

567018

# Royal Ballet School

## FINANCIAL STATEMENTS

for the year ended

31 August 1997



# Royal Ballet School

## DIRECTORS AND OFFICERS

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### **DIRECTORS**

Lord Sterling of Plaistow, CBE (Chairman)  
Mr David Abbott  
Mrs Angela Bernstein  
Mr David Bintley  
Lord Chadlington  
Sir Anthony Dowell, CBE  
Mrs Mary Eyre  
Mr Peter Foy  
Mr Tom Frost  
Mr Bruce Gill  
Mrs Tessa King-Farlow  
Sir Bruce MacPhail  
Mr Colin Nears  
Mr David Norman  
Mr Francis Plowden  
Lady Sainsbury  
Dame Ninette de Valois, CH, DBE  
Sir Peter Wright, CBE

### **SECRETARY**

Mr Ian Scholey

### **REGISTERED OFFICE**

155 Talgarth Road  
Barons Court  
London W14 9DE

### **AUDITORS**

Baker Tilly  
Registered Auditor  
Chartered Accountants  
2 Bloomsbury Street  
London WC1B 3ST

### **BANKERS**

TSB Bank plc  
Commercial Banking  
34 Moorgate  
London EC3R 6DN

### **SOLICITORS**

Bennett Taylor Tyrrell  
72 New Cavendish Street  
London W1M 8AU

# 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 1997.

### STATUS

The School is a 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 18 to the financial statements.

### OBJECTS AND PRINCIPAL ACTIVITIES

The School aims to:

- Train and educate 204 full time students towards a career as classical ballet dancers.
- Supply The Royal Ballet and the Birmingham Royal Ballet with the majority of their dancers.
- Recruit these students in the United Kingdom and throughout the world through its Search for Talent programme.
- Maintain its standing as a world class centre of excellence.
- Contribute to the raising of national and international classical ballet teaching standards through the Teacher Link programme of seminars, "Work in Progress" days and the *Sidelines* newsletter.
- Train and educate ballet teachers of the future on the Teachers' Course.
- Nurture the young people within its care and to fulfil its responsibilities to students and their parents.

### POLICY

The School is located on two sites where full-time pupils and students are trained and educated. The Lower School in Richmond Park is a boarding school for 11 to 16 year olds, the Upper School in West London has a Dancers' Course for students aged 16 to 18, a Teachers' Course for students aged 16 upwards and a Teachers' Course for Professional Dancers.

Children aged 8 to 10 attend Junior Associate classes weekly or monthly at various centres throughout the U.K.. Pupils aged 14 and 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

In September 1996 the School had 81 girls and 48 boys at the Lower School, 52 girls and 22 boys on the Upper School Dancers' Course, 46 girls on the Upper School Teachers' Course, 3 women and 1 man on the Teachers' Course for Professional Dancers, 229 girls and 100 boys on the Junior Associates course and 38 girls and 10 boys on Senior Associates.

83 girls and 43 boys attended the 1997 Junior Summer School. 40 girls and 18 boys attended the 1997 Senior Summer School.

By the end of the academic year, 3 out of the 4 graduates of the Teachers' Course for Professional Dancers had obtained jobs, as had 9 of the 13 Teachers' Course graduates and 19 of the 33 Dancers' Course graduates.

The School's pupils and students achieved a 87.6% pass rate (Grades A to C) in G.C.S.E. examinations, a 100% pass rate in AS Levels and a 90.9% pass rate in A Levels.

# Royal Ballet School

## REPORT OF THE GOVERNORS

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### THE FINANCIAL RESULTS

The key to the School's financial stability is the agreement it has with the Department for Education and Employment. The core of the School's income comes from the DFEE in the form of means tested grant aid to parents under the Music and Ballet Scheme - places on the scheme are restricted to United Kingdom residents. In the year under review there were 128 Aided Places at the Lower School and 45 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 13.

