

ROYAL ACADEMY OF
DANCE

Financial Report and Statements
for the year ended 31 July 2012

CONTENTS

	Page
At a glance	3
Officers and Trustees	4
Report of the Trustees	5–12
Financial Review	13–20
Statement of the Board of Trustees' Responsibilities	21
Independent Auditor's Report to the Trustees of Royal Academy of Dance	22
Group Consolidated Statement of Financial Activities	23
Group and Charity Balance Sheets	24
Group Cash Flow Statement	25–26
Accounting Policies	27–28
Notes to the Accounts	29–44
Structure	45
Advisers and Management	46–47

AT A GLANCE

Financial Highlights

Statement of Financial Activities	Unrestricted Funds		Restricted Funds	
	2012 £000	2011 £000	2012 £000	2011 £000
Total incoming resources	19,340	18,857	799	599
Net incoming (outgoing) resources before exceptional items	154	980	166	(12)
Net (outgoing) incoming resources after exceptional items	(223)	980	166	(12)
(Loss) gain on revaluation of assets and investments	(410)	437	1	1
Movement on exchange arising from the consolidation of branches and subsidiaries	136	313	(1)	-
Net movement in reserves	(497)	1,730	166	(11)
 Balance Sheet				
Tangible and intangible fixed assets (excluding freehold property)	522	428	-	-
Cash and other liquid assets ¹	5,495	6,262	846	680
Working capital including provisions ²	(3,116)	(3,307)		
Readily realisable reserves ³	2,379	2,955	846	680
Accumulated funds	4,984	5,080	846	680
Revaluation reserves	6,012	6,413	-	-

Statistics

	2012	2011
Members	12,794	12,337
Students enrolled on education programmes	989	1,065
Candidates taking examinations, class awards, presentation and demonstration classes	227,831	228,827

Calendar

Annual General Meeting 2013 18 April 2013 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 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 page 20 of this report.

OFFICERS AND TRUSTEES

Patron

HM Queen Elizabeth II

President

Darcey Bussell CBE

Retired 26 April 2012

Dame Antoinette Sibley DBE

Vice Presidents

David Bintley CBE

Dame Beryl Grey DBE DMus DLitt DEd FRSA

Dr Ivor Guest MA DUNIV FRAD

Gillian Lynne CBE

David McAllister OAM

Wayne Sleep OBE

Sir Peter Wright CBE DMus DLitt FBSM

Advisory Council

Joy W Brown

Mary Clarke

Barbara Fewster OBE FISTD

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

Philip Nind MA OBE

Lady Porter

Sir Roy Strong DLitt PhD FRSA FRSL

Deceased 4 March 2012

The Rt Hon Lord St John of Fawsley

International Advisers

Ross Brierton ARAD PDTC Dip (RAD London) *Americas*

Professor Susan Street MA *Australasia*

Robin van Wyke *Africa*

Dr Christiane Theobald MBA *Europe*

Lee Suan Hiang BSc FCMi FCIM FWAPS *Asia*

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

Deborah Coultish Adv Tch Dip RTS

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

Nigel Wreford-Brown

Resigned 21 June 2012

Philip Pegler Dip RBS TTC ARAD AISTD AIDTA

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 JULY 2012

The Trustees of the Royal Academy of Dance present their Report and audited Financial Statements for the year ended 31 July 2012. The Report contains information to satisfy the requirements of Trustees' reports under the Charities Act 2011, and the Financial Statements 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 38-41.

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 overseas 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 2012, 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 45.

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 examinations in dance which form the basis 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 a number of strategic objectives:

- to be the leading international authority on dance teacher education and training;
- to be the preferred professional membership body for teachers of dance around the world;
- to retain a strong, loyal and engaged international membership;
- to maintain recognition as a leader in the provision of ballet examinations nationally and internationally, and review the possibilities and practicalities of expanding provision;
- to provide a wide range of opportunities for training and performance for the wider community internationally;
- to ensure consistent messaging and brand image worldwide; to maximise every opportunity to promote our services and events and to raise our profile and that of our members; and
- to ensure our future as a well managed, well-funded and well-governed organisation.

CORPORATE GOVERNANCE

The Academy is a company created by Royal Charter on 31 December 1936 and registered as a charity in England and Wales No 312826 on 16 January 1963. 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 overseas countries. The Academy has a number of branches and representative offices overseas, and subsidiary companies in the UK and overseas in which it holds, either in trust or outright, 100% of the issued share capital.

The Academy's head office and registered office is 36 Battersea Square, London SW11 3RA London with a network of 32 international offices, representing 12,795 members, resident in 73 countries.

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

Board of Trustees

Candidates for the office of President, Vice-President and 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 at the Annual General Meeting. With the retirement of Dame Antoinette Sibley DBE in April 2012 after serving as President for 21 years, the new President will hold office for a term of five years in accordance with clause 52.7 of the Bye-Laws. The same term applies to any new Vice Presidents elected since 2008.

The governance of the Royal Academy of Dance is vested in the Board of Trustees. Trustees are elected by Members at an Annual General Meeting 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.

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. There are currently seventeen members on the Board.

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.

The Royal Academy of Dance as a recognised Awarding Organisation for regulated qualifications in the United Kingdom is required, through the Board of Trustees, to issue an annual Statement of Compliance to the Office of the Qualifications and Examinations Regulator (Ofqual).

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 International Adviser for the Americas was appointed in December 2010 and the remaining four positions in November 2011. International Advisers serve a maximum term of three years.

Board of Trustees' sub-Committees

The Board of Trustees is assisted by five sub-Committees 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 Board of the Royal Academy of Dance Enterprises Ltd acts in an advisory capacity.

The Board of Trustees gave approval for the creation of a Marketing and Membership sub-Committee and this met for the first time in September 2012.

The Chairman of the Board of Trustees is an ex-officio member of each sub-Committee.

Finance sub-Committee

Members

Leigh Collins (Chair)
Nigel Wreford Brown
Julia Bond

Co-opted:
Yvonne Gray RAD RTS

Audit Committee

Leigh Collins (Chair)
Nigel Wreford Brown
Julia Bond
Kerry Rubie

Resigned 21 June 2012

Philip Pegler Dip RBS TTC ARAD AISTD AIDTA

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 may be drawn from the sub-Committee when considering 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

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

Retired 11 November 2012

Denise Winmill ARAD RTS

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 are maintained; and that community, competitions, outreach programmes and other similar areas of the Academy's work are artistically, practically and financially viable.

It discharges these responsibilities by meeting four times a year and advises the Board of Trustees on all concerns relevant to Artistic and Examination matters.

Education sub-Committee

Members

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

Co-opted:
Tina Chen FISTD MA Dip RBS TTC ARAD
Simon Jarvis MSc Educ, PGCE
Linda Jasper MBE MA Cert Ed
Hilary Moss MA BPhil (Hons) LRAD ARAD

Student representatives:

Helen Linkenbath (Postgraduate)
Nicola Carroll (Undergraduate)

Resigned:

26 June 2012
Professor Rachel Fensham BA(Hons) GDMD MA PhD
1 December 2012
Susan Robinson Adv Tch Dip RTS

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.

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

Regional sub-Committee

Members

Deborah Coultish Adv Tch Dip RTS (Chair) (Northern England, Yorkshire & the Humber)

Co-opted

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

Retirements during the year

Nikki Forbes Tch Dip RTS
Siân Dixon Tch Cert RTS
Sara Gannon-Perez Tch Cert RTS
Lorna Rookledge RAD RTS
Sue Lucas Tch Cert RTS

The membership of the Regional sub-Committee is made up of the Chairs of the individual Regional Advisory Committees in the United Kingdom and 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.

It discharges these responsibilities by meeting four times a year and advises the Board of Trustees on all matters relevant to the UK Regions and members.

Benesh sub-Committee

Members

Kathryn Wade ARAD (Chair)
Anders Ivarson AI Chor

Co-opted:

Elizabeth Ferguson
Gary Harris AI 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.

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

Marketing and Membership sub-Committee

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.

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

Executive Management Board

Day-to-day management of the Academy and its activities are delegated to Luke Rittner, Chief Executive, the five senior Directors and the staff within the authority conferred by the 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 markets. 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 Executive Management review the application and effectiveness of these procedures.

Internal audit

The Audit Committee from time to time reviews the need for an internal audit function. The appointment of qualified finance professionals in the United Kingdom, Australia and in Canada have been made to ensure that Group policies, procedures and controls are followed. As a result of a recommendation last year, given the size, complexity and structure of the Academy, the Financial Controller performs an internal audit function undertaking a number of visits to overseas entities during any one year.

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 and put in place appropriate disaster and continuity procedures. Work continues on the five-year development of a worldwide database to provide offices with a single platform for communication, thereby benefiting from economies of scale and increased efficiency.

