



Annual Report and Financial Statements

FOR THE YEAR ENDED 31 JULY 2014

ROYAL ACADEMY OF
DANCE

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AT A GLANCE

Financial highlights

	Unrestricted funds		Restricted funds	
	2014 £000	2013 £000	2014 £000	2013 £000
Statement of financial activities				
Total incoming resources	19,683	17,676	780	902
Net incoming (outgoing) resources before transfers and other recognised gains and losses	502	(1,186)	16	110
Net incoming (outgoing) resources after transfers but before other recognised gains and losses	496	(1,197)	22	121
Gain on revaluation of assets and investments	1,088	357	2	2
Movement on exchange arising from the consolidation of branches and subsidiaries	(275)	(190)	(21)	(17)
Net movement in reserves	1,309	(1,030)	3	106
Balance sheet				
Tangible and intangible fixed assets (excluding freehold property)	469	533	-	-
Cash and other liquid assets ¹	4,595	3,841	954	952
Working capital including provisions ²	(2,942)	(2,630)	-	-
Readily realisable reserves ³	1,653	1,211	954	952
Accumulated funds	3,937	3,688	955	952
Revaluation reserves	7,338	6,278	-	-

Statistics

	2014	2013
Members	13,777	14,012
Students enrolled on education programmes	1,206	1,046
Candidates taking examinations, solo performance awards, class awards, presentation classes and demonstration classes	229,192	209,136

Calendar

Annual General Meeting 2015 21 May 2015 Royal Academy of Dance, London

1 Made up of cash held at bank less any bank overdrafts shown in Note 25

2 Made up of stocks and debtors shown in Notes 23 and 24 respectively less trade creditors, taxation and social security, and accruals and deferred income shown in Note 25, and provisions for long service and leasing in Note 26

3 Made up of cash and other liquid assets less working capital including provisions as shown above and on page 15

PATRON, PRESIDENT AND OFFICERS

Patron

HM Queen Elizabeth II

President

Darcey Bussell CBE

Chair of the Trustees

Kerry Rubie

Chief Executive

Luke Rittner

Vice Presidents

David Bintley CBE

Li Cunxin

Dame Beryl Grey DBE DMus DLitt DEd FRSA

Dr Ivor Guest MA DUNIV FRAD

Dame Gillian Lynne DBE

David McAllister OAM

Wayne Sleep OBE

Sir Peter Wright CBE DMus DLitt FBSM

Advisory Council

Joy W Brown

Mary Clarke

Barbara Fewster OBE FISTD

Dr Stanley Ho OBE GrOIH Chev Leg d'Hon DSoc Sc CStJ

Philip Nind MA OBE

Lady Porter

Sir Roy Strong DLitt PhD FRSA FRSL

International Advisers

(Appointment ended June 2014)

Professor Susan Street MA Australasia

Lee Suan Hiang BSc FCMI FCIM FWAPS Asia

Robin van Wyke Africa

President and Vice Presidents

The Royal Academy of Dance (RAD) has eight elected Vice Presidents. The President and Vice President may not be Full Members of the RAD at the time of election but are deemed to become a Full Member following election. Candidates for the office of President, and up to nine Vice-Presidents, can be nominated by Full Members or recommended by the board of trustees and are elected by members at the Annual General Meeting. Since the revision of the Charter in 2008, the president and vice presidents elected can only hold office for a maximum of two terms of five years in accordance with clause 52.7 of the Bye-Laws.

Advisory Council

There is an Advisory Council which consists of the president, vice-presidents and any other persons appointed by the board, whose purpose is to provide advice. The Advisory Council did not meet during the year.

International Advisers

The trustees may appoint up to five International Advisers whose ordinary residence is not in the UK and who may attend meetings of the board of trustees in an advisory capacity. The current appointments ended in June 2014 and future appointments are under review.

REPORT OF THE TRUSTEES

The Trustees of the Royal Academy of Dance present their report and audited financial statements for the year ended 31 July 2014. This contains information to satisfy the requirements of trustees' reports under the Charities Act 2011, and to comply with current statutory requirements, the RAD's Charter and the Statement of Recommended Practice for Accounting and Reporting by Charities (2005).

The RAD was created by Royal Charter on 31 December 1936 and registered as a charity on 16 January 1963 in England and Wales No 312826. An amended Supplemental Charter and Bye-Laws was approved on 10 December 2008 by the Privy Council. Royal Academy of Dance, RAD and its block logo are registered trademarks in the European Union and in other countries.

This report contains information about the group and charity. The RAD's head office and registered office is 36 Battersea Square, London SW11 3RA. It has a number of branches, representative offices and subsidiary companies, in which it holds, either in trust or outright, 100% of the issued share capital in 32 countries. It also has effective control over an association incorporated under s21 of the Republic of South Africa's Companies Act which owns the freehold property in South Africa; Yayasan Royal Academy of Dance Indonesia, a non-profit foundation, based in Indonesia and RAD Dancing (Thailand) Co Ltd where it holds a minority shareholding.

In the context of these financial statements the group accounts include the audited accounts of the charity and its subsidiaries, and the charity accounts include the audited accounts of the RAD in the United Kingdom and its branches for the year to 31 July 2014. The breakdown of the group and the charity is shown on page 43.

The RAD is an awarding organisation recognised to award regulated qualifications in England, Wales and Northern Ireland and is required, through the board of trustees, to issue an annual Statement of Compliance to the Office of Qualifications and Examinations Regulation (Ofqual), the Welsh Government and the Council for the Curriculum, Examinations and Assessment (CCEA). The RAD is also recognised as an approved awarding body in Scotland by SQA Accreditation, part of the Scottish Qualifications Authority.

As an Accredited Institute of the University of Surrey, the RAD is subject to review by the Quality Assurance Agency for Higher Education (QAA) under the Department for Business, Innovation and Skills' requirements for courses designated for student loan purposes.

It is required to report any Safeguarding incidents to the Charity Commission; to Ofqual where an event which could have an adverse effect in leading to a loss of standards, integrity or public confidence in qualifications, and to Ofsted according to the circumstances.

Principal activities

The RAD provides dance training, dance teacher education, and dance assessment services to students and teachers. The RAD:

- as a registration organisation for dance teachers – provides opportunities for the education and training of young people and adults in dance, and employment opportunities for dance teachers
- as a higher education provider – provides programmes of study and associated qualifications for aspiring dance teachers
- as an awarding organisation – devises and administers a portfolio of examinations in dance which form part of the assessment process of courses of study, delivered by teachers, leading to proficiency in dance at a high level, and
- as the owner of Benesh Movement Notation – provides programmes of study and qualifications for dance notators.

Its services can be accessed through the main website www.rad.org.uk and through local websites internationally.

Vision

Our vision is to lead the world in dance education and training, and to be recognised internationally for the highest standards of teaching and learning. As the professional membership body for dance teachers we will inspire and empower dance teachers and students, members, and staff to make innovative, artistic and lasting contributions to dance and dance education throughout the world.

Mission

Our mission is to promote and enhance knowledge, understanding and practice of dance internationally by educating and training teachers and students and by providing examinations to reward achievement, so preserving and extending the rich, artistic and educational value of dance for future generations.

Aims

The aims set out in our charter, are to elevate and advance the art of dance by promoting its correct tuition in its highest forms and to advance dance education. This is reflected in our four strategic objectives:

1. to be the leading international authority on dance teacher education and professional development
2. to be the preferred membership organisation for professional dance teachers, dance students and others who wish to support and engage with dance
3. to be an international leader in the provision of examinations in dance, and
4. to be recognised as a leading international source of expertise and advocacy for the benefits of dance to the wider community.

Corporate governance

The group relies on a robust governance framework to support the organisation. Responsibility for good governance lies with the trustees who are accountable to the members. The trustees oversee the RAD's worldwide operations through a Trustee Board and nine separate subcommittees.

Following the announcement that Kerry Rubie would step down as chairman at the next Annual General Meeting, the board undertook a formal and rigorous selection to identify and appoint a possible successor. This process was led by the Nominations Committee who engaged a firm of specialised executive search specialists. Guy Perricone was considered an outstanding candidate, and members will have the opportunity to vote on his appointment as a trustee at the AGM in May 2015. A similar process was carried out to identify a new Group Finance Director, and Ian Pogue was appointed to replace Richard Thom who retired in March 2015.

The Board of Trustees

The board comprises a maximum of 20 members, of which 10 are Full Members of the RAD and ten, including the chairman, who may or may not be Full Members but who have been recommended as likely to bring skills or experience in areas other than dance or education.

Candidates for the office of trustee can be nominated by Full Members, or recommended by the board of trustees and are elected by members at the AGM. Trustees are elected to hold office for a term of three years, and may be re-appointed for two further consecutive terms in accordance with clauses 33–38 of the Bye-Laws.

Individuals may be co-opted by the trustees to fill vacancies arising during the year.

There are currently eighteen elected trustees on the board, and one co-opted trustee.

List A Trustees (Dance)

Thérèse Cantine ARAD Dip PDTTC RTS
Sarah Dickinson ARAD Adv Tch Dip RTS
Louise Murray ARAD RTS
Lynne Reucroft-Croome BA(Hons) MA LRAD
Helen Taylor RAD RTS
Cheryl Thrush ARAD RTS

Elected April 2014

Penny Parks RAD RTS
Deborah Coultish Adv Tch Dip RTS

Resigned December 2014

Karen Berry BSc BA(Hons) Adv Tch Dip RTS

List B Trustees (Business)

Kerry Rubie (Chair)
Julia Bond
Brian Brodie
Leigh Collins
Nigel Hildreth MBE MMus PGCE (Vice-Chair)
Anders Ivarson AI Chor
Derek Purnell (Vice-Chair)
Aliceson Robinson
Kathryn Wade ARAD

Co-opted December 2014

Catherine Weate BA DipEd LSDA FRSA Hon FLAM

Meetings

The board holds four regular meetings in a year. In 2013–14 it had one additional meeting in March 2014 to consider the RAD's future strategic plans. Comprehensive papers, including minutes of previous meetings, are presented to the board which facilitates debate on the performance and direction of the company.

The board's role and responsibilities are set out in formal Terms of Reference and Standing Orders.

Constitution

The chair is responsible for the leadership and management of the board.

The chief executive is responsible for the executive leadership and day-to-day management of the RAD, to ensure the delivery of the agreed strategy by the board. The chief executive is supported by six directors..

Performance

All trustees are provided with a handbook and take part in induction sessions with senior staff to familiarise themselves with the work of the RAD.

Independence

Trustees are required to sign a Code of Conduct on appointment. Up to one half of the trustees may receive an emolument for services rendered. But, where they have received payment in the preceding 12 months, may not take part in any debate or vote considering emoluments, and should not be present at a meeting at which a specific payment to that trustee is discussed or an appointment which involves payment is made.

Trustees are required to disclose any third party interests annually and to disclose any gifts received.

Indemnities and insurance

In accordance with Article 6(h) of its charter, the RAD takes out indemnity insurance as part of its global policy to indemnify itself against loss arising from the neglect or default of its trustees, employees or agents and to indemnify the trustees and other officers against the consequence of any neglect or default on their part.

Board committees

The board operates nine subcommittees, created under Bye-Law 40 of the RAD Charter. All subcommittees have formal Terms of Reference and Standing Orders, which were reviewed during the year to ensure parity of quoracy and sufficient number of members in each subcommittee to stimulate effective debate.

All subcommittees have regular scheduled and unscheduled meetings, and papers are made available to all committee members and those in attendance.

Audit Committee

The Audit Committee's key function is to support the board in fulfilling its responsibilities in reviewing the effectiveness of the RAD's financial reporting, internal controls and risk management.

Membership is drawn from the Trustees:

Members

Leigh Collins (Chair)	Chair of the Finance Subcommittee
Kerry Rubie	Chair of the Board of Trustees
Joanna Binder	Chair of the Board of Directors of Royal Academy of Dance Enterprises Ltd
Julia Bond	Trustee

Nominations Committee

The Nominations Committee has a dual function; to consider the recipients for the Queen Elizabeth II Coronation Award, Fellowships of the Royal Academy of Dance, and President's Awards; and to ensure that there is a formal and appropriate procedure for the appointment of key trustees and staff.

Membership is drawn from the Chairs of the respective subcommittees:

Members

Kerry Rubie (Chair)	Chair of the Board of Trustees
Leigh Collins	Chair of the Finance Subcommittee
Joanna Binder	Chair of the Board of Directors of Royal Academy of Dance Enterprises Ltd
Derek Purnell	Chair of the Artistic and Examinations Subcommittee
Kathryn Wade ARAD	Chair of the Benesh Subcommittee
Nigel Hildreth MBE MMus PGCE	Chair of the Education Subcommittee
Aliceson Robinson	Chair of the Membership Subcommittee
Penny Parks RAD RTS	Chair of the Regional Subcommittee

The seven remaining subcommittees represent the main activities or functions of the RAD. Membership of subcommittees is made up of trustees and co-opted members recruited for their relevant skills and experience. Each of the subcommittees has a chair who is a trustee, and at least one director in attendance with the relevant specialism. All members of the senior management team attend these committees. The Chairman of the Board of Trustees is an ex-officio member of each subcommittee.

Finance Subcommittee

The Finance Subcommittee considers the management and financial accounts, budgets and financial resources of the Group together with the strategic plan prepared on a five year rolling basis with annual revisions. The subcommittee also assesses the risks to which the RAD is exposed, and considers any other matters of a legal, statutory or financial nature brought to its attention.

Trustee members

Leigh Collins (Chair)
Kerry Rubie
Julia Bond

Co-opted members

None

Director

Director of Finance and Administration

It acts as a Remuneration Committee when considering the annual budgets, and the salary policy to apply throughout the Group. Members of the subcommittee may also consider the remuneration of senior members of the RAD's staff.

It discharges these responsibilities by meeting four times a year and advises the Board of Trustees on all financial matters.

Artistic and Examinations Subcommittee

The Artistic and Examinations Subcommittee advises and supports the Artistic Director and the Director of Examinations on advances and changes in the dance, arts and education sectors that may impact on the work and policies of the Examinations Board and the RAD more broadly. The subcommittee seeks to ensure that the RAD's artistic policy and standards of examination are maintained and enhanced; that the Examinations Board is fully accountable, complies with the requirements of the external regulators, and maintains the highest standards of efficiency and quality assurance in its policies and procedures; and that community, competitions, outreach programmes and other similar areas of the RAD's work are artistically, practically and financially viable.