The School budgets to break even and this year there was a small surplus of £9,481 as shown on page 8. The full results are shown in the accounts.

### DIRECTORS

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

Lord Sterling of Plaistow, CBE (Chairman)  
Mr David Abbott  
Mrs Angela Bernstein  
Mr David Bintley  
Lord Chadlington (appointed 19 November 1996)  
Sir Anthony Dowell, CBE  
Mrs Mary Eyre  
Mr Peter Foy  
Mr Tom Frost  
Mr Bruce Gill  
Sir Jeremy Isaacs (resigned 14 July 1997)  
Mrs Tessa King-Farlow (appointed 4 March 1997)  
Sir Bruce MacPhail  
Ms Genista McIntosh (appointed 4 March 1997; resigned 13 May 1997)  
Mr Colin Nears  
Mr David Norman  
Mr Francis Plowden  
Lady Sainsbury  
Dame Ninette de Valois, CH, DBE  
Sir Peter Wright, CBE

The director in control of the day-to-day running of the school is Dame Merle Park, DBE, who is not a Member of the Board of Governors.

### FIXED ASSETS

The significant changes in fixed assets during the year are detailed in note 6 to the financial statements.

# Royal Ballet School

## REPORT OF THE GOVERNORS

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### MARKET VALUE OF FREEHOLD LAND AND BUILDINGS

The directors are of the opinion that the market value of properties at 155 Talgarth Road would significantly exceed the net book values included in the financial statements, but they are unable to quantify this excess in the absence of a professional valuation, the costs of which are not considered justifiable in view of the School's intention to retain ownership of its existing properties for use in its business for the foreseeable future.

### RESTRICTED FUNDS

The company holds a number of Scholarships and Funds, the use of which is restricted to the purposes specified by the donors.

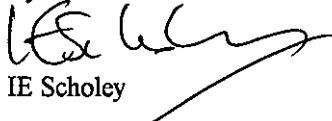
### TAXATION STATUS

The company is a registered charity and, as such, for taxation purposes is entitled to exemption under the Income and Corporation Taxes Act 1988.

### AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

By order of the board



IE Scholey

Secretary

8 December 1997

# Royal Ballet School

## GOVERNORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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The Governors are responsible for keeping proper accounting records, for safeguarding the assets of the School and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In preparing those financial statements, the Governors are required to:

- select suitable accounting policies and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable;
- 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 a going concern basis.

## AUDITORS' REPORT TO THE MEMBERS OF ROYAL BALLET SCHOOL

We have audited the financial statements on pages 7 to 18.

### Respective responsibilities of governors and auditors

As described on page 5 the company's Governors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

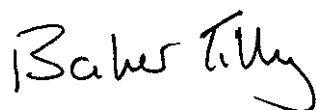
### Basis of opinion

We conducted our audit in accordance with Auditing Standards 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 judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 August 1997 and of its surplus and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**BAKER TILLY**

Registered Auditor  
Chartered Accountants  
2 Bloomsbury Street  
London WC1B 3ST

8 December 1997

# Royal Ballet School

## STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 August 1997

	<i>Notes</i>	Unrestricted Funds £	Restricted Funds £	Total 1997 £	Total 1996 £
<b>INCOMING RESOURCES</b>					
School fees and grants	1	3,410,523	-	3,410,523	3,272,244
Lets and sundry income		253,110	-	253,110	219,286
Grants receivable		96,731	30,395	127,126	120,604
Interest received		17,717	-	17,717	21,499
<b>TOTAL INCOMING RESOURCES</b>		<b>3,778,081</b>	<b>30,395</b>	<b>3,808,476</b>	<b>3,633,633</b>
<b>RESOURCES EXPENDED</b>					
Direct Charitable expenditure	2,3	3,676,622	31,058	3,707,680	3,586,881
Support costs for charitable activity		6,563	-	6,563	12,051
Management and administration expenses	2	85,415	-	85,415	35,832
<b>TOTAL RESOURCES EXPENDED</b>		<b>3,768,600</b>	<b>31,058</b>	<b>3,799,658</b>	<b>3,634,764</b>
<b>NET MOVEMENT IN FUNDS</b>		<b>9,481</b>	<b>(663)</b>	<b>8,818</b>	<b>(1,131)</b>
Fund balances brought forward at 1 September 1996		43,189	23,334	66,523	67,654
<b>Fund balances carried forward at 31 August 1997</b>		<b>52,670</b>	<b>22,671</b>	<b>75,341</b>	<b>66,523</b>