Principal risks and uncertainties

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.

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 many other 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 in turn 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 provide action 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 ICT disaster recovery to provide the necessary technological backup in the case of unforeseen events.

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.

Work has progressed in the year with the establishment of a top down critical incident communication plan.

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. RAD membership briefings on artistic, musical, legal and financial issues allow members, particularly those in business as teachers, whether owners, employers or employees, to develop their provision direct to their customers.

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. In 2011 the Trustees created a Social Responsibility Fund to support innovation and need in dance education, training and performance, especially in communities where opportunity is limited, and now in the second year the Fund totals £50,872.

2% of the 'pre-tax' price of all goods purchased from Royal Academy of Dance Enterprises Ltd or Academy retail outlets goes towards the fund, which will in time 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 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. Every change starts with a small step and the Social Responsibility Fund is a first small step towards positive change.

Future outlook

The Group published a Strategic Plan for the period 2011-2015 which sets out the Academy's objectives, as shown on page 5, and how to achieve them. During this year the Trustees determined that the focus of the Strategic Plan should be more on growth areas rather than activities and it was agreed that the plan would be revised to reflect that change.

2012/13 promises to be a busy year. The Continuing Professional Development scheme will be launched in June 2013. The Membership Department in conjunction with the Faculty of Education will continue the consultation exercise with teachers, members and students over the proposed Professional Teachers Registration Scheme so that it meets the aspirations of the members when it is launched in 2014.

Enterprises will explore the possibility of introducing apps to accompany its printed, audio and visual material.

The Academy will be launching a new Advanced Foundation, female Advanced 1 and 2 and new Grades 4-5 syllabi in late 2013 and early 2014 respectively, with the planning of CPD introductory courses offered by the Faculty of Education and material by Royal Academy of Dance Enterprises Ltd with the first examinations offered by the Examinations Board in 2015.

It is likely 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 affecting teachers' school rolls, that there will be a dip in the Academy's performance; but the Trustees believe that the Academy is in a stronger place than it was five years ago, and that it will be able to weather any downturn that may occur.

ROYAL ACADEMY OF DANCE

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

4 March 2013

FINANCIAL REVIEW

UNRESTRICTED ACTIVITIES

It is disappointing to report a small surplus or net incoming resource of £153,977 after five years of growth. This is before exceptional items of £376,446. After these costs, there was a net outgoing resource or loss of £223,470 for unrestricted activities. The year in question had been expected to turn in a surplus of £390,025, smaller than the year before but reflecting the world economy and the transition between new syllabi. In the event, the actual result before exceptional items fell short of this target by £237,048 and by £613,494 after exceptional items.

The Trustees were naturally concerned that the underlying business and business model had not been adversely affected by this year's results. This does not appear to be the case as the cause can be attributed to reduced volumes arising out of the transition between new syllabi, higher unemployment in southern Europe causing a reduction in entries put forward by teachers, decisions by parents to continue with classes but not examinations, higher service costs for hotels and travel, some non-recurring costs, and mixed results among the basket of economies. The Trustees believe that the business model remains strong but that the Academy needs to consider the future growth potential of existing and new markets. Consequently this review looks not only at performance by activity but also performance and achievement by region.

Turnover for the Group rose by 2.6% from £18,856,704 to £19,339,854, but overall expenditure excluding exceptional items of £376,446 rose by 7.3% to £19,186,878 from £17,877,148. As can be seen from Table 1 below, which restates the Statement of Financial Activities by principal activities and support costs, direct expenditure (8.4%) rose at a faster rate than support costs (4.5%).

Table 1

Statement of Financial Activities restated by principal activities and support costs

	Actual for year to 31 July 2012			Prior year to 31 July 2011		
	Incoming resources	Outgoing resources	Net	Incoming resources	Outgoing resources	Net
	£000	£000	£000	£000	£000	£000
Membership income and administration	1,082	(824)	258	967	(736)	231
Graded examinations	8,281	(5,383)	2,898	8,241	(5,026)	3,215
Vocational Graded examinations	2,010	(1,387)	623	2,155	(1,442)	713
Faculty of Education	3,101	(2,410)	691	3,330	(2,578)	752
CPD courses inc new work	1,029	(885)	144	618	(584)	34
Student events and activities	1,870	(1,683)	187	1,766	(1,488)	278
Primary purpose trading and licensing	1,507	(1,034)	473	1,265	(737)	528
All other income and expenditure	460	(456)	4	515	(386)	129
	19,340	(14,062)	5,278	18,857	(12,977)	5,880
Support costs						
Salaries and pensions	-	(2,604)	(2,604)	-	(2,460)	(2,460)
Rent and property	-	(395)	(395)	-	(460)	(460)
Depreciation	-	(235)	(235)	-	(248)	(248)
Administration	-	(1,111)	(1,111)	-	(1,005)	(1,005)
Governance	-	(280)	(280)	-	(276)	(276)
Information technology	-	(383)	(383)	-	(357)	(357)
Bank, credit card and finance charges	-	(116)	(116)	-	(94)	(94)
	-	(5,124)	(5,124)	-	(4,900)	(4,900)
Net incoming resources before exceptional costs:	19,340	(19,186)	154	18,857	(17,877)	980
Relocation costs	-	(38)	(38)	-	-	-
Taxation arising from capital remittances	-	(147)	(147)	-	-	-
Exchange loss arising out of loan repayments	-	(192)	(192)	-	-	-
Net incoming (outgoing) resources	19,340	(19,563)	(223)	18,857	(17,877)	980

Performance by activity

Subscription income increased during the year by 12% with the number of teachers rising by 17% but all other members falling by 12%. Expenditure rose at a slightly lower rate, thus increasing the net contribution from subscription income.

Table 2

No of teachers and members:

Members	Asia & Middle						Australia	Total
	UK	Europe	East	Americas	Africa	NZ		
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 Actual	3,801	2,351	1,475	1,928	645	2,594	12,794	
Registered Teachers	2,061	1,679	859	1,205	348	1,106	7,258	
All other members	1,731	564	479	662	308	1,335	5,079	
2010/11 Prior year	3,792	2,243	1,338	1,867	656	2,441	12,337	
Registered Teachers							8,091	
All other members							4,566	
2011/12 Target							12,657	

Examinations income, graded and vocational, fell from £10,395,888 to £10,291,346 or down 1% while expenditure rose by 4.4% from £6,468,176 to £6,749,988. Examination entries decreased from 228,827 to 227,831, but this masked a change in the mix of examinations with decreases at Grade 1-3 and Intermediate level both anticipating and transitioning change, with a growth in lower level and lower value demonstration classes and presentation classes. Expenditure costs have been hit by the rising cost in air travel and the increasing costs in the hospitality industry, while additional costs have been incurred for the recruitment and training of examiners.

Table 3

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

Examinations	Asia & Middle						Australia	Total
	UK	Europe	East	Americas	Africa	NZ		
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 Actual	58,813	43,527	54,342	34,184	9,232	27,733	227,831	
Graded	56,246	42,564	47,538	28,314	8,019	24,277	206,958	
Vocational	3,220	4,886	3,953	4,519	916	4,375	21,869	
2010/11 Prior year	59,466	47,450	51,491	32,833	8,935	28,652	228,827	
Graded	58,899	42,564	47,340	28,274	7,760	24,566	209,403	
Vocational	3,275	4,886	3,953	4,559	856	4,508	22,037	
2011/12 Target	62,174	47,450	51,293	32,833	8,616	29,074	231,440	

Education income and expenditure fell 7% from £3,329,491 to £3,101,579 and from £2,578,204 to £2,409,511 respectively, maintaining a margin of 22%. The number of students on programmes fell from 1,056 to 989, in line with targets.

The Certificate in Ballet Teaching Studies which can be studied in the country of the student accounts for 59% of all programme income (2011 61%).

Table 4

Education programme recruitment (continuing and current):

Faculty of Education ⁴	Asia & Middle East						Australia NZ	Total
	UK	Europe	East	Americas	Africa			
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 Actual	311	216	153	171	30	108	989	
Master of Teaching (Dance)	25	1	1	4	-	-	31	
PGCE: Dance Teaching	20	-	-	-	-	-	20	
BA (Hons) Ballet Education	67	6	3	4	-	-	80	
BA (Hons) Dance Education	46	13	11	10	4	6	90	
LRAD	57	5	3	3	-	-	68	
PDTD	16	2	1	1	-	1	21	
CBTS (UK based)	-	25	3	-	-	-	28	
CBTS (Intl based)	115	187	124	157	44	100	727	
2010/11 Prior year	346	239	146	179	48	107	1,065	
2011/12 Target	462	153	107	131	25	105	983	

Incoming resources from continuing professional development courses rose 60% from £618,107 to £1,028,617 with 290 courses held worldwide compared to 152 the previous year. This was primarily due to the fact that 77% of Grades 1-3 courses were held in the first half of 2012, whereas only 71% of Intermediate level courses were held in a similar period in 2011. Margins improved from 5% to 15% as a result of the increased volume and economies of scale.

