

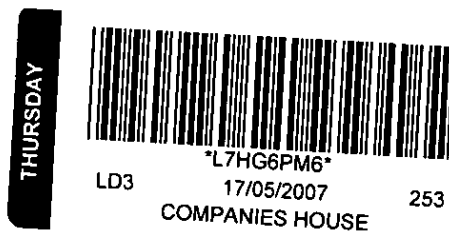
# Royal Ballet School

(A Company Limited by Guarantee)

## FINANCIAL STATEMENTS

for the year ended

31 August 2006



Charity Registration No 214364  
Company Registration No 547018

# Royal Ballet School

## DIRECTORS AND OFFICERS

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### **DIRECTORS**

Mr David Norman (Chairman)  
Mr Nicolas Chisholm  
Miss Felicity Clark  
Mrs Ricki Gail Conway  
Mr Richard Cunis  
Mrs Janet Lambert  
Mr Thomas Lynch, FCA  
Professor Margaret Maden  
Miss Monica Mason, OBE  
Mr Patrick Maxwell, ACA  
Mr Kevin O Hare  
Mr Charles Parker  
Miss Madeleine Plaut  
Mr Edmund Wallis

### **SECRETARY**

Mr Nigel Copeland, FCA

### **REGISTERED OFFICE**

46 Floral Street  
Covent Garden  
London WC2E 9DA

### **AUDITORS**

Baker Tilly UK Audit LLP  
Registered Auditors  
Chartered Accountants  
1<sup>st</sup> Floor  
46 Clarendon Road  
Watford  
Hertfordshire WD17 1JJ

### **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

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The Governors submit their report and the financial statements of the Royal Ballet School for the year ended 31 August 2006

### STATUS

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 20 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

### OBJECTS AND PRINCIPAL ACTIVITIES

The School aims 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 sites where full-time pupils and students are trained and educated. White Lodge in Richmond Park is a boarding school for 11 to 16 year olds, the Upper School in Covent Garden trains students aged 16 to 18

Children aged 9 to 12 attend Junior and Mid-Associate classes weekly or monthly at various centres throughout the U.K. Pupils aged 13 to 15 attend Senior Associate classes fortnightly in London and Birmingham

The School runs Junior and Senior Summer Schools for two weeks in July/August.

### REVIEW, THE FINANCIAL RESULTS AND FUTURE DEVELOPMENTS

In September 2005, the School had 120 (2004 122) pupils at White Lodge, 82 (2004 86) pupils on the Upper School Dancers Course and 388 girls and 116 boys on the Associates Course. 269 girls and 97 boys attended the 2006 Junior and Senior Summer Schools

By 31 December 2006, 20 of the 26 Dancers' Course graduates had obtained contracts with international dance companies

The School's students achieved a 95.1% pass rate (Grades A\* to C) in GCSE examinations, an 89.6% pass rate in AS levels and a 100% pass rate at A2 level

The key to the School's financial stability is the agreement it has with the Department for Education and Skills (DfES). The core of the School's income comes from the DfES in the form of means tested grant aid to parents under the Music and Dance Scheme – places on the scheme are restricted to students from the European Economic Area. In the year under review there were 118 Aided Places at White Lodge and 61 at the Upper School for students on the Dancers' Course. Other United Kingdom students at the Upper School receive funding from their parents, Local Authorities or from the School's own resources. Non United Kingdom students, especially at the Upper School, are funded by their parents and by grants that the School receives from a number of trusts and foundations. A breakdown of the School's funding is shown in note 1 on page 15

The School budgets to break even on a cash basis and this year there were net incoming resources before depreciation on leasehold property of £242,000. The depreciation charge on leasehold property is £689,000, of which £97,000 is met by restricted funds, resulting in net outgoing resources of £350,000 in unrestricted funds

# Royal Ballet School

## REPORT OF THE GOVERNORS

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Details are shown on page 9. Additional gifts have been received in respect of the capital appeal generating net incoming resources of £4,248,000. The Bursary funds have provided £138,000 of awards from accumulated funds. An additional £158,000 in grant income was received in the year.

A prior year adjustment has also been made on adoption of the Charities Statement of Recommended Practice issued in March 2005 in respect of a grant received from the Royal Ballet School Endowment Fund which, in the opinion of the Governors, is a restricted fund. The result of this adjustment has been to increase reserves by £540,000 (2005 £637,000). Depreciation on the Margot Fonteyn Studio of £97,000 has been charged to this reserve.

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. The capital cost of this lease is £3.3 million. At the same time it commenced a major redevelopment of the premises, contracting with Haymills (Contractors) Ltd to build new student accommodation, a new Head's Lounge and extend an existing studio at a contracted cost of £4,580,045. This is the first phase of a £22 million redevelopment project.

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 2008. Thereafter up to £7 million will be available, subject to a repayment schedule, until November 2030.