# Royal Ballet School

## INCOME AND EXPENDITURE ACCOUNT

for the year ended 31 August 1997

	Notes	1997 £	1996 £
<b>INCOME</b>			
School fees and grants	1	3,410,523	3,272,244
Lets and sundry income		253,110	219,286
Grants receivable		96,731	96,732
		<u>3,760,364</u>	<u>3,588,262</u>
<b>EXPENDITURE</b>			
Staff costs:			
wages and salaries	2	1,958,259	1,909,792
social security costs		152,198	146,236
other pension costs		73,106	66,292
		<u>2,183,563</u>	<u>2,122,320</u>
Depreciation		324,132	319,364
Other operating charges		1,260,541	1,161,123
		<u>3,768,236</u>	<u>3,602,807</u>
<b>TRADING DEFICIT</b>		<u>(7,872)</u>	<u>(14,545)</u>
Interest receivable		17,717	21,499
Interest on bank overdraft wholly repayable within five years	3	(364)	(1,173)
<b>SURPLUS ON ORDINARY ACTIVITIES</b>		<u>9,481</u>	<u>5,781</u>
Income and Expenditure Account brought forward		43,189	37,408
<b>INCOME AND EXPENDITURE ACCOUNT carried forward</b>		<u>52,670</u>	<u>43,189</u>
<b>STATEMENT OF TOTAL RECOGNISED GAINS &amp; LOSSES</b>			
Surplus for the financial period		9,481	5,781
Movement on restricted funds		(663)	(6,912)
<b>Total recognised gains/(losses) since last annual report</b>		<u>8,818</u>	<u>(1,131)</u>

The surplus for the year is derived entirely from the company's continuing operations.

# Royal Ballet School

## BALANCE SHEET

31 August 1997

	Notes	1997 £	1996 £
<b>FIXED ASSETS</b>			
Tangible assets	6	2,490,236	2,550,335
Deferred credit: grants receivable	7	(1,410,943)	(1,507,674)
		<u>1,079,293</u>	<u>1,042,661</u>
<b>CURRENT ASSETS</b>			
Stocks	8	17,147	22,146
Debtors	9	252,613	334,747
Cash at bank and in hand		1,892	544,349
		<u>271,652</u>	<u>901,242</u>
<b>CREDITORS: Amounts falling due within one year</b>			
Overdraft	10	(106,624)	-
School fees in advance	11	(242,682)	(1,047,498)
Trade and other creditors	12	(331,897)	(233,321)
		<u>(409,551)</u>	<u>(379,577)</u>
<b>NET CURRENT LIABILITIES</b>			
		<u>669,742</u>	<u>663,084</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		669,742	663,084
<b>CREDITORS</b>			
Amounts falling due after more than one year	13	(248,285)	(248,285)
Provision for liabilities and charges	14	(11,695)	(13,855)
		<u>409,762</u>	<u>400,944</u>
<b>CAPITAL AND RESERVES</b>			
Revaluation reserve		334,421	334,421
Restricted funds	4	22,671	23,334
Income and expenditure account		52,670	43,189
		<u>409,762</u>	<u>400,944</u>

