

Royal Ballet School
Annual report and financial statements
for the year ended
31 August 2020

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Charity registration number: 214364
Company registration number: 547018
Principal and registered office: 46 Floral Street, London WC2E 9DA

Royal Ballet School
Annual report and financial statements
Year ended 31 August 2020

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ROYAL BALLET SCHOOL

ANNUAL REPORT OF THE GOVERNORS

GOVERNORS, DIRECTORS AND CHARITY TRUSTEES

The Governors of Royal Ballet School (the School) are the School's Charity Trustees under charity law and the Directors of the Charitable Company. Detailed below are the Governors who served in office during the year and subsequently:

The Duchess of Wellington OBE (Chairman to 16 March and resigned 17 March 2020)
Christopher Rodrigues (appointed 26 November 2019 and Chairman from 17 March 2020)
Carlos Acosta (appointed 17 June 2020)
Justin Albert (appointed 2 February 2021)
Suneel Bakhshi (resigned 29 January 2020)
Anna Birkett
Jonathan Chenevix-Trench (resigned 26 March 2020)
Tom Clementi
Genevieve Davies (resigned 27 January 2021)
Sarah Dorfman (resigned 25 March 2021)
David Ebstein (appointed 2 February 2021)
Clarissa Farr (resigned 26 November 2019)
David Fletcher
Candida Hurst-Brown (resigned 31 March 2020)
Janet Lambert
Menna McGregor
Kevin O'Hare
Madeleine Plaut
Craig Ranson (appointed 2 February 2021)
Zita Saurel
Nishi Somaiya (appointed 17 June 2020)
Stephen Spurr
Kenneth Steele
Susan Wijeratna (appointed 26 November 2019)

Lady Sainsbury CBE is Governor Emerita of the School.

COMPANY SECRETARY

Pippa Adamson

PRINCIPAL AND REGISTERED OFFICE

46 Floral Street, London WC2E 9DA

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OFFICERS – SENIOR LEADERSHIP TEAM

Christopher Powney	Artistic Director
Pippa Adamson	Chief Operating Officer
David Gajadharsingh	Academic and Pastoral Principal
Carol Dray	Commercial Director (appointed 1 September 2020)
Jill Tait-Harris	Assistant Principal (Pastoral and Welfare)
Mark Annear	Head of Training and Access
Samira Saidi	Head of Intensive Courses and International Relations
Sarah Eliot-Cohen	Head of Development and Communications
Roger Atkinson	Head of Site Operations
Jason Hughes	Compliance Officer
Huw Goodwin	Healthcare Manager (appointed 1 January 2021)

ADVISORS

AUDITORS:

Crowe U.K. LLP
55 Ludgate Hill
London EC4M 7JW

BANKERS:

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

SOLICITORS:

Veale Wasbrough Vizards
Narrow Quay House
Narrow Quay
Bristol BS1 4QA

Winckworth Sherwood
Minerva House
5 Montague Close
London SE1 9DF

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ANNUAL REPORT OF THE GOVERNORS

The Governors present their annual report for the year ended 31 August 2020 under the Charities Act 2011, including the Directors' and Strategic Reports under the Companies Act 2006, together with the audited financial statements for the year.

DIRECTORS' REPORT

CONSTITUTION, OBJECTS AND ORGANISATIONAL STRUCTURE

The Royal Ballet School (the School) is a charitable company limited by guarantee (registered number 547018) and not having a share capital, and it is also a registered charity (number 214364). It was established in 1955 under a Memorandum of Association which sets out the objects and powers of the Charitable Company and is governed by its Articles of Association. The School's objects and principal activity is to train and educate full time students for a career as classical ballet dancers.

The School has a wholly owned trading subsidiary TRBS Enterprises Limited which sells branded merchandise and hires out School premises, gifting its profits to the School. Consolidated accounts have not been prepared as the activities of the subsidiary are immaterial, but the trading results are shown in Note 5 of the financial statements and any gifted profits are included in the Statement of Financial Activities.

The Royal Ballet School Endowment Fund is a connected charity whose purpose is to provide funding and facilities for the students at the Royal Ballet School. The connected charity is a separate charity with trustees who are responsible for that charity and their financial statements which are not reported on in these accounts.

The School is the official School of both the Royal Ballet and Birmingham Royal Ballet companies and as a result, has close working relationships with both Artistic Directors and their staff. The Artistic Directors of each Company have a place on the Royal Ballet School's Board of Governors for the duration of office.

VISION, MISSION AND VALUES OF THE ROYAL BALLET SCHOOL

OUR VISION

The School's vision is to be the best classical dance ballet school in the world.

OUR MISSION

Our mission is to nurture, train and educate exceptional young dancers for the Royal Ballet companies and other leading UK and international companies and to inspire the future of classical ballet training.

OUR VALUES

Student focused

Students are at the heart of everything we do at the School and their training and welfare are the basis of all decisions

Innovative and pioneering

We are a bold, forward-thinking organisation and bring this approach to all areas of our work with the utmost integrity

Promoting excellence

We maintain the highest standards of excellence in classical ballet training

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Training versatile dancers

Our highly skilled dancers are able to adapt to a broad range of styles

Respectful of our heritage

We ensure the rich heritage of the School is at the heart of our training

Faithful to our core mission

To provide the two Royal Ballet companies with top calibre dancers. We take a fully collaborative and inclusive approach with both companies

One team

We support each other, creating a warm, nurturing environment for students to maximise their potential

Committed to academic education

We give students the best possible education and in so doing open up their opportunities beyond ballet

Nurturing our students

We are respectful of our dancers as aspiring artists and as individual, intelligent human-beings

Broadening access

Sharing our expertise in classical ballet training, engaging with the wider community through our Outreach & Access programme

Pioneering in healthcare

We are at the forefront of physical and mental health provision for pre-professional dancers working to create stronger, happier and more resilient dancers.

GOVERNANCE

The School is governed by the Board of Governors whose members are also directors of the Charitable Company and charity trustees. The Board is responsible for overseeing the strategy and policies for the School and meets formally once a term (three times annually) as well as holding other meetings, especially for strategic planning discussions, as required to perform its duties.

The Board of Governors during the financial year and to the date of this report are shown on page 2.

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

Artistic and Academic Committee

Dance Policy Committee (meets as required)

Development Committee

Estates Committee

Finance Committee

Nominations Committee

Pastoral and Compliance Committee

Remuneration Committee (meets as required)

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

Nominations for new Board members are made by the Governors and Executive Officers to the Nominations Committee, who then make recommendations to the Board who elect new members. Candidates are selected based on their professional skills, knowledge, competence and experience,

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and Governors ensure that there is an appropriate balance of relevant skills and expertise across the Board. The Nominations Committee meets regularly and reviews the composition of the Board, taking into account the need for succession planning as existing Governors retire. Where appropriate to ensure that the widest range of candidates are considered, professional recruitment agencies may be used.

Remuneration of staff is set by the Remuneration Committee with the policy objectives of rewarding staff fairly. Remuneration levels are reviewed annually to make sure that salaries are comparative with the market.

GOVERNOR TRAINING

All Governors are inducted into the governance and operations of the School through briefings with the Chairman and members of the Executive and Senior Leadership Teams. All Governors are trained to Level 2 in Child Protection and Safeguarding and a minimum of three Governors to Level 3. Governors are issued with a copy of the AGBIS Guidelines for Governors laying out best practice in the governance of independent schools. The training needs of Governors are reviewed from time to time and support provided as necessary. Additionally, regular presentations and reports are made to the Governing body on key issues of current and ongoing importance.

The Trustees adhere to the Charity Governance Code published in 2017 which sets out the principles and recommended practice for good governance within the sector.

ORGANISATIONAL MANAGEMENT

The day-to-day operations of the School are managed by the Executive Leadership Team which is made up of the Artistic Director, Chief Operating Officer, Academic and Pastoral Principal and from September 2020, a Commercial Director. The Executive are supported by members of the wider Senior Leadership Team. Both teams are led by the Artistic Director, Christopher Powney. The Artistic Director is in control of the day-to-day running of the School but is not a member of the Board of Governors nor a company director. The rest of the Senior Leadership Team who support the Artistic Director are listed on page 3.

PUBLIC BENEFIT

The School remains committed to the aim of providing public benefit in accordance with its founding principles. The Governors' have given due consideration to the Charity Commission's published guidance on the Public Benefit requirement under the Charities Act 2011.

The School makes a major contribution to the country's global reputation for arts and culture, specialising in the area of classical ballet. A place at the School is open to any young person from the UK who possesses the potential and talent to become a professional classical ballet dancer irrespective of their social or financial background. This also applies to most overseas students from age 16 and occasionally under this age. To this end, a combination of public, private and charitable funding is available to give financial support and bursaries to students, and each year, about 90% of our students receive such support.

