

RADA

ROYAL
ACADEMY OF
DRAMATIC ART

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2017

Charity Registration Number 312819

CONTENTS

Chairman's Review	4-5
Review of Performance and Achievements	6-14
Charitable Objectives & Strategic Aims	
World-leading Learning	
Effective Infrastructure	
Entrepreneurial & Agile	
Reputation & Sustainability	
Public Benefit	
Plans for 2017-18	
Financial Review	15-16
Governance Review	17-24
Independent Auditors' Report to the Trustees	25-27
Consolidated Statement of Financial Activities	28-29
Group and Academy Balance Sheets	30
Consolidated Cashflow Statement	31
Notes to the Financial Statements	32-45

Chairman's Statement by Sir Stephen Waley-Cohen, Bt

The year has been dominated by a number of major activities in addition to the continuing provision of our core training courses, some of them planned and managed by ourselves, and some driven by external factors.

We follow closely the political uncertainties and debates about the funding of Higher Education, including the level of fees, the availability - and repayment terms - of loans for fees and maintenance costs, with the imminent replacement of the Higher Education Funding Council for England by the Office for Students and a new regulatory environment. We are determined to provide generous scholarships, and, so far, the pressure on places is unabated. We provide some support to nearly two-thirds of our full-time students.

This has carried through into the debates within the Conservatoire for Dance and Drama (CDD), written about more fully by Director Edward Kemp, who stood down as Principal of CDD (formerly Joint Principal) during the summer. He fulfilled these roles splendidly, providing leadership and clarity to CDD itself and its eight Affiliate Schools. In the first assessment of Teaching Excellence, the CDD, led by RADA, was one of a relatively small number of Higher Education Institutions to achieve Gold standard.

The revised structure of our Technical Theatre Arts courses has been welcomed in its first year, and will benefit from further minor adjustments as we learn from its implementation. The review of our Acting teaching has been completed, following very extensive consultation with staff, students and graduates, and across the industries we serve. The changes will come into effect from 2018, to ensure that our graduating students have the best possible skills and resources to lead our industries.

We launched the RADA Attenborough Appeal, which will modernise our Chenies Street estate, providing the Richard Attenborough Theatre within the former Drill Hall, as well as a greatly enhanced Learning Resource Centre and Library, an improved Refectory on the ground floor also bringing the public into the heart of the Academy; better rehearsal studios; and our first on-site student accommodation for the first-year cohort. There was a very special launch event with Historic Royal Palaces at Hampton Court, including specially devised performances in the Great Hall, where Shakespeare himself is known to have performed; and as the year under report came to an end, we launched our co-production with the Kenneth Branagh Theatre Company of a short season of HAMLET, directed by our President Sir Kenneth Branagh with graduate Tom Hiddleston playing the Prince of Denmark. We now sharpen our fund-raising focus with the aim of being in a position to begin work in 2019.

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

- We are delivering world class, effective training to our students, thereby benefitting the industry and the country as whole within the creative industries.

- 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 outreach 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.
- We have reviewed and improved our Student Wellbeing service, now offering pastoral care and a generous counselling provision is available to our higher education and foundation course students without charge, helping us to manage any real or perceived increase in mental health issues.

The Academy's financial results were satisfactory and are set out in the Financial Review in the Trustees' report. The outcome – an increased 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 undergraduate and postgraduate students.

During the year, three Council Members completed their terms, or extended terms, of service. Catherine Bailey, a technical graduate, provided valuable input in connection with our technical training, especially through the formal Review; Peter Benson was an effective chairman of the Audit Committee, whose reports to Council belied his formal lack of acting training; and Anthony Smith, who also served for many years as our representative on the CDD Board. I thank each of them for their very considerable and highly valued contributions to the Academy, and hope that they will maintain their interest and involvement in our activities. We welcomed Sir Martin Donnelly as a new Member of Council on his retirement from the highest levels within the Civil Service, where his former Department of Business Innovation and Skills had been a valued and appreciative client of RADA in Business.

I can finish no better than I did last year, by emphasising that RADA's achievements are only possible thanks to the tremendous commitment of our dedicated and skilled staff of full and part-time teachers and the professional services who support them in their work. We thank them all, and also our students, graduates, 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.

REVIEW OF PERFORMANCE & ACHIEVEMENTS

Charitable Objectives

The objectives of RADA, as defined by the revised Royal Charter of 19 July 2006, are “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”.

Strategic Aims

RADA has identified the following themes as the basis of its strategic plan for 2016-2019:

- World-leading learning. To enable learning that nurtures and extends the potential of our students, preparing them for **tomorrow’s industry**
- Effective infrastructure. 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
- Entrepreneurial and agile. 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.
- Reputation and Sustainability. To engage with and inspire our stakeholders and to safeguard and cultivate RADA’s reputation

The activities that were identified as priorities for 2016-17 were:

- 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.

World-leading learning

To enable learning that nurtures and extends the potential of our students, preparing them for tomorrow's industry.

Validated Courses

Acting

As part of our periodic programme review process and to ensure that RADA's training remains relevant to students and the industry, the Director of Actor Training led a review and consultation of the BA acting course. This involved all teaching staff (as well as alumni and external examiners) in discussions of curriculum, student development and progress, timetabling and structure, learning outcomes and teaching methodologies. This was successfully concluded in July 2017. The intention of the course is to take student actors from diverse backgrounds and levels of experience, to introduce them to working practices and standards, to extend their physical, emotional, vocal, imaginative registers so they progress through the course developing an expanded actor's vocabulary. By the time they leave we want them to be flexible, imaginative, transformative, playful, courageous, independent and virtuosic. The proposed curriculum will now be submitted to King's College for validation and will then inform a new timetable to begin in September 2018.

Technical Theatre and Stage Management

The final changes arising from the review of technical training were completed in the year, with the creation of a new role of Head of Digital & Projection (shared between Nina Dunn and Tom Bird). Following the departure of Dave Agnew as Production Manager after 11 years at RADA, the production team under Jacqui Lee now has production and technical responsibility for Gower St and Chenies St theatres.

MA Lab

Andrew Visnevski, the inaugural Head of the MA Lab, retired in September 2017. Ian Morgan, a tutor on the course since its inception, has been appointed as interim Course Leader, reporting to the Director of Actor Training. Andrew's dedication, experience and careful guidance of the MA Lab and its students should be acknowledged. Under his stewardship, the MA Lab has become an internationally renowned programme, attracting students from around the world. He formed partnerships with practitioners of the highest order including Lindsay Kemp, Jan Fabre and Joshua Sobol and created extraordinary opportunities for the students such as their now annual production of a Greek play at Messene.

