

# RADA

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2018**

Charity Registration Number 312819



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

The year began with all the excitement surrounding our co-production of *Hamlet* with the Kenneth Branagh Theatre Company, with a wonderful company led by graduate Tom Hiddleston (half of them graduates, half of them women, half of them BAME) directed by our President Sir Kenneth Branagh. Performed in the intimacy of the Jerwood Vanbrugh Theatre, this production exemplified so much of what we aim to achieve in so many ways.

Throughout the year our third year students, as every year, performed in thirteen productions in our three theatres, as well as making six short films. Our second year students ended the year with fine performances – at RADA, in schools, and at overseas festivals – of abbreviated Shakespeare plays. All of this, and much more, set out more fully in Edward Kemp's report later in these statements, was wonderfully supported by our technical theatre arts department, who account for about half our total of full-time students. And, of course, by our full and part-time staff and visiting lecturers, directors and designers.

In short, RADA goes from strength to strength in our core activity of providing world-class, effective training to our students, thereby benefitting the industry and the country.

Our financial position remains satisfactory, as set out later in these statements, with a surplus before depreciation.

We continued to receive more than 100 applications for each place on our Acting BA course, and they are strong also for the technical theatre courses and our MA and short courses. Greater transparency about the availability of cost-free auditions for those whose finances justify this support resulted in a significant increase.

We continued to provide scholarship and bursary support at some level for almost two-thirds of our full-time students, and our generous scholarship provision enables us to seek out talented students from all income backgrounds.

We launched a new Respect at RADA policy, which covers the whole RADA community, with an associated training programme for staff and students.

Our provision of communications skills training and consultancy outside the industry, through RADA Business, improves the performance of leaders in Government, business and the professions, while providing significant support to RADA's finances. Sales exceeded £5m for the first time, and RADA Business has now moved into its own premises, very close by, in Scala Street.

Work towards the redevelopment of our Chénies Street properties continues. We have now acquired from Camden the long lease of number 16 (RADA Studios, formerly the Drill Hall), and are moving towards finalising the details of our planning consent. Fund-raising towards the Attenborough development project is ongoing, and still has some distance before we begin to build.

Perhaps the most important activity of the year has been our planned departure from the Conservatoire for Dance and Drama, which we helped to found some years ago, to become, for the first time in our 114 years, an independent Higher Education Institution. We are now successfully registered with the Office for Students, a status which will enable RADA to determine our own course and access our own funding. As part of the registration process we received confidence from the Quality Assurance Agency for England in the quality and standards

of our higher education courses, a successful project in which many staff and students actively helped the Student & Academic Services team. From September 2019, we will be proudly, and gladly, on our own.

Among the many other important activities during the year were the creation of a new and greatly improved website, refreshing the RADA brand and bringing functionality and capacity to communicate our work more effectively, while preparing us to develop for the future including a planned shift to online applications.

During the year we were sorry to see the retirement from Council of Matthew Byam Shaw, a graduate and theatre and film producer, and pleased to welcome Tamar Thomas, a graduate now working as a theatre and film producer. It was with great sadness that we learned of the death of Laurence Isaacson on 23 October. He was an active and enthusiastic Member of Council, attending very many Academy and fund-raising events, and bringing his humour, his contacts and his wisdom to bear on our affairs.

All that RADA achieves each year is only possible because of the dedication and skills of our staff, led by Director Edward Kemp and all the Senior Leadership Team. Their commitment is matched and supported by the input from our many full and part-time teachers, and the professional services teams who make their work possible. We thank them all, as well as all our generous donors and supporters of all kinds. With their continuing and valued encouragement and support RADA remains a remarkable 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 2017-18 were:

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

## World-leading learning

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

## Validated Courses

### Acting

Following the year of review (2016-17), this year saw the culmination of that process in the successful revalidation of the BA (Hons) Acting course in November. Once revalidation had been secured, preparations for the new programme were intensified in readiness for the 2018-19 academic year. Necessary contractual changes in order to implement a new line management system allowed a review of all teaching staff contracts and an opportunity to ensure consistency in terms and conditions. Recruitment for new strands of teaching (Devising and Meisner for Screen) was rigorous and competitive and resulted in the appointment of two culturally diverse staff members, a priority in our plan to increase diversity amongst teachers. Altogether we have recruited four new teaching staff as a result of the review, increasing our teaching in screen acting and improvisation/devising and expanding our movement team.

A mentoring scheme was launched this year with two aims: to increase diversity in the teaching team and to extend the pool of teachers with experience of RADA's pedagogy. RADA graduate Beru Tessema observed Lead Acting Tutor John Beschizza's first and second year acting classes, and taught the first year's final rehearsal exercise class (Chekov's *The Seagull*). Michalis Aristidou came from Guildhall's Training Actors (Movement) MA, and worked closely with Shona Morris, Lead Movement Tutor. Both Michalis and Beru contributed to our final round audition panel and, as an indication of the success of this year's mentoring programme, were recruited onto the team. Next year we will focus on mentees in the singing department.

In the summer term, preparations for the Quality Assurance Agency (QAA) required the focus of the Director of Acting Training and several members of the acting faculty, as well as acting student reps. Although time-consuming, it was a more than useful exercise in ensuring our policies and structures are not only up to date but understood and applied by teaching staff.

Staff training and development has been a priority this year, as we embed the principles of a team approach to the training and develop the flexibility and resources of the teaching team. Teachers Teaching Teachers was launched to considerable enthusiasm and sessions (held three times in a term) were run across the year providing platforms for teachers to share their practice with their colleagues. This initiative will continue next year. Other staff training has focused on supporting students with mental health conditions and developing learning-led teaching strategies.

Student development has been marked in work of a very high standard in first, second and third year, with a record number of third year students leaving the course early to undertake professional work. Continuing our practice of taking second year students to European festivals at the end of the year, we had three very successful encounters: *Two Gentlemen of Verona* won an award at the 23<sup>rd</sup> Gdansk Shakespeare Festival amongst professional competition; the *Midsummer Night's Dream* cast were notable in their contribution to the Alpbach Forum where they ran workshops and created devised work on a daily basis; and at the META festival in Florence, *Much Ado About Nothing* was a highlight of the festival.

## MA Lab

Ian Morgan completed his first year as Course Leader and undertook a scrutiny of the course in anticipation of a review. The course was revalidated in November 2017 but with a new course leader it is timely to consider in more detail its structure, pedagogy and overall aims in terms of preparing students for a professional career in performance. The review will be undertaken across 2018-19. Within his first year, Ian has contributed significantly to the revalidation and QAA processes, brought the course more closely in line with the academic service structures of the BA course and maintained the consistency of the teaching delivery. Initial considerations of the programme have already led to some small adaptations within the course's current delivery and implementation. For example, a slight expansion in hours of vocal training and more consistency in the content physical training work, and a rigorous re-examination of the audition process, improving both the documentation of applicant assessment and the manner in which potential students receive clear detail about the content of the course on the day.