In August 2006 letters of intent were exchanged with Haymills (Contractors) Ltd to commence the second phase of the redevelopment of White Lodge. This includes the construction of a new dining hall and kitchen, refurbishment of the boarding accommodation, offices and classrooms and the creation of a new science laboratory.

### **Future Plans**

The School's primary current objectives are to continue to improve its excellent level of balletic and academic performance whilst redeveloping the White Lodge premises on time in accordance with the plans and budget. Fund raising efforts for this major project will continue. By the end of December 2006 £18,879,000 had been raised in cash or pledges towards the total of £22 million needed to fund the project fully.

## **DIRECTORS**

### **Governance and management**

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 formulating the strategy and policies for the School and regularly meets three times annually as well as holding other meetings as required to perform its duties.

The Board has established standing committees which routinely meet before each regular meeting of the Governors. These sub-committees between them have responsibility to the Board for all the major areas of its accountability.

The daily operations of the School are managed by the Senior Management Team led by the Director.

### **Recruitment and training of Governors**

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 Board of the Royal Opera House (Covent Garden) Ltd has the right to nominate two Governors. In addition The Director of the Royal Ballet is an ex officio Governor. All Governors are inducted into the operations of the School through briefings with the Chairman, Director and members of the Senior Management Team. Staff make regular presentations to the Governing body on key issues of current and ongoing importance.

# Royal Ballet School

## REPORT OF THE GOVERNORS

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

Mr David Norman (Chairman)	
Miss Darcey Bussell, OBE	(resigned 1 February 2006)
Mr Nicolas Chisholm	
Miss Felicity Clark	
Mrs Ricki Gail Conway	
Mr Richard Cunis	
Lord John Eatwell	(resigned 31 December 2006)
Mrs Patricia Hagan	(resigned 9 December 2005)
Mr David Hollingsworth	(resigned 6 December 2005)
Mrs Janet Lambert	(appointed 11 December 2006)
Mr Thomas Lynch, FCA	
Professor Margaret Maden	(appointed 1 January 2007)
Miss Monica Mason, OBE	
Mr Patrick Maxwell, ACA	
Mr John Maxwell, CA	(resigned 1 February 2006)
Mr Kevin O Hare	
Mr Charles Parker	
Miss Madeleine Plaut	(appointed 2 October 2006)
Mr Bruce Sansom	(resigned 6 December 2006)
Mr Edmund Wallis	(appointed 2 October 2006)

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

Lady Sainsbury, CBE is Governor Emerita of the School

The School has taken out indemnity insurance for the trustees at a cost of £5,775

### Officers

Director	Ms Gailene Stock
Assistant Director	Mr Jay Jolley
Finance Director	Mr Nigel Copeland
Chief Administrative Officer	Mr Rikesh Shah
Academic and Pastoral Principal	Mr Martin Fosten
Head of Lower School	Ms Phillipa Hogg
Ballet Principal Lower School	Ms Diane van Schoor
Principal – Outreach Programme	Ms Kathryn Wade
Communication and Marketing Manager	Ms Amanda Moxey

### RESERVES POLICY

The School's unrestricted funds were £23,157,000 at the year end. Free reserves, being unrestricted funds less those represented by fixed assets, excluding the pension fund deficit, were in surplus to the extent of £70,000. In the absence of free reserves daily working capital is provided by prudent management of current assets and bank borrowing. The Retained Income deficit is net of the Pensions Reserve of £243,000 which will be funded in accordance with the pension scheme's actuary's assessments from annual funding from the DfES. The School is funded annually by the DfES based on break-even budgets. Given the nature of the School's funding the policy is not to build up significant undesignated retained income but maintain sufficient working capital to allow the School to maintain its day to day operations.

# Royal Ballet School

## REPORT OF THE GOVERNORS

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### RESTRICTED AND DESIGNATED FUNDS

Notes 14 and 15 to the financial statements sets out an analysis of the School's restricted and designated funds and note 16 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.

The School's retained income provides working capital taking into account fluctuations in the timing of receipts and payments.

#### *Restricted funds*

##### ***Appeal Fund***

The balance on this fund represents gifts and donations generated by an appeal for funds to enable the School to move the Upper School to its new Floral Street premises and to construct new Upper School residential facilities. A new appeal was launched in 2003/04 to raise funds to acquire a new 100 year lease at White Lodge and redevelop the land and buildings.

##### ***Bursaries and Prize Funds***

This represents bequests and donations received by the Charity, 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.

##### ***Margot Fonteyn Studio***

The grant from the Royal Ballet School Endowment Fund to assist the School with the building costs of the Studio has been credited to a reserve and the annual depreciation charge on the studio reduces this balance.

#### *Designated funds*

##### ***Property Fund***

This Fund represents the total amount (at cost less depreciation) invested in property assets for use by the School.

##### ***Asset Replacement Fund***

This fund represents amounts designated and set aside by Governors to enable the School to replace its Floral Street assets when the existing equipment and fixtures and fittings require replacement.