Performances

The growing diversity of the RADA student body has led to a greater diversity of programming. Notable amongst this year's productions were a number of UK and London premieres. We presented the UK premieres of Clare Barron's *YOU GOT OLDER* directed by Bijan Sheibani and Pearl Cleage's *BLUES FOR AN ALABAMA SKY* directed by Femi Elufowoju, Jr and designed by graduating student Christianna Mason and the London premieres of Rona Munro's *SCUTTLERS* directed by Hannah Eidinow and Kwame Kwei-Armah's *A BITTER HERB* directed by Prasanna Puwanarajah and designed by graduate James Cotterill. Kwame Kwei-Armah came to see his play, its first revival since its premiere in Bristol in 1998 and

was very complimentary about the production. Caryl Churchill attended our revival of her 1976 play VINEGAR TOM directed by Cressida Brown, the first time she had seen the play for 30 years and was also very complimentary. Other notable productions in the year were staff member Annie Tyson's revival of Rodney Ackland's STRANGE ORCHESTRA, designed by graduating student Baska Wesolowska, and Edward Kemp's production of A LITTLE NIGHT MUSIC, which featured musicians from the Royal Academy of Music (RAM), lighting by award-winning graduate Paul Pyant and video by new staff member Nina Dunn. During A LITTLE NIGHT MUSIC rehearsals there was an experimental project to develop the Virtual Conservatoire, a HEFCE Catalyst-funded collaboration between RAM, Royal College of Music (RCM) and CDD schools; staff and students from King's College London and Surrey University were also involved in this project, led by Ali Hosseini from King's Department of Infomatics.

The RADA Festival once again featured our three Shakespeares for Young Audiences (THE TEMPEST directed by graduate James Bonas, THE COMEDY OF ERRORS directed by Federay Holmes of The Factory and the Globe and TWELFTH NIGHT directed by Mark Leipacher of The Faction), which as well as playing in the Jerwood Vanbrugh Theatre toured to schools around London with accompanying workshops and Q&As as part of RADA's Widening Participation Programme. The three companies of second year actors also then visited European student festivals in Florence, Bucharest and the Alpbach Forum in the Austrian Tyrol. Other highlights of the Festival, which included over 70 performances across 10 days, were the world premieres of Peter Oswald's UNTOUCHABLE directed by graduate Kathryn Hunter and of Lily Bevan's TRUMP'S WOMEN, alongside a revival by Women @ RADA of graduate Deidre Strath's adaptation from Angela Carter, THE LIZZIE PLAY. In its sixth year the Festival has now established itself on the theatre circuit, not only drawing in a wider audience to RADA but also generating work which has gone on to be seen at theatres and festivals nationally and internationally.

In September 2016, RADA co-presented Beyond the Canon, a project initiated by Simeilia Hodge-Dallaway (Founder and Managing Director of Artistic Directors of the Future), in association with RADA. RADA students and recent graduates worked with ADF directors to present an evening of monologues from the anthology Audition Speeches for Black, South Asian and Middle Eastern Actors (Bloomsbury), with work from Katori Hall, Jackie Sibblies Drury, Bola Agbaje, Christina Anderson and Philip Ridley. The evening was introduced by Simeilia Hodge-Dallaway and RADA graduate Tanya Moodie, and ended with a dynamic Q&A. Beyond The Canon events also took place at the National Theatre and Chicago Dramatists.

Student Achievements

Grace Saif became our first winner of a BAFTA student scholarship. Ralph Davis was a Runner Up in the BBC Radio Carleton Hobbs competition; Tok Stephen and Liam Jefford represented RADA at the Sam Wanamaker Festival at Shakespeare's Globe and Matthew Blaney in the Spotlight Prize. By graduation, BA Acting graduates had been cast in HARRY POTTER AND THE CURSED CHILD, ONCE (Dublin), KING LEAR, BOUDICAA (both Shakespeare's Globe), GEORGE AND THE DRAGON (National), PEOPLE PLACES AND THINGS

(National/Headlong), HAMLET (Kenneth Branagh Theatre Company), THE DIVIDE (Edinburgh International Festival/Old Vic), as well as ITV and Finborough Theatre.

Student & Academic Services

The new Student and Academic Services department, introduced in Autumn 2015, saw its first full year at full capacity, with responsibility for the student journey from application to graduation. RADA's commitment to widening participation (and retaining those students throughout their training) is reported on below.

Admissions continued to be healthy with 3467 initial applications for the BA (Hons) Acting, representing a 125:1 application to place ratio. Responsibility for admissions is now built into Student & Academic Services, working closely with widening participation to identify new venues and relationships across the UK to encourage a wider pool of applicants from all backgrounds to consider RADA.

The Student Wellbeing service was fully developed in the year, offering a range of counselling and pastoral care to students, supporting them to be resilient in their training and providing assistance for students with mental health difficulties. This was accompanied by a new approach to physiotherapy offering in-house sessions on a fortnightly basis. The overall impact was a reduction in the cost of previous physiotherapy allowing for greater spend in mental health and pastoral support for students.

Master Classes and Professional Development

Visitors to the Academy this year included James Albrecht, Bonnie Greer, Stephen Jeffreys, Patrick Marmion, Alecky Blythe, Mehmet Ergin, Howard Barker, Harry Jardine, Benet Brandreth and Nicholas Parsons, as well as casting directors Toby Whale, Matilda James, Liz Stoll and Juliet Horsley. Several alumni including Chipso Chung, Fiona Shaw & Gemma Arterton also gave classes. Jan Fabre was invited to contribute to the MA Theatre Lab. A new monthly event, the Rickman Breakfasts was established, inviting speakers from a range of disciplines and backgrounds (such as neuroscience, economics, photography and the church) to share their experience with first year students informally. This was well received and will continue into 2017-18. The first in a series of Timeline lectures took place, programmed by Gary Yershon in collaboration with the Royal Academy of Music, investigating Sound in Cinema.

Short Courses

RADA's short course portfolio offers 1-day to 2-term courses and workshops for individuals and student groups. These courses continue to operate at capacity throughout the year and extend RADA's practice across the world. 28 courses ran during the year, including 3 new ones: *Stanislavki: Physical Action*, *Young Actors: Stagecraft* and the innovative *RADA Challenge*. Over 700 students, aged 16-73, took part.

CDD

As part of its strategic aim to achieve Taught Degree Awarding Powers and in response to the significant changes in regulation in the Higher Education sector heralded by the Higher Education and Research Act (HERA), CDD has been undertaking a major review of its governance and leadership structures. A new Members' Agreement is being drawn up to provide a more resilient foundation for the Conservatoire as a whole and greater clarification of the duties and

responsibilities of the constituent schools both to each other and to the Conservatoire as a whole. This work should complete in autumn 2017.

In relation to this work, all schools have been considering their status in the Higher Education (HE) sector and meetings have taken place between senior staff at RADA (and other CDD schools) with HEFCE officials, including those of the Gateways Team. A Governance Review Working Party of the RADA Council has been considering whether, in the light of the reforms introduced by HERA and the replacement of HEFCE by the new Office for Students (OfS), the interests of the Academy are best served by remaining a part of a re-structured CDD or by becoming a Higher Education Institution (HEI) in its own right. Following consultation with staff, the recommendation of the Working Group and Senior Management was that RADA should not sign the new Members' Agreement. This recommendation has been accepted by Council.

