

ROYAL ACADEMY OF
DANCE

Financial Statements and Report
for the year ended 31 July 2013

A charity registered in England and Wales No 312826

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AT A GLANCE

Financial Highlights

Statement of Financial Activities	Unrestricted Funds		Restricted Funds	
	2013 £000	2012 £000	2013 £000	2012 £000
Total incoming resources	17,676	19,340	902	799
Net (outgoing) incoming resources before transfers and exceptional items	(1,186)	154	110	166
Net (outgoing) incoming resources after transfers and exceptional items	(1,197)	(223)	121	166
Gain (loss) on revaluation of assets and investments	357	(410)	2	1
Movement on ex change arising from the consolidation of branches and subsidiaries	(190)	136	(17)	(1)
Net movement in reserves	(1,030)	(497)	106	166
Balance Sheet				
Tangible and intangible fixed assets (excluding freehold property)	533	522	-	-
Cash and other liquid assets ¹	3,841	5,495	952	846
Working capital including provisions ²	(2,630)	(3,116)	-	-
Readily realisable reserves ³	1,211	2,379	952	846
Accumulated funds	3,688	4,984	952	846
Revaluation reserves	6,278	6,012	-	-

Statistics

	2013	2012
Members	14,012	12,794
Students enrolled on education programmes	994	989
Candidates taking examinations, solo performance awards, class awards, presentation classes and demonstration classes	209,136	227,831

Calendar

Annual General Meeting 2014 3 April 2014 Royal Academy of Dance, London

¹ Cash and other liquid assets is made up of cash held at bank less any bank overdrafts shown in Note 25

² Working capital including provisions is 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 Readily realisable reserves are made up of cash and other liquid assets less working capital including provisions as shown above and on pages 21 and 22 of this report.

PATRON, PRESIDENT, HONORARY OFFICERS AND TRUSTEES

Patron
HM Queen Elizabeth II

President
Darcey Bussell CBE

Vice Presidents
David Bintley CBE
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

Co-opted September 2013
Li Cunxin

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
Professor Susan Street MA *Australasia*
Robin van Wyke *Africa*
Lee Suan Hiang BSc FCMI FCIM FWAPS *Asia*

Appointment ended June 2013
Ross Brierton ARAD PDTC Dip (RAD London) *Americas*

Resigned June 2013
Dr Christiane Theobald MBA *Europe*

Trustees
Kerry Rubie (Chair)
Nigel Hildreth MBE MMus PGCE (Vice-Chair)
Derek Purnell (Vice-Chair)

Karen Berry BSc BA(Hons) Adv Tch Dip RTS
Julia Bond
Brian Brodie
Thérèse Cantine ARAD Dip PDTC RTS
Leigh Collins
Sarah Dickinson ARAD Adv Tch Dip RTS
Anders Ivarson AI Chor
Louise Murray ARAD RTS
Lynne Reucroft-Croome BA(Hons) MA LRAD
Helen Taylor RAD RTS
Cheryl Thrush ARAD RTS
Kathryn Wade ARAD

Deceased January 2014
Nigel Wreford-Brown

Elected April 2013
Aliceson Robinson

Co-opted September 2013
Penny Parks RAD RTS

Resigned June 2013 and co-opted December 2013
Deborah Coultish Adv Tch Dip RTS

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 JULY 2013

The Trustees of the Royal Academy of Dance present their Report and audited Financial Statements for the year ended 31 July 2013. This Report and Financial Statements contain information to satisfy the requirements of Trustees' reports under the Charities Act 2011, and to comply with current statutory requirements, the Academy's Charter and the Statement of Recommended Practice for Accounting and Reporting by Charities (2005). This Report should be read in conjunction with the Annual Review and Report which is published separately and contains a summary of these financial statements on pages 39-42.

The Trustees believe that this Report and the Annual Review and Report demonstrate that the public benefit requirement has been maintained.

The Financial Statements contain information about the Group and Charity. The Royal Academy of Dance has a number of branch and subsidiary companies in which it holds, either in trust or outright, 100% of the issued share capital. 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 Charity accounts include the audited accounts of the Royal Academy of Dance in the United Kingdom and its branches for the year to 31 July 2013, and the Group accounts include the audited accounts of the Charity and its subsidiaries. The breakdown of the Charity and the Group is shown on page 47.

AIMS AND OBJECTIVES

The Royal Academy of Dance, more often referred to as 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.

Our vision is to lead the world in dance education and training and 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.

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.

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

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

CORPORATE GOVERNANCE

The Academy is a company 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.

The governance of the Royal Academy of Dance is vested in a Board of Trustees.

The Academy's head office and registered office is 36 Battersea Square, London SW11 3RA. The Academy 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.

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

The Royal Academy of Dance is a recognised Awarding Organisation for 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 the Qualifications and Examinations Regulator (Ofqual). The Academy is also recognised as an approved Awarding Body in Scotland by SQA Accreditation, a branch of the Scottish Qualifications Authority.

Board of Trustees

The Board has a maximum of twenty members, consisting of ten Trustees who are Full Members of the Academy and ten Trustees who may or may not be Full Members of the Academy but who have been recommended by the Board as persons 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 of the Royal Academy of Dance or recommended by the Board of Trustees and are elected by members in Annual General Meeting. 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. All Trustees are provided with a Trustees' Handbook and take part in induction sessions with senior staff to familiarise themselves with the work of the Academy. The Board of Trustees meets four times a year and Trustees are expected to attend all meetings.

There are currently sixteen elected Trustees on the Board, and one co-opted Trustee.

President and Vice Presidents

Candidates for the office of President and up to nine Vice-President can be nominated by Full Members of the Royal Academy of Dance or recommended by the Board of Trustees and are elected by members in Annual General Meeting. Since the revision of the Charter in 2008, the President and Vice Presidents elected since that date can only hold office for a maximum of two terms of five years in accordance with clause 52.7 of the Bye-Laws.

There are currently seven elected Vice Presidents and one co-opted Vice President. The President and Vice President may not be Full Members of the Academy at the time of election but will be deemed to become a Full Member following election.

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 to the Board as it sees fit. The Advisory Council did not meet during the year.

International Advisers

The Trustees appoint up to five International Advisers whose ordinary residence is not in the UK and who attend meetings of the Board of Trustees in an advisory capacity. The term for the Advisor for the *Americas* ran out in June 2013. The Advisor for *Europe* resigned in June 2013 due to ill-health and the term for the remaining appointments has one further year to run until June 2014.

Board of Trustees' sub-Committees

The Board of Trustees is assisted by six sub-Committees created under Bye-Law 40 for the purposes defined in the Terms of Reference for each sub-Committee. It is the role of the sub-Committees to offer advice on policy and strategy that come within their area of consideration to the Board of Trustees. Membership of sub-Committees is made up of Trustees and co-opted members recruited for their relevant skills and experience. The Chairman of the Board of Trustees is an ex-officio member of each sub-Committee. The Board of the Royal Academy of Dance Enterprises Ltd. acts in an advisory capacity.

Each sub-Committee discharges their responsibilities by meeting three times a year; the Board of Trustees, the Finance sub-Committee and the Board of the Royal Academy of Dance Enterprises Ltd. meet four times a year.

Finance sub-Committee

Trustee members
Leigh Collins (Chair)
Kerry Rubie
Julia Bond

Co-opted:
Resigned June 2012
Yvonne Gray RAD RTS

Audit Committee
Leigh Collins (Chair)
Kerry Rubie
Julia Bond

Deceased January 2014:
Nigel Wreford Brown

Deceased January 2014
Nigel Wreford Brown

The Finance sub-Committee considers the management and financial accounts, budgets and financial resources of the Academy together with the Strategic plan prepared on a five year rolling basis with annual revisions. The sub-Committee 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.

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

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

An Audit Committee is drawn from the members of the Finance sub-Committee whose role is to review the annual accounts of the Charity and the Group, to keep under review the effectiveness of financial and other internal control systems of the Group, to make recommendations to the Trustees on the accounts and to ensure that the RAD discharges its statutory duties.

It discharges these responsibilities by meeting the external auditor to receive and consider a report on the audit work carried out by the external auditor and any matters reported thereon.

Artistic and Examinations sub-Committee

Trustee members
Derek Purnell (Chair)
Karen Berry BSc BA(Hons) Adv Tch Dip RTS
Thérèse Cantine ARAD Dip PDTC RTS
Cheryl Thrush ARAD RTS
Kathryn Wade ARAD

Co-opted:
Norman Gealy MA CPsychol FCIPD FCIEA
Caroline Jenkins ARAD RTS
Moirá McCormack ARAD PDTC Dip (RAD London)
David Nixon
Catherine Weate BA DipEd LSDA FRSA Hon FLAM
Stirling Wood

The Artistic and Examinations sub-Committee of the Board of Trustees 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 Academy more broadly. The sub-Committee seeks to ensure that the Academy'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 Academy's work are artistically, practically and financially viable.

Benesh sub-Committee

Trustee members
Kathryn Wade ARAD (Chair)
Anders Ivarson Al Chor

Co-opted:
Elizabeth Ferguson
Gary Harris Al Chor
Christopher Hampson
Jeanetta Lawrence
Lady MacMillan

The Benesh sub-Committee 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; 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 to maintain the RAD's status as the professional centre for qualified Benesh notators.

Education sub-Committee

Trustee members
Nigel Hildreth MBE MMus PGCE (Chair)
Lynne Reucroft-Croome BA(Hons) PGCE LRAD

Co-opted:
Professor Tina Chen FISTD MA Dip RBS TTC ARAD
Linda Jasper MBE MA Cert Ed
Harriett Harper

Appointed December 2012

Sarah Dickinson ARAD Adv Tch Dip RTS

Deceased April 2013

Hilary Moss MA BPhil (Hons) LRAD ARAD

Resigned June 2013

Simon Jarvis MSc Educ, PGCE

Student representatives:

Christopher Reynolds (Postgraduate)
Alison Russell (Undergraduate)

Appointed between September and November 2013

Lorna Unwin
Professor Michael Day Phd
Paula Scales MTD BA(Hons) PGCE RTS
Hilary Placito (University of Surrey representative)

The Education sub-Committee 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 Academy more broadly. The sub-Committee seeks to ensure that all programmes of study are fully accountable, developed and maintained to the highest standards; and are financially viable.

Marketing and Membership sub-Committee

Trustee members
Aliceson Robinson (Chair)
Julia Bond

Co-opted:
Vikki Allport de Orbe Tch Dip RTS
Karen Harris Tch Cert RTS
Shelley Isaac-Clarke Tch Dip RTS
Ida Levine
Naomi Watson

The Marketing and Membership sub-Committee advises and supports the Director of Marketing Communications and Membership on matters relevant to marketing, publicising and communicating the Academy's aims, objectives, policies and procedures. The sub-Committee seeks to ensure that the Academy 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 Academy and the public.

