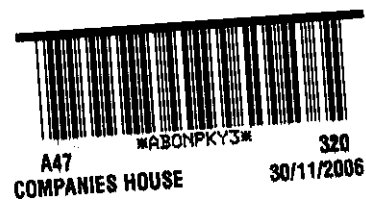


Registered Company Number: 364456
Registered Charity Number: 312821

LAMDA LIMITED
TRUSTEES' REPORT AND CONSOLIDATED ACCOUNTS
FOR THE ELEVEN MONTH PERIOD ENDED 31 JULY 2006



LAMDA LIMITED
FOR THE ELEVEN MONTH PERIOD ENDED 31 JULY 2006

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LAMDA LIMITED
FOR THE ELEVEN MONTH PERIOD ENDED 31 JULY 2006
LEGAL AND ADMINISTRATIVE INFORMATION

BANKERS

Allied Irish Bank (GB)
629/635 Holloway Road
London
N19 5SU

Allied Irish Bank (GB)
Corporate Banking
10 Angel Court
London
EC2R 7AB

Royal Bank of Scotland plc
City Office
62-63 Threadneedle Street
London
EC2R 8LA

SOLICITORS

Harbottle & Lewis
Hanover House
14 Hanover Square
W2R 0BE

AUDITORS

Horwath Clark Whitehill LLP
St Bride's House
10 Salisbury Square
London
EC4Y 8EH

SURVEYORS

Farley & Co
46 Brompton Road
London
SW7 3DY

INSURANCE BROKERS

Morgans
41 Gay Street
Bath
BA1 2NT

REGISTERED AND PRINCIPAL ADDRESS

155 Talgarth Road
London
W14 9DA

LAMDA LIMITED
TRUSTEES' REPORT
FOR THE ELEVEN MONTH PERIOD ENDED 31 JULY 2006

The Trustees present for submission their report for the 11 month period to 31 July 2006.

CONSTITUTION

LAMDA Limited was incorporated as a company limited by guarantee on 20 December 1940, its company number is 364456. It is a registered charity, number 312821. It is governed by its Memorandum and Articles of Association, dated 20 December 1940.

OBJECTS

LAMDA (the London Academy of Music and Dramatic Art) was founded as an individual conservatoire in 1861 and today is regarded as one of the most prestigious drama schools in the world that offers the very best training possible to students of promise. Whilst retaining full independence as a drama school, LAMDA is an integral part of the Conservatoire for Dance & Drama and as such attracts premium funding from the Higher Education Funding Council for England. LAMDA operates three Higher Education diploma accredited courses and a rich mix of other training programmes for a broad private market. Regardless of course type or length, students joining LAMDA receive the finest premium training for actors and stage managers alike.

The core activity of the Drama School is complemented by that of LAMDA Examinations and LAMDA Enterprises. As a market leader LAMDA Examinations offers a drama and communications based examination syllabus throughout the world. LAMDA Enterprises whilst generally serving as LAMDA's trading subsidiary specifically offers a service to improve learning, communication and presentation skills using bespoke coaching, advice, or drama-based techniques.

REVIEW OF ACTIVITIES

The Drama School consolidated its position within the Conservatoire during the year and continued meet and absorb the many changes to procedure that the affiliation has brought. Typically students and staff alike have continued to work hard throughout the year to make the changes wholly successful.

The Academy attracted an unprecedented number of applications during the course of the year and, as a requirement of Conservatoire membership, auditioned over two thousand hopeful applicants to fill the 144 available places on the Two and Three year Acting and Two year Stage Management Higher Education courses. The quality of students and subsequent interest by industry-based agents, as in previous years, remain outstanding.

Working independently of the Conservatoire diploma courses, the One Year Foundation, single semester and Summer School courses all maintained their popularity and experienced an increase in the volume of applications. These courses continue to contribute to both the teaching reputation and the financial stability and success of the Academy.

The contribution to the Academy's success made by LAMDA Examinations was again outstanding. With the formal accreditation of the Qualifications and Curriculum Authority in England and of regulating authorities in Wales and Northern Ireland, LAMDA Examinations examined approximately 70,000 candidates during the course of the year, and again contributed a sizeable surplus on behalf of the Academy.

The forthcoming year will see a mixture of retrenchment and new beginnings for the Academy. LAMDA will continue on the journey of compliance with Higher Education methodology, further develop the relationship with trading partners within the US, and will extend the short-course curriculum with a particular focus on Summer School. The Academy also predicts a growth in business for LAMDA Examinations of 1.5% for the forthcoming year.