Approved by the board on 8 December 1997

Lord Sterling of Plaistow, CBE

Chairman

*Lord Sterling of Plaistow*

Sir Bruce MacPhail

Director

*B. MacPhail*

Royal Ballet School  
CASH FLOW STATEMENT  
for the year ended 31 August 1997

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	<i>Notes</i>	1997 £	1996 £
NET CASH FLOW FROM OPERATING ACTIVITIES	1	(402,401)	152,785
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	2	17,353	20,326
CAPITAL EXPENDITURE		(264,033)	(232,901)
DECREASE IN CASH	3	(649,081)	(59,790)

# Royal Ballet School

## NOTES TO THE CASH FLOW STATEMENT

for the year ended 31 August 1997

		1997	1996
1	RECONCILIATION OF OPERATING PROFIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES	£	£
	Operating loss	(7,872)	(14,545)
	Depreciation/amortisation of grant	227,401	222,632
	Decrease/(increase) in stocks	4,999	1,602
	Decrease/(increase) in debtors	82,134	(133,825)
	(Decrease)/increase in creditors	(708,400)	83,833
	Movement in restricted funds	(663)	(6,912)
		<u>(402,401)</u>	<u>152,785</u>
		<u><u></u></u>	<u><u></u></u>
2	GROSS CASH FLOWS	£	£
	Returns on investments and servicing of finance:		
	Interest received on bank deposits	17,717	
	Interest paid on bank overdraft	(364)	
		<u></u>	17,353
			<u><u></u></u>
	Capital expenditure:		
	Payment to acquire tangible fixed assets		(264,033)
			<u><u></u></u>
3	ANALYSIS OF CHANGES IN NET DEBT	1 September 1996 £	Cash flow £
			31 August 1997 £
	Cash in hand and at bank	544,349	(542,457)
	Overdrafts	-	(106,624)
		<u>544,349</u>	<u>(649,081)</u>
		<u><u></u></u>	<u><u>(104,732)</u></u>

# Royal Ballet School

## ACCOUNTING POLICIES

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### BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with the Charities (Accounts and Reports) Regulations 1996, the Statement of Recommended Practice "Accounting by charities" 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.

### TANGIBLE FIXED ASSETS

#### Freehold property

The governors do not consider it appropriate to comply with the recommendation of the Statement of Standard Accounting Practice No. 12, to depreciate that proportion of the valuation which may be attributed to the building due to:-

- i) the absence of information relating to the division between the value attributable to the land and that attributable to the building and,
- ii) in the opinion of the governors the amount of depreciation to be provided would be immaterial.

#### Leasehold property

The original cost of the 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 6% and 25% per annum on cost.

#### 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:-

Boiler	- 10% )
Furniture and fixtures	- 15% ) per annum on cost
Canteen equipment	- 20% )
Computer equipment	- 33⅓% )

#### Deferred credit: grants receivable

This represents grants receivable from the Endowment Fund for the acquisition of tangible fixed assets. The grants are credited to the Income and Expenditure Account over the expected useful lives of the assets.

### 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 Employment, income arising from the letting of the school premises and facilities, and sponsorship of the school's performances.

### PENSION CONTRIBUTIONS

The costs of providing pensions for employees are charged in the profit and loss account over the average working life of employees in accordance with the recommendations of qualified actuaries. Any funding surplus or deficit which may arise from time to time is amortised over the average working life of employees.

# Royal Ballet School

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 1997

1	FEES RECEIVABLE	1997 £	1996 £
	Gross fees	3,497,145	3,404,334
	Less bursaries	(86,622)	(132,090)
		<u>3,410,523</u>	<u>3,272,244</u>
	Financed by:		
	Grants from DFEE	2,561,132	2,364,741
	Grants from Local Authorities	127,486	194,664
	Connected charity	43,395	91,387
	Outside trusts	121,591	93,589
	Parents	556,919	527,863
		<u>3,410,523</u>	<u>3,272,244</u>