Trustee members

Derek Purnell (Chair)
Thérèse Cantine ARAD Dip PDTC RTS
Cheryl Thrush ARAD RTS
Kathryn Wade ARAD

Resigned December 2014

Karen Berry BSc BA(Hons) Adv Tch Dip RTS

Co-opted December 2014

Catherine Weate BA DipEd LSDA FRSA Hon FLAM

Co-opted members

Norman Gealy MA CPsychol FCIPD FCIEA
Caroline Jenkins ARAD RTS
Moira McCormack ARAD PDTC Dip (RAD London)
David Nixon
Stirling Wood

Directors

Artistic Director
Director of Examinations

Benesh Subcommittee

The Benesh Subcommittee advises and supports the Director of the Benesh Institute in seeking to extend the use of Benesh Movement Notation (BMN) in all aspects of dance both in education and performance, amateur and professional, including the continuation of a Professional Notators Course; the continuing development of the notation to meet the needs of emerging dance practice; as an authoritative record for choreographic works and maintaining the RAD's status as the professional centre for qualified Benesh notators.

Trustee members

Kathryn Wade ARAD (Chair)
Anders Ivarson AI Chor

Director

Director of the Benesh Institute

Co-opted members

Elizabeth Ferguson
Gary Harris AI Chor
Christopher Hampson
Jeanetta Lawrence
Lady MacMillan

Education Subcommittee

The Education Subcommittee advises and supports the Director of Education on advances and changes in education that may have an impact on the work and policies of the Faculty of Education and the RAD more broadly. The subcommittee seeks to ensure that all programmes of study are fully accountable, developed and maintained to the highest standards; and financially viable.

Trustee members

Nigel Hildreth MBE MMus PGCE (Chair)
Lynne Reucroft-Croome BA(Hons) PGCE LRAD
Sarah Dickinson ARAD Adv Tch Dip RTS

Student representatives

Dr Trish Melton (Postgraduate)
Megan Clayton (Undergraduate)

Co-opted members

Professor Tina Chen FISTD MA Dip RBS TTC ARAD
Harriett Harper
Lorna Unwin
Professor Michael Day Phd
Paula Scales MTD BA(Hons) PGCE RTS
Hilary Placito (University of Surrey representative)

Co-opted March 2015

Julie Crofts

Director

Director of Education

Resigned June 2014

Linda Jasper MBE MA Cert Ed

Marketing and Membership Subcommittee

The Marketing and Membership Subcommittee advises and supports the Director of Marketing Communication and Membership on matters relevant to marketing, publicising and communicating the RAD's aims, objectives, policies and procedures. The subcommittee seeks to ensure that the RAD as a membership organisation, upholds the aims and objectives of the Charter and its Byelaws in an open and transparent way, and that it is fair in all its dealings with members of the RAD and the public.

Trustee members

Aliceson Robinson (Chair)
Julia Bond

Co-opted members

Vikki Allport Tch Dip RTS
Karen Harris Tch Cert RTS
Shelley Isaac-Clarke Tch Dip RTS
Ida Levine

Director

Director of Marketing Communication and Membership

Co-opted March 2015
David Grint

Regional Subcommittee

The Regional Subcommittee advises and supports the Director of Fundraising and Development who also has responsibility for UK regional matters that may have an impact on the work and policies of the RAD. It seeks to ensure that the RAD is fully accountable to its members and maintains the highest standards in all areas of its work. The terms of reference of the committee determine that the incumbent chair is put forward to the Board of Trustees on initial election as a co-opted trustee and subsequently recommended for election at the AGM.

Chair and Trustee

Penny Parks RAD RTS (South East England)

Director

Director of Fundraising and Development

Co-opted members

Paul Doyle Tch Cert RTS (Ireland & Northern Ireland)
Maria Salgado Llopis PDTD (London & Middlesex)
Sandra Hartley ARAD Tch Cert RTS (Midlands & East of England)
Lorna Proctor RAD RTS (Northern England, Yorkshire & the Humber)
Yvonne Gray RAD RTS (Scotland)
Nicky Jenks RAD RTS (South West England, Wales & Channel Islands)

Board of the Royal Academy of Dance Enterprises Ltd Enterprises Subcommittee

The Board of the Royal Academy of Dance Enterprises Ltd. also acts as the Enterprises Subcommittee of the RAD. Its members are made up of Directors of the Company and Trustees of the Royal Academy of Dance.

Royal Academy of Dance Enterprises Ltd is a separately constituted private limited company owned by RAD. The company is the primary publishing and distribution arm for the RAD and its examination board. It retails examination syllabi in various media including print, audio-visual media and apps, as well as recommended uniform wear, teaching resources, dance-related products and gift items. Its products are sold and distributed through its website, mail order, printed catalogues, book distributors, RAD branches and the RAD itself.

The Enterprises Subcommittee considers the management and financial accounts, budgets and financial resources of the Royal Academy of Dance Enterprises Ltd in the context of its relationship to the Group. The subcommittee also assesses the risks to which the company is exposed, and considers any other matters of a legal, statutory or financial nature brought to its attention.

Company Directors

Joanna Binder (Chair) (Appointed February 2015)
Luke Rittner
Ian Pogue (Appointed February 2015)
Richard Thom (Retired March 2015)

Trustee members

Kerry Rubie
Leigh Collins

The board and subcommittee discharges these responsibilities by meeting four times a year and advises the Finance Subcommittee and the RAD's Board of Trustees on all matters pertaining to Royal Academy of Dance Enterprises Ltd.

Strategic aims

All of the RAD's seven main strategic aims have been met through work programmes, projects and initiatives across the organisation.

Aim 1: To be the leading national authority on dance teacher education and training

- A partnership with the University of Bath, ranked as one of the top 10 UK universities, began with the 2015/16 academic year. Bath will be the validating body for the BA (Hons) Ballet Education, BA (Hons) Dance Education, Postgraduate Certificate in Education: Dance Teaching, and the Master of Teaching (Dance).
- The 'Dance for Lifelong Wellbeing' outreach initiative, providing classes for older adults, continued via funding from Wandsworth Council.
- The first year of the RAD's CPD Scheme (ending on 30 June 2014) has been hugely successful, exceeding expectations and targets in terms of membership take-up and of teachers submitting their annual CPD declaration or engaging with the audit.

Aim 2: To be the preferred professional membership body for teachers of dance around the world

- July 2013 saw launch of a compulsory CPD Scheme. This enables the RAD and its teachers to provide evidence that they are at the forefront of dance education and training, with the most up to date knowledge and skills. It also allows teachers to pursue career development alongside personal interests, recognising the importance of lifelong learning.

Aim 3: To retain a strong, loyal and engaged international membership

- June to August 2014 saw the RAD's annual membership photo competition, with a theme of 'dancing around the world'. There were 212 entries from 35 countries, a 120% increase on the 2012/13 competition. The Membership team were awarded first place in the retention category at the Membership Development Awards on the strength of this.
- The RAD held its first 'virtual' launch of new syllabi on 10 September 2013 and it proved to be a truly global event, with a pre-registered audience of around 3,000 RAD members and 1,000 non-members watching independently from their homes and schools in over 100 countries, and a further 600+ teachers watching at 53 organised events hosted by 22 RAD Regional and National Managers on all five continents.

Aim 4: To maintain recognition as a leader in the provision of ballet examinations nationally and internationally, and review the possibilities and practicalities of expanding provision

- The Examinations Board supported the Creative Panel in the development of the new Advanced Foundation (male/female), Advanced 1 and 2 (female) syllabi (launched September 2013) and the new Grades 4–5 syllabi (launched January 2014).
- A proposal to allow Graded and Vocational Graded Examinations both in teachers' own studios and in venues provided by the RAD was developed to increase the flexibility and choice for teachers. A key element of this was to equip all Examiners with the knowledge and skills to examine all levels up to and including Advanced 2.

Aim 5: To provide a wide range of opportunities for training and performance for the wider community internationally

- Nine summer schools took place around the world, offering classes in ballet, group dance, character, jazz, musical theatre, street dance/hip hop, creative/contemporary dance, singing, mask-making and drama. Three International Intensive Examination Syllabus Courses covering the Intermediate Foundation through to Advanced 2 syllabi also took place in Italy, Brazil and the USA.
- The GCSE and A Level Dance students once again achieved excellent results with a 94% pass rate A*–C at GCSE, 69% pass rate A–C for the AS Level and 83% pass rate A*–C for the A2 Level students.

Aim 6: To ensure consistent messaging and brand image worldwide; maximise every opportunity to promote the RAD's services and events and to raise the profile of the RAD and its members

- In April 2014 a campaign was launched to promote RAD Registered teachers. It promoted the benefits of having a qualified RAD Registered Teacher and prompted parents and prospective students to visit the 'Find a Teacher' search on the RAD website, and to look out for the Registered Teacher collective mark. The campaign saw a huge response – during the first month, there were 6,780 page views on 'Find a Teacher', a 74% increase on the month prior.
- In response to recent trends in the worldwide examinations market, the RAD equipped teachers with the tools to market the value of exams to their local communities. The Examinations Board and the Marketing, Communications & Membership department scoped and initiated a marketing strategy with a new promotional brochure made available in print online. A number of social media initiatives were also devised.

Aim 7: To ensure the RAD's future as a well-managed, well-funded and well-governed organisation

- The Examinations Board recovered to normal levels of candidate numbers, following a disappointing 2012–13. 229,192 exams, class awards, solo performance awards, presentation and demonstration classes were delivered, the third highest on record. Pre-Primary in Dance and Primary in Dance exams and class awards saw the largest entry since the change of syllabus in 2009.
- In November 2013, we created a new department – Fundraising and Development – to take the lead in generating new income streams to support and sustain Academy activity in a changing global economy.

Additional aims

To deliver a dance programme to 200 schools across all London boroughs, reaching a target number of 6,000 students.

- In 2013/14, 200 secondary schools were on the Step into Dance programme, including 53 SEN schools. 6,550 students were reached, with an average class size of 33. The cost per child was £1.73.

To further research into digital syllabus resources, in order to provide a more enhanced service to our global audience. And, to work with the artistic and examinations teams to develop syllabus-related products.

- RAD Enterprises launched a mobile app of DVD syllabus content (for Apple and Android platforms).
- The new Grades 4–5 syllabus was successfully launched online.

Principal risks and uncertainties

Governance, risk and control

The trustees are responsible for the group's system of internal control and risk management and consider this to be fundamental to the achievement of the RAD's policies. Some of the key elements of the governance, risk and control framework in which the RAD operates is set out below. The work of the trustees, subcommittees, management and staff are at the heart of its processes. The board approves strategic plans and annual budgets, reviews quarterly results with comparisons against forecast, requests analytical reports when necessary and debates topics requiring attention. The Finance Subcommittee and the relevant subcommittees will also have oversight of these documents before the trustees. The trustees review the effectiveness of governance, risk and control through this reporting mechanism as well as management concerns raised by the external auditor through the Audit Committee. As with any such system, the processes are designed to manage rather than eliminate the risk of failure to achieve objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Operational Risk Management Committee

The Strategic Planning Group (SPG) which consists of the chief executive, directors and senior heads of department, acts as the Business Continuity Committee in the event of a disaster. It also considers the Corporate and Activity Risk Registers.

Exposure to risk

Management reviews the risks to which the RAD could be exposed on an annual basis, particularly in terms of governance, operations and finance. Identified risks are assessed for likelihood and severity of impact. This information is then used to develop a risk management strategy for the RAD, including the identification of existing operational controls and any new controls the trustees consider necessary. A number of risks and uncertainties have been identified when considering strategy:

- **Marketplace and products**

Other awarding organisations, who offer dance examinations across multiple genres at a lower cost; and higher education bodies that offer places funded by government, compete against the RAD which focuses on a single genre and is required to price at the market. Members may for one reason or another no longer wish to retain membership of the RAD or to use our products and services. A change in syllabus can have an adverse effect on the ability of teachers to continue providing candidates for examination at previous levels due to the challenges of acquiring new knowledge and passing it on to the candidate base.

In mitigation of these risks, the RAD has introduced internal Impact Statements to assess risk, and has taken a proactive approach to using the full force of social media to publicise, promote and sell its products and services.

- **Foreign exchange**

The RAD operates in many jurisdictions, setting its fees in local currencies, while at the same time incurring central costs based in sterling. It is therefore prone to fluctuations in its results due to currency gains and losses.

It is difficult to forecast movement in foreign exchange and therefore it endeavours through the press or other appropriate fora to maintain awareness of movements in currency which might adversely affect its performance.

- **World events**

The RAD, like many international organisations, is potentially vulnerable to pandemics such as SARS or avian bird flu, natural phenomena such as volcanic ash clouds and changes in weather patterns, and to civil war and terrorism, all of which may impede travel by examination candidates, course attendees, and RAD staff such as Examiners and tutors, thereby reducing business and associated income. It has developed policies and procedures to minimise the loss of income caused by such events.

- **Economic climate**

In common with most organisations, the RAD is vulnerable to changes in the global economic climate. Its core business depends on the purchasing power of its customers and it has no control over their financial circumstances – whether member, teacher, examination candidate, higher education student or dance class attendee.

It is difficult to forecast the effects of the economic climate on individual customers and therefore the RAD endeavours, through better planning, to react to downturns which might adversely affect its performance. However, the global reach of its operations mitigates against this risk, as markets experiencing strong economic conditions can support those in a downturn.

These risks and uncertainties are included in the Corporate and Activity Risk Registers along with actions to mitigate them. A further function of the Risk Registers is to inform business continuity plans which is underpinned by the establishment of the offsite IT Disaster Recovery centre to provide the necessary technological backup in the case of unforeseen events.

Financial Risk Management Committee

The RAD does not have a separate Financial Risk Management Committee. This function is assumed by the Finance Subcommittee and the Audit Committee.

The Audit Committee's key function is to support the board in fulfilling its responsibilities in reviewing the effectiveness of the RAD's financial reporting, internal controls and risk management. As part of this role the committee provides advice to the board on whether these financial statements, when taken as a whole are fair, balanced and understandable and provides all the necessary information for members to assess the RAD's performance. It discharges these responsibilities by meeting the external auditor to receive and consider a report on the work carried out by the external auditor and any matters reported therein.

As in past years Deloitte LLP submitted a formal audit plan to the Director of Finance and the Chair of the Audit Committee. The external auditors require local auditors of other group entities to report to them. In addition, under international auditing standards for Groups, they are required to oversee the work of other auditors which can include visits to Group entities. The South African and German operations were visited and their final report is provided to the Audit Committee as part of their review of the Audit.

