

RADA

ROYAL
ACADEMY OF
DRAMATIC ART

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016

Charity Registration Number 312819

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THE ROYAL ACADEMY OF DRAMATIC ART

LEGAL AND ADMINISTRATIVE INFORMATION FOR THE YEAR ENDED 31 JULY 2016

Principal Office	62-64 Gower Street London WC1E 6ED
President	Sir Kenneth Branagh
Trustees	The following have been members of Council since 1 August 2015 unless otherwise stated.
Chairman	Sir Stephen Waley-Cohen Bt.
Members	Catherine Bailey Zac Barratt The Honourable Peter Benson LVO Josh Berger CBE Simon Berry Matthew Byam Shaw Chipo Chung Paul Clay Mark Dakin (resigned 17 March 2016) Buster Dover Ros Haigh (appointed 16 June 2016) Judy Grahame Stephen Greene Laurence Isaacson CBE Mike Leigh OBE Rishi Madlani Tanya Moodie Glen Moreno Paul Pyant Fiona Shaw CBE Anthony Smith CBE Robin Soans Imogen Stubbs Andrew Sutch Michelle Terry Richard Wilson OBE Professor Michael Worton CBE

Council delegates the day to day management of the Royal Academy of Dramatic Art (“RADA”) to the Director, Edward Kemp, and a team of seven senior managers: Kevin Chapman (Director of RADA in Business), Julie Crofts (Director of Student & Academic Services), Neil Fraser (Director of Technical Training), Fraser Jopp (Director of Finance & Operations from June 2016), Penny Saward (Director of Development), Lucy Skilbeck (Director of Actor Training) and Helen Slater (Director of Marketing).

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LEGAL AND ADMINISTRATIVE INFORMATION FOR THE YEAR ENDED 31 JULY 2016

The following have been members of the Finance and General Purposes Committee and Remuneration Committee since 1 August 2015:

Chairman Zac Barratt

Members Paul Clay
Andrew Sutch

The following have been members of the Audit Committee since 1 August 2015:

Chairman The Honourable Peter Benson LVO

Members Stephen Greene
Ros Haigh (appointed 16 June 2016)

The following have been members of the Nominations Committee since 1 August 2015:

Chairman Sir Stephen Waley-Cohen Bt

Members Simon Berry
Matthew Byam-Shaw
Robin Soans

Professional Advisers

Auditors Saffery Champness
Chartered Accountants
71 Queen Victoria Street
London
EC4V 4BE

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

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CHAIRMAN'S REVIEW YEAR ENDED 31 JULY 2016

I must start this year with a tribute to Alan Rickman. His friends and colleagues were shocked at his death in the spring, leaving for all of us personally, and for the Academy, a gap which will be hard to fill. At RADA, Alan was a full scholarship student and a somewhat older entrant. We are determined to maintain both of these categories of student, just as he was. Most recently he served 12 years as Vice-Chairman and many years before that as a Member of Council. Throughout this period, Alan's contribution and commitment to RADA was of the highest order; and he is greatly missed by Council, staff and students. I am personally grateful to him for his thoughtful guidance and for always making himself available despite his very busy professional life. The implementation of the Attenborough vision for Chenies Street will include a tangible and permanent memorial to the extraordinary part played in the life of the Academy by Alan for many years.

This has been another good year for RADA, in terms of academic, public benefit, and financial achievement.

- We are delivering the highest level of effective theatrical training to our full-time acting and technical students, and thereby providing benefit to the industry and the country as a whole.
- At a less intensive level, we also provide shorter courses to several hundred students of all ages who also gain much from their RADA experience.
- Our provision of communications skills training outside the industry, through RADA In Business enhances the skills of leaders in Government, business and the professions, while supporting RADA's finances.
- Our out-reach activity to schools and others remains an important tool to ensure the widest range of applicants to our core courses, as well as providing significant public benefit within Camden and beyond.
- We maintain high levels of gender and ethnic diversity, and we continue to select our full-time students solely on the basis of talent and potential, resulting in the need to provide significant scholarship and bursary support to nearly two-thirds of them.
- The Technical Review was completed, and the revised structure of our acclaimed Technical Theatre Arts courses will make them even more relevant to the needs of the industries for which we train our technical students.

The Academy's financial results were satisfactory and are set out in the Financial Review in the Trustees' report. The outcome – a surplus after depreciation – is a reasonable result in an educational climate which remains financially challenging.

Without compromising our determination to achieve the highest standards of excellence, we maintain tight control over our costs. We remain very reliant on the successful efforts of our teams in short courses, fundraising and RADA In Business to cover the high costs of training and supporting our Conservatoire undergraduate and postgraduate students.

In the spring we obtained unanimous consent from Camden Council for our planning application to implement the Attenborough vision for Chenies Street – great improvements to the theatre in RADA Studios, substantial enhancements to the Learning Resource Centre, including the Library; better rehearsal studios; the relocation of the Refectory to the ground floor, with public

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CHAIRMAN'S REVIEW YEAR ENDED 31 JULY 2016

access; and our first ever on-site student accommodation, intended to house all first-year students. This is RADA's most ambitious project since the Centenary rebuild of the Gower Street/Malet Street premises nearly 20 years ago; it will require a sustained fund-raising effort, and is likely to take about four years to complete, as we intend to remain on-site.

I would like to make special mention of two hugely important senior staff members. Our first Finance Director, Linda Garforth, who stood down at the end of the academic year after 8 years of outstanding service, brought intellectual and financial rigour to our operations and finances, while always recognising the need not to compromise academic, teaching or production standards. We are indebted to her in many ways. We welcome her successor Fraser Jopp, who was previously at the Victoria & Albert Museum and the Almeida Theatre.

In July, some 250 graduates from many years paid tribute to the 25 years during which Patricia Myers, MBE, now Registrar Emerita and providing her knowledge and expertise one day a week, was the heart and soul of RADA. She has been a tower of strength throughout her extraordinary tenure, to students and staff alike, always finding ways to 'make it better', as the great gathering sang in specially directed words to the tune of that well-known Beatles song 'Hey Pat', at a volume which must have been heard throughout Covent Garden.