Over 2017-18 MA Lab students have benefitted from several extra-curricular projects. They took work to two international festivals, 'The International 'Encounter / Setkani' Festival of Theatre Schools in Brno, Czech Republic and the Youth Festival of Ancient Drama, in Messene, Greece. Two very different challenges that stretched the cohort's theatre-making practice; the group, with the Course Leader, also represented RADA in the CDD Virtual Conservatoire project – designed to expand the schools' use of digital media in training. Collaborating with students from RCM, RAM, LAMDA, Central School of Ballet, BOVTS, the LAB participated in and led workshops exploring high speed video link technology for rehearsal and the creation of original work. The project will culminate in an interdisciplinary performance, simultaneously performed in London and Bristol next Spring. LAB alumni will participate, under the co-direction of Ian Morgan.

## Technical

The Academic year started with an alluring exhibition in the RADA Bar entitled the *Art of the Scenic Artist*, an exhibition of works of art created by graduates who had specialised in this area, suggested by Head of Department Dan Collins as a way of celebrating his tenth year anniversary in this role. It was much commented on and many of the beautiful art works were subsequently sold, including a series by Paul Westcombe of images drawn partly out of an inability to afford materials and thus on material free for his use at the time... a tube ticket.

During this period, RADA had a change of Production Manager (PM) as Jacqui Leigh came on board to replace David Agnew. As a further consequence of this appointment, and in line with thoughts derived from the Technical Review, it was subsequently decided to divide the PM role into Production Manager and Technical Manager (TM) with the latter line managed by the former.

Video and Digital Design at RADA has continued to develop during this period. Award winning industry experts Timothy Bird and Nina Dunn, who were already contributing to this area of teaching, were appointed as joint heads of this department and, throughout the period, have grown and developed both the pedagogical understanding of their discipline and how it should be taught within the TTSM programme.

The creation of the first new RADA technical department in living memory has seen the work blossom as a production element, in line with its use in the industry. Supporting video design in



a production context has been an on-going dialogue throughout the year, and has encompassed a number of highly successful video designs created by students. A notable example being the hugely impressive work in scenic projection for the production of John Brittain's fine play *Rotterdam* in the Gielgud Theatre.

In April RADA hosted two 'symposia' on the subjects of Stage Management and Scenography. These represented a need, post Technical Theatre Arts review, to continue discussions in these areas. For the former it was an inquiry into whether Stage Management remained valid, fit for purpose and properly connected to the industry. For the latter, discussion centred around ways forward for the teaching of theatre design (in all elements) and was an initial response to the suspension of the post graduate programme in this area.

Both were attended by a number of high level and interested industry figures and freelance practitioners, including staff from the National Theatre, RSC, and the Royal Court. It was clear that RADA was generally held in very high esteem and looked upon as a place to both set and maintain standards and to provide the next generation of best practice.

Looking forward, Technical staff are meeting to discuss plans for further programme development and the necessary staffing structures to support this; continuing, in particular, to scope out how the programmes may return to training in Scenography and Design. Further open conferences in this area are planned and specifically in how digital technology has changed the landscape here. The department is also looking to enhance mechanisms to support and grow our ability in the important areas of outreach and widening participation with a keen eye specifically on diversity and disability.

Staff have, once again, showed dedication and commitment to all aspects of the training – even outside the core programme, such as the RADA Festival.

The festival provides a fantastic and unique opportunity in RADA for all technical students to further refine their skills in a vibrant, exciting and outward looking theatre making environment. For the first time, the Festival included a public display of great and imaginative art work. Graduates from Scenic Art, Design and the TTSM programmes exhibited work in the RADA foyer and winding up the stairwell towards the theatres.

## **Performances**

The year began artistically with RADA's co-production with the Kenneth Branagh Theatre Company (KBTC) of *Hamlet* in the Jerwood Vanbrugh Theatre, directed by RADA's President Sir Kenneth Branagh and featuring a company of RADA graduates and members of KBTC led by graduate Tom Hiddleston in the title role. Conceived as a flag-raiser for the RADA Attenborough Campaign, the production not only introduced a large number of new audiences to RADA but also demonstrated the kind of creative space that we hope the Attenborough campaign will offer to graduates and the profession. Sponsorship enabled every student in RADA (and many of our graduates) to see the production.

Simultaneous with *Hamlet* we also held the second Beyond the Canon showcase building on last year's successful event. This is part of a range of work which is responding both to the growing diversity of RADA's student body and looking to build upon the work already done and ensure that the Academy is truly accessible to all students of talent, regardless of background. Other

work in this area has included supporting the Graeae Ensemble and Open Door (an initiative to improve access to training). Titas Haider, a director who had first worked at RADA on the first Beyond the Canon showcase, returned to direct his own new adaptation of Strindberg's *Easter*, commissioned by RADA. Prasanna Puwanarajah also returned to direct his specially licensed update of RC Sheriff's *Journey's End*. The playwrights Jon Brittain (*Rotterdam*), Lucy Caldwell (*Leaves*), Caryl Churchill (*Love and Information*), David Hare (*Stuff Happens*) and Tena Stivicic (*3 Winters*) all came to see productions of their plays. The season also included Sondheim's *Assassins*, with the band once again provided by students from the Royal Academy of Music (RAM), and revivals of Lorca's *The House of Bernarda Alba* (in a new version by Edward Kemp), Neil Simon's *Broadway Bound*, Tennessee Williams's *Suddenly Last Summer & Something Unspoken*, Middleton's *Women Beware Women* and Nicholas Wright's *Mrs Klein*. Directors making their debut at RADA included graduates Cara Nolan and Joan Oliver, Marieke Audsley, Rachel Bagshaw, Simon Dormandy, Peader Kirke and Eleanor Rhode.

Screenplays for RADA short films were commissioned from Adam Barnard, graduate Lily Bevan, Marcelo Dos Santos, Edward Kemp, Emily Marcuson and Steve Rehman. More and more RADA short films are being invited to film festivals nationally and internationally. We have continued our work around the Virtual Conservatoire, both with our partners in CDD, RAM and Royal College of Music, and with King's College London; Edward Kemp appeared on a platform at King's for their event 'The Future is 5G'.

The Shakespeares for Young Audiences companies, as well as touring to schools around London, again visited European festivals, in Florence, Gdansk and Alpbach. At the Gdansk Shakespeare Festival *Two Gentlemen of Verona* won the prize for best OFF production. The RADA Festival broke new ground, with artworks across the foyers, including a 'pageant on paper' celebrating 100 years of female suffrage, former Children's Laureate Chris Riddell drawing live on stage, and work focusing on immersive sound and accessibility. Two companies of graduates from the MA Lab, Hot Coals and New Public, played their shows in the GBS, with both receiving Arts Council of England support for their productions.

## **Student Achievements**

Lucie Sword won the Spotlight Prize. Lucy Doyle and Saffron Coomber were amongst the 5 winners of the BBC Radio Carleton Hobbs competition. Second year Aron Julius won a top Olivier bursary. By graduation, BA acting graduates had secured work at the Royal Shakespeare Company, the Royal Court, the National Theatre/Young Vic in the West End, the Michael Grandage Company, the Unicorn Theatre, the Yard Theatre and the National Theatre of Scotland.

## **Student & Academic Services**

One of the major projects for the year has been pursuing RADA's ambition to become a higher education institution designated for student finance, in its own right.

This followed the decision taken by Council at the end of the 2016-17 academic year not to sign up to the new Conservatoire Membership Agreement, but to pursue registration with the new Office for Students. The rationale, after Council debate, was that this presented the first

realistic opportunity for RADA to be directly funded in its lifetime, that the funding possibilities were at least as good as those made possible through the Conservatoire and there was consistency for students between their home, teaching institution and the funded higher education institution.

