robin Soanes is also a RADA graduate and actor, and has been active in our important Buddy scheme. Andrew Sutch has been a Patron for some years.

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

Legal Structure

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

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

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

Organisational Structure

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

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

REPORT OF THE MEMBERS OF COUNCIL
YEAR ENDED 31 JULY 2013

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

Members of the Council hold office for a period of three years from the date of their election. Members may be re-elected for further three year periods provided that they do not serve for more than nine consecutive years without a break of at least one year, unless the Council shall by Special Resolution otherwise determine. A Nomination Committee exists to review potential new members, both to replace retiring members and to reflect the needs and requirements of the Academy going forward.

Trustee Induction and Training

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

Objects of the Charity

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

Principal Aims

The principal aims of RADA are to:

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

Main Objectives for the Year Ahead

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

- 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 taking up their place at RADA, we are extending our Education and Outreach programme to increase the number of disabled applicants to RADA courses, and working with a variety of bodies, including Warner Bros Entertainment and ICAP, to improve 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. Despite the increase in student fees, there was no loss in diversity of the new intake of students.

Building on the success of the pilot in 2012, the RADA Festival moved onto a public platform. Thirty shows were performed in 10 days, with work from graduates from the US, Romania, Zimbabwe and Jamaica.

Validated Courses

Earlier in the academic year the Director of the BA Acting Course had to step down at short notice. His replacement, a long-standing member of RADA staff, has considerably strengthened the management of the course and clarified many policies. The Academy began its first course in Sound Design and the second year pilot of the MA Theatre Lab was a success.

Short Courses

Feedback on the short courses has once again been excellent and there are plans to broaden our offer. The Foundation Course has again shown success with a significant number of students gaining places on fulltime courses at leading drama schools.

Master Classes

Visitors to the Academy this year included alumni Eve Best, Fiona Shaw, Michelle Terry, Peter Bowles and Mark Rylance. A screening of *QUARTET* in the Jerwood Vanbrugh Theatre brought alumnus Sir Tom Courtenay back to the Academy for the first time in many years. The MA Theatre Lab is developing a close relationship with Gecko Theatre. John Leonard has been working closely with both the Sound Department and the Directors' Course.

Performances

Notable productions this year included the premiere of Jessica Swale's *BLUE STOCKINGS* (since taken up by the Globe Theatre), a devised response to *PETER PAN*, the London premiere of the musical *SIX PICTURES OF LEE MILLER* and Sam Holcroft's *COCKROACH*. A radical response to *ALL'S WELL THAT ENDS WELL* and a fine traditional production of *LOVE FOR LOVE* were highlights among the more classical work. Half the graduating productions were written by women.

Outreach

The annual School Tours project, now in its 12th year, took three Shakespeare plays into twelve London state schools and colleges, and at the same time introduced three new schools to the programme. The RADA Youth Group performed its summer production of *HAMLET to* packed audiences in the Jerwood Vanbrugh Theatre. The Elders Project has almost completed its first year and the Over 24s programme goes from strength to strength. Discussions are taking place with the National Skills Academy network of FE Colleges regarding the opening up of our technical training to a wide range of potential students with transferrable skills.

Student Achievements

Three acting students left before graduation, all to major professional roles. Almost a third of the graduating cohort had begun to work professionally as the academic year ended, with jobs at Shakespeare's Globe, Headlong Theatre, the BBC and elsewhere.

During the 2012/13 academic year the following students won competitive awards:

Harry Jardine	Carlton Hobbs Award
Cassie Layton	Carlton Hobbs Award (runner up)
Joel MacCormack	Carlton Hobbs Award

REPORT OF THE MEMBERS OF COUNCIL
YEAR ENDED 31 JULY 2013

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 2013 and 31 July 2012:

	Year to 31 July 2013 £'000	**Year to 31 July 2012 £'000**
Course, Fee and Grant Income	4,068	3,919
Investment Income	8	11
Donation and Sponsorship Income	534	568
Sundry Income	740	1,067
	5,350	**5,565**
Expenditure	**(6,231)**	**(6,096)**
Gross Operating Deficit	(881)	(531)
Net contribution from RADA Enterprises Ltd	735	446
Net Operating Deficit	**(146)**	**(85)**

The year ended 31st July 2013 was regarded as generally satisfactory in financial terms. However it is the intention that RADA's net operating result in future years should always be at breakeven or better. It should be noted that the results of the operations of RADA Studios, originally the Drill Hall, are now incorporated within the results of REL to the benefit of the latter.

