



Patron: Her Majesty Queen Elizabeth II

# Annual Report and Financial Statements

FOR THE YEAR ENDED 31 JULY 2016

ROYAL ACADEMY OF  
**DANCE**

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# REPORT OF THE TRUSTEES

The Trustees of the Royal Academy of Dance (RAD) present their report and audited financial statements for the year ended 31 July 2016. This contains information to satisfy the requirements of trustees' reports under the Charities Act 2011, and to comply with current statutory requirements, the RAD's Charter and the Statement of Recommended Practice for Accounting and Reporting by Charities (2015).

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

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

In the context of these financial statements the group accounts include the audited accounts of the charity and its subsidiaries, and the charity accounts include the audited accounts of the Royal Academy of Dance in the United Kingdom and its branches for the year to 31 July 2016. The breakdown of the group and the charity entities is shown on page 35.

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

As an Alternative Provider with Specific Course Designation, the RAD is subject to review by the Quality Assurance Agency for Higher Education (QAA) under the Department for Education's requirements for courses designated for student loan purposes.

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

## Principal activities

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

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

Its services can be accessed via [www.rad.org.uk](http://www.rad.org.uk) and through local websites internationally.

## Vision

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.

## Mission

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

## Aims

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

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

## Corporate governance

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

### Patron, president and officers

<b>Patron</b>	HM Queen Elizabeth II
<b>President</b>	Darcey Bussell CBE
<b>Chair of the Trustees</b>	Guy Perricone
<b>Key management</b>	
Chief Executive	Luke Rittner CBE
Director of Fundraising and Development	Matthew Cunningham MA
Director of Education and Training	Michelle Groves MA BSc (Hons) BPhil (Hons)
Artistic Director	Paula Hunt ARAD RAD T Dip RTS MNZM (appt Dec 2016)
Director of Examinations	Dr Andrew McBirnie BA MMus PhD LTCL
Director of Marketing and Communications	Melanie Murphy Dip IPR MICPR
Director of Finance and Operations	Ian Pogue BA (Hons) ACA
<b>Vice Presidents</b>	
David Bintley CBE	Dame Gillian Lynne DBE
Li Cunxin	David McAllister OAM
Dame Beryl Grey DBE DMus DLitt DEd FRSA	Wayne Sleep OBE
Dr Ivor Guest MA DUNIV FRAD	Sir Peter Wright CBE DMus DLitt FBSM
<b>Advisory Council</b>	
Joy W Brown	Lady Porter
Barbara Fewster OBE FISTD	Sir Roy Strong DLitt PhD FRSA FRSL
Dr Stanley Ho OBE GrOIH Chev Leg d'Hon DSoc Sc CStJ	

### President and vice presidents

The RAD has currently eight elected vice presidents. The president and vice presidents may not be Full Members of the RAD at the time of election but are deemed to become Full Members following election. Candidates for the office of president, and up to nine vice presidents can be nominated by Full Members or be recommended by the board of trustees, and are elected by members at the Annual General Meeting (AGM). Since the revision of the charter in 2008, the president and vice presidents elected since that date can only hold office for a maximum of two terms of five years, in accordance with clause 52.7 of the bye-laws.

### 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 may appoint up to five international advisers whose ordinary residence is not in the UK, and who may attend meetings of the board of trustees in an advisory capacity. There are no current appointments.

## The Board of Trustees

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

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

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

There are currently seventeen elected trustees on the board.

### List A Trustees (Dance)

Thérèse Cantine ARAD Dip PDTTC RTS  
Deborah Coultish Adv Tch Dip RTS  
Sarah Dickinson ARAD Adv Tch Dip RTS  
Penny Parks RAD RTS  
Lynne Reucroft-Croome BA(Hons) MA LRAD  
Helen Taylor RAD RTS  
Hilary Clark (co-opted June 2016)  
Imogen Knight (co-opted June 2016)  
Justine Berry (co-opted Oct 16)  
Louise Murray (resigned April 2016)

### List B Trustees (Business)

Guy Perricone (Chair)  
Joanna Binder  
Julia Bond  
Brian Brodie  
Professor Michael Day  
Anders Ivarson AI Chor  
Aliceson Robinson  
Catherine Weate BA DipEd LSDA FRSA Hon FLAM  
Ida Levine (elected April 2016)  
Leigh Collins (resigned April 2016)  
Kathryn Wade (resigned April 2016)

## Meetings

The board holds three scheduled meetings in a year. Comprehensive papers, including minutes of previous meetings, are presented to the board, which facilitates debate on the performance and direction of the company.

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

## Constitution

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

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

## Performance

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

## Related parties

The RAD has entered into a number of transactions with related parties during the year. These are in the form of management charges made to overseas branches and subsidiaries to cover the cost of administration of the group by UK headquarters, and fees and expenses paid to four trustees in their capacity as examiners, tutors or mentors. Further detail can be found in note 13 of the financial statements.

## Independence

Trustees are required to sign a code of conduct on appointment. Up to one half of the trustees may receive an emolument for services rendered to the RAD, but where the trustee has received payment in the preceding twelve months, may not take part in any debate or vote considering emoluments, whether specific or general, and should not be present at a meeting at which a specific payment to that trustee is discussed or an appointment which involves payment is made.

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

## Indemnities and insurance

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

## Board committees

The board operates nine subcommittees, created under bye-law 40 of the RAD's charter. All subcommittees have formal Terms of Reference and Standing Orders which are reviewed annually.

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

## Audit Committee

The Audit Committee's key function is to support the board in fulfilling its responsibilities in reviewing the effectiveness of the RAD's financial reporting, internal controls and risk management. In addition the committee considers the statutory accounts and meets annually with the external auditors to receive and discuss their report on the annual audit.

As part of this role the committee provides advice to the board on whether these financial statements are fair, balanced and understandable, and provide all the necessary information for members to assess the RAD's performance.

The group external auditors require certain local auditors of other group entities to report to them, and in addition under international auditing standards are required to consider if they should visit these entities. The Brazilian operation was visited in November 2016. Their final report is provided to the Audit Committee as part of their review of the audit.

The board recommend to members that a resolution to re-appoint Deloitte LLP be proposed at the 2017 AGM.

Membership is drawn from the trustees:

### Members

Julia Bond (Chair)	Chair of the Finance Subcommittee
Guy Perricone	Chair of the Board of Trustees
Joanna Binder	Chair of the Board of Directors of Royal Academy of Dance Enterprises Ltd
Leigh Collins	Resigned April 2016

## Nominations and Remuneration Committee

The Nominations and Remuneration Committee considers recipients for the award of the Queen Elizabeth II Coronation Award, Fellowships of the Royal Academy of Dance, and President's Awards, ensures that there is a formal and appropriate procedure for the appointment of key trustees and management at the RAD, and considers the remuneration of key management by reference to the roles performed and market rates.

Membership is drawn from the chairs of the respective subcommittees:

### Members

Guy Perricone (Chair)	Chair of the Board of Trustees
Julia Bond	Chair of the Finance Subcommittee
Joanna Binder	Chair of the Board of Directors of Royal Academy of Dance Enterprises Ltd
Professor Michael Day	Chair of the Education Subcommittee
Penny Parks RAD RTS	Chair of the Regional Subcommittee
Aliceson Robinson	Chair of the Marketing and Membership Subcommittee
Kathryn Wade ARAD	Chair of the Benesh Subcommittee (resigned April 2016)
Catherine Weate	Chair of the Artistic and Examinations Subcommittee

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

## Finance Subcommittee

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

### Trustee members

Julia Bond (Chair)  
Joanna Binder  
Guy Perricone  
Ida Levine (appointed April 2016)  
Leigh Collins (resigned April 2016)

### Co-opted members

James Cane (appointed March 2016)

### Director

Director of Finance and Operations

It acts as a remuneration committee when considering the annual budgets, and the salary policy to apply throughout the group. It discharges these responsibilities by meeting four times a year and advises the board of trustees on all financial matters.

## Artistic and Examinations Subcommittee

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

### Trustee members

Catherine Weate (Chair) BA DipEd LSDA FRSA Hon FLAM  
Thérèse Cantine ARAD Dip PDTTC RTS  
Deborah Coultish Adv Tch Dip RTS (appointed October 2016)  
Penny Parks (appointed November 2016)  
Kathryn Wade ARAD (resigned April 2016)

### Co-opted members

Norman Gealy MA CPsychol FCIPD FCIEA  
Caroline Jenkins ARAD RTS  
Moirá McCormack ARAD PDTTC Dip (RAD London)  
Iain Mackay  
David Nixon  
Stirling Wood

### Directors

Artistic Director  
Director of Examinations

## Benesh Subcommittee

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

### Trustee members

Anders Ivarson AI Chor

### Co-opted members

Amanda Eyles FI Chor  
Elizabeth Ferguson ARAD MA  
Christopher Hampson  
Gary Harris AI Chor  
Jeanetta Lawrence OBE  
Lady MacMillan  
Kathryn Wade ARAD (resigned April 2016)

### Director

Director of the Benesh Institute

## Education Subcommittee

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

### Trustee members

Professor Michael Day (Chair)  
Hilary Clark (appointed April 2016)  
Lynne Reucroft-Croome BA (Hons) PGCE LRAD

### Student representatives

Megan Clayton (Undergraduate)  
Dr Trish Melton (Postgraduate)

### Co-opted members

Florin Bisset (University of Bath representative)  
Professor Tina Chen FISTD MA Dip RBS TTC ARAD  
Harriett Harper  
Paula Scales MTD BA(Hons) PGCE RTS  
Professor Lorna Unwin

### Director

Director of Education

## Marketing and Membership Subcommittee

The Marketing and Membership Subcommittee advises and supports the director of marketing and communications, and the director of global membership services, on matters relevant to the marketing and promotion of the RAD's projects, events and services. It also advises and supports the directors and their teams in actively promoting the skills, knowledge and expertise of its members and providing support services and membership benefits for its members throughout their professional careers. The subcommittee also seeks to ensure that the RAD as a membership organisation, upholds the aims and objectives of the charter and its bye-laws in an open and transparent way, and that it is fair in all its dealings with members of the RAD and the public.