### RISK MANAGEMENT

Governors are responsible for the management of the risks faced by the School. Detailed consideration of risk has been formally delegated by Governors to the Finance Committee assisted by the Director, Finance Director and other members of the School's Senior Staff. 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

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.

# Royal Ballet School

## REPORT OF THE GOVERNORS

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### SERVICES IN KIND

During the year the School received services in kind from Norlan Resources

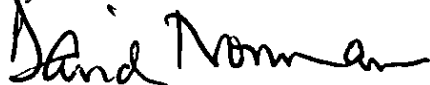
### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

### AUDITORS

The directors, having been notified of the cessation of the partnership known as Baker Tilly, resolved that Baker Tilly UK Audit LLP be appointed as successor auditor, in accordance with the provisions of the companies Act 1989, s26(5). Baker Tilly UK Audit LLP has indicated its willingness to continue in office and as such a resolution to reappoint Baker Tilly UK Audit LLP as auditors will be put to the members at the annual general meeting.

By order of the board



David Norman

Chairman of Governors

Date: 16 Apr 2007

# Royal Ballet School

## GOVERNORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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

Company law requires the Governors as directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the School and of the income and expenditure of the School for that period. In preparing those financial statements, the Governors are required to

- a. select suitable accounting policies and then apply them consistently,
- b. make judgments 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 Governors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the School and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the School and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities



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

We have audited the financial statements on pages 8 to 26

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of trustees and auditors

The responsibilities of the trustees (who are also the directors of Royal Ballet School for the purposes of company law) 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 Trustees' Responsibilities.

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 whether in our opinion the Trustees'/Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 trustees' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Trustees'/Directors' Report. 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 audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK 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 trustees 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 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.

### Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 August 2006 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985
- the information given in the Trustees'/Directors' Report is consistent with the financial statements

**Baker Tilly UK Audit LLP**  
BAKER TILLY UK AUDIT LLP

Registered Auditor  
Chartered Accountants  
1<sup>st</sup> Floor  
46 Clarendon Road  
Watford  
Hertfordshire  
WD17 1JJ

14 May 2007

# Royal Ballet School

## STATEMENT OF FINANCIAL ACTIVITIES (incorporating an Income and Expenditure Account) for the year ended 31 August 2006

	Notes	Unrestricted Funds		Restricted Funds			Total 2006	Total 2005
		School Operations £'000	Designated Funds £'000	Appeal Funds £'000	Bursaries & Prize Funds £'000	Other £'000	£'000	£'000 (restated)
<b>Incoming resources from generated funds</b>								
Voluntary income								
Donations	2	-	100	3,372	-	-	3,472	3,307
Activities for generating funds								
Performance and other								
Income		141	-	1,070	-	-	1,211	148
Investment income	3	168	-	111	-	-	279	264
<b>Incoming resources from charitable activities</b>								
Full time students	1,2	4,928	115	-	158	-	5,201	4,757
Outreach activities	2	452	-	-	-	-	452	486
Partnership programme	2	351	-	-	-	-	351	50
<b>TOTAL INCOMING RESOURCES</b>		<b>6,040</b>	<b>215</b>	<b>4,553</b>	<b>158</b>	<b>-</b>	<b>10,966</b>	<b>9,012</b>
<b>RESOURCES EXPENDED</b>								
Cost of generating funds	4	112	-	120	-	-	232	118
Voluntary income and students								
Fund raising events		-	-	185	-	-	185	53
		112	-	305	-	-	417	171
<b>Charitable activities</b>								
Full time students	5	5,024	592	-	138	97	5,851	5,376
Outreach activities	5	447	-	-	-	-	447	428
Partnership programme	5	329	-	-	-	-	329	105
		5,800	592	-	138	97	6,627	5,909
Governance costs	6	101	-	-	-	-	101	139
<b>TOTAL RESOURCES EXPENDED</b>	<b>7</b>	<b>6,013</b>	<b>592</b>	<b>305</b>	<b>138</b>	<b>97</b>	<b>7,145</b>	<b>6,219</b>
<b>NET INCOMING RESOURCES BEFORE TRANSFERS (representing surplus for the year)</b>								
Gross transfers between funds	9	27 (60)	(377) 8,291	4,248 (8,231)	20 -	(97) -	3,821 -	2,793 -
<b>NET MOVEMENT IN FUNDS AFTER TRANSFERS</b>								
		(33)	7,914	(3,983)	20	(97)	3,821	2,793
<b>OTHER GAINS AND LOSSES</b>								
Actuarial (Losses) on Defined Pension Scheme		337	-	-	-	-	337	(56)
<b>NET MOVEMENT IN FUNDS AFTER TRANSFERS</b>								
		304	7,914	(3,983)	20	(97)	4,158	2,737
<b>TOTAL FUNDS BROUGHT FORWARD</b>		<b>(477)</b>	<b>15,416</b>	<b>3,826</b>	<b>134</b>	<b>637</b>	<b>19,536</b>	<b>16,799</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>	<b>16, 17</b>	<b>(173)</b>	<b>23,330</b>	<b>(157)</b>	<b>154</b>	<b>540</b>	<b>23,694</b>	<b>19,536</b>

