

Royal Ballet School

FINANCIAL STATEMENTS

for the year ended

31 August 2000



A04 *AFFFI01J* 0532
COMPANIES HOUSE 09/05/01

Royal Ballet School

DIRECTORS AND OFFICERS

DIRECTORS

Mr David Norman (Chairman)
Mr Peter Foy (Deputy Chairman)
Mr David Bintley
Miss Darcey Bussell
Mr Nicolas Chisholm
Miss Felicity Clark
Sir Anthony Dowell, CBE
Mrs Tessa King-Farlow
Mr Patrick Maxwell
Mr John Maxwell
Mr Kevin O Hare
Mr Charles Parker
Mr Francis Plowden
Lady Sainsbury
Sir Colin Southgate
Dame Ninette de Valois, CH, DBE
Sir Peter Wright, CBE

SECRETARY

Mr Nigel Copeland, FCA

REGISTERED OFFICE

155 Talgarth Road
Barons Court
London W14 9DE

AUDITORS

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

BANKERS

Lloyds TSB Bank plc
City of London
3a Threadneedle Street
London EC2R 8AU

Barclays Bank plc
PO Box 15166
50 Pall Mall
London SW1A 1QG

SOLICITORS

Freshfields
65 Fleet Street
London EC4Y 1HS

Royal Ballet School

REPORT OF THE GOVERNORS

The Governors submit their report and the financial statements of the Royal Ballet School for the year ended 31 August 2000.

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 19 to the financial statements.

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 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 *En Avant* newsletter.
- 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 West London has a Dancers' Course for students aged 16 to 18 and a Teachers' Course for students aged 16 upwards.

Children aged 9 to 12 attend Junior and Mid-Associate classes weekly or monthly at various centres throughout the U.K. Pupils aged 13 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 1999 the School had 85 girls and 47 boys at White Lodge, 47 girls and 32 boys on the Upper School Dancers' Course, 8 girls and a boy on the Upper School Teachers' Course, 275 girls and 87 boys on the Junior Associates course and 42 girls and 6 boys on Senior Associates.

150 girls and 41 boys attended the 2000 Junior and Senior Summer School.

By the end of the academic year, 3 of the Teachers' Course graduates and 21 of the 37 Dancers' Course graduates had obtained jobs.

The School's pupils and students achieved a 90% pass rate (Grades A* to C) in GCSE examinations, an 80% pass rate in AS Levels and a 96% pass rate in A Levels.

Royal Ballet School

REPORT OF THE GOVERNORS

THE FINANCIAL RESULTS

The key to the School's financial stability is the agreement it has with the Department for Education and Employment (DfEE). 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 125 Aided Places at White Lodge and 57 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 12.

The School budgets to break even and this year there was a surplus of £23,236 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:-

Mr David Norman (Chairman)	
Mrs Angela Bernstein	(resigned 8 February 2000)
Mr David Bintley	
Miss Darcey Bussell	(appointed 8 February 2000)
Mr Nicolas Chisholm	
Miss Felicity Clark	
Sir Anthony Dowell, CBE	
Mrs Mary Eyre	(resigned 8 February 2000)
Mr Peter Foy	
Mr Michael Kaiser	(resigned 6 September 2000)
Mrs Tessa King-Farlow	
Mr Patrick Maxwell	(appointed 8 February 2000)
Mr John Maxwell	(appointed 8 February 2000)
Mr Colin Nears, CBE	(resigned 8 February 2000)
Mr Kevin O Hare	(appointed 8 February 2000)
Mr Charles Parker	(appointed 8 February 2000)
Mr Francis Plowden	
Lady Sainsbury	
Sir Colin Southgate	
Lord Sterling of Plaistow, CBE	(resigned 31 December 1999)
Mr Stephen Szemerényi	(resigned 6 September 2000)
Dame Ninette de Valois, CH, DBE	
Sir Peter Wright, CBE	

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.

Governors are either appointed by the Royal Opera House (Covent Garden) Limited or nominated. They are either nominated by the Secretary of State for Education or are elected by the existing Governing Body.