The board recommend to members that a resolution to re-appoint Deloitte LLP be proposed at the 2015 AGM.

In controlling and underpinning financial risk, the following are considered to be key control procedures:

- **Quality and integrity of personnel**

It is the RAD's policy to invest in the right people needed to support its operations. It has developed a series of Human Resource policies, the most important of which are Equality and Diversity, Health and Safety, Data Protection and Safeguarding; so that employees can strive to improve fairness and safety both in the workplace and for the RAD's customers, ensure compliance with legal responsibilities and to respect one another.

Each of these areas has a Policy Group which monitors the RAD's compliance and which reports directly to senior management.

All policies and procedures are reviewed annually by the trustees and changes are brought to the attention of employees. An ongoing review of Data Protection commenced in 2014 with an external consultant, and the Safeguarding Policy was formalised during the year with advice from the UK's NSPCC. Regular fire drills take place at the RAD's premises.

- **Operating unit financial controls**

A Controls Manual, which is updated annually, sets out the key disciplines expected of staff in managing their role, responsibility, operation or entity. This forms part of an employee's induction and can be found on the RAD's internal HR homepage.

- **Internal audit**

The central finance office function performs comparison tests on the results of branches, subsidiaries and offices. Management ensures that qualified professionals are appointed to positions of financial responsibility. The Trustees will continue to consider whether the growth of the RAD warrants the appointment of an internal audit function, resources permitting.

- **Information and computer systems**

The RAD's financial and management information is processed and stored on a number of computer systems. This can lead to concerns of integrity, duplication, security and other data issues. During the year a Statement of Work relating to the development of a global management and operating system (Radius) was completed and the trustees are contemplating the next step.

Work has been completed on simplifying and securing the RAD's data systems in London and a disaster recovery centre operates in the UK. Back-up systems are installed in major international offices.

Corporate and social responsibility

Public benefit

The RAD is a charity registered in England and Wales. Trustees are required to have regard to any guidance that the UK's Charity Commission publishes on public benefit and to ensure that they carry out the charity's aims for the public benefit whenever the exercise of any powers or duties may be relevant.

The aims of the RAD as set out in its Charter are to:

1. elevate and advance the art of dance by promoting the correct tuition of dance in its highest forms; and
2. advance education in the art of dance, in particular by:
 - providing facilities for dance, dance education and training
 - setting up and maintaining programmes of study for the education and training of dancers, teachers and notators of dance (such programmes to include, but not be limited to, the study of Benesh Movement Notation, whenever appropriate)
 - setting and conducting examinations in dance and the teaching of dance
 - educating, training, assessing, registering, licensing and chartering teachers of dance who meet standards determined by the board, and
 - promoting the teaching of dance.

The trustees have reviewed these aims in the context of the RAD's activities in relation to the public benefit requirement and consider that the activities meet the two main principle – that the benefits are identifiable and are related to the aims of the RAD; and that the public are the beneficiaries and that there is no significant exclusion as to who can benefit.

The RAD provides dance training, dance teacher education and dance assessment in a range of programmes and portfolios available not only in the UK but also globally. Costs vary across the range of provision. At the top end access funds are available for students to apply for assistance to meet tuition fees for our education programmes, while at the bottom end there are schemes in place such as Boys Only! or Step into Dance, the former providing subsidised places for boys to enjoy dance and the latter grant-aided classes in secondary schools.

Through its registration scheme for teachers including the requirement for continuing professional development, the RAD is able to demonstrate to the public the competency of its teachers within a framework which is referenced to external standards; and through its examinations it is able to offer progression to further and higher education and employment opportunities.

The RAD adds further public value by delivering a series of additional services to its customers including open days, impartial information and advice, public briefings, printed and electronic resources and where required statistical information to support wider analyses of dance and dance related activities in the economy.

The RAD's member services provide an additional indirect public benefit through briefings on artistic, musical, legal and financial issues which allow members – particularly those in business as teachers, whether as owners, employers or employees – to update their knowledge and apply it where appropriate.

The RAD is committed to providing all members of the public access to online information and services, and has extended its presence to include social networking sites. For those members of the public who do not have such access printed information is available.

The trustees believe that this report demonstrates that the public benefit requirement has been satisfied.

Social Responsibility Fund

The trustees acknowledged their responsibility to not only manage the RAD's positive impact on society and the environment through its operations, products and services and its interaction with key but also to maintain a well-managed and well-governed organisation. Further, to contribute to the growth and cultural strength of the communities that it serves and in which it operates by setting up a Social Responsibility Fund in 2011.

This fund is derived from 2% of the 'pre-tax', 'post discount' price of all goods purchased from Royal Academy of Dance Enterprises Ltd or RAD retail outlets.

A total of £79,871 has been placed into the Social Responsibility Fund, held in five countries. These funds are intended to aid the development of bursaries, scholarships, awards and special activities with the aim of creating opportunities where otherwise opportunities would not exist. The purpose of these funds will vary according to the specific needs of each country or community. During 2015–16 the trustees will consider how best to make awards.

Financial review

Overview

UNRESTRICTED ACTIVITIES

The worldwide group reported a surplus, before transfers and other recognised gains and losses, of **£502,184** against a deficit of **£1,186,583** last year.

A transfer of **£5,906** was made from unrestricted funds to restricted funds to increase the amount of funds designated in the United States for future projects; and the RAD's share of the cost of Dance Proms, shown as realised losses on investments, increased to **£28,996** from £9,155 the year before.

The value of the RAD's assets increased by **£1,309,000** compared to a fall of £190,255 in the prior year, due primarily to revaluations of property.

36 Battersea Square, London was valued at **£7.5M**, 17 Farrell Avenue, Sydney valued at **AU\$3.2M**, and Bramley, Johannesburg at Rand **2.28M**, a total increase in value of £1,116,642.

Trustees were naturally concerned last year that the successful performance over the previous five years had been undone by the losses suffered in that and the previous year, and had questioned whether the underlying business and business model had been adversely affected by 2013's results. They concluded that the model rather than the business itself might be the risk as it anticipated a recovery in Grades 1–3 examinations, an uptake in CPD through the new Advanced level courses and Grades 4–5 courses, and a strong demand for associated products.

This conclusion was vindicated with the recovery in Grades 1–3 examinations, the attendance at the Advanced level courses and Grades 4–5 courses and the purchase of associated material from Royal Academy of Dance Enterprises Ltd and group outlets. The interest in apps has also exceeded expectation and justified the investment in that medium.

RESTRICTED ACTIVITIES

The RAD has a number of funds which have been built up from donations, legacies, trusts, grants, fundraising events and appeals. These are administered in accordance with the accounting policy in Note 1 (n) Fund Accounting. The funds are divided into three categories as shown in Note 27 of these Financial Statements. There was a net incoming resource of **£15,404**, before transfers and other recognised gains and losses, for the year to 31 July 2014 (2013: net incoming resource £110,019). The main movements were:

Project funding

The RAD is in receipt of a three-year funding grant (2011/12 – 2014/15) from the Jack Petchey Foundation to run the Step into Dance programme (a fully inclusive, community dance programme – 200 secondary school in 32 London boroughs) as well as raising its own funds. All monies received from the Foundation were spent in accordance with the programme's aims. An underspend of £18,434 was carried forward to next year in accordance with the Foundation.

Designated funds

£27,340 (2013: £3,471) was designated to the Social Responsibility Fund, set up by the trustees in 2011/12 to meet the RAD's Public Benefit. £36,155 was applied to the Glasgow 2013 Genée competition from the Challengénée fund which was set up for that purpose.

A transfer of **£5,906** was made from unrestricted funds to restricted funds to increase the amount funds designated in the United States for future projects.

Restricted funds

During the year the RAD received £25,000 from the Headley Trust to fund bursaries for students on its Professional Dance Teachers Diploma (PDTD) programme. The bursaries were awarded in accordance with the grant.

Bursaries, awards and scholarships were awarded through various scholarship funds, trusts, Jubilee Award and regional schemes.

By principal activities

Incoming unrestricted resources for the group rose **11.5%** to **£19,683,659** from **£17,675,473**, while overall expenditure rose by only **1.6%** from **£18,862,056** to **£19,181,475**. As can be seen from Table 1 below, which restates the Statement of Financial Activities by Principal Activities and support costs, direct expenditure rose by **1.89%** (2013 -5.32%) primarily due to the improvement in turnover, while support costs were contained by an increase of only **1.22%** (2013 8.3%).

Table 1: Statement of Financial Activities analysed by principal activities and support costs

	Actual for year to 31 July 2014			Prior year to 31 July 2013		
	Incoming resources	Outgoing resources	Net	Incoming resources	Outgoing resources	Net
	£000	£000	£000	£000	£000	£000
Membership income and administration	1,143	(523)	620	1,114	(889)	225
Examinations	10,164	(6,512)	3,652	9,693	(6,677)	3,016
Faculty of Education	2,955	(2,408)	547	3,217	(2,467)	750
CPD courses inc new work	1,386	(1,016)	370	440	(505)	(65)
Student events and activities	1,935	(1,696)	239	1,685	(1,560)	125
Primary purpose trading and licensing	1,703	(1,109)	594	1,132	(803)	329
All other income and expenditure	397	(302)	95	395	(414)	(19)
	19,683	(13,566)	6,117	17,676	(13,315)	4,361
Support costs						
Salaries and pensions	-	(2,735)	(2,735)	-	(2,795)	(2,795)
Administration	-	(1,319)	(1,319)	-	(1,186)	(1,186)
Governance	-	(366)	(366)	-	(349)	(349)
Information technology	-	(394)	(394)	-	(364)	(364)
Rent and property	-	(374)	(374)	-	(415)	(415)
Depreciation	-	(296)	(296)	-	(305)	(305)
Financing and transaction charges	-	(131)	(131)	-	(133)	(133)
	-	(5,615)	(5,615)	-	(5,547)	(5,547)
Net outgoing resources	19,683	(19,181)	502	17,676	(18,862)	(1,186)

Performance against budget

The group's overall performance for the year was in line with the budgeted unrestricted surplus of **£500,262**, although greater than expected exchange movements depressed the UK Group results.

	Actual for year to 31 July 2014			Budget for year to 31 July 2014		
	Incoming resources	Outgoing resources	Net	Incoming resources	Outgoing resources	Net
	£000	£000	£000	£000	£000	£000
Branches and subsidiaries	10,308	(9,794)	514	10,433	(9,995)	438
UK Group	10,353	(10,344)	9	11,461	(11,399)	62
Consolidation adjustments	(977)	956	(21)	-	-	-
	19,684	(19,182)	502	21,894	(21,394)	500

Performance by activity

The strength of sterling and increases in subscription fees helped **subscription income** to increase by 2.64%, although the number of Registered Teachers and other members fell by 176 or 2.6%, 130 and 2.13% respectively. The RAD now has members in 82 countries, with new members joining from Bulgaria, Cambodia, Hungary, Oman, Puerto Rico Tanzania, and Uganda. 12.5% of the membership are Life Members who have been members for longer than 40 years. Direct expenditure has been reduced, primarily with a move of marketing expense into support costs, but publication costs have been reduced with a move to less print and more digital output.

Examinations income rose by 4.8% from £9,693,203 to £10,163,931 while direct expenditure fell by 2.4% from £6,676,630 to £6,511,544. Examination entries rose 9.6% from 209,136 to 229,192. All types of assessments grew in the year:

Assessment type	2013/14	2012/13	Growth
Demonstration classes	6,645	6,427	3.39%
Graded examinations	161,120	148,118	8.78%
Solo Performance Awards	1,460	758	92.61%
Class awards	33,869	29,833	13.53%
Vocational graded exams	26,098	24,000	8.74%
Total	229,192	209,136	9.6%

Grades 1–3 entries recovered to the levels seen in the penultimate year, and Solo Performance Awards have almost doubled following the year of introduction. Examinations were held for the first time in Aruba. £269,393 was spent on the standardisation and training of examiners.

Initial education income fell 8.8% from £3,216,758 to £2,955,059 and expenditure fell 2.4% from £2,466,568 to £2,408,341 respectively, reducing margins by 5%, to 18%. Although the number of students on programmes rose from 1,046 to 1,206 the decrease in income was due to change in the mix of students, with slowed recruitment for taught programmes but growth in distance learning programmes, and the effect of translation of income and expenditure in the currencies in which the CBTS is held overseas.

The Certificate in Ballet Teaching Studies, which can be studied in the country of the student accounts for 57% of all programme income (2013: 54%) and 82 % (2013: 75%) of total net programme contributions. Programmes were offered for the first time in Norway and Chile.

An Access route programme with Queensland University of Technology (QUT) was introduced in 2014 attracting ten students in its launch year. The CBTS was offered in Israel for the first time during 2012/13.

New students were recruited from Northern Cyprus, Brunei, Belgium and Luxembourg for the CBTS; Cambodia for the DDTs; and Uganda and Bermuda for BADE.

Incoming resources from **Continuing Professional Development courses** rose 214% from £440,552 to £1,386,053 with 457 courses in 51 countries compared to 200 in 21 countries the previous year. Direct expenditure rose 101% from £505,002 to £1,016,174, commensurate with the increase in provision. Margins recovered from a negative 14.6% to 26.7%.

This recovery was due to two reasons: in June 2014 the RAD's CPD scheme became mandatory; and during 2013–2014 the RAD offered courses for the new Grades 4–5 and the new Advanced level syllabi. 9,988 participants attended its CPD provision in the year, compared to 3,304 the year before.

Incoming resources from **student events and activities** increased 14.8% from £1,684,883 to £1,934,835. Although the number of events fell by 30, the number of participants increased. Student events and activities include courses, competitions and bursaries, and summer, Easter and winter schools. The number of summer schools increased by 2 and those in the UK recovered from the previous years' 'Olympic effect'.

The Genée International Ballet Competition was held in Glasgow in October 2013 and made a small loss of £11,533 after a very successful fundraising campaign by Scottish and English members.

Primary purpose trading and licensing income rose from £1,132,243 to £1,702,270. This was due to the launch of the new Grades 4–5 and Advanced level products. In addition Royal Academy of Dance Enterprises launched apps across the range of syllabi for both Apple and Google Android products. Trading revenues accounted for £1,498,241 (2013 £942,215) and licensing income £204,029 (2013 £190,028). Net margins increased from 15% to 26%.