Regional sub-Committee

Chair and co-opted to Board of Trustees
Penny Parks RAD RTS (South East England)

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)

Retirements during the year

Deborah Coultish Adv Tch Dip RTS

The membership of the Regional sub-Committee is made up of the Chairs of the individual Regional Advisory Committees in the United Kingdom. The sub-Committee advises and supports the Director of Marketing Communications and Membership on UK regional matters that may have an impact on the work and the policies of the Royal Academy of Dance. The sub-Committee seeks to ensure that the Academy 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 Annual General Meeting.

Executive Management

Day-to-day management of the Academy and its activities are delegated to Luke Rittner, as Chief Executive, the five senior Directors and the staff within the authority conferred by the Trustees. A sixth Director, for Fundraising and Development, was appointed during the year by Trustees.

Internal Control

The Trustees are responsible for the Group's system of internal control and for reviewing its effectiveness and having a comprehensive system of reporting financial results. Annual budgets, quarterly results with comparisons against forecast and analytical Reports as requested, are presented to the Finance sub-Committee at their four meetings throughout the year. The Trustees review the effectiveness of the internal control system through these reports to the Trustees and management concerns raised by the auditor through the Audit Committee, and recommend appropriate action or caution to the Board of Trustees. Such a system can only provide reasonable and not absolute assurance against material misstatement or loss.

The following are considered to be key control procedures:

Quality and integrity of personnel

Employees are expected to consider and respect one another and to strive to improve quality, efficiency, safety and financial performance. It is the Academy's policy to invest in the people needed to support its operations. The Academy has developed a series of Human Resource policies, the most important of which are Equality and Diversity, Health and Safety, Data Protection and Safeguarding. All Policies are reviewed annually by the Trustees.

Operating unit financial controls

The controls and procedures under which each operating department or group entity is required to comply is contained in a Controls Manual which is updated annually. Trustees and Management review the application and effectiveness of these procedures.

Internal audit

The Academy does not have an internal audit function, which the Trustees feel appropriate for the size of the Charity. The central finance function does perform tests on the results of branches, subsidiaries and offices, and ensures that qualified finance professionals are appointed in positions of financial responsibility. A number of internal and external audit visits were carried out during the year under review.

Information and computer systems

Much of the Academy's financial and management information is processed and stored on computer systems. Accordingly the Academy has established controls and procedures over the security of data held on computer. A disaster recovery centre has been contracted for UK systems and back-up systems installed in major overseas offices.

Principal risks and uncertainties

The Trustees review the risks to which the Academy 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 Academy, including the identification of existing controls in operation and any new controls the Trustees consider necessary. The Trustees have identified a number of risks and uncertainties which are taken into account when setting fees and policies:

Marketplace and products

The Academy faces competition throughout the world from other awarding organisations who offer dance examinations across multiple genres at a lower cost; and from higher education bodies that offer places funded by government. It also faces loss of members who for one reason or another no longer wish to retain membership of the Academy. 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 complexity of acquiring new knowledge and passing it on to the candidate base.

Foreign exchange

The Academy, operating in many jurisdictions, sets its fees in local currencies, and at the same time incurs costs based in sterling. It is therefore prone to fluctuations in its results due to currency gains and losses against sterling.

Pandemics

The Academy, 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 occurrences may prevent young people travelling to and taking part in examinations, or Examiners travelling to the place of examination, thereby reducing income.

Economic climate

In common with most organisations changes in the economic climate can affect the Academy's business. The Academy has no influence over its customers' financial circumstances - whether member, teacher, examination candidate, higher education student or dance class attendee - which can lead to a reduction in participation in the Academy's activities.

These risks and uncertainties are included in the Corporate and Activity Risk Registers which list actions to mitigate them. A further function of the Risk Registers is to inform business continuity plans which is underpinned by the establishment of an offsite IT Disaster Recovery centre to provide the necessary technological backup in the case of unforeseen events. The Strategic Planning Group (SPG) which consists of the Chief Executive, Directors of the Academy and senior Heads of Departments acts as the Business Continuity Committee in the event of a disaster.

Testing of the external IT Disaster Recovery centre has taken place during the year, and the Corporate Risk Register underwent a significant review during the year.

Public Benefit

The Academy is a charity registered in England and Wales and Trustees are required to have regard to any guidance the United Kingdom's Charity Commission publish 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 Academy 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;
 - by 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);
 - by setting and conducting examinations in dance and the teaching of dance;
 - by educating, training, assessing, registering, licensing and chartering teachers of dance who meet standards determined by the Board from time to time; and
 - by promoting teaching of dance.

The Trustees have reviewed these aims within the Academy's activities in relation to the public benefit requirement and consider that the activities of the Academy meet the two main principles of public benefit - that the benefits are identifiable and are related to the aims of the Academy; 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 United Kingdom 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 Academy 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 Academy is also able to add 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 accessible web presences giving all members of the public access to 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.

Corporate and Social Responsibility

The Trustees acknowledge their responsibility to not only manage the Academy's positive impact on society and the environment through its operations, products or services and its interaction with key stakeholders such as members, employees, customers, and suppliers, but also to maintain a well-managed and well-governed organisation, and to contribute to the growth and cultural strength of the communities that it serves and in which it operates.

Since 2011 the Trustees have designated a total of £50,872 into a Social Responsibility Fund. These designated funds are derived from 2% of the 'pre-tax' price of all goods purchased from Royal Academy of Dance Enterprises Ltd or Academy retail outlets. In time these funds will 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.

The Trustees felt unable to designate any funds due to the disappointing results of the year in question, but firmly believe that dance has the power to inspire, empower, invigorate and educate but only where opportunities to dance, to learn to dance or to watch dance already exist and the Social Responsibility Fund will become a force for change.

Going concern and future outlook

As the Royal Academy of Dance, 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 Finance sub-Committee, Board of Directors of Royal Academy of Dance Enterprises Ltd and as Trustees at their meetings to assess the Group, Charity and company's ability to continue as a going concern. In 2010 and 2012 the Trustees took action to reposition excess reserves held overseas, having regard to those branches and subsidiaries' working capital requirements. As a result, the Academy was able to withstand the downturn in the current year's performance.

The Trustees recognise that the Royal Academy of Dance 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 provide that.

In the last two years the Academy has made a significant investment in the technological infrastructure in the Australian, South African and Canadian operations; in the current year has introduced a common accounting platform in the UK and Canadian offices, and computerised the HR function in headquarters. In October 2013 the Trustees awarded a contract for the development of the global database software system with a UK software house which is intended to come on stream in 2014 - 2105 and will bring on-line benefits to teachers and members, as well as administrative staff.

The Trustees have also determined that ultimately the Academy has outgrown the facilities at Battersea Square and that it will be necessary to find new premises.

The Trustees have asked Management to review the Strategic Plan for the period 2015-2020 looking particularly at maximising revenues through existing and new products, services and activities; and an expansion of the range of markets in which the Academy operates. On this latter point the Academy has for the last two years undertaken a detailed study and review of the market in China and during 2014 will announce the appointment of new partners to develop its operations in that country.

2013/14 promises to be a busy year operationally. The Academy anticipates a recovery in Grades 1-3 examinations, and an excellent uptake in the new Advanced level courses and Grades 4-5 courses, not only because of the introduction of the mandatory Continuing Professional Development scheme in June 2013 but also because the new syllabi at all levels has been universally acclaimed. This will follow through with strong demand for the products associated with the new Advanced level courses and Grades 4-5. Additionally Enterprises have released apps for Grades 1-5 and the Advanced levels and these are proving popular. The challenge for the Academy and its teachers will be to maintain examination demand for Grades 4-5 in 2014/15.

The Trustees of the Royal Academy of Dance therefore conclude that there are no material uncertainties as of the date of this report which may cast doubt about the company's ability to continue as a going concern.

The Academy is an international organisation. It operates in many jurisdictions and in a competitive complex and demanding environment. The Trustees will continue to ensure that the Academy 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 of the Academy's President, Vice-Presidents, Advisory Council, Trustees and its committee members, examiners, tutors, teachers, students and parents make the Academy 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 our task would be made infinitely more difficult.



Kerry Rubie
Trustee, Board of Trustees



Luke Rittner
Chief Executive

26 February 2014

FINANCIAL REVIEW

UNRESTRICTED ACTIVITIES

Overview

The worldwide Group reported a deficit, before transfers and other recognised gains and losses, of £1,186,583 against a surplus of £153,977 last year. Of the deficit of £1,186,583, £205,211 arose out of prior year adjustments relating to Malaysian and Singaporean operations. If the 2012 Financial Statements were amended for these late adjustments, the comparative losses would be a loss of £935,236 for 2013 and a loss of £51,234 for 2012.

A transfer of £10,963 was made from unrestricted funds to restricted funds to support an overspend on Step into Dance, and the Academy's share of the cost of Dance Proms, shown as realised losses on investments, improved to £9,155 from £15,825 the year before.

The value of the Academy's assets overseas rose by £365,829 due to changes in currency in which the Academy operates.

36 Battersea Square, London was valued at £6.5M, an increase in valuation of £300,000. 17 Farrell Avenue, Sydney was valued at AUD\$3.1M, an increase in valuation of AUD\$100,000.

The Trustees in last year's Financial report were concerned that due to a combination of the phasing out of old syllabi and the phasing in of the new, together with uncertainty in some currency markets, and the downturn in employment in some countries that there would be a dip in the Academy's performance in 2012/13. Undoubtedly the introduction of Grades 1-3 was a main contributor to the reduction in gross examination income, as although the actual reduction in gross income was £598,143, Grades 1-3 gross revenues decreased by approximately £760,000. This was significant given that examination expenditure remained relatively flat with relatively few economies of scale; however other factors contributed to the reduction in performance.

As stated above £205,211 arose out of prior year adjustments, £60,000 due to an accounting technicality related to the deferred recognition of income in Japan; £128,656 in consultancy costs in upgrading Canadian and UK accounting, HR and IT infrastructure, £44,372 VAT deemed irrecoverable from the SA authorities, and a further £70,718 in legal costs in opening up new markets. In addition trading in Enterprises and participation in CPD courses flat lined because of exceptional sales the year before, and anticipation by teachers of the mandatory scheme to be introduced in 2013/14. Student events, particularly summer schools in the UK, suffered from the "Olympic effect" in late 2012. The other parts of the Academy's business, education, and student events held up.

The Trustees were naturally concerned that the successful performance over the previous five years has been undone by the last two years, and questioned whether the underlying business and business model had been adversely affected by this year's results. They concluded that the model rather than the business itself might be a risk as the Academy anticipates 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.