I can finish no better than I did last year, by emphasising that RADA achievements are only possible thanks to the tremendous commitment of our dedicated and skilled staff of full and part-time teachers. We thank them all, and also our equally dedicated managers and administrative team, graduates, students, generous donors, and supporters of all kinds, without all of whose interest and involvement RADA would not continue to be a remarkable and world-leading institution.

Sir Stephen Waley-Cohen Bt.



THE ROYAL ACADEMY OF DRAMATIC ART

REPORT OF THE MEMBERS OF COUNCIL YEAR ENDED 31 JULY 2016

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 now trading as RADA in Business ("RiB", company registration number 3999577, incorporated 12 June 2000). RADA holds 100% of the issued ordinary share capital of RiB.

RADA is a founder school 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 with management of RADA being 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 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. The Nominations Committee is responsible for identifying potential new members of Council. The Remuneration Committee considers the pay and conditions of senior and any other remuneration issues as they arise.

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

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

Risk Management

The risk management policy of RADA is to adopt best practices in the identification, evaluation and cost-effective control of risks to ensure that they are eliminated or reduced to an acceptable level. It is acknowledged that some risks will always exist and will never be eliminated. The main risks for RADA are dependence on variable revenue streams (for example, donations) versus a relatively fixed cost base around the three main buildings, and the effects of changes in educational policy (for example, the level and type of grants). The impact of variable income has been mitigated by developing other sources of income (via RiB and short courses). As a member of CDD and through its own staff, RADA is constantly informed of possible changes to HE policy and aims to position itself as a key provider of world class learning.

The risks are reviewed regularly through a risk register monitored by the Audit Committee. The Council feels that RADA is adapting satisfactorily to the current financial environment.

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REPORT OF THE MEMBERS OF COUNCIL YEAR ENDED 31 JULY 2016

Appointment of Trustees

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

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

Trustee Induction and Training

New members are given agendas, papers and minutes from the previous year's Council meetings together with documents such as the 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.

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. RADA raises significant funds each year to ensure that no student faces financial obstacles in taking up their place at RADA. A full review of the allocation of scholarship and bursary funding has taken place this year, creating both new processes and priorities, in order to create a system which is more transparent and objective, easier for students to access and more capable of being targeted to meet changing

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REPORT OF THE MEMBERS OF COUNCIL YEAR ENDED 31 JULY 2016

demographics. The Education and Outreach Team has been restructured to create a dedicated Widening Participation Department, focused on improving access to RADA's HE courses from under-represented sectors 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 it fulfils its objectives and all of the activities provide public benefit.

Achievements and Performance

In April the Higher Education Funding Council for England (HEFCE) announced the results of a review of funding for small specialist institutions: RADA receives this funding through its membership of CDD. An international panel of experts, chaired by Sir Christopher Frayling, having reviewed CDD's submission, found the Conservatoire to be a world-leading institution, both for our teaching and the achievements and contribution of our alumni and staff. Consequently CDD has continued to receive specialist funding.

Applications for all courses at RADA remained very strong. The cohort starting in September 2016 will show a further increase in students from Black, Asian and Minority Ethnic (BAME) backgrounds, with 29% of BA Acting students coming from these backgrounds.

Student productions were invited to Messini, Greece, Florence, Italy, Wroclaw, Poland and Alpbach in Austria. We continued our student and staff exchange programme with the National School of Drama in Delhi, sending acting teaching staff to Delhi for the first time. Technical students also undertook training opportunities in Dubai and Czech Republic.

Validated Courses

The MA in Theatre Directing remains suspended. RADA is participating with Stage Directors UK, National Theatre and the Old Vic Theatre on a major survey of the background and training of working directors in order to inform next steps in this field.

A three-year long internal review of RADA's technical training, led by the Director of Technical Training, published its conclusions. The review had received contributions from industry, staff, students and alumni. As a result of the review, a number of the Academy's Postgraduate technical courses were suspended, to allow improved focus on an increased and enhanced undergraduate training. Some staff changes have taken place with the introduction of new expertise in digital and multi-disciplinary theatre-making.

A review of pedagogy and delivery of the BA Acting training has now begun.

Short Courses

The Time Marks in European Theatre History programme delivered at RADA for Case Western Reserve University of Cleveland, Ohio was suspended for a year, due to organisational difficulties in Cleveland; the course will return in spring 2017. A number of new short courses were begun in 2015-16, including a five-week intensive musical theatre course. The RADA Shakespeare Certificates were relaunched as the RADA Shakespeare Awards under the direction of the Short Courses team.

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REPORT OF THE MEMBERS OF COUNCIL YEAR ENDED 31 JULY 2016

Master Classes

Visitors to the Academy this year included alumni Eve Best, Cynthia Erivo, James Norton, Nicholas Parsons, Tanya Ronder, Fiona Shaw, Imelda Staunton, as well as Sir Ian McKellen and Michael Attenborough, the latter becoming Director Emeritus. A second series of poetry masterclasses sponsored by the Josephine Hart Poetry Foundation included contributions from Christopher Reid and graduate Juliet Stevenson. Lindsay Kemp led a three week workshop for the MA Theatre Lab.

Performances

Amongst the year's notable productions was the premiere of a new commission from Charlene James; co-produced with Tiata Fahodzi, this production visited Latitude Festival in July. Graduate Eve Shapiro returned from the Juilliard School in New York to direct *The Beggar's Opera*, with musicians from the Royal Academy of Music. Other notable productions were directed by alumni Rob Hastie and Lindsay Posner, Michael Fentiman, Polly Findlay and Simona Gonella.

Student Achievements

BA Acting Student Natasha Cowley won a BBC Carleton Hobbs award, and the RADA team received its largest ever number of commendations. Second year Grace Saif won a Laurence Olivier Bursary. 50% of the graduating acting cohort had been offered their first professional work by the time of graduation.

Education and Outreach

As outlined above, a major restructure of RADA's Education and Outreach provision took place, creating a new Widening Participation team and a new Widening Participation Strategy. The annual School Tours project, now in its 15th year, took three Shakespeare plays into London state schools and colleges, this year directed by Associate Director Nona Shepphard, Nancy Meckler and Paul Hunter (Artistic Director of Told by an Idiot, RADA's Creative Associates). The RADA Youth Company performed its summer production of *Macbeth* in the Jerwood Vanbrugh Theatre and RADA's Elders Company in its third year, presented a new commission by Deborah Bruce.