Next year will also see the launch of the LAMDA Capital Appeal which will fundraise for the redevelopment of the West Wing of the Talgarth Road campus.

LAMDA LIMITED
TRUSTEES' REPORT
FOR THE ELEVEN MONTH PERIOD ENDED 31 JULY 2006

GOVERNANCE

The Executive Board meets six times each academic year, with much of its detailed work handled initially by committees, in particular the Finance Committee and the Audit Committee. The Finance Committee and the Audit Committee undertake tasks originally fulfilled by the Audit Committee. The decisions of these committees are formally reported to the Executive Board. The Finance Committee is detailed to closely monitor the financial activity of the organisation on a general basis. The Audit Committee has specific terms of reference requiring it to form an opinion and report on the risk management, control, and governance of the Academy, and to satisfy itself that the Academy has adequate arrangements for ensuring economy, efficiency, and effectiveness, including liaison with the Academy's external auditors.

The membership of these committees consists of members of the governing body. The appointment of members to the Executive Board is undertaken by nomination of suitable candidates to the Chair of the Executive Board and the Principal. A written report would then be submitted by those persons to the Executive Board for discussion, with subsequent members elected to the Board by ordinary resolution should that person meet the full criteria of membership.

Board member induction is conducted by the Chair of the Executive Board and by the Principal hosting a briefing meeting with the new member. New members are provided with a Board information pack, and are given a full tour of Academy facilities during which members are encouraged to meet with both staff and students.

As chief executive, the Principal of the Academy exercises considerable influence on the development of institutional strategy, the identification and planning of new developments, and shaping of institutional ethos. The Vice-Principal of the Academy and the senior administrative officers all contribute in various ways to these aspects of the work, but the ultimate responsibility for what is done rests with the governing body.

EXECUTIVE BOARD

The Members of the Executive Board who served throughout the year except as otherwise noted were:

Luke Rittner (Chairman)	(1 = member of Audit Committee)
Harold Sanditen (Vice-Chairman)	(2 = member of Finance Committee)
Eileen Collins, LLAM (Hons)	
Annmarie Dixon-Barrow (appointed 25 May 2006)	
Kay Ellen Consolver 1	
Jeremy Conway	
Gerard Hargreaves, FRSA 2	
Lew Hodges 1	
Doreen Jones	
Victoria Legge-Bourke, LVO	
Martin Mellish 2	
Ann Money-Coutts	
Jennifer Page, OBE	
Mark Schnebli 2	
Dallas Smith	
Sue Stapely	
Dr Martin Stephen	
Janet Suzman (Vice - Chairman of Advisory Council)	
Richard Szpiro	
Thomas Vaughan 1	
Wilfred Weeks, OBE	
Timothy West CBE, FRSA (Chairman of Advisory Council)	

LAMDA LIMITED
TRUSTEES' REPORT
FOR THE ELEVEN MONTH PERIOD ENDED 31 JULY 2006

OFFICERS

Principal	Peter James FRSA
Vice - Principal	Colin Cook
Head of Examinations	Catherine Weate
Head of Finance and Company Secretary	Julian Littaur

THE FINANCIAL RESULTS

The accounting period has been altered to report to an eleven month basis. This extraordinary change has been incorporated so that the LAMDA academic and financial year would synchronise with those of the Conservatoire and with other Higher Education Institutions in general. The accounting period for 2006/07 will revert to a 12 month basis with the financial year permanently altered to the period 1 August to 31 July.

Total income received during the year amounted to £5,253,727 (2005: £5,126,537). The Drama School however continued to make a loss though improved operating efficiencies and budget management saw an overall fall in expenditure for the year to £4,776,262 (2005: £4,825,797). LAMDA Examinations again significantly helped to reduce the deficit of the Academy.

The overall result for the year was that the Academy produced a surplus of £477,465 on all funds (2005: £300,740). The surplus for the year can be attributed to capital donations and fundraising activity, £586,518 (2005: £638,323). The General fund balance was £21,115 (2005: £136,160).

The Development Department secured a generous single donation from the Garfield Weston Foundation of £340,000 of funding that contributed to meeting the capital expense of purchasing additional lands adjoining the Academy. The purchase cost of the additional site amounted to £701,741, including incidental fees and expenses of £26,741.