Table 5

No of attendees at continuing professional development courses:

Type of course	Asia & Middle East						Australia NZ	Total
	UK	Europe	East	Americas	Africa			
Pre Primary & Primary	8	-	-	77	-	12	97	
Grades 1-3 level	1,012	665	991	670	144	526	4,008	
Intermediate level	122	380	172	328	156	105	1,263	
Other	124	79	-	387	-	-	590	
2011/12 Actual	1,266	1,045	1,163	1,075	300	643	5,958	
Pre Primary & Primary	80	74	-	54	-	-	208	
Intermediate level	517	776	662	626	123	462	3,166	
Other	259	218	-	394	-	-	871	
2010/11 Prior year	856	850	662	680	123	462	4,245	

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

Incoming resources from student events and activities rose 6% from £1,766,072 to £1,869,930. Student events and activities include courses arranged for students, competitions and bursaries and summer, easter and winter schools.

114 courses were held during the year compared to 91 the year before, but average attendance fell from 27 to 22. 14 Easter and Summer schools were held globally, compared to 12 the previous year. Some Easter and Summer schools occur annually, while others are held at regular intervals.

The Genée International Ballet Competition was held in South Africa in October 2011 and while artistically and culturally a success incurred a loss of £34K, consequently affecting margins for all student events and activities which fell from 16% to 12%.

Table 6

No of attendees at student events and activities:

Type of event or activity ⁵			Asia & Middle	Americas	Africa	Australia	Total
	UK	Europe	East			NZ	
Student events	1,430	192		908	-	-	2,530
Summer schools	542	1,187	593	62	-	193	2,577
2011/12 Actual	1,972	1,379	593	970	-	193	5,107
Student events	1,459	194		817	-	-	2,470
Summer schools	543	1,120	708	41	-	-	2,412
2010/11 Prior year	2,002	1,314	708	858	-	-	4,882

Primary purpose trading and licensing income rose from £1,265,285 to £1,506,270. This was primarily accounted for by the rise in trading revenues rather than licensing income which remained at the same level as the year before, as no new licensing agreements had been signed during the year. Trading revenues rose from £1,072,794 to £1,321,782 boosted by the launch of Grades 1-3 material at the beginning of 2012. Sales of Intermediate level material launched the previous year continued to be buoyant. Cost of sales however increased to 76% from 70% as the Grades 1-3 material was significantly more expensive to produce than previous syllabi material due to the inclusion of orchestral music as well as covering three grades, thus reducing the overall contribution.

Table 7

Primary purpose trading revenues by destination:

			Asia & Middle	Americas	Africa	Australia	Total
	UK	Europe	East			NZ	
	£	£	£	£	£	£	£
2011/12 Actual	476,500	180,711	176,478	225,557	30,033	232,503	1,321,782
2010/11 Prior year	435,824	164,119	162,871	139,135	20,823	150,023	1,072,794

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. The main change has been due to a turnaround in exchange with realised gains in 2011 of £56K and realised losses of £33K in the current year, increased costs of studio maintenance, and the cost of an event to honour the retirement of Dame Antoinette Sibley.

Support costs rose overall by 4%, with a 6% increase in salaries and pensions; and a 10% increase in administration. Support costs remain at a steady 26% of total turnover. Due to the nature of the organisation, ranging from offices with staff dedicated to individual activities to staff undertaking all the activities, support costs includes those costs that in a larger business would normally fall into direct or activity based costs. Additional staff were taken on during the year across the Group, as well as the effect of changes in compensation packages due to retirements.

Exceptional costs of £376,446 were incurred during the year, £338,933 due to the transfer of a net £988,971 from group entities to the United Kingdom by way of dividends, capital and loan repayments; and £37,513 due to relocation costs incurred by RAD Australia.

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

Performance by region

As stated above, the year in question had been expected to turn in a surplus of £390,025, smaller than the year before but reflecting the world economy and the transition between new syllabi. In the event, despite growth in Asia, uncertainty in Europe, and additional costs in all other regions led to a much smaller surplus of £152,977.

Table 8

Incoming and outgoing resources by region:

	UK £	Europe £	Asia & Middle East £	Americas £	Africa £	Australia NZ £	Total £
Incoming resources	7,016,698	2,946,283	3,379,717	2,591,894	480,528	2,924,732	19,339,852
Total resources expended	(7,646,829)	(2,725,530)	(2,771,122)	(2,602,862)	(525,107)	(2,915,425)	(19,186,875)
Net incoming (outgoing) resources for 2011/12	(630,131)	220,753	608,595	(10,968)	(44,579)	9,307	152,977
Incoming resources	6,714,432	3,356,812	2,941,998	2,430,897	490,885	2,861,496	18,796,520
Total resources expended	(6,959,185)	(2,982,557)	(2,533,285)	(2,363,630)	(464,151)	(2,514,160)	(17,816,968)
Net incoming (outgoing) resources for 2010/11	(244,753)	374,255	408,713	67,267	26,734	347,336	979,552
Net incoming (outgoing) budgeted resources for 2011/12	(579,852)	292,081	405,095	142,379	4,123	126,197	390,023

United Kingdom ⁶

The UK was expected to have an excess of costs over income of £579,852 but in the end had costs of £630,131. There were mixed results among reporting departments, with UK examinations only slightly falling against the prior year, but incurring higher prices for accommodation and international travel, adding to the overall cost of delivering examinations. Student enrolment on Faculty programmes was on target but was, as expected, less than the prior year. CPD attendance was strong, in particular Grades 1-3 courses, while attendance for student events remained relatively constant.

Trading by Royal Academy of Dance Enterprises Ltd was on target, although expectations for a better result were not fulfilled.

In the UK non-recurring costs for the farewell luncheon for Dame Antoinette and additional pension costs for exiting the Universities Superannuation Scheme were incurred; and a loss on the Genée International Ballet Competition in Cape Town in October 2011 was jointly shared with South Africa.

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

Europe

There was a fall in the actual contribution from Europe of £220,753 compared to £374,255 the previous year and to £292,081 budgeted. Undoubtedly the concerns within the euro zone over the euro, austerity measures and unemployment have contributed to the decline in numbers in examinations in Europe, recruitment to CBTS and attendance at Summer schools. Examinations in Europe fell from 47,450 to 43,527, accounting for approximately £188,000 in lost revenues. The value of the euro deteriorated against sterling and accounted for a further £31,000 loss in exchange movements. A reduction in the numbers on the Italian summer school accounted for a loss of £30K in net revenues.

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..

Asia and Middle East

Earnings from Asia rose from £408,713 to £608,595. Examinations increased by 2,851 from 2011 accounting for £127,000 in additional income; the number of students recruited on CBTS rose from 146 to 153 and the number of attendees on CPD courses almost doubled from 662 to 1,163. Strengthening of various Asian currencies against sterling added a further £44,000.

In Thailand there were non-recurring governance costs related to the setting up of a new subsidiary RAD Dancing (Thailand) Co Ltd. as well as some additional operational costs arising from changes in management responsibility.

Americas

The Americas made a loss of £10,968 overall primarily from additional operating costs as examinations rose by 1,351, numbers of students recruited on CBTS fell by 7, while attendance on CPD courses grew by 50%. Examinations took place for the first time in Venezuela. The Canadian dollar and the US dollar in which the smaller Central American and South American country fees are denominated remained stable during the year and there was a very small movement in foreign exchange rates.

The US had a disappointing result with its Summer School incurring more cost than revenue. Canada underwent a management change with higher employment costs, and incurred higher travel related costs for examination tours and additional depreciation costs relating to hardware upgrades in their computer equipment.

Africa

The results from Africa were disappointing. The Academy's flagship event the Genée International Ballet Competition, held in Cape Town in October 2011, had been both an artistic and cultural success however additional planning trips relating to uncertainty over Cape Town City funding added to the costs; combined with internal fundraising targets not being met and a lower number of candidates than expected resulted in a financial loss, shared between the South African office and London.

Additional costs were spent in rectifying a computer hardware failure, which in turn resulted in an increased depreciation charge. A realised foreign exchange loss of nearly £11,000 was a significant part of the overall loss.

Australia and NZ

The results from Australia were disappointing, compared to the excellent results from the previous year. An additional £200K in costs depressed earnings, with approximately £69K in non-recurring costs due to the temporary move to North Sydney, incurring external studio hire, temporary staffing and fit out costs. In addition rising accommodation costs in Australia added £33K to the cost of delivering examinations. The Australian office also wrote down stock during the year and provided, under statutory legislation, for staff vacation not taken due to the office move.