Fundraising

The 2015-16 target of £1,017,000 was achieved through fundraising activities, with growth recorded across all sectors.

Corporate Giving achieved the most significant increase, thanks to piloting new partnership models, alongside the stewardship of RADA's Principal Partner Warner Bros. Entertainment. The RADA Gala 2016 marked a return to large scale fundraising events, securing donations gifted to the Training Excellence Fund and the Scholarships and Bursaries Fund.

As with previous years, the majority of income secured from Trusts and Foundations was nominated towards the Scholarships and Bursaries Fund, followed by specific projects integral to both acting and technical theatre arts training enabled through the Training Excellence Fund. The rejuvenated Widening Participation and Outreach strategy launched in 2015-16 will enable further development and growth of project based fundraising in future years.

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REPORT OF THE MEMBERS OF COUNCIL YEAR ENDED 31 JULY 2016

Individual Giving activity focused on growing low to mid-level donations through regular giving schemes (The Richard Attenborough Club and RADA Supporter Circles), alongside increasing cultivation and recruitment of Major Donors across a broad project portfolio. Both strategies have yielded positive results in 2015-16 whilst establishing sustainable frameworks for donor recruitment and retention: these practices will be magnified significantly in subsequent years, particularly during the forthcoming capital appeal 'The RADA Attenborough Campaign'.

The RADA Attenborough Campaign will become a fundraising priority from 2016-17, with activity planned for a minimum of four financial years. Initial strategies look to secure leadership gifts from Public Funding bodies, Trusts and Foundations and Individual Major Donors to support the redevelopment of RADA's Chenies Street campus.

In addition to the figures detailed in this document, significant income has also been secured in support of the Scholarships and Bursaries Fund (to be redeemed as multi year awards, supporting nominated students for the duration of their training: a maximum period of four academic years commencing 2016-17), and as in-kind partnerships helping to offset equipment costs integral to technical theatre training and fundraising hospitality.

Main Objectives for the Year Ahead

RADA has agreed a new Strategic Plan for 2016-19 with the following aims:

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

Strategy to Achieve the Objectives

Key activities that are planned for 2016-17 are:

- undertake a full review of acting training;
- complete the recommendations of the technical training review;
- complete design work on 16-18 Chenies St to provide the Richard Attenborough theatre, student accommodation, improved studio space and a new learning resource centre;
- commence the fundraising campaign for the project;
- continue to grow and diversify RADA's income through RiB and the short course programme; and
- develop a strategy for deepening relationships with Alumni for the benefit of all

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.

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REPORT OF THE MEMBERS OF COUNCIL YEAR ENDED 31 JULY 2016

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 2016 and 31 July 2015:

	2016			2015		
	Operations	Capital	Total	Operations	Capital	Total
Income	£k	£k	£k	£k	£k	£k
Student Fees	4,036	-	4,036	4,144	-	4,144
RiB Turnover	3,362	-	3,362	3,111	-	3,111
HE grants	931	-	931	917	-	917
Fundraising	529	57	586	541	95	636
Bursary Donations	389	-	389	374	-	374
In-kind support	195	-	195	-	-	-
Royalties	121	-	121	199	-	199
Total Income	9,563	57	9,620	9,286	95	9,381
Expenditure						
Operating costs	-5,891	-	-5,891	-5,780	-	-5,780
RiB Expenditure	-2,273	-	-2,273	-2,182	-	-2,182
Depreciation	-784	-	-784	-629	-	-629
Bursaries	-389	-	-389	-374	-	-374
In-kind support	-195	-	-195	-	-	-
Total Expenditure	-9,532	-	-9,532	-8,965	-	-8,965
Net Income	31	57	88	321	95	416

Financial performance was better than budget this year, with an increased contribution from RiB and continuing cost control leading to an operating surplus of £31k after depreciation. This increase in unrestricted reserves, together with the investment gain of £926k, will boost RADA's reserves ahead of the capital project. It is the intention that RADA's net operating result before depreciation in future years should aim to be at breakeven or better.

Investment Policy

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

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REPORT OF THE MEMBERS OF COUNCIL YEAR ENDED 31 JULY 2016

Reserves Policy

The general unrestricted funds of RADA at 31 July 2016 are £2.2m (2015: £1.8m, see note 18). These are offset by long term liabilities relating to the pension fund (Note 7) and finance lease (Note 14). Annual payments towards these continue to be met from operating income.

RADA's total reserves of £38.3m are made up of the following amounts (see Notes 17 & 18 for detail):

	£m	
Fixed Assets	30.5	Land, buildings & equipment used for charitable purposes
Endowment Funds	4.3	Invested to provide future income
Designated	8.6	Invested for expenditure on future projects including Chenies St (starting 2017)
Unrestricted	2.2	General reserve
Pension Scheme Liability	(2.6)	To be met from operating income
Long term lease	(4.7)	To be met from operating income
Total	38.3	

Council's long term aim is to ensure that RADA has freely available unrestricted general funds equal to its estimate of at least one year's running costs excluding depreciation and the costs of subsidiary trading and short courses. This is currently estimated at £4.3m. Progress is being made in achieving this aim.

Pay policy for senior staff

The RADA Council, who are the charity's trustees, and the senior management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the Academy on a day to day basis. All Council members give of their time freely and no member received remuneration in the year. Details of Council members' expenses and related party transactions are disclosed in note 16 to the accounts.

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

THE ROYAL ACADEMY OF DRAMATIC ART

REPORT OF THE MEMBERS OF COUNCIL YEAR ENDED 31 JULY 2016

Statement of Trustees' Responsibilities

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

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

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

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

Council has taken steps to:

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

Internal Control

RADA's key internal financial controls, which are designed to discharge the responsibilities set out above, include the following:

- regular scrutiny of budgets through monthly management accounts and detailed transaction listings in meetings with key budget holders;
- two year rolling cash flow projections and reviews of medium term forecasts;
- regular reviews of key budget and Business Plan milestones by the Council's Finance and General Purposes Committee; and

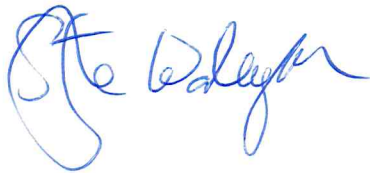
THE ROYAL ACADEMY OF DRAMATIC ART

**REPORT OF THE MEMBERS OF COUNCIL
YEAR ENDED 31 JULY 2016**

- authorisation procedures, separation of incompatible duties, performance and review of key accounting reconciliations and controls over access to systems.