We experienced a number of audits connected both to revalidation by King's College London (KCL) and our application for registration with the Office for Students (OfS) from August 2019. The King's revalidation process was successful, with a new agreement signed for five years. The OfS confirmed at the year-end that RADA was registered for 2019-20. RADA also received a positive outcome from the Quality Assurance Agency in its Quality Review Visit in June 2018. The report is published on the QAA website: [https://www.qaa.ac.uk/docs/qaa/reports/rada-qrv-2018.pdf?sfvrsn=b5d7fe81\\_4](https://www.qaa.ac.uk/docs/qaa/reports/rada-qrv-2018.pdf?sfvrsn=b5d7fe81_4).

RADA has given notice to the Conservatoire and will cease to be an affiliate school from 31 July 2019.

Student and Academic Services staff have worked closely with colleagues in both the acting and technical faculties over the course of the year to prepare for these audits and to ensure that RADA's higher education systems are fit for purpose. The validation of both King's College, London and the Quality Assurance Agency reinforce that we are ready to be a higher education institution in our own right and have taken a further step towards RADA having its own degree awarding powers. Both reports were particularly positive about the support services offered, the inspirational teaching and the individual care shown to RADA students.

## **Master Classes and Professional Development**

Visitors to the Academy this year included: graduates Stephen Beresford, Kelly Burke, OT Fagbenle, Karen Hebden, Asif Khan, Mike Leigh, Mark Lockyer, Tanya Moodie, Nicholas Parsons, Mark Pawsey, Lindsay Posner, Sophie Rundle, Rebecca Scroggs, Fiona Shaw, Robin Soans, Sophie Stanton, Geoffrey Streatfeild and Richard Wilson; writers Alecky Blythe, Tim Crouch, Kat Francois and Stephen Jeffreys; directors Michael Attenborough, Simona Gonella, Giles Havergal, Patrick Marmion and Jenny Topper; casting directors from Shakespeare's Globe, the National Theatre and RSC, as well as Leila Bertrand, Lucy Bevan, Julia Horan and Liz Stoll. Rickman Breakfast guests included journalists Paul Mason and Katharine Viner, Nimco Ali, Canon Mark Oakley and Ed Vaizey MP. Guests in the Timeline series, which RADA runs in association with the Academy of Motion Picture Arts and Sciences and the British Academy of Songwriters, Composer and Arrangers, included legendary film sound editor Walter Murch.

## **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.

## **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 detailed design continued throughout the year, alongside the lengthy negotiations to agree the section 106 agreement (an agreement with the local authority that governs the delivery and operation of the finished building) that was a condition of the original planning permission and critical to proceeding with the scheme. This was finally concluded in August 2018. As part of this process we were able to confirm that the proposed scheme will achieve BREEAM Very Good status which is positive for a complex refurbishment in a listed building. The next phase will be to seek consent for the design changes that have evolved since the original application.

### **IT**

The programme of IT investment continued, including the installation of new systems in the RiB site at Scala St and additional office spaces at Gower Street. The move of file-sharing and email systems into the cloud has continued, reducing reliance on elderly infrastructure on site. This should be completed in 2018-19. Alongside the main website transformation, the intranet has been moved to a modern Sharepoint system.

### **Staff Development**

RADA is committed to developing its staff and enabling them to achieve the highest standards. The annual staff conference took place in January with a wide range of sessions on topics from production management to unconscious bias, with practical sessions on voice, hat making and filmmaking. Feedback was very positive. In May 2018 an all-staff survey was undertaken so that staff had a chance to air views anonymously and across a range of topics. Staff development and facilities were areas that were identified as needing attention and will be built into plans for 2018-19.

## 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 Higher Education Funding Council for England (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 Business

RADA Business traded strongly in 2017-18 growing income by 9.5% and making a contribution of £1.5m to RADA.

The strategy for 2017-18 was to:

- Continue to strengthen the income generation by focusing on the in-house corporate accounts which delivered £1.8m of sales ahead of a budget of £1.3m,
- Build out the portfolio of women's work and de-risk that portfolio by bringing more tutors in who can deliver that work,
- Assess the viability of smaller and less profitable work and refresh our relationships with our major accounts and international partners,
- Increase the capability of the client facing team to be able to sell and manage larger accounts, this meant a focus on development around selling, negotiation and client relationship management,
- Reduce the back office administration to deliver the courses,
- Upgrade the digital channels including a major upgrade to the RADA Business website and digital advertising to capture searches and new customers,
- Grow the tutor portfolio with an addition of 3 new tutors in the year and grow the capability of tutors through peer working and one to one support,
- Diversify to help protect the business from the UK economy and any sector downturns, for example by offering our services internationally to major corporates. RADA Business delivered work in over 20 countries in 2017-18.

RADA in Business rebranded as RADA Business in February 2018 with a focus on a more distinct and defined brand to work alongside the web redesign. A reputation audit will be conducted in Q1 2019 to assess the effectiveness of this on visibility and brand association. RADA Business completed a 9 month project to move into 24-25 Scala Street. This is a new office designed to allow RADA Business to grow, provide space for RADA core activities and help to provide a suitable modern work environment to engage and retain the core staff of 14. The building was also designed to allow coaching to be conducted in the two purpose built coaching rooms to help monetise the space and provide room for an additional £300k of coaching in the future. The move also saw a significant upgrading of technology, putting the front line staff onto mobile technology to allow more flexible working and to upgrade the aging back office technology.

This performance was achieved even with the higher operating costs arising from the Scala Street premises in the second half of the year. The 2017-18 accounts are particularly reassuring as RADA Business has managed to cover this extra overhead and maintain profitability.

We expect the market for training and learning consulting to be increasingly competitive in 2018-19. The focus continues to be on growing corporate accounts, growing the value of accounts and capturing more of that value for RADA Business, for example through being paid fees for design and facilitating learning strategies and solutions. A significant project to reduce

the administration to deliver the courses will be undertaken in Q2 as well as a strategic review to see how to design RADA Business for its next evolution of growth to meet the needs of RADA and support its ability to maintain world class training and entrepreneurial agility.

## **Fundraising**

As well as securing the funds for the bursary and widening participation programmes (see Widening Participation and Outreach on page 16) and continuing the RADA Attenborough Campaign (securing pledges or new income of £680k this year as of 31st July), RADA's development department raised £631k towards RADA's core costs from legacies, 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.

## **Reputation and Sustainability**

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

### **Audiences**

We continue marketing and engagement campaigns for RADA's public programme. Attendance and box office income for RADA's third year productions and the annual RADA Festival continue to demonstrate very positive audience engagement.

### **RADA Business communications and marketing**

Continued PR and digital advertising are supporting sales of open courses as well as raising visibility and profile for RADA Business.

### **Website and CRM development**

We launched new websites for RADA and RADA Business in May 2018 and are continuing to optimise the sites. We are scoping CRM and digital development required so that applications for all RADA courses may be made online, including considerations of data 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 and Outreach

We continued to offer a range of widening participation projects and to build new partnerships. The RADA Youth Company presented *A Midsummer Night's Dream*. The production was supported by the first cohort of Technical Youth Company students to complete a term's programme and then a two-week intensive course, supported by current RADA students, graduates and staff. We built relationships with Graeae and Deafinitely Theatre and again offered opportunities as part of Camden Summer University and Theatre Royal Stratford East. The Young Theatre Makers programme for 11-14 year olds ran for its second year during the Easter holiday. RADA is at the forefront of initiatives for young people focused in increasing the diversity of people applying to drama school. We worked with the Diversity School Initiative and Open Door. Three of RADA's first year acting students were prior Youth Company members. We have published our first Access and Participation Plan for 2019-20, as part of our registration with the Office for Students.