All other income is derived from advertising, rental from studios, sundry income, gains on exchange, with associated expenditure and taxation on subsidiary company profits.

Support costs rose overall by 1.2% – with an 11.3% increase in administration, 8.1% in information technology and 4.7% in governance. Due to the nature of the organisation, ranging from offices with staff dedicated to individual activities to offices with staff undertaking all the activities, support costs includes those costs that in a larger business might normally fall into direct or activity based costs. In addition, the requirement of SORP to allocate costs across functional areas can lead to inconsistencies in charges from one year to the next. If some functional activity is not held, with the result of additional costs being allocated across the remaining functional areas; and the translation of the effect of exchange movements can also have the effect of increasing or decreasing cost.

Operating cash flows and capital expenditure

The group's overall net cash and loans position improved by **£781,681** from **£4,491,397** last year to **£5,273,078**.

There was a net cash inflow from operating activities of **£1,653,146** compared to an outflow of **£918,329** the year before, arising from: a reduction of **£174,984** in stocks held; an increase in net creditor / debtors due of £93,878; an increase in group net assets of **£376,065** from movements in exchange on group net assets; and the improvement in net incoming resources for the year. Capital expenditure decreased from **£333,147** to **£251,558**.

The RAD's main banker in the UK and in some overseas territories is HSBC Bank Plc. HSBC renewed the RAD's grouping facility of **£700,000**; and Royal Academy of Dance Enterprises Limited's overdraft facility of **£300,000** for a further year in October and November 2014 respectively.

Net assets and net debt

Group net assets increased from **£10,917,565** to **£12,230,017**, reflecting the net incoming resources for the year, the change in working capital, the revaluation of the accumulated funds, and revaluation reserve at the end of the financial year. Net current assets rose from **£2,154,358** to **£2,572,193**. This primarily reflects the increase in the cash position, but also the overall change in the mix of working capital.

Finance charges

Finance charges reduced to **£130,876** (2013: £132,247). These are a mixture of financing costs for the RAD's overdraft facilities in the UK, and charges for international transactions, credit cards and other monetary transactions. While benefiting from the improvement in the RAD's overdraft facility in the UK and the fall in base rates, the increase in finance charges relates to the change in the way that customers pay, resulting in a higher transaction base in the year.

Taxation

The RAD is required to pay corporation and income tax on the surpluses earned by incorporated subsidiaries within the group. These subsidiaries are not regarded as charitable. The tax charge for the year was **£168,918** (2013: £196,538) and reflects the profitability of the RAD's subsidiaries. As it is exempt from corporation tax in the UK, it cannot take advantage of double taxation agreements.

Reserves policy

The RAD's current pattern of activities provides fluctuating peaks in income and expenditure, and a reserves policy is necessary not only to cover these periodic cash flow deficits but also to ensure that its core activities can be covered from pressure on income and expenditure such as: unforeseen emergencies; unforeseen day-to-day operational costs; income that has fallen below expectations; or planned commitments that cannot be met by future income alone.

As of 31 July 2014, the group readily realisable reserves stood at **£1,652,814** (2013: £1,210,767), with readily realisable reserves in the UK of **£186,968** (2013: £170,604).

Table 2: Net assets and other reserves

	2014 £000	2013 £000
Bank accounts (excluding restricted fund bank accounts)	4,595	3,841
Working capital	(2,942)	(2,630)
Net assets	1,653	1,211
Freehold property (net of mortgage)	9,153	8,221
Restricted reserves (held for use of RAD projects and access funds)	955	953
Other fixed assets (excluding freehold property)	469	533
Other reserves	10,577	9,706
Total reserves	12,230	10,918

The RAD has a current Reserves Policy based on three months costs. This would require free Group Reserves of £2,689,591 (UK £1,780,491). This will take some time to rebuild, but the trustees at the same time will continue to ensure that available reserves are distributed where needed most.



Richard Thom
Director of Finance and Administration
20 April 2015

Key performance indicators

Table 3: No. of Registered Teachers and all other members

Members	UK	Europe	Asia & Middle East	Americas	Africa	Australia NZ	Total
No. of countries	1	28	21	22	8	2	82
Registered Teachers	2,101	1,801	1,069	1,288	366	1,181	7,806
All other members	1,961	669	599	784	237	1,721	5,971
2013/14 Actual	4,062	2,470	1,668	2,072	603	2,902	13,777
Growth by region	0.15%	0.53%	4.12%	2.98%	-7.23%	-10.29%	-1.68%
Growth against target							-0.43%
No. of countries	1	26	19	31	6	2	85
Registered Teachers	2,186	1,813	1,231	1,111	372	1,198	7,911
All other members	1,870	644	634	638	278	2,037	6,101
2012/13 Prior year	4,056	2,457	1,865	1,749	650	3,235	14,012
Registered Teachers							7,824
All other members							6,012
2013/14 Target							13,836

Table 4: No. of candidates taking examinations, solo performance awards, class awards, presentation and demonstration classes

Examinations	UK	Europe	Asia & Middle East	Americas	Africa	Australia NZ	Total
No. of countries	1	21	18	20	7	2	69
Graded	54,118	37,618	52,131	29,811	8,437	20,979	203,094
Vocational	3,586	5,484	4,965	5,673	1,077	5,313	26,098
2013/14 Actual	57,704	43,102	57,096	35,484	9,514	26,292	229,192
Growth by region	17.13%	18.16%	7.30%	6.33%	14.64%	-7.79%	9.59%
Growth against target	-2.65%	5.23%	4.67%	-2.24%	9.44%	-8.44%	0.31%
No. of countries	1	20	19	18	7	2	67
Graded	46,039	31,549	48,664	28,075	7,633	23,176	185,136
Vocational	3,224	4,928	4,549	5,297	666	5,336	24,000
2012/13 Prior year	49,263	36,477	53,213	33,372	8,299	28,512	209,136
Graded	56,299	34,014	49,741	31,419	7,834	24,735	204,042
Vocational	2,977	6,945	4,807	4,879	859	3,981	24,448
2013/14 Target	59,276	40,959	54,548	36,298	8,693	28,716	228,490

Table 5: Initial education programme recruitment (continuing and current)

Programme	2014 intake	% Growth	% Target	2013 intake	2014 target
Master of Teaching (Dance)	46	-11.54%	31.43%	52	35
Post Graduate Certificate of Education: Dance Teaching	23	9.52%	-	21	23
Professional Dancers Postgraduate Teaching Certificate Berlin	7	-50.00%	-53.33%	14	15
BA (Hons) Ballet Education	78	-15.22%	-17.02%	92	94
BA (Hons) Dance Education	69	-14.38%	-18.45%	80	84
Licentiate of the Royal Academy of Dance (LRAD)	54	-16.92%	-26.03%	65	73
Professional Dancers Teaching Diploma (PDTD)	19	-2.63%	-2.63%	19	19
Diploma in Dance Teaching Studies (DDTS) (UK-based)	47	161.11%	-2.08%	18	48
Certificate in Ballet Teaching Studies (CBTS) (UK-based)	120	2.56%	-14.29%	117	140
Tong Ji BA Dance Performance and Education	40	-23.08%	14.29%	52	35
Queensland University of Technology Access Route	10			-	10
Certificate in Ballet Teaching Studies (CBTS) (Internationally-based)	694	34.50%	16.44%	516	596
	1,207	15.30%	2.9%	1,046	1,172

Table 6: Initial education programme recruitment (origin of students)

Faculty of Education	UK	Europe	Asia & Middle East	Americas	Africa	Australia NZ	Total
No. of countries	1	17	13	7	2	2	42
2013/14 intake	281	252	250	209	62	152	1,206
No. of countries	1	16	12	5	1	2	37
2012/13 intake	315	207	183	166	23	100	994

Table 7: No. of attendees at continuing professional development courses

Type of course	UK	Europe	Asia & Middle East	Americas	Africa	Australia NZ	Total
No. of countries	1	11	13	23	1	2	51
No. of courses	96	127	91	91	19	33	457
Grades 4–5	851	1,130	981	717	142	426	4,247
Advanced level	366	495	917	814	271	620	3,483
Other syllabi	206	289	108	208	-	52	863
All other	234	422	145	319	-	185	1,305
2013/14 Actual	1,657	2,336	2,151	2,058	413	1,283	9,898
No. of countries	1	4	4	5	1	2	17
No. of courses	45	26	5	59	4	20	159
Grades 1–3 level	416	475	55	824	112	357	2,239
Intermediate level	69	36	17	170	-	31	323
Other syllabi	12	-	-	116	-	-	128
All other	305	115	38	131	-	25	614
2012/13 Actual	802	626	110	1,241	112	413	3,304

Table 8: No. of attendees at student events and activities

Type of event or activity ⁴	UK	Europe	Asia & Middle East	Americas	Africa	Australia NZ	Total
No. of countries	1	4	2	1	-	-	8
No. of student events	246	6	2	85	-	-	339
No. of participants	2,405	547	329	985	-	-	4,266
No. of adult events	45	-	-	-	-	-	45
No. of participants	510	-	-	-	-	-	510
No. of summer schools	4	4	2	2	-	-	12
No. of participants	33	1,420	828	142	-	-	2,423
2013/14 Total participants	2,948	1,967	1,157	1,127	-	-	7,199
No. of countries	1	2	1	3	-	-	7
No. of student events	57	1	-	119	-	-	177
No. of participants	2,002	96	-	2,091	-	-	4,189
No. of adult events	42	-	-	-	-	-	42
No. of participants	616	-	-	-	-	-	616
No. of summer schools	5	1	1	1	-	-	8
No. of participants	284	872	309	98	-	-	1,563
2012/13 Total participants	2,902	968	309	2,189	-	-	6,368

⁴ Events held by the Advisory Committees in Australia, Greece, South Africa and UK are not included in these statistics

Going concern and future outlook

As the RAD, either as a group or a UK charity, does not issue formal half yearly statements, the trustees rely on quarterly management accounts which include assessment of performance against budget, forecasts of year end position, and bank positions which are presented to them as respective members of the Board of Trustees, Finance Subcommittee, and Board of Directors of Royal Academy of Dance Enterprises Ltd in order to assess the group, charity and company's ability to continue as a going concern.

The trustees recognise that the RAD must be a well-managed, well-funded and well-governed organisation to achieve its strategic objectives. They firmly believe that a robust business model and corporate structure backed by a sound technological, marketing, communications infrastructure with good physical and human resources will deliver that aim.

This belief was vindicated with the recovery in this year's results from the significant losses suffered last year.

The anticipated recovery in Grades 1–3 examinations occurred, together with the excellent uptake in the new Advanced level courses and Grades 4–5 courses. Royal Academy of Dance Enterprises Ltd had its strongest performance to date with demand for the new Advanced level and Grades 4–5 material outstripping all expectations. Demand for apps for Grades 1–5 and the Advanced levels proved extremely popular.

Trustees are to approve a revised strategic plan for the period 2015–20 looking particularly at maximising revenues through existing and new products, services and activities; and an expansion of the range of markets in which the RAD operates with a more targeted approach to North America and China.

Work continues on the search for new premises and the trustees are considering the next stage of the development of the global database.

In February 2015 the RAD signed an agreement with Beijing Tian Tian Arts and Culture Co Ltd to manage the its operations in North East and Northern China. And in March 2015 it signed an agreement with Morning Star Ballet Foundation to deliver elements of the Certificate in Ballet Teaching Studies and a Professional Dancers Teaching Diploma programme in Beijing.

For 2014/15 the challenge will be to maintain demand for Grades 4–5 examinations, to provide sufficient continuing professional development courses and resources for the teachers, to transition Faculty of Education students to our new validator the University of Bath and to embed these developments in the Far East. The trustees are confident that the RAD will meet its targets for 2014/15 and for that reason conclude that there are no material uncertainties as of the date of this report which may cast doubt about the charity and group's ability to continue as a going concern.

The RAD is an international organisation. It operates in many jurisdictions and in a competitive, complex and demanding environment. The trustees will continue to ensure that it minimises risks and uncertainties to enable it to deliver high-quality services to its customers and to ensure the ongoing development of its students, Examiners, teachers and staff.

The dedication of its staff and its members, together with the support its President, Vice-Presidents, Advisory Council, Trustees and its Subcommittee members, Examiners, tutors, teachers, students and parents make the RAD a powerful force in delivering its mission to improve the practice, teaching and understanding of dance internationally. Together, we would like to pay tribute to and thank all those without whose support and dedication that task would be impossible.



Kerry Rubie
Trustee, Board of Trustees



Luke Rittner
Chief Executive

20 April 2015

STATEMENT OF THE BOARD OF TRUSTEES' RESPONSIBILITIES

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and in accordance with UK Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England requires the trustees to prepare financial statements for each year, which give a true and fair view of the state of affairs of the charity and the group and of the incoming resources and application of resources of the charity and the group 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 SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and group and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008, and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF ROYAL ACADEMY OF DANCE

We have audited the financial statements of Royal Academy of Dance for the year ended 31 July 2014 which comprise the statement of financial activities, the balance sheets, the cash flow statement, the notes to the cash flow statement 1 to 6 and the related notes 1 to 31. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the trustees and auditor

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

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the charity and Group's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the trustees; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the charity and the Group as at 31 July 2014 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Statutory Auditor
LONDON UK
20 April 2015

Deloitte LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006 and consequently to act as the auditor of a registered charity.