## 2 ANALYSIS OF TOTAL RESOURCES EXPENDED

	<i>Staff costs</i>		<i>Other</i>		<i>Depreci-</i>	<i>1997</i>
	<i>Un-</i>	<i>Restricted</i>	<i>Un-</i>	<i>Restricted</i>	<i>ation</i>	<i>Total</i>
	<i>restricted</i>	<i>£</i>	<i>restricted</i>	<i>£</i>	<i>£</i>	<i>£</i>
Direct						
Charitable Expenditure:						
Teaching costs	1,275,993	18,571	86,901	-	-	1,381,465
Welfare	414,009	-	329,228	-	-	743,237
Premises	-	-	512,886	2,403	299,418	814,707
Administration	337,600	-	124,463	-	24,714	486,777
Search for talent	155,961	-	115,449	-	-	271,410
Grants awards prizes	-	-	-	10,084	-	10,084
	<u>2,183,563</u>	<u>18,571</u>	<u>1,168,927</u>	<u>12,487</u>	<u>324,132</u>	<u>3,707,680</u>
Support costs	-	-	6,563	-	-	6,563
Management and administration	-	-	85,415	-	-	85,415
	<u>2,183,563</u>	<u>18,571</u>	<u>1,260,905</u>	<u>12,487</u>	<u>324,132</u>	<u>3,799,658</u>

# Royal Ballet School

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 1997

3	EXPENDITURE	1997 £	1996 £
	Management and administration costs include:		
	Audit fee	10,046	10,046
	Interest	364	1,173
		<u>          </u>	<u>          </u>

4	RESTRICTED FUNDS	<i>Balance at 1 September 1996 £</i>	<i>Incoming resources £</i>	<i>Resources expended £</i>	<i>Balance at 31 August 1997 £</i>
	Bursaries/teaching	19,914	27,000	(27,037)	19,877
	Prizes	(82)	610	(717)	(189)
	Other	3,502	2,785	(3,304)	2,983
		<u>23,334</u>	<u>30,395</u>	<u>(31,058)</u>	<u>22,671</u>

5	EMPLOYEES	1997 No.	1996 No.
	The average weekly number of persons (excluding directors) employed by the company during the year was:		
	Office and management	12	12
	Teachers and pianists	49	49
	Domestics	12	12
	Catering	23	23
		<u>96</u>	<u>96</u>

### DIRECTORS' REMUNERATION

Anya Linden, a governor, received £88 for teaching during the year. None of the other governors received any remuneration.

### EMPLOYEES' REMUNERATION

The number of employees whose emoluments exceeded £40,000 were:

£40,001 - £50,000	1	-
£50,001 - £60,000	1	1
	<u>          </u>	<u>          </u>

# Royal Ballet School

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 1997

6	TANGIBLE FIXED ASSETS	<i>Land and buildings</i>		<i>Furniture, fixtures and equipment</i>		<i>Total</i>
		<i>Freehold</i>	<i>Short leasehold</i>	<i>Talgarth</i>	<i>White</i>	
		<i>Talgarth Road</i>	<i>White Lodge</i>	<i>Road</i>	<i>lodge</i>	
		£	£	£	£	£
	Cost or valuation at 1 September 1996	411,926	4,007,846	452,953	399,713	5,272,438
	Additions	-	149,000	46,180	68,853	264,033
	31 August 1997	411,926	4,156,846	499,133	468,566	5,536,471
	Depreciation					
	1 September 1996	-	2,045,260	366,885	309,958	2,722,103
	Charged in the year	-	236,525	41,742	45,865	324,132
	31 August 1997	-	2,281,785	408,627	355,823	3,046,235
	Net book value					
	31 August 1997	411,926	1,875,061	90,506	112,743	2,490,236
	31 August 1996	411,926	1,962,586	86,068	89,755	2,550,335

The freehold land and buildings were professionally revalued in February 1979 at £409,500. The original cost of the freehold land and buildings is £77,505.