Around 35% of RADA's total undergraduate student body new to higher education are from a family income of less than £43k. In acting, this figure increases to 44% of the student body. RADA gave out financial support of £588k to 100 students over the course of the year, including both full scholarships for fees and maintenance costs to partial awards.

We have seen a steady rise over the past five years, particularly in acting, in the number of BAME students, with the population now standing at around 32% of the acting student body. Increasing BAME participation in technical theatre is one of our priorities.

## Priorities for 2018-19

Key priorities for the coming year include:

- Prepare for HEI status in 2019-20
- Conduct review of the MA Lab programme
- Pilot the graduate training programme
- Complete design for Chenies St project
- Expand RiB courses outside London
- Agree the strategic plan for 2019 onwards



## 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 2018 and 31 July 2017:

		2018 £000	2017 £000
RADA Business	Turnover	5,047	4,572
	Expenditure	<u>(3,554)</u>	<u>(3,242)</u>
	<b>Operating profit</b>	<b>1,493</b>	<b>1,330</b>
RADA	Student & other fees	4,247	4,150
	HE grants	945	932
	Bursary funding	527	534
	Other fundraising	893	455
	Donations in kind	<u>188</u>	<u>222</u>
	<b>Total Academy Income</b>	<b>6,800</b>	<b>6,293</b>
	Operating costs	(7,471)	(6,204)
	Bursary cost	(605)	(449)
	Donations in kind	(188)	(222)
	<b>Net Income from principal activities</b>	<b><u>29</u></b>	<b><u>748</u></b>
Royalties	145	131	
Investment Income	91	-	
Depreciation	(696)	(757)	
<b>Net (Deficit)/Income</b>	<b><u>(431)</u></b>	<b><u>122</u></b>	

The increase in operating costs is due to some one-off elements (£364k of arrears relating to an historic rent review connected with the acquisition of the Chenies St lease, and £265k for the production cost of Hamlet, which was more than offset by additional income) but also reflects higher staff numbers and increased general overheads, such as utilities. Despite this we achieved our aim of breaking even before depreciation. This increase in unrestricted cash, together with the investment gain of £510k, 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 £341k 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 2018 are £2.0m (2017: £2.5m, see note 19) with a further £5.7m of designated reserves (2017: £9.0m). 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. During the year £3.5m of designated reserves were released to acquire a long leasehold interest in 16 Chenies Street from the London Borough of Camden. This will reduce the existing rental cost and secure the site for RADA's long term benefit.

RADA's total reserves of £40.8m are made up of the following amounts (as shown in notes 18 and 19):

	2018	2017	
	£m	£m	
Fixed Assets	34.8	30.5	Land, buildings & equipment used for charitable purposes
Endowment Funds	4.8	4.5	Invested to provide future income
Designated	5.7	9.0	Invested for expenditure on future projects including Chenies St
Unrestricted	2.0	2.5	General reserve
Restricted funds	0.3	0.2	Specific project funding
Capital Project deficit	(0.9)	(0.6)	To be met from secured pledges
Pension Scheme Liability	(1.4)	(1.7)	To be met from operating income
Long term lease	(4.5)	(4.6)	To be met from operating income
<b>Total</b>	<b>40.8</b>	<b>39.8</b>	

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 over time and designated reserves may be released if required.

The restricted Capital Project Fund is currently in deficit by £0.9m as expenditure to date has exceeded restricted funds received. RADA has secured reliable pledges from donors that can be used to cover the deficit in future.

## Pay policy for senior staff

Members of Council, who are the charity's Trustees, and the Senior Leadership 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 (if any) and related party transactions are disclosed in note 17 to the accounts.

The pay and conditions of the Senior Leadership Team 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 Leadership 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 school of CDD and through its own staff, RADA is kept 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 2017:	
Chairman	Sir Stephen Waley-Cohen Bt.	
Members	<p>S J K Barratt          Josh Berger CBE          Simon Berry CVO          Matthew Byam Shaw (to 14 June 2018)          Chipso Chung          Paul Clay          Sir Martin Donnelly (from 26 October 2017)          Buster Dover          Judy Grahame          Stephen Greene          Ros Haigh          Laurence Isaacson CBE (to 23 October 2018)          Mike Leigh OBE          Rishi Madlani          Tanya Moodie          Glen Moreno          Paul Pyant          Fiona Shaw CBE          Robin Soans          Imogen Stubbs          Andrew Sutch          Michelle Terry          Tamar Thomas (from 14 June 2018)          Richard Wilson OBE          Professor Michael Worton CBE</p>	
Senior Leadership Team	<p>Edward Kemp          Kevin Chapman          Julie Crofts          Neil Fraser          Fraser Jopp          Penny Seward          Lucy Skilbeck          Helen Slater</p>	<p>Director          Director of RADA in Business          Director of Student &amp; Academic Services          Director of Technical Training          Director of Finance &amp; Operations          Director of Development          Director of Actor Training          Director of Marketing</p>

## **Sub-Committees**

### **Finance & General Purposes Committee**

#### **Remuneration Committee**

**Chair** S J K Barratt  
**Members** Paul Clay  
Andrew Sutch

#### **Audit Committee**

**Chair** Stephen Greene  
**Members** Ros Haigh  
Rishi Madlani

#### **Nominations Committee**

**Chair** Sir Stephen Waley-Cohen Bt  
**Members** Simon Berry CVO  
Matthew Byam-Shaw (to 14 June 2018)  
Robin Soans

#### **Training Committee**

**Chair** Chipso Chung  
**Members** Catherine Bailey  
Michelle Terry  
Matthew Byam Shaw  
Paul Clay  
Neil Fraser  
Edward Kemp  
Mike Leigh  
Tanya Moodie  
Paul Pyant  
Fiona Shaw  
Lucy Skilbeck  
Robin Soans  
Imogen Stubbs  
Tamar Thomas  
Sir Stephen Waley-Cohen  
Richard Wilson

## Attendance

Attendance at Council and other key meetings was as follows:

Name	Council	F&GP	Audit	RADA
S J K Barratt	4/4	4/4		recognises
Josh Berger CBE	0/4			that many
Simon Berry CVO	3/4			of its
Matthew Byam Shaw	1/3			Council
Chipo Chung	1/4			members in
Paul Clay	1/4	3/4		the
Sir Martin Donnelly	4/4			profession
Buster Dover	2/4			may not be
Judy Grahame	3/4			able to
Stephen Greene	3/4		3/3	attend all
Ros Haigh	3/4		3/3	meetings
Laurence Isaacson CBE	3/4			due to their
Mike Leigh OBE	1/4			
Rishi Madlani	4/4		2/3	
Tanya Moodie	2/4			
Glen Moreno	3/4			
Paul Pyant	3/4			
Fiona Shaw CBE	1/4			
Robin Soans	3/4			
Imogen Stubbs	3/4			
Andrew Sutch	3/4	2/4		
Michelle Terry	0/4			
Tamar Thomas	1/1			
Sir Stephen Waley-Cohen Bt	4/4			
Richard Wilson OBE	1/4			
Prof. Michael Worton CBE	4/4			

professional commitments. All members receive all relevant papers in advance of meetings and are able to discuss issues with the Chair, Director or senior leadership 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

25 October 2018

## 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 2018 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 2018 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.