Following the meeting of the CDD Governors on 11th October, the new Members Agreement was adopted and the nominated Governors of the six Schools signed the new 'joining' documents. RADA was not one of the signatories, so consequently the Academy no longer has a nominated Governor on the CDD Board. The Academy remains an Affiliate member until it leaves, but the decision to leave cannot be reversed except by following the processes for institutions wanting to join CDD as new Members.

Effective Infrastructure

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

There are three main strands to RADA's estate and infrastructure strategy; developing the Chenies St site (the RADA Attenborough campaign), replacing obsolete on-premise business systems with modern cloud ones and maintaining the Gower St site in a good state of repair.

Chenies Street

The design has been developed to RIBA stage 3-4 since the award of planning permission in March 2016. Allies & Morrison joined the design team with responsibility for the theatre and front of house design. Research visits to other theatres and student accommodation took place to develop the brief and understand the operational requirements. A full tender package will be completed in 2017-18. The fundraising campaign was launched at Hampton Court in November 2016 and pledges of £720k were secured to cover the design costs.

IT

RADA's internet connection was significantly upgraded in December 2016 as it had reached capacity and new firewalls were installed to improve security. New telephone and wifi systems have also been commissioned and will be installed in 2017-18. These improvements will enable a shift of business and student systems to modern cloud based ones.

Repairs

As the Gower Street site reaches the 15th anniversary of its reconstruction, some key plant has had to be replaced. A longer term planned replacement programme will be set up to identify future needs.

Staff Development

RADA is committed to developing its staff and enabling them to achieve the highest standards. A well-attended staff conference in December discussed strategy, industry futures and learning from each other. Arising from this, a series of termly Town Hall meetings are now taking place to keep staff informed of current issues, and an Equality Diversity and Inclusion group has been set up to improve RADA's internal diversity.

Entrepreneurial & Agile

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

RADA relies on fees from students and HEFCE grants to deliver its world-leading graduate and post-graduate courses. However the intensive nature of the work means that the full costs of the core courses have to be subsidised by other sources of income.

RADA in Business

RADA in Business (RiB) uses theatre techniques to develop communication, presentation and leadership skills for businesses. RiB also operates the hire business of RADA Studios. 2016-17 was its most successful year to date, contributing £1.3m to RADA's budget. Turnover increased by 36% compared to 2015-16, reflecting the success of the new Executive Presence for Women course, and bespoke courses for corporate clients. Over 8,000 people received training this year, from sixth form girls to senior public servants. This year we worked in significantly more parts of the UK and attracted more delegates from other parts of the UK to work with us in London. RiB worked with organisations in over 20 countries building our profile and extending the reach of our work and reputation.

Short courses

The short course programme operated at capacity throughout the year, and generated net income of £984k to core costs, an increase of 8% on the previous year.

Fundraising

As well as securing the funds for the bursary and widening participation programmes (below) and launching the RADA Attenborough Campaign (securing pledges of £720k this year as of 31st July), RADA's development department raised £364k towards RADA's core costs from individuals, corporate supporters and events. In kind support from RADA's industry partners enabled us to present high quality productions and give students experience of working with a range of current technology. Total revenue income of RADA's joint production of HAMLET with the Kenneth Branagh Theatre Company in September 2017 will be a great boost to all our activities in the coming year.

Reputation and Sustainability

To engage with and inspire our stakeholders and to safeguard and cultivate RADA's reputation

Audiences

Attendance and box office income for RADA's third year productions increased by 10% during 2016-17. We saw a significant increase in attendance to the RADA Festival in 2016 over 2015 (over 3,000 tickets were sold in 2016), and audience numbers, income and engagement were sustained in 2017. Audience development campaigns for the Festival and student programme are continuing.

RADA in Business communications and marketing

A focused campaign from March 2016, with encouraging coverage in HR and SME press and four pieces of national coverage (Telegraph, Times, Marie Claire, Harper's Bazaar) with a total reach of two million readers, increased awareness and visibility of RADA in Business training, and organic traffic to the RADA in Business website has increased by 50% year on year. A review of customer communications and content took place to support brand awareness, and a dedicated Marketing and Content Manager was recruited to supporting all RADA's income generating activity.

Website and CRM development

Staff throughout the Academy were consulted on the functional requirements for a new, fit for purpose website to engage users and better highlight the extent and impact of RADA's work. Fabrique was appointed as the agency to deliver the new website and visual identity refresh for RADA and RADA in Business, to launch in 2018. RADA's use of the recently upgraded Microsoft Dynamics CRM throughout the Academy is now under review, in order to improve RADA's data and information management and reporting.

Alumni

RADA continues to enjoy enduring relationships with its alumni, who contribute to the life of the Academy from Council to designing or directing student productions and supporting individual students (as 'buddies') during and after their course.

Further engagement with and support of alumni has been considered as part of the BA Acting review and a graduate training programme will commence in September 2018. Graduates from the last seven years were invited to contribute to the BA Acting review; their feedback was extremely useful and influenced some proposals.

Public benefit

RADA is committed to making its training accessible to students from all backgrounds. This ambition is supported by our Widening Participation & Outreach programmes, and Bursary scheme.

Widening Participation & Outreach

RADA continued to grow and develop activities in Widening Participation (WP) and Outreach throughout 2016-17. RADA took part in The Big Give Campaign, which raised significant funds restricted to spend on WP activities. This included technical taster workshops, regional access workshops, Access to Acting for actors with physical and sensory disabilities and the introduction of a Technical Theatre strand to the RADA Youth Company. In addition to these new programmes, existing WP work continues to grow from strength to strength including schools talks and workshops, Camden Summer University, the Youth Company: Acting and the Elders Company for people aged 60+. While we were not able to establish a programme for under 10s, the first Young Theatre Makers course for people aged 11-14 ran successfully in Easter 2017.

The Widening Participation Advisory Committee made up of industry professionals, RADA staff and graduates has continued to guide and offer suggestions for the future of WP at RADA.

Bursaries

44% of RADA's current students come from households with an income of less than £42k, which would make any university-level course financially challenging. In 2016-17, RADA gave financial support totalling £558k to 113 students, ranging from full fee waivers and maintenance grants to small emergency hardship payments. These are funded from private donations, and £580k was raised this year to benefit future students.