Royal Ballet School

REPORT OF THE GOVERNORS

RESTRICTED FUNDS

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

RESTRICTED FUNDS APPEAL

Following the move of the Royal Ballet Company to Covent Garden it has been decided to build a new school there. The outdated facilities at Talgarth Road will be sold and the Upper School will move in 2002. The School has therefore purchased the lease of a site in Floral Street, Covent Garden at a cost of £6 million. A further £9 million is required to build a new Upper School at the site. An Appeal has been launched to raise the necessary funds. Short-term loans totalling £7.5 million are available to enable the project to proceed.

SERVICES IN KIND

During the year the School received services in kind from P+0, Abbott Mead Vickers and BBDO Limited.

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


N Copeland

Secretary

23 November 2000

Royal Ballet School

GOVERNORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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 School 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.

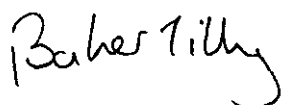
Basis of opinion

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 Governors in the preparation of the financial statements and of whether the accounting policies are appropriate to the School'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 School's affairs at 31 August 2000 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

23 November 2000

Royal Ballet School
STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 August 2000

	<i>Notes</i>	Unrestricted Funds £	Restricted Funds £	Restricted Funds Appeal £	Total 2000 £	Total 1999 £
INCOMING RESOURCES						
Donations		33,500	-	7,128,299	7,161,799	-
School fees and grants	1	3,735,021	-	-	3,735,021	3,579,080
Lets and sundry income		132,659	-	226,428	359,087	206,666
Grants receivable		96,732	56,174	-	152,906	125,994
Interest received		19,063	-	31,237	50,300	15,013
TOTAL INCOMING RESOURCES		4,016,975	56,174	7,385,964	11,459,113	3,926,753
RESOURCES EXPENDED						
Direct Charitable expenditure	2	3,930,107	39,622	-	3,969,729	3,819,614
Support costs for charitable activity	2	17,687	-	-	17,687	30,262
Management and administration expenses	2	45,945	-	69,413	115,358	51,201
TOTAL RESOURCES EXPENDED		3,993,739	39,622	69,413	4,102,774	3,901,077
NET MOVEMENT IN FUNDS		23,236	16,552	7,316,551	7,356,339	25,676
Fund balances brought forward at 1 September 1999		424,063	15,276	-	439,339	413,663
Fund balances carried forward at 31 August 2000		447,299	31,828	7,316,551	7,795,678	439,339

Royal Ballet School

INCOME AND EXPENDITURE ACCOUNT

for the year ended 31 August 2000

	Notes	2000 £	1999 £
INCOME			
School fees and grants	1	3,735,021	3,579,080
Lets and sundry income		132,659	206,666
Grants receivable		96,732	104,432
Donation		33,500	-
		<u>3,997,912</u>	<u>3,890,178</u>
EXPENDITURE			
Staff costs:			
wages and salaries	5	2,158,211	2,058,396
social security costs		168,610	160,166
other pension costs		103,457	73,441
		<u>2,430,278</u>	<u>2,322,003</u>
Depreciation		340,448	339,271
Other operating charges		1,222,100	1,204,937
		<u>3,992,826</u>	<u>3,866,211</u>
TRADING SURPLUS	3	<u>5,086</u>	<u>23,967</u>
Interest receivable		19,063	15,013
Interest on bank overdraft wholly repayable within five years		(913)	(1,600)
SURPLUS ON ORDINARY ACTIVITIES		<u>23,236</u>	<u>37,380</u>
INCOME AND EXPENDITURE ACCOUNT brought forward	14	89,642	52,262
INCOME AND EXPENDITURE ACCOUNT carried forward	14	<u>112,878</u>	<u>89,642</u>
STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES			
Surplus for the financial period		23,236	37,380
Movement on restricted funds		7,333,103	(11,704)
Total recognised gains since last annual report		<u>7,356,339</u>	<u>25,676</u>