### 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 prescribed by the Office for Students (OfS) "Regulatory Advice 9: Accounts Direction"

In our opinion, in all material respects:

- funds administered by the Academy for specific purposes during the year ended 31 July 2018 have been applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the OfS have been applied in accordance with the terms and conditions of the Accounts Direction and any other terms and conditions attached to them during the year ended 31 July 2018; and
- the requirements of OfS'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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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.



For and on behalf of

Saffery Champness LLP

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

Date: 6 November 2018

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

ROYAL ACADEMY OF DRAMATIC ART

Consolidated Statement of Financial Activities for the year ended 31 July 2018  
(including Income & Expenditure Account)

		Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds	Total Funds*
	Note	2018 £000	2018 £000	2018 £000	2018 £000	2017 £000
<b>Income &amp; Endowments from:</b>						
Donations & Legacies		913	1,436	-	2,349	1,360
Charitable activities		5,169	23	-	5,192	5,083
Other trading activities		5,145	-	-	5,145	4,700
Investments		31	-	64	95	5
<b>Total income</b>	<b>2</b>	<b>11,258</b>	<b>1,459</b>	<b>64</b>	<b>12,781</b>	<b>11,148</b>
<b>Expenditure on:</b>						
Raising funds						
- Commercial trading		3,326	-	-	3,326	3,149
- Fundraising		489	265	-	754	394
- Investment management		5	-	11	16	19
Charitable activities		7,376	1,042	-	8,418	7,313
<b>Total expenditure</b>	<b>3,4</b>	<b>11,196</b>	<b>1,307</b>	<b>11</b>	<b>12,514</b>	<b>10,875</b>
<b>Total income less total expenditure</b>		<b>62</b>	<b>152</b>	<b>53</b>	<b>267</b>	<b>273</b>
Net gains on investments	<b>10</b>	215	-	295	510	535
<b>Net income for the year</b>		<b>277</b>	<b>152</b>	<b>348</b>	<b>777</b>	<b>808</b>
<b>Other recognised gains</b>						
Net actuarial gains on defined pension benefit schemes	<b>7</b>	240	-	-	240	705
<b>Net movement in funds</b>		<b>517</b>	<b>152</b>	<b>348</b>	<b>1,017</b>	<b>1,513</b>
<b>Total funds brought forward</b>		14,962	20,323	4,524	39,809	38,296
<b>Total funds carried forward</b>		<b>15,479</b>	<b>20,475</b>	<b>4,872</b>	<b>40,826</b>	<b>39,809</b>

All activities derive from continuing operations

The notes on pages 34 to 47 form an integral part of these accounts.

\* See analysis overleaf.

ROYAL ACADEMY OF DRAMATIC ART

Analysis of consolidated prior year total funds

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

ROYAL ACADEMY OF DRAMATIC ART

Balance Sheets as at 31 July 2018

	Notes	GROUP		ACADEMY	
		2018 £000	2017 £000	2018 £000	2017 £000
<b>Fixed assets</b>					
Intangible assets	8	-	-	-	-
Tangible assets	9	34,755	30,530	34,731	30,529
Investments held as fixed assets	10	11,800	13,466	11,802	13,467
<b>Total fixed assets</b>		<b>46,555</b>	<b>43,996</b>	<b>46,533</b>	<b>43,996</b>
<b>Current assets</b>					
Debtors	12	1,227	1,417	1,097	1,667
Cash at bank and in hand		1,295	3,148	730	2,207
<b>Total current assets</b>		<b>2,522</b>	<b>4,565</b>	<b>1,827</b>	<b>3,874</b>
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	13	(2,374)	(2,398)	(1,677)	(1,724)
<b>Net current assets</b>		<b>148</b>	<b>2,167</b>	<b>150</b>	<b>2,150</b>
<b>Total assets less current liabilities</b>		<b>46,703</b>	<b>46,163</b>	<b>46,683</b>	<b>46,146</b>
Creditors: amounts falling due after more than one year	14	(4,514)	(4,624)	(4,514)	(4,624)
<b>Net assets excluding pension liabilities</b>		<b>42,189</b>	<b>41,539</b>	<b>42,169</b>	<b>41,522</b>
<b>Defined benefit pension scheme liabilities</b>					
	7	(1,363)	(1,730)	(1,363)	(1,730)
<b>Total net assets</b>		<b>40,826</b>	<b>39,809</b>	<b>40,806</b>	<b>39,792</b>
<b>Represented by:</b>					
<b>Unrestricted Funds</b>					
Unrestricted Revenue Funds	18,19	(3,881)	(3,804)	(3,901)	(3,821)
<b>Designated Funds</b>					
Designated Revenue Funds	18,19	5,695	8,971	5,695	8,971
Designated Fixed Asset Funds	18,19	13,665	9,795	13,665	9,795
<b>Total unrestricted funds</b>		<b>15,479</b>	<b>14,962</b>	<b>15,459</b>	<b>14,945</b>
<b>Restricted funds</b>					
Restricted Revenue Funds	18,19	(615)	(412)	(615)	(412)
Restricted Fixed Asset Funds	18,19	21,090	20,735	21,090	20,735
<b>Total restricted funds</b>		<b>20,475</b>	<b>20,323</b>	<b>20,475</b>	<b>20,323</b>
<b>Endowment funds</b>					
Endowment Revenue Funds	18,19	4,872	4,524	4,872	4,524
<b>Total endowment funds</b>		<b>4,872</b>	<b>4,524</b>	<b>4,872</b>	<b>4,524</b>
<b>Total charity funds</b>		<b>40,826</b>	<b>39,809</b>	<b>40,806</b>	<b>39,792</b>

The financial statements on pages 30 to 47 were approved by Council on 25 October 2018 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 34 to 47 form an integral part of these accounts.



ROYAL ACADEMY OF DRAMATIC ART

Consolidated Cash Flow Statement for the year ended 31 July 2018

		2018 £000	2017 £000
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities as shown below	A	815	399
<b>Cash flows from investing activities</b>			
Interest received		4	5
Dividends received		-	-
Other investment income, including rents from investments		91	-
Proceeds from sale of property, plant and equipment		1	-
Purchase of property, plant and equipment		(4,940)	(886)
Proceeds from sales of investments		2,251	20
Purchase of investments		(75)	-
<b>Net cash used in investing activities</b>	B	<b>(2,668)</b>	<b>(861)</b>
<b>Cash flows from financing activities</b>			
Repayment of amounts borrowed		-	-
<b>Net cash used in financing activities</b>	C	<b>-</b>	<b>-</b>
<b>Overall cash used by all activities</b>	A+B+C	<b>(1,853)</b>	<b>(462)</b>
<b>Cash movements</b>			
Change in cash and cash equivalents from activities in the year ended 31 July		(1,853)	(462)
Cash and cash equivalents at 1 August		3,148	3,610
<b>Cash at bank and in hand less overdrafts at 31 July</b>		<b>1,295</b>	<b>3,148</b>
<b>Reconciliation of net income to net cash flow from operating activities</b>			
		2018 £000	2017 £000
Net income as shown in the Consolidated Statement of Financial Activities		777	808
<b>Adjustments for :-</b>			
Depreciation charges		714	653
Amortisation charges		-	112
Net gains on investment assets		(510)	(535)
Dividends, interest and rents from investments		(95)	(5)
Increase in defined benefit pension scheme funds, less unrealised gains		(127)	(203)
Decrease/(increase) in debtors		190	(606)
(Decrease)/increase in creditors, excluding loans		(134)	175
<b>Net cash provided by operating activities</b>	A	<b>815</b>	<b>399</b>
<b>Analysis of cash and cash equivalents</b>			
		2018 £000	2017 £000
Cash in hand at for the year ended 31 July		1,037	1,392
Notice deposits - (less than 3 months)		258	1,756
<b>Total cash and cash equivalents</b>		<b>1,295</b>	<b>3,148</b>