A reconciliation of the Net Operating Deficit shown above to the Net Incoming Resources before recognised gains and losses shown in the Consolidated Statement of Financial Activities ("SOFA") on page 13 is as follows:

	Year to 31 July 2013 £'000	**Year to 31 July 2012 £'000**
Net Operating Deficit	(146)	(85)
FRS17 pension adjustment	239	282
Legacy income	77	412
Net Incoming Resources per SOFA	**170**	**609**

RADA Enterprises Ltd

RADA Enterprises Ltd ("REL") turnover for the year to 31/07/2013 was £2,483k (2012: £1,598k) with a net profit of £670k (2012: £385k). Part of the increased turnover and profit was from the incorporation at the beginning of the year of the RADA Studios operation to REL (£569k turnover and £106k profit). Increased business training sales and one to one coaching also contributed to a strong performance with a 72% increase in the gift-aided donation to RADA.

Investment Policy

RADA's policy is to invest in total return funds that aim to protect capital and provide real absolute returns. To spread risk, the investments are currently with three funds that have different asset mixes that include equities, bonds, gilts, gold and cash. The performance of these funds is reviewed regularly by meetings with RADA's Investment and Endowment Committee and with the investment managers.

Reserves Policy

The general funds of RADA of £4,820k (2012: £4,095k) are represented by fixed assets.

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

Statement of Trustees' Responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice ("SORP");
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

REPORT OF THE MEMBERS OF COUNCIL
YEAR ENDED 31 JULY 2013

Council is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable it to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Royal Charter. Council is 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 received 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 by the Council's Finance and General Purposes Committee;
- authorisation procedures, separation of incompatible duties, performance and review of key accounting reconciliations and controls over access to systems; and

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

2013

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES
YEAR ENDED 31 JULY 2013

We have audited the financial statements of the charity and the group on pages 13 to 40. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our audit work has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditors

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

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the charity and the group and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Chairman's Review and the Report of the Members of Council to identify material inconsistencies with the audited financial statements. 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 2013 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.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES
YEAR ENDED 31 JULY 2013

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

2013

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 JULY 2013

	Notes	Unrestricted Funds	Restricted Funds: Income Funds	Restricted Funds: Capital Funds	Total Funds 2013	Total Funds 2012
		£'000	£'000	£'000	£'000	£'000
Incoming Resources						
Incoming Resources from Generated Funds	1					
Voluntary income		514	495	-	1,009	1,373
Activities for generating funds		2,650	89	-	2,739	2,220
Investment income		8	-	-	8	11
Incoming Resources from Charitable Activities	1					
Provision of higher education		2,333	-	-	2,333	2,121
Other educational income		1,735	86	-	1,821	1,849
Total Incoming Resources		**7,240**	**670**	**-**	**7,910**	**7,574**
Resources Expended						
Costs of generating funds	4	240	-	-	240	496
Costs of REL	2	1,748	-	-	1,748	1,151
Costs of charitable activities	5	4,681	1,012	-	5,693	5,269
Governance costs	6	59		-	59	49
Total Resources Expended		**6,728**	**1,012**	**-**	**7,740**	**6,965**
Net incoming/(outgoing) resources before recognised gains and losses	19a	512	(342)	-	170	609
Unrealised gains on investments		515	-	549	1,064	239
Actuarial gains/(losses) on pension fund	23	232	-	-	232	(1,378)
Net Movement in Funds		**1,259**	**(342)**	**549**	**1,466**	**(530)**
Fund Balances at beginning of year		**10,450**	**22,514**	**2,782**	**35,746**	**36,276**
Fund Balances at end of year		**11,709**	**22,172**	**3,331**	**37,212**	**35,746**