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

For and on behalf of the Members of Council



Sir Stephen Waley-Cohen Bt 27 October 2016

THE ROYAL ACADEMY OF DRAMATIC ART

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES YEAR ENDED 31 JULY 2016

We have audited the financial statements of the charity and the group on pages 17 to 35. 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), including Financial Reporting Standard FRS102.

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

Respective responsibilities of Trustees and auditors

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

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the charity and the group as at 31 July 2016 and of its incoming resources and application of resources, including the income and expenditure of the group for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

THE ROYAL ACADEMY OF DRAMATIC ART

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES
YEAR ENDED 31 JULY 2016**

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 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

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

23 November 2016

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THE ROYAL ACADEMY OF DRAMATIC ART

Consolidated Statement of Financial Activities for the year ended 31 July 2016
(including Income & Expenditure Account)

		Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds	Total Funds*
	<i>Note</i>	2016 £000	2016 £000	2016 £000	2016 £000	2015 £000
Income & Endowments from:						
Donations & Legacies		460	544	-	1,004	966
Charitable activities		4,967	-	-	4,967	5,061
Other trading activities		3,636	-	-	3,636	3,344
Investments		13	-	-	13	10
Total income	2	9,076	544	-	9,620	9,381
Expenditure on:						
Raising funds		2,608	-	9	2,617	2,501
Charitable activities		6,013	902	-	6,915	6,464
Total expenditure	3,4	8,621	902	9	9,532	8,965
Net gains on investments	10	926	-	700	1,626	884
Net income for the year		1,381	(358)	691	1,714	1,300
Other recognised gains/(losses)						
Net actuarial losses on defined pension benefit schemes	7	(1,424)	-	-	(1,424)	(695)
Net movement in funds		(43)	(358)	691	290	605
Total funds brought forward		13,591	20,771	3,644	38,006	37,401
Total funds carried forward		13,548	20,413	4,335	38,296	38,006

All activities derive from continuing operations

The notes attached on pages 21 to 35 form an integral part of these accounts.

* See analysis overleaf.

THE ROYAL ACADEMY OF DRAMATIC ART

Analysis of consolidated prior year total funds

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds
	2015	2015	2015	2015
	£000	£000	£000	£000
Income & Endowments from:				
Donations & Legacies	379	587	-	966
Charitable activities	5,047	14	-	5,061
Other trading activities	3,344	-	-	3,344
Investments	10	-	-	10
Total income	8,780	601	-	9,381
Expenditure on:				
Raising funds	2,501	-	-	2,501
Charitable activities	5,160	1,279	25	6,464
Total expenditure	7,661	1,279	25	8,965
Net gains on investments	562	-	322	884
Net income for the year	1,681	(678)	297	1,300
Other recognised gains/(losses)				
Net actuarial losses on defined pension benefit schemes	(695)	-	-	(695)
Net movement in funds	986	(678)	297	605
Total funds brought forward	12,605	21,449	3,347	37,401
Total funds carried forward	13,591	20,771	3,644	38,006

The notes attached on pages 21 to 35 form an integral part of these accounts.

THE ROYAL ACADEMY OF DRAMATIC ART

Balance Sheets as at 31 July 2016

	Notes	GROUP		ACADEMY	
		2016 £000	2015 £000	2016 £000	2015 £000
Fixed assets					
Intangible assets	8	112	262	112	262
Tangible assets	9	30,298	30,573	30,295	30,570
Investments held as fixed assets	10	12,951	11,366	12,953	11,366
Total fixed assets		43,361	42,201	43,360	42,198
Current assets					
Debtors	12	811	744	1,234	1,076
Cash at bank and in hand		3,610	2,724	2,700	2,151
Total current assets		4,421	3,468	3,934	3,227
Current liabilities					
Creditors: amounts falling due within one year	13	(2,129)	(1,443)	(1,647)	(1,187)
Net current assets		2,292	2,025	2,287	2,040
Total assets less current liabilities		45,653	44,226	45,647	44,238
Creditors: amounts falling due after more than one year	14	(4,719)	(4,802)	(4,719)	(4,802)
Net assets excluding pension liabilities		40,934	39,424	40,928	39,436
Defined benefit pension scheme liabilities					
	7	(2,638)	(1,418)	(2,638)	(1,418)
Total net assets		38,296	38,006	38,290	38,018
Represented by:					
Unrestricted Funds					
Unrestricted Revenue Funds	17,18	(5,101)	(4,380)	(5,108)	(4,369)
Designated Funds					
Designated Revenue Funds	17,18	8,616	7,722	8,616	7,722
Designated Fixed Asset Funds	17,18	10,033	10,249	10,033	10,250
Total unrestricted funds		13,548	13,591	13,541	13,603
Restricted funds					
Restricted Revenue Funds	17,18	38	186	39	186
Restricted Fixed Asset Funds	17,18	20,375	20,585	20,375	20,585
Total restricted funds		20,413	20,771	20,414	20,771
Endowment funds					
Endowment Revenue Funds	17,18	4,335	3,644	4,335	3,644
Total endowment funds		4,335	3,644	4,335	3,644
Total charity funds		38,296	38,006	38,290	38,018

The financial statements on pages 17 to 35 were approved by Council on 27 October 2016 and signed on its behalf by:

Chairman of Council

SIR STEPHEN WALEY-COHEN BT.

The notes attached on pages 21 to 35 form an integral part of these accounts.