The Department for Education (DfE) provides means-tested grants through its Music and Dance Scheme for up to 184 students. These students can be from the UK (grants for tuition and boarding fees) or from the European Economic Area (grants for tuition fees only where a student is over age 16). Most overseas students over age 16 receive means-tested support at a similar level to the DfE scheme, funded by donations from individuals, trusts and foundations. Post Brexit, new students from the European Economic Area will no longer be able to apply for Music and Dance Scheme

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funding. The School anticipates expanding the provision of donor funded bursaries.

The School's Training and Access department provide national Associate programmes which offer young people regular access to classical ballet training classes and workshops. There are nine Associate centres across the United Kingdom; London, Birmingham, Bath, Manchester, Leeds, Totnes, Eastleigh, Newcastle and Dundee. All students are selected based on their potential as a classical ballet dancer rather than their ability to pay, and means-tested financial support is available irrespective of age or nationality.

The Intensive Courses department deliver a programme of courses throughout the year allowing students of classical ballet, to experience Royal Ballet School training. Annual courses are held at The Royal Ballet School and internationally. Courses are open to British and international students aged 10 to 20 years old. Again, all students are selected based on their ability rather than financial means and means-tested bursary support is available for all intensive courses.

The School also runs a national community access programme called Primary Steps, funded by the DfE. Primary Steps partners with state schools to give children of primary school age access to classical ballet through the School's students and the network of teaching expertise. There are five school centres for the programme around the country in Blackpool, Bury St Edmonds, Dagenham, Swindon and Mansfield.

Other access opportunities are available, such as demonstrations for state school students studying GCSE dance or various Insight events for the general public. A programme of professional development is available for teachers of classical ballet.

The Royal Ballet School Special Collections are being catalogued and digitised to ensure they are widely available as a leading educational resource. A Ballet History Timeline, publicly available through the School's website, tells the story of ballet in Britain, and how it relates to the wider history of Classical ballet as a theatre art form. The Timeline is illustrated by archival treasures from The Royal Ballet School Special Collections <http://timeline.royalballetschool.org.uk/information/>

EMPLOYMENT POLICY

To promote an environment in which the School can call upon the widest possible range of knowledge, skill and experience, as well as ensuring compliance with the relevant legislation and codes of practice, the Royal Ballet School is committed to achieving and maintaining a workforce which represents the population within its recruitment area.

The School has an equality policy to ensure fairness and equality of opportunity to all staff regardless of their status regarding age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation.

The School regularly reviews the operation of its recruitment, promotion, training and development policies to ensure that no applicant for employment or member of staff is disadvantaged by conditions or requirements which cannot be shown to be justifiable.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

So far as each of the Governors is aware, there is no relevant audit information of which the charitable company's auditor is unaware. Each Governor has taken all the steps that he/she ought to have taken as a Governor to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

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STATEMENT OF ACCOUNTING AND REPORTING RESPONSIBILITIES

The Governors (who are also directors for the purposes of company law) are responsible for preparing the Governors' annual report and the financial statements in accordance with applicable law and the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the Governors to prepare financial statements for each financial year. Under company law, the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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STRATEGIC REPORT

OBJECTIVES AND ACTIVITIES

The School is located across two sites where full-time students are trained and educated: White Lodge in Richmond Park is a boarding school for 11 to 16 year olds and Upper School in Covent Garden trains students aged 16 to 19. Upper School students board at Aud Jebsen Hall in Pimlico (1st and 2nd Years) and Jebsen House in Covent Garden (3rd Years).

The School's Training and Access Programme provides dance training to young Associates and gives the School the opportunity to support the most talented students to gain a full-time training place. Weekend classes are run for Junior Associates for ages 8 to 11 held in nine centres across the United Kingdom; Mid Associate classes for ages 11-14 are held in six centres across the United Kingdom; Senior Associates classes for ages 14 to 16 are held in London and Birmingham and Advanced Associate classes for 16 to 18 year olds are held in London. As well as regular classes, workshops are run throughout the year. Insight and access opportunities are provided in additional locations across the UK to ensure the programme's widest possible reach.

The School offers professional development to teachers of classical ballet through its programme of Inspired seminars. Series 1 offers six one-day seminars that contain a mix of practical and pedagogic study. Series 2 consists of four one-day observation classes delivered to students of the participating teachers. Seminars are run throughout the year across the UK and overseas.

The Royal Ballet School's Diploma of Dance Teaching is a two-year part-time course which provides a sound foundation in both technical and creative approaches to teaching ballet. The first year of the two-year diploma focuses on the foundations of ballet technique, pedagogy, anatomy, reflective practice, and the workplace context for dance teachers. The second year of the course allows participants to specialise in either vocational dance training or teaching dance in the education sector.

The Intensive Course Programme offers young people aged 10 to 20 the opportunity to experience Royal Ballet School training. Typically, courses run from one week to five weeks and attract students from the UK and overseas. UK courses are run for one week during the Easter at White Lodge and five weeks during the Summer at White Lodge and Upper School. Each year, the School aims to run courses internationally to give international students access to The Royal ballet school's system of training. Courses can vary from short masterclasses to week long intensives. In 2020, in response to the pandemic, two weeks of online courses were delivered offering greater access to the School.

The partnership programme was established to open up the School to young people from state schools across the UK, sharing our expertise and training. This is carried out through the Primary Steps programme as described in the Public Benefit section on page 6.

The School's primary aim is to ensure the highest standards of classical ballet training and education of all its students, and the students are at the heart of everything we do. The main key performance measures are the rate of employment of graduating students by ballet companies around the world and the students' academic results in public examinations.

The objectives for the year to help achieve the aim were to:

- manage the School through the Coronavirus pandemic and subsequent lockdown;
- drive excellence in classical ballet training and maintain a high level of graduate employment;
- explore new avenues for talent identification;

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- continue the underpinning of our training with the Health Dancer Programme;
- to achieve academic results above national averages at GCSE;
- to aim to secure stability of funding from the Music and Dance Scheme and private sector;
- to maintain excellent standards of pastoral care;
- to undertake the third phase of repair and refurbishment to White Lodge's brickwork and windows;
- to exploit new income generating initiatives;
- secure the future of The Royal Ballet School collections; and
- strengthen and develop the ties with The Royal Ballet companies.

ACHIEVEMENTS AND PERFORMANCE

On 11 March 2020 the World Health Organisation declared Coronavirus a global pandemic and on 20 March 2020, the School closed and students returned home. The School continued to operate remotely but did not physically reopen its doors until September 2020. All staff started to work remotely. The academic year was dominated by this ongoing event.

The School staff pulled together to deliver the best experience possible for the students in new and challenging circumstances. Academic and artistic lessons were delivered via Zoom and MS Teams. Initially delivering a full programme of 'live' lessons, the timetable was subsequently adapted in response to feedback from students and parents. Classes were well received and student engagement was high.

Throughout the Summer Term, the Governors met every two weeks to address the emerging issues and agree the School's response.

In June 2020, Carlos Acosta was appointed to the Board of Governors, for the duration of his office as Artistic Director of Birmingham Royal Ballet. This mirrors the appointment of Kevin O'Hare, Artistic Director of the Royal Ballet. The appointment of both Artistic Directors ensures that the School is best serving its ultimate customers and cements the relationship between the three organisations.

ARTISTIC

The School aims to have 214 pupils over the year with each student being able to demonstrate the desire and level of ability to become a professional classical ballet dancer. At the start of the year in September 2019 the School had 135 full-time pupils at White Lodge and 85 full-time pupils at Upper School, a total of 220.

From March 2020, artist training and opportunities were hampered by the lockdown. Students who at school had access to world-class studios and facilities were forced to train at home, often in small spaces such as kitchens and bedrooms. The students' engagement remained exceptionally high with all students accessing their lessons, often working within different time zones and some in countries with limited IT infrastructure.

The Ballet Teachers switched quickly to remote delivery of lessons via Zoom, picking up new skills and grasping the use of new technology. The Healthcare and Wellbeing Team ensured that engaged, encouraged and adapted to the students' changed physical and emotional needs.

The School was fortunate to have complete the audition cycle for 2020/21 academic year just prior to lockdown however there were many students who were unable to attend the audition due to

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travel restrictions.

The School was forced to cancel the Summer performance programme at Opera Holland Park, the Linbury Theatre and the Royal Opera House. This was undoubtedly a major blow to all our students and particularly those graduating from the School, who lost the opportunity to showcase their achievements after several years of training and dedication.

Despite the difficulties, 92% of graduate students gained an employment contract prior to the March 2020 lockdown. Six joined the Royal Ballet Aud Jebson Young Dancers Programme; three students joined Birmingham Royal Ballet and the remainder gained contracts around the world.