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

THE ROYAL ACADEMY OF DRAMATIC ART

BALANCE SHEETS
AT 31 JULY 2013

	Notes	GROUP 31 July 2013 £'000	GROUP 31 July 2012 £'000	ACADEMY 31 July 2013 £'000	ACADEMY 31 July 2012 £'000
Fixed assets					
Tangible assets	**8**	31,487	32,029	31,480	32,020
Intangible assets	**8a**	562	712	562	712
Investments	**2, 9**	10,195	8,696	10,195	8,696
		42,244	41,437	**42,237**	41,428
Current assets					
Debtors	**10**	663	638	874	650
Cash at bank and in hand		1,900	1,637	1,439	1,464
		2,563	2,275	2,313	2,114
Creditors: amounts falling due within one year	**11**	(1,504)	(1,353)	(1,251)	(1,194)
Net current assets		1,059	922	1,062	920
Total assets less current liabilities		**43,303**	42,359	**43,299**	42,348
Creditors: amounts falling due after more than one year	**12**	(4,935)	(4,986)	(4,935)	(4,986)
Total net assets before Pension scheme liability		38,368	37,373	38,364	37,362
Pension scheme liability	**23**	(1,156)	(1,627)	(1,156)	(1,627)
Total net assets after Pension scheme liability		**37,212**	35,746	**37,208**	35,735
Represented by:					
Designated funds	**15**	6,889	6,355	6,889	6,355
General funds	**16**	4,820	4,095	4,816	4,084
Total unrestricted funds		11,709	10,450	11,705	10,439
Restricted income funds	**13**	22,172	22,514	22,172	22,514
Restricted capital funds	**14**	3,331	2,782	3,331	2,782
Total funds	**17**	**37,212**	35,746	**37,208**	35,735

The financial statements on pages 13-40 were approved by Council on 2013 and signed on its behalf by

………………………… ………………………… …………………………

Chairman of Council Member of Council Director

CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2013

	Notes	2013 £'000	2012 £'000
Net cash inflow from operating activities	**19a**	865	1,223
Returns on investments and servicing of finance	**19b**	8	11
Capital expenditure	**19c**	(560)	(2,178)
Cash inflow/(outflow) before use of financing		313	(944)
Management of liquid resources	**19d**	1	67
Financing	**19e**	(51)	(42)
Increase/(Decrease) in cash in the year		**263**	**(919)**

Reconciliation of net cash flow to movement in net debt

	Notes	2013 £'000	2012 £'000
Increase/(decrease) in cash in the year		263	(919)
Movement in net debt resulting from cash flows in the year		263	(919)
Non cash movement		42	33
Net debt at beginning of the year		(3,391)	(2,505)
Net debt at end of the year	19f	**(3,086)**	**(3,391)**

ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 JULY 2013

Basis of Preparation and Accounting

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

Group Accounts

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

Incoming Resources

Incoming resources are recognised on the following basis:

- **Funding Council Grants**
  Income receivable from HEFCE is apportioned to financial years on a time basis.

- **Tuition Fees**
  Tuition fees receivable are accounted for in the period in which the tuition is provided.

- **Seat Endowments and other Donations and Grants**
  Income from these sources is recognised on a receipts basis.

- **Legacies**
  Legacies are recognised when entitlement and certainty of receipt have been confirmed and the legacy can be quantified with sufficient accuracy.

- **Capital Expenditure Grants**
  Grants received to fund capital expenditure are recorded as income and taken to reserves.

Resources Expended

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

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

Charitable activities costs comprise 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 2013

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.

Royal Academy of Dramatic Art 1978 Retirement Fund ("the Scheme")

The Scheme is a defined benefit plan. Scheme assets are measured using market values. Scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any increase in the present value of liabilities within the Scheme expected to arise from employee service in the period is charged to the SOFA.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

Note 1
Incoming Resources

	Unrestricted Funds 2013 £'000	*Restricted Funds* 2013 £'000	*Total Funds* 2013 £'000	*Total Funds* 2012 £'000
INCOMING RESOURCES FROM GENERATED FUNDS				
Voluntary Income				
Bursary and grants	-	266	266	259
Fundraising income (donations and sponsorship)	233	216	449	443
Legacy income	64	13	77	425
Royalty income	217	-	217	246
	514	**495**	**1,009**	**1,373**
Activities for Generating Funds				
Merchandise	4	-	4	5
Sundry income	24	-	24	150
Fundraising events	139	-	139	125
Grant income	-	89	89	59
RADA Studios (now part of REL)	-	-	-	283
REL trading income	2,483	-	2,483	1,598
	2,650	**89**	**2,739**	**2,220**
Investment Income				
Bank Interest	**8**	**-**	**8**	**11**
INCOMING RESOURCES FROM CHARITABLE ACTIVITIES				
Contributions from HEFCE	1,069	-	1,069	1,380
Fees from EU Higher Education students	1,032	-	1,032	561
Fees from non EU Higher Education students	232	-	232	180
	2,333	-	**2,333**	**2,121**
Short course income	1,446	-	1,446	1,552
Audition fees	193	-	193	163
Outreach income	-	86	86	51
Production and refectory	96	-	96	83
	1,735	86	**1,821**	**1,849**
Total from Charitable Activities	**4,068**	86	**4,154**	**3,970**
TOTAL INCOMING RESOURCES	**7,240**	670	**7,910**	**7,574**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

