

527018

Royal Ballet School
(A Company Limited by Guarantee)

FINANCIAL STATEMENTS

for the year ended

31 August 2009



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Royal Ballet School

REFERENCE AND ADMINISTRATIVE DETAILS

DIRECTORS

Mr David Norman (Chairman)
Mr Jonathan Chenevix-Trench
Mr Nicolas Chisholm
Mrs Ricki Gail Conway
Mr Richard Cunis
Lady Antonia Douro (Chairman Elect)
Mr Anthony Hall
Ms Janet Lambert
Sir David Lees
Professor Margaret Maden
Dame Monica Mason DBE
Mr Patrick Maxwell, ACA
Mr Charles Parker
Miss Madeleine Plaut
Dame Antoinette Sibley DBE
Mr Edmund Wallis
Mrs Candida Hurst-Brown

SECRETARY

Mr Alan Winter

REGISTERED OFFICE

46 Floral Street
Covent Garden
London WC2E 9DA

AUDITOR

Horwath Clark Whitehill LLP
St Brides House
10 Salisbury Square
LONDON
EC4Y 8EH

BANKERS

Lloyds TSB Bank plc
City of London
39 Threadneedle Street
London EC2R 8AU

Barclays Bank plc
Education Team
Level 28
Churchill Place
London E14 5HP

SOLICITORS

Forsters
31 Hill Street
London W1J 5LS

Royal Ballet School

REPORT OF THE GOVERNORS

The Governors submit their report and the financial statements of the Royal Ballet School for the year ended 31 August 2009

STRUCTURE AND GOVERNANCE

The School is a Charitable Company Limited by Guarantee (Company Number 547018) incorporated in 1955 and is a Registered Charity, number 214364. Information on a connected charity is given in Note 21 to the financial statements.

The Company was established under a Memorandum of Association which established the objects and powers of the Charitable Company and is governed under its Articles of Association.

The School is governed by a Board of Governors whose members are also Directors of the Company and Charity Trustees. The Board is responsible for overseeing the strategy and policies for the School and meets formally three times annually as well as holding other meetings as required to perform its duties.

The directors of the Company during the year were the Members of the Board of Governors who were

Mr David Norman (Chairman)	(resigned 31 August 2009)
Mr Jonathan Chenevix-Trench	
Mr Nicolas Chisholm	
Mrs Ricki Gail Conway	
Mr Richard Cunis	
Lady Antonia Douro	(appointed 26 March 2009)
Mr Anthony Hall	
Mrs Candida Hurst-Brown	(appointed 16 th October 2008)
Ms Janet Lambert	
Sir David Lees	
Professor Margaret Maden	
Dame Monica Mason, DBE	
Mr Patrick Maxwell, ACA	
Mr Kevin O'Hare	(resigned 29 January 2009)
Mr Charles Parker	
Miss Madeleine Plaut	
Dame Antoinette Sibley, DBE	
Mr Edmund Wallis	

Lady Sainsbury, CBE is Governor Emerita of the School.

The Company Secretary was Mr Rikesh Shah until he left the organisation for a new position on 1 February 2009. Mr Alan Winter was appointed Company Secretary with effect from 2 February 2009.

The Board has established the following standing committees which routinely meet before each regular meeting of the Governors:

- Dance Policy Committee
- Academic & Pastoral Committee
- Finance Committee (assumed responsibility for building matters 1 February 2009)
- Development & Funding Committee
- Building Development Committee (disbanded 1 February 2009)
- Nominations Committee
- Remuneration Committee

These committees between them have responsibility to the Board for all the major areas of its accountability.

The policy of the School is to secure the services of Governors from a wide variety of backgrounds whose skills and experience meet the needs of the School. The Nominations Committee meets regularly and reviews the composition of the Board, taking into account the need for succession planning as existing Governors retire.

Royal Ballet School

REPORT OF THE GOVERNORS

All Governors are inducted into the operations of the School through briefings with the Chairman, Director and members of the Senior Management Team. The training needs of Governors are reviewed from time to time and support provided as necessary. In addition, regular presentations are made to the Governing body on key issues of current and ongoing importance.

The day-to-day operations of the School are managed by the Senior Management Team led by the Director. The Director in control of the day-to-day running of the school is Gailene Stock, who is not a Member of the Board of Governors or a company director. During the year the Senior Management Team comprised the following staff:

Director	Ms Gailene Stock
Chief Operating Officer	Mr Alan Winter
Assistant Director	Mr Jay Jolley
Academic and Pastoral Principal	Mr Martin Fosten
Head of Lower School	Ms Philippa Hogg-Andrews
Ballet Principal Lower School	Ms Diane van Schoor
Deputy Head of Lower School	Mr Simon Bushnell
Principal – Outreach Programme	Ms Kathryn Wade
Head of Development	Ms Sarah Eliot-Cohen
Head of Finance	Ms Pippa Adamson

The School has taken out indemnity insurance for the trustees at a cost of £5,696 (2008 £5,145).

OBJECTS AND PRINCIPAL ACTIVITIES

The School's aims are to

- Train and educate full time students towards a career as classical ballet dancers
- Supply The Royal Ballet and Birmingham Royal Ballet with the majority of their dancers
- Recruit these students in the United Kingdom and throughout the world using its Outreach Programme
- Maintain its standing as a world class centre of excellence
- Contribute to the raising of national and international classical ballet teaching standards
- Nurture the young people within its care and to fulfil its responsibilities to students and their parents

The School is located on two main sites where full-time pupils and students are trained and educated. The Lower School is based at White Lodge in Richmond Park and is a boarding school for 11 to 16 year olds. The Upper School in Covent Garden trains students aged 16 to 18. In addition some Upper School students are accommodated at properties in Barons Court in West London and Mercer Street in Covent Garden.

The School's primary objectives are to ensure the highest standards of balletic training and education of its students. These are measured by the rate of employment by international dance companies of the graduate students and the academic results achieved by students taking public examinations.