Priorities for 2017-18

Key priorities for the coming year include:

- Completing design work on the Chenies Street project and developing fundraising prospects
- Implementing the changes required by the Acting Teaching Review and obtaining validation
- Identify & deliver staff development opportunities
- Launching the new website
- Invest to sustain the record revenue levels achieved by development and RiB
- Preparation for CDD departure and HEI designation

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 2017 and 31 July 2016:

		2017	2016
		£000	£000
RADA in Business	Turnover	4,572	3,370
	Expenditure	<u>(3,242)</u>	<u>(2,358)</u>
	Operating profit	1,330	1,012
RADA	Student & other fees	4,150	4,036
	HE grants	932	931
	Bursary funding	534	389
	Other fundraising	455	606
	Donations in kind	<u>222</u>	<u>195</u>
	Total Academy Income	6,293	6,157
	Operating Costs	(6,204)	(5,891)
	Bursary cost	(449)	(389)
	Donations in kind	(222)	(195)
	Net Income from principal activities	<u>748</u>	<u>694</u>
Royalties	131	120	
Depreciation	(757)	(784)	
Net Income	<u>122</u>	<u>30</u>	

Financial performance was better than budget this year, with an increased surplus after depreciation. Of the £122k shown above, £76k is restricted to providing future bursaries. This increase in unrestricted reserves, together with the investment gain of £535k, will boost RADA's reserves ahead of the capital project and reduce our long-term liabilities. It is the intention that RADA's net operating result before depreciation in future years should aim to be at breakeven or better. A further £151k was received for use in the capital project.

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 Academy's investments are monitored by the chairs of the Finance and General Purposes and Audit committees, and the Director of Finance and Operations. Any deployment of those funds will be decided upon by a committee formed by those people, the Chairman of the Academy and the Director.

Reserves Policy

The general unrestricted funds of RADA at 31 July 2017 are £2.5m (2016: £2.2m, 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 £39.8m are made up of the following amounts (as shown in Notes 18 and 19):

	2017	2016	
	£m	£m	
Fixed Assets	30.5	30.5	Land, buildings & equipment used for charitable purposes
Endowment Funds	4.5	4.3	Invested to provide future income
Designated	9.0	8.6	Invested for expenditure on future projects including Chenies St (starting 2017)
Unrestricted	2.5	2.2	General reserve
Capital Project deficit	(0.5)	-	Pledges have been secured to cover this
Pension Scheme Liability	(1.6)	(2.6)	To be met from operating income
Long term lease	(4.6)	(4.7)	To be met from operating income
Total	<u>39.8</u>	<u>38.3</u>	

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.

GOVERNANCE REVIEW

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 in Business Limited (formerly RADA Enterprises Ltd, "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. The Training Committee reviews and makes recommendations on any aspect of the training policy, provision and practice.

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 cannot 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-leading 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.

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.

Administrative Information

Principal Office	62-64 Gower Street London WC1E 6ED	
President	Sir Kenneth Branagh	
Trustees	The following have served as members of Council since 1 August 2016.	
Chairman	Sir Stephen Waley-Cohen Bt.	
Members	Catherine Bailey	(to 27 October 2016)
	S J K Barratt	
	The Hon. Peter Benson LVO	(to 12 January 2017)
	Josh Berger CBE	
	Simon Berry CVO	
	Matthew Byam Shaw	(to 26 October 2017)
	Chipo Chung	
	Paul Clay	
	Sir Martin Donnelly	(from 26 October 2017)
	Buster Dover	
	Judy Grahame	
	Stephen Greene	
	Ros Haigh	
	Laurence Isaacson CBE	
	Mike Leigh OBE	
	Rishi Madlani	
	Tanya Moodie	
	Glen Moreno	
	Paul Pyant	
	Fiona Shaw CBE	
	Anthony Smith CBE	(to 12 January 2017)
	Robin Soans	
	Imogen Stubbs	
	Andrew Sutch	
	Michelle Terry	
	Richard Wilson OBE	
	Professor Michael Worton CBE	
Senior Management Team	Edward Kemp	Director
	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
	Penny Seward	Director of Development
	Lucy Skilbeck	Director of Actor Training
	Helen Slater	Director of Marketing

Sub-Committees

Finance & General Purposes Committee

Chair S J K Barratt
Members Paul Clay
 Andrew Sutch

Audit Committee

Chair The Honourable Peter Benson LVO (to 12 January 2017)
 Stephen Greene (Chair from 1 February 2017)
Members Ros Haigh
 Rishi Madlani (from 19 May 2017)

Nominations Committee

Chair Sir Stephen Waley-Cohen Bt
Members Simon Berry CVO
 Matthew Byam-Shaw
 Robin Soans

Training Committee

Chair Chipo Chung
Members Catherine Bailey (to 27th October 2016)
 Paul Clay
 Tanya Moodie
 Paul Pyant
 Robin Soans
 Sir Stephen Waley-Cohen
 Richard Wilson

Attendance

Attendance at Council and other key meetings was as follows:

Name	Council	F&GP	Audit	Training
Catherine Bailey	1/1			2/2
S J K Barratt	4/4	4/4		
Hon. Peter Benson LVO	2/2		1/1	
Josh Berger CBE	0/4			
Simon Berry CVO	3/4			
Matthew Byam Shaw	1/4			
Chipo Chung	4/4			2/3
Paul Clay	0/4	1/4		2/3
Buster Dover	3/4			
Judy Grahame	3/4			
Stephen Greene	3/4		2/2	
Ros Haigh	4/4		1/1	
Laurence Isaacson CBE	4/4			
Mike Leigh OBE	0/4			
Rishi Madlani	3/4		1/1	
Tanya Moodie	3/4			1/1
Glen Moreno	1/4			
Paul Pyant	4/4			2/2
Fiona Shaw CBE	2/4			
Anthony Smith CBE	1/1			
Robin Soans	4/4			3/3
Imogen Stubbs	1/4			
Andrew Sutch	4/4	4/4		
Michelle Terry	1/4			
Sir Stephen Waley-Cohen Bt	4/4			2/3
Richard Wilson OBE	2/4			2/3
Prof. Michael Worton CBE	4/4			

Council members who are not able to attend meetings receive all relevant papers in advance and are able to discuss issues with the Chair, Director or senior management at any time.

Professional Advisers

Auditors	Saffery Champness LLP Chartered Accountants 71 Queen Victoria Street London EC4V 4BE
Bankers	Allied Irish Bank (GB) 10 Berkeley Square London W1J 6AA
Solicitors	Bond Dickinson LLP The Chocolate Works Bishopthorpe Rd York YO23 1DE
	Mills & Reeve Botanic House 100 Hills Road Cambridge CB2 1PH
Investment Managers	McInroy & Wood Ltd Easter Alderston Haddington East Lothian EH41 3SF

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.

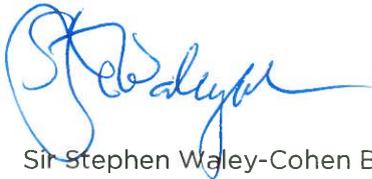
Internal Control

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
- 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

26 October 2017

Independent auditors' report to the Trustees

Opinion

We have audited the financial statements of The Royal Academy of Dramatic Art for the year ended 31 July 2017 which comprise the Consolidated Statement of Financial Activities, Balance Sheets, Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group and parent charity's affairs as at 31 July 2017 and of the group's incoming resources and application of resources 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.