The School's Training and Access provision was equally impacted. Associate and Primary Steps live classes were replaced with access to recorded classes or activities, alongside a successful weekly newsletter. There was a high level of engagement with students throughout the lockdown and feedback from students and parents was positive.

The Diploma of Dance Teaching cohort successfully completed the final term of their course via Zoom with their graduation taking place on 24 October 2020.

With many of the regular Insight Days and events cancelled, the Training and Access Team looked for other opportunities to engage with audiences and to launch some new initiatives. The teacher training webinars were particularly successful with the initial sessions selling out within 48 hours of launch. Further sessions were added with equal success and the School will continue to deliver a programme of regular webinars for dance teachers.

Coronavirus resulted in the cancellation of both the Spring Intensive Courses at White Lodge and in Hong Kong. The Summer Courses could not go ahead as residential courses and in a matter of five weeks, the team quickly developed a three-week virtual summer intensive. Classes were carefully curated to ensure suitability of online participation and included ballet technique masterclasses, focus classes, mime, Pilates, healthcare talks and guest interviews. 250 sessions were delivered and enjoyed by 1,813 participants. Student feedback was excellent and the courses offered access to The Royal Ballet School to students around the world, who might otherwise be unable to attend a residential course.

ACADEMIC

The School believes that students become better creative artists by using their brains as well as their bodies and so considerable emphasis is placed on the importance of academic work.

Despite the switch to remote learning in March and change from examinations to assessment grades, the students delivered outstanding results.

The GCSE results were outstanding with 100% at Level 4 and above against a national average of 76%. 75% of students achieved grades 9-7, the equivalent of A/A* under the previous marking system. Each year, the School measures the 'Value Added' score for the GCSE cohort measuring how well students have performed compared to others of the same ability nationally. In 2019 the Value Added score was 0.95 meaning that on average, students achieved 0.95 of a grade more than children of a similar ability nationally. The School is very proud of its academic achievement given that students are selected purely on their ability to dance and not academic attainment.

At A Level the pass rate of 100% was maintained with 83% of results being A* to B.

In September 2019, an optional Extended Project Qualification was introduced to offer students a more flexible and independent study-based qualification in addition to the degree and A-Levels. There was one entry in the year and the candidate secured an A*.

Students at the School study a three-year degree in Classical Ballet and Dance Performance in

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association with University of Roehampton. The students gain significant benefit from the research that underpins their practical development and are well supported with regard to their physical and emotional wellbeing. In July 2020, the first cohort of students, completed their degree with 100% of the School's 18 candidates being awarded a first-class honours.

The foundation degree was completed by Year 13 students with 100% achieving a 'Distinction' grade.

PASTORAL AND WELLBEING

In response to the lockdown, the School had to quickly change the way it supported its students. The Pastoral team maintains regular contact with students, arranging shared activities to maintain the sense of community within the year groups. Activities were well received with wider family groups joining on occasions.

Each student's experience of lockdown differed and the Pastoral Team remained on hand to offer individual support to those whose situation was more challenging. Home circumstances, differing time-zone and varied access to technology are examples of some of the difficulties faced.

The School is proud of its commitment to mental wellbeing as well as the physical. Students have access to in-house counsellors on both sites and can be referred or self-refer. Provision is three days a week at White Lodge and two days a week at Upper School. Should there be a waiting list, students are offered access to an external counselling provision. Counselling provision remains available to students throughout the year.

All students are supplied with private medical cover as part of School fees. This ensures that students, regardless of financial means, have access to immediate specialist healthcare.

The School supports students to take age appropriate responsibility for monitoring their own wellbeing, with strength and conditioning embedded as part of their normal training. Daily monitoring is done via a Wellness App which allows students to quickly and simply log data such as sleep quality and hydration. Graduating students have reported that they continue these habits into their professional careers.

FUNDRAISING

Fundraising is an essential part of the School finances without which we would not be able to offer training to as many students. The cost of full-time student support through bursaries and scholarships averages £650,000 a year. Given the current economic and political climate, we only expect this to increase. Financial assistance is also available to all qualifying students on our Associate programme and intensive courses.

In addition to the generous donations received for student support, other donations included £1,683,000 for revenue funding and COVID-19 support; £62,000 for tours, exchanges and performances and £472,000 for the Healthy Dancer Programme. Without this support, the School would not be able to realise so many projects or offer the level of training that we do.

Costs of fundraising remained low at £293,000 (2019: £317,000) which amounted to 7.4% of funds raised. Costs include £140,000 (2019: £172,000) of expenditure on communications. How we engaged with our donors and other audiences had to radically change during the COVID-19 lockdown and expenditure shifted towards digital content rather than print or face to face engagement. Non-staff costs were £64,000 (2019: £107,000).

All fundraising is carried out by the School's Development Team with support from members of the Development Committee and Governors. The school does not engage with any external third-party fundraisers. Governors receive regular updates on fundraising regulations and guidance from the Head of Development and the Development Committee.

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The School abides by the appropriate code of conduct for all its fundraising, including consideration of the issues raised in the Etherington Review into Charity Fundraising Practice issued in September 2015, which put an emphasis on donor experience. The School takes its responsibility to anyone who might be vulnerable very seriously and will continue to consider this in the Charity's approach to fundraising activity. The School does not engage in any cold calling or put pressure on an individual to donate funds, property or other assets.

There have been no complaints in the period regarding inappropriate or intrusive contact.

BUSINESS REVIEW

Each year, the School's financial objective is to break even within its core operations. The School achieved, this aim in the face of the COVID-19 pandemic and a full lockdown from March 2020 to September 2020. All students returned home and parents were offered a discount on their contribution to fees to reflect the lack of boarding provision and the restrictions placed on ballet tuition by not having access to a studio.

From April 2020 when it was clear that the School would not reopen during the Summer Term, non-essential expenditure was immediately stopped. This included building maintenance which is a substantial component of the School's overheads. Direct catering savings from students not being on site resulted in further savings and use of the Government's Coronavirus Job Retention Scheme provided additional financial support. Donors stepped in as the School's Spring and Summer Intensives Courses were cancelled.

FINANCIAL REVIEW

Given the period of lockdown from March to August 2020, the financial results for 2019/20 were better than expected. However, the unrestricted surplus before transfers of £760,000, was a result of delayed maintenance expenditure, a business rates rebate and the timing of donation receipts. £242,000 of essential maintenance works were deferred during the school closure as contractors could not access the School sites. These works, including emergency light upgrades, boiler replacements, IT server replacements and improvements to the student bathrooms will need to be carried out in 2021. The School benefitted from a business rates rebate of £204,000; the result of a long running valuation dispute where the School had been assessed for business rates as part of the Royal Opera House. Several donations to the School's general fund, expected in 2020/21, were received in advance of 31 August 2020 and this will impact the following year's income figures.

INCOME

The School only makes offers of full-time training to those who have potential to become excellent dancers, so our ability to fill places depends on the calibre of applicants, and numbers can vary. In the year we exceeded our budget to have 218 students in the School. Means-tested support continued for UK and EU students from the UK Government's Music and Dance Scheme and for overseas students at Upper School from bursary funding. In the year 89% of students at the School received some form of financial support. In addition to full time student support, the School raises additional funds through donations to offer means-tested fee support and travel bursaries to Associate and Intensive Course students.

Due to Coronavirus, fee income fell by 14% as Associate classes and events were cancelled and discounts were offered to students where they could not fully participate in ballet classes from home. Donation income includes grant awards from the DfE towards running the School, the Outreach and Partnership work and for the Primary Steps programme.

Unrestricted income of £10,103,000 was supplemented by restricted income of £2,256,000 which

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included a donation of £472,400 for the Healthy Dancer Programme, and a grant of £146,000 to pay for the restoration of White Lodge. Restricted donations are typically received in advance of expenditure and this year, resulted in a surplus of £716,000 restricted funds in the year.

EXPENDITURE

During the year, expenditure was closely monitored and well controlled. Lockdown led to expenditure savings across the School as activities, including performances were cancelled. With no students on site, there were significant savings in catering costs and our external supplier furloughed their staff for the duration. Costs incurred for choreography and performances, funded by donations, will be deferred to 2020/21. Depreciation costs were largely expensed against a designated property fund where amounts have been aside to cover the annual cost. Overall, the depreciation charge of £1,086,000 against the designated funds and the actuarial gain on the revaluation of the defined pension scheme of £3,000 led to a total surplus of £391,000.

DESIGNATED FUNDS

Recognising the delayed nature of the maintenance works, the Governors have designated funds to the Deferred IT and Building Maintenance Fund. The fund contains the £247,000 of unspent essential maintenance works that will be delivered in the next 12 to 24 months, as COVID conditions allow.