### Trustee members

Aliceson Robinson (Chair)  
Brian Brodie  
Imogen Knight (appointed April 2016)  
Catherine Weate BA DipEd LSDA FRSA Hon FLAM

### Co-opted members

Vikki Allport de Orbe Tch Dip RTS  
Karen Harris Tch Cert RTS  
Shelley Isaac-Clarke Tch Dip RTS

### Director

Director of Marketing and Communications

## Regional Subcommittee

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

### Chair and Trustee

Penny Parks RAD RTS (South East England)

### Director

Director of Fundraising and Development

### Co-opted members

Reena Bhattacharjee (London & Middlesex)  
Paul Doyle Tch Cert RTS (Ireland & Northern Ireland)  
Yvonne Gray RAD RTS (Scotland)  
Nicky Jenks RAD RTS (South West England, Wales & Channel Islands)  
Caroline Peters (Midlands & East of England) (appointed October 2016)  
Lorna Proctor RAD RTS (Northern England, Yorkshire & the Humber)



## Board of the Royal Academy of Dance Enterprises Ltd Enterprises Subcommittee

The Board of the Royal Academy of Dance Enterprises Ltd. also acts as the Enterprises Subcommittee of the RAD. Its members are made up of directors of the company and trustees of the RAD.

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

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

### Company Directors

Joanna Binder (Chair)  
Ian Pogue  
Luke Rittner

### Trustee members

Guy Perricone  
Helen Taylor RAD RTS

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

## Strategic aims and achievements

All of the RAD's four new strategic objectives have been addressed through work programmes, projects and initiatives across the organisation.

### Strategic Aim 1: to be the leading international authority on dance teacher education and professional development.

- The Faculty of Education now offers a pathway to RAD Registered Teacher Status (RTS) aimed at teachers with a ballet teaching qualification at Level 4 or higher (or equivalent).
- June 2016 saw the launch of a new Foundation Module allowing applicants who reside in countries which do not have the equivalent of A Levels to meet the entry criteria for undergraduate access to the BA (Hons) Dance Education and BA (Hons) Ballet Education.
- During 2015/16 over 6,000 RAD Registered Teachers actively participated in some form of Continuing Professional Development. More teachers in Canada and the USA participated than ever before. This year has also seen the continued expansion of the RADs portfolio of activities, both face to face and online, with the goal to provide a diverse range of both syllabus and non-syllabus activities. However, despite our communications, around 1,208 teachers did not engage with CPD during the year. We will seek to address this in 2016/17.
- BA (Hons) Ballet Education international student recruitment was not as buoyant as expected given the level of applications. This was due to students not achieving their IELTS scores, choosing to study elsewhere or financial reasons.
- The Benesh Institute continued to deliver the Certificate in Benesh Movement Notation (CBMN), and the Diploma for Professional Benesh Movement Notators (DPBMN). It also launched the new Benesh Movement Notation for Ballet distance learning CPD course, designed for RAD teachers.

### Strategic Aim 2: to be the preferred membership organisation for professional dance teachers, students and all others who wish to support and engage with dance.

- In November 2015, we launched our second teacher promotional campaign, highlighting to the public why they should choose a qualified RAD Registered Teacher. It also prompted parents and prospective students to use 'Find a Teacher' ([www.rad.org.uk/findateacher](http://www.rad.org.uk/findateacher)). PR and media activities to complement this campaign more than doubled the number of people visiting the search page, with over 25,000 views during a two-month period.
- During April 2016, we sent a satisfaction survey to over 6,500 members, with 1,742 responses from 58 countries. This will be used to shape changes in 2016/17, including the introduction of a teachers' hardship fund.

### Strategic Aim 3: to be an international leader in the provision of examinations in dance.

- During the year, our Examinations Board delivered a total of 238,499 examinations, class awards, solo performance awards, presentation and demonstration classes around the world. This is the most successful year, surpassing the previous record (2007/8) by some 6,500 entries.
- Compliance with target dates for issuing exam results and certificates from headquarters, particularly for Summer 2016, was below our usual level. This was due to unexpected data processing staffing problems and continuing issues with the printers, which will be replaced.
- 8 one-day training seminars for examiners were held in various locations around the world. 3 online standardisation exercises were run, and 40 examiners received a one-to-one standardisation in the course of their examining.
- An online survey, where teachers can feed back about their experiences of RAD exams, was launched in December. By the end of the year, we had received approximately 200 responses from over 20 countries.
- Over 92% of teachers strongly agreed, or agreed to some extent, that the syllabus was relevant to, and met the needs of their students across all levels.
- 72% of teachers were very satisfied, or satisfied to some extent, with the time taken to receive results, certificates and medals.
- We successfully maintained recognition of regulated qualifications by the four UK exams regulators.

### Strategic Aim 4: to be recognised as a leading international source of expertise and advocacy for the benefits of dance to the wider community.

- We secured funding from the City Bridge Trust, with a grant of almost £150,000 over three years for the RADiate project. This will allow us to consolidate and expand this inclusive outreach project into more schools in more boroughs. Michael Nunn OBE, co-founder of BalletBoyz, also took on the role of RADiate Ambassador.
- RAD Enterprises released a range of eBooks in April 2016. These replicate the content of the existing syllabus wordnotes, including Benesh Movement Notation. eBooks for Android users followed during the latter part of the year. Customers are now able to purchase each digital syllabus by grade, with added benefits such as annotation and bookmarking. Sales to date have been slower than anticipated, though we do believe they will increase steadily over time, and the introduction of eBooks is still a significant improvement to our syllabus portfolio.
- In January 2016, alongside other dance awarding organisations, we successfully lobbied PRS for Music to change their dance tariff to include private dance schools within their policy for educational exemptions.
- 6,962 people took part in our various community and outreach programmes during 2016, including RADiate, Dance for Lifelong Wellbeing, and Step into Dance.
- Throughout the year, we delivered a comprehensive programme of student activities, including new partnerships with publishers of *The Gruffalo*, and producers behind West End shows *Wicked* and *Charlie and the Chocolate Factory*.
- We also delivered a programme of profile-raising 'pop up' dance events, drawing crowds from the general public in well-populated public places such as railway stations and public squares.
- The RAD played a lead role in The Patron's Lunch in June 2016, celebrating the 90th birthday of our Patron, HM The Queen. This resulted in significant public exposure for our brand and a 'once in a lifetime' experience for 300 RAD dancers from around the UK and 90 guests on The Mall.
- In addition, we also appointed a number of 'ambassadors' to help promote aspects of the RAD's work (e.g. Iain Mackay for male dance).

### A new Strategic Plan

In 2015/16 the RAD Board of Trustees approved an ambitious new five-year strategic plan to take the organisation up to its centenary in 2020.

By 2020 we aim to:

- increase our worldwide membership to 20,000 across all categories
- deliver 254,000 dance examinations each year, and
- generate net unrestricted income of £1m in 2019/20. This is to ensure that we can move to our new headquarters without impacting delivery of our strategic objectives while maintaining reserves in line with policy.

Our interim targets for 2016/17 are to:

- increase worldwide membership to 14,000
- deliver 231,000 dance examinations, and
- generate a net unrestricted income of £490,000.

## Delivering on the plan

In order to meet these targets, we have a range of projects and initiatives across the organisation:

- A new fundraising strategy will outline how we intend to fund projects and bursaries through sponsorship from charities, trusts and foundations. We will also look to engage major donors and corporations and through developing strategic partnerships.
- More opportunities will be made available for experienced dance teachers and graduates to acquire RAD Registered Teacher Status (RTS). We will also offer alternative access routes to RTS via our CBTS programme.
- CPD will expand to offer more courses in a greater number of locations around the world.
- We are looking at repositioning our Affiliate and Full Member categories to make them more attractive, as well as developing two new youth-focused categories.
- We will also devote resources to grow new and existing markets through the development of new examinations and assessments.
- Our PR strategy for brand positioning and profile-building will be based on landmark moments to generate greater exposure for the organisation. The Genée International Ballet Competition also continues to grow in scale and visibility, and through new sponsor and partner opportunities, we are building on an association with premium brands.
- Lobbying on key issues for dance teachers and the wider dance industry will continue, building on recent success in the mainstream press, highlighting the importance of qualified dance teachers.

Through innovation and the development of existing programmes, we are confident that our ambitions for 2020 will be realised.

## Principal risks and uncertainties

### Governance, risk and control

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

### Operational Risk Management Committee

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

### Exposure to risk

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

- **Marketplace and products**

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

In mitigation of these risks, the RAD uses internal impact statements to assess risk, and uses the full force of social media to publicise, promote and sell its products and services.