LAMDA also secured a generous donation from The Wates Foundation, to a maximum of £40,000 to enable LAMDA to project-manage the pre-build planning stage of the redevelopment of the West Wing of the existing Talgarth Road campus and the development of the recently acquired new land. The first instalment of £12,500 received during the period has been included with Capital Restricted Funds.

LAMDA Enterprises Limited trading as LAMDA Business Performance and LAMDA Learning Performance produced a surplus for the period of £4,901 (2005: £8,724) from an annual turnover of £28,474 (2005: £45,425).

REVIEW OF RISKS

The Board is responsible for the management of the risks faced by the charity. Detailed considerations of risk are delegated to the Audit Committee, who are assisted by senior charity staff. Risks are identified, assessed and controls established throughout the year. A formal review of the charity's risk management processes is undertaken on an annual basis and the Academy is in the process of developing a formal Business Continuity Plan. The Trustees consider that the principal risks to the Academy are organisational governance and compliance, the operation of financial procedures, human resources, and environmental and external influences.

LAMDA LIMITED
TRUSTEES' REPORT
FOR THE ELEVEN MONTH PERIOD ENDED 31 JULY 2006

The key controls used by the charity include:

- Formal agenda for Board activity
- Detailed terms of reference for the Audit sub-committee
- Comprehensive strategic planning budgeting and management accounting
- Established organisational and governance structure and lines of reporting
- Hierarchical authorisation and approval levels
- Internal audit review

Through the existing risk management processes established for the charity, the trustees are satisfied that the major risks identified have been adequately mitigated. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

RESERVES POLICY

The current period's free reserves as defined by the Charity Commissioners (total reserves less endowed/ restricted funds and fixed assets) amounted to £21,115 (2005: £136,160). The reduction in reserves is due to the substantial investment in new premises as stated above. The Trustees consider that reserves amounting to one month's total expenditure, approximately £400,000, should ideally be held by the Academy to constitute the operational reserve and the Academy is currently working toward achieving that balance.

GRANT MAKING POLICY

LAMDA makes grants to students in the following ways.

- Grants to specific individuals: LAMDA assists students with applications to trusts and foundations to assist with their fees and maintenance costs. These grants are received by LAMDA and then paid out to the individuals concerned.
- Other grants to individuals: LAMDA holds restricted funds for the specific purpose of assisting students with their fees and maintenance costs. Students apply to the Appeals/ Hardship Committee, which meets three times each year, and grants are awarded to students considered to have most need.

STATEMENT OF EXECUTIVE BOARD MEMBERS' RESPONSIBILITIES

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

Company and Charity law 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 surplus or deficit of the charity for that period.

LAMDA LIMITED
TRUSTEES' REPORT
FOR THE ELEVEN MONTH PERIOD ENDED 31 JULY 2006

In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments 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;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue to operate.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. 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 corporate 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.

So far as the trustees are aware, there is no relevant audit information of which the charity's auditors are unaware. The trustees have each taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

In accordance with Section 385 of the Companies Act 1985 a resolution proposing the reappointment of Horwath Clark Whitehill LLP as auditors to the Academy will be put forward at the Annual General Meeting.

Approved by the Trustees on

and signed on their behalf by

Chairman



Date

24.10.06

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LAMDA LIMITED

We have audited the financial statements of LAMDA Limited for the period ended 31 July 2006 which comprise the Consolidated Income and Expenditure account, the Balance Sheets, the Consolidated Cash Flow Statement and the related notes set out on pages 12 to 22. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 12 and 13.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 opinion we have formed.

Respective responsibilities of the directors and auditors

The responsibilities of the directors, who are also the charity trustees for the purposes of charity law, for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Executive Board Members' Responsibilities on pages 6 and 7.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Annual Report is not consistent with the financial statements, if the charitable company 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 directors' remuneration and transactions with the charitable company is not disclosed.

We read other information contained in the Trustees' Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and the HEFCE Code of Practice. 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 directors 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.

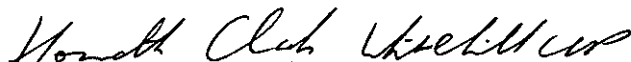
We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Unqualified opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the charitable group and company as at 31 July 2006 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees' Report is consistent with these financial statements.

In all material respects, income from the Higher Education Funding Council for England, received via the Conservatoire for Dance and Drama, has been applied only for the purposes for which it was received.