The Governors have set aside a further £450,000 in the Designated Pension Deficit Fund to fund the deficit on the School's final salary pension scheme - The Royal Ballet School Pension and Life Assurance Plan. The Scheme is expected to run for another 14 years and while a recovery plan is in place, the amounts paid in monthly will not always meet the cash requirements for annuities as members retire. This fund ensures the School has the funds to meet its obligations to its members. Further details on the pension fund can be found in Note 24.

FUNDS AND RESERVES POLICY

The School's unrestricted general reserves at the year end amount to £2,915,000 (2019: £2,851,000). Amounts designated for depreciation on property assets, the Associate programme, maintenance and pension funds total £36,935,000 (2019: £37,324,000). Adding in restricted funds of £3,369,000 (2019: £2,653,000) bring total reserves to £43,219,000 (2019: £42,828,000).

The unrestricted general fund is held to provide financial stability to the School while making sure that funds are used to achieve the School's aims wherever possible. The general fund allows the School to meet its financial obligations and operate its business while managing risks and funding future work and development. The level of the unrestricted funds less those set aside for depreciation and the pension deficit under the most recent triennial valuation at the year end is £3,717,000, equivalent of four months average unrestricted operating costs. At this time, the Governors, having assessed the financial stability of the School believe the level of reserves to be adequate. However, in the longer term, the focus will be to build reserves to six months.

Governors have reviewed the reserves policy in line with Charity Commission CC19 Guidance. Given the uncertainty around funding, the pressures of the Coronavirus pandemic and the reduction in student funding as a result of Brexit from September 2021, the School considers it necessary to hold reserves of a level equivalent to three to six months operating costs.

The unrestricted designated fund has been put aside by Governors, and represents the funds that are invested in property and other fixed assets for the use of the School and are therefore not available for other purposes. £366,000 of the fund is set aside to support the Associate Programme after the School received a legacy. The legator stated a preference for the funds to be used for the Associate Programme.

ROYAL BALLET SCHOOL

ANNUAL REPORT OF THE GOVERNORS

Restricted funds are the balance of unspent funds received subject to specific conditions imposed by the donors, and are held separately to be spent in future periods.

In summary, our finances remain stable and well managed thanks to the collective team efforts of our Governors, staff and generous supporters.

PRINCIPAL RISKS AND UNCERTAINTIES

The Governors are responsible for the management of the risks faced by the School. The Board reviews the risk register and major risks regularly. The major risks identified include the following:

- Managing the impact of the ongoing Coronavirus pandemic and school closure on student and staff health and wellbeing, revenue, reserves, students numbers, graduate employment opportunities, delivery of tuition and staffing structures.
- Loss of or reduced levels of funding from the DfE in the face of a global recession.
- *Inability to attract the most talented students because of limited funding available for bursaries, particularly the removal of DfE funding for students from the European Economic Area from September 2021.*
- Managing the pension fund deficit and cash flows as the Scheme moves towards the end of its life.
- Impact of the cost of living in London on the recruitment of the best qualified and experienced staff.
- Financial changes affecting the sector such as loss of business rate relief, impact of minimum wage rate increases and contributions to the Teachers' Pension Scheme.
- Increased compliance agenda across all activities of the School.
- Negative or contentious publicity about The Royal Ballet School, its Governors, staff, students or graduates.

Governors consider strategy throughout the year aligning decision making with the School's objectives. Governors ensure that business and financial strategies are in place to manage and mitigate risks wherever possible, to ensure that they do not adversely affect the School's operations or the welfare of its students. The School continues to look for funds from new sources to help mitigate the impact of future standstill funding from the DfE.

It is recognised that systems can only provide reasonable, but not absolute, assurance that major risks have been adequately managed.

PENSION PROVISION

Although the defined benefit pension scheme is now closed for future accrual, it remains a significant risk for the School, particularly as the scheme reaches the end of its life circa 2034. The deficit as valued by FRS 102 is included in the balance sheet as a long-term liability and balanced by a negative pension reserve. The triennial valuation continues to be used to calculate any repayments required, and these payments are incorporated into the longer term financial planning of the School so that these commitments can be met as they fall due in the future.

A designated fund of £450,000 has been set aside to meet the cash commitments of purchasing member annuities.

PLANS FOR FUTURE PERIODS

In June 2020, the Trustees undertook a full review of the School's longer term strategy and business plan in the face of continued financial uncertainty. The full impact of Coronavirus is yet unknown with periods of lockdown expected to continue during 2021.

ROYAL BALLET SCHOOL

ANNUAL REPORT OF THE GOVERNORS

The core School operations run at a loss annually, exacerbated by the Coronavirus pandemic and reductions in fee revenue. After years of below inflation or standstill funding, the gap between fee income and costs is widening. The Charity increasingly relies on the delivery of Intensive Courses and the generosity of donors to breakeven. The Royal Ballet School is classed as an independent school and receives no additional funding support for changes in government policy. However, unlike an independent school, the School has no ability to increase fees to cover additional costs as these are set by the Department for Education.

Amongst the financial concerns, Governors continue to consider how the School can maintain its position as one of the best ballet schools attracting the best talent, in the face of ever-increasing global competition, particularly from many European schools who benefit from more secure funding. The Department for Education have confirmed that fee funding for eligible students from the European Economic Area will be withdrawn for new students from September 2021.

Looking ahead, the budget for 2020/21 has been agreed with a small deficit to manage the increased costs of COVID. There is no increase to Government funding for fee support or the outreach programme.

Expenditure remains streamlined although we will continue to focus resources to achieve our objectives. However, Floral Street opened in 2002 and the redevelopment of White Lodge was completed in 2009. Both sites are beginning to show signs of wear and tear with major plant coming to the end of its useful life. The chiller unit at Floral Street will be replaced in Spring 2021 at a cost of £100,000. This type of replacement is essential for the continued use of the building.

On 11 March 2020, was designated a global pandemic by the World Health Organisation. A year later, at the time of approval of this report, the Coronavirus virus pandemic continues to develop. Complying with the instructions of the UK Government, the School was closed for a second time on 4 January 2021 until further notice. As for many schools and businesses, the long term effects of the situation are unknown but, the Governors recognise that there will be a significant impact on the School's revenue streams for the remainder of the academic year 2020/21.

The Governors have undertaken planning and forecasting and continue to monitor the developing situation closely. All non-essential maintenance works have been cancelled and contractual commitments are being reviewed. The School is using the government's furlough scheme to offset the loss of revenues during the period of closure.

Despite the current circumstances the directors believe that the company's financial resources and contingency planning is sufficient to ensure the ability of the company to continue as a going concern for the foreseeable future, being at least twelve months from the date of approval of these financial statements and therefore have prepared the financial statements on a going concern basis.

The Governors and Senior Leadership Team regularly review the School's commitment to Equality, Diversity and Inclusion. Following the death of George Floyd in May 2020, the School engaged directly with BAME students, staff and alumni to hear their experiences of being part of the School; to understand what we do well and how we could do better. In response, immediate changes were made to student uniform and hair policy. The Senior Leadership Team are engaging in dialogue with other organisations within the wider dance industry. Alongside, the Chairman and Nominations Committee are working to ensure that the Board of Governors reflects the world that we live in; attracting and recruiting candidates from a wide range of backgrounds.

The objectives for 2020/21 are:

Artistic

- to pursue excellence in classical ballet training allowing students to achieve their potential despite the difficulties of lockdown;

ROYAL BALLET SCHOOL

ANNUAL REPORT OF THE GOVERNORS

- to support graduate students in securing jobs in a time of great uncertainty for the performing arts, globally;
- to remain at the forefront of community engagement through relevant and exciting access programmes including digital provision where face-to-face access is not possible;
- to deepen the relationship with the Royal Ballet companies; The Royal Ballet and Birmingham Royal Ballet.

Academic

- to deliver the highest standards of academic provision and offering value add to students' academic achievements;
- to ensure that we safeguard and promote the well-being of all of our students developing strategies to support students during and after the pandemic particularly those undertaking public examinations;

Pastoral and welfare

- to support students in their return to School post-lockdown and ensuring a positive boarding experience.

Holistic health

- *to be at the forefront of dance training creating healthy, strong and resilient young dancers.*

Digital

- to embrace new media platforms to positively promote our brand, standards and School and to develop relevant content for those platforms.
- To deepen the relationship with our current audience and to develop new audiences in new markets

Finance and governance

- to develop initiatives to put the School on a secure financial footing in the longer term, removing the reliance on donors and public funds for core operations; and
- to review the School's Memorandum and Articles of Association to ensure they are fit for purpose and reflect the School as it is today;

Finally, we wish to thank the retiring members of the Governing body for their contribution to the School. We welcome our newly appointed Governors enhancing the Board's skills in both digital and healthcare;

This Annual Report, prepared under the Charities Act 2011 and the Companies Act 2006, was approved by the Board of Governors on 25 March 2021. This approval includes the approval, in their capacity as company directors, of the Directors' and Strategic Reports contained within the Annual Report. The Annual Report is signed as authorised on behalf of the Board of Governors by:



Christopher Rodrigues CBE
Chair of Governors

ROYAL BALLET SCHOOL

INDEPENDENT AUDITORS REPORT

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

OPINION

We have audited the financial statements of The Royal Ballet School for the year ended 31 August 2020 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

ROYAL BALLET SCHOOL

INDEPENDENT AUDITORS REPORT

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the trustees' responsibilities statement set out on page 7, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a

ROYAL BALLET SCHOOL INDEPENDENT AUDITORS REPORT

guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.