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 (l) Fund Accounting. The funds are divided into three categories as shown in Note 27 of these Financial Statements.

Overall there was a net incoming resource of £166,022 for the year to 31 July 2012 (2011 net outgoing resource £11,671). This was primarily due to the transfer to the Academy in South Africa of the Christel Addison funds ⁷ valued at £99,074 (Rand 1,277,289) having been previously managed by Deloitte's Financial Division.

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 150 secondary schools to 187 and from 18 London boroughs to 32. All monies received from the Foundation were spent in accordance with the programme's aims.

Designated Funds

A Social Responsibility Fund was set up by the Trustees in 2010/11 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. £26,125 (2011 £24,755) was designated at the end of this financial year (see notes 6 and 27).

⁷ Details of the fund can be found on page 42

Restricted Funds

During the year the Academy received £25,000 as part of HM The Queen's Diamond Jubilee Celebration. This was one of four Jubilee Awards made to the Royal Academy of Arts, the Royal Academy of Music, the Royal Academy of Dramatic Art and the Royal Academy of Dance to honour HM The Queen's patronage of the four Academies in her Jubilee Year. It has been agreed that the award would be split between bursary funding for students on the Academy's BA Ballet Education programme and a travel and expense bursary for a UK-based Genée International Ballet Competition candidate.

Deloitte's Financial Division in South Africa had for many years administered the Christel Addison Fund (£99,074) arising from a legacy left by a South African RAD teacher to fund teacher training opportunities overseas for South African residents. The Financial Division was closed during the year, and the fund has passed to the Academy to administer.

Bursary awards of £897 and £400 were made from the Scholarship Funds and the Iris Truscott Trust respectively for students on Academy education programmes; and four subsidised *Boys Only!* workshops at a cost of £1,076 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 £2,669 after expenses was raised towards the funds.

Operating cash flows and capital expenditure

The Group's overall net cash and loans position decreased by £865,334 from £6,865,011 to £5,999,677 compared to the year before.

Net cash inflow from operations was £580,336 compared to £1,357,600 the year before, with a decrease in creditors of £368,185 against the previous year, £581,555 in movements in exchange on group net assets; and the reduction in net incoming resources for the year. Capital expenditure rose from £647,298 to £1,006,348 reflecting the refurbishment of the Australian offices.

There was a transfer of reserves across the group with balances in the United Kingdom rising from £950,880 to £1,679,011, and reserves held overseas falling from £6,244,192 to £5,249,144. This was in accordance with the Trustee's policy to position reserves where required. This movement in reserves resulted in exchange losses and additional taxation of £335,276 which is reflected in note 14 of these statements. 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 2012. The Royal Academy of Dance lent a further £200,000 to Royal Academy of Dance Enterprises Limited in accordance with Charity Commission guidelines and on the same commercial terms afforded by HSBC.

Net assets and net debt

Group net assets decreased from £12,173,363 to £11,841,189 reflecting the net outgoing resources for the year, but offset by the net investment in the freehold buildings held by the Academy for charitable use in Australia, and the revaluation of the accumulated funds and revaluation reserve at the end of the financial year. Net current assets less long-term liabilities fell from £3,639,770 to £3,221,752. This primarily reflects the reduction in the cash position due in part to the loss for the year, and in part to downward movements on foreign exchange rates.

Finance charges

Finance charges rose to £116,157 (2011 £94,147). 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 was £918,065 in credit, an increase of £334,170 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 £351,981 (2011 £300,900) of which £147,391 arose through the payment of dividends remitted as part of the movement of reserves. The remaining tax charge 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.

The Academy has core costs in the United Kingdom of approximately £3.7M per annum consisting of direct and indirect administrative costs and employee costs. The Trustees have determined that the UK should have at least £925,000 in readily realisable reserves representing three months' costs.

As of 31 July 2012 Group readily realisable reserves stood at £2,379,004 (2011: £2,954,912), with readily realisable reserves in UK at £966,485, an increase from £105,733. This improvement in the UK arose from the strategic movement of reserves across the Group. Reserves in the UK now represent three month's core costs.

Table 9

Net assets and other reserves:

	2012	2011
	£000	£000
Bank accounts (excluding restricted fund bank accounts)	5,495	6,261
Working capital	(3,116)	(3,306)
Net assets	2,379	2,955
Freehold property (net of mortgage)	8,094	8,110
Restricted reserves (held for use of RAD projects and access funds)	846	680
Other fixed assets (excluding freehold property)	522	428
Other reserves	9,462	9,218
Total reserves	11,841	12,173

Going concern and liquidity risk

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 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, reserves held in the United Kingdom have improved from a negative position of £333,959 in 2009 to £966,485 at the end of this financial year. The Group as a whole held £2,379,004 in readily realisable reserves in 2011 against £2,954,912 the year before.

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.



Richard Thom
Director of Finance and Administration

STATEMENT OF THE BOARD OF TRUSTEES' RESPONSIBILITIES

The trustees are responsible for preparing the Trustee's 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 2012 which comprise the group statement of financial activities, the group and company balance sheets, the group cash flow statement and the related notes 1 to 31. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of the trustees and auditor

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

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group and parent 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 group and parent charity's affairs as at 31 July 2012 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Matters on which we are required to report by exception

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

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept by the parent charity; or
- the parent charity 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

4 March 2013

Deloitte LLP is eligible to act as an 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 2012

	2012			2011			
	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	14	99	113	13	-	13
3	Activities for generating funds	296	93	389	297	91	388
4	Investment income	61	2	63	80	2	82
From charitable activities							
5	Examination fees	10,291	-	10,291	10,396	-	10,396
6	Education and training fees	6,000	605	6,605	5,714	506	6,220
	Subscription income	1,082	-	1,082	967	-	967
7	Other primary purpose trading	1,322	-	1,322	1,073	-	1,073
8	Other incoming resources	274	-	274	317	-	317
	Total incoming resources	19,340	799	20,139	18,857	599	19,456
Resources expended							
9	Costs of generating funds	(188)	(25)	(213)	(89)	(107)	(196)
10	Costs of charitable activities	(17,724)	(605)	(18,329)	(16,520)	(501)	(17,021)
11	Governance costs	(892)	(1)	(893)	(869)	(1)	(870)
12	Other resources expended	(382)	(2)	(384)	(399)	(2)	(401)
	Total resources expended	(19,186)	(633)	(19,819)	(17,877)	(611)	(18,488)
Net incoming resources before exceptional items							
		154	166	320	980	(12)	968
14	Relocation costs	(38)	-	(38)	-	-	-
14	Taxation and foreign exchange losses arising out of the movement of reserves	(339)	-	(339)	-	-	-
	Net incoming (outgoing) resources	(223)	166	(57)	980	(12)	968
Other recognised gains and losses							
On investments held for investment purposes							
	Realised losses	(16)	-	(16)	-	-	-
	Unrealised gains	-	1	1	-	1	1
	On revaluation of tangible fixed assets	(394)	-	(394)	437	-	437
	Movement on exchange arising from the consolidation of branches and subsidiaries	136	(1)	135	313	-	313
	Total other recognised gains and losses	(274)	-	(274)	750	1	751
	Net movement in funds	(497)	166	(331)	1,730	(11)	1,719
	Fund balances brought forward at 1 August	11,493	680	12,173	9,763	691	10,454
	Total funds carried forward at 31 July	10,996	846	11,842	11,493	680	12,173

All activities derive from continuing operations

GROUP AND CHARITY BALANCE SHEETS

As at 31 July 2012

Notes	Group		Charity		
	2012 £000	2011 £000	2012 £000	2011 £000	
Fixed assets					
20	Intangible Assets	10	5	1	1
21	Tangible Assets held for charitable use	8,871	8,539	8,677	8,333
22	Investments	44	32	162	109
		<u>8,925</u>	<u>8,576</u>	<u>8,840</u>	<u>8,443</u>
Current assets					
23	Stocks	392	425	128	128
24	Debtors	953	1,103	1,492	1,357
	Cash at bank and in hand	6,928	7,195	4,584	4,731
		<u>8,273</u>	<u>8,723</u>	<u>6,204</u>	<u>6,216</u>
25	Creditors – amounts falling due within one year	(5,051)	(5,083)	(4,113)	(3,893)
	Net current assets	<u>3,222</u>	<u>3,640</u>	<u>2,091</u>	<u>2,323</u>
26	Creditors – amounts falling due after more than one year	(305)	(43)	(303)	(39)
	Net assets	<u>11,842</u>	<u>12,173</u>	<u>10,628</u>	<u>10,727</u>
FUNDS					
27	Restricted Funds	846	680	838	671
28	Unrestricted Funds				
	Accumulated funds	4,984	5,080	3,869	3,749
	Revaluation reserves	6,012	6,413	5,921	6,307
	Total funds	<u>11,842</u>	<u>12,173</u>	<u>10,628</u>	<u>10,727</u>