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

Royal Ballet School

BALANCE SHEET

31 August 2000

	Notes	2000 £	1999 £
FIXED ASSETS			
Tangible assets	6	8,418,847	2,303,902
Deferred credit: grants receivable	7	(1,120,746)	(1,217,478)
		<u>7,298,101</u>	<u>1,086,424</u>
CURRENT ASSETS			
Stocks	8	17,012	15,607
Debtors	9	216,035	289,922
Cash at bank and in hand		1,372,158	650
		<u>1,605,205</u>	<u>306,179</u>
CREDITORS: Amounts falling due within one year			
Bank overdraft		-	(28,541)
School fees in advance	10	(223,617)	(233,337)
Trade and other creditors	11	(635,726)	(435,726)
		<u>745,862</u>	<u>(391,425)</u>
NET CURRENT ASSETS/(LIABILITIES)			
		<u>8,043,963</u>	<u>694,999</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS			
Amounts falling due after more than one year	12	(248,285)	(248,285)
Provision for liabilities and charges	13	-	(7,375)
		<u>7,795,678</u>	<u>439,339</u>
CAPITAL AND RESERVES			
Unrestricted funds	14	447,299	424,063
Restricted funds	4	7,348,379	15,276
		<u>7,795,678</u>	<u>439,339</u>

Approved by the board on 23 November 2000

Mr David Norman

Chairman



Mr Peter Foy

Deputy Chairman



Royal Ballet School

CASH FLOW STATEMENT

for the year ended 31 August 2000

	<i>Notes</i>	2000 £	1999 £
NET CASH FLOW FROM OPERATING ACTIVITIES	22	7,837,292	334,599
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	23	18,150	13,413
CAPITAL EXPENDITURE	23	(6,455,393)	(254,695)
INCREASE IN CASH	24	<u>1,400,049</u>	<u>93,317</u>

Royal Ballet School

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with the Charities (Accounts and Reports) Regulations 1997, 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%)
Motor vehicles	- 25%)

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 2000

1	FEES RECEIVABLE	2000 £	1999 £
	Gross fees	3,811,923	3,643,155
	Less bursaries	(76,902)	(64,075)
		<u>3,735,021</u>	<u>3,579,080</u>
	Financed by:		
	Grants from DfEE	3,092,936	2,980,235
	Grants from Local Authorities	12,482	26,701
	Connected charity	89,613	97,912
	Outside trusts	99,071	103,922
	Parents	440,919	370,310
		<u>3,735,021</u>	<u>3,579,080</u>

2 ANALYSIS OF TOTAL RESOURCES EXPENDED

	<i>Staff costs</i>		<i>Other</i>		<i>Depreci-</i>	<i>2000</i>
	<i>Un-</i>	<i>Restricted</i>	<i>Un-</i>	<i>Restricted</i>	<i>ation</i>	<i>Total</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Direct charitable expenditure:						
Teaching costs	1,331,518	18,208	125,889	-	-	1,475,615
Welfare	411,869	-	368,787	-	-	780,656
Premises	-	-	415,911	-	315,063	730,974
Administration	470,562	-	131,197	-	25,385	627,144
Search for talent	216,329	-	116,684	-	-	333,013
Grants awards prizes	-	21,414	-	-	-	21,414
Other	-	-	913	-	-	913
	<u>2,430,278</u>	<u>39,622</u>	<u>1,159,381</u>	<u>-</u>	<u>340,448</u>	<u>3,969,729</u>
Support costs	-	-	17,687	-	-	17,687
Management and administration	-	21,573	45,945	47,840	-	115,358
	<u>2,430,278</u>	<u>61,195</u>	<u>1,223,013</u>	<u>47,840</u>	<u>340,448</u>	<u>4,102,774</u>