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 £6,097k (2012: £6,362k). Its net incoming resources were £105k (2012: £547k);

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 taxable profits to RADA every year. A summary of the accounts of REL is set out below. Full accounts for REL are filed with the Registrar of Companies.

	2013	**2012**
	£'000	**£'000**
Profit and Loss		
Turnover REL	1,914	1,598
Turnover RADA Studios	569	-
TOTAL Turnover	2,483	1,598
Cost of sales REL	(738)	(658)
Cost of sales RADA Studios	(106)	-
Total cost of sales	(844)	(658)
Gross profit	**1,639**	**940**
Other operating expenses REL (i)	(612)	(555)
Other operating expenses RADA Studios	(357)	-
Total other operating expenses	(969)	(555)
Profit on ordinary activities before and after taxation	670	385
Donation to RADA by way of gift aid	(673)	(390)
Net loss for the year	(3)	**(5)**

(i) Other operating costs include £65k (2012: £62k) of rent and other charges from RADA.

Note 3
Staff Costs

	2013 £'000	2012 £'000
Wages and salaries	3,213	2,892
Social security costs	311	264
	3,524	3,156

The average monthly number of persons analysed by function was:	2013	2012
Core course teaching	34	34
Short course	6	6
Outreach	1	1
Fundraising	5	5
Building and reception staff	8	8
REL (including RADA Studios)	21	20
Administration	14	13
Productions/Box Office	5	5
	94	92

Emoluments for the Director were as follows:

	2013 £	2012 £
The Director	98,483	95,000

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

	2013 Number	2012 Number
£60,000 - £70,000	2	3
£70,001 - £80,000	0	1
£80,000 - £90,000	1	0
£90,001 - £100,000	1	1
£100,000 - £110,000	1	0

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

Note 4
Costs of Generating Funds

	2013 £'000	2012 £'000
Fundraising Costs		
Salary costs	166	153
Direct costs	19	26
	185	**179**
Fundraising Events Costs	**40**	**40**
RADA Studios (now part of REL)		
Salary costs	-	106
Direct costs	-	158
	-	**264**
Bar salary costs	10	5
Other bar costs	1	3
Merchandise costs	4	5
	15	**13**
TOTAL	**240**	**496**

Note 5
Costs of Charitable Activities

£'000	Core Course	Short Courses	Outreach	Box Office	TOTAL 2013	TOTAL 2012
Salaries	1,364	267	41	93	1,765	1,646
Fees	120	173	40	-	333	289
Teaching	143	-	-	-	143	157
Validation	29	-	-	-	29	26
Audition	77	-	-	-	77	64
Production	133	-	-	39	172	136
Refectory (net cost)	12		-	-	12	13
Support costs	2,006	468	88	141	2,703	2,453
Bursaries and student support	379	-	-	-	379	386
Other	-	80			80	99
TOTAL	**4,263**	**988**	**169**	**273**	**5,693**	**5,269**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

Note 5
Costs of Charitable Activities (continued)

Support Cost Analysis

£'000	Unrestricted Costs	Restricted Costs	Total 2013	Total 2012
Salaries	837	-	837	754
Welfare	3	-	3	5
Administration costs	114	-	114	153
Buildings and IT	753	-	753	729
Depreciation	279	513	792	650
FRS17 adjustment	(239)	-	(239)	(282)
Finance costs	170	-	170	142
Pension costs	273	-	273	302
TOTAL	**2,190**	**513**	**2,703**	**2,453**