These financial statements were approved and signed on behalf of the Board of Trustees on 4 March 2013 by:



Kerry Rubie
Trustee, Board of Trustees



Leigh Collins
Trustee, Board of Trustees

GROUP CASH FLOW STATEMENT

For the year to 31 July 2012

	2012 £000	2011 £000
Net cash inflow from operating activities (note 2)	580	1,358
Returns on investments and servicing of financing (note 3)	(54)	(12)
Taxation – overseas	(204)	(287)
Capital expenditure (note 4)	(1,006)	(647)
Net cash inflow (outflow) before financing	(684)	412
Management of financing (note 5)	262	(140)
Increase (decrease) in cash in the year	(422)	272

Notes to the Group Cash Flow Statement

1 Reconciliation of net flows to movement in net funds		
(Decrease) increase in cash in the year	(422)	272
Cash (inflow) outflow from management of financing	(262)	140
Change in net funds resulting from cash flows	(684)	412
Effect of foreign exchange rates	(181)	357
Movement in net funds in the year	(865)	769
Net funds at 1st August	6,865	6,096
Net funds at 31st July (note 6)	6,000	6,865
2 Reconciliation of net incoming (outgoing) resources to net cash inflow from operating activities		
Net incoming resources before transfers	(57)	968
Impairment on investment	(16)	-
Interest receivable	(62)	(82)
Interest payable	116	94
Taxation payable	205	287
Depreciation – tangible fixed assets	237	248
Depreciation – intangible fixed assets	1	3
Loss on disposal of tangible fixed assets	9	2
Gain on disposal of investments	2	(1)
Decrease (increase) in stocks	33	(80)
Decrease (increase) in debtors	150	(42)
(Decrease) increase in creditors	(368)	213
Effect of foreign exchange rates on net assets	330	(253)
Net cash inflow from operating activities	580	1,357
3 Returns on investments and servicing of financing		
Interest receivable	62	82
Interest payable	(116)	(94)
Net cash outflow from returns on investment and servicing of finance	(54)	(12)

GROUP CASH FLOW STATEMENT

For the year to 31 July 2012

	2012 £000	2011 £000
Notes to the Group Cash Flow Statement		
4 Capital expenditure		
Purchase of tangible fixed assets and work-in-progress	(992)	(648)
Purchase of intangible fixed assets	(5)	(4)
Investment in joint venture	(9)	-
Purchase in investments	(3)	-
Proceeds from sale of tangible fixed assets	1	3
Proceeds from sale of investments for restricted purposes	2	2
Net cash outflow from capital expenditure	(1,006)	(647)
5 Management of financing		
Amounts borrowed (repaid) from banks	268	(179)
Amounts (repaid) borrowed on finance leases	(6)	39
Net cash inflow (outflow) from management of financing	262	(140)

	At 1st August 2011 £000	Cash flows £000	Exchange Movements £000	At 31st July 2012 £000
6 Analysis of movement in net funds				
Bank balances and cash in hand held overseas	6,244	(813)	(182)	5,249
Bank balances and cash in hand held in the United Kingdom	951	728	-	1,679
Bank overdraft borne in the United Kingdom	(285)	(337)	-	(622)
	6,910	(422)	(182)	6,306
<i>Amounts due after more than one year</i>				
Bank loans	(3)	(269)	1	(271)
<i>Amounts falling due within one year</i>				
Bank loans	(3)	1	-	(2)
Obligations under finance leases	(39)	6	-	(33)
	6,865	(684)	(181)	6,000

ACCOUNTING POLICIES

Year ended 31 July 2012

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. Page 20 of this financial 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 2012, and the Consolidated Group accounts include the audited accounts of the charity and its subsidiaries.
- 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) **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(g) **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(h) **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(i) **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.

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

ACCOUNTING POLICIES

Year ended 31 July 2012

Notes

- 1(i) Recognition of income (continued)
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(j) 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(k) 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(l) Fund accounting
Restricted income and expenditure is recognised on a receipts and payments basis. Funds can be classified as Restricted, Designated or Project. 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 (i) and (j). 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(m) 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(n) 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 (j).

NOTES to the ACCOUNTS

Year ended 31 July 2012

Notes

	2012			2011			
	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	14	99	113	13	-	13
		<u>14</u>	<u>99</u>	<u>113</u>	<u>13</u>	<u>-</u>	<u>13</u>
3	Activities for generating funds						
	Fundraising activities	25	91	116	18	88	106
	Royalties and commission	7	-	7	15	-	15
	Property and studio hire	79	2	81	72	3	75
	Licensing income	185	-	185	192	-	192
		<u>296</u>	<u>93</u>	<u>389</u>	<u>297</u>	<u>91</u>	<u>388</u>
4	Investment income						
	Interest received	61	2	63	80	2	82
		<u>61</u>	<u>2</u>	<u>63</u>	<u>80</u>	<u>2</u>	<u>82</u>
Incoming resources from charitable activities							
5	Examination fees						
	Graded examinations	8,281	-	8,281	8,241	-	8,241
	Vocational Graded examinations	2,010	-	2,010	2,155	-	2,155
		<u>10,291</u>		<u>10,291</u>	<u>10,396</u>	<u>-</u>	<u>10,396</u>
6	Education and training fees						
	University validated programmes	1,073	-	1,073	1,109	-	1,109
	RAD validated programmes	2,028	-	2,028	2,221	-	2,221
		<u>3,101</u>	<u>-</u>	<u>3,101</u>	<u>3,330</u>	<u>-</u>	<u>3,330</u>
	CPD, training and other courses	1,908	-	1,908	1,421	2	1,423
	Summer schools	830	-	830	785	-	785
	Events and competitions	161	-	161	178	-	178
		<u>2,899</u>	<u>-</u>	<u>2,899</u>	<u>2,384</u>	<u>2</u>	<u>2,386</u>
	Step in Dance project	-	605	605	-	504	504
		<u>6,000</u>	<u>605</u>	<u>6,605</u>	<u>5,714</u>	<u>506</u>	<u>6,220</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 2012 total funds received were £105,639 (2011: £268,357), including the Master of Teaching (Dance) programme.

NOTES to the ACCOUNTS

Year ended 31 July 2012

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.

	2012	2011
	£000	£000
Turnover net of taxes and discounts	1,322	1,073
Less : cost of sales and discounts	<u>(619)</u>	<u>(323)</u>
Gross profit before:	703	750
Distribution and selling	(67)	(119)
Administration	(272)	(233)
Interest payable	(28)	(29)
Social Responsibility fund transfer (note 27)	<u>(26)</u>	<u>(25)</u>
Net income from primary purpose trading	<u>310</u>	<u>344</u>
Income from primary purpose trading	1,322	1,073
Trading costs (note 10d)	<u>(1,012)</u>	<u>(729)</u>
Net income from primary purpose trading	<u>310</u>	<u>344</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 £326,000 (2011 £400,000) to its parent company.

	2012			2011		
	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	53	-	53
BMN licensing and other income	97	-	97	82	-	82
Exchange gains	-	-	-	56	-	56
Sundry income	116	-	116	126	-	126
	<u>274</u>	<u>-</u>	<u>274</u>	<u>317</u>	<u>-</u>	<u>317</u>