GROUP STATEMENT OF FINANCIAL ACTIVITIES

Year ended 31 July 2014

Notes

	2014			2013		
	Unrestricted funds £000	Restricted funds £000	Total funds £000	Unrestricted funds £000	Restricted funds £000	Total funds £000
Incoming resources						
Incoming resources from generated funds						
2 Voluntary income	16	10	26	35	46	81
3 Activities for generating funds	253	116	369	249	188	437
4 Investment income	48	-	48	51	1	52
Incoming resources from charitable activities						
5 Examination fees	10,164	-	10,164	9,693	-	9,693
6 Education and training fees	6,276	654	6,930	5,342	667	6,009
Subscription income	1,143	-	1,143	1,114	-	1,114
7 Other primary purpose trading	1,498	-	1,498	942	-	942
8 Other incoming resources	285	-	285	250	-	250
Total incoming resources	19,683	780	20,463	17,676	902	18,578
Resources expended						
9 Costs of generating voluntary income	-	(8)	(8)	-	-	-
10 Costs of generating funds	(62)	(120)	(182)	(78)	(112)	(190)
11 Costs of charitable activities	(17,646)	(635)	(18,281)	(17,298)	(678)	(17,976)
12 Governance costs	(1,233)	(1)	(1,234)	(1,048)	(1)	(1,049)
13 Other resources expended	(240)	-	(240)	(438)	(1)	(439)
Total resources expended	(19,181)	(764)	(19,945)	(18,862)	(792)	(19,654)
Net incoming (outgoing) resources before transfers	502	16	518	(1,186)	110	(1,076)
Transfers between funds	(6)	6	-	(11)	11	-
Net incoming (outgoing) resources	496	22	518	(1,197)	121	(1,076)
Other recognised gains and losses						
On investments held for investment purposes						
Realised losses	(29)	-	(29)	(9)	-	(9)
Unrealised gains		2	2	-	2	2
On revaluation of tangible fixed assets	1,117	-	1,117	366	-	366
Movement on exchange arising from the consolidation of branches and subsidiaries	(275)	(21)	(296)	(190)	(17)	(207)
Total other recognised gains and losses	813	(19)	794	167	(15)	152
Net movement in funds	1,309	3	1,312	(1,030)	106	(924)
Fund balances brought forward at 1 August	9,966	952	10,918	10,996	846	11,842
Total funds carried forward at 31 July	11,275	955	12,230	9,966	952	10,918

GROUP AND CHARITY BALANCE SHEETS

Year ended 31 July 2014

Notes

	Group		Charity	
	2014 £000	2013 £000	2014 £000	2013 £000
Fixed assets				
20 Intangible assets	6	8	1	1
21 Tangible assets held for charitable use	9,824	8,969	9,661	8,803
22 Investments	52	53	167	182
	9,882	9,030	9,829	8,986
Current assets				
23 Stocks	439	615	184	185
24 Debtors	1,163	954	1,978	1,459
Cash at bank and in hand	6,750	6,063	4,127	3,970
	8,352	7,632	6,289	5,614
25 Creditors – amounts falling due within one year	(5,780)	(5,478)	(4,952)	(4,508)
Net current assets	2,572	2,154	1,337	1,106
26 Creditors – amounts falling due after more than one year	(224)	(266)	(221)	(265)
Net assets	12,230	10,918	10,945	9,827
FUNDS				
27 Restricted and designated funds	955	952	949	946
28 Unrestricted funds				
Accumulated funds	3,937	3,688	2,746	2,682
Revaluation reserves	7,338	6,278	7,250	6,199
Total funds	12,230	10,918	10,945	9,827

These financial statements were approved and signed on behalf of the Board of Trustees on 20 April 2015 by:



Kerry Rubie
Trustee, Board of Trustees



Leigh Collins
Trustee, Board of Trustees

GROUP CASH FLOW STATEMENT

Year ended 31 July 2014

	2014	2013
Restricted and unrestricted funds	£000	£000
Net cash inflow (outflow) from operating activities (note 2)	1,653	(918)
Returns on investments and servicing of financing (note 3)	(83)	(81)
Overseas taxation	(169)	(197)
Capital expenditure (note 4)	(252)	(333)
Net cash inflow (outflow) before financing	1,149	(1,529)
Management of financing (note 5)	(26)	(7)
Increase (decrease) in cash in the year	1,123	(1,536)

Notes to the Group Cash Flow Statement

1 Reconciliation of net flows to movement in net funds

Increase (decrease) in cash in the year	1,123	(1,536)
Cash (inflow) outflow from management of financing	7	7
Change in net funds resulting from cash flows	1,130	(1,529)
Effect of foreign exchange rates	(349)	21
Movement in net funds in the year	781	(1,508)
Net funds at 1st August	4,492	6,000
Net funds at 31st July (note 6)	5,273	4,492

2 Reconciliation of net incoming (outgoing) resources to net cash inflow (outflow) from operating activities

Net outgoing resources before transfers	518	(1,076)
Impairment on investment	(29)	(9)
Interest receivable	(48)	(51)
Interest payable	131	132
Taxation payable	169	197
Depreciation – tangible fixed assets	294	303
Depreciation – intangible fixed assets	1	1
Loss on disposal of tangible fixed assets	-	2
(Loss) gain on disposal or impairment of investments	(27)	2
Decrease (increase) in stocks	175	(223)
(Increase) decrease in debtors	(209)	(2)
Decrease in creditors	302	(256)
Effect of foreign exchange rates on net assets	376	62
Net cash (outflow) inflow from operating activities	1,653	(918)

3 Returns on investments and servicing of financing

Interest receivable	48	51
Interest payable	(131)	(132)
Net cash outflow from returns on investment and servicing of finance	(83)	(81)

4 Capital expenditure

Purchase of tangible fixed assets and work-in-progress	(224)	(312)
Investment in joint venture	(28)	(16)
Loss on joint venture	-	(7)
Proceeds from sale of tangible fixed assets	-	2
Net cash outflow from capital expenditure	(252)	(333)

5 Management of financing

Amounts (repaid) borrowed from banks	(17)	(1)
Amounts (repaid) borrowed on finance leases	(9)	(6)
Net cash inflow (outflow) from management of financing	(26)	(7)

GROUP CASH FLOW STATEMENT (continued)

Year ended 31 July 2014

Notes to the Group Cash Flow Statement (continued)

	At 31st July 2013 £000	Cash flows £000	Exchange movements £000	At 31st July 2014 £000
6 Analysis of movement in net funds				
Bank balances and cash in hand held overseas	6,063	1,055	(368)	6,750
Bank overdraft borne in the UK	(1,305)	68	-	(1,237)
	4,758	1,123	(368)	5,513
<i>Amounts due after more than one year</i>				
Bank loans	(237)	34	-	(203)
<i>Amounts falling due within one year</i>				
Bank loans	(2)	(32)	15	(19)
Obligations under finance leases	(27)	5	4	(18)
	(266)	7	19	(240)
	4,492	1,130	(349)	5,273

ACCOUNTING POLICIES

Year ended 31 July 2014

Notes

1(a) Basis of accounting

These accounts have been prepared in accordance with the Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP 2005) and accounting standards; the Charities Act; and the historic cost basis of accounting except for investments and fixed assets which have been included at revalued amounts.

1(b) Going concern

These accounts have been prepared on the going concern basis. In common with other charities, the RAD faces uncertainties arising from current economic conditions. Page 19 of this report and statements discusses these uncertainties and the trustees conclude that there are no material uncertainties as of the date of this report which may cast doubt about the charity and Group's ability to continue as a going concern.

1(c) Basis of consolidation

The charity accounts include the audited accounts of the Royal Academy of Dance in the UK and its branches for the year to 31 July 2014, and the consolidated group accounts include the audited accounts of the charity and its subsidiaries. All activities derive from continuing operations.

1(d) Stocks and work-in-progress

Stocks of goods for resale are stated at the lower of cost and net realisable value. Costs relating to the development of examination syllabi and teaching aids are treated as work-in-progress until the product is ready for sale.

1(e) Tangible fixed assets

All tangible fixed assets, other than freehold land, are stated at cost or valuation net of depreciation and any provision for impairment. Depreciation is provided on cost using the straight-line method over the estimated useful lives of the assets. Impairment reviews are conducted when events and changes in circumstances indicate that impairment may have occurred. If any asset is found to have a carrying value materially higher than its recoverable amount, it is written down accordingly. Freehold land is not depreciated. Tangible fixed assets under £500 are not capitalised. The rates of depreciation are as follows:

Freehold building s	2% pa	Furniture and office equipment	10% pa
Computer equipment	33% pa	Motor vehicles	25% pa

1(f) Intangible fixed assets

Intangible fixed assets consist of computer software and telephone subscription rights of subsidiary companies which are included at cost and amortised in equal instalments over a period of years estimated to be their useful economic life. Provision is made for any impairment.

1(g) Leases

Assets held under hire purchase contracts, which confer rights and obligations, similar to those attached to owned assets, are capitalised as fixed assets and are depreciated over their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the SOFA over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

1(h) Investments

Listed investments are included in the balance sheet at market value. Investments in subsidiaries and joint ventures are included in the charity's accounts at cost less provision for impairment.

1(i) Revaluation of assets

Investments and land and buildings held by the group for restricted and unrestricted use are revalued annually where material. The gain or loss is reflected in the statement of financial activities and, for land and buildings, includes the amount of depreciation provided in that year.

1(j) Overseas currencies

Income, expenditure, assets and liabilities of overseas branches and subsidiaries are translated into sterling at the exchange rates ruling at the balance sheet date. The exchange gains or losses arising from the retranslating of opening net assets of the overseas branches and subsidiaries are shown under 'other' recognised gains or losses in the statement of financial activities. All other exchange gains or losses are dealt with through resources expended within the statement of financial activities.

1(k) Recognition of income

Unrestricted income is recognised in the statement of financial activities on a receivable basis. This is when the RAD has entitlement, reasonable certainty of receipt and the amount can be measured. If there are conditions that have to be fulfilled before entitlement to income received the income is deferred and included under creditors.

Assets given for use by the Royal Academy of Dance are recognised as incoming resources at their estimated market value when receivable. If they form part of the fixed assets at the year-end they are included in the balance sheet at the value at which the gift was included in incoming resources.

ACCOUNTING POLICIES

Year ended 31 July 2014

Notes

Income received in advance for exams or short courses where the activity does not start or complete until after the year end is accounted for in the year of completion of that activity; or fees for programmes such as the Faculty of Education's Certificate in Ballet Studies which is a two-year programme that falls across three financial periods.

I(l) Recognition of expenditure

Unrestricted expenditure is accounted for on an accruals basis. Expenditure is allocated directly to the activity to which it relates, including support costs that can be identified as being an integral part of direct charitable expenditure.

- (a) Costs of generating funds: costs of generating funds include expenditure related to support departments and staff members engaged in or contributing to those activities.
- (b) Costs of charitable activities: charitable expenditure includes all expenditure related to the objects of the charity and includes expenditure related to support departments and staff members engaged in or contributing to charitable activities.
- (c) Governance costs: these are costs associated with the constitutional and statutory requirements of the Group, and include expenditure related to the trustees and senior staff members engaged in or contributing to the governance of the Group.
- (d) Indirect support costs have been allocated on the following bases:
 - Salaries and pensions: time spent or responsibilities
 - General administration: estimated or actual usage
 - Information technology: estimated or actual usage
 - Rent and property: space occupied or used
 - Depreciation: assets occupied or used

I(m) Pension costs

Retirement benefits to employees are provided by defined contribution pension schemes. Contributions payable to the pension schemes in respect of each accounting period are charged to the statement of financial activities.

I(n) Fund accounting

Restricted income and expenditure is recognised on a receipts and payments basis. Funds can be classified as Project, Designated or Restricted. They arise from a number of sources, which include:

- (a) Donations, legacies, scholarships, bursaries and trusts left to the RAD and its branches and subsidiaries to administer in accordance with the conditions laid down therein.
- (b) Grants, sponsorship and project money awarded to the RAD and its branches and subsidiaries where conditions are related to their expenditure.
- (c) Fundraising events and appeals for monies for specific purposes set up by the RAD and its branches and subsidiaries.
- (d) Funds from unrestricted activities designated or set aside by trustees to fund particular activities.
- (e) Income and expenditure is treated as per notes (k) and (l). All expenditure in pursuance of the conditions is shown as restricted fund expenditure.
- (f) Scholarships and bursaries are paid at the time when the activity for which the award is made requires payment.
- (g) Transfers of funds from unrestricted to restricted funds will occur where trustees have agreed to fund an excess of expenditure over income.

I(o) Regional advisory committees

The charity carries out some activities through a network of regional advisory committees that include the name of the charity in their title, and are located in only some of the countries in which the charity operates. All regional advisory panel and committee transactions are accounted for gross in the accounts of the charity, and all assets and liabilities are included in the charity's balance sheet.

I(p) Treatment of VAT

The RAD is registered as partially exempt for VAT in the UK, and is exempt or liable for VAT or applicable taxes in other parts of the world. Irrecoverable VAT is charged to the activity to which it relates or otherwise forms part of the support costs and apportioned as per note (l).

NOTES TO THE ACCOUNTS

Year ended 31 July 2014

Notes

	2014			2013		
	Unrestricted funds £000	Restricted funds £000	Total funds £000	Unrestricted funds £000	Restricted funds £000	Total funds £000
Incoming resources from generated funds						
2 Voluntary income						
Donations, gifts and legacies	16	2	18	35	46	81
Grants	-	8	8	-	-	-
	16	10	26	35	46	81
3 Activities for generating funds						
Fundraising activities	-	116	116	-	186	186
Licensing and royalty income	204	-	204	207	-	207
Property and studio hire	49	-	49	42	2	44
	253	116	369	249	188	437
4 Investment income						
Interest received	48	-	48	51	1	52
	48	-	48	51	1	52
Incoming resources from charitable activities						
5 Examination fees						
AEC and RAV examinations	10,161	-	10,161	9,693	-	9,693
Benesh examinations	3	-	3	-	-	-
	10,164	-	10,164	9,693	-	9,693
6 Education and training fees						
Initial education						
University validated programmes	1,010	-	1,010	1,271	-	1,271
RAD validated programmes	1,945	-	1,945	1,937	-	1,937
Other income	-	-	-	9	-	9
	2,955	-	2,955	3,217	-	3,217
Continuing education						
CPD courses	1,386	-	1,386	440	-	440
Student and other courses	902	-	902	979	-	979
Summer schools	777	-	777	486	-	486
Events and competitions	256	-	256	220	-	220
	3,321	-	3,321	2,125	-	2,125
Step into Dance project	-	654	654	-	667	667
	6,276	654	6,930	5,342	667	6,009

Government funding (continued)

The RAD, through the Faculty of Education, was in receipt of government funding as a result of being granted Initial Teacher Training Accredited Provider status by the UK's Teaching Agency in 2013. In 2014 the government withdrew funding. The funds were included in the previous year income as University validated programmes. These were disbursed in accordance with the Financial Memorandum between the two organisations.

NOTES TO THE ACCOUNTS

Year ended 31 July 2014

Notes

7 Other primary purpose trading

Other primary purpose trading consists of sales made by Royal Academy of Dance Enterprises Limited and branch outlets of the RAD. The company acts as the publishing and distribution arm for the Royal Academy of Dance Examinations Board; publishing and selling its syllabi and related teaching resources, in addition to other dance related products. Its products are sold and distributed through its website, catalogues; a shop outlet located within RAD in Battersea, branch outlets and selected stockists.