Net incoming resources for the year arise from the charity's continuing operations

# Royal Ballet School

## BALANCE SHEET

31 August 2006

	Notes	2006 £'000	2005 £'000 (restated)
<b>FIXED ASSETS</b>			
Tangible assets	10	24,026	16,383
<b>CURRENT ASSETS</b>			
Stocks		13	26
Debtors	11	556	528
Cash at bank and in hand		4,723	4,917
		<u>5,292</u>	<u>5,471</u>
<b>CREDITORS</b> Amounts falling due within one year			
School fees in advance	12	(1,474)	(218)
Trade and other creditors	13	(2,029)	(1,229)
		<u>1,789</u>	<u>4,024</u>
<b>NET CURRENT ASSETS</b>			
		<u>25,815</u>	<u>20,407</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
<b>CREDITORS</b>			
Amounts falling due after more than one year	14	(1,878)	(248)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Defined benefit pension scheme	23	(243)	(623)
		<u>23,694</u>	<u>19,536</u>
<b>CAPITAL AND RESERVES</b>			
Restricted funds	15	537	4,597
Unrestricted funds			
- Designated Property fund	17	23,130	15,316
- Designated Asset Replacement fund	17	200	100
- Retained income	17	(173)	(477)
		<u>23,694</u>	<u>19,536</u>

The financial statements on pages 8 to 26 were approved by the board of directors and authorised for issue on ~~1 February~~ 2007 and are signed on its behalf by

David Norman

Chairman

Patrick Maxwell

Governor

**Royal Ballet School**  
**CASH FLOW STATEMENT**  
**for the year ended 31 August 2006**

	<i>Notes</i>	2006 £'000	2005 £'000 (restated)
NET CASH FLOW FROM ACTIVITIES	25	5,781	2,660
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	26	126	122
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	26	(6,085)	(987)
FINANCING	26	(16)	(19)
INCREASE/(DECREASE) IN CASH	27	<u>(194)</u>	<u>1,776</u>

# Royal Ballet School

## ACCOUNTING POLICIES

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### BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with the Companies Act 1985 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 as modified by the revaluation of certain assets 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

The Governors are of the opinion that the present overdraft facility is adequate. The overdraft facility is unsecured, although the deeds are held informally by the bank

### PRIOR YEAR ADJUSTMENT

A prior year adjustment has been made on the Statement of Financial Activities to apply full adoption of FRS17 Retirement benefits. The result of the adjustment has reduced reserves by £243,000 in 2006 (2005 £623,000)

A prior year adjustment has also been made on adoption of the Charities Statement of Recommended Practice issued in March 2005 in respect of a grant received from the Royal Ballet School Endowment Fund which, in the opinion of the Governors, is a restricted fund. The result of this adjustment has been to increase reserves by £540,000 (2005 £637,000)

### 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 does not 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 of the premises is in the course of construction. These costs are not depreciated until complete and will be depreciated over the term of the lease or shorter period to be determined by the Governors.

The Floral Street property is depreciated over the term of the lease

#### *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 rates used are -

Furniture, fixtures and equipment	over 5 – 7 years	)
Computer equipment	33⅓%	) per annum on cost
Motor vehicles	25%	)

### STOCKS

Stocks are valued at the lower of cost and net realisable value on a "first in, first out" basis

### TURNOVER

Turnover consists of school fees and expenses due and receivable, grants receivable from the Department for Education and Skills, 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

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### 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.

### 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 Council have agreed a refund from the scheme at the balance sheet date. A pension liability is recognised to the extent that the group has a legal obligation to settle the liability.

This is a change in accounting policy and has resulted in a prior year adjustment detailed in note 23.

### LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

### EXPENDITURE

Resources expended are recognised in the period to which they are incurred.

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration on each activity, comprising the salary and overhead costs of the central function, is included as support costs. Support costs have been allocated to activities on a basis consistent with the use of resources.

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

# Royal Ballet School

## ACCOUNTING POLICIES

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### 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.

### 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.

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.

#### (i) Restricted Funds

- Appeal Funds

The restricted appeal funds represent funds raised by the Royal Ballet School to pay for the renovation of the Floral Street property leasehold and moving costs to Covent Garden and the White Lodge development, net of relevant expenses.

- Bursaries and Prize Funds

The School receives some of its income primarily for the provision of bursaries and prizes. This income is credited directly to the relevant fund account. All expenditure in relation to this income is charged directly to the relevant fund account. The balances on the funds represent prizes and awards not yet awarded to individual students.

- Margot Fonteyn Studio

Funds were granted to the School to assist in the costs of building works of the Studio. Depreciation on the asset is charged to this fund.