Royal Ballet School

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2000

3	EXPENDITURE			2000 £	1999 £
	Trading surplus is after charging:				
	Audit fee			10,500	10,500
	Interest			913	1,600
	Operating lease rentals			25,109	23,699
				<hr/>	<hr/>
4	RESTRICTED FUNDS	<i>Balance at 1 September 1999 £</i>	<i>Incoming resources £</i>	<i>Resources expended £</i>	<i>Balance at 31 August 2000 £</i>
	Bursaries/teaching	17,313	25,636	(18,208)	24,741
	Prizes	569	450	(225)	794
	Other	(2,606)	30,088	(21,189)	6,293
	Appeal	-	7,385,964	(69,413)	7,316,551
		<hr/>	<hr/>	<hr/>	<hr/>
		15,276	7,442,138	(109,035)	7,348,379
				<hr/>	<hr/>
5	EMPLOYEES			2000 No.	1999 No.
	The average weekly number of persons (excluding directors) employed by the company during the year was:				
	Office and management			14	14
	Teachers and pianists			45	46
	Domestics			13	12
	Catering			25	23
				<hr/>	<hr/>
				97	95
				<hr/>	<hr/>

The directors received no remuneration during the year (1999: £Nil). Expenses totalling £80 were reimbursed to directors during the year (1999: £Nil).

	2000 No.	1999 No.
EMPLOYEES' REMUNERATION		
The number of employees whose emoluments exceeded £40,000 were:		
£40,001 - £50,000	4	0
£50,001 - £60,000	0	1
£60,001 - £70,000	1	0
	<hr/>	<hr/>

Royal Ballet School

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2000

6	TANGIBLE FIXED ASSETS	Property			Furniture, fixtures and equipment			Total
		Freehold Talgarth Road £	Short leasehold White Lodge £	Appeal Fund Floral Street £	Talgarth Road £	White Lodge £	Motor vehicle £	
	Cost or valuation							
	1 September 1999	411,926	4,494,345	-	572,235	521,359	26,406	6,026,271
	Additions	-	232,118	6,148,164	53,192	21,919	-	6,455,393
	31 August 2000	411,926	4,726,463	6,148,164	625,427	543,278	26,406	12,481,664
	Depreciation							
	1 September 1999	-	2,773,619	-	498,408	437,138	13,204	3,722,369
	Charged in the year	-	245,306	-	49,523	39,017	6,602	340,448
	31 August 2000	-	3,018,925	-	547,931	476,155	19,806	4,062,817
	Net book value							
	31 August 2000	411,926	1,707,538	6,148,164	77,496	67,123	6,600	8,418,847
	31 August 1999	411,926	1,720,726	-	73,827	84,221	13,202	2,303,902

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. Advantage has been taken of the transitional provision of FRS15.

7	DEFERRED CREDIT: Grants receivable	White Lodge Studio £
	Balance at 1 September 1999	1,217,478
	Transferred to income and expenditure account	(96,732)
	Balance at 31 August 2000	1,120,746

8	STOCKS	2000 £	1999 £
	Goods for resale	17,012	15,607

Royal Ballet School

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2000

		2000 £	1999 £
9	DEBTORS		
	Due within one year:		
	School fees		
	- parents	44,597	36,246
	- DfEE	129,653	135,376
	Other debtors	7,326	38,806
	Prepayments and accrued income	34,459	79,494
		<u>216,035</u>	<u>289,922</u>
		2000	1999
		£	£
10	SCHOOL FEES IN ADVANCE		
	Parents	139,931	150,702
	Scholarships from Outside Trusts	83,687	79,745
	Local Authorities	-	2,890
		<u>223,617</u>	<u>233,337</u>
		2000	1999
		£	£
11	CREDITORS:		
	Amounts falling due within one year:		
	Trade creditors	117,893	84,581
	Connected charity	61,224	54,908
	Taxation and social security	57,986	49,460
	Other creditors	22,150	8,667
	Accruals	376,473	238,110
		<u>635,726</u>	<u>435,726</u>
		2000	1999
		£	£
12	CREDITORS:		
	Amounts falling due in more than one year:		
	Other creditors	248,285	248,285