7	DEFERRED CREDIT: Grants receivable	White Lodge Studio £
	Balance at 1 September 1996	1,507,674
	Debited to income in year	96,731
	Balance at 31 August 1997	<u>1,410,943</u>
8	STOCKS	1997 £
	Goods for resale	17,147
		22,146

# Royal Ballet School

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 1997

		1997	1996
		£	£
9	DEBTORS		
	Due within one year:		
	School fees		
	- parents	29,277	37,761
	- local authorities	-	6,116
	- DFEE	121,768	94,847
	Other debtors	36,408	67,282
	Prepayments and accrued income	65,160	56,000
	Connected charity	-	72,741
		<u>252,613</u>	<u>334,747</u>

### 10 BANK OVERDRAFT

The bank overdraft is secured by a fixed charge over the freehold property at Talgarth Road.

		1997	1996
		£	£
11	SCHOOL FEES IN ADVANCE		
	DFEE	-	850,000
	Parents	141,771	148,766
	Scholarships from Outside Trusts	100,911	44,021
	Local Authorities	-	4,711
		<u>242,682</u>	<u>1,047,498</u>

		1997	1996
		£	£
12	CREDITORS:		
	Amounts falling due within one year:		
	Trade creditors	62,300	23,241
	Connected charity	23,096	-
	Taxation and social security	49,318	-
	Other creditors	10,889	8,080
	Accruals and deferred income	186,294	202,000
		<u>331,897</u>	<u>233,321</u>

		1997	1996
		£	£
13	CREDITORS:		
	Amounts falling due in more than one year:		
	Other creditors	248,285	248,285
		<u>248,285</u>	<u>248,285</u>

Other creditors comprise a loan from the Royal Ballet School Endowment Fund. This loan is unsecured, interest free and is only repayable when there are surplus funds available.

# Royal Ballet School

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 1997

14	PROVISION FOR LIABILITIES AND CHARGES	1997 £	1996 £
	Pension commitments	11,695	13,855

### 15 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 nineteen Members at the Balance Sheet date.

16	CAPITAL COMMITMENTS	1997 £	1996 £
	Capital expenditure contracted for but not provided in the financial statements	-	-

17	COMMITMENTS UNDER OPERATING LEASES	1997 £	1996 £
	At 31 August 1997 the company had commitments under non-cancellable operating leases as follows:		
	Plant and machinery		
	Expiring within 1 year	-	1,621
	Expiring between 2 and 5 years	18,407	19,347
		18,407	20,968

### 18 CONNECTED CHARITY

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 £57,226 from the Endowment Fund to cover school and other fees. This was supplemented by additional grants of £9,000 for senior associates costs, £15,221 for school performance costs, £5,000 for the museum refurbishment, £1,910 for a Paris trip, £21,564 for marketing and £5,414 for the library, totalling £115,335 (1996: £131,597). The position at the end of the year is shown in the balance sheet.

### 19 PENSION COMMITMENTS

The Company operates a pension scheme providing 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.

# Royal Ballet School

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 1997

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### 19 PENSION COMMITMENT (*continued*)

Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Company. The contributions are determined by a qualified actuary, employed by Clerical Medical, on the basis of triennial valuations using the attained age funding method.

The most recent valuation was at 1 April 1995, and the assumptions used which have the most significant effect on the results of the valuation were the investment return, assumed to be 8 1/2% per annum, and the rate of salary increases, assumed to be 8% per annum.

The pension cost for the year ending 31 August 1997 is £34,392 (1996: £25,937). This comprises a regular cost of £43,943 and a variation in cost of £9,551. The variation in cost is calculated assuming the past service surplus is spread over the expected remaining service lives of the employees.

The valuation showed that the market value of the scheme's assets was £1,529,199 and that the actuarial value of these represented 135% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The contributions paid in the period were 5% for the members and 6% for the Company.

The company also contributes to a scheme run by the Department for Education and Employment. The amount contributed was £33,055 (£31,815).

### 20 TAXATION

The company is a registered charity and, as such, for taxation purposes is entitled to exemption from United Kingdom taxation under the Income and Corporation Taxes Act 1988.