The School's Outreach programme seeks, amongst other things, to provide dance training to children from the UK who are not full-time students with the School with a particular view to assisting the most talented students to gain a full-time place in the future. Children aged 8 to 12 attend Junior and Mid-Associate classes weekly or monthly at various centres throughout the UK. Pupils aged 13 to 15 attend Senior Associate classes fortnightly in London and Birmingham. The School also runs Junior and Senior International Summer Schools for two weeks in July/August.

The Partnership & Access Programme was established to share the School's expertise and facilities with other schools and organisations across the UK as well as to provide greater opportunities for members of the public to access its facilities and observe the School's activities.

Royal Ballet School

REPORT OF THE GOVERNORS

In addition to on-going monitoring and development of the School's core activities as outlined above, other specific objectives during the year and for the immediate future included the following

- Completion of the redevelopment of the White Lodge site alongside fundraising to finance this major project
- Further growth and development of the Partnership & Access Programme including the opening of a new Ballet Museum at White Lodge
- The acquisition of additional residential accommodation for Upper School students

PUBLIC BENEFIT

The School makes a major contribution to the country's international reputation for arts and culture, specialising in the area of dance and in particular, the classical ballet art form. A place at the School is open to any young person who possesses the potential and talent to become a professional classical ballet dancer irrespective of their social or financial background, or their nationality. To this end a combination of public, private and charitable funding is available to pay for students attending the School. The DCSF provides grants from its Music & Dance Scheme for up to 184 fully funded UK based students or partially funded EU country based students. A small number of students pay private tuition fees. Students (mainly international but not exclusively) can be partly or fully funded from the School's charitable Endowment Fund or charitable donations. In addition, the School participates in a national Partnership & Access programme also funded by the DCSF. This partnership programme with State Schools gives children of both primary and secondary school age access to classical ballet through School's students and network of teaching expertise. There are five centres around the country in Blackpool, Bury St Edmonds, Dagenham, Swindon and Nottingham. The scheme also funds a publicly accessible ballet museum, which is based at White Lodge in Richmond Park, London. A second form of outreach programme exists in the School's national and international Associate programme. The programme offers young people regular access to classes (weekends in term time) and residential courses (one or two weeks in school Easter or summer holidays). In setting our objectives and planning our activities our Governors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education and on fee-charging.

ACHIEVEMENTS AND PERFORMANCE

In September 2008, the School had 125 full-time pupils at the Lower School, 82 full-time pupils on the Upper School Dancers' Course. These figures were comparable to the previous year and the School seeks to maintain student numbers around current levels for the foreseeable future.

All of the 27 Dancers' Course graduates obtained contracts with international dance companies. This was the third consecutive year that the School achieved a 100% employment rate for its graduate class.

The School's full-time students achieved a 100% pass rate in GCSE examinations (91% Grades A* to C), a 100% pass rate in BTEC examinations, a 95% pass rate in AS levels and a 100% pass rate at A level. These were extremely pleasing results given the wide range of academic abilities within the School that arises from an admissions policy based on balletic potential rather than academic achievement.

The Outreach programme continued to attract high levels of interest for places and in September 2008 there were 2,151 applications and 1,841 auditions were held. As a result, 179 joined 302 students on the Associates Course. A further 391 students attended the Junior and Senior International Summer Schools in 2009. Some 70% of the students joining the junior year at the Lower School had previously been trained on the Associates programme. In addition, 8 of the participants on the 2009 Summer School were offered full-time places in the School.

The Partnership and Access Programme continued to grow during the year and the School is working with three secondary schools in London as well as having commenced a 3-year partnership with Bispham High School in Blackpool and four other schools in that area. At primary level, the partnership with Dagenham Park Community School and 4 feeder primaries in East London, continued, and a new partnership was established in Swindon with Swindon Dance, Churchfields School and 4 local primary schools.

The White Lodge redevelopment project was completed on 28 February 2009 on time and on budget. The reawakening of White Lodge was marked officially with a Gala performance on 13 May 2009 attended by the

Royal Ballet School

REPORT OF THE GOVERNORS

School's Patron, His Royal Highness the Prince of Wales and the Duchess of Cornwall along with other distinguished guests, donors and supporters. The new Ballet Museum was also completed on time and within budget and opened on 25 February 2009. The search for new Upper School student accommodation was successfully achieved with the acquisition of a 20 year lease of a property in Mercer Street in Covent Garden. The property has been fully refurbished and opened on time and on budget to receive its first student residents on 4 September 2009.

Following an OFSTED inspection of the School's boarding accommodation in March 2009, the Barons Court student accommodation was fully refurbished and re-equipped in August 2009 to time and budget. Additional staff resources were also employed to review the School's personnel records and files to update them to meet OFSTED requirements. Over 800 records have been re-examined and the project was completed at the end of November 2009. A re-inspection of the boarding facilities is due to take place in the 2009/10 academic year.

FINANCIAL REVIEW

The key to the School's financial stability is the agreement it has with the Department for Children, Schools and Families (DCSF). The core of the School's income comes from the DCSF in the form of means tested grant aid to parents under the Music and Dance Scheme – places on the scheme are available to students from the UK and European Economic Area who meet the appropriate residency requirements. Other students, especially at the Upper School, are funded by their parents and by grants that the School receives from a number of trusts, foundations and individuals. A breakdown of the School's funding is shown in Note 1 on page 17.

Total income remained higher than would normally be the case because of donations received for the White Lodge redevelopment appeal. Operating income and expenditure in respect of on-going activities was broadly in line with budgeted expectations.

A surplus of £2,920,000 arose on the Appeal Fund in respect of donations received for the White Lodge redevelopment which, with funds brought forward, was used to finance the capital expenditure during the year. The School was given a capital grant of £945,000 during the year from the Department of Children, Schools and Families for the purpose of completing backlog repairs and maintenance works not included in the redevelopment programme. A surplus of £417,000 arose on this fund. A review of the Partnership and Access funding was undertaken during the year and this fund was reclassified from unrestricted designated to restricted. This fund generated a deficit of £100,000. A surplus arose on the Bursary and Prize Fund of £5,000. The total surplus, before transfers, on restricted funds was £3,242,000.