- **Foreign exchange**

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

It is difficult to forecast movement in foreign exchange and therefore it maintains awareness of movements in currency which might adversely affect its performance. This is then considered in making decisions concerning timing of movements of funds between countries.

- **World events**

The RAD, like many international organisations, is potentially vulnerable to pandemics, natural phenomena such as volcanic ash clouds and changes in weather patterns, and to civil war and terrorism. All of these may impede travel by examination candidates and course attendees, and by RAD staff such as examiners and tutors, thereby reducing business and associated income. We have developed policies and procedures to minimise the loss of income caused by such events, and to ensure the safety of staff and examiners.

- **Economic climate**

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

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

- **Statutory and regulatory compliance**

The complexity of the group structure could lead to non-compliance through oversight, lack of knowledge or training, at both local and group level. Non-compliance can lead to loss of status, recognition, reputation, confidence, customers, and the imposition of penalties. To mitigate this risk, subject to considerations around cost and benefit, the RAD employs qualified personnel at group and local levels, and works with regulatory and statutory authorities to ensure compliance.

- **People**

Working with young people brings safeguarding responsibilities. The RAD has an active Safeguarding Committee with designated safeguarding officers, and reviews its policies annually. Training needs are identified and addressed, and the RAD works with lawyers or other professionals to ensure policies are fit for purpose.

The behaviour of members and organisations associated with the RAD can lead to reputational loss. The RAD performs due diligence before entering into partnerships, ensures contracts are in place, and operates Codes of Conduct and Professional Practice.

High turnover of staff could expose the RAD to lack of continuity and loss of knowledge. The RAD undertakes performance reviews to ensure that the right staff are retained, and offers a range of benefits. Succession planning is undertaken for senior staff.

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

## Financial Risk Management Committee

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

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

- **Quality and integrity of personnel**

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

Each of these areas has a policy group which monitors the RAD's compliance with the relevant area and which reports directly to senior management.

All policies and procedures are reviewed and approved annually by the trustees and changes are brought to the attention of employees. Regular fire drills take place at the RAD's premises.

- **Operating unit financial controls**

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

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

- **Information and computer systems**

The RAD's financial and management information is processed and stored on a number of computer systems. This can lead to concerns of integrity, duplication, security and other data issues. A disaster recovery centre operates in the UK. Back-up systems are installed in major international offices.

## Corporate and social responsibility

### Public benefit

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

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

1. elevate and advance the art of dance by promoting the correct tuition of dance in its highest forms, and
2. advance education in the art of dance, in particular:
  - by providing facilities for dance, dance education and training,
  - 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 and consider that the activities of the RAD meet the two main principles of public benefit – that the benefits are identifiable and are related to the aims of the RAD, and that the public are the beneficiaries and that there is no significant exclusion as to who can benefit.

## Financial review

### Overview

The financial statements have been prepared in accordance with the Charities SORP (FRS 102), applicable from 1 January 2015. The implementation of FRS 102 has not resulted in any material adjustments to prior year figures. However, the requirement to provide for staff holiday due but unused at year end has resulted in an adjustment of £111,000. Whilst this effectively relates to prior years, as it is not material it has been accounted for in current year. Presentation of figures has been amended in some areas to reflect the new SORP.

### Unrestricted activities

The worldwide Group reported net income, before transfers and other recognised gains and losses, of **£307,000** against net income of **£541,000** last year. This was after significant one-off professional fees in relation to the planned relocation of London headquarters (see Future Outlook) of £336,000. Adjusting for these one-off costs, and the additional holiday pay accrual (see above), the underlying surplus was **£754,000**. Overall examination numbers were the highest ever at 239,000 this year, up around 6% on prior year.

The value of the RAD's assets increased by £956,000 compared to an increase of £2,952,000 in the prior year, which was driven by revaluation of property. In current year, property value decreased by £290,000 due primarily to a reduction in the value of 36, Battersea Square, London. Offsetting this reduction in property value was an exchange gain of £826,000 on consolidation, reflecting the decline in sterling since the EU Referendum.

### Restricted activities

The RAD has a number of funds which have been built up from donations, legacies, trusts, grants, fundraising events and appeals. These are administered in accordance with the accounting policy in Note 1 (o) Fund Accounting. The funds are divided into two categories as shown in Note 25 of these Financial Statements. There was net expenditure of **£74,000**, before transfers and other recognised gains and losses, for the year to 31 July 2016 (2015: net income £125,000). The main movements were:

#### Project funding

The RAD is in receipt of a three-year funding grant (2015/16 – 2017/18) from the Jack Petchey Foundation to run the Step into Dance programme (a fully inclusive, community dance programme – 200 secondary schools in 32 London boroughs) as well as raising its own funds. All monies received from the Foundation were spent in accordance with the programme's aims. The deficit in the year of £57,000 was due to planned spend of both a brought forward surplus and the RAD's own contribution to the programme.

#### Restricted funds

During the year the RAD used surplus funds from previous Genée competitions to support the competition held in London in September 2015. Bursaries, awards and scholarships were awarded through various Scholarship Funds, Trusts, Jubilee Award and Regional schemes.

## By principal activities

Unrestricted income for the Group increased around 1% to **£19,162,000** from **£18,931,000**, while overall expenditure also increased by around 3% to **£18,843,000** from **£18,372,000**.

## Performance by activity

**Membership income** was broadly level with prior year at £1.1m, and overall net income also broadly level at £0.7m. The number of Registered Teachers fell slightly from 7,777 to 7,632. All other members also fell slightly to 5,862 from 6,244.

**Examinations income** increased by around 6% from £10.1m to £10.6m, whilst strong cost control meant that direct expenditure fell by around 4% from £6.0m to £5.8m. This resulted in an overall increase of around 20% in net income from £4.0m to £4.8m. Total examination entries increased by around 6% to a record level of 238,499. There was growth of around 5% in examination entries in each of UK and Europe, Asia and the Americas, whilst Australasia saw growth of around 16%.

**Faculty of Education income** was broadly level with prior year at £3.3m, though direct expenditure increased around 11% to £2.7m. The number of students on programmes rose very slightly from 1,272 to 1,274, including the launch of the Professional Dancers' Teaching Diploma in China. Income from **Continuing Education** increased by 9% to £2.8m, from £2.6m, driven by growth in student events and activities. Net income improved to £0.3m from £0.2m.

**Primary purpose trading and licensing income** fell from £1.4m to £1.0m, again reflecting a tailing off in syllabus sales since the launch in 2013/14 of the new Grades 4-5 and Advanced level products. However RAD Enterprises continued to see strong demand for the apps across the range of RAD syllabi, and the company is aiming to mitigate the natural decline in syllabus sales by the introduction of new product lines, including luxury gift items, and co-branding product partnerships.

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

**Support costs** rose from £6.0m to £6.4m, though this reflects one-off spend on professional fees in relation to the proposed move of the RAD's London headquarters (see Future Outlook), with underlying costs remaining flat. The requirement of SORP to allocate costs across functional areas can lead to inconsistencies in charges from one year to the next, if some functional activity is not held, with the result of additional costs being allocated across the remaining functional areas; and the translation of the effect of exchange movements can also have the effect of increasing or decreasing cost.

## Operating cash flows and capital expenditure

The group's overall net cash and loans position was **£6,794,000** compared to **£5,201,000** last year.

There was a net cash inflow from operations of **£1,163,000** compared to an inflow of **£1,001,000** the year before. Capital expenditure decreased from **£244,000** to **£80,000**.

The RAD's main banker in the UK and in some overseas territories is HSBC Bank Plc. HSBC Bank Plc renewed the RAD's grouping facility of **£700,000**; and Royal Academy of Dance Enterprises Limited's overdraft facility of **£300,000** for a further year in July 2016. The Enterprises facility was used during the year to make gift aid payments within the time limits, but was unused at year end.

## Net assets and reserves policy

Group net assets increased from **£15,409,000** to **£16,178,000** reflecting the net income for the year, the change in working capital, and the revaluation of the accumulated funds and revaluation reserve at the end of the financial year.

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

As of 31 July 2016 group readily realisable reserves stood at **£2,925,000** (2015: £2,058,000), with readily realisable reserves in the UK of **£254,000** (2015: £648,000).

The RAD has a current reserves policy based on three months costs. This would require free group reserves of **£2,892,000** (UK £1,967,000). Therefore whilst group reserves are now in line with policy, those in the UK are not. The trustees will continue to ensure that available reserves are distributed where needed most.

## Going concern

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

There was a net cash inflow to the group of £0.7m in 2015/16, which combined with revaluation due to exchange rates of £0.9m means that cash and cash equivalents were £7.2m at year end, compared to £5.6m at end of prior year. Whilst group readily realisable reserves are now in line with current policy of three months costs, reflecting performance in the last three years, they still need to be rebuilt in the UK. Overall examinations have increased by around 6% to their highest ever number, reflecting the impact of the new syllabi and growth throughout the world.

Overall net income has been broadly maintained despite the significant one off impact of professional fees in relation to the headquarters move, and results from underlying operations provide a strong platform for the year ahead. Given the profitability of some overseas markets, particularly in Asia, the decline in sterling since the EU referendum has provided a boost to earnings in 2016/17 to date. Whilst investment in the global database (see 'Future outlook') will mean significant capital expenditure in 2016/17, improvement in cash position over the last three years means that the RAD is well placed to absorb this spend.