The risk to the business is the model by which syllabi are brought to market. It is entirely understandable that teachers wish to ensure that they have mastered any new syllabus before passing it on their candidate base, but the risk to the Academy is a temporary reduction in turnover and profitability, leading to a longer term impact on sustainability. In 1991 with the introduction of the new Grades syllabus, Grades 1-3 represented 50% of the total Grades examination business, compared to 38% in 2012/13; but the gross income decrease sustained in 1991 was only 50% of that sustained in 2013. The Trustees and Management need to consider how best in future to introduce changes to product and syllabi in a way which will not reduce income as was the case with Grades 1-3 in 2012/13.

By Principal Activities

Incoming resources for the Group fell by 8.6% from £19,339,854 to £17,675,473, while overall expenditure fell by only 1.7% from £19,186,878 to £18,862,056. As can be seen from Table 1 below, which restates the Statement of Financial Activities by Principal Activities and support costs, direct expenditure fell 5.32% while support costs rose 8.3%.

Table 1

Statement of Financial Activities analysed by principal activities and support costs

	Actual for year to 31 July 2013			Prior year to 31 July 2012		
	Incoming resources	Outgoing resources	Net	Incoming resources	Outgoing resources	Net
	£000	£000	£000	£000	£000	£000
Membership income and administration	1,114	(889)	225	1,082	(824)	258
Examinations	9,693	(6,677)	3,016	10,291	(6,770)	3,521
Faculty of Education	3,217	(2,467)	750	3,101	(2,410)	691
CPD courses inc new work	440	(505)	(65)	1,029	(885)	144
Student events and activities	1,685	(1,560)	125	1,870	(1,683)	187
Primary purpose trading and licensing	1,132	(803)	329	1,507	(1,034)	473
All other income and expenditure	395	(414)	(19)	460	(456)	4
	<u>17,676</u>	<u>(13,315)</u>	<u>4,361</u>	<u>19,340</u>	<u>(14,062)</u>	<u>5,278</u>
Support costs						
Salaries and pensions	-	(2,795)	(2,795)	-	(2,604)	(2,604)
Rent and property	-	(415)	(415)	-	(395)	(395)
Depreciation	-	(305)	(305)	-	(235)	(235)
Administration	-	(1,186)	(1,186)	-	(1,111)	(1,111)
Governance	-	(349)	(349)	-	(280)	(280)
Information technology	-	(364)	(364)	-	(383)	(383)
Bank, credit card and finance charges	-	(133)	(133)	-	(116)	(116)
	<u>-</u>	<u>(5,547)</u>	<u>(5,547)</u>	<u>-</u>	<u>(5,124)</u>	<u>(5,124)</u>
Net incoming resources	17,676	(18,862)	(1,186)	19,340	(19,186)	154
before exceptional costs:						
Relocation costs	-	-	-	-	(38)	(38)
Taxation arising from capital remittances	-	-	-	-	(147)	(147)
Exchange loss arising out of loan repayments	-	-	-	-	(192)	(192)
Net outgoing resources	<u>17,676</u>	<u>(18,862)</u>	<u>(1,186)</u>	<u>19,340</u>	<u>(19,563)</u>	<u>(223)</u>

Performance against budget

The Academy had budgeted for a surplus of £311,800. The turnaround in performance is shared between the component parts of the group with Branches and subsidiaries turning in a combined loss of £356,857 against a budgeted surplus of £439,740; and the UK Group turning in a loss of £846,177 against a budgeted loss of £127,940.

	Actual for year to 31 July 2013			Budget for year to 31 July 2013		
	Incoming resources	Outgoing resources	Net	Incoming resources	Outgoing resources	Net
	£000	£000	£000	£000	£000	£000
Branches and subsidiaries	10,127	(10,484)	(357)	10,631	(10,191)	440
UK Group	8,038	(8,884)	(846)	9,162	(9,290)	(128)
Consolidation adjustments	(489)	506	17	-	-	-
	<u>17,676</u>	<u>(18,862)</u>	<u>(1,186)</u>	<u>19,793</u>	<u>(19,481)</u>	<u>312</u>

Performance by activity

Subscription income increased during the year by 3% with the number of teachers rising by 3%, with all other paid members rising by 5%. An additional 700 Faculty of Education students were granted membership while studying on Academy programmes. New members joined from Argentina, Croatia and Serbia. Membership achieved their retention and recruitment target, but higher direct expenditure, at 7%, decreased the net contribution from subscription income.

Table 2

No of teachers and members:

Members	Geographic Regions						Total
	UK	Europe	Asia & Middle East	Americas	Africa	Australia NZ	
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 Actual	4,056	2,457	1,865	1,749	650	3,235	14,012
No of countries	1	25	20	29	6	2	83
Registered Teachers	2,134	1,792	950	1,280	353	1,165	7,674
All other members	1,667	559	525	648	292	1,429	5,120
2011/12 Prior year	3,801	2,351	1,475	1,928	645	2,594	12,794
Registered Teachers							7,969
All other members							6,008
2012/13 Target							13,977

Examinations income, Graded and Vocational, fell by 5.8% from £10,291,346 to £9,693,203 while direct expenditure only fell by 1.4% from £6,769,988 to £6,676,630. Examination entries decreased from 227,831 to 209,136; masking a 12.6% increase at Intermediate Foundation and Intermediate with more examinations at these levels taking place within AEC tours; and a 26% increase in Advanced 2, while Grades 1-3 declined 19.5%. Examinations were held for the first time in Serbia and Qatar; and 758 Solo Performance Awards were examined in their first year. Direct expenditure costs continue to be hit by the rising cost in air travel and the hospitality industry.

Table 3

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

Examinations	Geographic Regions						Total
	UK	Europe	Asia & Middle East	Americas	Africa	Australia NZ	
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 Actual	49,263	36,477	53,213	33,372	8,299	28,512	209,136
Graded	56,106	39,221	49,648	29,305	8,373	23,752	206,405
Vocational	2,707	4,306	4,694	4,879	859	3,981	21,426
2011/12 Prior year	58,813	43,527	54,342	34,184	9,232	27,733	227,831
Graded	57,281	35,261	48,316	30,274	7,610	24,828	203,570
Vocational	2,707	4,306	4,807	4,879	859	3,981	21,539
2012/13 Target	59,988	39,567	53,123	35,153	8,469	28,809	225,109

Education income and expenditure rose 3.8% from £3,101,579 to £3,216,758 and 2.4% from £2,466,568 to £2,409,511 respectively, increasing margins by 1%, to 23%. The number of students on programmes rose from 989 to 994.

The Certificate in Ballet Teaching Studies which can be studied in the country of the student accounts for 54% of all programme income (2012: 59%) and 75% (2012 79%) of total net programme contributions.

Two new programmes were introduced during the year, the Diploma in Dance Teaching Studies (DDTS) and the Professional Dancers Postgraduate Teaching Certificate (PDPTC) which is delivered in Germany. The former did not recruit as well in the economic climate, while the PDPTC attracted a full cohort. The CBTS was offered in Israel for the first time during 2012/13.

Table 4

Education programme recruitment (continuing and current):

Faculty of Education ⁴	UK	Europe	Asia & Middle East	Americas	Africa	Australia NZ	Total	Target
No of countries	1	16	12	5	1	2	37	
Master of Teaching (Dance)	34	6	4	7	-	1	52	35
PGCE: Dance Teaching	21	-	-	-	-	-	21	21
PDPTC: Berlin	1	12	-	1	-	-	14	14
BA (Hons) Ballet Education	77	12	2	1	-	-	92	92
BA (Hons) Dance Education	22	23	13	13	2	7	80	69
LRAD	55	6	2	1	-	1	65	66
PDTD	11	2	1	3	-	2	19	21
DDTS (UK based)	5	1	3	1	-	8	18	50
CBTS (UK based)	89	23	4	-	1	-	117	149
CBTS (Intl based)	-	122	154	139	20	81	516	584
2012/13 Actual	315	207	183	166	23	100	994	1,101
No of countries	1	15	12	7	1	2	38	
Master of Teaching (Dance)	28	2	-	4	-	1	35	
PGCE: Dance Teaching	20	-	-	-	-	-	20	
BA (Hons) Ballet Education	76	9	2	5	-	-	92	
BA (Hons) Dance Education	12	17	14	14	4	3	64	
LRAD	57	10	3	5	-	-	75	
PDTD	14	2	1	-	-	-	17	
CBTS (UK based)	-	24	2	-	-	-	26	
CBTS (Intl based)	104	152	131	143	26	104	660	
2011/12 Prior year	311	216	153	171	30	108	989	

Incoming resources from continuing professional development courses fell 57% from £1,028,617 to £440,552 with 159 courses in 17 countries compared to 290 in 39 countries the previous year.

This was primarily due to the fact that in June 2013 the Academy's CPD scheme became mandatory and many teachers would rather build their CPD portfolio by participating in the Advanced level courses in the second half of 2013; nevertheless refresher courses were held in some countries.

⁴ All programmes show origin of students; other than CBTS (Intl) which shows students studying locally

Table 5

No of attendees at continuing professional development courses:

Type of course	Asia & Middle East Americas Africa Australia						Total
	UK	Europe	East	Americas	Africa	NZ	
No of countries	1	4	4	5	1	2	17
No of courses	45	26	5	59	4	20	159
Pre Primary & Primary	12	-	-	116	-	-	128
Grades 1-3 level	416	475	55	824	112	357	2,239
Intermediate level	69	36	17	170	-	31	323
Other	305	115	38	131	-	25	614
2012/13 Actual	802	626	110	1,241	112	413	3,304
No of countries	1	13	13	9	1	2	39
No of courses	61	46	37	99	15	32	290
Pre Primary & Primary	8	-	-	77	-	12	97
Grades 1-3 level	1,012	665	991	670	144	528	4,010
Intermediate level	122	380	172	328	156	105	1,263
Other	124	79	-	387	-	-	590
2011/12 Prior year	1,266	1,124	1,163	1,462	300	645	5,960

Incoming resources from student events and activities decreased 10% from £1,869,930 to £1,684,883. Student events and activities include courses arranged for students, adults, competitions and bursaries and summer, Easter and winter schools. The main decrease was in the number of summer schools which decreased from 14 to 8; with those in the UK suffering the "Olympic effect".

Table 6

No of attendees at student events and activities:

Type of event or activity ⁵	Asia & Middle East Americas Africa Australia						Total
	UK	Europe	East	Americas	Africa	NZ	
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
No of countries	1	4	2	2	-	1	10
No of student events	39	15	-	60	-	-	114
No of participants	1,430	192	-	908	-	-	2,530
No of adult events	32	-	-	-	-	-	32
No of participants	446	-	-	-	-	-	446
No of summer schools	6	3	2	1	-	2	14
No of participants	542	1,187	593	62	-	193	2,577
2011/12 Total participants	2,418	1,379	593	970	-	193	5,553

⁵ Events held by the Advisory Committees in Australia, South Africa and UK are not included in these statistics

177 student courses were held during the year compared to 114 the year before, with average attendance slightly increasing from 22 to 24. 8 Easter and summer schools were held globally, compared to 14 the previous year. Some Easter and summer schools occur annually, while others are held at regular intervals, such as every other year or every four years.