Surpluses on operating activities were offset by the depreciation charge for the year. The net movement in funds for the year across all activities was £2,035,000 representing the surplus on restricted funds before transfers (£3,242,000), the deficit on unrestricted funds before transfers (£623,000) and the actuarial loss on the defined benefit pension scheme (£584,000).

White Lodge Redevelopment Project

In November 2005 the School surrendered its existing lease and entered into an agreement to lease the land and buildings at White Lodge for a further 100 years. At the same time it commenced a major redevelopment of the premises, contracting with Haymills (Contractors) Ltd to build new student accommodation, a new Dining Hall, two new dance studios as well as to refurbish the existing buildings. The entire project was completed at the end of February within the budgeted cost of £22 million.

In November 2005 the School also entered into a Loan Facility Agreement with Barclays Bank plc. This provides loan finance for the White Lodge redevelopment of up to £10 million until 31 December 2009. Thereafter up to £7 million will be available, subject to a repayment schedule, until November 2030. Under this agreement, the School took out a loan of £1.5m in July 2009.

Reserves Policy

Since the School is funded annually by the DCSF based on break-even budgets and given the nature of the School's funding, the School's reserves policy is not to build up significant free reserves but to maintain sufficient working capital to allow the School to fund its day to day operations.

The School's unrestricted undesignated funds were £659,000 at the year end, although this reduces to £75,000 if the pension fund loss of £584,000 (which cannot be realised in the short-term) is included. This level of

Royal Ballet School

REPORT OF THE GOVERNORS

reserves is considered to be adequate given the current policy

Restricted and Designated Funds

Notes 15 to 17 to the financial statements set out an analysis of the School's restricted and designated funds and their attributable assets. These assets are sufficient to meet the charity's obligations on a fund by fund basis. The School's tangible assets are all held for use in the School. An explanation of the various funds is set out in the Accounting Policies note on page 16.

RISK MANAGEMENT

The Governors are responsible for the management of the risks faced by the School assisted by the Finance Committee. The Finance Committee reviews the risk register and assisted by the Director, Chief Operating Officer and other members of the School's Senior Management Team and reports 6 monthly to the main Board of Governors.

A detailed Risk Register has been produced by the Senior Management Team and this is reviewed and updated each term. The Finance Committee reviews the major risks identified annually. Key controls used by the Governors to identify and assess risks during the year include:

- Appointment of appropriate consultants to advise with regard to risk management within the School
- The initiation of a formal programme of risk assessments and steps taken to mitigate those risks identified
- Comprehensive strategic planning, budgeting and management accounting
- Established organisational structure and lines of reporting
- Formal authorisation and approval levels

The major risks identified include the following:

- Excessive demands on students in relation to their balletic training, academic education and performing responsibilities
- Loss of or reduced levels of funding from the DCSF or inability of parents to meet their contributions to fees in the current economic climate
- Inability to attract the most talented students because of limited funding available for scholarships
- Possible increase in Pension Fund Deficit

Various strategies are in place to manage these risks and to ensure that they do not adversely affect the School's operations or the welfare of its students.

Through the above risk management processes, the Governors anticipate that major risks will be identified and as far as practicable adequately mitigated. It is recognised that systems can only provide reasonable, but not absolute, assurance that major risks have been adequately managed.

PLANS FOR FUTURE PERIODS

The School produces an annual operating budget in its normal manner of business. The School's management produced a business plan in 2007 which was duly approved by the Governors. This plan runs until August 2010 and the School's primary current objectives are to continue to develop its excellent level of balletic and academic performance for full-time and part-time students. The plan is due for review by the Senior Management team in the 2009/10 academic year and a new three year plan will be presented for adoption by the Board in May 2010.

The Partnership and Access Programme is planned to expand further with the development of partnerships with more schools in Nottingham in 2010. Generally, the 2009/10 academic year is seen as a period of consolidation after seven years of major building programmes and service growth.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

Each of the directors who were in office on the date of approval of these financial statements has confirmed, as

Royal Ballet School

REPORT OF THE GOVERNORS

far as he/she is aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors has confirmed that he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

A resolution to reappoint Howarth Clark Whitehill, Chartered Accountants, as auditor will be put to the members at the annual general meeting.

By order of the Board



Lady Douro
Chairman of Governors

17 March 2010

Royal Ballet School

STATEMENT OF GOVERNORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The Governors (as directors and trustees) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the Governors as directors to prepare financial statements for each financial year. Under that law the Governors as directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the net income /expenditure of the company for that period. In preparing those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and estimates that are reasonable and prudent,
- c prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Royal Ballet School

AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROYAL BALLET SCHOOL

We have audited the financial statements of The Royal Ballet School for the year ended 31 August 2009 set out on pages 11 to 28. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Sections 495 to 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Governors and auditor

The Governors' (who are also the directors of The Royal Ballet School for the purpose of company law) responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Governors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (United Kingdom and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006. We also report to you if in our opinion the information given in the Governors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit or if information specified by law regarding Governors' remuneration and other transactions with the charity is not disclosed.