Member of Council

ZAC BARRATT

Director

EDWARD KEMP

THE ROYAL ACADEMY OF DRAMATIC ART

Consolidated Cash Flow Statement for the year ended 31 July 2016

	2016 £000	2015 £000
Cash flows from operating activities		
Net cash provided by operating activities as shown below	A	1,272
		708
Cash flows from investing activities		
Interest received	13	10
Purchase of property, plant and equipment	(357)	(253)
Proceeds from sales of investments	64	36
Purchase of investments	(23)	-
Net cash used in investing activities	B	(303)
		(207)
Cash flows from financing activities		
Repayment of amounts borrowed	(83)	(72)
Net cash used in financing activities	C	(83)
		(72)
Overall cash provided by all activities	A+B+C	886
		429
Cash movements		
Change in cash and cash equivalents from activities in the year ended 31 July 2016	886	429
Cash and cash equivalents at 1 August 2015	2,724	2,295
Cash at bank and in hand less overdrafts at 31 July 2016	3,610	2,724
Reconciliation of net income to net cash flow from operating activities		
Net income as shown in the Statement of Financial Activities	1,714	1,300
Adjustments for :-		
Depreciation charges	632	631
Amortisation charges	150	150
Net gains on investment assets	(1,626)	(884)
Dividends, interest and rents from investments	(13)	(10)
Increase in Defined pension scheme funds, less unrealised gains	(204)	(216)
Increase in debtors	(67)	(105)
Increase/(decrease) in creditors, excluding loans	686	(158)
Net cash provided by operating activities	A	1,272
		708
Analysis of cash and cash equivalents		
Cash in hand at for the year ended 31 July	3,610	2,724
Total cash and cash equivalents	3,610	2,724

THE ROYAL ACADEMY OF DRAMATIC ART

Notes to the Accounts for the year ended 31 July 2016

1 Accounting policies

Policies relating to the production of the accounts.

Basis of preparation and accounting convention

These consolidated accounts have been prepared on the accruals basis, under the historical cost convention, and in accordance with the Financial Reporting Standard 102 (effective January 2015) and 'The FRS102 Statement of Recommended Accounting Practice 2015', (The SORP 2015), and in accordance with all UK applicable law. The accounts are prepared in sterling which is the functional currency of the group and the charity. Monetary amounts are rounded to the nearest £000.

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

Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required. At the date of transition (1 August 2014) in applying the requirement to recognise liabilities arising from employee benefits, a liability was recognised for accrued holiday pay. The initial liability recognised at the date of transition was for the holiday entitlement carried forward and for the entitlement arising in the year which was due but not taken. The initial liability was for £69,224. No other restatements were required.

		31 Jul 2015	31 Jul 2014
		£000	£000
Fund balances as previously stated		38,076	37,471
Accrued holiday pay	RADA	(57)	(57)
Accrued holiday pay	RiB	(13)	(13)
Fund balances as restated		<u>38,006</u>	<u>37,401</u>

In accordance with the requirements of FRS102 a reconciliation of net income/expenditure for the year is provided with the net income under previous GAAP adjusted for the presentation of investment gains as a component of reported income.

Reconciliation of reported net income	2015
	£000
Net income as previously stated	524
Adjustment to pension scheme expense included in net income	(108)
Adjustment for gains on investments now treated as component of net income	884
2015 net income as restated	<u>1,300</u>

Group accounts

These accounts consolidate the results of RADA and its wholly owned subsidiary, RADA Enterprises Ltd (RiB), on a line-by-line basis.

THE ROYAL ACADEMY OF DRAMATIC ART

Notes to the Accounts for the year ended 31 July 2016

Going concern

The Council considers that there are no material uncertainties about the Academy's ability to continue as a going concern; although it has long-term liabilities relating to the pension scheme (see Note 7) and the sale & leaseback agreement for 20-22 Chenies St (see Note 14), the Academy expects to continue to meet these liabilities from operating income as it has to date. The core HEFCE grant is subject to changes in legislation and government policy but the Academy has the ability to adjust its other expenditure according to funds available. The Academy has cash reserves of £2.2m (see Note 18) which would also mitigate the impact of a material fall in grant or fundraising income.

Critical estimates and judgements

The level of liability relating to the defined benefit pension scheme depends on a number of actuarial assumptions (see Note 7). A recovery plan has been agreed with the trustees of the scheme that aims to eliminate this liability by 1 September 2020. The allocation of support costs between activities is based on assumptions regarding the relationship between activity and cost. The Trustees believe that the assumptions made are reasonable. With respect to the next reporting period, the most significant area of uncertainty that relates to the carrying value of investment assets is the future performance of capital markets (see the investment policy section of the Trustees report for more information).

Significance of financial instruments to the Academy's position

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

Policies relating to categories of income and income recognition.

Specific sources of income are treated as follows:

- Funding Council Grants

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

- Tuition Fees

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

- Bursary and scholarships

Gifts intended to provide bursaries or scholarships to students are recognised in the period in which they become available to students.

Accounting for other deferred income and income received in advance

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

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

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

Income from legacies

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

Donated goods, facilities and services

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

THE ROYAL ACADEMY OF DRAMATIC ART

Notes to the Accounts for the year ended 31 July 2016

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

Recognition of liabilities and expenditure

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

Allocating costs to activities

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

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

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

Fixed Asset Investments

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

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

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

Intangible assets

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

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

Tangible fixed assets

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

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

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

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

Freehold land is not depreciated.

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

Accounting for capital grants and fixed asset funds.

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

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

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

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

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

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

Stocks and work in progress

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

THE ROYAL ACADEMY OF DRAMATIC ART

Notes to the Accounts for the year ended 31 July 2016

Debtors

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

Creditors and provisions

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

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

All other creditors and provisions are measured at fair value.