Horwath Clark Whitehill LLP
Chartered Accountants and Registered Auditors
Date 1 November 2006

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

LAMDA LIMITED
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
FOR THE ELEVEN MONTH PERIOD ENDED 31 JULY 2006

	Notes	11 Month period 2006 £	Year 2005 £
Income			
Funding council grants		1,397,976	1,329,620
Tuition fees		3,136,964	3,028,775
Donations		586,518	638,323
Exam publication sales		27,159	44,103
Other income		59,434	58,689
Investment income		45,676	27,027
Total income	3	5,253,727	5,126,537
Expenditure			
Staff costs	5	1,452,079	1,408,501
Other operating expenses	4	3,136,197	3,207,122
Depreciation	4	61,939	66,030
Interest payable	7	126,047	144,144
Total expenditure		4,776,262	4,825,797
Surplus on continuing operations after depreciation of tangible fixed assets		477,465	300,740
Transfer from/ (to) restricted funds	18	(447,657)	1,315,689
Surplus for the year retained within general reserves		29,808	1,616,429
General reserves brought forward at 1 September 2005		4,205,119	2,588,690
General reserves carried forward at 31 July 2006		4,234,927	4,205,119

The income and expenditure account is in respect of continuing activities.

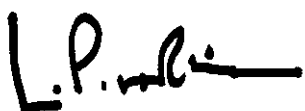
There are no other gains or losses in the year except those reported in the income and expenditure account.

LAMDA LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 31 JULY 2006

	Notes	Group 2006 £	Charity 2006 £	Group 2005 £	Charity 2005 £
Tangible fixed assets	8	6,937,102	6,937,102	6,207,876	6,207,876
Investments	9	<u>13,162</u>	<u>43,162</u>	<u>13,162</u>	<u>43,162</u>
Total fixed assets		6,950,264	6,980,264	6,221,038	6,251,038
Endowment assets	18	<u>66,667</u>	<u>66,667</u>	<u>66,667</u>	<u>66,667</u>
Stock	10	92,462	92,462	95,016	95,016
Debtors	11	183,708	189,733	262,151	259,547
Cash at bank and in hand	17	<u>922,912</u>	<u>871,948</u>	<u>1,518,661</u>	<u>1,476,593</u>
Total current assets		1,199,082	1,154,143	1,875,828	1,831,156
Less: Creditors – amounts due within one year	12	<u>(1,054,590)</u>	<u>(1,051,771)</u>	<u>(1,353,543)</u>	<u>(1,346,090)</u>
Net current assets		144,492	102,372	522,285	485,066
Total assets less current liabilities		7,161,423	7,149,303	6,809,990	6,802,771
Less: Creditors – amounts falling due after more than one year	13	<u>(1,895,517)</u>	<u>(1,895,517)</u>	<u>(2,021,549)</u>	<u>(2,021,549)</u>
Net assets		5,265,906	5,253,786	4,788,441	4,781,222
General fund		21,115	8,995	136,160	128,941
Fixed asset fund		<u>4,213,812</u>	<u>4,213,812</u>	<u>4,068,959</u>	<u>4,068,959</u>
Total unrestricted funds		4,234,927	4,222,807	4,205,119	4,197,900
Endowment funds		66,667	66,667	66,667	66,667
Restricted funds		<u>964,312</u>	<u>964,312</u>	<u>516,655</u>	<u>516,655</u>
Total	18	5,265,906	5,253,786	4,788,441	4,781,222

The financial statements on pages 9 to 22 were approved by the Governing Body on 24/10/06 and were signed on its behalf by:

Chairman



Principal



LAMDA LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE ELEVEN MONTH PERIOD ENDED 31 JULY 2006

	Notes	11 Month period 2006 £	Year 2005 £
Net cash inflow from operating activities	16	401,819	501,391
Returns on investment and servicing of finance			
Interest received		45,676	27,027
Interest paid		<u>(126,047)</u>	<u>(144,144)</u>
		<u>(80,371)</u>	<u>(117,117)</u>
		321,448	384,274
Capital expenditure and financial investment			
Payment to acquire tangible fixed assets		(791,165)	(247,820)
Financing			
Repayment of bank loan		(126,032)	(111,082)
(Decrease)/ Increase in cash in the period/ year	17	<u>(595,749)</u>	<u>25,372</u>
Reconciliation of net cash			
(Decrease)/ Increase in cash in the period/ year		(595,749)	25,372
Net cash at 1 September 2005		<u>1,518,661</u>	<u>1,493,289</u>
Net cash at 31 July 2006		<u>922,912</u>	<u>1,518,661</u>