	2014	2013
	£000	£000
Turnover net of taxes and discounts	1,498	942
Cost of sales and other costs	(1,109)	(800)
Net income from primary purpose trading	<u>389</u>	<u>142</u>

Additional income is generated from licensing fees which are disclosed in note 3, as a result of which Royal Academy of Dance Enterprises Limited was able to make a Gift Aid payment of £499,000 (2013: £216,909) to its parent company.

	2014			2013		
	Unrestricted funds £000	Restricted funds £000	Total funds £000	Unrestricted funds £000	Restricted funds £000	Total funds £000
8 Other incoming resources						
Advertising income	46	-	46	61	-	61
Exchange gains	-	-	-	13	-	13
All other income	239	-	239	176	-	176
	<u>285</u>	<u>-</u>	<u>285</u>	<u>250</u>	<u>-</u>	<u>250</u>
Resources expended						
9 Costs of generating voluntary income						
Grants	-	(8)	(8)	-	-	-
	<u>-</u>	<u>(8)</u>	<u>(8)</u>	<u>-</u>	<u>-</u>	<u>-</u>
10 Costs of generating funds						
Fundraising activities	(60)	(120)	(180)	(8)	(112)	(120)
Licensing and royalty costs	-	-	-	(3)	-	(3)
Property and studio hire	(2)	-	(2)	-	-	-
Indirect support costs (note 14)	-	-	-	(67)	-	(67)
	<u>(62)</u>	<u>(120)</u>	<u>(182)</u>	<u>(78)</u>	<u>(112)</u>	<u>(190)</u>

NOTES TO THE ACCOUNTS

Year ended 31 July 2014

Notes

	2014			2013		
	Unrestricted funds £000	Restricted funds £000	Total funds £000	Unrestricted funds £000	Restricted funds £000	Total funds £000
II Costs of charitable activities						
a Examinations						
AEC and RAV examinations	(6,512)	-	(6,512)	(6,677)	-	(6,677)
Indirect support costs (note 14)	(1,994)	-	(1,994)	(2,126)	-	(2,126)
	(8,506)	-	(8,506)	(8,803)	-	(8,803)
b Education and training fees						
Initial education						
University validated programmes	(916)	-	(916)	(1,031)	-	(1,031)
RAD validated programmes	(1,016)	-	(1,016)	(996)	-	(996)
Other income costs	-	-	-	(6)	-	(6)
Direct support costs	(477)	-	(477)	(434)	-	(434)
Indirect support costs (note 14)	(823)	-	(823)	(841)	-	(841)
	(3,232)	-	(3,232)	(3,308)	-	(3,308)
Continuing education						
CPD courses	(1,016)	-	(1,016)	(505)	-	(505)
Student and other courses	(617)	-	(617)	(679)	-	(679)
Summer schools	(623)	-	(623)	(399)	-	(399)
Events and competitions	(266)	-	(266)	(304)	-	(304)
Direct support costs	(189)	-	(189)	(177)	-	(177)
Indirect support costs (note 14)	(759)	-	(759)	(699)	-	(699)
	(3,470)	-	(3,470)	(2,763)	-	(2,763)
Step into Dance project	-	(635)	(635)	-	(678)	(678)
	(6,702)	(635)	(7,337)	(6,071)	(678)	(6,749)
c Membership services						
Administration	(348)	-	(348)	(651)	-	(651)
Publications	(175)	-	(175)	(238)	-	(238)
Indirect support costs (note 14)	(561)	-	(561)	(484)	-	(484)
	(1,084)	-	(1,084)	(1,373)	-	(1,373)
d Trading						
Direct costs	(1,109)	-	(1,109)	(800)	-	(800)
Indirect support costs (note 14)	(245)	-	(245)	(251)	-	(251)
	(1,354)	-	(1,354)	(1,051)	-	(1,051)
Total costs of charitable activities	(17,646)	(635)	(18,281)	(17,298)	(678)	(17,976)

NOTES TO THE ACCOUNTS

Year ended 31 July 2014

Notes

	2014			2013		
	Unrestricted funds £000	Restricted funds £000	Total funds £000	Unrestricted funds £000	Restricted funds £000	Total funds £000
12 Governance costs						
Audit and accountancy fees	(243)	(1)	(244)	(223)	(1)	(224)
Legal fees	(6)	-	(6)	(21)	-	(21)
All other costs	(117)	-	(117)	(106)	-	(106)
Indirect support costs (note 14)	(867)	-	(867)	(698)	-	(698)
	(1,233)	(1)	(1,234)	(1,048)	(1)	(1,049)

Fees payable to the charity's auditor and its associates for the audit of the charity's annual accounts

Audit fees	(95)	-	(95)	(95)	-	(95)
Other services	(6)	-	(6)	(13)	-	(13)

Fees payable to the charity's auditor and its associates for the audit of the charity's subsidiaries

Audit fees	(45)	(1)	(46)	(46)	(1)	(47)
Other services	-	-	-	(31)	-	(31)

Fees payable to other auditors for the audit of the charity's branches and subsidiaries

Fees	(103)	-	(103)	(74)	-	(74)
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13 Other resources expended

Loss on asset disposals	-	-	-	(2)	-	(2)
Exchange losses	(71)	-	(71)	-	-	-
Taxation	(169)	-	(169)	(197)	-	(197)
Costs related to other income	-	-	-	(208)	-	(208)
Indirect support costs (note 14)	-	-	-	(31)	(1)	(32)
	(240)	-	(240)	(438)	(1)	(439)

14 Analysis of indirect support costs⁵

Unrestricted funds 2014

	Exams	Education	Training	Membership	Trading	Total Note 11	Total Note 12	Total Note 13	Total Note 10
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Salaries and pensions	(1,155)	(423)	(420)	(184)	(124)	(2,306)	(428)	-	-
General administration	(428)	(121)	(146)	(237)	(56)	(988)	(332)	-	-
Information technology	(133)	(111)	(39)	(76)	(20)	(379)	(15)	-	-
Financing charges	(45)	(23)	(21)	(15)	(7)	(111)	(21)	-	-
Depreciation	(108)	(63)	(45)	(29)	(20)	(265)	(30)	-	-
Rent and property	(125)	(82)	(88)	(20)	(18)	(333)	(41)	-	-
	(1,994)	(823)	(759)	(561)	(245)	(4,382)	(867)	-	-

14 Analysis of indirect support costs

Unrestricted funds 2013

	Exams	Education	Training	Membership	Trading	Total Note 11	Total Note 12	Total Note 13	Total Note 10
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Salaries and pensions	(1,199)	(444)	(393)	(191)	(130)	(2,357)	(411)	(9)	(19)
General administration	(506)	(119)	(111)	(161)	(57)	(954)	(215)	(10)	(6)
Information technology	(121)	(100)	(35)	(68)	(18)	(342)	(13)	(6)	(2)
Financing charges	(46)	(23)	(20)	(15)	(7)	(111)	(19)	(1)	(2)
Depreciation	(103)	(73)	(49)	(26)	(19)	(270)	(19)	(3)	(13)
Rent and property	(151)	(82)	(91)	(23)	(20)	(367)	(21)	(2)	(25)
	(2,126)	(841)	(699)	(484)	(251)	(4,401)	(698)	(31)	(67)

⁵ The basis of allocation of support costs are disclosed in Note 1 (j)(d). Restricted funds indirect support costs for 2014 and 2013 are shown in notes 11 and 12 only and represent audit, financing and property costs respectively.

NOTES TO THE ACCOUNTS

Year ended 31 July 2014

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15 Related party transactions

Four trustees (2013: six) who are also Examiners, tutors or mentors received **£52,989** in fees and expenses including travel costs for attending trustee meetings, and a further **£2,502** was paid to four trustees for travel expenses to attend board meetings (2013: 3). Payments to trustees who are also Examiners, tutors and mentors are in accordance with Articles 6.5, and 10 of the Charter: £47,846 was paid in 2013 which included £12,091 fees and reimbursable expenses to one of these trustees for the development of syllabi.

The following related party transactions took place during the year:

Related party: Louise Murray (Trustee) as owner of Monument Performing Arts School
Transaction: Hire of studios to the RAD in Scotland for examinations and courses
Cost of transaction: £1,440 (2013: £269)
Amount due at 31 July 2014: £nil (2013: £nil)

Related party: Noriko Kobayashi (National Director – Japan) as owner of Kobayashi Ballet Studios
Transaction: Hire of dance studios, office space and seconded staff to RAD Japan for examinations, courses, summer schools and administration
Cost of transaction: £94,171 (¥16,293,966) (2013: £91,885 (¥13,701,134))
Amount due at 31 July 2014: £33,827 (¥ 5,852,883) (2013: 27,568 (¥4,110,680))

Related party: Lala Salendu (National Director – Indonesia) as owner of dance studios
Transaction: Hire of studios to Yayasan Royal Academy of Dance Indonesia for examinations and courses
Cost of transaction: £ 10,301 (Rupiah 202,500,000) (2013: £9,627 (Rupiah 150,000,000))
Amount due at 31 July 2014: £Nil (Rupiah Nil) (2013: Nil (Rupiah Nil))

Related party: Blanca Cortes (daughter of National Director – Spain) as owner of office space
Transaction: Rental of office space to Royal Academy of Dance SL
Cost of transaction: £5,035 (€6,360) (2013: £5,570 (€6,360))
Amount due at 31 July 2014: £Nil (€ Nil) (2013: Nil (€ Nil))

All transactions were at arm's length. The RAD has taken advantage of the option conferred by Financial Reporting Standard No. 8 Related Party Disclosures that allows it not to disclose transactions with subsidiaries.

16 Indemnity insurance

Indemnity insurance was included as part of the RAD's global policy to indemnify it from loss arising from the neglect or default of its trustees, employees or agents and to indemnify the trustees and other officers against the consequence of any neglect or default on their part, in accordance with Article 6(h) of the Charter. The cost for the year to 31 July 2014 was **£5,800** (2013: £5,800).

17 Costs of employees

The RAD employed 191 (2013: 186) administrative staff and 48 (2013: 47) commission-based staff worldwide, as well as contracting the services of examiners, teachers, tutors and musicians. Employment costs account 54% (2013: 51%) of total resources expended (excluding other incoming resources expended):

	2014			2013		
	Unrestricted funds £000	Restricted funds £000	Total funds £000	Unrestricted funds £000	Restricted funds £000	Total funds £000
Employee gross salaries	(5,168)	-	(5,168)	(5,016)	-	(5,016)
Employee payroll taxes	(506)	-	(506)	(516)	-	(516)
Employer Pension contribution	(266)	-	(266)	(271)	-	(271)
Processing staff	(179)	-	(179)	(176)	-	(176)
Employees on commission	(614)	-	(614)	(585)	-	(585)
Teachers, tutors and examiners	(3,122)	-	(3,122)	(2,995)	-	(2,995)
Musicians	(414)	-	(414)	(347)	-	(347)
Total employment costs	(10,269)	-	(10,269)	(9,906)	-	(9,906)

The RAD has a number of Regional Advisory Committees (RAC) in Australia, Greece, South Africa and the UK. These RAC's operate through committees consisting of up to ten volunteer members and hold student events and activities throughout the year. Many of these activities are manned by volunteers who are entitled to reimbursement of their expenses.

NOTES TO THE ACCOUNTS

Year ended 31 July 2014

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18 Pension costs

The pension charge for the year to 31 July 2014 was **£266,450** (2013: £271,274).

In the UK, the RAD currently operates two schemes, representing in total 82 employees (2013: 58). In July 2014 it introduced pension auto-enrolment for the remainder of its staff including casual and temporary workers falling within its remit. A further 88 employees were eligible to be auto-enrolled in July.

Provider	Type of scheme
Aegon Scottish Equitable	Defined contribution scheme
Teachers' Pension Scheme (TPS)	A contracted-out, unfunded, defined benefit pay-as-you-go occupational pension scheme

Elsewhere the RAD operates or contributes to a variety of defined contribution schemes, money purchase schemes or statutory schemes, representing 33 (2013: 33) employees in nine (2013: nine) countries.

Provider	Country	Type of scheme	
CARE Super	Australia	Superannuation fund	13
Registered Retirement Savings Plan (RRSP)	Canada	Defined contribution scheme	3
Migdal	Israel	Defined contribution scheme	1
Pensplan and Labrifond	Italy	Defined contribution schemes	3
AXA	New Zealand	Superannuation fund	3
	Portugal	Defined contribution scheme	1
Liberty Pension Scheme	South Africa	Defined contribution scheme	6
BBVA	Spain	Plan de Jubilacion	2
Aegon Life	Thailand	Defined contribution scheme	1

In other countries companies contribute to the state scheme. As of 31 July 2014 there were accrued employer pension contributions of £15,379 which were paid in August 2014 (2013: £nil).

	2013	2014
Number of Group employees earning:		
between £90,001 – £100,000	1	1
Pension contributions	£11,062	£11,062
between £80,001 – £90,000	-	-
Pension contributions	-	-
between £70,001 – £80,000	4	1
Pension contributions	£20,635	£8,487
between £60,001 – £70,000	4	6
Pension contributions	£22,932	£16,663

19 Taxation

The RAD is a charitable organisation and is entitled to UK tax exemptions available to charities. Accordingly, provision for UK taxation has only been made in respect of the profits of the Royal Academy of Dance Enterprises Limited. Subject to the availability of similar charitable exemption overseas, provision has been made for overseas taxation on the profits of overseas subsidiaries and branches.

20 Intangible assets

These consist of computer software and telephone subscription rights of subsidiary companies that are recorded at cost and written off over a number of years.