Cash and bank balances

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

Leasing and hire purchase contracts and commitments

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

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

Pensions - defined contribution schemes

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

Pensions - defined benefit schemes

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

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

Liability to taxation

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

THE ROYAL ACADEMY OF DRAMATIC ART

Notes to the Accounts for the year ended 31 July 2016

2 Incoming Resources

	Unrestricted 2016 £000	Restricted 2016 £000	Endowment 2016 £000	Total Funds 2016 £000	Total Funds 2015 £000
<u>Donations & Legacies</u>					
Fundraising (Donations & grants)	144	544	-	688	767
Royalties	121	-	-	121	199
Donated goods and services	195	-	-	195	-
Legacies	-	-	-	-	-
Total from donations & legacies	460	544	-	1,004	966
<u>Charitable Activities</u>					
HEFCE grant	841	-	-	841	849
Higher Education Grants	90	-	-	90	68
Fees from EU Higher Education students	1,409	-	-	1,409	1,508
Fees from non-EU Higher Education Students	149	-	-	149	247
	2,489	-	-	2,489	2,672
Short Course Income	2,008	-	-	2,008	1,833
Audition Fees	237	-	-	237	242
Outreach Income	116	-	-	116	123
Ticket & Audience income	83	-	-	83	100
Sundry Income	34	-	-	34	91
	2,478	-	-	2,478	2,389
Total from charitable activities	4,967	-	-	4,967	5,061
<u>Other Trading Activities</u>					
RiB turnover	3,362	-	-	3,362	3,111
Fundraising events	151	-	-	151	124
Commercial sponsorships	123	-	-	123	109
	3,636	-	-	3,636	3,344
<u>Investment Income</u>					
Income on fixed asset investments	-	-	-	-	-
Bank interest	13	-	-	13	10
	13	-	-	13	10
Total Incoming resources	9,076	544	-	9,620	9,381

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

3 Total Expenditure

	Direct Costs	Grants made to Individuals	Allocated Support costs	Depreciation & amortisation	Total 2016
<u>Raising Funds</u>					
RiB expenditure	2,273	-	-	-	2,273
Fundraising Expenses	344	-	-	-	344
Total Raising funds	2,617	-	-	-	2,617
<u>Charitable Activities</u>					
Core courses	2,198	389	1,435	499	4,521
Non-core courses	1,064	-	691	246	2,001
Theatre & Other presentation	163	-	80	28	271
Other Charitable activities	38	-	75	9	122
Total Charitable Activities	3,463	389	2,281	782	6,915
Total expenditure	6,080	389	2,281	782	9,532

THE ROYAL ACADEMY OF DRAMATIC ART

Notes to the Accounts for the year ended 31 July 2016

3. (Cont)

Grants made to individuals consist of bursary payments to students

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

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

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

	Governance	Finance	Admin & Support Staff	Premises & Other Overheads	Total
Core courses	26	9	749	651	1,435
Non-core courses	-	4	369	318	691
Theatre & Other presentation	-	1	42	37	80
Other Charitable activities	-	-	63	12	75
	26	14	1,223	1,018	2,281

4 Specific Expenditure

2016 **2015**
£000 **£000**

The net surplus before tax in the financial year is stated after charging:-

Remuneration of auditors for audit services	26	17
Ex-gratia payment	14	-

The ex-gratia payment refers to a non-contractual bonus that was paid during the year at the Trustees' discretion to reflect exceptional performance by a member of staff.

5 Staff costs and emoluments

Salary costs	2016	2015
	£000	£000
Gross Salaries excluding Trustees and key management personnel	3,130	2,920
Employer's National Insurance for all staff	364	346
Employer's operating costs of defined contribution pension schemes	31	30
Salaries and benefits paid to key management personnel	648	653
Total salaries, wages and related costs	4,173	3,949
Redundancy, termination and compensation payments	2016	2015
	£000	£000
Redundancy payments	49	-
These were redundancy payments following departmental restructuring.	49	-
Numbers of employees	2016	2015
The average number of total staff employed in the year was	152	166
The estimated full time equivalent number of all staff employed in the year was	97	99

THE ROYAL ACADEMY OF DRAMATIC ART

Notes to the Accounts for the year ended 31 July 2016

5 (cont)

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

	2016	2015
Engaged on charitable activities	48	49
Engaged on fundraising activities	24	27
Engaged on management and administration	25	23
<i>The estimated full time equivalent number of all staff employed as above</i>	97	99

Neither the Trustees nor any persons connected with them have received any remuneration from the Academy or any related entity, either in the current or prior year.

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

	2016	2015
	No	No
£60,001 to £70,000	3	4
£80,001 to £90,000	1	1
£101,001 to £110,000	1	1
£170,001 to £180,000	1	1
	6	7

The pension details of such higher paid staff were :-

	2016	2015
	£000	£000
Contributions for the provision of money purchase pension	5	5

Numbers of such staff to whom benefits are accruing :-

	2016	2015
	No	No
Under money purchase pension schemes	6	7
	6	7

Emoluments for the Director were as follows:

	2016	2015
	£000	£000
The remuneration in the year was	109	104
Pension contributions paid by the employer	1	1
<i>Total remuneration package included in total salaries above</i>	110	105

6 Defined contribution pension schemes

The Academy operates a defined contribution auto-enrolment pension scheme administered by Legal & General, the costs of which are shown above.

RADA contributes 1% of basic salary for all eligible employees. All costs are treated as an expense of unrestricted funds.

THE ROYAL ACADEMY OF DRAMATIC ART

Notes to the Accounts for the year ended 31 July 2016

7 Defined benefit pension scheme

The Academy operates a defined benefit pension scheme in the UK ("the Scheme"). A full actuarial valuation was carried out at 31 March 2013 and updated to 31 July 2016 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

This most recent full actuarial valuation showed a deficit of £1,818,000. The employer has agreed with the trustees of the scheme that it will aim to eliminate the deficit over a period of 7 years and 5 months from 1 April 2013 by the payment of annual contributions of £250,008 in respect of the deficit. In addition and in accordance with the actuarial valuation, the employer has agreed with the trustees that it will meet expenses of the scheme and levies to the Pension Protection Fund.

The best estimate of contributions to be paid by the employer to the Scheme for the period commencing 1 August 2016 is £250,008

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

	2016	2015	2014
	£000	£000	£000
Fair value of plan assets	6,082	5,925	5,412
Present value of defined benefit obligation	8,720	7,343	6,351
Defined benefit (liability) to be recognised	<u>(2,638)</u>	<u>(1,418)</u>	<u>(939)</u>

Reconciliation of opening and closing balances of the defined benefit obligation

	2016	2015
	£000	£000
Defined benefit obligation at start of period	7,343	6,351
Interest expense	257	263
Actuarial losses	1,353	744
Benefits paid & expenses	(233)	(15)
Defined benefit obligation at end of period	<u>8,720</u>	<u>7,343</u>

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

	2016	2015
	£000	£000
Fair value of plan assets at start of period	5,925	5,412
Interest income	211	229
Actuarial (losses)/gains	(71)	49
Contributions by the employer	250	250
Benefits paid & expenses	(233)	(15)
Fair value of plan assets at end of period	<u>6,082</u>	<u>5,925</u>

The actual return on the plan assets over the period ended 31 July 2016 was £140k.