The trustees are confident that the RAD will meet its targets for 2016/17, and will be aiming for further growth in net income in 2017/18. They therefore conclude that there are no material uncertainties as of the date of this report which may cast doubt about the charity and group's ability to continue as a going concern.

## Future outlook

As set out in the Strategic Aims section, during the year the trustees approved a new strategic plan for the RAD to 2020. This set three key targets, to be achieved by a combination of organic growth, and new services and initiatives, throughout the world:

- secure 20,000 members of all categories worldwide
- deliver 254,000 dance examinations each year
- generate unrestricted net income of £1m in 2019/20

Whilst these are ambitious targets, we believe them to be achievable. In particular, in 2016/17 we will aim to provide the foundation for our key strategic aims, in delivering headquarters and IT systems that are fit for purpose.

As noted last year, a suitable new headquarters was found close to the current premises. In September 2016 a conditional contract was signed with a development company, Fifth Capital London, to sell the current premises at Battersea Square and purchase a purpose built headquarters, providing significantly more space, as part of a new development at York Road, Wandsworth. It is planned that we will move to this new headquarters by our centenary year of 2020.

Development is now ongoing on the global database, an integrated CRM system, which will provide a worldwide bespoke operating system for our membership, examinations and education activities. The system is planned to go live in July 2017, with a worldwide rollout to follow. Delivery of this system will be a key challenge for the year ahead, in addition to continuing with and launching new initiatives across all our areas of activity that will help to diversify and grow the RAD's revenue.

The RAD is an international organisation, operating in many jurisdictions and in a competitive, complex and demanding environment. The trustees will continue to ensure that the RAD 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 hard work of RAD staff, supported by everyone from members, students, teachers and examiners, through to trustees, vice-presidents and our president, makes the RAD superbly equipped to deliver upon its mission. We would again like to pay tribute and offer thanks to all the dedicated people whose contributions and enthusiasm make this possible.



Guy Perricone  
Trustee, Board of Trustees

10 March 2017



Luke Rittner  
Chief Executive

## STATEMENT OF THE BOARD OF TRUSTEES' RESPONSIBILITIES

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

The law applicable to charities in England requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence 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 the RAD for the year ended 31 July 2016 which comprise the Group Consolidated Statement of Financial Activities, the Group and Charity Balance Sheets, the Group Cash Flow Statement and the related notes 1 to 28. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 trustees and auditor

As explained more fully in the Statement of the Board of Trustees' Responsibilities, 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's and the 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 July 2016 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 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,
- sufficient accounting records have not been kept by the parent charity,
- 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 UK

10 March 2017

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

Year ended 31 July 2016

## Notes

	2016			2015*		
	Unrestricted Funds £000	Restricted funds £000	Total funds £000	Unrestricted funds £000	Restricted funds £000	Total funds £000
<b>Income and endowments from</b>						
2 Donations and legacies	80	58	138	32	2	34
4 Trading	787	-	787	1,193	-	1,193
3 Other trading activities	321	43	364	411	140	551
5 Investments	39	1	40	46	1	47
<b>Income from charitable activities</b>						
Examination fees	10,645	-	10,645	10,084	-	10,084
6 Education and training fees	6,108	648	6,756	5,937	652	6,589
Subscription income	1,116	-	1,116	1,135	-	1,135
7 Other income	66	-	66	93	-	93
<b>Total income and endowments</b>	<b>19,162</b>	<b>750</b>	<b>19,912</b>	<b>18,931</b>	<b>795</b>	<b>19,726</b>
<b>Expenditure</b>						
8 Expenditure on raising funds	(1,135)	-	(1,135)	(1,390)	-	(1,390)
9 Expenditure on charitable activities	(17,403)	(829)	(18,232)	(16,798)	(675)	(17,473)
11 Other expenditure	(305)	-	(305)	(184)	-	(184)
<b>Total expenditure</b>	<b>(18,843)</b>	<b>(829)</b>	<b>(19,672)</b>	<b>(18,372)</b>	<b>(675)</b>	<b>(19,047)</b>
Net income / (expenditure) before investment gains and losses	319	(79)	240	559	120	679
<b>Investments held for investment purposes</b>						
Realised losses	(12)	-	(12)	(18)	-	(18)
Unrealised gains	-	5	5	-	5	5
<b>Net income / (expenditure)</b>	<b>307</b>	<b>(74)</b>	<b>233</b>	<b>541</b>	<b>125</b>	<b>666</b>
<b>Other recognised gains and losses</b>						
On revaluation of tangible fixed assets	(290)	-	(290)	2,924	-	2,924
Movement on exchange arising from the consolidation of branches and subsidiaries	821	5	826	(403)	(8)	(411)
<b>Net movement in funds</b>	<b>838</b>	<b>(69)</b>	<b>769</b>	<b>3,062</b>	<b>117</b>	<b>3,179</b>
Fund balances brought forward at 1 August	14,515	894	15,409	11,453	777	12,230
<b>Total funds carried forward at 31 July</b>	<b>15,353</b>	<b>825</b>	<b>16,178</b>	<b>14,515</b>	<b>894</b>	<b>15,409</b>

\*See note 1(b)

There were no other recognised gains and losses other than those listed above and the net income for the year. All income relates to continuing operations.

# GROUP AND CHARITY BALANCE SHEETS

Year ended 31 July 2016

## Notes

	Group		Charity	
	2016 £000	2015 £000	2016 £000	2015 £000
<b>Fixed assets</b>				
18 Intangible assets	22	14	3	4
19 Tangible assets held for charitable use	12,335	12,349	12,160	12,193
20 Investments	75	45	189	160
	<b>12,432</b>	<b>12,408</b>	<b>12,352</b>	<b>12,357</b>
<b>Current assets</b>				
21 Stocks	388	444	178	194
22 Debtors	2,329	1,160	2,684	2,042
Cash at bank and in hand	7,694	6,715	4,472	4,069
	<b>10,411</b>	<b>8,319</b>	<b>7,334</b>	<b>6,305</b>
23 Creditors – amounts falling due within one year	(6,461)	(4,898)	(5,231)	(4,289)
<b>Net current assets</b>	<b>3,950</b>	<b>3,421</b>	<b>2,103</b>	<b>2,016</b>
24 Creditors – amounts falling due after more than one year	(204)	(420)	(204)	(420)
<b>Net assets</b>	<b>16,178</b>	<b>15,409</b>	<b>14,251</b>	<b>13,953</b>
<b>FUNDS</b>				
25 Restricted funds	825	894	819	887
26 Unrestricted funds				
Designated funds	279	288	279	288
Accumulated funds	5,102	3,965	3,270	2,604
Revaluation reserves	9,972	10,262	9,883	10,174
<b>Total funds</b>	<b>16,178</b>	<b>15,409</b>	<b>14,251</b>	<b>13,953</b>

The accompanying notes form part of these accounts.

These financial statements were approved and signed on behalf of the board of trustees on 10 March 2017 by:



Guy Perricone  
Trustee, Board of Trustees



Julia Bond  
Trustee, Board of Trustees

# GROUP CASH FLOW STATEMENT

For the year to 31 July 2016

Restricted and unrestricted funds	Notes	2016 £000	2015* £000
<b>a. STATEMENT OF CASH FLOWS</b>			
<b>Cash flows from operating activities:</b>			
<i>Net cash provided by (used in) operating activities</i>	b.	1,168	1,002
<b>Cash flows from investing activities:</b>			
Interest receivable		40	47
Interest payable		(147)	(156)
Purchase of tangible fixed assets and construction-in-progress		(72)	(244)
Purchase of intangible fixed assets		(14)	-
Investment in joint venture		(35)	(6)
<b>Net cash used in investing activities</b>		<b>(228)</b>	<b>(359)</b>
<b>Cash flows from financing activities:</b>			
Amounts borrowed (repaid) from the banks		18	210
Amounts (repaid) on finance leases		-	(18)
<b>Net cash provided by financing activities</b>		<b>18</b>	<b>192</b>
<b>Net cash used in overseas taxation</b>		<b>(230)</b>	<b>(163)</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>728</b>	<b>672</b>
Cash and cash equivalents at the beginning of the reporting period	c.	5,633	5,513
Change in cash and cash equivalents due to exchange rate moments		883	(552)
<b>Cash and cash equivalents at the end of the reporting period</b>	c.	<b>7,244</b>	<b>5,633</b>
<b>b. Reconciliation of net income/(expenditure) to net cash flow from operating activities</b>			
Net income for the reporting period (as per the statement of financial activities)		233	679
Adjustments for:			
Impairment on investment		(12)	(18)
Interest receivable		(40)	(47)
Interest payable		147	156
Taxation payable		230	163
Depreciation – tangible fixed assets		195	317
(Increase)/decrease in stocks		56	(5)
(Increase)/decrease in debtors		(1,168)	3
Increase/(decrease) in creditors		1,963	(657)
Effect of foreign exchange on net assets		(436)	411
<b>Net cash provided by (used in) operating activities</b>		<b>1,168</b>	<b>1,002</b>
<b>c. Analysis of cash and cash equivalents</b>			
Cash in hand		7,694	6,715
Notice deposits (less than three months)		-	-
Overdraft facility repayable on demand		(450)	(1,082)
<b>Total cash and cash equivalents</b>		<b>7,244</b>	<b>5,633</b>

\*See note 1(b)

# ACCOUNTING POLICIES

Year ended 31 July 2016

## Notes

### 1(a) Basis of accounting

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015. The RAD meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historic cost or transaction value except for investments and fixed assets which have been included at revalued amounts.