#### (ii) Unrestricted Funds

- Designated Property Fund

This fund represents the total amount (at cost, less depreciation and capital grants) invested in property assets for use by the School.

- Designated Asset Replacement Fund

This fund represents amounts designated and set aside by Governors to enable the school to replace its Floral Street assets as the existing equipment and fixtures and fittings require replacement.

- Retained Income

This represents undesignated monies retained to meet the School's day to day working capital needs.

# Royal Ballet School

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2006

1	FEES RECEIVABLE			2006 £'000	2005 £'000	
	Gross fees			5,229	4,791	
	Less bursaries			(28)	(34)	
				<u>5,201</u>	<u>4,757</u>	
	Financed by					
	Grants from DfES			4,291	3,931	
	Connected charity			63	85	
	Outside trusts			192	110	
	Parents			655	631	
				<u>5,201</u>	<u>4,757</u>	
2	FEES, GRANTS AND DONATIONS	<i>Unrestricted £'000</i>	<i>Restricted £'000</i>	<i>Restricted Appeal £'000</i>	<i>Total 2006 £'000</i>	<i>Total 2005 £'000</i>
	School fees and grants receivable	5,043	158	-	5,201	4,757
	Donations	100	-	3,372	3,472	3,307
	Partnership programme	351	-	-	351	50
		<u>5,494</u>	<u>158</u>	<u>3,372</u>	<u>9,024</u>	<u>8,114</u>
3	INVESTMENT INCOME	<i>Unrestricted £'000</i>	<i>Restricted £'000</i>	<i>Restricted Appeal £'000</i>	<i>Total 2006 £'000</i>	<i>Total 2005 £'000</i>
	Interest receivable	24	-	111	135	130
	Expected return on pension scheme assets (Note 22)	144	-	-	144	134
		<u>168</u>	<u>-</u>	<u>111</u>	<u>279</u>	<u>264</u>
4	COST OF GENERATING FUNDS	<i>Unrestricted £'000</i>	<i>Restricted £'000</i>	<i>Restricted Appeal £'000</i>	<i>Total 2006 £'000</i>	<i>Total 2005 £'000</i>
	Development department	112	-	120	232	118
	Costs of fundraising events	-	-	185	185	53
		<u>112</u>	<u>-</u>	<u>305</u>	<u>417</u>	<u>171</u>



# Royal Ballet School

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2006

5	ANALYSIS OF RESOURCES EXPENDED ON CHARITABLE ACTIVITIES	<i>Charitable activities £'000</i>	<i>Support Costs £'000</i>	<i>Total 2006 £'000</i>	<i>Total 2005 £'000 (restated)</i>
	Full time students	3,968	1,726	5,694	5,214
	Outreach activities	410	37	447	428
	Partnership programme	236	93	329	105
	Interest on pension scheme liabilities	-	157	157	162
		<u>4,614</u>	<u>2,013</u>	<u>6,627</u>	<u>5,909</u>
6	ANALYSIS OF GOVERNANCE COSTS			2006 £'000	2005 £'000
	Legal and professional			92	130
	Bank charges and interest			9	9
				<u>101</u>	<u>139</u>
7	EXPENDITURE			2006 £'000	2005 £'000
	The operating surplus is after charging				
	Audit fee			16	13
	Auditors' fees in respect of non audit services			145	51
	Interest			9	7
	Operating lease rentals - plant and machinery			27	27
				<u></u>	<u></u>
8	EMPLOYEES			2006 No	2005 No
8a	The average weekly number of persons (excluding directors) employed by the company during the year was				
	Office and management			28	22
	Teachers and pianists			41	42
	Domestics			18	19
	Catering			3	20
				<u>90</u>	<u>103</u>
				<u>£'000</u>	<u>£'000</u> (restated)
8b	Staff costs				
	Wages and salaries			2,748	2,622
	Social security costs			252	215
	Other pension costs			316	256
				<u>3,316</u>	<u>3,093</u>

The directors received no remuneration during the year (2005 £Nil) Expenses totalling £276 were reimbursed to 1 director during the year (2005. £2,602)

# Royal Ballet School

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2006

		2006 No.	2005 No
8c	The number of employees whose emoluments exceeded £60,000 were		
	£60,001 - £70,000	2	1
	£70,001 - £80,000	-	1
	£80,001 - £90,000	1	-
		<u>          </u>	<u>          </u>
8d	Employee cost by activity	£'000	£'000 (restated)
	Full time students	2,611	2,495
	Outreach activities	322	307
	Partnership programme	161	90
	Activities for generating funds	110	101
	Miscellaneous expenditure	112	100
		<u>          </u>	<u>          </u>
	Does not agree to note 8b	3,316	3,093
		<u>          </u>	<u>          </u>
9	TRANSFERS		
		<i>Unrestricted</i> £'000	<i>Designated</i> £'000
			<i>Restricted</i> £'000
	Transfer to designated property fund from restricted fund re White Lodge development	-	8,231
	Transfer to designated property fund from unrestricted fund re White Lodge annual renovations	(60)	60
		<u>          </u>	<u>          </u>
		(60)	8,291
		<u>          </u>	<u>          </u>
			(8,231)
			<u>          </u>