Tina Allison
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

26 April 2021

ROYAL BALLET SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES

As at 31 August 2020

STATEMENT OF FINANCIAL ACTIVITIES	Note	Unrestricted Funds		Restricted Funds	Total Funds	Total Funds
		General £000	Designated £000	£000	2020 £000	2019 £000
Income from:						
Charitable activities	2	7,841	-	-	7,841	9,151
Donations	3	1,683	-	2,256	3,939	3,875
Other income	4	579	-	-	579	68
Total income		10,103	-	2,256	12,359	13,094
Expenditure on:						
Raising funds						
Development and fundraising		293	-	-	293	317
		293	-	-	293	317
Charitable activities						
Teaching		3,344	-	47	3,391	3,569
Pastoral and welfare		1,606	-	269	1,875	2,176
Outreach and partnership		888	10	305	1,203	1,611
Premises		1,747	1,076	176	2,999	3,652
Support and governance	7,8	1,465	-	-	1,465	1,466
Grants and prizes	9	-	-	745	745	963
		9,050	1,086	1,542	11,678	13,437
Total expenditure	6	9,343	1,086	1,542	11,971	13,754
Net income / (expenditure)		760	(1,086)	714	388	(660)
Transfers between funds	16,17	(699)	697	2	-	-
Other recognised losses						
Actuarial (losses)/gain on defined benefit pension scheme	24g	3	-	-	3	(725)
Net movement in funds		64	(389)	716	391	(1,385)
Total funds brought forward		2,851	37,324	2,653	42,828	44,213
Total funds carried forward	16,17	2,915	36,935	3,369	43,219	42,828

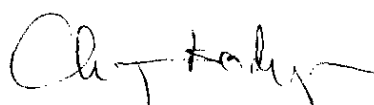
All transactions are derived from the charity's continuing operations.
All recognised gains and losses are included in the Statement of Financial Activities

The notes on page 24 to 45 form part of these financial statements.

ROYAL BALLET SCHOOL
BALANCE SHEET
As at 31 August 2020

		2020 £000	2019 £000
	Note		
Fixed assets			
Tangible assets	11	38,553	39,477
Current assets			
Debtors	12	2,487	2,474
Cash at bank and in hand		5,068	5,062
Total current assets		7,555	7,536
Creditors: amounts falling due within one year			
Trade and other creditors	13	(1,313)	(982)
Deferred income	14	-	(1,581)
Net current assets		6,242	4,973
Total assets less current liabilities		44,795	44,450
Creditors: Amounts falling due after one year	15	(281)	(311)
Defined benefit pension scheme liability	24	(1,295)	(1,311)
Total net assets	18	43,219	42,828
The funds of the charity:			
Unrestricted funds			
General fund		2,915	2,851
Designated funds		36,935	37,324
Total Unrestricted funds	16	39,850	40,175
Restricted funds	17	3,369	2,653
Total charity funds		43,219	42,828

The financial statements on pages 24 to 45 were approved by the Board of Governors and authorised for issue on 25 March 2021 and are signed on its behalf by:



Christopher Rodrigues CBE
Chair of Governors



Tom Clementi
Governor

ROYAL BALLET SCHOOL
STATEMENT OF CASH FLOWS
For the year ended 31 August 2020

	Note	2020	2019
			£000
Cash flows from operating activities:			
Net cash (used in)/provided by operating activities	A below	302	(121)
Cash flows from investing activities:			
Interest receivable		14	29
Interest payable		(20)	(21)
Proceeds from sale of fixed assets		-	3
Purchase of tangible fixed assets		(260)	(272)
Net cash used in investing activities		(266)	(261)
Cash flows from financing activities			
Repayments of borrowing		(30)	(30)
Change in cash in the reporting period		6	(412)
Cash at the beginning of the year		5,062	5,474
Cash at the end of the year	B below	5,068	5,062
Reconciliation of cash flows from operating activities:	Note A	2020	2019
		£000	£000
Net income, from the statement of financial activities		388	(660)
Adjustments for:			
Depreciation charge		1,184	1,195
Defined pension scheme net income		(13)	(5)
Interest receivable		(14)	(29)
Interest payable		20	21
Proceeds from the sale of fixed assets		-	(3)
(Increase) / decrease in debtors		(13)	(33)
Increase / (decrease) in creditors		(1,250)	(607)
Net cash (used in)/provided by operating activities		302	(121)
Analysis of cash	Note B	2020	2019
		£000	£000
Cash at bank and in hand		5,068	5,062

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

1a Basis of accounting and going concern

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the FRS 102 - effective 1 January 2015.

The functional currency of the School is considered to be GBP because that is the currency of the primary economic environment in which the School operates.

The accounts are drawn up on the historical cost basis of accounting.

The Governors have a reasonable expectation that the School has adequate resources to continue its activities for the foreseeable future. The financial statements have been prepared under the going concern concept, on the understanding that the School will continue to receive sufficient financial support to enable it to meet its liabilities as and when they fall due for payment.

At the time of approval of the Annual Report, the Coronavirus pandemic continues with the country in lockdown and the School closed to most students. The long-term impact on the charity, in common with other businesses, is unknown. Note 25 of the financial statements explains the current actions taken by the charity in response to this crisis. The Governors have reviewed the position carefully with a view to ensuring the ongoing provision of schooling for the pupils as well as employment of staff. There are currently significant cash balances should additional liquidity be required through this period of uncertainty. Accordingly, the Governors believe the School's financial resources are sufficient to ensure the School will continue as a going concern for the foreseeable future, being at least 12 months from the date of approval of the financial statements and have therefore prepared the financial statements on the going concern basis.

The School is a Public Benefit Entity registered as a charity in England and Wales and a company limited by guarantee. It was incorporated on 31 March 1955 (company number: 547018) and registered as a charity on 12 November 1962 (charity number: 214364).

1b Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, which are described in this section, Governors are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

Pension liabilities – The charity recognises its liability to its defined benefit pension scheme which involves a number of estimations as disclosed in note 24.

1c Income

Income consists of school fees and expenses due and receivable, income from performances and

Royal Ballet School

Notes to the financial statements

year ended 31 August 2020

auditions, grants receivable from the Department for Education and other bodies, donations, investment income and other income. This income is recorded in the Statement of Financial Activities when it becomes due to the School.

Government grants are recognised on the performance model, when the charity has complied with any conditions attaching to the grant and the grant will be received. The grant in connection to the job retention scheme has been recognised in the period to which the underlying furloughed staff costs relate to. Included in Income is an amount of £306,000 in respect of the Coronavirus Job Retention Scheme.

1d Expenditure

Expenditure is recognised in the period in which the cost is incurred. Costs directly relating to a School activity are allocated to that activity. Support costs comprise salaries and overheads of central functions of management and administration.

Governance costs are those costs incurred in compliance with regulation and good practice and include costs relating to the statutory audit, Governors' meetings and other constitutional and statutory requirements.

1e Grant making policy

The Governors may, from time to time make grants to the Royal Ballet School Endowment Fund on the basis that they are in the interests of the School. The grant funds will be combined with the funds of the Royal Ballet School Endowment Fund to maximise investment returns whilst protecting capital. Grants to the Royal Ballet School Endowment Fund are restricted for specific purposes and subject to a schedule of conditions.

1f Operating leases

Rental payments under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable are an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

1g Taxation

Gift aid recovered on voluntary income is included with the donation to which it relates and irrecoverable VAT is included with the item of expenditure to which it relates.

1h Tangible fixed assets and depreciation

All tangible fixed assets are stated in the balance sheet at cost less depreciation. The depreciation of assets is provided in equal annual instalments over the estimated useful lives of the assets.

1i Long leasehold property

The original cost of the White Lodge long leasehold property was fully amortised in the period 1955 to 1976, although the lease was not due to expire until 2014. Subsequent major works and additions to the leasehold property were 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. In November 2005 the School surrendered its existing lease and entered into an agreement to lease the land and buildings for a further 100 years. A major redevelopment was undertaken in three phases from 2005 and completed in February 2009. Relevant leasehold costs are depreciated over the term of the lease. Building costs are depreciated over 40 years.