This report is made solely to the charity's Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charity's ability to continue to adopt the going concern basis of

accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the group and the parent charity has not kept sufficient accounting records; or
- the parent's 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;
- 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; and
- the requirements of HEFCE's accounts direction have been met.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 23, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the group's and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the group or the parent charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under the Charities Act 2011 and report in accordance with regulations made under that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



For and on behalf of

Saffery Champness LLP

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

Date: 23 November 2017

Saffery Champness LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

THE ROYAL ACADEMY OF DRAMATIC ART

Consolidated Statement of Financial Activities for the year ended 31 July 2017
(including Income & Expenditure Account)

		Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds	Total Funds*
	Note	2017 £000	2017 £000	2017 £000	2017 £000	2016 £000
Income & Endowments from:						
Donations & Legacies		496	864	-	1,360	1,004
Charitable activities		5,036	47	-	5,083	4,967
Other trading activities		4,700	-	-	4,700	3,636
Investments		5	-	-	5	13
Total income	2	10,237	911	-	11,148	9,620
Expenditure on:						
Raising funds						
- Commercial trading		3,149	-	-	3,149	2,273
- Fundraising		394	-	-	394	304
- Investment management		6	-	13	19	40
Charitable activities		6,312	1,001	-	7,313	6,915
Total expenditure	3,4	9,861	1,001	13	10,875	9,532
Total income less total expenditure		376	(90)	(13)	273	88
Net gains on investments	10	333	-	202	535	1,626
Net income for the year		709	(90)	189	808	1,714
Other recognised gains/(losses)						
Net actuarial gains/(losses) on defined pension benefit schemes	7	705	-	-	705	(1,424)
Net movement in funds		1,414	(90)	189	1,513	290
Total funds brought forward		13,548	20,413	4,335	38,296	38,006
Total funds carried forward		14,962	20,323	4,524	39,809	38,296

All activities derive from continuing operations

The notes attached on pages 32 to 45 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 2016 £000	Restricted Funds 2016 £000	Endowment Funds 2016 £000	Total Funds 2016 £000
Income & Endowments from:				
Donations & Legacies	460	544	-	1,004
Charitable activities	4,967	-	-	4,967
Other trading activities	3,636	-	-	3,636
Investments	13	-	-	13
Total income	<u>9,076</u>	<u>544</u>	<u>-</u>	<u>9,620</u>
Expenditure on:				
Raising funds				
- Commercial trading	2,273			2,273
- Fundraising	304			304
- Investment management	31		9	40
Charitable activities	6,013	902	-	6,915
Total expenditure	<u>8,621</u>	<u>902</u>	<u>9</u>	<u>9,532</u>
Total income less total expenditure	<u>455</u>	<u>(358)</u>	<u>(9)</u>	<u>88</u>
Net gains on investments	926	-	700	1,626
Net income for the year	<u>1,381</u>	<u>(358)</u>	<u>691</u>	<u>1,714</u>
Other recognised gains/(losses)				
Net actuarial losses on defined pension benefit schemes	(1,424)	-	-	(1,424)
Net movement in funds	<u>(43)</u>	<u>(358)</u>	<u>691</u>	<u>290</u>
Total funds brought forward	13,591	20,771	3,644	38,006
Total funds carried forward	<u>13,548</u>	<u>20,413</u>	<u>4,335</u>	<u>38,296</u>

THE ROYAL ACADEMY OF DRAMATIC ART

Balance Sheets as at 31 July 2017

	Notes	GROUP		ACADEMY	
		2017 £000	2016 £000	2017 £000	2016 £000
Fixed assets					
Intangible assets	8	-	112	-	112
Tangible assets	9	30,530	30,298	30,529	30,295
Investments held as fixed assets	10	13,466	12,951	13,467	12,953
Total fixed assets		<u>43,996</u>	<u>43,361</u>	<u>43,996</u>	<u>43,360</u>
Current assets					
Debtors	12	1,417	811	1,667	1,234
Cash at bank and in hand		3,148	3,610	2,207	2,700
Total current assets		<u>4,565</u>	<u>4,421</u>	<u>3,874</u>	<u>3,934</u>
Current liabilities					
Creditors: amounts falling due within one year	13	<u>(2,398)</u>	<u>(2,129)</u>	<u>(1,724)</u>	<u>(1,647)</u>
Net current assets		<u>2,167</u>	<u>2,292</u>	<u>2,150</u>	<u>2,287</u>
Total assets less current liabilities		<u>46,163</u>	<u>45,653</u>	<u>46,146</u>	<u>45,647</u>
Creditors: amounts falling due after more than one year	14	<u>(4,624)</u>	<u>(4,719)</u>	<u>(4,624)</u>	<u>(4,719)</u>
Net assets excluding pension liabilities		<u>41,539</u>	<u>40,934</u>	<u>41,522</u>	<u>40,928</u>
Defined benefit pension scheme liabilities	7	<u>(1,730)</u>	<u>(2,638)</u>	<u>(1,730)</u>	<u>(2,638)</u>
Total net assets		<u>39,809</u>	<u>38,296</u>	<u>39,792</u>	<u>38,290</u>
Represented by:					
Unrestricted Funds					
Unrestricted Revenue Funds	18,19	(3,804)	(5,101)	(3,821)	(5,108)
Designated Funds					
Designated Revenue Funds	18,19	8,971	8,616	8,971	8,616
Designated Fixed Asset Funds	18,19	9,795	10,033	9,795	10,033
Total unrestricted funds		<u>14,962</u>	<u>13,548</u>	<u>14,945</u>	<u>13,541</u>
Restricted funds					
Restricted Revenue Funds	18,19	(412)	38	(412)	39
Restricted Fixed Asset Funds	18,19	20,735	20,375	20,735	20,375
Total restricted funds		<u>20,323</u>	<u>20,413</u>	<u>20,323</u>	<u>20,414</u>
Endowment funds					
Endowment Revenue Funds	18,19	4,524	4,335	4,524	4,335
Total endowment funds		<u>4,524</u>	<u>4,335</u>	<u>4,524</u>	<u>4,335</u>
Total charity funds		<u>39,809</u>	<u>38,296</u>	<u>39,792</u>	<u>38,290</u>

The financial statements on pages 28 to 45 were approved by Council on 26 October 2017 and signed on its behalf by:


Sir Stephen Waley-Cohen Bt.
Chairman of Council


S J K Barratt
Member of Council


Edward Kemp
Director

The notes attached on pages 32 to 45 form an integral part of these accounts.