# Royal Ballet School

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2006

### 10 TANGIBLE FIXED ASSETS

	<i>Property - Long Leasehold</i>		<i>Furniture, fixtures and equipment</i>			
	<i>White Lodge Completed asset</i>	<i>White Lodge Assets in the course of construction</i>	<i>Floral Street</i>	<i>White Lodge</i>	<i>Floral Street</i>	<i>Motor vehicle</i>
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation 1 September 2005	5,645	1,316	14,714	765	752	40
Additions	56	8,346	4	32	37	-
	5,701	9,662	14,718	797	789	40
31 August 2006						
Depreciation 1 September 2005	4,509	-	1,213	687	420	20
Charged in the year	276	-	413	37	96	10
	4,785	-	1,626	724	516	30
31 August 2006						
Net book value 31 August 2006	916	9,662	13,092	73	273	10
31 August 2005	1,136	1,316	13,501	78	332	20

Furniture, fixtures and equipment includes assets held under finance leases. At the 31 August 2006 these were fully depreciated and at 31 August 2005 had a net book value of £21,000

The White Lodge development has £2,390,000 of assets held under finance in respect of the lease acquisition with a cash price of £3,300,000 at November 2005. Finance charges have been capitalised

# Royal Ballet School

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2006

11	DEBTORS	2006 £'000	2005 £'000
	School fees		
	- parents	5	47
	- DfES	207	197
	Connected charity	38	5
	Other debtors	116	44
	Prepayments and accrued income	190	235
		<u>556</u>	<u>528</u>
12	SCHOOL FEES IN ADVANCE	2006 £'000	2005 £'000
	Parents	224	192
	DfES	1,250	26
		<u>1,474</u>	<u>218</u>
13	CREDITORS	2006 £'000	2005 £'000
	Amounts falling due within one year		
	Bank overdraft	-	14
	Obligations under finance leases and hire purchase contracts	760	16
	Trade creditors	-	252
	Taxation and social security	80	80
	Other creditors	141	103
	Accruals	1,020	518
	Deferred income	28	246
		<u>2,029</u>	<u>1,229</u>
14	CREDITORS	2006 £'000	2005 £'000
	Amounts falling due in more than one year.		
	Obligations under finance leases and hire purchase contracts	1,630	-
	Other creditors	248	248
		<u>1,878</u>	<u>248</u>
	Amounts repayable by instalments falling due		
	In more than one but not more than two years	796	-
	In more than two but not more than five years	834	-
		<u>1,630</u>	<u>-</u>

Other creditors comprise a loan from the Royal Ballet School Endowment Fund. This loan is unsecured, interest free. The School has received confirmation from the Endowment Fund that it will not seek repayment of this loan within the next year.

Obligations under finance leases and hire purchase contracts relates to amounts outstanding on the purchase of the new White Lodge lease.

A charge is held by Barclays bank over the new White Lodge lease.

# Royal Ballet School

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2006

15	RESTRICTED FUNDS	Balance at 1 September 2005 £'000 (restated)	Incoming resources £'000	Resources expended £'000	Transfer (to)/from unrestricted fund £'000	Balance at 31 August 2006 £'000
	Bursaries prize and funds	134	158	(138)	-	154
	Appeal – Floral Street	1,000	100	-	-	1,100
	Appeal – White Lodge	2,826	4,453	(305)	(8,231)	(1,257)
	Margot Fonteyn Studio	637	-	(97)	-	540
		<u>4,597</u>	<u>4,711</u>	<u>(540)</u>	<u>(8,231)</u>	<u>537</u>

The balance at 1 September 2005 has been restated because of the prior year adjustment in respect of the Margot Fonteyn Studio, see Note 15

The deficit on the White Lodge Appeal is due to the accrued cost of the new lease, this deficit will be reduced by further contributions to the fund

16	RESTRICTED FUND MARGOT FONTEYN STUDIO	2006 £'000	2005 £'000
	Balance at 1 September 2005	-	-
	Prior year adjustment	637	734
	Balance at 1 September 2005 as restated	<u>637</u>	<u>734</u>
	Transferred to income and expenditure account	(97)	(97)
	Balance at 31 August 2006	<u>540</u>	<u>637</u>

The grant from the Royal Ballet School Endowment Fund to assist the School with the building costs of the Studio was previously offset against fixed assets. The prior year adjustment has transferred the balance to reserves.