The Floral Street leasehold property is depreciated over the term of the 150 years commencing in 2002, except for building costs which are depreciated over 40 years. Up to 2009 the buildings had been depreciated over 25 years, but the policy was then reviewed and changed. The net book value at 31 August 2008 is now being depreciated over the remainder of the 40 year term.

Jebsen House property is depreciated over the lease term of 20 years.

Royal Ballet School

Notes to the financial statements

year ended 31 August 2020

1j Freehold property

The Aud Jebesen Hall student accommodation is freehold property and is being depreciated over 50 years from Easter 2016 when it was completed. Finance costs on loans taken out for the purchase of the property have been capitalised during the period when the property was being refurbished.

1k Furniture, fixtures and equipment

Assets with a cost of more than £1,000 are capitalised and these are depreciated over their expected useful lives as follows:

Furniture, fixtures and equipment	5 -10 years
Computer equipment	3 years
Motor vehicles	4 years

1l Liabilities

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

1m Foreign currency

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.

1n Pension schemes

Employees of the School are entitled to join the group personal pension scheme and employer contributions are charged to expenditure in the accounting period in which they are payable.

Teachers are entitled to join the Teachers' Pension Scheme which is an unfunded multi-employer defined benefits pension scheme. Contributions are charged to expenditure in the accounting period in which they are payable as if the scheme were a defined contribution scheme, as the School does not have sufficient information to account as a defined benefit scheme.

The School operated a defined benefit scheme, The Royal Ballet School Pension and Life Assurance Plan, which was closed to new entrants during 2002 and for future accrual on 31 August 2012. The assets and liabilities of the Scheme are reported in these financial statements as required by FRS 102. The Statement of financial activities includes the expected return on scheme assets in investment income, the interest cost in other finance costs, and the actuarial gains and losses arising from the annual valuation. The pension liability is recognised in the balance sheet as the School has a legal obligation to settle the liability over the long term.

See note 24 for more detail of the pension schemes.

1o Fund accounting

Unrestricted funds comprise of the accumulated unrestricted surplus or deficit each year. They are available for use at the discretion of Governors in furtherance of the general charitable objectives. The general pensions reserve represents the deficit in the defined benefit pension scheme (see note 24).

Unrestricted designated funds are amounts that have been put aside at the discretion of the Governors. At the year-end they comprised of a Fixed asset fund, a Building maintenance fund and an Associate Programme fund. The Fixed asset fund represents the extent to which donated funds are invested in fixed assets for use by the School and therefore are not available for other purposes. The Building maintenance fund represents funds put aside to maintain buildings, especially White Lodge. The Associate Programme fund represents a legacy with a stated preference for the funds to

Royal Ballet School
Notes to the financial statements
year ended 31 August 2020

be spent on the Associates Programme.

Restricted funds are funds subject to specific restricted conditions imposed by the donors.

Details of unrestricted funds are shown in note 16 and restricted funds in note 17.

1p Financial Instruments

The School has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash and bank and in hand, together with trade debtors, accrued income and all creditors except social security and other taxes and provisions. Assets and liabilities held in foreign currency are translated to GBP at the balance sheet date at an appropriate year end exchange rate.

Royal Ballet School
Notes to the financial statements
year ended 31 August 2020

2	Charitable activities income	2020	2019
		£000	£000
	School fees – note 2a	6,682	7,054
	Extras and performance income	136	192
	Fees from Associates, Summer School and Teachers' courses	833	1,705
	Auditions and other income	190	200
		7,841	9,151
2a.	School Fees		
	School fees were funded from:		
	Grants from the Department for Education	3,721	3,915
	<i>Bursaries from The Royal Ballet School Endowment Fund</i>	245	145
	Bursaries from restricted donations	400	852
	Parents	2,317	2,142
		6,683	7,054
3	Donations	2020	2019
		£000	£000
	Grants	1,131	1,131
	Donations	2,792	2,729
	Friends	16	15
		3,939	3,875
4	Other Income	2020	2019
		£000	£000
	Investment income – bank interest	14	29
	Other income	259	39
	Coronavirus furlough scheme	306	-
		579	68

Royal Ballet School
Notes to the financial statements
year ended 31 August 2020

5 Trading subsidiary

The Charity has one wholly owned subsidiary, TRBSE Enterprises Limited, whose registered address is 46 Floral Street, London WC2E 9DA. The activities of TRBS Enterprises Limited are immaterial to those of the Group so consolidated accounts have not been prepared. Due to the presentation of the School's accounts in round thousands, the subsidiary shares of £100 held, are not shown as an investment in these financial statements. The company's trading results are the year, extracted from its audited financial statements were:

	2020 £000	2019 £000
Turnover	10	3
Cost of sales	(5)	-
Gross profit	5	3
Administrative expenses: Licence to occupy premises	(1)	(1)
Other expenses	(9)	(11)
(Loss) on ordinary activities before gift aid	(5)	(9)
(Loss) on ordinary activities before taxation	(5)	(9)
Tax on profit on ordinary activities	-	-
(Loss) for the year	(5)	(9)
Net assets	1	6

6 Expenditure analysis

	Staff costs £000	Depreciation £000	Other Costs £000	Total 2020 £000	Total 2019 £000
Raising Funds					
Development and Fund raising	216	-	77	293	317
Charitable activities					
Teaching	3,030	-	361	3,391	3,569
Pastoral and Welfare	874	-	1,001	1,875	2,176
Outreach & Partnership	995	-	208	1,203	1,611
Premises	485	1,184	1,330	2,999	3,652
Support and Governance	634	-	831	1,465	1,466
Grants and Prizes	-	-	745	745	963
	6,018	1,184	4,476	11,678	13,437
Total Expenditure	6,234	1,184	4,553	11,971	13,754

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7	Governance costs	Total	Total
		2020	2019
		£000	£000
	Governance costs included in support costs:		
	Fees payable to the auditor for the statutory audit	29	30
	Under accrual for prior year fees relating to the statutory audit	(12)	12
	Fees payable to the auditor for tax advice	2	-
	Board and committee costs	9	23
	Total	28	65
8	Finance and lease costs	Total	Total
		2020	2019
		£000	£000
	Bank interest payable	20	21
	Interest on pension plan	23	16
	Operating leases: land and buildings	163	163
	Operating leases: pianos and office equipment	26	21
9	Grants and prizes expenditure		
	Grants are for student sponsorship and bursaries for full-time students, Associates and Intensive Course participants. Apart from a few scholarships for full-time students, all grants are means-tested.		
		Total	Total
		2020	2019
		£000	£000
	Other grants	739	955
	Prizes	6	8
	Total	745	963

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10 Staff costs	2020	2019
	£000	£000
Wages and salaries	5,187	5,052
Social security costs	481	468
Other pension costs	548	447
Other costs	18	22
Payroll sub total	6,234	5,989
Contracted out staffing services	-	30
	6,234	6,019

No School Governors received any remuneration, expenses or any other benefits from the School or any connected body.

Total employee benefits including employer pension contributions and national insurance of the Senior Leadership Team were £789,146 (2019: £704,194).

The School made aggregate termination payments of £2,000 (2019: £52,252) with none outstanding at the year end.

	2020	2019
	Number	Number
The number of higher paid employees in bands of:		
£60,001 to £70,000	4	5
£70,001 to £80,000	1	-
£80,001 to £90,000	1	1
£100,001 to £110,000	1	1
	7	7

The average headcount of the School's employees for the year 2020 was 240 (2019: 230).

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Notes to the financial statements

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11	Tangible Fixed Assets	Long leasehold property				Freehold property			Furniture, fixtures and equipment				Motor vehicles	Total
		Floral Street £000	White Lodge £000	Jebsen House £000	Aud Jebsen Hall £000	Floral Street £000	White Lodge £000	Jebsen House £000	Floral Street £000	White Lodge £000	Jebsen House £000	Aud Jebsen Hall £000	£000	£000
Cost or valuation														
1 September 2019		15,103	22,818	787	14,861	1,148	1,633	49	134	76	56,609			
Additions		116	7	-	59	17	38	-	23	-	260			
31 August 2020		15,219	22,825	787	14,920	1,165	1,671	49	157	76	56,869			
Depreciation														
1 September 2019		5,198	7,584	414	1,188	1,078	1,526	49	62	33	17,132			
Charged in the year		267	473	39	306	31	32	-	22	14	1,184			
31 August 2020		5,465	8,057	453	1,494	1,109	1,558	49	84	47	18,316			
Net book value														
31 August 2020		9,754	14,768	334	13,426	56	113	-	73	29	38,553			
31 August 2019		9,905	15,234	373	13,673	70	107	-	72	43	39,477			

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12 Debtors	2020	2019
	£000	£000
Amounts falling due within one year:		
Fees and recoverable extras	301	317
Intercompany	95	71
Connected charity (see Note 22)	1,363	902
Other debtors	28	14
Prepayments	91	142
Accrued Income	609	582
Department for Education – Music and Dance Scheme funding	-	446
Total	2,487	2,474

Debtors for fees include £nil (2019: £70,000) for fees invoiced in August for the following academic year, due before the start of the Autumn Term.