The Genée International Ballet Competition was held in New Zealand in December 2012 and while the fundraising team were successful in exceeding their targets, and the competition was an artistic and cultural success, an overall loss of £51K was incurred.

Primary purpose trading and licensing income declined from £1,506,270 to £1,132,243. This was due to a reduction in trading revenues rather than licensing income, which rose marginally due to the addition of one new licensing agreement. Trading revenues declined from £1,321,782 to £942,215 as sales settled, with no new products launched during the year. Gross margins were maintained at 54%.

Table 7

Primary purpose trading revenues by destination:

	UK	Europe	Asia & Middle East	Americas	Africa	Australia NZ	Total
	£	£	£	£	£	£	£
2012/13 Actual	350,152	147,243	95,264	144,833	17,724	186,999	942,215
2011/12 Prior year	476,500	180,711	176,478	225,557	30,033	232,503	1,321,782

All other income and expenditure is derived from advertising, rental from studios, Benesh Movement Notation license-to-use fees, sundry income, gains or losses on exchange, and taxation on subsidiary company profits.

Support costs rose overall by 8.3% - with a 7.3% increase in salaries and pensions; 10% increase in administration and 29% in the group depreciation charge. 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.

Performance by region

As mentioned above, the year in question had been expected to turn in a surplus of £311,800, a slight improvement on the surplus before transfers and exceptional items of £152,977 last year. In the event for all of the reasons given, a loss of £1,186,583 was incurred. Table 8 shows the result broken down by region.

United Kingdom ⁶

The UK was expected to have an excess of costs over income of £654,496 but in the end had an excess of costs over income of £1,061,511 including consolidation adjustments. With the exception of the Faculty of Education, almost all other departments did not meet their financial budgets; with a decrease of 9,550 examination entries, a reduction of 258 in participants at summer schools due to the "Olympic effect", the introduction of mandatory CPD affecting current participation, and a reduced trading base. 45 CPD courses with an average attendance of 18 were held during the year compared to 61 the year before with an average attendance of 20; more emphasis was placed on non-syllabus courses. Consultancy costs increased through investment in unbudgeted accounting and HR software, and some employment issues increased the salaries and pensions bill. The cost of print also increased membership costs.

A larger than normal provision was made against potential bad debts as a precautionary measure.

⁶ The adverse budget for the UK is due to the fact that the UK Group normally consists of earnings from other Group entities that are neither branches nor subsidiaries but are included in Table 8 in their respective regional areas, rather than as part of the UK.

Table 8
Incoming and outgoing resources by region:

	UK £000	Europe £000	Asia & Middle East £000	Americas £000	Africa £000	Australia NZ £000	Total £000
Incoming resources	6,530	2,770	2,800	2,583	357	2,636	17,676
Total resources expended	(7,591)	(2,569)	(2,949)	(2,701)	(423)	(2,629)	(18,862)
Net incoming (outgoing) resources for 2012/13	(1,061)	201	(149)	(118)	(66)	7	(1,186)
Incoming resources	7,017	2,946	3,380	2,592	480	2,925	19,340
Total resources expended	(7,647)	(2,725)	(2,772)	(2,603)	(525)	(2,915)	(19,187)
Net incoming (outgoing) resources for 2011/12	(630)	221	608	(11)	(45)	10	153
Net incoming (outgoing) budgeted resources	(654)	307	533	29	(1)	98	312

Europe

There was a fall in the actual contribution from Europe of £200,800 from £220,753 the previous year and from £306,785 budgeted. Almost the whole of Europe's decrease in net profitability was the reduction in gross examination income from £2,049,066 to £1,980,976. Examinations in Europe fell from 43,527 to 36,477, accounting for approximately £282,000 in gross revenues, CBTS numbers fell from 152 to 122; while only 26 CPD courses were held in 4 countries with 626 participants compared to 46 courses the year before in 13 countries with 1,124 participants. Numbers on the Italian summer school were maintained.

The Academy was not affected by the banking crisis in Cyprus.

The value of the euro slightly strengthened against sterling and accounted for £2,290 gains in exchange movements.

Members were recruited from Serbia and Croatia for the first time, and examinations took place in Serbia.

Asia and Middle East

Earnings from Asia fell from £608,595 to a loss of £149,271 against a budget of £532,895. £205,211 of the loss was due to prior year adjustments arising out of the Malaysian and Singaporean operations; a further £136,409 was accounted for by a reduction in gross examination income and £381,057 in CPD fees. Additional costs relating to China accounted for a further £70K. Examinations decreased by 1,129 from 2012; and the number of students on the CBTS decreased from 154 to 131, while only 5 CPD courses were held in 4 countries with 110 participants compared to 37 courses the year before in 13 countries with 1,163 participants.

Strengthening of various Asian currencies against sterling added a further £21,833 in net revenues.

Examinations took place for the first time in Qatar, and the CBTS programme started in Israel.

Americas

The Americas made a loss of £118,100 against a loss of £10,968 last year and a budgeted surplus of £29,508. Examinations only marginally fell from 34,184 to 33,372, as did recruitment on CBTS from 143 to 139. The number of CPD courses fell from 99 in 9 countries with 1,462 participants to 59 courses in 5 countries but 1,241 participants attended. The Canadian operations incurred one off costs of £66K due to investment in their IT infrastructure.

A member was recruited from Argentina for the first time.

The US was in a receipt of a legacy from a teacher part of which was set aside a designated fund, and the other part recognised as current funds.

A weakening of the USD against sterling reduced revenues by a further £2,990.

Africa

The results from Africa improved with a loss of £21,848 from operations compared to a loss of £44,570 the year before, but worsened with a £44,732 write off for VAT deemed to be irrecoverable from the authorities. Overall turnover was down by £123,655. Examination numbers fell by 933 and CBTS by 6. The number of CPD courses fell to 4 from 15 with a corresponding decrease in participants from 300 to 112.

The Rand strengthened against sterling adding £3,319 to net revenues.

Australia and NZ

The results from Australia and NZ were a net surplus of £7,716 compared to £9,307 the year before and a budget of £97,882. The Australian results had improved from last year when they incurred additional costs due to the office refurbishment and move, and while examinations increased, gross revenues were reduced by £136,824 suggesting a change in the mix. CBTS student numbers were reduced from 104 to 81 with a consequent £51,527 reduction in gross revenues, and the number of CPD courses was reduced from 32 to 20, with 645 and 413 participants respectively.

The Academy's flagship event the Genée International Ballet Competition, held in Wellington in December 2012 generated revenues of £120,454 but incurred expenditure of £171,273. The New Zealand members exceeded their fundraising targets, and the event was an artistic and cultural success, but excess and unplanned costs contributed to the budget deficit; in addition the NZD strengthened during the period.

The AUD and NZD subsequently weakened against sterling reducing net revenues by £18,064.

RESTRICTED ACTIVITIES

The Academy 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 (I) 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 £110,019 for the year to 31 July 2013 (2012: net incoming resource £166,022).

Project Funding

The Academy 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) as well as raising its own funds. During the year the programme expanded from 187 secondary schools to 200 in 32 London boroughs. All monies received from the Foundation were spent in accordance with the programme's aims. An overspend of £10,693 was funded by the Academy.

£50,899 was received by the Faculty of Education from the Community Learning and Innovation Fund (CLIF) to hold a Conference on Dance and Life Long Wellbeing. The Conference was held in April 2013 and the money spent in accordance with the grant.

Designated Funds

A Social Responsibility Fund was set up by the Trustees in 2011/12 to meet the Academy's Public Benefit responsibility by supporting innovation and need in dance education, training and performance, especially in communities where opportunity is limited. 2% of the 'pre-tax' price of all goods purchased from Royal Academy of Dance Enterprises Ltd and other Academy retail outlets provides the funding for this fund. £3,471 (2012: £26,125) was designated at the end of this financial year (see notes 6 and 27).

A USD120,000 legacy was left to the United States office of which USD70,000 £46,171 was treated as designated.

Restricted Funds

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

Bursary awards of £873 and £500 were made from the Scholarship Funds and the Iris Truscott Trust respectively for students on Academy education programmes; and three subsidised *Boys Only!* workshops, generating net income of £3,623, were held in the year with local partners.

A number of activities were held by Regional Advisory Committees in England and Wales during the year for which students competed to win scholarships or bursaries for further training at Academy events. In total an additional £7,395 after expenses was raised towards the funds.

The Challengée fund was re-established to collect fundraising for the 2013 Genée International Ballet Competition, which was to be held in Glasgow in October 2013. £47,493 had been raised to date. Further income and expenditure was incurred in 2013/14.

Operating cash flows and capital expenditure

The Group's overall net cash and loans position decreased by £1,508,280 from £5,999,677 last year to £4,491,397.

There was a net cash outflow from operations of £918,329 compared to an inflow of £580,336 the year before, with a further decrease in creditors of £255,500 against the previous year, £62,420 in movements in exchange on group net assets; and the reduction in net incoming resources for the year. Capital expenditure decreased from £1,006,348 to £333,147.

The Academy's main banker in the UK and in some overseas territories is HSBC Bank Plc. HSBC Bank Plc renewed the Academy's grouping facility of £700,000; and Royal Academy of Dance Enterprises Limited's overdraft facility of £200,000 for a further year in October 2013.

Net assets and net debt

Group net assets decreased from £11,841,189 to £10,917,565 reflecting the net outgoing resources for the year, but offset by the revaluation of the accumulated funds and revaluation reserve at the end of the financial year. Net current assets fell from £3,221,752 to £2,154,364. This primarily reflects the reduction in the cash position due in part to the loss for the year.

Finance charges

Finance charges rose to £132,247 (2012: £116,157). These charges are a mixture of financing costs for the Academy's overdraft facilities in the United Kingdom, and charges for international transactions, credit cards and other forms of monetary transactions. While benefiting from the improvement in the Academy's overdraft facility in the United Kingdom 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. At the end of the financial year the net balance of all funds held in the United Kingdom at HSBC Bank Plc had been reduced to £22,215 in credit as a result of the use of the reserves to fund the downturn in performance, a net reduction of £895,850 on the year before.

Taxation

The Academy 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 £196,538 (2012: £351,981 of which £147,391 arose through the payment of dividends remitted as part of the movement of reserves.) and reflects the profitability of the Academy's subsidiaries. As the Royal Academy of Dance is exempt from corporation tax in the United Kingdom, it cannot take advantage of double taxation agreements.

Reserves policy

The Academy's current pattern of activities, relied on by its customers and the industry, 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 the Academy's 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 2013 Group readily realisable reserves stood at £1,210,767 (2012: £2,379,004), with readily realisable reserves in the UK of £150,897, a decrease of £817,588 from the previous year.