NOTES TO THE ACCOUNTS

Year ended 31 July 2014

Notes

21 Tangible fixed assets held for charitable use

Group	Freehold land and buildings £000	Furniture and office equipment £000	Computer equipment £000	Motor vehicles £000	Total £000
Cost or Valuation					
At 1 August 2013	8,460	607	1,153	54	10,274
Exchange movements	(140)	(22)	(51)	(8)	(221)
Revaluation	1,079	-	-	-	1,079
Additions	-	26	198	-	224
Disposals	-	(8)	(79)	-	(87)
At 31 July 2014	9,399	603	1,221	46	11,269
Accumulated depreciation					
At 1 August 2013	1	423	853	28	1,305
Exchange movements	-	(14)	(27)	(4)	(45)
Revaluation	(38)	-	-	-	(38)
Charge for the year	60	39	205	8	312
Eliminated on disposals	-	(8)	(81)	-	(89)
At 31 July 2014	23	440	950	32	1,445
Net book value					
At 31 July 2014	9,376	163	271	14	9,824
At 31 July 2013	8,459	184	300	26	8,969
Charity					
	£000	£000	£000	£000	£000
Cost or valuation					
At 1 August 2013	8,335	530	1,080	54	9,999
Exchange movements	(119)	(15)	(45)	(8)	(187)
Revaluation	1,055	-	-	-	1,055
Additions	-	20	191	-	211
Disposals	-	(8)	(78)	-	(86)
At 31 July 2014	9,271	527	1,148	46	10,992
Accumulated depreciation					
At 1 August 2013	-	376	792	28	1,196
Exchange movements	-	(10)	(23)	(4)	(37)
Revaluation	(38)	-	-	-	(38)
Charge for the year	60	34	196	8	298
Eliminated on disposals	-	(7)	(81)	-	(88)
At 31 July 2014	22	393	884	32	1,331
Net book value					
At 31 July 2014	9,249	134	264	14	9,661
At 31 July 2013	8,335	154	288	26	8,803

NOTES TO THE ACCOUNTS

Year ended 31 July 2014

Notes

21 Tangible fixed assets held for charitable use (continued)

The RAD owns freehold properties in the UK, Australia and South Africa. The current valuations, after amortisation charges and exchange gains arising out of the translation of group freehold properties at the end of the financial year are:

	Value at 1 August 2013	Charge for the year	Additions to freehold	Increase (decrease) in valuation	Value at 31 July 2014	Net historical cost
UK £	6,500,000	(37,922)	-	1,037,922	7,500,000	1,909,520
Australia AU\$	3,100,000	(40,560)	-	100,000	3,159,440	470,000
South Africa Rand	1,860,438	-	-	419,563	2,280,001	653,770
	Value at 1 August 2013	Exchange movement	Charge for the Year	Additions to freehold	Increase in valuation	Value at 31 July 2014
	£	£	£	£	£	£
UK £	6,500,000	-	(37,922)	-	1,037,922	7,500,000
Australia AU\$	1,835,083	(119,624)	(22,445)	-	55,337	1,748,351
South Africa Rand	123,837	(20,153)	-	-	23,383	127,067
Total	8,458,920	(139,777)	(60,367)	-	1,116,642	9,375,418

The freehold property in the UK was valued on 31 July 2014 in accordance with the requirements of the RICS Valuation – Professional Standards (7th edition) and FRS15, and was valued to existing use value assuming the property would be sold as part of the continuing business. The valuer's opinion was primarily derived using comparable recent market transactions.

The freehold property in Australia was valued on 31 July 2014 at fair value; assuming the land component would be of interest to a developer rather than as part of the continuing business.

These valuations were carried out by:

Property in London, UK Daniel Watney LLP, Chartered Surveyors
Property in Sydney, Australia Egan National Valuers (NSW)

The valuation of the freehold property in South Africa was taken from the Johannesburg Municipality rating which is revised periodically.

The charity does not hold any heritage assets which are defined as tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for its contribution to knowledge and culture.

£17,549 (2013: £25,065) is held under a motor vehicle finance lease for the Canadian office.

A contingent liability of £50,000 in fees will arise in December 2015 on the completion of the application for a change in planning use for the freehold property in the UK.

NOTES TO THE ACCOUNTS

Year ended 31 July 2014

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	Group		Charity	
	2014	2013	2014	2013
	£000	£000	£000	£000
22 Investments				
Quoted investments				
Market value at 1 August	37	35	31	28
Exchange movements	(2)	(1)	-	-
Net realised / unrealised gains	2	3	2	3
Market value at 31 July	37	37	33	31
Historical cost at 31 July	23	23	13	13
Investment in joint venture				
Dance Proms ⁶	16	9	16	9
Investment during the year	28	16	28	16
less impairment during year	(29)	(9)	(29)	(9)
As at 31 July	15	16	15	16
Investments in subsidiaries				
Balance at 1 August	-	-	135	125
Exchange movements	-	-	(16)	(5)
Additions	-	-	-	15
As at 31 July	-	-	119	135
Total investments at 31 July	52	53	167	182
<i>Quoted investments</i>				
Held in the UK	33	31	33	31
Held outside the UK	4	6	-	-

All quoted investments are held within restricted funds, are listed on a recognised stock exchange, and are valued at market value at the year-end.

The charity owns 100% of the issued capital of the subsidiary companies on page 43, whose aims and objectives mirror those of the RAD, with the exception of Royal Academy of Dance S/C Ltda., a company registered in Brazil, and Royal Academy of Dance de Mexico AC, a company registered in Mexico whose issued share capitals are held 100% in trust on behalf of the Royal Academy of Dance; and RAD Dancing (Thailand) Co Ltd where the RAD holds 49% of the issued share capital, but has effective control.

The charity also has effective control over a building fund in South Africa which is administered by the RAD, an association incorporated under s21 of the Republic of South Africa's Companies Act, and Yayasan Royal Academy of Dance Indonesia, a non-profit foundation, based in Indonesia. The results of these entities are included in the Group's results as long as the RAD continues to maintain a branch in South Africa, and operations in Indonesia. RAD Dancing (Malaysia) Sdn. Bhd. is a wholly-owned subsidiary of Royal Academy of Dance Singapore Pte Ltd.

6 Celebration of Dance Festival Ltd.; a joint venture between the ISTD, IDTA and RAD

NOTES TO THE ACCOUNTS

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22 Investments in subsidiaries

Subsidiaries	Country of incorporation	Co Registration number	% of issued share capital	Net worth £000
Royal Academy of Dance S/C Ltda	Brazil	CNP-J27907864/0001-48	Held in trust	-
Royal Academy of Dance gGmbH	Germany	HRB 103317	100%	63
Yayasan RAD Indonesia	Indonesia	NPWP:01.683.529.0-017.000	100% control	6
Royal Academy of Dance Srl	Italy	TN-0174567	99%	8
Royal Academy of Dance Asbl	Luxembourg	RCS FI236	100%	3
RAD Dancing (Malaysia) Sdn Bhd	Malaysia	RFC RAD 011026DT5	100%	-
Royal Academy of Dance de Mexico AC	Mexico	No 282399-X	Held in trust	-
Royal Academy of Dance Singapore Pte Ltd	Singapore	No 02211/1988-M	100%	-
Royal Academy of Dance	South Africa	1990/004233/08	100% control	-
Royal Academy of Dance SL	Spain	CIF No B-59915330	100%	2
RAD Dancing (Thailand) Co Ltd	Thailand	05055540038970	49%	37
Royal Academy of Dance Enterprises Ltd	Great Britain	No 2773495	100%	-
Balance at 31 July				119

	Group		Charity	
	2014	2013	2014	2013
	£000	£000	£000	£000
23 Stocks				
Finished goods and goods for resale	425	429	184	185
Work-in-progress	14	186	-	-
Balance at 31 July	439	615	184	185
24 Debtors				
Trade debtors	593	286	472	244
Amounts due from subsidiaries	-	-	546	652
Other debtors	232	177	150	106
Prepayments and accrued income	338	491	810	457
Balance at 31 July	1,163	954	1,978	1,459

NOTES TO THE ACCOUNTS

Year ended 31 July 2014

Notes

	Group		Charity	
	2014 £000	2013 £000	2014 £000	2013 £000
25 Creditors: amounts falling due within one year				
Bank overdrafts	(1,237)	(1,305)	(1,207)	(1,151)
Bank loans	(19)	(2)	(18)	-
Trade creditors	(1,358)	(1,180)	(1,111)	(936)
Taxation and social security	(293)	(278)	(160)	(154)
Accruals and deferred income	(2,873)	(2,713)	(2,456)	(2,267)
Balance at 31 July	(5,780)	(5,478)	(4,952)	(4,508)

Bank overdrafts

£30,085 (2013: £154,523) is secured by a mortgage debenture over the stocks held by Royal Academy of Dance Enterprises Limited with HSBC Bank Plc and attracts interest at 3.75% over base rate (2013: 3.75%). The company has a £200,000 overdraft facility with HSBC Bank Plc. HSBC approved the renewal and increase in this facility to £300,000 on 14 October 2014. The Board of Directors approved this on 4 December 2014.

Royal Academy of Dance Enterprises Limited entered into a Loan agreement for £200,000 with the RAD in 2013 on the same terms as afforded by HSBC so that the combined facility would enable the company to meet its day-to-day working capital requirements. This facility was repaid during 2014 and is currently not utilised.

£1,236,949 (2013: £1,151,389) is offset for grouping purposes against other balances held by the RAD in the UK with HSBC Bank Plc and attracts interest at 2% on so much as is covered by cleared credit balances, and 1.6% over base rate (2013: 1.6%) on the remainder of it within the limit. It is subject to normal terms and conditions including repayment on demand.

As at 31 July the RAD in the UK had utilised **£82,753** (2013: £22,216) of the £700,000 available in the grouped overdraft facility.

HSBC Bank Plc renewed the RAD's facilities for a further year in October 2014. These are secured on the freehold property at 36 Battersea Square, London SW11 3RA.

An overdraft facility of AU\$400,000 with Westpac, secured on the property at 20 Farrell Avenue Sydney, was made available in March 2012 to facilitate the completion of the building works on the property and to supplement the cyclical nature of the Australian's operations cash flow. The facility is available for 10 years expiring in February 2022.

	Group		Charity	
	2014 £000	2013 £000	2014 £000	2013 £000
26 Creditors: amounts falling due after more than one year				
Provision for long-service award	(3)	(2)	-	(1)
Obligations under finance leases	(18)	(27)	(18)	(27)
Bank loans	(203)	(237)	(203)	(237)
Balance at 31 July	(224)	(266)	(221)	(265)

Bank loans

A Bank loan of **£221,520** (2013 £236,784) relates to bank bill business loan of **AU\$400,000** utilised in March 2012 to complete building works on 20 Farrell Avenue, Sydney. The loan is interest and fees for the first 3 years; then principal, interest and fees for the remaining period of 12 years, expiring 2027. The current interest rate is 6.455%. The change in total liability is due to exchange movements. The loan is secured on that property.

A loan of **£708** (2013: £1,893) taken out by the s21 company in South Africa in order to complete the purchase of its building is outstanding. This loan attracts interest at 16.75% per annum and is repayable over a maximum of 20 years ending at the end of 2014. The loan is secured on the freehold property known as Erf 29, Bramley, Johannesburg.

A Base rate loan facility of £250,000, secured on the property at 36 Battersea Square, London, was made available by HSBC in July 2014 to assist in the payment of professional fees related to the change of planning use on that property. The facility crystallised on the first withdrawal in November 2014 and is repayable in November 2016. It attracts interest at 3.4% over the Bank of England Base Rate.

Obligations under finance leases

The Canadian office entered into a lease finance agreement on 1 March 2011 for a period of five years to purchase a car for the use of the National Director and staff. During the year £5,280 was charged to the SOFA.

NOTES TO THE ACCOUNTS

Year ended 31 July 2014

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27 Movement in other funds

Type of Fund			Balance at 1 August 2013	Exchange Movement	Revalued balance at 1 August 2013	Movement in resources		Net movement	Gains on investments realised and unrealised	Transfers from unrestricted funds	Balance at 31 July 2014
			£000	£000	£000	£000	£000	£000	£000	£000	£000
Step into Dance programme	UK	Project	5	-	5	654	(635)	19	-	-	24
CLIF programme	UK	Project	-	-	-	8	(8)	-	-	-	-
Genée Legacy Funds	Singapore	Designated	22	-	22	2	-	2	-	-	24
Genée Legacy Funds	UK	Designated	7	-	7	-	-	-	-	-	7
Challengénée Funds	UK	Designated	47	-	47	26	(52)	(26)	-	-	21
Social Responsibility Fund	Group	Designated	54	(1)	53	28	(1)	27	-	-	80
Evans Legacy	USA	Designated	46	(4)	42	-	-	-	-	6	48
Scholarship / bursary funds	UK	Restricted	516	-	516	34	(28)	6	1	-	523
Boys Only! funds	UK	Restricted	62	-	62	4	(4)	-	-	-	62
Iris Truscott fund	UK	Restricted	26	-	26	1	(1)	-	1	-	27
Regional Scholarship funds	UK	Restricted	48	-	48	21	(26)	(5)	-	-	43
Jubilee Awards 2012	UK	Restricted	26	-	26	-	(8)	(8)	-	-	18
Christel Addison Funds	Sth Africa	Restricted	84	(13)	71	-	-	-	-	-	71
Scholarship fund	Israel	Restricted	1	-	1	-	-	-	-	-	1
Total Charity			944	(18)	926	778	(763)	15	2	6	949
Building fund	S Africa	Restricted	8	(3)	5	2	(1)	1	-	-	6
Total Group			952	(21)	931	780	(764)	16	2	6	955
Total Group – prior year			846	(17)	829	902	(792)	110	2	11	952

NOTES TO THE ACCOUNTS

Year ended 31 July 2014

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Project funds

Step into Dance: A fully inclusive, community dance programme, a partnership between the RAD who lead the programme, and The Jack Petchey Foundation who fund it. In 2014 the programme ran in 200 secondary schools (2013: 200) in 32 London boroughs (2013: 32).

The Community Learning and Innovation Fund (CLIF): Funded classes for adult learners as a continuation of the RAD's 2013 Dance and Long Life Well Being Conference.

Designated funds

Genée Legacy funds (Singapore and UK): Funds raised from the Singapore Genée. No payments were made from these funds.

Challengenée funds: Funds raised to support the Genée International Ballet Competition. A further £9,316 was raised to support the 2013 Competition in Glasgow in addition to the £47,493 in 2013. £36,155 was applied to the competition, with £20,654 left for future competitions.

Social Responsibility fund: This was set up in 2011 by the trustees to meet its Public Benefit responsibility through Royal Academy of Dance Enterprises Ltd and branch retail outlets in Australia, Canada, New Zealand, South Africa and the USA gift-aiding or transferring, as appropriate, 2% of their sales turnover after tax and discounts. A total of £28,232 (2013 £5,147) was raised during the year from sales, with £892 (2013 £1,676) in costs. No awards will be made until the fund has built up over a period of five years.

Evans Legacy (USA): US\$70,000 of a US\$120,000 legacy left to the RAD's US office was designated in 2013 for future projects. A further US\$10,000 was transferred this year.