13 Creditors: amounts falling due within one year	2020	2019
	£000	£000
Trade creditors	422	377
Taxation and social security	116	135
Other creditors	79	65
Accruals	162	375
Bank Loan due within one year	30	30
Department for Education – Music and Dance Scheme funding	504	-
Total	1,313	982

14 Deferred income	2020	2019
	£000	£000
Fees in advance	-	81
Department of Education paid in advance	-	1,500
Total	-	2,603

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15 Creditors: amounts falling due after one year	2020 £000	2019 £000
Creditors due in 2 to 5 years		
Bank loans	121	121
Creditors due in 5 years		
Bank loans	160	190
Total	281	311

Bank loans at 31 August 2020 include a fixed rate loan of £311,000 (2019: £341,00) repayable by November 2030, with £30,000 due within one year, and an interest rate is 6.01% per annum. This loan is secured by charge over the White Lodge property.

16 Unrestricted funds	Balance as at 1 Sep 19 £000	Income £000	Expenditure £000	Transfers £000	Gains/ (Losses) £000	Balance as at 31 Aug 20 £000
Designated						
Fixed asset fund	36,447	-	(1,076)	-	-	35,371
Building Maintenance fund	500	-	-	-	-	500
Associate Programme	377	-	(10)	-	-	367
Pension Deficit Fund	-	-	-	450	-	450
Deferred IT and Building Maintenance Fund	-	-	-	247	-	247
	<u>37,324</u>	<u>-</u>	<u>(1,086)</u>	<u>697</u>	<u>-</u>	<u>36,935</u>
General						
Pension reserve	(1,311)		(23)	36	3	(1,295)
Free reserve	4,162	10,103	(9,320)	(735)	-	4,210
	<u>2,851</u>	<u>10,103</u>	<u>(9,343)</u>	<u>(699)</u>	<u>3</u>	<u>2,915</u>
Total	<u>40,175</u>	<u>10,103</u>	<u>(10,429)</u>	<u>(2)</u>	<u>3</u>	<u>39,850</u>

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Unrestricted funds 2018-19	Balance as at 1 Sep 18 £000	Income £000	Expenditure £000	Transfers £000	Gains/ (Losses) £000	Balance as at 31 Aug 19 £000
Designated						
Fixed asset fund	37,506	-	(1,059)	-	-	36,447
Building Maintenance fund	500	-	-	-	-	500
Associate Programme	387	-	(10)	-	-	377
	<u>38,393</u>	<u>-</u>	<u>(1,069)</u>	<u>-</u>	<u>-</u>	<u>37,324</u>
General						
Pension reserve	(591)	-	(31)	36	(725)	(1,311)
Free reserve	3,981	10,304	(10,172)	49	-	4,162
	<u>3,390</u>	<u>10,304</u>	<u>(10,203)</u>	<u>85</u>	<u>(725)</u>	<u>2,851</u>
Total	<u>41,783</u>	<u>10,304</u>	<u>(11,272)</u>	<u>85</u>	<u>(725)</u>	<u>40,175</u>

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

Designated fixed asset fund

This fund represents amounts expended on tangible fixed assets required for the operation of the School.

Designated building maintenance fund

This fund represents amounts designated and set aside by Governors to fund the ongoing repairs and restoration of White Lodge. In the last two years, the School has undertaken a programme of repair to White Lodge. Phase One and Two have been funded by donation but further works are estimated to be in excess of £1,000,000. It is unlikely that the School will be able to raise the full funding required. The remaining works are expected to complete in 2024, subject to funding.

Designated Associate programme fund

This fund represents amounts designated and set aside by Governors to support the Associate Programme. The funds were received through a legacy where the legator expressed a preference for her donation to support the Associate Programme.

Designated Pension Deficit Fund

The Royal School Pension and Life Assurance Scheme closed to new members in 2006 and ceased accrual in 2012. There are 26 deferred members with the last member due to retire in 2034. The Triennial valuation of 1 September 2019 showed a funding deficit of £486,000 and the School has submitted a recovery plan to The Pension Regulator (see Note 24). These funds are set aside to meet future cash commitments for member annuities as the recovery payment plan is phased evenly over the remaining life of the scheme but member retirements are more sporadic.

Deferred IT and Building Maintenance Fund

During the Coronavirus pandemic, IT upgrades and hardware replacement and essential building maintenance works had to be deferred during the period of School closure. This sum reflects the deferred list of works that the School anticipates completing in 2021.

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General reserves

The negative pension reserve represents the School's liabilities in respect of The Royal Ballet School Pension and Life Assurance Plan which is a defined benefit scheme that is now closed to new members (see note 24).

The free reserves represent the balance of unrestricted funds which have not been designated and are available for use at the discretion of the Governors in furtherance of the general charitable activities. This is before deducting the pension reserve, as the pension deficit is a long-term liability.

Transfers

- i. £1,806 was transferred from unrestricted funds to restricted funds to meet minor overspends on specific projects.
- ii. £247,000 was transferred from unrestricted funds to designated funds to pay for essential maintenance delayed due to the Coronavirus shutdown in 2020.
- iii. £450,000 was set aside from unrestricted funds to designated funds to meet the cash requirements of purchasing annuities for members of The Royal Ballet School Pension and Life Assurance Plan.

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17	Restricted funds	Balance as at 1 Sep 19 £000	Income £000	Expenditure £000	Transfers £000	Balance as at 31 Aug 20 £000
	White Lodge Appeal Fund	-	146	(146)	-	-
	Aud Jebesen Hall- Pimlico Appeal	49	-	-	-	49
	Capital projects	31	-	(23)	-	8
	Special projects	11	5	(5)	-	11
	Sponsorship, bursaries and prizes	757	1,123	(743)	2	1,139
	Outreach and Access fund	177	405	(265)	-	317
	Ballet and artistic funds	459	90	(73)	-	476
	Healthcare	851	472	(250)	-	1,073
	Equipment	155	15	(19)	-	151
	Intensive Courses	140	-	(15)	-	125
	WiFi Cabling	23	-	(3)	-	20
		2,653	2,256	(1,542)	2	3,369

Restricted funds 2018-19	Balance as at 1 Sep 18 £000	Income £000	Expenditure £000	Transfers £000	Balance as at 31 Aug 19 £000
White Lodge Appeal Fund	208	244	(452)	-	-
Aud Jebesen Hall- Pimlico Appeal	50	50	(51)	-	49
Capital projects	-	-	31	-	31
Special projects	-	65	(54)	-	11
Sponsorship, bursaries and prizes	768	977	(988)	-	757
Outreach and Access fund	151	431	(405)	-	177
Ballet and artistic funds	316	354	(211)	-	459
Healthcare	692	439	(250)	(30)	851
Equipment	227	5	(22)	(55)	155
Intensive Courses	18	200	(78)	-	140
WiFi Cabling	-	25	(2)	-	23
	2,430	2,790	(2,482)	(85)	2,653

Restricted funds are used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. A significant proportion of donations are received in the current in advance of expenditure in the following year.

White Lodge Appeal fund

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

Sponsorship, bursaries and prizes

This fund includes donations for financial support for full-time students, Associates and Summer School students and some prizes. All support is means-tested apart from a small number of scholarships. The

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School awards places based only on talent, so this support is particularly crucial to help fund overseas students, which raises the standard for all students and allows the School to maintain its place as one of the best classical ballet schools in the world.

Outreach and Access

This fund represents grants from the Department for Education, Trusts and Foundations and other donors to further the aims and objectives of the School's Outreach and Access programme.

Ballet and artistic funds

These donations are restricted for performances and new ballets, graduate tours, choreography and the Creative Artist Programme, which all help add breadth and depth to student training. The Creative Artist Programme was introduced to broaden the students' artistic experience by exposing them to a broad range of experts who have excelled in their field, both in artistic and in other areas.

Healthcare

This donation is to help the School improve its healthcare provision for three years, through the Healthy Dancer programme.

Equipment

Donations have been received to fund the updating of the technical equipment in the Margot Fonteyn Theatre at White Lodge, and Smart screens for classrooms to allow academic teaching across the two School sites.

Intensive Courses

This fund is to support the expansion of the intensive course programme into Hong Kong and provide financial assistance to students from Hong Kong who may otherwise be unable to pay for the course.

WiFi Cabling

This fund represents support received from the Royal Ballet School PTA to upgrade the WiFi provision at White Lodge. The annual depreciation charge will be made against this fund until it is fully expensed.