The annual release of the grant of £97,000 has been removed from the Statement of Financial Activities

# Royal Ballet School

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2006

17	UNRESTRICTED FUNDS	Balance at 1 September 2005 £'000 (restated)	Incoming resources £'000	Resources expended £'000	Transfer (to)/from restricted fund £'000	Balance at 31 August 2006 £'000
	Designated property fund	15,316	115	(592)	8,291	23,130
	Designated asset replacement fund	100	100	-	-	200
	Retained Income	146	5,896	(5,912)	(60)	70
	Pensions reserve	(623)	481	(101)	-	(243)
		<u>14,939</u>	<u>6,592</u>	<u>(6,605)</u>	<u>8,231</u>	<u>23,157</u>

The income and expenditure account balance at 1 September has been restated on full implementation of FRS17. The balance brought forward was £201,000 and the prior year adjustment £623,000.

On adoption of the Charity Commission SORP issued in 2005, the Governors have reconsidered the designation of the partnership programme funded by the DfES. The Governors consider this programme is part of the School's day to day charitable activity, and the income and expenditure related to this programme has been included within unrestricted funds. The operating balance on the partnership programme was £55,000.

The adjustment to opening income and expenditure reserves is £(678,000) resulting in a restated opening balance of £(477,000).

18	ALLOCATION OF ASSETS	Unrestricted £'000	Designated £'000	Restricted appeal £'000	Restricted other £'000	Total £'000
	Fixed assets	356	23,130	-	540	24,026
	Stocks	13	-	-	-	13
	Debtors	556	-	-	-	556
	Cash at Bank	1,545	200	2,824	154	4,723
	Creditors due within one year	(2,152)	-	(1,351)	-	(3,503)
	Creditors due after one year	(248)	-	(1,630)	-	(1,878)
	Provisions	(243)	-	-	-	(243)
		<u>(173)</u>	<u>23,330</u>	<u>(157)</u>	<u>694</u>	<u>23,694</u>

### 19 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 14 Members at the Balance Sheet date.

# Royal Ballet School

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2006

20	CAPITAL COMMITMENTS	2006 £'000	2005 £'000
	Capital expenditure contracted for but not provided in the financial statements	190	909

21	COMMITMENTS UNDER OPERATING LEASES	2006 £'000	2005 £'000
	At 31 August 2006 the company had commitments under non-cancellable operating leases as follows		
	Plant and machinery		
	Expiring between 1 and 2 years	-	-
	Expiring between 2 and 5 years	26	13
	Expiring in more than 5 years	6	14
	Land and buildings		
	Expiring in the first year	-	-
	Expiring in more than 5 years	-	-

## 22 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

During the year the School received grants of £150,855 (2005: £185,331) from the Endowment Fund to cover school and other fees. This was supplemented by additional grants of £Nil (2005: £15,175) for the library, and £Nil (2005: £14,754) for the School Archives totalling £150,855 (2005: £215,260). At the end of the year the Royal Ballet School Endowment Fund owed the Royal Ballet School £38,628 (2005: £5,131) (see note 11).

The School has paid Norlan Resources Limited £12,723 (2005: £1,923) in respect of expenses incurred on behalf of the School by Mr David Norman, a director of the School, and £14,642 (2005: £13,381) for administration services provided to the School. Norlan Resources Limited is controlled by Mr David Norman.

## 23 PENSION COMMITMENTS

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

### 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 pension charge for the year is shown in note 8. 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.

The most recent valuation was at 1 April 2004, and the assumptions used which have the most significant effect on the results of the valuation were the investment return, assumed to be 7% per annum, and the rate of salary increases, assumed to be 5% per annum.

The valuation showed that the market value of the scheme's assets was £1,680,400 and that the actuarial value of these represented 105% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

# Royal Ballet School

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 August 2006

#### 23 PENSION COMMITMENTS (continued)

The pension cost for the year ending 31 August 2006 is £178,000 (2005: £144,000). These amounts have been restated on full adoption of FRS 17.

The contributions paid in the period were 5% (2005: 5%) for the members and employer contributions changed from 21.7% to 35.6% in January 2006 (2005: 14.7%/21.7%).

The trustees of the scheme have closed it to new members. An alternative scheme is available to new employees of the School on an individual basis.

The actuaries have rolled forward the actuarial value of the liabilities reported at 31 August 2004 to 31 August 2006 allowing for changes in financial assumptions as prescribed under FRS 17. The financial assumptions used by the actuary to calculate the scheme liabilities were:

	At 31 August 2006 %	At 31 August 2005 %	At 31 August 2004 %
Price increases	2.9	2.8	2.8
Salary increases	2.9	4.3	4.3
Pension increases	2.9	2.8	2.8
Statutory revaluation in deferment	2.9	2.8	2.8
Discount rate	5.0	4.9	5.5

The assets in the Scheme and the expected rate of return were:

	Long term rate of return expected at 31 August 2006 %	Value at 31 August 2006 £'000	Long term rate of return expected at 31 August 2005 %	Value at 31 August 2005 £'000	Long term rate of return expected at 31 August 2004 %	Value at 31 August 2004 £'000
Group pension contract	5.2%	2,771	5.4	2,869	5.5	2,497
Other	4.4%	(19)	4.4	(88)	4.8	(5)
Total market value of assets		2,752		2,781		2,492
Present value of scheme liabilities		(2,995)		(3,404)		(3,029)
Net pension liability		(243)		(623)		(537)