We read the Governors' Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (United Kingdom and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Governors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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AUDITOR'S REPORT

Opinion

In our opinion

- the financial statements give a true and fair view, of the state of affairs of the charitable company as at 31 August 2009 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the Companies Act 2006, and
- the information given in the Governors' Report is consistent with the financial statements



Tim Baines
Senior Statutory Auditor
for and on behalf of Horwath Clark Whitehill LLP
Chartered Accountants and Statutory Auditor

St Bride's House
10 Salisbury Square
London
EC4Y 8EH

Date 17th April 2010

Royal Ballet School
STATEMENT OF FINANCIAL ACTIVITIES
(incorporating an Income and Expenditure Account)
for the year ended 31 August 2009

	Notes	Unrestricted Funds			Total 2009 £000	Total 2008 £000
		General Fund £000	Designated Funds £000	Restricted Funds £000		
Incoming resources from generated funds						
Voluntary income						
Donations		92	-	3,101	3,193	1,441
Activities for generating funds						
Investment income	2	24	-	11	35	135
Other income		22	-	-	22	-
Incoming resources from charitable activities						
Full time students	1	5,894	-	945	6,839	5,814
Outreach activities		578	-	-	578	507
Partnership programme		-	-	600	600	511
Performances and tours		129	-	-	129	126
TOTAL INCOMING RESOURCES		6,739	-	4,657	11,396	8,534
RESOURCES EXPENDED						
Costs of generating funds						
Voluntary income	3	127	-	70	197	70
		127	-	70	197	70
Charitable activities						
Full time students		5,313	638	519	6,470	5,968
Outreach activities		750	80	96	926	765
Partnership programme		20	-	702	722	523
Performances and tours		281	40	28	349	277
	4	6,364	758	1,345	8,467	7,533
Governance costs	6	113	-	-	113	85
TOTAL RESOURCES EXPENDED	7	6,604	758	1,415	8,777	7,688
NET INCOMING RESOURCES BEFORE TRANSFERS (representing surplus and net income for the year)						
Gross transfers between funds	9	135 (48)	(758) 2,303	3,242 (2,255)	2,619 -	846 -
NET INCOMING RESOURCES BEFORE OTHER RECOGNISED GAINS AND LOSSES		87	1,545	987	2,619	846
OTHER RECOGNISED GAINS AND LOSSES						
Actuarial (Losses)/Gains on Defined Benefit Pension Scheme	22	(584)	-	-	(584)	108
NET MOVEMENT IN FUNDS		(497)	1,545	987	2,035	954
TOTAL FUNDS BROUGHT FORWARD		572	30,626	774	31,972	31,018
TOTAL FUNDS CARRIED FORWARD	15,16	75	32,171	1,761	34,007	31,972
Net incoming resources for the year arise from the charity's continuing operations						

Royal Ballet School
BALANCE SHEET
31 August 2009

	<i>Notes</i>	2009 £000	2008 £000
FIXED ASSETS			
Tangible assets	10	32,690	31,898
CURRENT ASSETS			
Debtors	11	1,246	1,200
Cash at bank and in hand		5,034	2,887
		<u>6,280</u>	<u>4,087</u>
CREDITORS Amounts falling due within one year			
School fees in advance	12	(2,477)	(2,235)
Trade and other creditors	13	(632)	(1,659)
		<u>3,171</u>	<u>193</u>
NET CURRENT ASSETS			
		<u>35,861</u>	<u>32,091</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS			
Amounts falling due after more than one year	14	(1,500)	(248)
Defined benefit pension scheme (liability)/surplus	22	(354)	129
		<u>34,007</u>	<u>31,972</u>
NET ASSETS	17		
CAPITAL AND RESERVES			
Unrestricted funds			
- General fund		75	572
- Designated funds		32,171	30,626
		<u>32,246</u>	<u>31,198</u>
Total Unrestricted Funds	15		
Restricted funds			
- Appeal Fund		801	539
- Bursaries and Prize Fund		240	235
- Partnership and Access Fund		331	-
- White Lodge Maintenance Fund		389	-
		<u>1,761</u>	<u>774</u>
Total Restricted Funds	16		
Total Funds		<u>34,007</u>	<u>31,972</u>

The financial statements on pages 11 to 28 were approved by the Board of Governors and authorised for issue on 17 March 2010 and are signed on its behalf by


 Lady Douro Chairman


 Patrick Maxwell Governor

Royal Ballet School
CASH FLOW STATEMENT
for the year ended 31 August 2009

	<i>Notes</i>	2009 £000	2008 £000
NET CASH FLOW FROM ACTIVITIES	24	3,588	962
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	25	35	135
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	25	(1,894)	(2,824)
FINANCING	25	418	(796)
INCREASE/(DECREASE) IN CASH	26	<u>2,147</u>	<u>(2,523)</u>

Royal Ballet School

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with the Companies Act 2006 and follow recommendations in Accounting and Reporting by Charities Statement of Recommended Practice – Accounting and reporting by Charities issued in March 2005, and under the historical cost convention and under the going concern concept, on the understanding that the company will continue to receive sufficient financial support to enable it to meet its liabilities as and when they fall due for payment

TANGIBLE FIXED ASSETS

Leasehold property

The original cost of the White Lodge leasehold property was fully amortised in the period 1955 to 1976, although the lease was not due to expire until 2013. Subsequent major works and additions to the leasehold property are capitalised and amortised over the unexpired period of the lease, or evenly over the expected useful lives of the major works and additions as appropriate, at rates varying between 14% and 25% per annum on cost.

In November 2005 the School surrendered its existing lease and entered into an agreement to lease the land and buildings for a further 100 years. A major redevelopment was undertaken in three phases from 2005 and completed in February 2009. Relevant costs are depreciated over the term of the lease. The buildings costs will be depreciated over 40 years.

The Floral Street property is depreciated over the term of the lease, except for buildings which are depreciated over 40 years.

The Mercer Street property is depreciated over the lease term of 20 years.

Furniture, fixtures and equipment

Depreciation has been calculated by allocating cost, less any estimated residual value, evenly over the expected useful lives of the assets concerned. The expected useful lives are as follows:

Furniture, fixtures and equipment	5 -7 years
Computer equipment	3 years
Motor vehicles	4 years

The School's policy is to capitalise fixed assets with a cost of more than £1,000.

STOCKS

The School charges the cost of such clothing to the Statement of Financial Activities when incurred and no stocks are held in the balance sheet.

TURNOVER

Turnover consists of school fees and expenses due and receivable, grants receivable from the Department for Children, Schools and Families, income arising from the letting of the school premises and facilities, and sponsorship of the School's performances. This income is then taken to the Statement of Financial Activities when it becomes due to the school.