NOTES to the ACCOUNTS

Year ended 31 July 2012

Notes

	2012			2011			
	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	(101)	(25)	(126)	(14)	(107)	(121)
	Licensing costs	(22)	-	(22)	(8)	-	(8)
	Indirect support costs (note 13)	(65)	-	(65)	(67)	-	(67)
		<u>(188)</u>	<u>(25)</u>	<u>(213)</u>	<u>(89)</u>	<u>(107)</u>	<u>(196)</u>
10	Costs of charitable activities						
a	Examinations						
	Graded examinations	(5,383)	-	(5,383)	(5,026)	-	(5,026)
	Vocational Graded examinations	(1,387)	-	(1,387)	(1,442)	-	(1,442)
	Indirect support costs (note 13)	(1,957)	-	(1,957)	(1,847)	-	(1,847)
		<u>(8,727)</u>	<u>-</u>	<u>(8,727)</u>	<u>(8,315)</u>	<u>-</u>	<u>(8,315)</u>
b	Education and training fees						
	University validated programmes	(925)	-	(925)	(989)	-	(989)
	RAD validated programmes	(1,158)	-	(1,158)	(1,290)	-	(1,290)
	Direct support costs	(327)	-	(327)	(299)	-	(299)
	Indirect support costs (note 13)	(778)	-	(778)	(795)	-	(795)
		<u>(3,188)</u>	<u>-</u>	<u>(3,188)</u>	<u>(3,373)</u>	<u>-</u>	<u>(3,373)</u>
	CPD, training and other courses	(1,546)	-	(1,546)	(1,160)	(2)	(1,162)
	Summer schools	(622)	-	(622)	(565)	-	(565)
	Events and competitions	(222)	-	(222)	(204)	-	(204)
	Direct support costs	(178)	-	(178)	(143)	-	(143)
	Indirect support costs (note 13)	(700)	-	(700)	(608)	-	(608)
		<u>(3,268)</u>	<u>-</u>	<u>(3,268)</u>	<u>(2,680)</u>	<u>(2)</u>	<u>(2,682)</u>
	Step into Dance project	-	(605)	(605)	-	(499)	(499)
		<u>(6,456)</u>	<u>(605)</u>	<u>(7,061)</u>	<u>(6,053)</u>	<u>(501)</u>	<u>(6,554)</u>
c	Membership services						
	Administration	(608)	-	(608)	(527)	-	(527)
	Publications	(216)	-	(216)	(209)	-	(209)
	Indirect support costs (note 13)	(461)	-	(461)	(434)	-	(434)
		<u>(1,285)</u>	<u>-</u>	<u>(1,285)</u>	<u>(1,170)</u>	<u>-</u>	<u>(1,170)</u>
d	Trading						
	Direct costs	(1,012)	-	(1,012)	(729)	-	(729)
	Indirect support costs (note 13)	(244)	-	(244)	(253)	-	(253)
		<u>(1,256)</u>	<u>-</u>	<u>(1,256)</u>	<u>(982)</u>	<u>-</u>	<u>(982)</u>
	Total costs of charitable activities	<u>(17,724)</u>	<u>(605)</u>	<u>(18,329)</u>	<u>(16,520)</u>	<u>(501)</u>	<u>(17,021)</u>

NOTES to the ACCOUNTS

Year ended 31 July 2012

Notes

	2012			2011		
	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	(193)	(1)	(194)	(186)	(1)	(187)
Trustee meetings	(29)	-	(29)	(38)	-	(38)
Subsidiary company directors' fees	(4)	-	(4)	(4)	-	(4)
Legal and other services	(54)	-	(54)	(48)	-	(48)
Indirect support costs (note 13)	(612)	-	(612)	(593)	-	(593)
	<u>(892)</u>	<u>(1)</u>	<u>(893)</u>	<u>(869)</u>	<u>(1)</u>	<u>(870)</u>
Payable to Deloitte Group						
Audit fees	(121)	(1)	(122)	(130)	(1)	(131)
Other services	(39)	-	(39)	(15)	-	(15)
Payable to others						
Audit and accountancy fees	(74)	-	(74)	(73)	-	(73)
Other services	(4)	-	(4)	-	-	-
12 Other resources expended						
BMN activity costs	(88)	-	(88)	(84)	-	(84)
Other costs expended	(19)	-	(19)	-	-	-
Loss on asset disposals	(10)	-	(10)	(2)	-	(2)
Indirect support costs (note 13)	(27)	(2)	(29)	(27)	(2)	(29)
Exchange losses	(33)	-	(33)	-	-	-
Taxation	(205)	-	(205)	(286)	-	(286)
	<u>(382)</u>	<u>(2)</u>	<u>(384)</u>	<u>(399)</u>	<u>(2)</u>	<u>(401)</u>

13 Analysis of indirect support costs ⁸
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)
	<u>(1,957)</u>	<u>(778)</u>	<u>(700)</u>	<u>(461)</u>	<u>(244)</u>	<u>(4,140)</u>	<u>(612)</u>	<u>(27)</u>	<u>(65)</u>

⁸ The basis of allocation of support costs are disclosed in Note 1 (j)(d). Restricted funds indirect support costs for 2012 and 2011 are shown in note 12 only and represent financing and property costs.

NOTES to the ACCOUNTS

Year ended 31 July 2012

Notes

13 Analysis of indirect support costs (continued) Unrestricted funds 2011

	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	(1,020)	(413)	(335)	(173)	(126)	(2,067)	(367)	(8)	(18)
General administration	(438)	(109)	(96)	(127)	(56)	(826)	(167)	(7)	(5)
Information technology	(117)	(99)	(31)	(71)	(21)	(339)	(9)	(6)	(3)
Financing charges	(28)	(20)	(15)	(9)	(4)	(76)	(16)	(1)	(1)
Depreciation	(81)	(60)	(37)	(24)	(19)	(221)	(12)	(3)	(12)
Rent and property	(163)	(94)	(94)	(30)	(27)	(408)	(22)	(2)	(28)
	<u>(1,847)</u>	<u>(795)</u>	<u>(608)</u>	<u>(434)</u>	<u>(253)</u>	<u>(3,937)</u>	<u>(593)</u>	<u>(27)</u>	<u>(67)</u>

14 Exceptional items

	2012			2011		
	Unrestricted funds	Restricted funds	Total funds	Unrestricted funds	Restricted funds	Total Funds
	£000	£000	£000	£000	£000	£000
Exchange losses	(192)	-	(192)	-	-	-
Taxation	(147)	-	(147)	-	-	-
Relocation costs	(38)	-	(38)	-	-	-
	<u>(377)</u>	<u>-</u>	<u>(377)</u>	<u>-</u>	<u>-</u>	<u>-</u>

During the year £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 are considered to be non-recurring and exceptional.

15 Related party transactions

Nine trustees (2011 – six) who are also examiners, tutors or mentors earned £36,594 (2011: £23,810) during the year in that capacity, as approved by the Charity Commission and in accordance with Articles 6.5, and 10 of the Charter. £17,483 (2011 – £10,965) was reimbursed to nine (2011 – 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 £1,657 (2011: £3,894) was paid in reimbursable expenses to one of these trustees for the development of syllabi for which fees of £12,286 were paid in 2012 (2011 £Nil).

The related party transactions shown below took place during the year. 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.

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 Vocational Graded examinations and courses

Cost of transaction: £1,850 (2011: £1,030) Amount due at 31 July 2012: £Nil

NOTES to the ACCOUNTS

Year ended 31 July 2012

Notes

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: £115,124 (¥ 14,039,455) (2011 £92,022 (¥11,685,292))
Amount due at 31 July 2012: £26,557 (¥ 3,238,600) (2011 £31,353 (¥ 3,981,292))

Related party: Lala Salendu (National Director – Indonesia) as owner of dance studios
Transaction: Hire of studios to Yayasan Royal Academy of Dance Indonesia for Vocational Graded examinations and courses
Cost of transaction: £6,114 (Rupiah 90,000,000) (2011 £5,284 (Rupiah 73,750,000))
Amount due at 31 July 2012: £Nil (Rupiah Nil) (2011 £5,284 (Rupiah 73,750,000))

Related party: Margarida Sa Fialho (National Director – Portugal) as owner of dance studios
Transaction: Hire of studios to Royal Academy of Dance Portugal for Vocational Graded examinations and courses
Cost of transaction: £1,254 (€1,590) (2011 £446 (€510))
Amount due at 31 July 2012: £497 (€630) (2011 £Nil (€Nil))

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 2012 was £5,800 (2011 – £3,465).

17 Costs of employees

The Academy employed 186 (2011: 163) administrative staff and 45 (2011: 44) commission-based staff worldwide, as well as contracting the services of examiners, teachers, tutors and musicians. Employment costs account for 53% (2011 – 53%) of total resources expended (excluding other incoming resources):

	2012			2011		
	Unrestricted funds £000	Restricted funds £000	Total funds £000	Unrestricted funds £000	Restricted funds £000	Total funds £000
Employee gross salaries	(4,560)	-	(4,560)	(4,298)	-	(4,298)
Employee payroll taxes	(597)	-	(597)	(577)	-	(577)
Employer Pension contribution	(384)	-	(384)	(322)	-	(322)
Processing staff	(168)	-	(168)	(149)	-	(149)
Employees on commission	(657)	-	(657)	(579)	-	(579)
Payroll taxes on commission	(14)	-	(14)	(16)	-	(16)
Teachers, tutors and examiners	(3,185)	-	(3,185)	(3,026)	-	(3,026)
Musicians	(392)	-	(392)	(423)	-	(423)
Total employment costs	(9,957)	-	(9,957)	(9,390)	-	(9,390)

	2012	Pension contributions	2011	Pension contributions
Number of Group employees earning :				
between £80,001 – £90,000	1	£10,845	1	£10,845
between £70,001- £80,000	-		-	
between £60,001- £70,000	7	£30,066	8	£45,567

NOTES to the ACCOUNTS

Year ended 31 July 2012

Notes

18 Pension costs

The pension charge for the year to 31 July 2012 was £383,859 (2011: £321,930). In the United Kingdom the Academy operates a defined contribution scheme with Aegon Scottish Equitable on behalf of its employees, and the Teacher's Pension scheme on behalf of its academic employees; representing in total 59 employees (2011: 52). A section 75 buyout payment was 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. Elsewhere the Academy operates or contributes to a variety of defined contribution schemes, money purchase schemes or statutory schemes, representing 48 (2011: 46) employees in twelve (2011: ten) countries. As of 31 July 2012 there were no prepaid or accrued pension contributions (2011: nil).