### 1(b) Reconciliation with previous generally accepting accounting practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP 2015 the restatement of comparative items was required. In their estimation, the impact of transitioning is not material to the financial statements and therefore restatement of comparative items is not required. However, it has been necessary to provide for the liability arising from accrued but unused staff holiday at the financial year end, at an additional amount of £111,000. Whilst this provision effectively relates to prior years, as it is not material it has been accounted for in current year. In addition, to present the financial statements in accordance with the Charities SORP 2015, certain items have been presented differently compared to prior year. This has been highlighted where appropriate. 2015 figures have been restated to allocate Governance costs by activity, in line with the new SORP. The transition date was 1 July 2014. In addition, unrestricted funds have been restated to include designated funds.

### 1(c) Going concern

These accounts have been prepared on the going concern basis. In common with other charities, the RAD faces uncertainties arising from current economic conditions. As explained in the report of the trustees the planning process, including financial projections, has taken into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure. Page 13 of this report and statements discusses these uncertainties and the trustees conclude that there are no material uncertainties as of the date of this report which may cast doubt about the charity and group's ability to continue as a going concern.

### 1(d) 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 2016, and the consolidated group accounts include the audited accounts of the charity and its subsidiaries. All activities derive from continuing operations.

### 1(e) 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(f) 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(g) Intangible fixed assets

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

### 1(h) Leases

Assets held under hire purchase contracts, which confer rights and obligations, similar to those attached to owned assets, are capitalised as fixed assets and are depreciated over their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the SOFA over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. The group currently has no assets held under finance leases.

### 1(i) Investments

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

### 1(j) 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.

# ACCOUNTING POLICIES

Year ended 31 July 2016

## Notes

### I(k) 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.

### I(l) Recognition of income

Income is recognised in the statement of financial activities on a receivable basis. This is when the RAD has entitlement, receipt is probable 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 RAD 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 income.

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

### I(m) 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 raising funds: costs of raising 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. These are now allocated within support costs as per the requirements of the Charities SORP 2015.
- (d) Indirect support costs have been allocated on the following bases:
  - Salaries and pensions: staff numbers per department
  - General administration: staff numbers per department
  - Information technology: staff numbers per department
  - Rent and property: departmental use for office space and income generated for studio space
  - Depreciation: estimated use
  - Governance: staff numbers per department

### I(n) Pension costs

Retirement benefits to employees are provided by defined contribution pension schemes and for teachers by the Teachers' Pension Scheme, a defined benefit scheme. The Teachers' Pension Scheme is a multi-employer scheme where the RAD cannot identify their individual share of assets, and is therefore accounted as a defined contribution scheme. Contributions payable to the pension schemes in respect of each accounting period are charged to the statement of financial activities.

### I(o) Fund accounting

Funds can be classified as Designated or Restricted. Unrestricted funds are all other general funds that can be applied at the discretion of the trustees in accordance with the RAD's charitable objects. They arise from a number of sources, which include:

- (a) Donations, legacies, scholarships, bursaries and trusts left to the RAD and its branches and subsidiaries to administer in accordance with the conditions laid down therein.
- (b) Grants, sponsorship and project money awarded to the RAD and its branches and subsidiaries where conditions are related to their expenditure.
- (c) Fundraising events and appeals for monies for specific purposes set up by the RAD and its branches and subsidiaries.
- (d) Funds from unrestricted activities set aside by trustees to fund particular activities. These are classified as Designated Funds.
- (e) Income and expenditure is treated as per notes (l) and (m). 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.

# ACCOUNTING POLICIES

Year ended 31 July 2016

## Notes

### I(p) Regional advisory committees

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

### I(q) Treatment of VAT

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

### I(r) Financial instruments

Trade and other debtors are recognised at the settlement amount due after any discount offered and net of the bad debt provision. Prepayments are valued at the amount prepaid, net of any trade discounts due. Creditors and provisions are recognised where the group has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party, and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

### I(s) Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies described above, the trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates, judgements and assumptions are made based on a combination of past experience, professional expert advice and other evidence that is relevant to the particular circumstance.

The valuation of freehold properties is considered to involve the critical judgements and sources of estimation uncertainty when applying the group's accounting policies.

# NOTES TO THE ACCOUNTS

Year ended 31 July 2016

## Notes

	2016			2015		
	Unrestricted Funds £000	Restricted funds £000	Total funds £000	Unrestricted funds £000	Restricted funds £000	Total funds £000
<b>2 Income endowments from:</b>						
Donations, gifts and legacies	80	-	80	32	2	34
Grants	-	58	58	-	-	-
	<b>80</b>	<b>58</b>	<b>138</b>	<b>32</b>	<b>2</b>	<b>34</b>
<b>3 Other trading activities</b>						
Fundraising activities	18	43	61	110	140	250
Licensing and royalty income	248	-	248	248	-	248
Property and studio hire	55	-	55	53	-	53
	<b>321</b>	<b>43</b>	<b>364</b>	<b>411</b>	<b>140</b>	<b>551</b>

## 4 Trading

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

	2016 £000	2015 £000
Turnover net of taxes and discounts	787	1,193
Cost of sales and other costs	(586)	(921)
<b>Net income from trading</b>	<b>201</b>	<b>272</b>

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 **£353,000** (2015: £339,000) to its parent company.

	2016			2015		
	Unrestricted Funds £000	Restricted funds £000	Total funds £000	Unrestricted funds £000	Restricted funds £000	Total funds £000
<b>5 Investment income</b>						
Interest received	39	1	40	46	1	47
	<b>39</b>	<b>1</b>	<b>40</b>	<b>46</b>	<b>1</b>	<b>47</b>
<b>6 Education and training fees</b>						
Initial Education	3,278	-	3,278	3,331	-	3,331
Continuing Education	2,830	648	3,478	2,606	652	3,258
	<b>6,108</b>	<b>648</b>	<b>6,756</b>	<b>5,937</b>	<b>652</b>	<b>6,589</b>
<b>7 Other income</b>						
Advertising income	42	-	42	51	-	51
All other income	24	-	24	42	-	42
	<b>66</b>	<b>-</b>	<b>66</b>	<b>93</b>	<b>-</b>	<b>93</b>



# NOTES TO THE ACCOUNTS

Year ended 31 July 2016

## Notes

	2016			2015*		
	Unrestricted Funds £000	Restricted funds £000	Total funds £000	Unrestricted funds £000	Restricted funds £000	Total funds £000
<b>Expenditure</b>						
<b>8 Costs of raising funds*</b>						
Fundraising activities	(117)	-	(117)	(121)	-	(121)
Property and studio hire	(11)	-	(11)	(1)	-	(1)
Trading	(1,007)	-	(1,007)	(1,268)	-	(1,268)
	<b>(1,135)</b>	<b>-</b>	<b>(1,135)</b>	<b>(1,390)</b>	<b>-</b>	<b>(1,390)</b>
<b>9 Costs of charitable activities*</b>						
Examinations	(8,688)	-	(8,688)	(8,780)	-	(8,780)
Initial Education	(4,391)	-	(4,391)	(4,019)	-	(4,019)
Continuing Education	(3,394)	(829)	(4,223)	(3,075)	(675)	(3,750)
Subscription	(930)	-	(930)	(924)	-	(924)
	<b>(17,403)</b>	<b>(829)</b>	<b>(18,232)</b>	<b>(16,798)</b>	<b>(675)</b>	<b>(17,473)</b>
<b>10 Auditor fees payable</b>						
<b>Fees payable to the charity's auditor and its associates for the audit of the Charity's annual accounts</b>						
Audit fees	110	-	110	(119)	-	(119)
Other services	12	-	12	-	-	-
<b>Fees payable to the charity's auditor and its associates for the audit of the charity's subsidiaries</b>						
Audit fees	60	-	60	(54)	(1)	(55)
Other services	-	-	-	-	-	-
<b>Fees payable to other auditors for the audit of the charity's branches and subsidiaries</b>						
Fees	(46)	-	(46)	(98)	-	(98)
<b>11 Other expenditure</b>						
Loss on asset disposals	-	-	-	(26)	-	(26)
Exchange losses	(75)	-	(75)	5	-	5
Taxation	(230)	-	(230)	(163)	-	(163)
	<b>(305)</b>	<b>-</b>	<b>(305)</b>	<b>(184)</b>	<b>-</b>	<b>(184)</b>

\*See note 1(b)

# NOTES TO THE ACCOUNTS

Year ended 31 July 2016

## Notes

### 12 Analysis of indirect support costs<sup>1</sup> Unrestricted funds 2016

	Exams	Education	Training	Subscription	Trading	Total Charitable Activities
	£000	£000	£000	£000	£000	£000
Salaries and pensions	(1,316)	(816)	(386)	(218)	(218)	(2,954)
General administration	(612)	(372)	(187)	(118)	(65)	(1,354)
Information technology	(113)	(95)	(46)	(30)	(28)	(312)
Financing charges	(61)	(41)	(22)	(12)	(10)	(146)
Depreciation	(99)	(54)	(35)	(19)	(13)	(220)
Rent and property	(345)	(213)	(109)	(34)	(38)	(739)
Governance	(324)	(140)	(82)	(37)	(50)	(633)
	<b>(2,870)</b>	<b>(1,731)</b>	<b>(867)</b>	<b>(468)</b>	<b>(422)</b>	<b>(6,358)</b>

### Unrestricted funds 2015

	Exams	Education	Training	Subscription	Trading	Total Charitable Activities
	£000	£000	£000	£000	£000	£000
Salaries and pensions	(1,310)	(673)	(387)	(227)	(118)	(2,715)
General administration	(574)	(276)	(171)	(111)	(81)	(1,213)
Information technology	(125)	(98)	(53)	(37)	(17)	(330)
Financing charges	(59)	(38)	(21)	(16)	(6)	(140)
Depreciation	(140)	(66)	(42)	(28)	(13)	(289)
Rent and property	(227)	(126)	(72)	(27)	(15)	(467)
Governance	(302)	(348)	(78)	(63)	(97)	(888)
	<b>(2,737)</b>	<b>(1,625)</b>	<b>(824)</b>	<b>(509)</b>	<b>(347)</b>	<b>(6,042)</b>

2015 figures have been restated to allocate Governance costs by activity, in line with the new SORP. See note 1(b).