THE ROYAL ACADEMY OF DRAMATIC ART

Consolidated Cash Flow Statement for the year ended 31 July 2017

	2017	2016
	£000	£000
Cash flows from operating activities		
Net cash provided by operating activities as shown below	A	1,272
	399	1,272
Cash flows from investing activities		
Interest received	5	13
Purchase of property, plant and equipment	(886)	(357)
Proceeds from sales of investments	20	64
Purchase of investments	-	(23)
Net cash used in investing activities	B	(303)
	(861)	(303)
Cash flows from financing activities		
Repayment of amounts borrowed	-	(83)
Net cash used in financing activities	C	(83)
	-	(83)
Overall cash (used)/provided by all activities	A+B+C	886
	(462)	886
Cash movements		
Change in cash and cash equivalents from activities in the year ended 31 July	(462)	886
Cash and cash equivalents at 1 August	3,610	2,724
Cash at bank and in hand less overdrafts at 31 July	3,148	3,610
Reconciliation of net income to net cash flow from operating activities	2017	2016
	£000	£000
Net income as shown in the Statement of Financial Activities	808	1,714
Adjustments for :-		
Depreciation charges	653	632
Amortisation charges	112	150
Net gains on investment assets	(535)	(1,626)
Dividends, interest and rents from investments	(5)	(13)
Increase in defined benefit pension scheme funds, less unrealised gains	(203)	(204)
Increase in debtors	(606)	(67)
Increase in creditors, excluding loans	175	686
Net cash provided by operating activities	A	1,272
	399	1,272
Analysis of cash and cash equivalents		
	2017	2016
	£000	£000
Cash in hand at for the year ended 31 July	1,392	3,610
Notice deposits - (less than 3 months)	1,756	-
Total cash and cash equivalents	3,148	3,610

THE ROYAL ACADEMY OF DRAMATIC ART

Notes to the Accounts for the year ended 31 July 2017

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. Its registered office is 62-64 Gower Street, London WC1E 6ED.

Group accounts

These accounts consolidate the results of RADA and its wholly owned subsidiary, RADA in Business Limited ("RiB", formerly RADA Enterprises Limited), on a line-by-line basis. A separate Statement of Financial Activities has not been prepared for the charity alone as this is not considered to be materially different to the consolidated Statement of Financial Activities.

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 lease under which it occupies 20-22 Cheries 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 unrestricted cash reserves of £2.5m (see Note 19) 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 February 2021.

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. Scholarships towards RADA fees and fee waivers are shown as charitable expenditure rather than as a reduction of income.

THE ROYAL ACADEMY OF DRAMATIC ART

Notes to the Accounts for the year ended 31 July 2017

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.

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 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.

THE ROYAL ACADEMY OF DRAMATIC ART

Notes to the Accounts for the year ended 31 July 2017

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.

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 expensed 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, "the Scheme"). 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 2017

2 Incoming Resources

	Unrestricted 2017 £000	Restricted 2017 £000	Endowment 2017 £000	Total Funds 2017 £000	Total Funds 2016 £000
<u>Donations & Legacies</u>					
Fundraising (Donations & grants)	143	864	-	1,007	688
Royalties	131	-	-	131	121
Donated goods and services	222	-	-	222	195
Total from donations & legacies	496	864	-	1,360	1,004
<u>Charitable Activities</u>					
HEFCE grant	885	-	-	885	841
Higher Education Grants	-	47	-	47	90
Fees from EU Higher Education students	1,415	-	-	1,415	1,409
Fees from non-EU Higher Education Students	200	-	-	200	149
	2,500	47	-	2,547	2,489
Short Course Inome	2,167	-	-	2,167	2,008
Audition Fees	221	-	-	221	237
Outreach Income	5	-	-	5	116
Ticket & Audience income	85	-	-	85	83
Sundry Income	58	-	-	58	34
	2,536	-	-	2,536	2,478
Total from charitable activities	5,036	47	-	5,083	4,967
<u>Other Trading Activities</u>					
RiB turnover	11	4,559	-	4,559	3,362
Fundraising events		50	-	50	151
Commercial sponsorships		91	-	91	123
		4,700	-	4,700	3,636
<u>Investment Income</u>					
Bank interest		5	-	5	13
		5	-	5	13
Total Incoming resources	10,237	911	-	11,148	9,620

Donated goods and 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 2017	Total 2016
<u>Raising Funds</u>						
RiB expenditure	3,149	-	-	-	3,149	2,273
Fundraising	394	-	-	-	394	304
Investment management	19	-	-	-	19	40
Total Raising funds	3,562	-	-	-	3,562	2,577
<u>Charitable Activities</u>						
Core courses	2,590	449	1,517	509	5,065	4,521
Non-core courses	978	-	605	203	1,786	2,001
Theatre & Other presentation	113	-	69	24	206	271
Other Charitable activities	140	-	87	29	256	122
Total Charitable Activities	3,821	449	2,278	765	7,313	6,915
Total expenditure	7,383	449	2,278	765	10,875	9,492

THE ROYAL ACADEMY OF DRAMATIC ART

Notes to the Accounts for the year ended 31 July 2017

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	22	5	873	617	1,517
Non-core courses	9	3	349	244	605
Theatre & Other presentation	1	-	40	28	69
Other Charitable activities	2	-	50	35	87
	34	8	1,312	924	2,278

4 Specific Expenditure

	2017 £000	2016 £000
The net surplus before tax in the financial year is stated after charging:-		
Remuneration of auditors for audit services (inc. underaccrued fee for 2015-16)	30	28
Remuneration of auditors for non-audit services	1	1
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	2017 £000	2016 £000
Gross salaries excluding Trustees and key management personnel	3,517	3,130
Employer's National Insurance for all staff	374	364
Employer's operating costs of defined contribution pension schemes	34	31
Salaries and benefits paid to key management personnel	669	648
Total salaries, wages and related costs	4,594	4,173
Redundancy, termination and compensation payments	2017 £000	2016 £000
Redundancy payments	-	49
These were redundancy payments following departmental restructuring.	-	49
Numbers of employees	2017	2016
The average number of total staff employed in the year was	157	152
The estimated full time equivalent number of all staff employed in the year was	98	97

THE ROYAL ACADEMY OF DRAMATIC ART

Notes to the Accounts for the year ended 31 July 2017

5 (cont)

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

	2017	2016
Engaged on charitable activities	53	48
Engaged on fundraising activities		
- Commercial trading	16	18
- Fundraising	6	6
Engaged on management and administration	23	25
<i>The estimated full time equivalent number of all staff employed as above</i>	98	97

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 :-

	2017	2016
	No	No
£60,001 to £70,000	3	3
£80,001 to £90,000	1	1
£100,001 to £110,000	-	1
£110,001 to £120,000	1	-
£170,001 to £180,000	1	1
	6	6

The pension details of such higher paid staff were :-

	2017	2016
	£000	£000
Contributions for the provision of money purchase pension	5	5
	5	5

Numbers of such staff to whom benefits are accruing :-

	2017	2016
	No	No
Under money purchase pension schemes	6	6
	6	6

Emoluments for the Director were as follows:

	2017	2016
	£000	£000
The remuneration in the year was	117	109
Pension contributions paid by the employer	1	1
<i>Total remuneration package included in total salaries above</i>	118	110

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.