Royal Ballet School

ACCOUNTING POLICIES

PENSION COSTS

The School participates in defined benefit schemes and defined contribution schemes

Under the defined benefit schemes, the School makes contributions to the Teachers Pension Scheme and The Royal Ballet School Pension and Life Assurance Plan. Pension costs are assessed in accordance with actuarial advice and based on the most recent actuarial valuation of the schemes. The Royal Ballet School Pension and Life Assurance Plan was closed to new entrants during 2002. The Teachers Pension Scheme is a multi employer scheme for which the School is unable to determine its share of the assets and liabilities, contributions are charged to the Statement of Financial Activities as if the scheme were a defined contribution scheme.

Under the defined contribution schemes, the School contributes to group personal pension plans providing benefits for some employees. Pension costs are based on current salaries. Contributions are charged to the Statement of Financial Activities in the year in which they are due to the scheme.

ROYAL BALLET SCHOOL DEFINED BENEFIT PENSION SCHEME

The amount charged to the Statement of Financial Activities in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The expected return on scheme assets are included in investment income and the interest cost and interest on scheme liabilities are included within other finance costs in support costs.

Actuarial gains and losses arising from new valuations and from updating valuations to the balance sheet date are recognised in the Statement of Financial Activities.

The assets of the scheme are held separately from the School in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at the balance sheet date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised in the balance sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the Scheme Trustees have agreed a refund from the scheme at the balance sheet date. A pension liability is recognised to the extent that the School has a legal obligation to settle the liability.

OPERATING LEASES

Operating leases and the annual rentals are charged to the profit and loss on a straight line basis over the lease term.

EXPENDITURE

Resources expended are recognised in the period in which they are incurred and are allocated to the particular activity where the cost relates directly to that activity. The cost of overall direction and administration of the School's activities, comprising the salary and overhead costs of central functions are treated as Support Costs as shown in note 4. The allocation of Support Costs between activities has been reviewed during the year and these costs have been allocated in line with the estimated use of resources by each activity.

Governance costs comprise those costs incurred in compliance with regulation and good practice and include costs relating to the statutory audit and legal fees.

LIABILITIES

Liabilities are recognised at the point that there exists an obligation to make payment or transfer assets and the value of that obligation can be measured with a reasonable degree of accuracy.

FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Statement of Financial Activities.

Royal Ballet School

ACCOUNTING POLICIES

FUNDS

Unrestricted Funds

Unrestricted funds are available for use at the discretion of the Governors in furtherance of the general objectives of the charity. Certain unrestricted funds are designated for other purposes. The various elements of Unrestricted Funds are as follows:

Designated Property Fund

This Fund represents the total amount (at cost less depreciation) invested in property assets for use by the School as well as unrestricted cash balances available to fund the maintenance of the new residential accommodation, Jebson House in the future.

Designated Asset Replacement Fund

This fund represents amounts designated and set aside by Governors to enable the School to replace assets such as plant and equipment, fixtures and fittings, and computer equipment when these require replacement.

General Pensions Reserve

This fund represents balances in relation to the School's obligations in respect of the Royal Ballet School Pension & Life Assurance Plan which is a final salary scheme that is now closed to new members.

Retained Income

This represents the balance of unrestricted funds which have not been designated.

Restricted Funds

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The various specific restricted funds are as follows:

Appeal Fund

The balance on this fund represents gifts and donations generated by fundraising appeals to acquire a new 100 year lease at White Lodge and to redevelop the land and buildings at White Lodge.

Bursaries and Prize Fund

This fund represents donations received by the School, which are subject to the specific wishes of the donor. Movements in the fund during the year comprise gifts received and the funding of bursaries and prizes for pupils attending the school.

Restricted Partnership and Access Fund

This fund represents amounts provided to the School by the Department of Children, Schools and Families to further the aims and objectives of the School's Partnership and Access programme.

Restricted White Lodge Maintenance Fund

This fund represents amounts provided to the School by the Department of Children, Schools and Families to enable the repair and maintain the buildings of the Lower School.

Royal Ballet School
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2009

1	FEES RECEIVABLE			2009 £000	2008 £000	
	Fees receivable in respect of full time students were funded as follows					
	Grants from DCSF			4,018	4,488	
	Connected charity (Royal Ballet School Endowment Fund)			210	162	
	Donations			98	224	
	Parents			1,568	940	
				<u>5,894</u>	<u>5,814</u>	
2	INVESTMENT INCOME			Total 2009 £000	Total 2008 £000	
	Interest receivable			35	135	
3	COST OF GENERATING FUNDS			Total 2009 £000	Total 2008 £000	
	Development department			197	70	
4	ANALYSIS OF RESOURCES EXPENDED ON CHARITABLE ACTIVITIES	Direct charitable activities £000	Support costs £000	Total 2009 £000	Total 2008 £000	
	Full time students	3,325	3,145	6,470	5,968	
	Outreach activities	533	393	926	765	
	Partnership programme	525	197	722	523	
	Performances and tours	152	197	349	277	
		<u>4,535</u>	<u>3,932</u>	<u>8,467</u>	<u>7,533</u>	
5	ANALYSIS OF SUPPORT COSTS	Full time students £000	Outreach activities £000	Partnership Programme £000	Performance and tours £000	Total 2009 £000
	Premises	1,137	142	71	71	1,421
	Staff costs	734	92	46	46	918
	Depreciation	881	111	55	55	1,102
	Other	393	48	25	25	491
		<u>3,145</u>	<u>393</u>	<u>197</u>	<u>197</u>	<u>3,932</u>
	Total 2008	2,576	322	161	161	3,220

Support Costs have been allocated in line with the estimated use of resources by each activity. Increases in support costs relate to the completion of the redevelopment works at White Lodge and the refurbishment of Upper School accommodation at Mercer Street. Premises staff are included in staff costs.