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## ROYAL ACADEMY OF DRAMATIC ART

### Notes to the Accounts for the year ended 31 July 2018

#### 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 FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS102") and the 2015 Statement of Recommended Accounting Practice applicable to charities ("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"), 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 Chenies St (see note 14), the Academy expects to continue to meet these liabilities from operating income as it has to date. The core HEFCE grant is subject to changes in legislation and government policy but the Academy has the ability to adjust its other expenditure according to funds available. The Academy has unrestricted cash reserves of £2.0m (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 March 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.

## ROYAL ACADEMY OF DRAMATIC ART

### Notes to the Accounts for the year ended 31 July 2018

#### 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 it, 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.

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.

## ROYAL ACADEMY OF DRAMATIC ART

### Notes to the Accounts for the year ended 31 July 2018

#### **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 FRS 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 Academy, and the irrecoverable amount is therefore included in the relevant costs in the Statement of Financial Activities.

# ROYAL ACADEMY OF DRAMATIC ART

## Notes to the Accounts for the year ended 31 July 2018

### 2 Incoming Resources

	Unrestricted 2018 £000	Restricted 2018 £000	Endowment 2018 £000	Total Funds 2018 £000	Total Funds 2017 £000
<u>Donations &amp; Legacies</u>					
Fundraising (Donations & grants)	266	1,411	-	1,677	1,007
Royalties	145	-	-	145	131
Donated goods and services	188	-	-	188	222
Legacies	314	25	-	339	-
<b>Total from donations &amp; legacies</b>	<b>913</b>	<b>1,436</b>	<b>-</b>	<b>2,349</b>	<b>1,360</b>
<u>Charitable Activities</u>					
HEFCE grant	749	-	-	749	885
HEIF income	173	-	-	173	47
Teaching capital grant	-	23	-	23	-
Fees from EU Higher Education students	1,448	-	-	1,448	1,415
Fees from non-EU Higher Education Students	251	-	-	251	200
	2,621	23	-	2,644	2,547
Short Course Inome	2,207	-	-	2,207	2,167
Audition Fees	187	-	-	187	221
Outreach Income	10	-	-	10	5
Ticket & Audience income	99	-	-	99	85
Sundry Income	45	-	-	45	58
	2,548	-	-	2,548	2,536
<b>Total from charitable activities</b>	<b>5,169</b>	<b>23</b>	<b>-</b>	<b>5,192</b>	<b>5,083</b>
<u>Other Trading Activities</u>					
RiB turnover	11 5,047	-	-	5,047	4,559
Fundraising events	98	-	-	98	50
Commercial sponsorships	-	-	-	-	91
	5,145	-	-	5,145	4,700
<u>Investment Income</u>					
Income on fixed asset investments	27	-	64	91	-
Bank interest	4	-	-	4	5
	31	-	64	95	5
<b>Total Incoming resources</b>	<b>11,258</b>	<b>1,459</b>	<b>64</b>	<b>12,781</b>	<b>11,148</b>

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	Total 2018	Total 2017
<u>Raising Funds</u>						
RADA Business expenditure	3,326	-	-	-	3,326	3,149
Fundraising	754	-	-	-	754	394
Investment management	16	-	-	-	16	19
<b>Total Raising funds</b>	<b>4,096</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,096</b>	<b>3,562</b>
<u>Charitable Activities</u>						
Core courses	2,438	605	1,819	421	5,283	5,065
Non-core courses	956	-	716	166	1,838	1,786
Theatre & Other presentation	413	-	302	70	785	206
Auditions	98	-	94	-	192	-
Other Charitable activities	114	-	167	39	320	256
<b>Total Charitable Activities</b>	<b>4,019</b>	<b>605</b>	<b>3,098</b>	<b>696</b>	<b>8,418</b>	<b>7,313</b>
<b>Total expenditure</b>	<b>8,115</b>	<b>605</b>	<b>3,098</b>	<b>696</b>	<b>12,514</b>	<b>10,875</b>

# ROYAL ACADEMY OF DRAMATIC ART

## Notes to the Accounts for the year ended 31 July 2018

### 3 Total Expenditure (cont.)

Grants made to individuals consist of bursary payments to students

Core courses are the Foundation degree and 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 Costs	Premises & Other Overheads	Total
Core courses	16	436	935	853	2,240
Non-core courses	7	172	367	336	882
Theatre & Other presentation	3	72	155	142	372
Auditions	1	19	38	36	94
Other Charitable activities	1	40	87	78	206
	<b>28</b>	<b>739</b>	<b>1,582</b>	<b>1,445</b>	<b>3,794</b>

### 4 Specific Expenditure

2018  
£000

2017  
£000

The net movement in funds in the financial year is stated after charging:-

Remuneration of auditors for audit services (inc. underaccrued fee for 2015-16)	26	30
Remuneration of auditors for non-audit services	2	1

### 5 Staff costs and emoluments

<b>Salary costs</b>	<b>2018 £000</b>	<b>2017 £000</b>
Gross salaries excluding Trustees and key management personnel	4,028	3,517
Employer's National Insurance for all staff	469	374
Employer's operating costs of defined contribution pension schemes	70	34
Salaries and benefits paid to key management personnel	726	669
<b>Total salaries, wages and related costs</b>	<b>5,293</b>	<b>4,594</b>

<b>Redundancy, termination and compensation payments</b>	<b>2018 £000</b>	<b>2017 £000</b>
Redundancy payments made following departmental restructuring	18	-
	<b>18</b>	<b>-</b>

<b>Numbers of employees</b>	<b>2018</b>	<b>2017</b>
The average number of total staff employed in the year was	167	157
The estimated full time equivalent number of all staff employed in the year was	113	98

# ROYAL ACADEMY OF DRAMATIC ART

## Notes to the Accounts for the year ended 31 July 2018

### 5 Staff costs and emoluments (cont.)

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

	2018	2017
Engaged on charitable activities	65	53
Engaged on fundraising activities		
- Commercial trading	17	16
- Fundraising	6	6
Engaged on management and administration	25	23
<b><i>The estimated full time equivalent number of all staff employed as above</i></b>	<b>113</b>	<b>98</b>

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 :-

	2018 No	2017 No
£60,001 to £70,000	3	3
£80,001 to £90,000	3	1
£110,001 to £120,000	1	1
£170,001 to £180,000	-	1
£210,000 to £220,000	1	-
	<b>8</b>	<b>6</b>

*The pension details of such higher paid staff were :-*

	2018 £000	2017 £000
Contributions for the provision of money purchase pension	15	5

*Numbers of such staff to whom benefits are accruing :-*

	2018 No	2017 No
Under money purchase pension schemes	8	6
	<b>8</b>	<b>6</b>

Emoluments for the Director were as follows:

	2018 £000	2017 £000
The remuneration in the year was	120	117
Pension contributions paid by the employer	3	1
<b><i>Total remuneration package included in total salaries above</i></b>	<b>123</b>	<b>118</b>

### 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 2.5% of basic salary for all eligible employees (2017:1%). 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 2018 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 Academy 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 Academy 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 Academy to the Scheme for the period commencing 1 August 2018 is £250,008.