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 2016 and updated to 31 July 2017 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 £1,732,000. The employer has agreed with the trustees of the scheme that it will aim to eliminate the deficit over a period of 4 years and 11 months from 1 April 2016 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 2017 is £250,008.

THE ROYAL ACADEMY OF DRAMATIC ART

Notes to the Accounts for the year ended 31 July 2017

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

	2017	2016	2015
	£000	£000	£000
Fair value of plan assets	6,774	6,082	5,925
Present value of defined benefit obligation	8,504	8,720	7,343
Defined (liability) to be recognised	<u>(1,730)</u>	<u>(2,638)</u>	<u>(1,418)</u>

Reconciliation of opening and closing balances of the defined benefit obligation

	2017	2016
	£000	£000
Defined benefit obligation at start of period	8,720	7,343
Interest expense	217	257
Actuarial (gains)/losses	(361)	1,353
Benefits paid & expenses	(72)	(233)
Defined benefit obligation at end of period	<u>8,504</u>	<u>8,720</u>

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

	2017	2016
	£000	£000
Fair value of plan assets at start of period	6,082	5,925
Interest income	154	211
Actuarial gains/(losses)	344	(71)
Contributions by the employer	266	250
Benefits paid & expenses	(72)	(233)
Fair value of plan assets at end of period	<u>6,774</u>	<u>6,082</u>

The actual return on the plan assets over the period ended 31 July 2017 was £498k.

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

	2017	2016
	£000	£000
Net interest cost	63	46
	<u>63</u>	<u>46</u>

Defined benefit costs recognised in other comprehensive income

	2017	2016
	£000	£000
Gain/(loss) on plan assets excluding amounts included in net interest cost	344	(71)
Experience gain arising on the plan liabilities	153	52
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities - gain/(loss)	208	(1,405)
Total amount recognised in other comprehensive income - gain/(loss)	<u>705</u>	<u>(1,424)</u>

THE ROYAL ACADEMY OF DRAMATIC ART

Notes to the Accounts for the year ended 31 July 2017

7. (Cont)

Assumptions

	2017	2016	2015
	% per annum	% per annum	% per annum
Discount rate	2.60	2.50	3.55
Inflation (RPI)	3.40	3.00	3.30
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	3.40	3.00	3.30
Allowance for pension in payment increases of RPI or 5% p.a. if less	3.40	3.00	3.30
Allowance for commutation of pension for cash at retirement	None	None	None

The mortality assumptions adopted at 31 July 2017 imply the following life expectancies

	Life expectancy at age 65 (years)	
	2017	2016
Male aged 65	23.3	23.5
Female aged 65	25.2	25.5
Male aged 45	24.7	25.2
Female aged 45	26.7	27.4

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

8 Intangible Fixed Assets

	GROUP & ACADEMY	
	2017	2016
	£000	£000
Goodwill:		
Cost		
At 1 August 2016	750	750
At 31 July 2017	<u>750</u>	<u>750</u>
Amortisation		
At 1 August 2016	638	488
Provided during the year	112	150
At 31 July 2017	<u>750</u>	<u>638</u>
Net book value	<u>-</u>	<u>112</u>

THE ROYAL ACADEMY OF DRAMATIC ART

Notes to the Accounts for the year ended 31 July 2017

9 Tangible fixed assets

Group

	Land and Buildings	Plant & Machinery	Total
	£000	£000	£000
Cost			
At 1 August 2016	37,614	4,149	41,763
Additions	771	115	886
At 31 July 2017	38,385	4,264	42,649
Depreciation			
At 1 August 2016	7,925	3,541	11,466
Charge for the year	503	150	653
At 31 July 2017	8,428	3,691	12,119
Net book value			
At 31 July 2017	29,957	573	30,530
At 31 July 2016	29,689	608	30,297

Academy only

	£000	£000	£000
Cost			
At 1 August 2016	37,614	4,088	41,702
Additions	771	115	886
At 31 July 2017	38,385	4,203	42,588
Depreciation			
At 1 August 2016	7,925	3,482	11,407
Charge for the year	503	148	651
At 31 July 2017	8,428	3,630	12,058
Net book value			
At 31 July 2017	29,957	573	30,530
At 31 July 2016	29,689	606	30,295

Included in Land and Buildings above are assets in the course of construction with a net book value of £1,040k (2015:£269k). 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:

	2017 £000	2016 £000
Total of assets held under finance leases	2,502	2,644

THE ROYAL ACADEMY OF DRAMATIC ART

Notes to the Accounts for the year ended 31 July 2017

10 Investments held as fixed assets

	Note	GROUP		ACADEMY	
		2017 £000	2016 £000	2017 £000	2016 £000
Quoted investments		13,466	12,951	13,466	12,951
Investments in subsidiary	11	-	-	2	2
		<u>13,466</u>	<u>12,951</u>	<u>13,468</u>	<u>12,953</u>

GROUP & ACADEMY

2017 £000	2016 £000
--------------	--------------

Carrying values of listed investments

At 1 August 2016	12,951	11,366
Revaluation at 31 July 2017	535	1,626
Disposals - Management Fees	(20)	(41)
At 31 July 2017	<u>13,466</u>	<u>12,951</u>

Analysis between fair value and historical cost

Investments as above held at fair value	<u>13,466</u>	<u>12,951</u>
Historic Cost of the above investments	<u>7,806</u>	<u>7,806</u>

The market value at 31 July 2017 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

	2017 £000	2016 £000
UK	4,751	4,925
Non UK	<u>8,715</u>	<u>8,026</u>
	<u>13,466</u>	<u>12,951</u>
Fixed Interest	5,655	5,546
UK equities	1,635	1,716
Overseas equities	4,902	4,687
Cash	366	324
Other	<u>908</u>	<u>678</u>
	<u>13,466</u>	<u>12,951</u>

THE ROYAL ACADEMY OF DRAMATIC ART

Notes to the Accounts for the year ended 31 July 2017

11 Subsidiary companies

The name of the subsidiary undertaking is RADA in Business Limited ("RiB", formerly RADA Enterprises Ltd), 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 2015-16 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 was treated as a partial disposal in RADA's accounts

	2017	2016
	£	£
Investment in RiB at 1 August	2,000	2
Additional shares acquired	-	24,998
Partial disposal	-	(23,000)
Investment in RiB at 31 July	<u>2,000</u>	<u>2,000</u>