Royal Ballet School
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2009

6	ANALYSIS OF GOVERNANCE COSTS	2009	2008
		£000	£000
	Legal and professional	113	85
		<u> </u>	<u> </u>
7	EXPENDITURE	2009	2008
		£000	£000
	The operating surplus is after charging		
	Audit fee	18	25
	Audit fee in respect to prior year audit	7	-
	Auditors' fees in respect of non audit services	-	23
	Interest payable	6	-
	Operating lease rentals - plant and machinery	33	11
	Depreciation on non finance assets	1,067	1,066
	Depreciation on assets under finance	35	35
		<u> </u>	<u> </u>
8	EMPLOYEES	2009	2008
8a	The average weekly number of full-time equivalent persons (excluding directors) employed by the company during the year was	No	No
	Teaching & Teaching Support	45	53
	Pastoral	14	13
	Outreach Activities	12	11
	Partnership Programme	7	5
	Management & Administration	18	16
	Development	4	2
		<u>100</u>	<u>100</u>
		<u> </u>	<u> </u>
8b	Staff costs	£000	£000
	Wages and salaries	3,440	3,120
	Social security costs	299	295
	Other pension costs	395	343
		<u>4,134</u>	<u>3,758</u>
		<u> </u>	<u> </u>

Royal Ballet School
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2009

	2009 No	2008 No
8c The number of employees whose emoluments exceeded £60,000 were		
£60,001 - £70,000	1	2
£70,001 - £80,000	-	1
£80,001 - £90,000	-	-
£90,001 - £100,000	1	1
	<u> </u>	<u> </u>
8d Employee cost by activity	£000	£000
Full time students	3,091	2,927
Outreach activities	488	434
Partnership programme	371	293
Performances and tours	77	56
Other costs	107	48
	<u> </u>	<u> </u>
	4,134	3,758

Subject to the disclosure in Note 21 (Related Party Transactions), no remuneration was paid to the Governors in the current or prior year and with the exception of the payment to Norlan Resources Ltd, no expenses were reimbursed to them

9 TRANSFERS

	Unrestricted General Fund £000	Unrestricted Designated Funds £000	Restricted Funds £000
Interest on inter-fund borrowings	13	44	(57)
Transfers of fixed assets between funds	68	2,533	(2,601)
Transfer to restricted Partnership & Access in respect of overheads and depreciation	(129)	(40)	169
Transfer Partnership & Access brought forward reserves	-	(234)	234
	<u> </u>	<u> </u>	<u> </u>
	(48)	2,303	(2,255)

Interest has been charged to the White Lodge Appeal Fund on inter-fund balances to reflect the interest income that would otherwise have been earned on these cash balances, expenditure on White Lodge having been made from the General Fund

The cost of Phase 3 of the White Lodge redevelopment funded by restricted donations has been transferred to the Unrestricted Designated Property Fund upon completion since the restriction on the donation is considered to be discharged at this point. Fixtures and fittings have been transferred to the Unrestricted General Fund

The overhead transfer for the Partnership and Access fund relates to overheads allocated to this fund in the Statement of Financial Activities, but payable by the Unrestricted General Fund, and depreciation of property, payable by the Unrestricted General Fund

The Partnership and Access funds have been reclassified as restricted. As a result of this reclassification, the reserves balance dated 1st September 2008 has been transferred from the unrestricted designated fund

Royal Ballet School
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2009

10 TANGIBLE FIXED ASSETS

	Property – Long Leasehold			Assets in course of construction			Furniture, fixtures and equipment			
	Floral Street £000	White Lodge £000	Mercer Street £000	White Lodge £000	Floral Street £000	White Lodge £000	Mercer Street £000	Motor vehicles £000	Total £000	
Cost or valuation										
1 September 2008	14,718	23,121	-	1,767	838	1,357	-	40	41,841	
Additions	-	-	467	1,382	-	-	45	-	1,894	
Disposals	-	(3,622)	-	-	-	-	-	-	(3,622)	
Transfers	-	3,125	-	(3,149)	-	24	-	-	-	
31 August 2009	14,718	22,624	467	-	838	1,381	45	40	40,113	
Depreciation										
1 September 2008	2,452	5,772	-	-	713	966	-	40	9,943	
Charged in the year	247	558	23	-	93	172	9	-	1,102	
Disposals	-	(3,622)	-	-	-	-	-	-	(3,622)	
31 August 2009	2,699	2,708	23	-	806	1,138	9	40	7,423	
Net book value										
31 August 2009	12,019	19,916	444	-	32	243	36	-	32,690	
31 August 2008	12,266	17,349	-	1,767	125	391	-	-	31,898	

The White Lodge development has assets with a net book value of £3,443,000 which were purchased under finance in respect of the lease acquisition with a cash price of £3,300,000 at November 2005. Finance charges of £53,000 (2008: £44,000) have been capitalised. The finance lease creditor was settled in the year.

Royal Ballet School
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2009

11	DEBTORS	2009 £000	2008 £000
	School fees		
	- parents	1,033	558
	- DCSF	-	335
	Connected charity (see note 21)	33	160
	Other debtors	77	42
	Prepayments and accrued income	103	105
		<u>1,246</u>	<u>1,200</u>
12	DEFERRED INCOME	2009 £000	2008 £000
	Parents	977	909
	DCSF	1,500	1,326
		<u>2,477</u>	<u>2,235</u>
13	CREDITORS	2009 £000	2008 £000
	Amounts falling due within one year		
	Obligations under finance leases and hire purchase contracts	-	834
	Trade creditors	113	122
	DCSF Creditor	6	-
	Taxation and social security	93	1
	Other creditors	28	3
	Accruals	392	699
		<u>632</u>	<u>1,659</u>
14	CREDITORS	2009 £000	2008 £000
	Amounts falling due in more than one year		
	Bank loans	1,500	-
	Other creditors	-	248
		<u>1,500</u>	<u>248</u>

Bank loans comprise a secured fixed rate loan from Barclays Bank for £1,500,000. The loan is repayable in quarterly instalments and split into two parts with £1,000,000 to be repaid by November 2014 and the remaining £500,000 repayable by November 2030. A charge is held by Barclays bank over the White Lodge lease. The interest rate applying to the loan of £500,000 is 6.01% per annum and the interest rate applying to the loan of £1,000,000 is 5.52% per annum. Both rates exclude mandatory costs.