LAMDA LIMITED
NOTES TO THE ACCOUNTS
31 JULY 2006

1. ACCOUNTING POLICIES

The accounts of LAMDA Limited have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2003 and in accordance with applicable accounting standards. They are drawn up on the historical cost accounting basis except that investments held as fixed assets are carried forward at market value.

a) **Fees and similar income**

Fees receivable and charges for services are accounted for in the period in which the service is provided.

b) **Funding council grants**

Funding council grants are accounted for in the period to which the funding relates.

c) **Donations**

Donations subject to specific wishes of the donors are included as restricted funds and are attributed to a variety of areas, such as capital, bursaries and student support. Donations received for the general purposes of LAMDA or where a donor has not indicated a preference are credited to "Unrestricted Funds" and can be used where they are most needed.

d) **Expenditure**

Expenditure is accounted for on the accruals basis and is allocated to expenditure headings on a direct cost basis. Irrecoverable VAT is included with the item of expenditure to which it relates. Overheads are apportioned to the main headings in accordance with the time spent on those activities.

Grants are charged to the income and expenditure account when allocations are unconditionally approved by the Trustees and promised to the recipient.

e) **Operating leases**

Rentals payable are charged on a straight-line basis over the lease term.

f) **Pension schemes**

The Academy contributes to a Company Stakeholder Pension Scheme for permanent staff at 5% of annual pay for senior members of staff and 3% for all other staff.

g) **Tangible fixed assets**

The transitional rules of Financial Reporting Standard 15 were applied when the standard was adopted for the first time in the year ended 31 August 2001. Accordingly, book values for freehold properties are retained and are being depreciated over their estimated useful lives. Book values are based on a valuation made on an open market basis on 11 February 1999 by independent surveyors. Depreciation is provided at rates to write off the cost on a straight-line basis as follows:

Freehold Buildings	Over 50 years
Stage and office equipment	Over 10 years
Computer equipment	Over 3 years

Items over £500 are capitalised where deemed to have an economic life of more than one year.

LAMDA LIMITED
NOTES TO THE ACCOUNTS
31 JULY 2006

1. ACCOUNTING POLICIES (CONTINUED)

h) Stock

Stock is carried at the lower of cost and net realisable value. Stock of the LAMDA syllabus has been treated as a prepaid expense as this more accurately reflects the nature of the asset.

i) Investments

Fixed asset investments (other than the trading subsidiary) are included at period-end market value. The Academy holds the entire share capital of £30,000 £1 ordinary shares in LAMDA Enterprises Limited. This company trades as LAMDA Business Performance and LAMDA Learning Performance, and was incorporated in January 1999.

j) Consolidated accounts

Consolidated accounts have been prepared for the charity and its wholly owned subsidiary, LAMDA Enterprises Limited. No separate Income and Expenditure account has been prepared for the charity, as the difference compared with the consolidated statement is not considered to be significant.

k) Comparative figures

The Academy's year end has been changed to 31 July 2006 and these financial statements relate to the eleven month period then ended. The comparative figures relate to the year ended 31 August 2005.

l) Taxation

The Academy is a registered charity and is therefore not liable to tax on its net income.

LAMDA Enterprises Limited is not liable to corporation tax in the current period due to excess trading losses brought forward from prior accounting periods.

LAMDA LIMITED
NOTES TO THE ACCOUNTS
31 JULY 2006

2. TRADING SUBSIDIARY

Lamda Enterprises Limited is a wholly owned subsidiary of LAMDA Limited. Its activities are to train business and professional executives in improving their communication skills by using, amongst others, drama training techniques.