The above pension liability is recognised in the accounts, and the school's net assets and funds are as follows:

	2006 £'000	2005 £'000
Net assets excluding pension liability	23,937	20,159
Pension liability	(243)	(623)
Net assets including pension liability	23,694	19,536



# Royal Ballet School

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 August 2006

#### 23 PENSION COMMITMENTS (continued)

Analysis of the amount has been charged to the Statement of Financial Activities

	2006 £'000	2005 £'000
Current service cost	178	144
Past service cost	-	-
Gains or losses on settlements or curtailments	-	-
Total operating charge	<u>178</u>	<u>144</u>
Analysis of amount that would be credited to other finance income		
Expected return on pension scheme assets	144	134
Interest on pension scheme liabilities	(157)	(162)
Total operating charge	<u>(13)</u>	<u>(28)</u>

Analysis of amount has been recognised in statement of financial activities

	2006 £'000	2005 £'000
Actual return less expected return on pension scheme assets	80	269
Experience gains and losses arising on the scheme liabilities	128	20
Changes in assumptions underlying the present value of the scheme liabilities	129	(345)
Actuarial gain recognised in statement of financial activities	<u>337</u>	<u>(56)</u>

Movements in surplus during the year

	2006 £'000	2005 £'000
Deficit in scheme at beginning of the year	(623)	(537)
Movement in year:		
Current service cost	(178)	(144)
Contributions	234	142
Other finance cost	(13)	(28)
Actuarial gain/(loss)	337	(56)
Deficit in scheme at end of the year	<u>(243)</u>	<u>(623)</u>

As the scheme is closed to new members, the current service cost will rise significantly as the members approach retirement

The full adoption of FRS 17 has reduced the School's total and retained income reserves by £243,000 at 31 August 2006 and £623,000 at 31 August 2005. The net additional movement in the statement of financial activities is a reduction in expenditure of £43,000 (2005 increase of £30,000) and recognition of actuarial gains of £337,000 (2005 losses of £56,000).

# Royal Ballet School

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2006

### 23 PENSION COMMITMENTS (continued)

#### Teachers' Pension Scheme

The School is also a member of the TPS, an unfunded defined benefit scheme. Contributions on a 'pay-as-you-go' basis are credited to the exchequer under arrangements governed by the Superannuation Act 1972. Under the definitions set out in Financial Reporting Standard 17 (Retirement Benefits), the TPS is a multi-employer pension scheme. The School is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the School has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme.

The pensions cost is assessed every five years in accordance with the advice from the Government Actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation	31 March 2001
Actuarial Method	Prospective benefits
<b>BENEFITS</b>	
Investment returns per annum	7.0%
Pension increases per annum	5.0%
Salary scale increases per annum	6.5%
Market value of assets at date of last valuation	£142,880 million

Proportion of members' accrued benefits covered by the actuarial value of the assets, 100%

Following the implementation of Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000 the government actuary carried out a further review on the level of employers' contributions. For the period from 1 April 2001 to 31 March 2005, the employer contributions were 8.35%. This rate increased to 13.5% from 1 April 2004.

The Company's contribution to the scheme during the year was £75,850 (2005: £84,129).

### 24 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.

### 25 RECONCILIATION OF OPERATING SURPLUS TO NET CASH (OUTFLOW)/INFLOW FROM ACTIVITIES

	2006 £'000	2005 £'000 (restated)
Net incoming resources	3,821	2,793
Depreciation/amortisation of grant	832	911
Defined benefit scheme net actuarial cost	(43)	30
Interest (received)/paid	(126)	(124)
(Increase)/decrease in stocks	13	(5)
(Increase)/decrease in debtors	(28)	(70)
Increase/(decrease) in creditors	1,312	(875)
	<u>5,781</u>	<u>2,660</u>

# Royal Ballet School

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2006

26	GROSS CASH FLOWS	2006 £'000	2005 £'000
	Returns on investments and servicing of finance		
	Interest received on bank deposits	135	128
	Interest paid on bank overdraft	-	(4)
	Interest element of finance lease payments	(9)	(2)
		<u>126</u>	<u>122</u>
	Capital expenditure		
	Payment to acquire tangible fixed assets	6,085	(987)
	Proceeds from sale of tangible fixed assets	-	-
		<u>6,085</u>	<u>(987)</u>
	Financing		
	Capital element of finance lease rental payments	(16)	(19)

27	ANALYSIS OF CHANGES IN NET DEBT	1 S 2005 £'000	Cash flow £'000	Other non Cash £'000	31 / 2006 £'000
	Cash in hand and at bank	4,917	(194)	-	4,723
	Finance Leases	(16)	(2,390)	16	(2,390)
		<u>4,901</u>	<u>(2,584)</u>	<u>16</u>	<u>2,333</u>