Note 6
Governance Costs

£'000	Total 2013	Total 2012
Auditors' remuneration	22	16
Staff costs	31	28
Meetings and other costs	6	5
TOTAL	**59**	**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 RADA Studios £'000	Short leasehold property 16 Chenies St £'000	Fixtures, fittings, library and theatre plant £'000	Total £'000
Cost						
1 August 2012	5,788	26,678	4,100	780	3,604	40,950
Additions	-	-	-	-	100	100
At 31 July 2013	5,788	26,678	4,100	780	3,704	41,050
Depreciation and amounts written off						
1 August 2012	1,655	3,350	890	19	3,007	8,921
Charge for the period	30	275	141	55	141	642
31 July 2013	1,685	3,625	1,031	74	3,148	9,563
Net Book Value 31 July 2013	4,103	23,053	3,069	706	556	31,487
Net Book Value 31 July 2012	4,133	23,328	3,210	761	597	32,029

The net book value of assets under finance leases is £3,069k (2012: £3,210k).
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 RADA Studios £'000	Short leasehold property 16 Chenies St £'000	Fixtures, fittings, library and theatre plant £'000	Total £'000
Cost						
1 August 2012	5,788	26,678	4,100	780	3,542	40,888
Additions	-	-	-	-	100	100
At 31 July 2013	5,788	26,678	4,100	780	3,642	40,988
Depreciation and amounts written off						
1 August 2012	1,655	3,350	890	19	2,954	8,868
Charge for the period	30	275	141	55	139	640
31 July 2013	1,685	3,625	1,031	74	3,093	9,508
Net Book Value 31 July 2013	4,103	23,053	3,069	706	549	31,480
Net Book Value 31 July 2012	4,133	23,328	3,210	761	588	32,020

The net book value of assets held under finance leases is £3,069k (2012: £3,210k).
All fixed assets are used for charitable purposes.

Note 8a
Intangible Assets

Goodwill of RADA Studios	Group and Academy £'000
Cost	
1 August 2012 and 31 July 2013	750
Amortisation	
1 August 2012	38
Charge for period	150
31 July 2013	188
Net Book Value 31 July 2013	562
Net Book Value 31 July 2012	712

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

Note 9
Fixed Asset Investments

	Group and Academy 2013 £'000	Group and Academy 2012 £'000
Quoted investments	10,195	8,696
Investment in subsidiary (i)	*	*
	10,195	8,696

(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 2013 £'000	Group and Academy 2012 £'000
At 1 August	8,696	8,005
Additions at cost	462	474
Investment management fee deducted from fund value	(27)	(22)
Unrealised gains in the year	1,064	239
Quoted Investments at Market Valuation	10,195	8,696
Historic cost	7,556	7,094

Note 9
Fixed Asset Investments (continued)

The market value at 31 July 2013 includes cash and securities which are invested by McInroy & Wood Ltd in a diversified portfolio.

Investments are analysed as follows:

	2013 £'000	2012 £'000
Geographic		
UK	4,188	3,102
Non UK	6,007	5,594
	10,195	**8,696**
Fixed interest	3,493	2,750
UK equities	1,374	1,211
Overseas equities	4,294	3,291
Cash	579	726
Other (commodities)	455	718
	10,195	**8,696**

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		Academy	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Due within one year:				
Trade debtors including student fees	461	365	2	40
Loans to staff and students	10	16	10	16
Prepayments and accrued income	192	257	189	204
Amount due from subsidiary undertaking	-	-	673	390
	663	638	874	650

Note 11
Creditors: amounts falling due within one year

	Group		Academy	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Amount due under finance lease	51	42	51	42
Trade creditors	88	127	94	98
Taxation and social security costs	193	124	72	79
Other creditors	47	46	48	52
Accruals and deferred income	1,125	1,014	986	923
	1,504	**1,353**	**1,251**	**1,194**

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

	Group and Academy	
	2013	2012
	£'000	£'000
Amount due under finance lease	4,935	4,986
Amount due under finance lease falls due as follows:		
Within 1-2 years	62	51
Within 2-5 years	251	216
After more than 5 years	4,622	4,719
	4,935	**4,986**

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 2012 £'000	Movement in Incoming resources £'000	Outgoing resources £'000	Balance 31 July 2013 £'000
Centenary Project Fund	21,287	-	(302)	20,985
Bursary Fund	152	291	(354)	89
WAR Fund	219	253	(69)	403
Chenies Street Fund	526	-	(172)	354
Chenies Street Props Refurbishment	152	-	(31)	121
Production Sponsorship	-	46	(46)	-
RADA Studios Refurbishment	75	50	-	125
Jerwood Vanbrugh Cinema	103	-	(8)	95
Warners Film Sponsorship	-	30	(30)	-
	22,514	**670**	**(1,012)**	**22,172**

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

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

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

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

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

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

Note 13
Restricted Income Funds (continued)

RADA Studios Refurbishment
This Fund represents monies donated to refurbish the theatre and modernise the facilities of the RADA Studios (formerly called the Drill Hall).