	2006 £	2005 £
PROFIT AND LOSS ACCOUNT		
TURNOVER	28,474	45,425
Cost of Sales	<u>(16,758)</u>	<u>(29,675)</u>
GROSS PROFIT	11,716	15,750
Administrative expenses	<u>(6,815)</u>	<u>(7,026)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4,901	8,724
Tax on profit on ordinary activities	<u>-</u>	<u>-</u>
RETAINED PROFIT FOR THE YEAR	<u>4,901</u>	<u>8,724</u>
BALANCE SHEET		
Current assets	50,964	47,697
Creditors - due to LAMDA	<u>(6,025)</u>	<u>(10,478)</u>
Others	<u>(2,819)</u>	<u>(7,453)</u>
NET ASSETS	<u>42,120</u>	<u>37,219</u>
Share Capital	30,000	30,000
Profit and Loss account	<u>12,120</u>	<u>7,219</u>
SHAREHOLDER'S FUNDS	<u>42,120</u>	<u>37,219</u>

LAMDA LIMITED
NOTES TO THE ACCOUNTS
31 JULY 2006

3. INCOME	2006	2005
	£	£
Funding council grants (recurrent grants)		
<i>Conservatoire for Dance & Drama</i>	1,388,008	1,329,620
<i>Other grants</i>	9,968	-
	<u>1,397,976</u>	<u>1,329,620</u>
Tuition fees		
<i>Drama School fees for higher education courses</i>	1,313,090	1,314,362
<i>Other Drama School fees</i>	189,730	207,877
<i>Examination fees</i>	1,634,144	1,506,536
	<u>3,136,964</u>	<u>3,028,775</u>
Donations		
<i>Capital campaign donations</i>	416,975	371,096
<i>Angels</i>	23,926	20,497
<i>Bursaries & scholarships</i>	114,316	213,014
<i>Events donations</i>	13,649	-
<i>Student hardship donations</i>	17,652	33,716
	<u>586,518</u>	<u>638,323</u>
Examination publications sales	27,159	44,103
Other Income	59,434	58,689
Investments	45,676	27,027
	<u>132,269</u>	<u>129,819</u>
	<u>5,253,727</u>	<u>5,126,537</u>
Analysis of Drama School fees for higher education courses		
United Kingdom and EU students	551,390	504,770
Non-EU overseas students	761,700	809,592
	<u>1,313,090</u>	<u>1,314,362</u>

Examination Publications relate to material produced to support the examination syllabus.

LAMDA LIMITED
NOTES TO THE ACCOUNTS
31 JULY 2006

4. OTHER OPERATING EXPENSES AND DEPRECIATION	2006	2005
	£	£
Fundraising, marketing and publicity	102,733	61,480
Trading expenditure	16,758	36,701
Grants (see note 6)	173,288	238,618
Drama School		
Teaching	1,274,945	1,285,265
Facilities and maintenance	69,678	55,312
	<u>1,344,623</u>	<u>1,340,577</u>
Examinations		
General	106,423	177,600
Examiners' fees	385,733	342,741
Examiners' expenses	412,503	324,293
Venue hire	37,628	41,879
	<u>942,287</u>	<u>886,513</u>
Premises and equipment	320,969	325,958
Administration and central services	223,613	291,383
Other expenditure	11,926	25,892
	<u>3,136,197</u>	<u>3,207,122</u>
 DEPRECIATION		
	2006	2005
	£	£
Lamda Ltd	61,939	65,938
Lamda Enterprises Ltd	-	92
	<u>61,939</u>	<u>66,030</u>

Administration and central services costs include audit fees of £19,184 (2005: £14,000) and legal fees of £11,970 (2005: £12,697). Included in Premises and equipment expenditure are operating lease rentals of £32,536 (2005: £32,536).

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5. STAFF COSTS

	2006 £	2005 £
Wages & Salaries	1,291,217	1,251,772
Social Security costs	119,293	119,626
Pension Contributions	41,569	37,103
	<u>1,452,079</u>	<u>1,408,501</u>

Staff costs are broken down as follows:

	2006 No.	2005 No.	2006 £	2005 £
Fundraising and publicity	6	5	142,477	144,528
Drama School	71	70	883,762	872,441
Examinations	12	13	305,945	284,058
Management and administration	5	5	119,895	107,474
	<u>94</u>	<u>93</u>	<u>1,452,079</u>	<u>1,408,501</u>

The number of employees whose emoluments exceeded £70,000 was:-

	2006 No.	2005 No.
£70,000 - £80,000	-	1
£80,000 - £90,000	1	-
	<u>1</u>	<u>1</u>

The Principal's emoluments were as follows:

	£	£
Salary	80,000	70,000
Benefits in kind	3,231	2,350
	<u>83,231</u>	<u>72,350</u>
Pension contributions	<u>4,000</u>	<u>3,500</u>

During the current year, Trustees received no remuneration and re-imbursed expenses amounted to £nil (2005: £519).