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.

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 2011	Charge for the year	Additions to freehold	Increase (decrease) in valuation	Value at 31 July 2012	Net Historical cost
United Kingdom	£	6,271,319	(44,440)	-	(26,879)	6,200,000	1,909,520
Australia	A\$	2,503,773	-	1,041,078	(544,851)	3,000,000	470,000
South Africa	Rand	1,860,438	-	-	-	1,860,438	653,770
		Value at 1 August 2011 £	Movement in exchange £	Charge for the year £	Additions to freehold £	Decrease in valuation £	Value at 31 July 2012 £
United Kingdom		6,271,319	-	(44,440)	-	(26,879)	6,200,000
Australia		1,675,437	13,165	-	334,667	-	2,023,269
South Africa		168,900	(24,592)	-	-	-	144,308
Total		8,115,656	(11,427)	(44,440)	334,667	(26,879)	8,367,577

NOTES to the ACCOUNTS

Year ended 31 July 2012

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 2011	8,117	610	1,017	68	9,812
Revaluation	(367)	-	-	-	(367)
Exchange differences	(12)	(7)	(10)	(3)	(32)
Additions	702	97	193	-	992
Disposals	-	(98)	(198)	(9)	(305)
At 31 July 2012	8,440	602	1,002	56	10,100
Accumulated depreciation					
At 1 August 2011	2	439	810	22	1,273
Revaluation	27	-	-	-	27
Exchange differences	-	(3)	(7)	(3)	(13)
Charge for the year	-	(86)	(199)	(9)	(294)
Eliminated on disposals	44	33	148	11	236
At 31 July 2012	73	383	752	21	1,229
Net book value					
At 31 July 2012	8,367	219	250	35	8,871
At 31 July 2011	8,115	171	207	46	8,539
Charity	£000	£000	£000	£000	£000
Cost or Valuation					
At 1 August 2011	7,945	549	955	57	9,506
Revaluation	(367)	-	-	-	(367)
Exchange differences	14	(1)	(6)	(2)	5
Additions	702	82	177	-	961
Transfers to subsidiary	-	-	(2)	-	(2)
Disposals	-	(97)	(189)	-	(286)
At 31 July 2012	8,294	533	935	55	9,817
Accumulated depreciation					
At 1 August 2011	-	404	758	11	1,173
Revaluation	27	-	-	-	27
Exchange differences	-	(1)	(4)	(1)	(6)
Eliminated on disposals	-	(85)	(191)	-	(276)
Charge for the year	44	28	139	11	222
At 31 July 2012	71	346	702	21	1,140
Net book value					
At 31 July 2012	8,223	187	233	34	8,677
At 31 July 2011	7,945	145	197	46	8,333

NOTES to the ACCOUNTS

Year ended 31 July 2012

Notes

21 Tangible fixed assets held for charitable use (continued)

The freehold property in the UK was valued on 31 July 2012 in accordance with the requirements of the RICS Valuation Standards or their equivalent and FRS15, and was valued to existing use value assuming the property would be sold as part of the continuing business. There was no change in the valuation of the South African building. The freehold building in Australia was valued on 31 July 2012 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 independent firms listed below.

Property in London, United Kingdom	Daniel Watney, 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. £32,934 (2011 £32,934) is held under a motor vehicle finance lease for the Canadian office.

	Group		Charity	
	2012	2011	2012	2011
	£000	£000	£000	£000
22 Investments				
Quoted investments				
Market value at 1 August	32	29	24	22
Purchases during the year	-	-	-	-
Disposals during the year	2	-	2	-
Exchange differences	(1)	2	-	-
Net realised / unrealised gains	2	1	2	2
Market value at 31 July	35	32	28	24
Historical cost at 31 July	23	21	13	13
Investment in joint venture				
Dance Proms ⁹	25	-	25	-
less impairment during year	(16)	-	(16)	-
As at 31 July	9	-	9	-
Investments in subsidiaries				
Balance at 1 August	-	-	85	81
Exchange differences	-	-	(8)	4
Additions	-	-	48	-
As at 31 July	-	-	125	85
Total investments at 31 July	44	32	162	109
<i>Quoted investments</i>				
Held in the United Kingdom	29	24	29	24
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.

⁹ Celebration of Dance Festival Ltd.; a joint venture between the ISTD, IDTA and RAD

NOTES to the ACCOUNTS

Year ended 31 July 2012

Notes

22 Investments (continued)
Investments in subsidiaries

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 38, whose aims and objectives mirror those of the Academy.

During the year the Royal Academy of Dance incorporated RAD Dancing (Thailand) Co Ltd to take over the activities of the branch of the Royal Academy of Dance currently operating in that country. The Academy owns 49% of the share capital. The company was incorporated on 4 July Registration No 05055540038970 and became operational in August 2011.

Subsidiaries	Country of incorporation	Co Registration number	% of issued share capital	Net Worth £000
Royal Academy of Dance S/C Ltda	Brazil	CNP-J27907864/0001-48	Held in trust	-
Royal Academy of Dance gGmbH	Germany	HRB 103317	100%	63
Yayasan Royal Academy of Dance Indonesia	Indonesia	Yayasan No 138	100% control	7
Royal Academy of Dance Srl	Italy	TN-0174567	99%	8
Royal Academy of Dance Asbl	Luxembourg	RCS F1236	100%	3
RAD Dancing (Malaysia) Sdn Bhd	Malaysia	RFC RAD 011026DT5	100%	-
Royal Academy of Dance de Mexico AC	Mexico	No 282399-X	Held in trust	-
Royal Academy of Dance Singapore Pte Ltd	Singapore	No 02211/1988-M	100%	1
Royal Academy of Dance	South Africa	1990/004233/08	100% control	-
Royal Academy of Dance SL	Spain	CIF No B-59915330	100%	2
Royal Dancing (Thailand) Co Ltd	Thailand	05055540038970	49%	41
Royal Academy of Dance Enterprises Ltd	Great Britain	No 2773495	100%	2
Balance at 31 July				125

	Group		Charity	
	2012 £000	2011 £000	2012 £000	2011 £000
23 Stocks				
Finished goods and goods for resale	332	308	128	128
Work-in-progress	60	117	-	-
Balance at 31 July	392	425	128	128

NOTES to the ACCOUNTS

Year ended 31 July 2012

Notes

	Group		Charity	
	2012 £000	2011 £000	2012 £000	2011 £000
24 Debtors				
Trade debtors	269	358	189	288
Amounts due from subsidiaries	-	-	790	436
Other debtors	244	208	140	124
Prepayments and accrued income	440	537	373	509
Balance at 31 July	953	1,103	1492	1,357
25 Creditors : amounts falling due within one year				
Bank overdrafts	(622)	(285)	(530)	(71)
Bank loans	(3)	(3)	-	-
Trade creditors	(1,327)	(1,457)	(1,018)	(1,179)
Taxation and social security	(341)	(311)	(208)	(168)
Accruals and deferred income	(2,758)	(3,027)	(2,357)	(2,475)
Balance at 31 July	(5,051)	(5,083)	(4,113)	(3,893)
26 Creditors : amounts falling due after more than one year				
Provision for long-service award	(1)	(1)	-	-
Obligations under finance leases	(33)	(39)	(33)	(39)
Bank loans	(271)	(3)	(270)	-
Balance at 31 July	(305)	(43)	(303)	(39)

Bank overdrafts

£92,300 (2011: £214,110) 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 (2011: 2.25%). 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.

£529,960 (2011: £71,440) 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 (2011: 1.9%) 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 £918,065 in credit (2010: £583,895 in credit) against a total facility of £700,000.

HSBC Bank Plc renewed the Academy's facilities for a further year in October 2012. The facilities are secured on the freehold property at 36 Battersea Square, London SW11 3RA.

Bank loans

A bank bill business loan of £269,759 (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.

NOTES to the ACCOUNTS

Year ended 31 July 2012

Notes

- 26 Creditors : amounts falling due after more than one year
Bank loans (continued)

A loan of £3,614 (2011: £5,803) 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. £2,501 is repayable within one year; with the balance of £1,113 repayable over the remaining 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.