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 shows 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 2012 £'000	Gains on investments £'000	31 July 2013 £'000
Category A	1,986	392	2,378
Category B	796	157	953
	2,782	**549**	**3,331**

The original monies donated to restricted capital funds must be retained as capital. An assessment of the income from this fund is made as required 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 2012 £'000	Net Incoming resources £'000	Unrealised gains on investments £'000	31 July 2013 £'000
Scholarship Fund	1,249	-	101	1,350
Building and Capital Projects Fund	5,106	20	413	5,539
	6,355	**20**	**514**	**6,889**

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.

Note 16
Unrestricted Fund Movements

	1 August 2012 £''000	Net Incoming resources £'000	Unrealised gains on investments £'000	Actuarial gains £'000	31 July 2013 £'000
General fund	5,722	254	-	-	5,976
Pension scheme debt	(1,627)	239	-	232	(1,156)
	4,095	493	-	232	4,820
Designated funds	6,355	20	514	-	6,889
	10,450	513	514	232	11,709

Note 17
Analysis of Net Assets between Funds

	Tangible & intangible fixed assets £'000	Investments £'000	Net current (liabilities)/ assets £'000	Long term & pension liabilities £'000	Total £'000
Restricted capital funds	-	3,331	-	-	3,331
Restricted income funds					
Centenary Project Fund	21,287	-	(302)	-	20,985
Bursary Fund	-	-	89	-	89
WAR Fund	-	-	403	-	403
Chenies Street Project Fund	526	-	(172)	-	354
Chenies Street Props Refurbishment	152	-	(31)		121
RADA Studios Refurbishment	-	-	125		125
Jerwood Vanbrugh Cinema	103	-	(8)	-	95
Designated funds	**-**	6,864	25	-	6,889
General fund	9,981	-	929	(6,091)	4,820
	32,049	**10,195**	**1,059**	**(6,091)**	**37,212**

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, Arts Council England 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

		2013 £'000	2012 £'000
a)	**Reconciliation of changes in resources to net cash inflow from operating activities:**		
	Changes in resources	170	609
	Interest and dividends receivable	(8)	(11)
	Changes in resources after revaluations, interest paid and interest and dividends received	162	598
	Depreciation and amortisation	792	654
	(Increase)/decrease in debtors	(26)	72
	Increase in creditors	151	161
	Difference between FRS 17 pension scheme current cost and scheme contributions	(241)	(284)
	Investment management fees deducted from fund valuation	27	22
	Net cash inflow from operating activities	**865**	**1,223**
b)	**Returns on investments and servicing of finance:**		
	Interest received	8	11
c)	**Capital expenditure:**		
	Purchase of tangible and intangible fixed assets	(98)	(1,704)
	Purchase of investments	(462)	(474)
	Capital expenditure	(560)	(2,178)
d)	**Management of liquid resources:**		
	Increase in cash held as part of investment portfolio	1	67
e)	**Financing:**		
	Capital element of finance lease payments	(51)	(42)

Note 19
Notes to the Cash Flow Statement (continued)

f) **Analysis of net debt:**

	1 August 2012 £'000	Cashflow £'000	Other changes £'000	31 July 2013 £'000
Cash in hand and at bank	1,637	263	-	1,900
	1,637	263	-	1,900
Finance lease due in less than one year	(42)	42	(51)	(51)
Finance lease due in more than one year	(4,986)	-	51	(4,935)
	(3,391)	305	-	(3,086)

Note 20
Related Party Transactions

Donations include £155,650 (2012: £127,153) received from Council members, or organisations connected with Council members. Donations for student bursaries of £8,100 were also received from Council members (2012: £10,000).

Note 21
Capital Commitments

RADA had no capital commitments at 31 July 2013 or 2012.