<sup>1</sup> The basis of allocation of support costs are disclosed in note 1(m). See also note 1(b)

# NOTES TO THE ACCOUNTS

Year ended 31 July 2016

## Notes

### 13 Related party transactions

Four trustees (2015: four) who are also examiners, tutors or mentors received £36,123 in related fees and also expenses including travel costs for attending trustee meetings, and a further £6,536 was paid to six trustees for travel and other expenses to attend Board meetings (2015: seven). Payments to trustees who are also examiners, tutors and mentors are in accordance with Articles 6.5, and 10 of the Charter. £48,738 was paid in 2015. Trustees received no remuneration for volunteering their time.

The following related party transactions took place during the year:

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: 2016: £94,085 (¥15,885,485) (2015: £88,573 (¥16,101,773))

Amount due at 31 July 2016: £34,370 (¥4,640,760) (2015: £23,184 (¥4,493,240))

Related party: Lala Salendu (National Director – Indonesia) as owner of dance studios

Transaction: Hire of studios to Yayasan Royal Academy of Dance Indonesia for examinations and courses. Commission income received.

Cost of transactions: £15,566 (Rupiah 309,996,600) (2015: £12,177 (Rupiah 240,000,000))

Amount due at 31 July 2016: £4,025 (Rupiah 69,996,600) (2015: Nil (Rupiah Nil))

Related party: Holger Winter (spouse of National Director – Germany)

Transaction: Administration services for Royal Academy of Dance gGmbH

Cost of transaction: £546 (€720) (2015: €720)

Amount due at 31 July 2016: £Nil (€ Nil) (2015: Nil (€ Nil))

Related party: Ross Alexander (son of National Director – USA) as owner of GSS Interactive

Transaction: Website management services

Cost of transaction: £820 (US\$1,200) (2015: £2,240 (\$3,500))

Amount due at 31 July 2016: £Nil (2015: £Nil)

Related party: Claudio Concenio De Luca (Father of National Director – Italy)

Transaction: Sale of personal computer.

Cost of transaction: £185 (€244) (2015: €Nil)

Amount due at 31 July 2016: £Nil (2015: £Nil)

Related party: Dance Etc and Pilar Monteiro (Niece of National Director – Portugal)

Transaction: Studio hire for Exams and CPD activities and office hire. Pilar Monteiro has been an employee since March 2016.

Cost of transactions: £7,667 (€10,108) (2015: €Nil)

Amount due at 31 July 2016: £Nil (€ Nil) (2015: Nil (€ Nil))

Related party: Blanca Cortes (daughter of National Director – Spain)

Transaction: Annual office rent for RAD.

Cost of transaction: £4,825 (€6,360) (2015: €Nil)

Amount due at 31 July 2016: £Nil (€ Nil) (2015: Nil (€ Nil))

All transactions were at arm's length. The RAD has taken advantage of the option conferred by Section 33 of FRS 102 Related Party Disclosures that allows it not to disclose transactions with subsidiaries.

### 14 Indemnity insurance

Indemnity insurance was included as part of the RAD's global policy to indemnify it from loss arising from the neglect or default of its trustees, employees or agents and to indemnify the trustees and other officers against the consequence of any neglect or default on their part, in accordance with Article 6(h) of the Charter. The cost for the year to 31 July 2016 was **£5,800** (2015: £5,800).

# NOTES TO THE ACCOUNTS

Year ended 31 July 2016

## Notes

### 15 Costs of employees

The RAD employed 191 (2015: 203) administrative staff and 47 (2015: 40) commission-based staff worldwide, as well as contracting the services of examiners, teachers, tutors and musicians. Employment costs account for 63% (2015: 56%) of total expenditure (excluding other expenditure):

	2016			2015		
	Unrestricted Funds £000	Restricted funds £000	Total funds £000	Unrestricted Funds £000	Restricted funds £000	Total funds £000
Employee gross salaries	(8,862)	-	(8,862)	(8,867)	-	(8,867)
Employee payroll taxes	(544)	-	(544)	(504)	-	(504)
Employer pension contribution	(288)	-	(288)	(284)	-	(284)
Employees on commission	(613)	-	(613)	(571)	-	(571)
<b>Total employment costs</b>	<b>(10,307)</b>	<b>-</b>	<b>(10,307)</b>	<b>(10,226)</b>	<b>-</b>	<b>(10,226)</b>

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

The total employee benefits of the key management personnel of the charity (as listed on page 2), excluding employer's pension contributions, were £501,000 (2015: £483,000).

	2016	2015
<b>Number of Group employees earning:</b>		
Between £100,001 – £110,000	1	1
between £90,001 – £100,000	1	1
between £80,001 – £90,000	-	-
between £70,001 – £80,000	3	1
between £60,001 – £70,000	6	5

### 16 Pension costs

The pension charge for the year to 31 July 2016 was **£288,000** (2015: £284,000).

In the UK the RAD currently operates two schemes, representing in total 142 employees (2015: 141), following the introduction of auto-enrolment.

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

Elsewhere the RAD operates or contributes to a variety of defined contribution schemes, money purchase schemes or statutory schemes, representing 51 (2015: 47) employees in nine (2015: nine) countries.

### 17 Taxation

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

### 18 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. There have been computer software additions during the year of £14,000 (2015: £10,000), offset by amortisation of £6,000 (2015: £2,000).

# NOTES TO THE ACCOUNTS

Year ended 31 July 2016

## Notes

### 19 Tangible fixed assets held for charitable use

Group	Freehold land and buildings	Furniture and office equipment	Computer equipment	Motor vehicles	Total
Cost or Valuation	£000	£000	£000	£000	£000
At 1 August 2015	12,032	608	1,257	44	13,941
Exchange movements	404	48	76	7	535
Revaluation	(319)	-	-	-	(319)
Additions	3	40	29	-	72
Disposals	-	(48)	(4)	-	(52)
<b>At 31 July 2016</b>	<b>12,120</b>	<b>648</b>	<b>1,358</b>	<b>51</b>	<b>14,177</b>
<b>Accumulated depreciation</b>					
At 1 August 2015	33	443	1,087	29	1,592
Exchange movements	-	25	72	6	103
Charge for the year	38	36	113	8	195
Eliminated on disposals	-	(46)	(2)	-	(48)
<b>At 31 July 2016</b>	<b>71</b>	<b>458</b>	<b>1,270</b>	<b>43</b>	<b>1,842</b>
<b>Net book value</b>					
<b>At 31 July 2016</b>	<b>12,049</b>	<b>190</b>	<b>88</b>	<b>8</b>	<b>12,335</b>
<b>At 31 July 2015</b>	<b>11,999</b>	<b>165</b>	<b>169</b>	<b>15</b>	<b>12,349</b>
<b>Charity</b>					
Charity	£000	£000	£000	£000	£000
Cost or Valuation					
At 1 August 2015	11,915	548	1,174	44	13,681
Exchange movements	396	34	65	7	502
Revaluation	(319)	-	-	-	(319)
Additions	3	34	19	-	56
Disposals	-	(48)	-	-	(48)
<b>At 31 July 2016</b>	<b>11,995</b>	<b>568</b>	<b>1,258</b>	<b>51</b>	<b>13,872</b>
<b>Accumulated depreciation</b>					
At 1 August 2015	31	409	1,019	29	1,488
Exchange movements	-	19	61	6	86
Charge for the year	38	30	108	8	184
Eliminated on disposals	-	(46)	-	-	(46)
<b>At 31 July 2016</b>	<b>69</b>	<b>412</b>	<b>1,188</b>	<b>43</b>	<b>1,712</b>
<b>Net book value</b>					
<b>At 31 July 2016</b>	<b>11,926</b>	<b>156</b>	<b>70</b>	<b>8</b>	<b>12,160</b>
<b>At 31 July 2015</b>	<b>11,884</b>	<b>139</b>	<b>155</b>	<b>15</b>	<b>12,193</b>

# NOTES TO THE ACCOUNTS

Year ended 31 July 2016

## Notes

### 19 Tangible fixed assets held for charitable use (continued)

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

		Value at 1 August 2015	Charge for the year	Additions to freehold	Increase (decrease) in valuation	Value at 31 July 2016	Net historical cost
UK	£'000	10,295	(38)	-	(515)	9,742	1,910
Australia	A\$000	3,400	-	5	395	3,800	470
South Africa	Rand'000	2,280	-	-	-	2,280	654

		Value at 1 August 2015	Exchange movement	Charge for the Year	Additions to freehold	Increase in valuation	Value at 31 July 2016
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
UK	10,295	-	(38)	-	(515)	9,742	
Australia	1,589	396	-	3	196	2,184	
South Africa	115	8	-	-	-	123	
<b>Total</b>	<b>11,999</b>	<b>404</b>	<b>(38)</b>	<b>3</b>	<b>(319)</b>	<b>12,049</b>	

The freehold property in the UK was valued on 31 July 2016 in accordance with the requirements of the RICS Valuation – Professional Standards (7th edition) and FRS 102, and was valued to existing use value assuming the property would be sold as part of the continuing business. The Valuer's opinion of value was primarily derived using comparable recent market transactions.