Table 9

Net assets and other reserves:

	2013	2012
	£000	£000
Bank accounts (excluding restricted fund bank accounts)	3,841	5,495
Working capital	(2,630)	(3,116)
Net assets	1,211	2,379
Freehold property (net of mortgage)	8,220	8,094
Restricted reserves (held for use of RAD projects and access funds)	953	846
Other fixed assets (excluding freehold property)	533	522
Other reserves	9,706	9,462
Total reserves	10,917	11,841

The policy pursued by the Trustees to repatriate reserves where they are needed has enabled the UK to sustain the losses arising out of this year. The Academy as a Group requires total reserves of £2,464,417, representing three months' costs (UK £1,670,031). With readily realisable reserves of £1,210,767 the Group needs to rebuild its profitability.

Richard Thom

Richard Thom
Director of Finance and Administration

26 February 2014

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 United Kingdom 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 United Kingdom 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 2013 which comprise the statement of financial activities, the balance sheets, the cash flow statements, the notes to the cash flow statements 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 1544 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 1544 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'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. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the charity and the Group as at 31 July 2013 and of its incoming resources and application of resources 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 1993.

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
Chartered Accountants and Statutory Auditor
LONDON UK
26 February 2014

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 CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year to 31 July 2013

	2013			2012			
	Unrestricted Funds £000	Restricted funds £000	Total funds £000	Unrestricted funds £000	Restricted funds £000	Total funds £000	
Notes							
Incoming resources							
From generated funds							
2	Voluntary income	35	46	81	14	99	113
3	Activities for generating funds	249	188	437	296	93	389
4	Investment income	51	1	52	61	2	63
From charitable activities							
5	Examination fees	9,693	-	9,693	10,291	-	10,291
6	Education and training fees	5,342	667	6,009	6,000	605	6,605
	Subscription income	1,114	-	1,114	1,082	-	1,082
7	Other primary purpose trading	942	-	942	1,322	-	1,322
8	Other incoming resources	250	-	250	274	-	274
Total incoming resources		17,676	902	18,578	19,340	799	20,139
Resources expended							
9	Costs of generating funds	(78)	(112)	(190)	(188)	(25)	(213)
10	Costs of charitable activities	(17,298)	(678)	(17,976)	(17,724)	(605)	(18,329)
11	Governance costs	(1,048)	(1)	(1,049)	(892)	(1)	(893)
12	Other resources expended	(438)	(1)	(439)	(382)	(2)	(384)
Total resources expended		(18,862)	(792)	(19,654)	(19,186)	(633)	(19,819)
Net (outgoing) incoming resources before transfers and exceptional items							
		(1,186)	110	(1,076)	154	166	320
14	Relocation costs	-	-	-	(38)	-	(38)
	Taxation and foreign exchange losses	-	-	-	-	-	-
14	arising out of the movement of reserves	-	-	-	(339)	-	(339)
	Transfers between funds	(11)	11	-	-	-	-
Net (outgoing) incoming resources		(1,197)	121	(1,076)	(223)	166	(57)
Other recognised gains and losses							
On investments held for investment purposes							
	Realised losses	(9)	-	(9)	(16)	-	(16)
	Unrealised gains	-	2	2	-	1	1
	On revaluation of tangible fixed assets	366	-	366	(394)	-	(394)
	Movement on ex change arising from the consolidation of branches and subsidiaries	(190)	(17)	(207)	136	(1)	135
Total other recognised gains and losses		167	(15)	152	(274)	-	(274)
Net movement in funds		(1,030)	106	(924)	(497)	166	(331)
Fund balances brought forward at 1 August		10,996	846	11,842	11,493	680	12,173
Total funds carried forward at 31 July		9,966	952	10,918	10,996	846	11,842

GROUP AND CHARITY BALANCE SHEETS

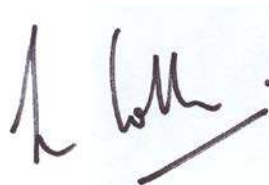
As at 31 July 2013

	Group		Charity	
	2013 £000	2012 £000	2013 £000	2012 £000
Notes				
	Fixed assets			
20 Intangible Assets	8	10	1	1
21 Tangible Assets held for charitable use	8,969	8,871	8,803	8,677
22 Investments	53	44	182	162
	<u>9,030</u>	<u>8,925</u>	<u>8,986</u>	<u>8,840</u>
	Current assets			
23 Stocks	615	392	185	128
24 Debtors	954	953	1,459	1,492
Cash at bank and in hand	6,063	6,928	3,970	4,584
	<u>7,632</u>	<u>8,273</u>	<u>5,614</u>	<u>6,204</u>
25 Creditors - amounts falling due within one year	(5,478)	(5,051)	(4,508)	(4,113)
Net current assets	<u>2,154</u>	<u>3,222</u>	<u>1,106</u>	<u>2,091</u>
26 Creditors - amounts falling due after more than one year	(266)	(305)	(265)	(303)
Net assets	<u>10,918</u>	<u>11,842</u>	<u>9,827</u>	<u>10,628</u>
	FUNDS			
27 Restricted and Designated Funds	952	846	946	838
28 Unrestricted Funds				
Accumulated funds	3,688	4,984	2,682	3,869
Revaluation reserves	6,278	6,012	6,199	5,921
Total funds	<u>10,918</u>	<u>11,842</u>	<u>9,827</u>	<u>10,628</u>

These financial statements were approved and signed on behalf of the Board of Trustees on 26 February 2014 by:



Kerry Rubie
Trustee, Board of Trustees



Leigh Collins
Trustee, Board of Trustees

GROUP CASH FLOW STATEMENT

For the year to 31 July 2013

	2013 £000	2012 £000
Net cash (outflow) inflow from operating activities (note 2)	(918)	580
Returns on investments and servicing of financing (note 3)	(81)	(54)
Taxation – overseas	(197)	(204)
Capital expenditure (note 4)	(333)	(1,006)
Net cash outflow before financing	(1,529)	(684)
Management of financing (note 5)	(7)	262
Decrease in cash in the year	(1,536)	(422)

Notes to the Group Cash Flow Statement

1 Reconciliation of net flows to movement in net funds

Decrease in cash in the year	(1,536)	(422)
Cash (inflow) outflow from management of financing	7	(262)
Change in net funds resulting from cash flows	(1,529)	(684)
Effect of foreign exchange rates	21	(181)
Movement in net funds in the year	(1,508)	(865)
Net funds at 1st August	6,000	6,865
Net funds at 31st July (note 6)	4,492	6,000

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

Net outgoing resources before transfers	(1,076)	(57)
Impairment on investment	(9)	(16)
Interest receivable	(51)	(62)
Interest payable	132	116
Taxation payable	197	205
Depreciation - tangible fixed assets	303	237
Depreciation - intangible fixed assets	1	1
Loss on disposal of tangible fixed assets	2	9
Gain on disposal of investments	2	2
(Increase) decrease in stocks	(223)	33
(Increase) decrease in debtors	(2)	150
Decrease in creditors	(256)	(368)
Effect of foreign exchange rates on net assets	62	330
Net cash (outflow) inflow from operating activities	(918)	580

3 Returns on investments and servicing of financing

Interest receivable	51	62
Interest payable	(132)	(116)
Net cash outflow from returns on investment and servicing of finance	(81)	(54)

GROUP CASH FLOW STATEMENT

For the year to 31 July 2013

	2013 £000	2012 £000
Notes to the Group Cash Flow Statement		
4 Capital expenditure		
Purchase of tangible fixed assets and work-in-progress	(312)	(992)
Purchase of intangible fixed assets	-	(5)
Investment in joint venture	(16)	(9)
Purchase in investments	-	(3)
Loss on joint venture	(7)	-
Proceeds from sale of tangible fixed assets	2	1
Proceeds from sale of investments for restricted purposes		2
Net cash outflow from capital expenditure	(333)	(1,006)
5 Management of financing		
Amounts (repaid) borrowed from banks	(1)	268
Amounts (repaid) borrowed on finance leases	(6)	(6)
Net cash inflow (outflow) from management of financing	(7)	262

	At 31st July 2012 £000	Cash flows £000	Exchange Movements £000	At 31st July 2013 £000
6 Analysis of movement in net funds				
Bank balances and cash in hand held overseas	5,249	(678)	(12)	4,559
Bank balances and cash in hand held in the United Kingdom	1,679	(174)	-	1,505
Bank overdraft borne in the United Kingdom	(622)	(684)	-	(1,306)
	6,306	(1,536)	(12)	4,758
<i>Amounts due after more than one year</i>				
Bank loans	(271)	1	33	(237)
<i>Amounts falling due within one year</i>				
Bank loans	(2)	-	-	(2)
Obligations under finance leases	(33)	6	-	(27)
	6,000	(1,529)	21	4,492

ACCOUNTING POLICIES

Year ended 31 July 2013

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 Academy faces uncertainties arising from current economic conditions. Pages 12 and 13 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 company'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 United Kingdom and its branches for the year to 31 July 2013, 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 buildings | 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 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 Royal Academy of Dance 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.

ACCOUNTING POLICIES

Year ended 31 July 2013

Notes

- 1(k) Recognition of income (continued)
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.
- 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.
- 1(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
- 1(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.
- 1(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 Royal Academy of Dance and its branches and subsidiaries to administer in accordance with the conditions laid down therein.
- (b) Grants, sponsorship and project money awarded to the Royal Academy of Dance 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 Royal Academy of Dance 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.
- 1(o) Regional advisory panels and committees
The charity carries out some activities through a network of regional advisory panels and 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.
- 1(p) Treatment of VAT
The Royal Academy of Dance is registered as partially exempt for VAT in the United Kingdom, 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 2013

Notes

	2013			2012			
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	
	funds	funds	funds	funds	funds	Funds	
	£000	£000	£000	£000	£000	£000	
Incoming resources from generated funds							
2	Voluntary income						
	Donations, gifts and legacies	35	46	81	14	99	113
		<u>35</u>	<u>46</u>	<u>81</u>	<u>14</u>	<u>99</u>	<u>113</u>
3	Activities for generating funds						
	Fundraising activities	-	186	186	25	91	116
	Royalties and commission	17	-	17	7	-	7
	Property and studio hire	42	2	44	79	2	81
	Licensing income	190	-	190	185	-	185
		<u>249</u>	<u>188</u>	<u>437</u>	<u>296</u>	<u>93</u>	<u>389</u>
4	Investment income						
	Interest received	51	1	52	61	2	63
		<u>51</u>	<u>1</u>	<u>52</u>	<u>61</u>	<u>2</u>	<u>63</u>
Incoming resources from charitable activities							
5	Examination fees						
	Graded examinations	7,925	-	7,925	8,281	-	8,281
	Vocational Graded examinations	1,768	-	1,768	2,010	-	2,010
		<u>9,693</u>	<u>-</u>	<u>9,693</u>	<u>10,291</u>	<u>-</u>	<u>10,291</u>
6	Education and training fees						
	University validated programmes	1,271	-	1,271	1,073	-	1,073
	RAD validated programmes	1,937	-	1,937	2,028	-	2,028
	Other income	9	-	9	-	-	-
		<u>3,217</u>	<u>-</u>	<u>3,217</u>	<u>3,101</u>	<u>-</u>	<u>3,101</u>
	CPD, training and other courses	1,419	-	1,419	1,908	-	1,908
	Summer schools	486	-	486	830	-	830
	Events and competitions	220	-	220	161	-	161
		<u>2,125</u>	<u>-</u>	<u>2,125</u>	<u>2,899</u>	<u>-</u>	<u>2,899</u>
	Step in Dance project	-	667	667	-	605	605
		<u>5,342</u>	<u>667</u>	<u>6,009</u>	<u>6,000</u>	<u>605</u>	<u>6,605</u>

Government funding

The Academy, through the Faculty of Education, is in receipt of government funding as a result of being granted Initial Teacher Training Accredited Provider status by the UK's Teaching Agency. In the fiscal year 2013 total funds received were £126,954 (2012: £105,639), including the Master of Teaching (Dance) programme.