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 2000

13	PROVISION FOR LIABILITIES AND CHARGES	2000 £	1999 £		
	Pension commitments	-	7,375		
14	UNRESTRICTED FUNDS	Income and Revaluation reserve £	expenditure account £	Total £	
	Balance brought forward	334,421	89,642	424,063	
	Movement in year	-	23,236	23,236	
	Balance carried forward	334,421	112,878	447,299	
15	MOVEMENT OF FUNDS	Unrestricted £	Restricted appeal fund £	Restricted other £	Total £
	Balance 31 August 1999	424,063	-	15,276	439,339
	Movement in year	23,236	7,316,551	16,552	7,356,339
	Balance 31 August 2000	447,299	7,316,551	31,828	7,795,678
	FUNDS				
	Fixed assets	1,149,937	6,148,164	-	7,298,101
	Stocks	17,012	-	-	17,012
	Debtors	216,035	-	-	216,035
	Cash at Bank	171,943	1,168,387	31,828	1,372,158
	Creditors due within one year	(859,343)	-	-	(859,343)
	Creditors due after one year	(248,285)	-	-	(248,285)
	Provision for liabilities	-	-	-	-
		447,299	7,316,551	31,828	7,795,678
16	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 19 Members at the Balance Sheet date.				
17	CAPITAL COMMITMENTS	2000 £	1999 £		
	Capital expenditure contracted for but not provided in the financial statements	956,772	35,250		

Royal Ballet School

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2000

18	COMMITMENTS UNDER OPERATING LEASES	2000 £	1999 £
	At 31 August 2000 the company had commitments under non-cancellable operating leases as follows:		
	Plant and machinery		
	Expiring in the first year	21,485	-
	Expiring between 2 and 5 years	2,214	22,709
	Other		
	Expiring between 2 and 5 years	2,820	-
		<hr/>	<hr/>

19 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 £92,472 from the Endowment Fund to cover school and other fees. This was supplemented by additional grants of £7,244 for the library, and £11,315 for the School Archives totalling £111,031 (1999: £163,118). The position at the end of the year is shown in the balance sheet.

20 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.

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 an independent 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 1998, and the assumptions used which have the most significant effect on the results of the valuation were the investment return, assumed to be 8% per annum, and the rate of salary increases, assumed to be 6% per annum.

The valuation showed that the market value of the scheme's assets was £1,455,801 and that the actuarial value of these represented 104% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The pension cost for the year ending 31 August 2000 is £67,523 (1999: £41,672).

The contributions paid in the period were 5% for the members and 6%/11.9% for the Company.

The company also contributes to a scheme run by the Department for Education and Employment. The amount contributed was £35,934 (1999: £31,769). The scheme is a defined benefits scheme.

21 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.

Royal Ballet School

NOTES TO THE CASH FLOW STATEMENT

for the year ended 31 August 2000

22	RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2000 £	1999 £
	Operating surplus	5,086	23,967
	Depreciation/amortisation of grant	243,716	242,539
	Increase in stocks	(1,405)	(6,480)
	Decrease in debtors	73,887	29,390
	Increase in creditors	182,905	56,887
	Movement in restricted funds	7,333,103	(11,704)
		<u>7,837,292</u>	<u>334,599</u>
23	GROSS CASH FLOWS	£	£
	Returns on investments and servicing of finance:		
	Interest received on bank deposits	19,063	15,013
	Interest paid on bank overdraft	(913)	(1,600)
		<u>18,150</u>	<u>13,413</u>
	Capital expenditure:		
	Payment to acquire tangible fixed assets	6,455,393	254,695
24	ANALYSIS OF CHANGES IN NET DEBT	1 September 1999 £	31 August 2000 £
	Cash in hand and at bank	650	1,371,508
	Overdrafts	(28,541)	28,541
		<u>(27,891)</u>	<u>1,372,158</u>

Royal Ballet School

DETAILED INCOME AND EXPENDITURE ACCOUNT - TALGARTH ROAD for the year ended 31 August 2000