The freehold property in Australia was valued on 31 July 2016 at fair value; assuming the land component would be of interest to a developer rather than as part of the continuing business.

These valuations were carried out by:

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

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

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

# NOTES TO THE ACCOUNTS

Year ended 31 July 2016

## Notes

	Group		Charity	
	2016 £000	2015 £000	2016 £000	2015 £000
<b>20 Investments</b>				
<b>Quoted investments</b>				
Market value at 1 August	42	37	38	33
Net realised / unrealised gains	6	5	5	5
<b>Market value at 31 July</b>	<b>48</b>	<b>42</b>	<b>43</b>	<b>38</b>
<b>Historical cost at 31 July</b>	<b>23</b>	<b>23</b>	<b>13</b>	<b>13</b>
<b>Investment in joint venture</b>				
Dance Proms <sup>2</sup>	3	15	3	15
Investment during the year	35	6	35	6
less impairment during year	(12)	(18)	(12)	(18)
<b>As at 31 July</b>	<b>26</b>	<b>3</b>	<b>26</b>	<b>3</b>
<b>Investments in subsidiaries</b>				
Balance at 1 August	-	-	119	119
Additions	-	-	-	-
<b>As at 31 July</b>	<b>-</b>	<b>-</b>	<b>119</b>	<b>119</b>
<b>Total investments at 31 July</b>	<b>74</b>	<b>45</b>	<b>188</b>	<b>160</b>
<i>Quoted investments</i>				
Held in the UK	43	38	43	38
Held outside the UK	5	4	-	-

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

The charity owns 100% of the issued capital of the subsidiary companies on page 35, whose aims and objectives mirror those of the RAD, with the exception of Royal Academy of Dance S/C Ltda., a company registered in Brazil, and Royal Academy of Dance de Mexico AC, a company registered in Mexico whose issued share capitals are held 100% in trust on behalf of the Royal Academy of Dance; and RAD Dancing (Thailand) Co Ltd where the RAD holds 49% of the issued share capital, but has effective control.

The charity also has effective control over a building fund in South Africa which is administered by the 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. The results of these entities are included in the Group's results as long as the RAD continues to maintain a branch in South Africa, and operations in Indonesia. RAD Dancing (Malaysia) Sdn. Bhd. is a wholly owned subsidiary of Royal Academy of Dance Singapore Pte Ltd.

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

# NOTES TO THE ACCOUNTS

Year ended 31 July 2016

## Notes

### 20 Investments (continued)

#### Investments in subsidiaries

Subsidiaries	Country of incorporation	Co Registration number	% of issued share capital	Net Worth £000
Royal Academy of Dance S/C Ltda	Brazil	CNP-J27907864/0001-48	Held in trust	-
Royal Academy of Dance gGmbH	Germany	HRB 103317	100%	63
Yayasan RAD Indonesia	Indonesia	NPWP:01.683.529.0-017.000	100% control	6
Royal Academy of Dance Srl	Italy	TN-0174567	99%	8
Royal Academy of Dance Asbl	Luxembourg	RCS 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%	-
Royal Academy of Dance	South Africa	1990/004233/08	100% control	-
Royal Academy of Dance SL	Spain	CIF No B-59915330	100%	2
RAD Dancing (Thailand) Co Ltd	Thailand	05055540038970	49%	37
Royal Academy of Dance Enterprises Ltd	Great Britain	No 2773495	100%	-
<b>Balance at 31 July</b>				<b>119</b>

	Group		Charity	
	2016	2015	2016	2015
	£000	£000	£000	£000
<b>21 Stocks</b>				
Finished goods and goods for resale	388	444	178	194
<b>Balance at 31 July</b>	<b>388</b>	<b>444</b>	<b>178</b>	<b>194</b>
<b>22 Debtors</b>				
Trade debtors	763	375	672	278
Amounts due from subsidiaries	-	-	662	1,176
Other debtors	360	233	190	143
Prepayments and accrued income	1,206	552	1,160	445
<b>Balance at 31 July</b>	<b>2,329</b>	<b>1,160</b>	<b>2,684</b>	<b>2,042</b>
<b>23 Creditors: amounts falling due within one year</b>				
Bank overdrafts	(450)	(1,082)	(450)	(1,082)
Bank loans	(264)	(12)	(264)	(12)
Trade creditors	(1,761)	(1,161)	(1,315)	(922)
Taxation and social security	(332)	(254)	(161)	(140)
Accruals and deferred income	(3,654)	(2,389)	(3,041)	(2,133)
<b>Balance at 31 July</b>	<b>(6,461)</b>	<b>(4,898)</b>	<b>(5,231)</b>	<b>(4,289)</b>

#### Bank overdrafts

Royal Academy of Dance Enterprises Ltd has a £300,000 overdraft facility with HSBC Bank Plc. This was unutilised at year end.



# NOTES TO THE ACCOUNTS

Year ended 31 July 2016

## Notes

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

#### Bank overdrafts (continued)

**£450,149** (2015: £1,114,291) 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 1% (2015: 2%) on so much as is covered by cleared credit balances, and 1.9% over base rate (2015: 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 Royal Academy of Dance in the United Kingdom had not utilised any of the £700,000 available in the grouped overdraft facility (2015: £nil).

HSBC Bank Plc renewed the RAD's facilities for a further year in July 2016. The facilities are secured on the freehold property at 36 Battersea Square, London SW11 3RA.

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

A Base rate loan facility of £250,000, secured on the property at 36 Battersea Square, London, was made available by HSBC Plc in July 2014 to assist in the payment of professional fees related to the change of planning use on that property. The facility crystallised on draw down in November 2014 and was repayable in November 2016, and has now been renegotiated to be repayable in June 2017. It attracts interest at 3.4% over the Bank of England Base Rate. At year end it had been fully utilised.

	Group		Charity	
	2016	2015	2016	2015
	£000	£000	£000	£000
24 Creditors: amounts falling due after more than one year				
Provision for long-service award	(18)	-	(18)	-
Bank loans	(186)	(420)	(186)	(420)
<b>Balance at 31 July</b>	<b>(204)</b>	<b>(420)</b>	<b>(204)</b>	<b>(420)</b>

#### Bank loans

A Bank loan of **£185,886** (2014: £182,262) relates to bank bill business loan of **A\$400,000** utilised in March 2012 to complete building works on 20 Farrell Avenue, Sydney. The loan is interest and fees for the first 3 years; then principal, interest and fees for the remaining period of 12 years, expiring 2027. The current interest rate is 6.455%. The change in total liability is due to exchange movements as well as payments against the loan. The loan is secured on that property.

# NOTES TO THE ACCOUNTS

Year ended 31 July 2016

## Notes

### 25 Movement in other funds

		Type of Fund	Balance at 1 August 2015	Exchange Movement	Revalued balance at 1 August 2015	Income	Expenditure	Net movement	Gains on investments realised and unrealised	Transfers from unrestricted funds	Balance at 31 July 2016
			£000	£000	£000	£000	£000	£000	£000	£000	£000
Genée Legacy funds	Singapore	Designated	24	-	24	-	(18)	(18)	-	-	6
Genée Legacy funds	UK	Designated	17	-	17	-	(16)	(16)	-	-	1
Challengenée Funds	UK	Designated	98	-	98	3	-	3	-	-	101
Social Responsibility Fund	Group	Designated	104	4	108	15	(2)	13	-	-	121
Evans Legacy	USA	Designated	45	8	53	-	(3)	(3)	-	-	50
			<b>288</b>	<b>12</b>	<b>300</b>	<b>18</b>	<b>(39)</b>	<b>(21)</b>	<b>-</b>	<b>-</b>	<b>279</b>
Step into Dance programme	UK	Project	29	-	29	648	(706)	(58)	-	-	(29)
CLIF programme	UK	Project	17	-	17	14	(24)	(10)	-	-	7
Benesh Projects	UK	Project	12	-	12	(4)	(3)	(7)	-	-	5
Scholarship/bursary funds	UK	Restricted	597	-	597	5	(26)	(21)	4	-	580
Boys Only! funds	UK	Restricted	64	-	64	4	(4)	-	-	-	64
Iris Truscott fund	UK	Restricted	29	-	29	1	(1)	-	1	-	30
Regional Scholarship funds	UK	Restricted	55	-	55	22	(20)	2	-	-	57
Jubilee Awards 2012	UK	Restricted	18	-	18	-	-	-	-	-	18
RADiate	UK	Restricted	-	-	-	60	(44)	16	-	-	16
Christel Addison funds	Sth Africa	Restricted	65	5	70	-	-	-	-	-	70
Scholarship fund	Israel	Restricted	1	-	1	-	-	-	-	-	1
<b>Total Charity</b>			<b>887</b>	<b>5</b>	<b>892</b>	<b>750</b>	<b>(828)</b>	<b>(78)</b>	<b>5</b>	<b>-</b>	<b>819</b>
Building fund	S Africa	Restricted	7	-	7	-	(1)	(1)	-	-	6
<b>Total Group</b>			<b>894</b>	<b>5</b>	<b>899</b>	<b>750</b>	<b>(829)</b>	<b>(79)</b>	<b>5</b>	<b>-</b>	<b>825</b>

# NOTES TO THE ACCOUNTS

Year ended 31 July 2016

## Notes

### Designated funds

Designated funds form part of unrestricted reserves:

**Genée Legacy funds (Singapore and UK):** Funds raised from the Genée International Ballet Competition. Payments were made from these funds to support the costs of the London Genée held in December 2016.