6. GRANTS PAYABLE

	2006	2005
Grants paid are awarded to individuals.	<u>173,288</u>	<u>238,618</u>

7. INTEREST PAYABLE

	2006 £	2005 £
On bank loans:		
Repayable within 5 years by instalments	<u>126,047</u>	<u>144,144</u>

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8. TANGIBLE FIXED ASSETS - CHARITY

	Freehold land and buildings £	Stage and office equipment £	Computers £	Costumes and fighting equipment £	Total £
Cost or valuation					
As at 1 September 2005	6,214,046	219,222	90,024	35,318	6,558,610
Additions	<u>758,180</u>	<u>26,077</u>	<u>6,908</u>	<u>-</u>	<u>791,165</u>
As at 31 July 2006	<u>6,972,226</u>	<u>245,299</u>	<u>96,932</u>	<u>35,318</u>	<u>7,349,775</u>
Depreciation					
As at 1 September 2005	104,720	145,266	78,754	21,994	350,734
Charge for the year	<u>41,426</u>	<u>13,868</u>	<u>3,142</u>	<u>3,503</u>	<u>61,939</u>
As at 31 July 2006	<u>146,146</u>	<u>159,134</u>	<u>81,896</u>	<u>25,497</u>	<u>412,673</u>
Net book value					
At 31 July 2006	<u>6,826,080</u>	<u>86,165</u>	<u>15,036</u>	<u>9,821</u>	<u>6,937,102</u>
<i>At 31 August 2005</i>	<i><u>6,109,327</u></i>	<i><u>73,956</u></i>	<i><u>11,269</u></i>	<i><u>13,324</u></i>	<i><u>6,207,876</u></i>

Group tangible fixed assets are not materially different from those of the charity.
As at 31 July 2006, there were no capital commitments (2005: £10,029).

9. INVESTMENTS

	Group 2006 £	Charity 2006 £	Group 2005 £	Charity 2005 £
Market Value at end of period				
Listed securities	13,162	13,162	13,162	13,162
Investment in unlisted subsidiary (note 2)	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Cost at end of period	<u>13,162</u>	<u>43,162</u>	<u>13,162</u>	<u>43,162</u>

The cost of investments was not materially different from their market value at 31 July 2006.

10. STOCK - CHARITY AND GROUP

	2006 £	2005 £
Medals and Certificates	25,400	26,895
Publications	65,211	61,805
Other	<u>1,851</u>	<u>6,316</u>
	<u>92,462</u>	<u>95,016</u>

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11. DEBTORS	Group 2006 £	Charity 2006 £	Group 2005 £	Charity 2005 £
Trade Debtors	11,829	11,829	21,793	19,295
Sundry Debtors	100,858	106,883	91,475	91,369
Prepayments	71,021	71,021	148,883	148,883
	<u>183,708</u>	<u>189,733</u>	<u>262,151</u>	<u>259,547</u>

12. CREDITORS: due within one year	Group 2006 £	Charity 2006 £	Group 2005 £	Charity 2005 £
Fees received in advance	595,359	595,359	977,640	977,640
Trade creditors	94,207	93,935	84,831	80,128
Taxation and social security	50,373	50,326	39,528	39,528
Bank Loan Repayment	126,032	126,032	117,368	117,368
Other creditors and accruals	188,619	186,119	134,176	131,426
	<u>1,054,590</u>	<u>1,051,771</u>	<u>1,353,543</u>	<u>1,346,090</u>

13. CREDITORS: due in more than one year	2006 £	2005 £
Bank loan (secured by a charge over the new premises purchased in the financial year 2001 at 155 Talgarth Road, Hammersmith, London)	<u>1,895,517</u>	<u>2,021,549</u>

The amounts falling due between 2 to 5 years amount to £594,806 (2005: £557,157) and after 5 years amount to £1,300,711 (2005: £1,464,392)

Terms of repayment for this loan are over 15 years and the rate of interest is 6.552%.