# ROYAL ACADEMY OF DRAMATIC ART

## Notes to the Accounts for the year ended 31 July 2018

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

	2018	2017	2016
	£000	£000	£000
Fair value of plan assets	7,095	6,774	6,082
Present value of defined benefit obligation	8,458	8,504	8,720
Defined (liability) to be recognised	<u>(1,363)</u>	<u>(1,730)</u>	<u>(2,638)</u>

### Reconciliation of opening and closing balances of the defined benefit obligation

	2018	2017
	£000	£000
Defined benefit obligation at start of period	8,504	8,720
Interest expense	220	217
Actuarial gains	(216)	(361)
Benefits paid & expenses	(50)	(72)
Defined benefit obligation at end of period	<u>8,458</u>	<u>8,504</u>

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

	2018	2017
	£000	£000
Fair value of plan assets at start of period	6,774	6,082
Interest income	178	154
Actuarial gains	24	344
Contributions by the employer	169	266
Benefits paid & expenses	(50)	(72)
Fair value of plan assets at end of period	<u>7,095</u>	<u>6,774</u>

The actual return on the plan assets over the period ended 31 July 2018 was £202k.

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

### Defined benefit costs recognised in profit or loss

	2018	2017
	£000	£000
Net interest cost	42	63
	<u>42</u>	<u>63</u>

### Defined benefit costs recognised in other recognised gains

	2018	2017
	£000	£000
Gain on plan assets excluding amounts included in net interest cost	24	344
Experience (loss)/gain arising on the plan liabilities	(11)	153
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities - gain	227	208
<b>Total recognised in other recognised gains</b>	<u>240</u>	<u>705</u>



# ROYAL ACADEMY OF DRAMATIC ART

## Notes to the Accounts for the year ended 31 July 2018

### 7. Defined benefit pension scheme (cont.)

#### Assumptions

	2018	2017	2016
	% per annum	% per annum	% per annum
Discount rate	2.50	2.60	2.50
Inflation (RPI)	3.40	3.40	3.00
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	3.40	3.40	3.00
Allowance for pension in payment increases	3.40	3.40	3.00
Allowance for commutation of pension for cash at retirement	None	None	None

The mortality assumptions adopted at 31 July 2018 imply the following life expectancies

	Life expectancy at age 65 (years)	
	2018	2017
Male aged 65	23.2	23.3
Female aged 65	25.1	25.2
Male aged 45	24.6	24.7
Female aged 45	26.6	26.7

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

### 8 Intangible Fixed Assets

	GROUP & ACADEMY	
	2018	2017
	£000	£000
<b>Goodwill:</b>		
<b>Cost</b>		
At 1 August 2017	750	750
Disposals	(750)	-
<b>At 31 July 2018</b>	<u>-</u>	<u>750</u>
<b>Amortisation</b>		
At 1 August 2017	750	638
Provided during the year	-	112
On disposals	(750)	-
<b>At 31 July 2018</b>	<u>-</u>	<u>750</u>
<b>Net book value</b>	<u>-</u>	<u>-</u>

# ROYAL ACADEMY OF DRAMATIC ART

## Notes to the Accounts for the year ended 31 July 2018

### 9 Tangible fixed assets

#### Group

	Land and Buildings	Plant & Machinery	Total
	£000	£000	£000
<b>Cost</b>			
At 1 August 2017	38,385	4,262	42,647
Additions	4,266	673	4,939
<b>At 31 July 2018</b>	<b>42,651</b>	<b>4,935</b>	<b>47,586</b>
<b>Depreciation</b>			
At 1 August 2017	8,428	3,689	12,117
Charge for the year	714	-	714
<b>At 31 July 2018</b>	<b>9,142</b>	<b>3,689</b>	<b>12,831</b>
<b>Net book value</b>			
At 31 July 2018	<b>33,509</b>	<b>1,246</b>	<b>34,755</b>
At 31 July 2017	<b>29,957</b>	<b>573</b>	<b>30,530</b>
<b>Academy only</b>			
	£000	£000	£000
<b>Cost</b>			
At 1 August 2017	38,385	4,202	42,587
Additions	4,267	649	4,916
<b>At 31 July 2018</b>	<b>42,652</b>	<b>4,851</b>	<b>47,503</b>
<b>Depreciation</b>			
At 1 August 2017	8,428	3,630	12,058
Charge for the year	714	-	714
<b>At 31 July 2018</b>	<b>9,142</b>	<b>3,630</b>	<b>12,772</b>
<b>Net book value</b>			
At 31 July 2018	<b>33,510</b>	<b>1,221</b>	<b>34,731</b>
At 31 July 2017	<b>29,957</b>	<b>572</b>	<b>30,529</b>

Included in Land and Buildings above are assets in the course of construction with a net book value of £1,792k (2017:£1,040k). This relates to costs associated with design work and planning applications for the refurbishment and redevelopment of 16 & 18 Cheries St. This also includes £3.513m for the acquisition of a 125 year lease from the London Borough of Camden on 16 Cheries Street.

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

	2018 £000	2017 £000
Total of assets held under finance leases	2,361	2,502

# ROYAL ACADEMY OF DRAMATIC ART

## Notes to the Accounts for the year ended 31 July 2018

### 10 Investments held as fixed assets

	Note	GROUP		ACADEMY	
		2018 £000	2017 £000	2018 £000	2017 £000
Quoted investments		11,800	13,465	11,800	13,465
Investments in subsidiary	11	-	-	2	2
		<u>11,800</u>	<u>13,465</u>	<u>11,802</u>	<u>13,467</u>

#### GROUP & ACADEMY

	2018 £000	2017 £000
<b>Carrying values of listed investments</b>		
At 1 August 2017	13,466	12,951
Additions - income re-invested	75	-
Revaluation at 31 July 2018	510	535
Disposals and management Fees	(2,251)	(21)
<b>At 31 July 2018</b>	<u><b>11,800</b></u>	<u><b>13,465</b></u>

#### Analysis between fair value and historical cost

Investments as above held at fair value	<u>11,800</u>	<u>13,465</u>
Historic cost of the above investments	<u>7,806</u>	<u>7,806</u>

The market value at 31 July 2018 includes cash and 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	2018 £000	2017 £000
UK	4,737	4,750
Non UK	7,063	8,715
	<u>11,800</u>	<u>13,465</u>
Fixed Interest	4,302	5,654
UK equities	1,509	1,635
Overseas equities	4,504	4,902
Cash	783	366
Other	702	908
	<u>11,800</u>	<u>13,465</u>

# ROYAL ACADEMY OF DRAMATIC ART

## Notes to the Accounts for the year ended 31 July 2018

### 11 Subsidiary companies

The name of the subsidiary undertaking is RADA in Business Limited ("RiB", RADA Enterprises Ltd until 3 February 2017), and is registered in England & Wales with company number 03999577.