NOTES to the ACCOUNTS

Year ended 31 July 2012

Notes

27 Movement in other funds

	Balance at 1st August 2011	Movement in exchange	Revalued balance at 1st August 2011	Movement in resources		Net Movement	Gains on investments realised and unrealised	Balance at 31st July 2012
				£000	£000			
Project Funds								
Step into Dance programme	5	-	5	605	(605)	-	-	5
Designated Funds								
Genée Legacy Funds	22	-	22	-	-	-	-	22
Genée Legacy Funds	7	-	7	-	-	-	-	7
Social Responsibility Fund	25	-	25	26	-	26	-	51
Restricted Funds								
Scholarship / bursary funds	492	-	492	13	(1)	12	1	505
Billy Elliot <i>Boys Only!</i> funds	59	-	59	10	(11)	(1)	-	58
Iris Truscott fund	23	-	23	-	-	-	1	24
Regional Scholarship funds	37	-	37	16	(13)	3	-	10
Jubilee Awards 2012	-	-	-	25	-	25	-	25
Christel Addison Funds	-	-	-	100	-	100	-	100
Scholarship fund	1	-	1	-	-	-	-	1
Total Charity	671	-	671	795	(630)	165	2	838
Building fund	9	(1)	8	4	(3)	1	(1)	8
Total Group	680	(1)	679	799	(633)	166	1	846
Total Group – prior year	691	(1)	691	599	(611)	(12)	1	680

NOTES to the ACCOUNTS

Year ended 31 July 2012

Project Funds

Step into Dance is 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 2012 the programme ran in 187 secondary schools (2011 150) over 32 London boroughs (2011 18).

Designated Funds

No payments were made from the Genée Legacy Funds (Singapore and UK).

During the year the Trustees agreed to set up a Social Responsibility Fund that would provide funds for the Academy 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 £26,125 (2011 £24,755) was raised during the year from sales. The Trustees have agreed that funds will build up for three years before any awards will be made. Individual country funds are Australia £6,560, Canada £4,103, New Zealand £1,326, South Africa £304 and the United Kingdom/Rest of the World £38,579.

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. Awards totalling £897 were made in this financial year (2011 – £3,775).

Billy Elliot 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. Four workshops were held with local partners in the year (2011 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 (2011 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 Academies' in her Golden Jubilee Year. The Academy's award is to be used to fund education bursaries and travel grants.

Christel Addison funds (South Africa): A legacy left by a South African teacher to fund teacher training opportunities overseas for South African residents. The fund was previously managed by Deloitte's Financial Division which closed down during the year, and has passed to the Academy to administer.

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 2012

Notes

28 Movement in unrestricted funds

	Balance At 1 August 2011 £000	Exchange differences £000	Transfer of assets to subsidiary £000	Net incoming resources £000	Other recognised losses £000	Balance at 31 July 2012 £000
Charity						
Accumulated funds	3,749	241	(49)	(71)	-	3,870
Revaluation reserve	6,306	9	-	-	(394)	5,921
	10,055	250	(49)	(71)	(394)	9,791
Group						
Accumulated funds	5,080	143	-	(239)	-	4,984
Revaluation reserve	6,413	(7)	-	-	(394)	6,012
	11,493	136	-	(239)	(394)	10,996

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. During the year assets were transferred from Royal Academy of Dance Thailand to RAD Dancing (Thailand) Co Ltd.

	Unrestricted funds £000	Restricted funds £000	Total funds £000
29 Analysis of group net assets between funds			
Tangible fixed assets	8,871	-	8,871
Intangible fixed assets and investments	19	35	54
Current assets	7,462	811	8,273
Current liabilities	(5,051)	-	(5,051)
Amounts falling due after more than one year	(305)	-	(305)
Total net assets	10,996	846	11,842

30 Parent Charity

The parent charity in the United Kingdom had net outgoing resources before any transfers between funds of £695,968 (2011 £186,874). This excludes inter-company dividends and capital remittances of £1,638,557 (2011 £196,947) and consolidation adjustments:

	2012 Net Incoming			2011 Net Incoming		
	Incoming resources £000	Resources expended £000	(outgoing) resources £000	Incoming resources £000	Resources expended £000	(outgoing) resources £000
Unrestricted Funds	9,244	(9,999)	(755)	9,125	(9,292)	(167)
Restricted Funds	689	(630)	59	588	(607)	(19)
For the year to 31 July	9,933	(10,629)	(696)	9,713	(9,899)	(186)

NOTES to the ACCOUNTS

Year ended 31 July 2011

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 and consolidation adjustments but before net dividends, capital remittances, transfers between funds and other recognised gains and losses:

	Incoming resources	Resources expended	2012 Net Incoming resources (outgoing)	Incoming Resources	Resources expended	2011 Net Incoming resources (outgoing)
Unrestricted funds	£000	£000	£000	£000	£000	£000
United Kingdom Group ¹⁰	7,824	(8,515)	(691)	7,516	(7,653)	(137)
Australia	2,448	(2,491)	(43)	2,436	(2,124)	312
Canada	1,334	(1,365)	(31)	1,247	(1,200)	47
Israel	30	(33)	(3)	24	(1)	23
Japan	506	(473)	33	462	(441)	21
New Zealand	476	(462)	14	425	(390)	35
Portugal	291	(235)	56	357	(275)	82
Southern Africa	481	(525)	(44)	491	(464)	27
United States of America	455	(451)	4	397	(409)	(12)
RAD Enterprises	1,245	(1,245)	-	1,157	(1,155)	2
RAD Brazil S/C Ltda	382	(282)	100	415	(339)	76
RAD Germany gGmbH	439	(449)	(10)	494	(454)	40
Yayasan RAD Indonesia	212	(206)	6	183	(173)	10
Royal Academy of Dance Srl	567	(399)	168	1,092	(1,000)	92
RAD Dance asbl	313	(322)	(9)	77	(77)	-
RAD Dancing (Malaysia) Sdn Bhd	109	(110)	(1)	451	(371)	80
RAD Mexico de AC	880	(844)	36	294	(275)	19
RAD Singapore Pte Ltd	642	(481)	161	604	(415)	189
RAD Dancing (Thailand) Co Ltd	163	(184)	(21)	156	(136)	20
Royal Academy of Dance SL	543	(491)	52	579	(525)	54
For the year to 31 July	19,340	(19,563)	(223)	18,857	(17,877)	980
Restricted funds						
United Kingdom Group	689	(629)	60	588	(607)	(19)
Australia	3	-	3	3	-	3
Canada	2	-	2	2	-	2
New Zealand	1	-	1	1	-	1
South Africa	100	-	100	5	(4)	1
Royal Academy of Dance s21 South Africa	4	(4)	-	5	(4)	1
For the year to 31 July	799	(633)	166	699	(611)	12

¹⁰ Includes consolidation adjustments of £63,814 (2011 £20,507)

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:

China	2nd Floor Tower 2, Dong Hai Commercial Building, 588 Yan An Dong Lu, Shanghai
Cyprus	19 Vassa Kilianiou, 4771 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
Caribbean	PO Box 1433, Constant Spring Post Office, Kingston 8, Jamaica
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 Korea	1703 Arnouveau Palace, 7-1 Songpa Dong, Songpa Gu, Seoul 138-848
Sri Lanka	British Council, 49 Alfred House Gardens, Colombo 0030
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	79/6 Hadekalim Street, Pardess-Hanna
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 Infancia 86, 138 C/V Esq, 1350-241 Lisboa
Southern Africa & Mauritius	PO Box 200, Bramley 2018, Johannesburg, South Africa
United States	Marian Center for Nonprofits, 3211 South Lake Drive, Suite R317, St. Francis, WI 53235

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 Royal Academy of Dance 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., 43 Jalan BU 7/ 7, Bandar Utama, 47800 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-Hangdong Road, Tambon: Pae Dad, Ampur: Muang, Chiangmai 50100
United Kingdom	Royal Academy of Dance Enterprises Ltd., 36 Battersea Square, London SW11 3RA

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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:

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Canada	Grant Thornton LLP	15 Allstate Parkway, Suite 200, Markham, Ontario L3R 5B4
Indonesia	KAP Ekna Masni, Bustaman & Rekan	Sentra Kramat B-18, JL Kramat Raya 7-9, Jakarta 10450
Israel	Hannan Gabriel CPA	8 Hayod-Chef Street, Hod Hasharon 45200
Luxembourg	Alexander J Davies Sàrl	24 Rue Jean L'Aveugle, Luxembourg L-1148
Portugal	CERB	Beloura Office Park, Rua do Centro Empresarial, Edifício EE06 – Escritório 12, Quinta da Beloura, 2710-444 Sintra
Spain	Asesoria Berzosa	DonosoCotres 85, 28015 Madrid
Thailand	KT&R Business Consultant Co Ltd	59/1 Sukhumvit 64 Bangchak, Prakanong, Bangkok 10260
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