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

	2017	2016
	£000	£000
Assets and Funds		
Aggregate amount of assets	2,011	1,506
Aggregate amounts of liabilities	(1,992)	(1,499)
Aggregate amount of funds	<u>19</u>	<u>7</u>
Profit and Loss		
Turnover net of VAT	4,573	3,370
Expenses net of VAT	(3,243)	(2,358)
Net profit for the year before tax	<u>1,330</u>	<u>1,012</u>
Donation to RADA by way of Gift Aid	(1,318)	(1,017)
Surplus/(deficit) for the year after tax and Gift Aid	<u>12</u>	<u>(5)</u>

The net profit of the subsidiary is stated after including intergroup company expenditure of £94k (2016:£84k) and income of £14k which have been eliminated on consolidation

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

12 Debtors

	GROUP		ACADEMY	
	2017	2016	2017	2016
	£000	£000	£000	£000
Trade debtors	1,019	494	123	44
Prepayments and accrued income	397	308	227	167
Other debtors	1	9	1	6
Due from group undertakings	-	-	1,318	1,017
	<u>1,417</u>	<u>811</u>	<u>1,669</u>	<u>1,234</u>

13 Creditors: amounts falling due within one year

	GROUP		ACADEMY	
	2017	2016	2017	2016
	£000	£000	£000	£000
Trade creditors	250	237	225	177
Accruals	182	195	182	195
Deferred income	1,022	926	1,022	926
Finance lease and HP contracts	96	83	96	83
PAYE, NIC VAT and other taxes	286	269	94	99
Other creditors	562	419	105	167
	<u>2,398</u>	<u>2,129</u>	<u>1,724</u>	<u>1,647</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.

THE ROYAL ACADEMY OF DRAMATIC ART

Notes to the Accounts for the year ended 31 July 2017

14 Creditors: amounts falling due after one year

	GROUP & ACADEMY	
	2017	2016
	£000	£000
Amount due under finance lease	4,624	4,719
Amount due under finance lease falls due as follows:		
Within 1-2 years	109	96
Within 2-5 years	414	369
After more than 5 years	4,101	4,254
	<u>4,624</u>	<u>4,719</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.

16 Lessor Commitments

The Academy acts as a lessor in connection with operating leases and continues to recognise the assets subject to the operating lease as assets on its balance sheet. The lease payments received from the lessee are recognised in the Statement of Financial Activities on a receivable basis. The leases relate to the rental of property, namely the use of part of the roof of Gower St and Chenies St for telecoms masts. The future minimum lease payments arising from non-cancellable operating leases are shown below. The amounts due to the Academy fall due as follows:

	GROUP & ACADEMY	
	2017	2016
	£000	£000
Within one year	35	-
In the second to fifth years inclusive	120	-
	<u>155</u>	<u>-</u>

17 Related party transactions

Donations totalling £181k were received from Council members, or organisations connected with Council members (2016: £44k). This includes donations of £100k to the RADA Attenborough Campaign and £40k for bursaries. All other donations were unrestricted. No Trustees claimed expenses from the charity during the year (2016: nil).

Wine to the value of £10,267 was purchased for RADA events at a rate that is discounted compared to market prices from Berry Bros. & Rudd (2016: £4,727); 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 £393 (2016: £686). Jane Heather, the partner of the Director of RADA, worked as a designer on two RADA productions and was paid the standard design fees of £2,900 (2016: £1,400). RADA purchased services for £200 (2016: nil) from Frantic Assembly on an arm's length basis; Julie Crofts, a member of SMT, is a Trustee of Frantic Assembly.

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.

THE ROYAL ACADEMY OF DRAMATIC ART

Notes to the Accounts for the year ended 31 July 2017

18 Analysis of how particular funds are represented by assets and liabilities

<i>At 31 July 2017</i>	Unrestricted funds £000	Designated funds £000	Restricted funds £000	Endowment funds £000	Total Funds £000
Tangible Fixed Assets	-	9,795	20,735	-	30,530
Investments at valuation:-					
<i>Fixed asset investments</i>	-	8,942	-	4,524	13,466
Current Assets	4,422	29	114	-	4,565
Current Liabilities	(1,872)	-	(526)	-	(2,398)
Long Term Liabilities	(4,624)	-	-	-	(4,624)
Pension Asset/Liability	(1,730)	-	-	-	(1,730)
	(3,804)	18,766	20,323	4,524	39,809

19 Change in total funds over the year

	Funds brought forward from 2016 £000	Income See Note 2 £000	Expenditure See Note 3 £000	Asset purchases See Note 9 £000	Gains & Losses See Notes 7,10 £000	Funds carried forward to 2018 £000
Unrestricted and designated funds:-						
Unrestricted general fund	2,229	10,237	(9,824)	(93)	-	2,549
Sale & Leaseback commitments	(4,719)	-	96	-	-	(4,623)
Pension scheme liabilities	(2,638)	-	203	-	705	(1,730)
Designated revenue funds						
- Scholarships	1,636	-	(1)	-	63	1,698
- Building & Capital	7,007	-	(4)	-	270	7,273
Designated fixed asset funds	10,033	-	(331)	93	-	9,795
Total unrestricted and designated funds	13,548	10,237	(9,861)	-	1,038	14,962

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.

Restricted funds:-

	Funds brought forward from 2016 £000	Income See Note 2 £000	Expenditure See Note 3 £000	Asset purchases See Note 9 £000	Gains & Losses See Notes 7,10 £000	Funds carried forward to 2018 £000
Restricted fixed asset funds	20,375	-	(434)	794	-	20,735
Attenborough Campaign Fund	18	151	-	(771)	-	(602)
Shaw Fund	7	17	(17)	-	-	7
Widening participation	-	186	(101)	-	-	85
Website Fund	13	-	-	-	-	13
Scholarships & other student support	-	534	(449)	-	-	85
Teaching capital	-	23	-	(23)	-	-
Total restricted funds	20,413	911	(1,001)	-	-	20,323

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 Street site, the Jerwood Vanbrugh Cinema and the refurbishment of the Props Room, as well as new investment in the current Chenies Street 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 Widening Participation Fund represents monies donated to encourage progression to higher education by students from diverse social backgrounds

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

The Scholarship Funds represents funds donated for student bursaries, maintenance grants and other support costs.

The Teaching Capital Fund is a grant from HEFCE that is used to replace teaching equipment.

THE ROYAL ACADEMY OF DRAMATIC ART

Notes to the Accounts for the year ended 31 July 2017

Endowment funds:-

	Funds brought forward from 2016	Income	Expenditure	Asset purchases	Gains & Losses	Funds carried forward to 2018
	£000	See Note 2 £000	See Note 3 £000	See Note 9 £000	See Notes 7,10 £000	£000
Category A	3,119	-	(9)	-	145	3,255
Category B	1,216	-	(4)	-	57	1,269
Total endowment funds	4,335	-	(13)	-	202	4,524
Total charity funds	38,296	11,148	(10,875)	-	1,240	39,809

Endowment Funds

The original monies donated to endowment funds are 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