	2000 £	1999 £
INCOME		
School fees and grants	1,168,203	1,165,184
Lets and sundry income	76,568	184,166
Interest receivable	19,063	15,013
Junior associates	94,249	89,476
Combined summer schools	73,534	46,450
Teacher link	6,645	8,387
Senior Associates	12,295	9,140
School Performance	49,446	22,500
Donations	33,500	-
	<u>1,533,503</u>	<u>1,540,316</u>
EXPENDITURE		
Salaries and wages -		
education	118,222	119,540
dancing	385,129	396,922
pianists	116,482	126,158
administration	417,389	308,082
domestic	60,306	85,252
Pensions and national insurance		
National insurance contributions	79,056	83,568
Staff superannuation scheme	48,407	30,081
Teacher's superannuation scheme	3,838	2,867
Heat and light	19,657	24,833
Rent, Land in Talgarth Road	33,500	33,500
Rates	690	7,823
Insurance	10,176	13,243
Printing and stationery	17,644	15,327
Telephone	18,505	24,005
Security	3,825	1,903
Postage	7,196	6,037
Repairs, renewals and alterations	107,457	67,493
Depreciation of furniture, fixtures and equipment	49,523	42,987
Bad debts	7,811	11,524
Carriage	16,883	14,477
School materials	39,432	38,559
Canteen (net)	38,158	43,392
Physiotherapy and medical expenses	42,321	38,911
Library and prizes	-	5,834
Legal and professional	45,945	36,603
Floral Street	-	11,796
Advertising	60,122	43,498
Bank interest and charges	913	1,600
C/f	<u>1,748,587</u>	<u>1,338,086</u>

This page does not form part of the statutory financial statements.

Royal Ballet School

DETAILED INCOME AND EXPENDITURE ACCOUNT - TALGARTH ROAD for the year ended 31 August 2000

	2000 £	1999 £
B/f	1,748,587	1,338,086
Sundry expenses	6,995	7,215
In-Service Training	6,591	10,191
Computer maintenance	37,505	78,618
Examination fees	381	1,465
Recruitment	11,087	20,071
Wolf House expenses	34,393	30,475
Junior Associates	12,801	26,436
Summer schools	33,663	23,952
Teacher link	1,302	1,269
Senior Associates	90	9,674
Auditions	8,124	5,697
School Performance	79,311	22,622
Teachers course	19,072	28,617
Diplomas	1,241	-
	<u>2,001,143</u>	<u>1,902,117</u>
DEFICIT FOR THE YEAR	<u>(467,640)</u>	<u>(361,801)</u>

This page does not form part of the statutory financial statements.

Royal Ballet School

DETAILED INCOME AND EXPENDITURE ACCOUNT - WHITE LODGE

for the year ended 31 August 2000

	2000 £	1999 £
INCOME		
School fees and grants	2,386,740	2,260,443
Grants receivable	96,732	104,432
	<u>2,483,472</u>	<u>2,364,875</u>
EXPENDITURE		
Salaries and wages -		
education	384,732	376,521
dancing	198,732	175,974
pianists	97,841	99,532
administration	37,255	30,595
domestic	155,844	152,759
catering	186,279	187,061
Pensions and national insurance		
National insurance contributions	89,554	76,598
Staff superannuation scheme	19,116	11,591
Teachers' superannuation scheme	32,096	28,902
Sodexho Catering	272,183	298,005
Heat and light	56,785	46,127
Rent and rates	6,705	9,659
Insurance	16,765	16,894
Printing and stationery	21,689	22,156
Telephone	12,667	10,120
Security	10,539	11,236
Postage	1,409	1,358
Repairs, renewals and alterations	68,486	75,057
Depreciation		
Furniture, fixtures and equipment	39,017	40,527
Leasehold property	148,574	152,423
New Studio	96,732	96,732
Motor van	6,602	6,602
Motor vehicle expenses	15,504	13,706
Medical expenses	6,686	22,842
Sundry expenses	4,541	303
Deficit wardrobe account	1,435	895
Bad debts	4,828	1,519
	<u>1,992,596</u>	<u>1,965,694</u>
SURPLUS FOR THE YEAR	<u>490,876</u>	<u>399,181</u>

This page does not form part of the statutory financial statements.