**Challengenée funds:** Funds raised to support the Genée International Ballet Competition and bursaries.

**Social Responsibility fund:** This was set up in 2011 by the Trustees to meet its Public Benefit responsibility through Royal Academy of Dance Enterprises Ltd and branch retail outlets in Australia, Canada, New Zealand, South Africa and the USA gift-aiding or transferring, as appropriate, 2% of their sales turnover after tax and discounts. A total of £15,000 (2015: £23,000) was raised during the year from sales, with £2,000 (2015: £nil) in costs. No awards have yet been made.

**Evans Legacy (USA):** US\$70,000 of a US\$120,000 legacy left to the Royal Academy of Dance's US office was designated in 2014 for future projects. £3,000 transfers were made this year.

### Restricted funds

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

These funds are used for specific projects:

**Step into Dance:** A fully inclusive, community dance programme, a partnership between the Royal Academy of Dance who lead the programme and The Jack Petchey Foundation who fund it. In 2016 the programme ran in 200 secondary schools (2015: 200) in 32 London boroughs (2015: 32).

**The Community Learning and Innovation Fund (CLIF):** Funded research into Dance for Lifelong Wellbeing.

Other restricted funds:

**Scholarship / bursary funds:** To provide grants to students attending teacher education and notation programmes at the RAD. Awards totalling £27,000 were made in this financial year (2015: £50,000).

**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.

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

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

**Jubilee Awards 2012:** One of four awards made to the Royal Academy of Arts, the Royal Academy, the Royal Academy of Dramatic Art and the Royal Academy of Dance to honour HM The Queen's patronage of the four Academies' in her Golden Jubilee Year.

**RADiate funds:** Funds are raised from a grant received by City Bridge Trust and school tuition fees for special needs education in primary schools.

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

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

**Building fund (South Africa):** The building is owned by 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 2016

## Notes

### 26 Movement in unrestricted funds

	Balance At 1 August 2015	Exchange movements	Net incoming resources	Other recognised losses	Transfers Between funds	Balance at 31 July 2016
	£000	£000	£000	£000	£000	£000
<b>Charity</b>						
Accumulated funds	2,892	623	46	(12)	-	3,549
Revaluation reserve	10,174	-	-	(291)	-	9,883
	<b>13,066</b>	<b>623</b>	<b>46</b>	<b>(303)</b>	<b>-</b>	<b>13,432</b>
<b>Group</b>						
Accumulated funds	4,253	821	319	(12)	-	5,381
Revaluation reserve	10,262	-	-	(290)	-	9,972
	<b>14,515</b>	<b>821</b>	<b>319</b>	<b>(302)</b>	<b>-</b>	<b>15,353</b>

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

	Unrestricted funds	Restricted funds	Total funds
	£000	£000	£000
<b>27 Analysis of group net assets between funds</b>			
Tangible fixed assets	12,335	-	12,335
Intangible fixed assets and investments	50	47	97
Current assets	9,258	778	10,036
Current liabilities	(6,086)	-	(6,086)
Amounts falling due after more than one year	(204)	-	(204)
<b>Total net assets</b>	<b>15,353</b>	<b>825</b>	<b>16,178</b>

### 28 Parent charity

The parent charity (UK Group) had net outgoing resources before consolidation adjustments, transfers between funds, and other recognised gains and losses of **£255,000** (2015: net incoming resources £388,000).

	2016			2015		
	Income	Expenditure	Net income (expenditure)	Income	Expenditure	Net income (expenditure)
	£000	£000	£000	£000	£000	£000
Unrestricted funds	10,578	(10,744)	(166)	10,224	(9,948)	276
Restricted and designated funds	734	(823)	(89)	786	(674)	112
<b>For the year to 31 July</b>	<b>11,312</b>	<b>(11,567)</b>	<b>(255)</b>	<b>11,010</b>	<b>(10,622)</b>	<b>388</b>

## GROUP

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

### Subsidiary offices

Benelux & France	Royal Academy of Dance Asbl., 8, rue de Beggen, L-1220 Luxembourg.
Germany	Royal Academy of Dance gGmbH, Waldenserstrasse 2-4, 10551 Berlin
Indonesia	Yayasan RAD Indonesia, Jl. Angur III / no:1 Cipete, Jakarta Selatan 12410
Italy	Royal Academy of Dance Srl., Via Vannetti 12, 38122 Trento
Malaysia	RAD Dancing (Malaysia) Sdn Bhd., No 16F 1 Sentral, Jalan Stesen Sentral, Kuala Lumpur 50470
Mexico & Central America	Royal Academy of Dance de Mexico AC, Amates 18 Fracc Alconfores, San Mateo, Naucalpan CP 53240, Mexico
Singapore	Royal Academy of Dance Singapore Pte Ltd, Farrer Road Post Office, PO Box 106, Singapore 912804
South Africa	Royal Academy of Dance s21 Company, PO Box 200, Bramley 2018, Johannesburg
South America	Royal Academy of Dance Brasil Ltda, Rua Dr Francisco A Tozzi, 180 Estância Suiçã 13930 000 Serra Negra-SP, Brasil
Spain, Andorra & Gibraltar	Royal Academy of Dance SL., Ventura i Gassol, 3, 5è-3a, 43203 Reus, Tarragona, Spain
Thailand	RAD Dancing (Thailand) Co Ltd, 121/12, Moo 10, Chiangmai-Hangdong Road, Tambon: Pae Dad, Ampur: Muang, Chiangmai 50100
UK	Royal Academy of Dance Enterprises Ltd, 36 Battersea Square, London SW11 3RA

## CHARITY

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

### Branch offices

Australia	20 Farrell Avenue, Darlinghurst, NSW 2010
Canada	Suite 601, 1210 Sheppard Avenue East, Suite 601, Toronto, Ontario M2K 1E3
Israel	Hadar Street 491, Neve Yamin
Japan	Trad Mejiro B2F, 2-39-1 Mejiro, Toshima-Ku, Tokyo 171-0031
New Zealand	Level 11, 49 Boulcott Street, Wellington 6011
Portugal	Rua 4 Infancia 86, 138 C/V Esq, 1350-241 Lisboa
Southern Africa & Mauritius	PO Box 200, Bramley 2018, Johannesburg, South Africa
United States	1927 N 4th Street, Milwaukee 53212, Wisconsin

## UK group

The results of the fourteen representative offices below are included in the results of the UK to form the UK Group:

### Representative offices

Caribbean	PO Box 1433, 8 Rockhampton Drive, Kingston 8, Jamaica
China	2nd Floor Tower 2, Dong Hai Commercial Building, 588 Yan An Dong Lui, Shanghai
Cyprus	71 Irinis Street, 3041 Limassol
Greece	British Council, 17 Kolonaki Square, Athens 10673
Hong Kong	Hong Kong Examination and Assessment Authority, 17 Tseuk Luk Street, San Po Kong, Kowloon
Ireland	Holly Lodge, Pidgeon House Lane, Julianstown, Co. Meath
Malta	c/o 29/10 Sir Luigi Camilleri Street, Sliema SLM1281
Philippines	British Council, 10F Taipan Building, Ortigas Jn Road, Ortigas Center, Pasig City 1605
Scandinavia	Smedstuveien 25, 7040 Trondheim, Norway
South Asia	40a Lake Gardens, off Lake Drive, Rajagiriya 10100, Sri Lanka
South Korea	1703 Artnouveau Palace, 258 Sukchonhosu-ro, Songpa Gu, Seoul 05624
Taiwan	5f, No 122, Sect 7 Chung Shan N. Road, Taipei 11151
Turkey	British Council, Buyukdere Caddesi Maya Akar Centre, No: 100-102 Kat: 5, Esentepe 34394, Istanbul
UAE & Qatar	British Council, PO Box 1636, Dubai

## ADVISERS

<b>UK Banker</b>	HSBC Bank Plc	31 Holborn Circus, London EC1N 2HR
<b>UK Solicitor</b>	Fieldfisher LLP	Riverbank House, 2 Swan Lane, London EC4R 3TT
<b>UK and Group Auditor</b>	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:

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

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