NOTES to the ACCOUNTS

Year ended 31 July 2013

Notes

Government funding (continued)

These funds are included within the income shown as University validated programmes. These were disbursed in accordance with the Financial Memorandum between the two organisations. A separate Financial Statement and Balance Sheet is available on request.

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 Royal Academy of Dance. 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 Royal Academy of Dance in Battersea, branch outlets and selected stockists.

	2013	2012
	£000	£000
Turnover net of taxes and discounts	942	1,322
Less : cost of sales and discounts	<u>(434)</u>	<u>(619)</u>
Gross profit before:	508	703
Distribution and selling	(71)	(67)
Administration	(269)	(272)
Interest payable	(23)	(28)
Social Responsibility fund transfer (note 27)	<u>(3)</u>	<u>(26)</u>
Net income from primary purpose trading	<u>142</u>	<u>310</u>
Income from primary purpose trading	942	1,322
Trading costs (note 10d)	<u>(800)</u>	<u>(1,012)</u>
Net income from primary purpose trading	<u>142</u>	<u>310</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 £216,909 (2012 £326,000) to its parent company.

	2013			2012		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	funds	funds	funds	Funds	funds	funds
	£000	£000	£000	£000	£000	£000
8 Other incoming resources						
Advertising income	61	-	61	61	-	61
BMN licensing and other income	102	-	102	97	-	97
Exchange gains	13	-	13	-	-	-
Sundry income	74	-	74	116	-	116
	<u>250</u>	<u>-</u>	<u>250</u>	<u>274</u>	<u>-</u>	<u>274</u>

NOTES to the ACCOUNTS

Year ended 31 July 2013

Notes

	2013			2012		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	funds	funds	funds	funds	funds	funds
	£000	£000	£000	£000	£000	£000
Resources expended						
9 Costs of generating funds						
Fundraising activities	(8)	(112)	(120)	(101)	(25)	(126)
Licensing costs	(3)	-	(3)	(22)	-	(22)
Indirect support costs (note 13)	(67)	-	(67)	(65)	-	(65)
	<u>(78)</u>	<u>(112)</u>	<u>(190)</u>	<u>(188)</u>	<u>(25)</u>	<u>(213)</u>
10 Costs of charitable activities						
a Examinations						
Graded examinations	(5,461)	-	(5,461)	(5,383)	-	(5,383)
Vocational Graded examinations	(1,216)	-	(1,216)	(1,387)	-	(1,387)
Indirect support costs (note 13)	(2,126)	-	(2,126)	(1,957)	-	(1,957)
	<u>(8,803)</u>	<u>-</u>	<u>(8,803)</u>	<u>(8,727)</u>	<u>-</u>	<u>(8,727)</u>
b Education and training fees						
University validated programmes	(1,031)	-	(1,031)	(925)	-	(925)
RAD validated programmes	(996)	-	(996)	(1,158)	-	(1,158)
Other income costs	(6)	-	(6)	-	-	-
Direct support costs	(434)	-	(434)	(327)	-	(327)
Indirect support costs (note 13)	(841)	-	(841)	(778)	-	(778)
	<u>(3,308)</u>	<u>-</u>	<u>(3,308)</u>	<u>(3,188)</u>	<u>-</u>	<u>(3,188)</u>
CPD, training and other courses	(1,184)	-	(1,184)	(1,546)	-	(1,546)
Summer schools	(399)	-	(399)	(622)	-	(622)
Events and competitions	(304)	-	(304)	(222)	-	(222)
Direct support costs	(177)	-	(177)	(178)	-	(178)
Indirect support costs (note 13)	(699)	-	(699)	(700)	-	(700)
	<u>(2,763)</u>	<u>-</u>	<u>(2,763)</u>	<u>(3,268)</u>	<u>-</u>	<u>(3,268)</u>
Step into Dance project	-	(678)	(678)	-	(605)	(605)
	<u>(6,071)</u>	<u>(678)</u>	<u>(6,749)</u>	<u>(6,456)</u>	<u>(605)</u>	<u>(7,061)</u>
c Membership services						
Administration	(651)	-	(651)	(608)	-	(608)
Publications	(238)	-	(238)	(216)	-	(216)
Indirect support costs (note 13)	(484)	-	(484)	(461)	-	(461)
	<u>(1,373)</u>	<u>-</u>	<u>(1,373)</u>	<u>(1,285)</u>	<u>-</u>	<u>(1,285)</u>
d Trading						
Direct costs	(800)	-	(800)	(1,012)	-	(1,012)
Indirect support costs (note 13)	(251)	-	(251)	(244)	-	(244)
	<u>(1,051)</u>	<u>-</u>	<u>(1,051)</u>	<u>(1,256)</u>	<u>-</u>	<u>(1,256)</u>
Total costs of charitable activities	<u>(17,298)</u>	<u>(678)</u>	<u>(17,976)</u>	<u>(17,724)</u>	<u>(605)</u>	<u>(18,329)</u>

NOTES to the ACCOUNTS

Year ended 31 July 2013

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	2013			2012		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	funds	funds	funds	funds	funds	Funds
	£000	£000	£000	£000	£000	£000
11 Governance costs						
Audit and accountancy fees	(223)	(1)	(224)	(193)	(1)	(194)
Trustee meetings	(36)	-	(36)	(29)	-	(29)
Subsidiary company directors' fees	(4)	-	(4)	(4)	-	(4)
Legal and other services	(87)	-	(87)	(54)	-	(54)
Indirect support costs (note 13)	(698)	-	(698)	(612)	-	(612)
	<u>(1,048)</u>	<u>(1)</u>	<u>(1,049)</u>	<u>(892)</u>	<u>(1)</u>	<u>(893)</u>

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

Audit fees	(95)	-	(95)	(90)	-	(90)
Other services	(13)	-	(13)	(21)	-	(21)

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

Audit fees	(46)	(1)	(47)	(28)	(1)	(29)
Other services	(31)	-	(31)	(26)	-	(26)

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

Audit and accountancy fees	(82)	-	(82)	(74)	-	(74)
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12 Other resources expended						
BMN activity costs	(101)	-	(101)	(88)	-	(88)
Sundry income costs	(107)	-	(107)	(19)	-	(19)
Loss on asset disposals	(2)	-	(2)	(10)	-	(10)
Indirect support costs (note 13)	(31)	(1)	(32)	(27)	(2)	(29)
Exchange losses	-	-	-	(33)	-	(33)
Taxation	(197)	-	(197)	(205)	-	(205)
	<u>(438)</u>	<u>(1)</u>	<u>(439)</u>	<u>(382)</u>	<u>(2)</u>	<u>(384)</u>

13 Analysis of indirect support costs ⁷

Unrestricted funds 2013

	Exams	Education	Training	Membership	Trading	Total Note 10	Total Note 11	Total Note 12	Total Note 9
	£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)
	<u>(2,126)</u>	<u>(841)</u>	<u>(699)</u>	<u>(484)</u>	<u>(251)</u>	<u>(4,401)</u>	<u>(698)</u>	<u>(31)</u>	<u>(67)</u>

⁷ The basis of allocation of support costs are disclosed in Note 1 (j)(d). Restricted funds indirect support costs for 2013 and 2012 are shown in note 12 only and represent financing and property costs.

NOTES to the ACCOUNTS

Year ended 31 July 2013

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13 Analysis of indirect support costs (continued)
Unrestricted funds 2012

	Exams	Education	Training	Membership	Trading	Total Note 10	Total Note 11	Total Note 12	Total Note 9
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Salaries and pensions	(1,093)	(403)	(384)	(191)	(130)	(2,201)	(376)	(8)	(19)
General administration	(485)	(114)	(134)	(137)	(53)	(923)	(175)	(7)	(6)
Information technology	(126)	(105)	(36)	(76)	(20)	(363)	(11)	(6)	(3)
Financing charges	(39)	(21)	(19)	(12)	(6)	(97)	(16)	(1)	(2)
Depreciation	(78)	(56)	(36)	(23)	(15)	(208)	(13)	(3)	(11)
Rent and property	(136)	(79)	(91)	(22)	(20)	(348)	(21)	(2)	(24)
	(1,957)	(778)	(700)	(461)	(244)	(4,140)	(612)	(27)	(65)

14 Exceptional items

	2013			2012		
	Unrestricted funds £000	Restricted funds £000	Total funds £000	Unrestricted funds £000	Restricted funds £000	Total Funds £000
Exchange losses	-	-	-	(192)	-	(192)
Taxation	-	-	-	(147)	-	(147)
Relocation costs	-	-	-	(38)	-	(38)
	-	-	-	(377)	-	(377)

In 2012 £1,547,030 was transferred from group entities to the United Kingdom by way of dividends and capital, and £558,059 was repaid to group companies, incurring additional taxation of £147,391 and exchange losses of £191,542. RAD Australia incurred relocation expenditure of £37,513. These were considered to be non-recurring and exceptional.

15 Related party transactions

Six trustees (2012: nine) who are also examiners, tutors or mentors earned £ 19,679 (2012: £36,594) during the year in that capacity, as approved by the Charity Commission and in accordance with Articles 6.5, and 10 of the Charter. £16,076 (2012: £17,483) was reimbursed to nine (2012: nine) trustees for travel, subsistence and accommodation for attending committee meetings, and where an examiner, tutor or mentor for examining and teaching on behalf of the Royal Academy of Dance. A further £5,066 (2012: £1,657) was paid in reimbursable expenses to one of these trustees for the development of syllabi for which fees of £7,015 were paid in 2013 (2012: £12,286).