The interest free loan of £248,285 from the Royal Ballet School Endowment Fund was repaid in August 2009.

Royal Ballet School
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2009

15 UNRESTRICTED FUNDS

	Balance at 1 September 2008 £000	Incoming resources £000	Resources expended £000	Losses £000	Transfers £000	Balance at 31 August 2009 £000
<u>Designated</u>						
Property fund	30,186	-	(758)	-	2,537	31,965
Asset replacement fund	206	-	-	-	-	206
Partnership and Access fund	234	-	-	-	(234)	-
	<u>30,626</u>	<u>-</u>	<u>(758)</u>	<u>-</u>	<u>2,303</u>	<u>32,171</u>
<u>General</u>						
Pensions reserve fund	129	-	101	(584)	-	(354)
Retained Income	443	6,739	(6,705)	-	(48)	429
	<u>572</u>	<u>6,739</u>	<u>(6,604)</u>	<u>(584)</u>	<u>(48)</u>	<u>75</u>
Total	<u>31,198</u>	<u>6,739</u>	<u>(7,362)</u>	<u>(584)</u>	<u>2,255</u>	<u>32,246</u>

16 RESTRICTED FUNDS

	Balance at 1 September 2008 £000	Incoming resources £000	Resources expended £000	Transfers £000	Balance at 31 August 2009 £000
Bursaries and prize fund	235	120	(115)	-	240
Appeal – White Lodge	539	2,990	(70)	(2,658)	801
Partnership and Access fund	-	602	(702)	431	331
White Lodge Maintenance Fund	-	945	(528)	(28)	389
	<u>774</u>	<u>4,657</u>	<u>(1,415)</u>	<u>(2,255)</u>	<u>1,761</u>

The White Lodge Maintenance fund has been created to represent the income, expenditure and net assets relating to the School's funding from the DCSF. The purpose of this fund is to pay for back log repairs and maintenance costs of White Lodge not included in the redevelopment programme.

Royal Ballet School
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2009

17	ALLOCATION OF ASSETS	Unrestricted General Fund £000	Unrestricted Designated Funds £000	Restricted Appeal Funds £000	Total £000
	Fixed assets	311	32,379	-	32,690
	Debtors	1,246	-	-	1,246
	Cash at Bank	1,981	(208)	3,261	5,034
	Creditors due within one year	(3,109)	-	-	(3,109)
	Creditors due after one year	-	-	(1,500)	(1,500)
	Defined benefit pension scheme surplus	(354)	-	-	(354)
		<u>75</u>	<u>32,171</u>	<u>1,761</u>	<u>34,007</u>

18 LIABILITY OF MEMBERS

The Company does not have a share capital and is limited by guarantee. In the event of the Company being wound up, the maximum amount which each member is liable to contribute is £1. There were 17 Members at the Balance Sheet date.

19	CAPITAL COMMITMENTS	2009 £000	2008 £000
	Capital expenditure contracted for but not provided in the financial statements	-	1,061

20	COMMITMENTS UNDER OPERATING LEASES	2009 £000	2008 £000
	At 31 August the Company had commitments under non-cancellable operating leases as follows:		
	Plant and machinery		
	Expiring between 1 and 2 years	5	12

21 RELATED PARTY TRANSACTIONS

Royal Ballet School Endowment Fund (registered charity number 285766) has as its purpose the provision of scholarships and facilities for the students at the Royal Ballet School.

On 31 March 1988, the Royal Ballet School Endowment Fund made an interest free loan to Royal Ballet School (2008 £248,285), which was repaid at the end of the financial year.

During the year the School received grants of £235,476 (2008 £161,956) from the Endowment Fund to cover school fees and other costs. The School recharged £55,837 (2008 £59,543) in relation to staff costs. At the end of the year the Royal Ballet School Endowment Fund owed the Royal Ballet School £32,013 (2008 £160,373) (see note 11).

The School has paid Norlan Resources Limited £4,058 (2008 £5,385) in respect of expenses incurred on behalf of the School by Mr David Norman, a director of the School, and £28,582 (2008 £25,153) for administration services provided to the School. Norlan Resources Limited is controlled by Mr David Norman.

The School also pays for a maintenance support contract for IT equipment used by Mr David Norman. The cost of this is incorporated within a School-wide support contract. The element related to equipment used by Mr Norman is estimated to be less than £500.

Royal Ballet School

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2009

22 PENSION COMMITMENTS

The company operates two defined benefit pension schemes, The Royal Ballet School Pension & Life Assurance Plan and the Teachers' Pension Scheme

The Royal Ballet School Pension & Life Assurance Plan

This pension scheme provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company, being invested with Clerical Medical and General Life Assurance Society in their Pension Contract.

Contributions to the scheme are charged to the Statement of Financial Activities in accordance with the current service cost of those employees who are members of the scheme. The contributions are determined by an independent qualified actuary, employed by Clerical Medical, on the basis of annual updates to the triennial valuations using the attained age funding method.