Restricted funds

Restricted funds are funds arising out of donations, grants, legacies and awards given or raised for specific purposes:

Scholarship/bursary funds: To provide grants to students attending teacher education and notation programmes at the RAD. During the year, £25,000 was received from the Headley Trust and paid out as bursaries to dancers attending the Professional Dancers' Teaching Diploma programme. Awards totalling £2,800 were made in this financial year (2012 – £873).

Boys Only! funds: Funds raised at a joint RAD/RBS Billy Elliot preview Gala to provide opportunities for male students whose access to dance is limited for economic, geographic or physical reasons. Three workshops were held with local partners in the year (2013).

Iris Truscott fund: A trust deed registered with the Charity Commissioners to give awards to students wishing to progress from either the CBTS to a Level 2 or 3 teaching qualification validated by the University of Surrey and delivered by the RAD; or from BA Ballet Education to LRAD programme. Two awards are made annually.

Regional Scholarship funds: Funds are raised and administered by Regional Advisory Committees in England and Wales to provide scholarships for students to further their training.

Jubilee Awards 2012: One of four awards made to the Royal Academy of Arts, the Royal Academy, the Royal Academy of Dramatic Art and the Royal Academy of Dance to honour HM The Queen's patronage of the four academies in her Golden Jubilee Year. £6,000 was awarded to three students in 2013/14 and £450 for a travel grant.

Christel Addison funds (South Africa): A legacy left by a South African teacher to fund teacher training opportunities overseas for South African residents. No awards were made.

Scholarship funds (Israel): To provide scholarships for students to further their training. No awards were made.

Building Fund (South Africa): The building is owned by RAD a company registered in South Africa under s21 Companies Act. Funds are raised by renting the building.

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Year ended 31 July 2014

Notes

28 Movement in unrestricted funds

	Balance at 1 August 2013	Exchange movements	Net incoming resources	Other recognised (losses) gains	Transfers between funds	Balance at 31 July 2014
	£000	£000	£000	£000	£000	£000
Charity						
Accumulated funds	2,682	(123)	222	(29)	(6)	2,746
Revaluation reserve	6,199	(42)	-	1,093	-	7,250
	8,881	(165)	222	1,064	(6)	9,996
Group						
Accumulated funds	3,688	(218)	502	(29)	(6)	3,937
Revaluation reserve	6,278	(55)	-	1,115	-	7,338
	9,966	(273)	502	1,086	(6)	11,275

The net movement in funds includes unrealised losses on investment in land and building through revaluation at current prices. These represent a decrease in the value of funds held rather than a decrease in funds.

	Unrestricted funds £000	Restricted funds £000	Total funds £000
29 Analysis of group net assets between funds			
Tangible fixed assets	9,824	-	9,824
Intangible fixed assets and investments	21	37	58
Current assets	7,434	918	8,352
Current liabilities	(5,780)	-	(5,780)
Amounts falling due after more than one year	(224)	-	(224)
Total net assets	11,275	955	12,230

30 Parent Charity

The parent charity in the UK (UK Group) had net incoming resources before consolidation adjustments, transfers between funds, and other recognised gains and losses of £16,748 (2013 net outgoing resources £785,424).

	Incoming resources	Resources expended	2014 Net incoming (outgoing) resources	Incoming resources	Resources expended	2013 Net incoming (outgoing) resources
	£000	£000	£000	£000	£000	£000
Unrestricted funds	10,353	(10,344)	9	8,038	(8,884)	(846)
Restricted and designated funds	770	(762)	8	849	(788)	61
For the year to 31 July	11,123	(11,106)	17	8,887	(9,672)	(785)

NOTES TO THE ACCOUNTS

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Notes

31 Net incoming resources

Net incoming resources on the Group Consolidated Statement of Financial Activities represent the operating results of the RAD and its branches and subsidiaries, which are shown below after taxation, management charges, dividends and consolidation adjustments but before transfers between funds and other recognised gains and losses:

	Incoming resources	Resources expended	2014 Net incoming (outgoing) resources	Incoming resources	Resources expended	2013 Net incoming (outgoing) resources
	£000	£000	£000	£000	£000	£000
Unrestricted funds						
UK Group ⁷	9,376	(9,388)	(12)	7,548	(8,378)	(830)
Australia	2,136	(2,035)	101	2,126	(2,057)	69
Canada	1,287	(1,315)	(28)	1,259	(1,428)	(169)
Israel	65	(57)	8	40	(41)	(1)
Japan	310	(314)	(4)	247	(303)	(56)
New Zealand	396	(364)	32	510	(572)	(62)
Portugal	284	(218)	66	260	(221)	39
Southern Africa	360	(335)	25	357	(423)	(66)
United States of America	482	(447)	35	539	(502)	37
RAD Enterprises	1,093	(1,093)	-	949	(949)	-
RAD Brazil S/C Ltda	349	(353)	(4)	364	(366)	(2)
RAD Germany gGmbH	488	(461)	27	429	(453)	(24)
Yayasan RAD Indonesia	145	(159)	(14)	159	(167)	(8)
Royal Academy of Dance Srl	800	(760)	40	903	(826)	77
RAD Dance asbl	111	(106)	5	73	(80)	(7)
RAD Dancing (Malaysia) Sdn Bhd	453	(395)	58	383	(504)	(121)
RAD Mexico de AC	329	(282)	47	330	(315)	15
RAD Singapore Pte Ltd	579	(525)	54	553	(660)	(107)
RAD Dancing (Thailand) Co Ltd	139	(142)	(3)	161	(158)	3
Royal Academy of Dance SL	501	(432)	69	486	(459)	27
For the year to 31 July	19,683	(19,181)	502	17,676	(18,862)	(1,186)
Restricted and designated funds						
UK Group	770	(762)	8	849	(788)	61
Australia	4	-	4	3	-	3
Canada	2	(1)	1	1	(2)	(1)
New Zealand	1	-	1	-	-	-
Southern Africa	1	-	1	-	-	-
Royal Academy of Dance s2l South Africa	2	(1)	1	3	(2)	1
United States of America	-	-	-	46	-	46
For the year to 31 July	780	(764)	16	902	(792)	110

⁷ Includes consolidation adjustments of £20,955 (2013 £16,451)

GROUP

The results of the 12 subsidiary companies below are consolidated with the results of the charity (branch offices and UK group) to form the worldwide group:

Subsidiary offices

Benelux & France	Royal Academy of Dance Asbl., 21 Cite Joseph Bech, L-6186 Gonderange, Luxembourg
Germany	Royal Academy of Dance gGmbH, Waldenserstrasse 2-4, 10551 Berlin
Indonesia	Yayasan RAD Indonesia, Jl. Angur III / no:1 Cipete, Jakarta Selatan 12410
Italy	Royal Academy of Dance Srl., Via Vannetti 12, 38100 Trento
Malaysia	RAD Dancing (Malaysia) Sdn Bhd., No 16F 1 Sentral, Jalan Stesen Sentral, Kuala Lumpur 50470
Mexico & Central America	Royal Academy of Dance de Mexico AC, Amates 18 Fracc Alconfores, San Mateo, Naucalpan CP 53240, Mexico
Singapore	Royal Academy of Dance Singapore Pte Ltd, Farrer Road Post Office, PO Box 106, Singapore 912804
South Africa	Royal Academy of Dance s21 Company, PO Box 200, Bramley 2018, Johannesburg
South America	Royal Academy of Dance Brasil Ltda, Rua Dr Francisco A Tozzi, 180 Estância Suiçã 13930 000 Serra Negra-SP, Brasil
Spain, Andorra & Gibraltar	Royal Academy of Dance SL., Ventura i Gassol, 3, 5è-3a, 43203 Reus, Tarragona, Spain
Thailand	RAD Dancing (Thailand) Co Ltd, 121/12, Moo 10, Chiangmai-Hangdong Road, Tambon: Pae Dad, Ampur: Muang, Chiangmai 50100
United Kingdom	Royal Academy of Dance Enterprises Ltd, 36 Battersea Square, London SW11 3RA

CHARITY

The results of the eight branch companies below are consolidated with the results of the UK group to form the charity:

Branch offices

Australia	20 Farrell Avenue, Darlinghurst, NSW 2010
Canada	Suite 601, 1201 Sheppard Avenue East, Toronto, Ontario M2K 1E3
Israel	Hadar Street 491, Neve Yamin
Japan	Trad Mejiro B2F, 2-39-1 Mejiro, Toshima-Ku, Tokyo 171-0031
New Zealand	Level 5 Outwide House, Taranaki Street, Wellington 6011
Portugal	Rua 4 Infancia 86, 138 C/V Esq, 1350-241 Lisboa
Southern Africa & Mauritius	PO Box 200, Bramley 2018, Johannesburg, South Africa
United States	Marian Center for Nonprofits, 3211 South Lake Drive, Suite R317, St. Francis, WI 53235

UK group

The results of the 14 representative offices below are included in the results of the UK to form the UK group:

Representative offices

Caribbean	PO Box 1433, Constant Spring Post Office, Kingston 8, Jamaica
China	2nd Floor Tower 2, Dong Hai Commercial Building, 588 Yan An Dong Lui, Shanghai
Cyprus	71 Irinis Street, 3041 Limassol
Greece	British Council, 17 Kolonaki Square, Athens 10673
Hong Kong	Hong Kong Examination and Assessment Authority, 17 Tseuk Luk Street, San Po Kong, Kowloon
Ireland	Holly Lodge, Pidgeon House Lane, Julianstown, Co. Meath
Malta	8 Guze Ellul Mercer Street, Sliema SLM1281
Philippines	British Council, 10F Taipan Building, Ortigas Jn Road, Ortigas Center, Pasig City 1605
Scandinavia	Fagerheim Alle 85b, 7040 Trondheim, Norway
South Asia	40a Lake Gardens, off Lake Drive, Rajagiriya 10100, Sri Lanka
South Korea	1703 Artnouveau Palace, 7-1 Songpa Dong, Songpa Gu, Seoul 138-848
Taiwan	5f, No 122, Sect 7 Chung Shan N. Road, Taipei
Turkey	British Council, Maya Akar Center, No 100-101 Buyudere Cad, Esentepe 80280, Istanbul
UAE & Qatar	British Council, Academic City, Dubai English Speaking College campus, PO Box 2002, Dubai

ADVISERS

UK Banker	HSBC Bank Plc	31 Holborn Circus, London EC1N 2HR
UK Solicitor	Fieldfisher LLP	Riverbank House, 2 Swan Lane, London EC4R 3TT
UK and Group Auditor	Deloitte LLP	2 New Street Square, London EC4A 3BZ

Deloitte LLP and members of the Deloitte Touche Tohmatsu worldwide network audit the group branches and subsidiaries with the exception of the following which are either audited or reviewed by the firms below:

Brazil	Sussumo Hirakata	Organizacao Contabil Liberty, Rua Mituto Mizumoto 56, Liberdade, 01513 010 Sao Paulo-SP
Canada	Grant Thornton LLP	15 Allstate Parkway, Suite 200, Markham, Ontario L3R 5B4
Indonesia	KAP Ekna Masni, Bustaman & Rekan	Sentra Kramat B-18, JL Kramat Raya 7-9, Jakarta 10450
Israel	Hannan Gabriel CPA	8 Hayod-Chef Street, Hod Hasharon 45200
Luxembourg	Alexander J Davies Sàrl	24 Rue Jean L'Aveugle, Luxembourg L-1148
Portugal	CERB	Beloura Office Park, Rua do Centro Empresarial, Edifício EE06 – Escritório 12, Quinta da Beloura, 2710-444 Sintra
Spain	Asesoria Berzosa	Donoso Cotres 85, 28015 Madrid
Thailand	KT&R Business Consultant Co Ltd	59/1 Sukhumvit 64 Bangchak, Prakanong, Bangkok 10260
United States	Wren Kelly CPA LLP	PO Box 12290, Bakersfield, CA 93389-2290

MANAGEMENT

Chief Executive

Luke Rittner

Director of Finance and Administration

Ian Pogue BA (Hons) ACA
Richard Thom BA (Hons) FCA (Retired 13 March 2015)

Artistic Director

Lynn Wallis FISTD

Director of Education

Dr Anne Hogan BA MA PhD

Director of Marketing, Communications & Membership

Melanie Murphy Dip IPR MICPR

Director of Examinations

Dr Andrew McBirnie BA MMus PhD LTCL

Director of Fundraising and Development

Matthew Cunningham MA

Senior Staff

Benesh Director: Liz Cunliffe
Dean (FoE): Michelle Groves
Chair of the Panel of Examiners: Paula Hunt
Head of Membership: Penny Cotton
QA Manager (Examinations): Lynne Bradley
Head of Quality Assurance (FoE): Alexandra Graham
Registrar (FoE): Evelyn Treiber
Head of Business Management (FoE): Suzie Lorimer
Head of CPD: Mia Romanus
Management Accountant: Jean Naylor
Finance Manager: Ray Bolton
Training Manager: Monique Ogier
Head of Human Resources: Debbie Bolton
Head of Trading: Sue Bacchus
Head of IT: Hiten Patel
Head of Facilities: John Jaques
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Brazil and South America: Maria do Carmo de Kenny
Canada: Clarke McIntosh
Germany, Austria & Switzerland: Horst Vollmer
Indonesia: Lala Salendu
Italy: Manuela de Luca
Japan: Noriko Kobayashi
Malaysia: Nagaswari Murugiah
Mexico & Central America: Julietta Navarro
New Zealand: Janet Taylor
Portugal: Margarida Sa Fialho
Singapore: Mona Lim
Southern Africa: Olivia Lume
Spain: Maria José Antón
Thailand: Glenn van der Hoff
USA: Patti Ashby

Chief Representative

China: Professor Tina Chen

National Managers

Caribbean: Diane Bernard
Cyprus: George Shantos
Ireland: Beverley Dinsmore
Israel: Gali Zamir
Malta: Sandra Mifsud
Scandinavia: Karina Lund
South Asia: Ranmali Mirchandani
South Korea: Representative Hyun Joo Ham
Taiwan: Shu-Yu Lin

RAD Representatives

China, Beijing and North East China: Beijing Tian Tian Arts and Culture Co Ltd
China, Hong Kong SAR: HKEAA – George Pang
Greece: British Council – Veta Anastaspoulou
Philippines: British Council – Lauren Ann Pascua
Turkey: British Council – Merve Kalyoncu
UAE: British Council – Shabnam Habib

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