The aggregate amount of RADA'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.

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

	2018 £000	2017 £000
<b>Assets and Funds</b>		
Aggregate amount of assets	1,459	2,011
Aggregate amounts of liabilities	(1,437)	(1,992)
Aggregate amount of funds	<u>22</u>	<u>19</u>
<b>Profit and Loss</b>		
Turnover net of VAT	5,048	4,573
Expenses net of VAT	(3,554)	(3,243)
<b>Net profit for the year before tax</b>	<u>1,494</u>	<u>1,330</u>
Donation to RADA by way of Gift Aid	(1,491)	(1,318)
<b>Surplus for the year after tax and Gift Aid</b>	<u>3</u>	<u>12</u>

The net profit of the subsidiary is stated after including intergroup expenditure of £94k (2016:£84k) and income of £14k which has 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	
	2018 £000	2017 £000	2018 £000	2017 £000
Trade debtors	723	1,017	66	120
Prepayments and accrued income	197	398	197	227
Other debtors	307	2	94	2
Due from group undertakings	-	-	740	1,318
	<u>1,227</u>	<u>1,417</u>	<u>1,097</u>	<u>1,667</u>

### 13 Creditors: amounts falling due within one year

	GROUP		ACADEMY	
	2018 £000	2017 £000	2018 £000	2017 £000
Trade creditors	465	249	382	225
Accruals	220	182	220	182
Deferred income	758	1,022	758	1,022
Finance lease and hire purchase contracts	-	96	-	96
PAYE, NIC VAT and other taxes	314	286	104	94
Other creditors	617	563	213	105
	<u>2,374</u>	<u>2,398</u>	<u>1,677</u>	<u>1,724</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.

# ROYAL ACADEMY OF DRAMATIC ART

## Notes to the Accounts for the year ended 31 July 2018

### 14 Creditors: amounts falling due after one year

#### GROUP & ACADEMY

	2018	2017
	£000	£000
Amount due under finance lease	4,514	4,624
Amount due under finance lease falls due as follows:		
Within 1-2 years	123	109
Within 2-5 years	461	414
After more than 5 years	3,930	4,101
	<b>4,514</b>	<b>4,624</b>

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 roofs 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	
	2018	2017
	£000	£000
Within one year	35	35
In the second to fifth years inclusive	85	120
	<b>120</b>	<b>155</b>

### 17 Related party transactions

Donations totalling £47k were received from Council members, or organisations connected with Council members (2017: £181k). This includes donations of £20k to the RADA Attenborough Campaign and £21k for bursaries and Widening Participation. All other donations were unrestricted. No Trustees claimed expenses from the Academy during the year (2017: nil).

Rishi Madlani, a member of Council, is also the councillor for the Bloomsbury ward of the London Borough of Camden, where RADA is situated. During the year RADA purchased the a long lease of 16 Chenies Street for £3.5m, paid £403k in rent and £123k in non-domestic rates to the borough. All transactions were negotiated on an arm's length basis and subject to professional valuation. Jane Heather, the partner of the Director of RADA, worked as a designer on a RADA production and was paid the standard design fee of £2,900 (2016: £1,400). RADA purchased services for £200 (2017: £200) from Frantic Assembly on an arm's length basis; Julie Crofts, a member of SMT, is a Trustee of Frantic Assembly. RADA purchased tickets for £744 from Shakespeare's Globe on an arm's length basis; Michelle Terry, a member of Council is the Artistic Director of Shakespeare's Globe.

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.

# ROYAL ACADEMY OF DRAMATIC ART

## Notes to the Accounts for the year ended 31 July 2018

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

<i>At 31 July 2018</i>	Unrestricted funds £000	Designated funds £000	Restricted funds £000	Endowment funds £000	Total Funds £000
Tangible fixed assets	-	13,665	21,090	-	34,755
Investments at valuation:-					
<i>Fixed asset investments</i>	1,233	5,695	-	4,872	11,800
Current assets	3,137	-	(615)	-	2,522
Current liabilities	(2,374)	-	-	-	(2,374)
Long Term liabilities	(4,514)	-	-	-	(4,514)
Pension liability	(1,363)	-	-	-	(1,363)
	<b>(3,881)</b>	<b>19,360</b>	<b>20,475</b>	<b>4,872</b>	<b>40,826</b>

### 19 Change in total funds over the year

	Funds brought forward from 2017	Income	Expenditure	Asset purchases	Gains & Losses	Funds carried forward to 2019
	£000	See Note 2 £000	See Note 3 £000	See Note 9 £000	See Notes 7,10 £000	£000
<b>Unrestricted and designated funds:-</b>						
Unrestricted general fund	2,549	11,231	(11,146)	(638)	-	1,996
Sale & Leaseback commitments	(4,623)	-	109	-	-	(4,514)
Pension scheme liabilities	(1,730)	-	127	-	240	(1,363)
Designated revenue funds						
- Scholarships	1,698	6	(4)	-	46	1,746
- Building & Capital	7,273	21	(1)	(3,513)	169	3,949
Designated fixed asset funds	9,795	-	(281)	4,151	-	13,665
<b>Total unrestricted and designated funds</b>	<b>14,962</b>	<b>11,258</b>	<b>(11,196)</b>	<b>-</b>	<b>455</b>	<b>15,479</b>

#### 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 2017	Income	Expenditure	Asset purchases	Gains & Losses	Funds carried forward to 2019
	£000	See Note 2 £000	See Note 3 £000	See Note 9 £000	See Notes 7,10 £000	£000
Restricted fixed asset funds	20,735	-	(434)	789	-	21,090
Attenborough Campaign Fund	(602)	694	(265)	(753)	-	(926)
Shaw Fund	7	100	-	-	-	107
Widening Participation Fund	85	97	(86)	-	-	96
Website Fund	13	-	-	(13)	-	-
Scholarship Funds	85	527	(504)	-	-	108
Other funds	-	18	(18)	-	-	-
Teaching Capital Fund	-	23	-	(23)	-	-
<b>Total restricted funds</b>	<b>20,323</b>	<b>1,459</b>	<b>(1,307)</b>	<b>-</b>	<b>-</b>	<b>20,475</b>

#### 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 royalties bequeathed to RADA by George Bernard Shaw 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.

# ROYAL ACADEMY OF DRAMATIC ART

## Notes to the Accounts for the year ended 31 July 2018

### 19 Change in total funds over the year (cont.)

#### Endowment funds:-

	Funds brought forward from 2017	Income	Expenditure	Asset purchases	Gains & Losses	Funds carried forward to 2019
	See Note 2	See Note 3	See Note 9	See Notes 7,10		
	£000	£000	£000	£000	£000	£000
Category A	3,255	46	(8)	-	212	3,505
Category B	1,269	18	(3)	-	83	1,367
<b>Total endowment funds</b>	<b>4,524</b>	<b>64</b>	<b>(11)</b>	<b>-</b>	<b>295</b>	<b>4,872</b>
Total charity funds	<b>39,809</b>	<b>12,781</b>	<b>(12,514)</b>	<b>-</b>	<b>750</b>	<b>40,826</b>

#### 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