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

Defined benefit costs recognised in profit or loss

	2016	2015
	£000	£000
Net interest cost	46	34
	<u>46</u>	<u>34</u>

Defined benefit costs recognised in other comprehensive income

	2016	2015
	£000	£000
(Loss)/gain on plan assets excluding amounts included in net interest cost	(71)	49
Experience gain arising on the plan liabilities	52	20
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities - loss	(1,405)	(764)
Total amount recognised in other comprehensive income	<u>(1,424)</u>	<u>(695)</u>

THE ROYAL ACADEMY OF DRAMATIC ART

Notes to the Accounts for the year ended 31 July 2016

7. (Cont)

Assumptions

	2016	2015	2014
	% per annum	% per annum	% per annum
Discount rate	2.50	3.55	4.15
Inflation (RPI)	3.00	3.30	3.40
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	3.00	3.30	3.40
Allowance for pension in payment increases of RPI or 5% p.a. if less	3.00	3.30	3.40
Allowance for commutation of pension for cash at retirement	None	None	None

The mortality assumptions adopted at 31 July 2016 imply the following life expectancies

	Life expectancy at age 65 (years)
Male retiring in 2016	23.5
Female retiring in 2016	25.5
Male retiring in 2036	25.2
Female retiring in 2036	27.4

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

8 Intangible Fixed Assets

	GROUP & ACADEMY	
	2016	2015
	£000	£000
Goodwill:		
Cost		
At 1 August 2015	750	750
At 31 July 2016	750	750
Amortisation		
At 1 August 2015	488	338
Provided during the year	150	150
At 31 July 2016	638	488
Net book value	112	262

THE ROYAL ACADEMY OF DRAMATIC ART

Notes to the Accounts for the year ended 31 July 2016

9 Tangible fixed assets

Group

	Land and Buildings	Plant & Machinery	Motor Vehicles	Total
	£000	£000	£000	£000
Cost				
At 1 August 2015	37,449	3,958	-	41,407
Additions	165	192	-	357
At 31 July 2016	37,614	4,150	-	41,764
Depreciation				
At 1 August 2015	7,421	3,413	-	10,834
Charge for the year	504	128	-	632
At 31 July 2016	7,925	3,541	-	11,466
Net book value				
At 31 July 2016	29,689	609	-	30,298
At 31 July 2015	30,028	545	-	30,573
<i>Academy only</i>				
	£000	£000	£000	£000
Cost				
At 1 August 2015	37,451	3,896	-	41,347
Additions	163	192	-	355
At 31 July 2016	37,614	4,088	-	41,702
Depreciation				
At 1 August 2015	7,421	3,356	-	10,777
Charge for the year	504	126	-	630
At 31 July 2016	7,925	3,482	-	11,407
Net book value				
At 31 July 2016	29,689	606	-	30,295
At 31 July 2015	30,030	540	-	30,570

Included in Land & Buildings above are assets in the course of construction with a net book value of £269k (2015:£104k). This relates to costs associated with design work and planning applications for the refurbishment and redevelopment of 16 & 18 Chenies St.

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

	2016	2015
	£000	£000
Total of assets held under finance leases	2,644	2,785

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Notes to the Accounts for the year ended 31 July 2016

10 Investments held as fixed assets

	Note	GROUP		ACADEMY	
		2016 £000	2015 £000	2016 £000	2015 £000
Quoted investments		12,951	11,366	12,951	11,366
Investments in subsidiary	11	-	-	2	-
		<u>12,951</u>	<u>11,366</u>	<u>12,953</u>	<u>11,366</u>

GROUP & ACADEMY

	2016 £000	2015 £000
Carrying values of listed investments		
At 1 August 2015	11,366	10,518
Revaluation at 31 July 2016	1,626	884
Disposals - Management Fees	(41)	(36)
At 31 July 2016	<u>12,951</u>	<u>11,366</u>

Analysis between fair value and historical cost

Investments as above held at fair value	12,951	11,366
Historic Cost	7,806	7,806

The market value at 31 July 2016 includes cash & securities which are invested in three funds managed by McInroy & Wood Ltd, Ruffer LLP and Troy Asset Management Ltd.

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

Investments are analysed as follows

	2016 £000	2015 £000
UK	4,925	6,022
Non UK	8,026	5,344
	<u>12,951</u>	<u>11,366</u>
Fixed Interest	5,546	4,066
UK equities	1,716	1,513
Overseas equities	4,687	4,731
Cash	324	498
Other	678	558
	<u>12,951</u>	<u>11,366</u>

THE ROYAL ACADEMY OF DRAMATIC ART

Notes to the Accounts for the year ended 31 July 2016

11 Subsidiary companies

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

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

RiB donates its profits to RADA every year.

During the year RADA took up and paid for an allotment of 24,998 ordinary shares in RiB, increasing its share capital to £25k. RiB then implemented a reduction of capital, transferring £23k to its P&L reserve. The reduction of capital is treated as a partial disposal in RADA's accounts

	2016	2015
	£	£
Investment in RiB at 1 August 2015	2	2
Additional shares acquired	24,998	-
Partial disposal	(23,000)	-
Investment in RiB at 31 July 2016	<u>2,000</u>	<u>2</u>

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

	2016	2015
	£000	£000
Assets and Funds		
Aggregate amount of assets	1,506	1,134
Aggregate amounts of liabilities	(1,486)	(1,134)
Aggregate amount of funds	<u>20</u>	<u>-</u>
Profit and Loss		
Turnover net of VAT	3,370	3,111
Expenses net of VAT	(2,358)	(2,256)
Profits on disposal of assets	-	-
Net profit for the year before tax	<u>1,012</u>	<u>855</u>
Taxation paid	-	-
Donation to RADA by way of Gift Aid	(1,017)	(859)
Net loss for the year after tax and Gift Aid	<u>(5)</u>	<u>(4)</u>