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 Royal Academy of Dance in Scotland for examinations and courses
Cost of transaction: £269 (2012: £1,850)
Amount due at 31 July 2013: £Nil (2012: £Nil)

NOTES to the ACCOUNTS

Year ended 31 July 2013

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15 Related party transactions (continued)

Related party: Noriko Kobayashi (National Director – Japan) as owner of Kobayashi Ballet Studios
Transaction: Hire of dance studios, office space and seconded staff to Royal Academy of Dance Japan for examinations, courses, summer schools and administration
Cost of transaction: £91,885 (¥13,701,134) (2012: £115,124 (¥ 14,039,455))
Amount due at 31 July 2013: £27,568 (¥4,110,680) (2012 £26,557 (¥ 3,238,600))

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: £9,627 (Rupiah 150,000,000) (2012: £6,114 (Rupiah 90,000,000))
Amount due at 31 July 2013: £Nil (Rupiah Nil) (2012: 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: £5,570 (€6,360) (2012: £5,532 (€6,360))
Amount due at 31 July 2013: £Nil (€ Nil) (2012: Nil (€ Nil))

All transactions were at arm's length. Royal Academy of Dance 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 Academy's global policy to indemnify the Academy 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 2013 was £5,800 (2012: £5,800).

17 Costs of employees

The Academy employed 186 (2012: 186) administrative staff and 47 (2012: 45) commission-based staff worldwide, as well as contracting the services of examiners, teachers, tutors and musicians. Employment costs account for 55% (2012: 53%) of total resources expended (excluding other incoming resources expended):

	2013			2012		
	Unrestricted Funds £000	Restricted funds £000	Total funds £000	Unrestricted funds £000	Restricted funds £000	Total funds £000
Employee gross salaries	(5,016)	-	(5,016)	(4,560)	-	(4,560)
Employee payroll taxes	(620)	-	(620)	(597)	-	(597)
Employer Pension contribution	(361)	-	(361)	(384)	-	(384)
Processing staff	(176)	-	(176)	(168)	-	(168)
Employees on commission	(573)	-	(573)	(657)	-	(657)
Payroll taxes on commission	(12)	-	(12)	(14)	-	(14)
Teachers, tutors and examiners	(2,995)	-	(2,995)	(3,185)	-	(3,185)
Musicians	(347)	-	(347)	(392)	-	(392)
Total employment costs	(10,100)	-	(10,100)	(9,957)	-	(9,957)

NOTES to the ACCOUNTS

Year ended 31 July 2013

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18 Pension costs

The pension charge for the year to 31 July 2013 was £361,224 (2012: £383,859).

In the United Kingdom the Academy currently operates two schemes, representing in total 58 employees (2012: 59). In 2014 the Academy will be required to introduce pension auto-enrolment for all staff currently outside the two schemes.

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 Academy operates or contributes to a variety of defined contribution schemes, money purchase schemes or statutory schemes, representing 33 (2012: 35) employees in nine (2012: 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 2013 there were no prepaid or accrued pension contributions (2012: nil).

	2013	2012
Number of Group employees earning :		
between £80,001 - £90,000	1	1
Pension contributions	£11,062	£10,845
between £70,001- £80,000	1	-
Pension contributions	£8,487	-
between £60,001- £70,000	6	7
Pension contributions	£16,663	£30,066

Pension contributions in 2012 included a section 75 buyout payment made to the University Superannuation Scheme as a result of the Academy's only active member of the University Superannuation Scheme ceasing to be a member of the scheme following the retirement of that member in August 2011.

19 Taxation

The Academy 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 2013

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21 Tangible fixed assets held for charitable use

The Academy owns freehold properties in the United Kingdom, 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 2012	Charge for the year	Additions to freehold	Increase (decrease) in valuation	Value at 31 July 2013	Net Historical cost
United Kingdom	£	6,200,000	(43,433)	-	343,433	6,500,000	1,909,520
Australia	A\$	3,000,000	-	100,000	-	3,100,000	470,000
South Africa	Rand	1,860,438	-	-	-	1,860,438	653,770
		Value at 1 August 2012 £	Movement in exchange £	Charge for the year £	Additions to freehold £	Increase in valuation £	Value at 31 July 2013 £
United Kingdom		6,200,000		(43,433)		343,433	6,500,000
Australia		2,023,269	(247,383)		36,800	22,397	1,835,083
South Africa		144,308	(20,467)				123,837
Total		8,367,577	(267,850)	(43,433)	36,800	365,830	8,458,920

The freehold property in the UK was valued on 31 July 2013 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 of value was primarily derived using comparable recent market transactions. There was no change in the valuation of the South African building. The freehold building in Australia was valued on 31 July 2013 at fair value; assuming the land component would be of interest to a developer rather than as part of the continuing business.

Valuations were carried out by the external valuers listed below.

Property in London, United Kingdom	Daniel Watney LLP, Chartered Surveyors
Property in Sydney, Australia	Egan National Valuers (NSW)
Property in Johannesburg, South Africa	Lamula Loss Adjustors

The charity does not have any heritage assets. £25,065 (2012: £32,934) is held under a motor vehicle finance lease for the Canadian office.

NOTES to the ACCOUNTS

Year ended 31 July 2013

Notes

21 Tangible fixed assets held for charitable use (continued)

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 2012	8,440	602	1,002	56	10,100
Revaluation	251	-	-	-	251
Exchange differences	(268)	(1)	(19)	(2)	(290)
Additions	37	7	269	-	313
Disposals	-	(1)	(99)	-	(100)
At 31 July 2013	8,460	607	1,153	54	10,274
Accumulated depreciation					
At 1 August 2012	73	383	752	21	1,229
Revaluation	(114)	-	-	-	(114)
Exchange differences	(1)	2	(15)	(2)	(16)
Charge for the year	43	39	211	9	302
Eliminated on disposals	-	(1)	(95)	-	(96)
At 31 July 2013	1	423	853	28	1,305
Net book value					
At 31 July 2013	8,459	184	300	26	8,969
At 31 July 2012	8,367	219	250	35	8,871
Charity	£000	£000	£000	£000	£000
Cost or Valuation					
At 1 August 2012	8,294	533	935	55	9,817
Revaluation	251	-	-	-	251
Exchange differences	(247)	(8)	(23)	(1)	(279)
Additions	37	6	263	-	306
Disposals	-	(1)	(95)	-	(96)
At 31 July 2013	8,335	530	1,080	54	9,999
Accumulated depreciation					
At 1 August 2012	71	346	702	21	1,140
Revaluation	(114)	-	-	-	(114)
Exchange differences	-	(1)	(18)	(2)	(21)
Charge for the year	43	32	203	9	287
Eliminated on disposals	-	(1)	(95)	-	(96)
At 31 July 2013	-	376	792	28	1,196
Net book value					
At 31 July 2013	8,335	154	288	26	8,803
At 31 July 2012	8,223	187	233	34	8,677

NOTES to the ACCOUNTS

Year ended 31 July 2013

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	Group		Charity	
	2013 £000	2012 £000	2013 £000	2012 £000
22 Investments				
Quoted investments				
Market value at 1 August	35	32	28	24
Disposals during the year	-	2	-	2
Exchange differences	(1)	(1)	-	-
Net realised / unrealised gains	3	2	3	2
Market value at 31 July	37	35	31	28
Historical cost at 31 July	23	23	13	13
Investment in joint venture Dance Proms ⁸	9	25	9	25
Investment during the year less impairment during year	16	-	16	-
	(9)	(16)	(9)	(16)
As at 31 July	16	9	16	9
Investments in subsidiaries				
Balance at 1 August	-	-	125	85
Exchange differences	-	-	(5)	(8)
Additions	-	-	15	48
As at 31 July	-	-	135	125
Total investments at 31 July	53	44	182	162
Quoted investments				
Held in the United Kingdom	29	24	31	29
Held outside the United Kingdom	6	8	-	-

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 Royal Academy of Dance holds in trust 100% of the issued share capitals 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.

The charity has effective control over a building fund in South Africa which is administered by the Royal Academy of Dance, 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 which was re-established during the year. The results of these entities are included in the Group's results as long as the Academy 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.

The charity owns 100% of the issued capital of the subsidiary companies listed on page 41, whose aims and objectives mirror those of the Academy.

⁸ Celebration of Dance Festival Ltd.; a joint venture between the ISTD, IDTA and RAD

NOTES to the ACCOUNTS

Year ended 31 July 2013

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22 Investments (continued)
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%	70
Yayasan RAD Indonesia	Indonesia	NPWP:01.683.529.0-017.000	100% control	7
Royal Academy of Dance Srl	Italy	TN-0174567	99%	9
Royal Academy of Dance Asbl	Luxembourg	RCS F1236	100%	4
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%	3
Royal Dancing (Thailand) Co Ltd	Thailand	05055540038970	49%	42
Royal Academy of Dance Enterprises Ltd	Great Britain	No 2773495	100%	-
Balance at 31 July				135

	Group		Charity	
	2013 £000	2012 £000	2013 £000	2012 £000
23 Stocks				
Finished goods and goods for resale	429	332	185	128
Work-in-progress	186	60	-	-
Balance at 31 July	615	392	185	128

	Group		Charity	
	2013 £000	2012 £000	2013 £000	2012 £000
24 Debtors				
Trade debtors	286	269	244	189
Amounts due from subsidiaries	-	-	652	790
Other debtors	177	244	106	140
Prepayments and accrued income	491	440	457	373
Balance at 31 July	954	953	1,459	1,492

25 Creditors: amounts falling due within one year				
Bank overdrafts	(1,306)	(622)	(1,151)	(530)
Bank loans	(2)	(3)	-	-
Trade creditors	(1,180)	(1,327)	(936)	(1,018)
Taxation and social security	(278)	(341)	(154)	(208)
Accruals and deferred income	(2,712)	(2,758)	(2,267)	(2,357)
Balance at 31 July	(5,478)	(5,051)	(4,508)	(4,113)

NOTES to the ACCOUNTS

Year ended 31 July 2013

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- 25 Creditors: amounts falling due within one year (continued)
Bank overdrafts

£154,523 (2012: £92,300) 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 (2012: 3.75%). The company has access to a temporary overdraft facility up to £200,000 which is utilised at the end of each financial year in order to gift aid its profits to the Royal Academy of Dance.

The Academy provided Royal Academy of Dance Enterprises Ltd access to a loan of up to £200,000 on the same terms as that offered by HSBC Plc. The loan is eliminated within these accounts as it is an inter-company transaction.

£1,151,389 (2012: £529,960) is offset for grouping purposes against other balances held by the Royal Academy of Dance in the United Kingdom 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 (2012: 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 net balance of all funds held at HSBC Bank Plc by the Royal Academy of Dance in the United Kingdom was £22,216 in credit (2012: £918,065 in credit) against a total available overdraft facility of £700,000.

HSBC Bank Plc renewed the Academy's facilities for a further year in October 2013. The facilities are secured on the freehold property at 36 Battersea Square, London SW11 3RA.

An overdraft facility of A\$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 has not yet been drawn upon, but is available for 10 years expiring in February 2022.