Note 22
Legacies

RADA received legacies totalling £76,994 in the year, £43,835 from the estate of Deryk John Walls, £19,963 from the estate of Sheila Manning and a restricted legacy of £13,196 from Gillian Wilson for 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, agreed between the Trustees of the Scheme and RADA based on advice given by the Scheme actuary, of £20,834 per month.

Note 23
Pension Commitments (continued)

FRS 17 disclosures for the year ended 31 July 2013

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

	At 31 July 2013 £'000	At 31 July 2012 £'000	At 31 July 2011 £'000
Fair value of the Scheme assets	4,947	4,403	4,167
Present value of the Scheme liabilities	(6,103)	(6,030)	(4,698)
Deficit in the Scheme	**(1,156)**	**(1,627)**	**(531)**

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

	2013 £'000	2012 £'000
The Scheme liabilities at start of the year	6,030	4,698
Interest cost	240	245
Actuarial (losses)/gains	(94)	1,087
Benefits paid	(73)	-
The Scheme liabilities at end of the year	**6,103**	**6,030**

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

	2013 £'000	2012 £'000
Fair value of the Scheme assets at 1 August	4,403	4,167
Expected return on the Scheme assets	229	277
Actuarial gains/(losses)	138	(291)
Benefits paid	(73)	-
Contributions by RADA	250	250
Fair value of the Scheme assets at 31 July	**4,947**	**4,403**

The actual return on the Scheme assets over the year ended 31 July 2013 was £367,000.

Note 23
Pension Commitments (continued)

Total expense recognised in the SOFA

	2013 £'000	2012 £'000
Interest cost	240	245
Expected return on the Scheme assets	(229)	(277)
	11	**(32)**

Actuarial gains and losses

	2013 £'000	2012 £'000
Difference between expected and actual return on the Scheme assets	138	(291)
Experience losses arising on the Scheme liabilities	-	(28)
Effects of changes in the demographics and financial assumptions underlying the present value of the Scheme liabilities:	94	(1,059)
Total actuarial loss recognised in the SOFA	**232**	**(1,378)**

Assets

	31 July 2013 £'000	31 July 2012 £'000	31 July 2011 £'000
Equities	-	-	2,828
Bonds	-	-	132
Cash	-	-	153
Diversified portfolio	4,947	4,403	1,054
TOTAL	**4,947**	**4,403**	**4,167**

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

Note 23
Pension Commitments (continued)

Assumptions

	31 July 2013 per annum	31 July 2012 per annum	31 July 2011 per annum
Inflation	3.40%	2.60%	3.60%
Rate of discount	4.30%	4.00%	5.20%
Allowance for revaluation of deferred pensions of RPI or 5% p.a., if less	3.40%	2.60%	3.60%
Allowance for pension in payment increases of RPI or 5% p.a., if less	3.40%	2.60%	3.60%
Allowance for commutation of pension for cash at retirement	None	None	None

The mortality assumptions adopted at 31 July 2013 imply the following life expectancies at age 65 years:

	Years
Male retiring in 2012	24.3
Female retiring in 2012	26.7
Male retiring in 2032	26.3
Female retiring in 2032	28.6

Expected long term rates of return

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

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

	Year commencing 1 August 2012 % per annum	Period commencing 1 August 2011 % per annum
Equities	n/a	6.60%
Bonds	n/a	5.20%
Cash	n/a	3.50%
Diversified Growth Fund	5.10%	6.60%
Overall for the Scheme	**5.10%**	**6.44%**

Note 23
Pension Commitments (continued)

Assumptions for the current and previous four years:

	31 July 2013 £,000	31 July 2012 £'000	31 July 2011 £'000	31 July 2010 £'000	31 March 2009 £'000
Fair value of the Scheme assets	4,947	4,403	4,167	3,357	2,542
Present value of the Scheme liabilities	(6,103)	(6,030)	(4,698)	(4,035)	(3,163)
Deficit in the Scheme	(1,156)	(1,627)	(531)	(678)	(621)
Experience adjustment on the Scheme assets	138	(291)	321	387	(428)
Experience adjustment on the Scheme liabilities	-	(28)	(35)	33	(34)

The best estimate of contributions to be paid by RADA to the Scheme for the year beginning after 1 August 2013 is £250,008 per annum.