The net profit of the subsidiary is stated after including intergroup company expenditure of £84k (2015 - £72k)

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

12 Debtors

	GROUP		ACADEMY	
	2016	2015	2016	2015
	£000	£000	£000	£000
Trade debtors	494	560	44	35
Prepayments and accrued income	308	176	167	176
Other debtors	9	8	6	6
Due from group undertakings	-	-	1,017	859
	<u>811</u>	<u>744</u>	<u>1,234</u>	<u>1,076</u>

THE ROYAL ACADEMY OF DRAMATIC ART

Notes to the Accounts for the year ended 31 July 2016

13 Creditors: amounts falling due within one year

	GROUP		ACADEMY	
	2016 £000	2015 £000	2016 £000	2015 £000
Trade creditors	237	103	177	94
Accruals	195	174	195	174
Deferred income	926	715	926	715
Finance lease and HP contracts	83	72	83	72
PAYE, NIC VAT and other taxes	269	187	99	81
Other creditors	419	192	167	51
	<u>2,129</u>	<u>1,443</u>	<u>1,647</u>	<u>1,187</u>

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

14 Creditors: amounts falling due after one year

	GROUP & ACADEMY	
	2016 £000	2015 £000
Amount due under finance lease	4,719	4,802
Amount due under finance lease falls due as follows:		
Within 1-2 years	96	83
Within 2-5 years	369	327
After more than 5 years	<u>4,254</u>	<u>4,392</u>
	<u>4,719</u>	<u>4,802</u>

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

15 Contingent liabilities

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

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

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

THE ROYAL ACADEMY OF DRAMATIC ART

Notes to the Accounts for the year ended 31 July 2016

16 Related party transactions

Donations totalling £44,085 were received from Council members, or organisations connected with Council members (2015: £34,505).

Wine to the value of £4,727 was purchased for RADA events at a rate that is discounted compared to market prices from Berry Bros. & Rudd (2015:£10,267); that company's Chairman, Simon Berry, is a member of Council.

Michelle Terry, a member of Council, taught a module on a RADA summer school course and was paid the standard teaching fee of £686 (2015:£844). Jane Heather, the partner of the Director of RADA, worked as a designer on a RADA production and was paid the standard design fee of £1,400 (2015: £2,800).

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

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

17 Particulars of how particular funds are represented by assets and liabilities

At 31 July 2016	Unrestricted funds £000	Designated funds £000	Restricted funds £000	Endowment funds £000	Total Funds £000
Intangible Assets	-	112	-	-	112
Tangible Fixed Assets	2	9,921	20,375	-	30,298
Investments at valuation:-					
<i>Fixed asset investments</i>	-	8,616	-	4,335	12,951
Current Assets	4,383	-	38	-	4,421
Current Liabilities	(2,129)	-	-	-	(2,129)
Long Term Liabilities	(4,719)	-	-	-	(4,719)
Pension Asset/Liability	(2,638)	-	-	-	(2,638)
	(5,101)	18,649	20,413	4,335	38,296

18 Change in total funds over the year

	Funds brought forward from 2015 £000	Income See Note 2	Expenditure See Note 3 £000	Asset purchases See Note 9 £000	Gains & Losses See Notes 7,10 £000	Funds carried forward to 2017 £000
Unrestricted and designated funds:-						
Unrestricted general fund	1,840	9,076	(8,548)	(139)	-	2,229
Sale & Leaseback commitments	(4,802)	-	83	-	-	(4,719)
Pension scheme liabilities	(1,418)	-	204	-	(1,424)	(2,638)
Designated revenue funds						
- Scholarships	1,462	-	(1)	-	175	1,636
- Building & Capital	6,260	-	(4)	-	751	7,007
Designated fixed asset funds	10,249	-	(355)	139	-	10,033
Total unrestricted and designated funds	13,591	9,076	(8,621)	-	(498)	13,548

Designated Funds

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

The Building and Capital Projects Fund was created to undertake capital and refurbishment projects on its estate. Designated fixed asset funds represent the net present value of assets acquired with unrestricted funds.

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Notes to the Accounts for the year ended 31 July 2016

18 (Cont.)

Restricted funds:-

	Funds brought forward from 2015	Income	Expenditure	Asset purchases	Gains & Losses	Funds carried forward to 2017
		See Note 2	See Note 3	See Note 9	See Notes 7,10	
	£000		£000	£000	£000	£000
Restricted fixed asset funds	20,585	-	(429)	219	-	20,375
Attenborough Campaign Fund	180	4	-	(166)	-	18
Shaw Fund	6	1	-	-	-	7
GBS Dressing Rooms Fund	-	53	-	(53)	-	-
Website Fund	-	13	-	-	-	13
Scholarships& other student support	-	389	(389)	-	-	-
Other funds	-	84	(84)	-	-	-
Total restricted funds	20,771	544	(902)	-	-	20,413

Restricted Funds

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

The Attenborough Campaign Fund has been established to raise money to upgrade the theatre and buildings in 16-18 Chenies St and provide student accommodation. Expenditure in the year has been capitalised (see Note 9).

The Shaw Fund represents monies donated towards a fund to invest in new writing and to replace the Shaw Royalties which expire in 2020.

The GBS Dressing Rooms Fund represents funds which were raised and spent during the year in refurbishing dressing rooms at the Gower St site

The Website Fund arises from a donation to be spent on improving the Academy's online presence.

Other funds represent income that has been recognised and spent during the year on a number of specific projects including the Youth Company, Elders Company and Schools Tours.

Endowment funds:-

	Funds brought forward from 2015	Income	Expenditure	Asset purchases	Gains & Losses	Funds carried forward to 2017
		See Note 2	See Note 3	See Note 9	See Notes 7,10	
	£000		£000	£000	£000	£000
Category A	2,601	-	(6)	-	524	3,119
Category B	1,043	-	(3)	-	176	1,216
Total endowment funds	3,644	-	(9)	-	700	4,335
Total charity funds	38,006	9,620	(9,532)	-	202	38,296

Endowment Funds

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

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

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