	2009 £000	2008 £000
22a		
The amounts recognised in the balance sheet are as follows		
Present value of funded obligations	(2,828)	(2,754)
Fair value of plan assets	2,474	2,883
(Deficit)/Surplus	<u>(354)</u>	<u>129</u>
Amounts in the balance sheet		
Liabilities	(354)	-
Assets	-	129
	<u>(354)</u>	<u>129</u>
22b		
Changes in the present value of the defined benefit obligation are as follows		
Opening defined benefit obligation	(2,754)	(3,009)
Service cost	(80)	(111)
Interest cost	(165)	(194)
Employee contributions	(22)	(25)
Actuarial (gain)/loss	(270)	496
Benefits paid	463	89
Defined benefit obligation at end of year	<u>(2,828)</u>	<u>(2,754)</u>

Royal Ballet School
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2009

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22c		2009 £000	2008 £000
	Changes in the fair value of the scheme assets are as follows		
	Opening fair value of scheme assets	2,883	2,959
	Expected return	177	194
	Actuarial gain	(314)	(388)
	Employer contributions	169	182
	Employee contributions	22	25
	Benefits paid	(463)	(89)
	Fair value of scheme assets at the year end	<u>2,474</u>	<u>2,883</u>
22d		2009 £000	2008 £000
	Amounts included within the Statement of Financial Activities are as follows		
	Current service cost	(80)	(111)
	Past service cost	-	-
	Expected return on scheme assets	177	194
	Interest on pension liabilities	(165)	(194)
	Total amount charged within net incoming/(outgoing) resources	<u>(68)</u>	<u>(111)</u>
	Actuarial gains and losses	(584)	108
	Total amount charged to the Statement of Financial Activities	<u>(652)</u>	<u>(3)</u>
	The Royal Ballet School expects to contribute £190,000 to its defined benefit scheme in 2010. The cumulative total of recognised actuarial gains and losses is £(53,000).		
22e		2009 £000	2008 £000
	The major categories of scheme assets as a percentage of the total Scheme assets are as follows		
	Cash and other net assets	(13.0%)	(2.3%)
	Group pension contract	<u>113.0%</u>	<u>102.3%</u>

Royal Ballet School
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2009

22f	2009 £000	2008 £000
Principal assumptions at the balance sheet date (expressed as weighted averages)		
Discount rate at 31 August	5.4%	6.4%
Expected rate of return on scheme assets at 31 August		
Group pension contract	4.7%	6.4%
Cash and other net assets	4.0%	4.6%
Rate of increase in salaries	3.3%	3.9%
Rate of increase of pensions in payment	3.3%	3.7%
Rate of increase of pensions in deferment	3.3%	3.9%
Life expectancy for 60 year old male	87	87

22g	At 31 August 2009 £000	At 31 August 2008 £000	At 31 August 2007 £000	At 31 August 2006 £000	At 31 August 2005 £000
The amounts for the current and previous periods are as follows					
Defined benefit obligation	(2,828)	(2,754)	(3,009)	(2,995)	(3,404)
Scheme assets	2,474	2,883	2,959	2,752	2,781
Net pension surplus/(liability)	<u>(354)</u>	<u>129</u>	<u>(50)</u>	<u>(243)</u>	<u>(623)</u>
Experience adjustments on scheme liabilities	<u>(270)</u>	<u>496</u>	<u>(87)</u>	<u>257</u>	<u>(325)</u>
Experience adjustments on scheme assets	<u>(314)</u>	<u>(388)</u>	<u>210</u>	<u>80</u>	<u>369</u>

Teachers' Pension Scheme

The School participates in the Teachers' Pension Scheme (England and Wales) ("the Scheme"), for its teaching staff. This is a multi-employer defined benefits pension scheme and it is not possible or appropriate to identify the assets and liabilities of the Scheme which are attributable to the School.

The latest actuarial valuation of the Scheme by the Government Actuary issued in October 2006 relating to the period 1 April 2001 to 31 March 2004 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) exceeded the value of the Scheme's assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) by 2.0%.

Royal Ballet School

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2009

From 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the standard contribution rate has been assessed at 19.75%, and the supplementary contribution rate has been assessed to be 0.75% (to balance the Scheme's assets and liabilities within 15 years as required by the regulations), a total contribution rate of 20.5%. This translates into an employer contribution rate of 14.1% and an employee contribution rate of 6.4%. The cost-sharing agreement has also introduced - effective for the first time for the 2008 valuation - a 14% cap on employer contributions payable. The valuation of the Scheme by the Government Actuary as at 31 March 2008 is expected to be issued early in 2010.

The pension charge for the year includes contributions payable to the scheme of £143,356 (2008 £136,828)

23 TAXATION

The Company is a registered charity. To the extent that the company's income is applied to charitable purposes it is entitled to exemption from United Kingdom taxation under the Income and Corporation Taxes Act 1988.

24	RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM ACTIVITIES	2009	2008
		£000	£000
	Net incoming resources	2,619	846
	Depreciation	1,102	1,101
	Defined benefit scheme net income	(101)	(71)
	Interest received	(35)	(135)
	(Increase)/decrease in stocks	-	16
	(Increase)/decrease in debtors	(46)	77
	Increase/(decrease) in creditors	49	(872)
		<u>3,588</u>	<u>962</u>
		<u>3,588</u>	<u>962</u>
25	GROSS CASH FLOWS	2009	2008
		£000	£000
	Returns on investments and servicing of finance		
	Interest received on bank deposits	35	135
		<u>35</u>	<u>135</u>
	Capital expenditure		
	Payment to acquire tangible fixed assets	(1,894)	(2,824)
		<u>(1,894)</u>	<u>(2,824)</u>
	Financing		
	Capital element of finance lease rental payments	(834)	(796)
	Repayment of interest free loan from Royal Ballet School		
	Endowment Fund	(248)	-
	Bank loans	1,500	-
		<u>418</u>	<u>(796)</u>
		<u>418</u>	<u>(796)</u>
	Total Net Cash Flow (from Note 24 and Note 25)	<u>2,147</u>	<u>(2,523)</u>
		<u>2,147</u>	<u>(2,523)</u>

Royal Ballet School
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2009

26	ANALYSIS OF CHANGES IN CASH AND DEBT	1 September		31 August
		2008	Cash Flow	2009
		£000	£000	£000
	Cash in hand and at bank	2,887	2,147	5,034
	Bank loan	-	(1,500)	(1,500)
	Finance leases	(834)	834	-
	Interest free loan	(248)	248	-
		<u>1,805</u>	<u>1,729</u>	<u>3,534</u>