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Fixed assets £	Investment £	Endowment Assets £	Net Current Assets £	Long Term Liabilities £	Total £
Restricted funds	701,741	13,162	-	249,409	-	964,312
Endowment funds	-	-	66,667	-	-	66,667
Unrestricted funds	<u>6,235,361</u>	<u>-</u>	<u>-</u>	<u>(104,917)</u>	<u>(1,895,517)</u>	<u>4,234,927</u>
	<u>6,937,102</u>	<u>13,162</u>	<u>66,667</u>	<u>144,492</u>	<u>(1,895,517)</u>	<u>5,265,906</u>

LAMDA LIMITED
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15. OPERATING LEASE COMMITMENTS

At 31 July 2006 the charity was committed to making operating lease payments during the following year in respect of operating leases:

	2006	2005
Which expire between 1 and 2 years as follows:	£	£
Land	10,000	10,000
Equipment	18,139	18,139
	<u>28,139</u>	<u>28,139</u>

16. RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATIONS

	2006	2006	2005	2005
	£	£	£	£
Net incoming resources		477,465		300,740
Depreciation charges	61,939		66,030	
Donated investments	-		(12,901)	
Decrease / (Increase) in stocks	2,554		6,287	
(Increase) / Decrease in debtors	78,443		(38,972)	
Increase in short-term creditors	<u>(298,953)</u>		<u>63,090</u>	
		(156,017)		83,534
Interest paid		126,047		144,144
Interest received		<u>(45,676)</u>		<u>(27,027)</u>
Net cash inflow from operations		<u>401,819</u>		<u>501,391</u>

17. ANALYSIS OF CHANGES IN NET DEBT

	1 September	Cashflow	31 July
	2005		2006
	£	£	£
Cash at bank and in hand	1,518,661	(595,749)	922,912
Debt due within 1 year	(117,368)	(8,664)	(126,032)
Debt due after 1 year	<u>(2,021,549)</u>	<u>126,032</u>	<u>(1,895,517)</u>
Total	<u>(620,256)</u>	<u>(478,381)</u>	<u>(1,098,637)</u>

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18. FUNDS	Balance at 1 September 2005	Incoming Resources	Outgoing Resources	Net incoming/ (outgoing) resources	Transfers	Net movement in funds	Balance at 31 July 2006
	£	£	£	£	£	£	£
RESTRICTED FUNDS							
Bursary fund	10,689	118,366	(109,071)	9,295	-	9,295	59,478
Student hardship fund	50,183	17,369	(28,058)	(10,689)	-	(10,689)	-
Events funds	-	14,149	-	14,149	-	14,149	14,149
Endowed Funds	296	11	-	11	-	11	307
Panasonic/ Globe	66,116	7,888	(7,175)	713	-	713	66,829
Capital	285,705	435,052	-	435,052	-	435,052	720,757
Angels scheme	103,666	28,110	(28,984)	(874)	-	(874)	102,792
	<u>516,655</u>	<u>620,945</u>	<u>(173,288)</u>	<u>447,657</u>	<u>-</u>	<u>447,657</u>	<u>964,312</u>
ENDOWMENT FUNDS							
Panasonic/ Globe	<u>66,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,667</u>
UNRESTRICTED FUNDS							
General fund	136,160	4,632,782	(4,602,974)	29,808	(144,853)	(115,045)	21,115
Fixed asset fund	<u>4,068,959</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>144,853</u>	<u>144,853</u>	<u>4,213,812</u>
	<u>4,205,119</u>	<u>4,632,782</u>	<u>(4,602,974)</u>	<u>29,808</u>	<u>-</u>	<u>29,808</u>	<u>4,234,927</u>
TOTAL FUNDS	<u>4,788,441</u>	<u>5,253,727</u>	<u>(4,776,262)</u>	<u>477,465</u>	<u>-</u>	<u>477,465</u>	<u>5,265,906</u>

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NOTES TO THE ACCOUNTS
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18. FUNDS (CONTINUED)

The Endowment fund represents the original capital gift to fund the Panasonic/ Globe Scholarships. This fund is entirely represented by cash balances.

The restricted funds are held for the following purposes:

Bursary fund	Monies given to help students with fees and/ or living expenses
Student hardship fund	These monies are used to help students with difficulties paying fees and/ or living expenses
Panasonic/ Globe Capital	Represents retained income arising from the Panasonic/ Globe endowment fund to fund Panasonic/ Globe Scholars
Angels Scheme	This relates to monies received for the acquisition and development of new LAMDA premises
Endowed funds	Fund to directly help students via the Student Hardship Fund, and in other areas which enhance their experience at LAMDA
	Included within restricted funds due to their low value

The Fixed asset fund has been designated during the year and represents the value of the Academy's fixed assets held within its Unrestricted funds, net of their associated long term borrowing.