	Group		Charity	
	2013	2012	2013	2012
	£000	£000	£000	£000
26 Creditors: amounts falling due after more than one year				
Provision for long-service award	(2)	(1)	(1)	-
Obligations under finance leases	(27)	(33)	(27)	(33)
Bank loans	(237)	(271)	(237)	(270)
Balance at 31 July	(266)	(305)	(265)	(303)

Bank loans

A bank bill business loan of £236,784 (A\$400,000) was utilised in March 2012. 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 loan was taken out to complete building works on 20 Farrell Avenue, Sydney and is secured on that property.

A loan of £1,893 (2012: £3,614) 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 in 2015. £2,119 (2012 £2,501) is repayable within one year; with a credit balance of £226 due (2012 £1,113) for the remaining life of the loan. The loan is secured on the freehold property known as Erf 29, Bramley, Johannesburg.

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 £6,055 was charged to the SOFA.

NOTES to the ACCOUNTS

Year ended 31 July 2013

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27 Movement in other funds

	Type of Fund	Balance at 1 August 2012	Movement in exchange	Revalued balance at 1st August 2012	Movement in resources	Net Movement	Gains on investments realised and unrealised	Transfers from unrestricted funds	Balance at 31st July 2012
		£000	£000	£000	Incoming	£000	£000	£000	£000
Step into Dance programme	UK	5	-	5	667	(11)	-	11	5
CLIF programme	UK	-	-	-	51	-	-	-	-
Genée Legacy Funds	Singapore	22	-	22	-	-	-	-	22
Genée Legacy Funds	UK	7	-	7	-	-	-	-	7
Challengenée Funds	UK	-	-	-	50	47	-	-	47
Social Responsibility Fund	Group	51	-	51	5	3	-	-	54
Evans Legacy	USA	-	-	-	46	46	-	-	46
Scholarship / bursary funds	UK	505	-	505	37	11	-	-	516
Boys Only! funds	UK	58	-	58	9	4	-	-	62
Iris Truscott fund	UK	24	-	24	1	-	2	-	26
Regional Scholarship funds	UK	40	-	40	32	8	-	-	48
Jubilee Awards 2012	UK	25	-	25	1	1	-	-	26
Christel Addison Funds	Sth Africa	100	(16)	84	-	-	-	-	84
Scholarship fund	Israel	1	-	1	-	-	-	-	1
Total Charity		838	(16)	822	899	109	2	11	944
Building fund	S Africa	8	(1)	7	3	1	-	-	8
Total Group		846	(17)	829	902	110	2	11	952
Total Group – prior year		680	(1)	679	799	166	1	-	846

NOTES to the ACCOUNTS

Year ended 31 July 2013

Project Funds

Step into Dance: A fully inclusive, community dance programme, a partnership between the Royal Academy of Dance who lead the programme and The Jack Petchey Foundation who fund it. In 2013 the programme ran in 200 secondary schools (2012: 187) in 32 London boroughs (2012: 32).

The Community Learning and Innovation Fund (CLIF): Funded a Conference run by the Academy's Faculty of Education entitled Dance and Long Life Well Being.

Designated Funds

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

Challengée funds: During 2012/13 £47,493 was raised to support the 2013 Genée International Ballet Competition to be held in Glasgow in September 2013.

Social Responsibility fund: This was set up in 2011 by the Trustees to meet its Public Benefit responsibility; and that Royal Academy of Dance Enterprises Ltd and branch retail outlets in Australia, Canada, New Zealand, South Africa and the USA would gift-aid or transfer, as appropriate, 2% of their sales turnover excluding VAT and intercompany transactions to the fund. A total of £5,147 (2012 £26,125) was raised during the year from sales, with £1,676 in costs. In view of the results of the Charity in the UK, the Trustees agreed that no funds would be designated from Royal Academy of Dance Enterprises this year. No awards will be made until the fund has built up over a period of five years.

Evans Legacy (USA): A legacy of US\$120,000 was left to the Royal Academy of Dance's US office to be used as it felt fit. US\$70,000 has been designated for future projects, while US\$50,000 has been used to bolster reserves.

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 Academy. 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 £873 were made in this financial year (2012 - £897).

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 (2012 4).

Iris Truscott fund: A trust deed registered with the Charity Commissioners to award a bursary to CBTS students to further their training. During the year the Trustees agreed to fund CBTS students wishing to access higher education programmes of the Royal Academy of Dance. Two awards were made during the year (2012 2).

Regional Scholarship funds: These 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 Academy's in her Golden Jubilee Year. To be awarded to a dancer in 2013/14.

Christel Addison funds (South Africa): A legacy left by a South African teacher to fund teacher training opportunities overseas for South African residents.

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

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

NOTES to the ACCOUNTS

Year ended 31 July 2013

Notes

28 Movement in unrestricted funds

	Balance At 1 August 2012 £000	Exchange differences £000	Net incoming resources £000	Other recognised losses £000	Transfers Between funds £000	Balance at 31 July 2013 £000
Charity						
Accumulated funds	3,870	(130)	(1,038)	(9)	(11)	2,682
Revaluation reserve	5,921	(88)	-	366	-	6,199
	<u>9,791</u>	<u>(218)</u>	<u>(1,038)</u>	<u>357</u>	<u>(11)</u>	<u>8,881</u>
Group						
Accumulated funds	4,984	(90)	(1,186)	(9)	(11)	3,688
Revaluation reserve	6,012	(100)	-	366	-	6,278
	<u>10,996</u>	<u>(190)</u>	<u>(1,186)</u>	<u>357</u>	<u>(11)</u>	<u>9,966</u>

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	8,969		8,969
Intangible fixed assets and investments	25	36	61
Current assets	6,716	916	7,632
Current liabilities	(5,478)	-	(5,478)
Amounts falling due after more than one year	(266)	-	(266)
Total net assets	<u>9,966</u>	<u>952</u>	<u>10,918</u>

30 Parent Charity

The parent charity in the United Kingdom had net outgoing resources before consolidation adjustments and any transfers between funds of £785,424 (2012 £695,968). In 2012 this excluded inter-company dividends and capital remittances of £1,638,557 which were remitted by way of a repositioning of reserves.

	2013 Net Incoming resources £000			2012 Net Incoming resources £000		
	Incoming resources £000	Resources expended £000	(outgoing) resources £000	Incoming resources £000	Resources expended £000	(outgoing) resources £000
Unrestricted funds	8,038	(8,884)	(846)	8,383	(9,138)	(755)
Restricted and designated funds	849	(788)	61	689	(630)	59
For the year to 31 July	<u>8,887</u>	<u>(9,672)</u>	<u>(785)</u>	<u>9,072</u>	<u>(9,768)</u>	<u>(696)</u>

NOTES to the ACCOUNTS

Year ended 31 July 2013

Notes

31 Net incoming resources

Net incoming resources on the Group Consolidated Statement of Financial Activities represent the operating results of the Royal Academy of Dance 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:

	2013			2012		
	Incoming resources	Resources expended	Net Incoming resources (outgoing)	Incoming Resources	Resources expended	Net Incoming resources (outgoing)
	£000	£000	£000	£000	£000	£000
Unrestricted funds						
United Kingdom Group ⁹	7,548	(8,378)	(830)	7,824	(8,515)	(691)
Australia	2,126	(2,057)	69	2,448	(2,491)	(43)
Canada	1,259	(1,428)	(169)	1,334	(1,365)	(31)
Israel	40	(41)	(1)	30	(33)	(3)
Japan	247	(303)	(56)	506	(473)	33
New Zealand	510	(572)	(62)	476	(462)	14
Portugal	260	(221)	39	291	(235)	56
Southern Africa	357	(423)	(66)	481	(525)	(44)
United States of America	539	(502)	37	455	(451)	4
RAD Enterprises	949	(949)	-	1,245	(1,245)	-
RAD Brazil S/C Ltda	364	(366)	(2)	382	(282)	100
RAD Germany gGmbH	429	(453)	(24)	439	(449)	(10)
Yayasan RAD Indonesia	159	(167)	(8)	212	(206)	6
Royal Academy of Dance Srl	903	(826)	77	567	(399)	168
RAD Dance asbl	73	(80)	(7)	313	(322)	(9)
RAD Dancing (Malaysia) Sdn Bhd	383	(504)	(122)	109	(110)	(1)
RAD Mexico de AC	330	(315)	15	880	(844)	36
RAD Singapore Pte Ltd	553	(660)	(106)	642	(481)	161
RAD Dancing (Thailand) Co Ltd	161	(158)	3	163	(184)	(21)
Royal Academy of Dance SL	486	(459)	27	543	(491)	52
For the year to 31 July	17,676	(18,862)	(1,186)	19,340	(19,563)	(223)
Restricted and designated funds						
United Kingdom Group	849	(788)	61	689	(629)	60
Australia	3	-	3	3	-	3
Canada	1	(2)	(1)	2	-	2
New Zealand	-	-	-	1	-	1
South Africa	-	-	-	100	-	100
Royal Academy of Dance s21 South Africa	3	(2)	1	4	(4)	-
United States	46	-	46	-	-	-
For the year to 31 July	902	(792)	110	799	(633)	166

⁹ Includes consolidation adjustments of £16,451 (2012 £63,814)

UK Group

Representative Offices

The results of the fourteen Representative offices below are included in the results of the United Kingdom to form the UK Group:

Caribbean	PO Box 1433, Constant Spring Post Office, Kingston 8, Jamaica
China	2 nd 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 Arnouveau 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

Worldwide Group

Branch Offices

The results of the eight Branch companies below are consolidated with the results of the UK Group to form the Charity:

Australia	20 Farrell Avenue, Darlinghurst, NSW 2010
Canada	1200 Sheppard Avenue East, Suite No 500, Toronto, Ontario M2K 2S5
Israel	Hadar Street 491, Neve Yamin
Japan	Commerce Building 5f, 2-39-3 Mejiro, Toshima-Ku, Tokyo 171-0031
New Zealand	Level 8 CMC Building, 89 Courtenay Place, Wellington
Portugal	Rua 4 Infantaria 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

Subsidiary Offices

The results of the twelve Subsidiary companies below are consolidated with the results of the Charity (UK Group and Branch Offices) to form the Worldwide Group:

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., PO Box 8344 Kelana Jaya, 46788 Petaling Jaya, Selangor
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, R Dr Francisco A Tozzi, 180 Estância Suíça 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-Handong Road, Tambon: Pae Dad, Ampur: Muang, Chiangmai 50100
United Kingdom	Royal Academy of Dance Enterprises Ltd., 36 Battersea Square, London SW11 3RA

Advisers

UK Banker	HSBC Bank Plc	31 Holborn Circus, London EC1N 2HR
UK Solicitor	Field Fisher Waterhouse LLP	41 Vine Street, London EC3N 2AA
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 shown 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, Edificio EE06 - Escritório 12, Quinta da Beloura, 2710-444 Sintra
Spain	Asesoria Berzosa	DonosoCotres 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

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