18 Allocation of assets by fund type

	Unrestricted General Fund £000	Unrestricted Designated Funds £000	Restricted Funds £000	Total 2020 £000
Fixed Assets	267	38,222	64	38,553
Debtors	2,487	-	-	2,487
Cash at Bank	3,050	(1,287)	3,305	5,068
Creditors: due within one year	(1,313)	-	-	(1,313)
Creditors: due after one year	(281)	-	-	(281)
Defined benefit pension scheme deficit	(1,295)	-	-	(1,295)
	<u>2,915</u>	<u>36,935</u>	<u>3,369</u>	<u>43,219</u>

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Allocation of assets by fund type 2018-19	Unrestricted			Total 2019 £000
	Unrestricted	Designated	Restricted	
	General Fund £000	Funds £000	Funds £000	
Fixed Assets	2,964	36,447	66	39,477
Debtors	2,474	-	-	2,474
Cash at Bank	1,598	877	2,587	5,062
Creditors: due within one year	(2,563)	-	-	(2,563)
Creditors: due after one year	(311)	-	-	(311)
Defined benefit pension scheme deficit	(1,311)	-	-	(1,311)
	<u>2,851</u>	<u>37,324</u>	<u>2,653</u>	<u>42,828</u>

19 Liability of members

The Charitable company is limited by guarantee and does not have a share capital. In the event of the Company being wound up, the maximum amount which each member is liable to contribute is £1. There were 16 (2019:17) members at the year end who are the Governors of the School.

20 Capital commitments

There were no capital commitments at the end of the reporting period (2019: £Nil).

21 Commitments under operating leases

	2020 £000	2019 £000
The total of future minimum lease payments under operating leases for each of the following periods:		
Not later than one year	168	189
Later than one year and not later than five years	653	657
Later than five years	571	734
	<u>1,392</u>	<u>1,580</u>

22 Related party transactions

TRBS Enterprises Limited

The subsidiary charity trades by hiring out School premises at times when they are not required by the School. During the year the following transactions were made with the School:

The School recharged £5,580 (2019: £12,050) of costs for staff time and other costs directly related to the activities of the subsidiary. The School charged licence fees of £1,000 (2019: £1,000) to the subsidiary.

At the end of the year the School was owed £96,068 by the subsidiary, see note 12, (2019: £70,602).

The Royal Ballet School Endowment Fund

The connected charity, the Royal Ballet School Endowment Fund provides funding and facilities for the students of The Royal Ballet School. During the year the following transactions were made with the School:

The School received grants of £460,014 (2019: £262,926) from the Endowment Fund. The grants paid for bursaries for students for School fees, the Royal Ballet School collection and a grant for repairs to White

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Lodge.

The School does not charge the Endowment Fund for staff time for administering the charity.

At the end of the year the School was owed £1,363,200 by the Endowment Fund (2019: £901,568).

Governors of The Royal Ballet School

Governors did not receive any payment or expenses from the School as disclosed in note 10. The total amount of donations received from Governors in the year was £383,310 (2019: £224,500). None of the Governors' donations were given with conditions that required the charity to alter the nature of its existing activities.

Employees of The Royal Ballet School

During the year the School engaged the wife of the Artistic Director to deliver contemporary dance classes. A fee of £6,180 (2019: £400) was paid.

23 Taxation

As a registered charity, The Royal Ballet School is potentially exempt from taxation of income and gains falling within sections 466 to 493 of the Corporation Tax Act 2010 and section 521 to 536 of the Income Tax Act 2007.

24 Pension commitments

The School operates a group personal pension scheme, a defined benefit scheme with the Teachers' Pension Scheme and also a defined benefit scheme which was closed to future accrual on 31 August 2012, known as The Royal Ballet School Pension and Life Assurance Plan.

Group personal pension scheme

Contributions for the group personal pension scheme are charged to expenditure in the accounting period in which they are payable. Pension charges for the year were £298,094 (2019: £276,878).

Teachers' Pension Scheme

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £251,293 (2019: £141,140) and at the year-end *£nil* (2019 - *£nil*) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the

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discriminations will be remedied. A consultation was launched by the government on 16 July 2020, and closed to responses on 11 October 2020. As a result of the consultation, the government announced on 4 February 2021 that it intends to proceed with a deferred choice underpin under which members will be able to choose either legacy or reformed scheme benefits in respect of their service during the period between 1 April 2015 and 31 March 2022 at the point they become payable.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020 and the government is preparing to complete the cost control element of the 2016 valuations, which is expected to be completed in 2021.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until the cost cap mechanism review is completed it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly, no provision for any additional past benefit pension costs is included in these financial statements.

The Royal Ballet School Pension and Life Assurance Plan (the "Plan")

This defined benefit pension scheme provides benefits based on pensionable pay up to 31 August 2012 when the Scheme ceased accrual. The assets of the Plan are held separately from those of the School, being invested with Clerical Medical and General Life Assurance Society in their Pension Contract.

Contributions and triennial valuations

The contributions are recommended by an independent qualified actuary from Clerical Medical on the basis of triennial valuations carried out by the actuary on behalf of the Trustees of the Plan.

The most recent triennial valuation was as at 1 September 2019. The market value of the Plan's assets was £2,370,000 and that the benefits accrued to members were £2,856,000, giving a funding deficit of £486,000 and a funding level of 83%. The actuarial assumptions underlying this valuation are different to those adopted under FRS 102 included in these financial statements.

The Trustees have agreed with the School that contributions will continue at £47,000 per annum from 1 September 2021 to improve the funding level in the Plan to address the deficit. In the year to 31 August 2020, £36,000 was paid. The expected recovery end date is August 2031.

The funding position of the Plan and contributions to be paid will be reviewed again at the next triennial valuation due as at 1 September 2022, which will be completed during the 2022/23 financial year.

Valuation for these financial statements under FRS 102

The Plan was valued at the end of the reporting period by a qualified Independent Actuary in accordance with Financial Reporting Standard 102, and the following notes 24a to 24i relate to this valuation. This valuation has different actuarial assumptions to the triennial valuation.

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24a The principal actuarial assumptions at the end of the reporting period (expressed as weighted averages):

	2020 £000	2019 £000
Discount rate	1.6%	1.8%
RPI assumption	3.4%	3.4%
CPI assumption	2.6%	2.6%
LPI pension increases	3.3%	3.3%

The underlying mortality assumption is based upon the standard table known as S2PXA projected on a year of birth basis with CMI_2019 future improvement factors and a long-term rate of future improvements with 1.25% p.a. (2019: PNA00 with CMI_2018 future improvement factors and a long-term future rate of improvement of 1.25% p.a.). This results in the following life expectancies:

	Years	Years
Life expectancy for 60 year old female	88.3	89.0
Life expectancy for 45 year old female	89.5	90.2

24b The amounts recognised in the balance sheet:

	2020 £000	2019 £000
Present value of Plan liabilities	(3,591)	(3,713)
Market value of Plan assets	2,296	2,402
Net defined benefit liability	<u>(1,295)</u>	<u>(1,311)</u>

24c Amounts included within the Statement of Financial Activities (SOFA):

	2020 £000	2019 £000
Current service cost	-	-
Interest on net defined benefit asset	(23)	(16)
Past service cost	-	(15)
Total amount charged within net incoming resources	<u>(23)</u>	<u>(31)</u>

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24d Changes in the present value of Plan liabilities:

	2020 £000	2019 £000
Present value of scheme liabilities at beginning of the year	(3,713)	(3,498)
Past service cost	-	(15)
Benefits paid	158	497
Interest on Plan liabilities	(65)	(88)
Actuarial loss/ (gain)	29	(609)
Present value of Plan liabilities at end of the year	<u>(3,591)</u>	<u>(3,713)</u>

24e Changes in the fair value of Plan assets:

	2020 £000	2019 £000
Market value of Plan assets at beginning of the reporting period	2,402	2,907
Employer contributions	36	36
Benefits paid	(158)	(497)
Interest on Plan assets	42	72
Return on assets, less interest included in the SOFA	(26)	(116)
Market value of the Plan assets at the end of the reporting period	<u>2,296</u>	<u>2,402</u>
Actual return on Plan assets	<u>16</u>	<u>(44)</u>

24f The major categories of Plan assets as a percentage of total Plan assets:

	2020	2019
Group pension contract	100%	100%
Cash	0%	0%

The Plan had no investments in property occupied by, assets used by or financial instruments issued by the School.

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24g	Analysis of the measurement of the net defined benefit liability recognised in Other recognised losses in the SOFA:		
		2020	2019
		£000	£000
	Return on assets, less interest included in the SOFA	(26)	(116)
	Experience gains and losses arising on Plan liabilities	78	43
	Changes in assumptions underlying the present value of Plan liabilities	(49)	(652)
		<hr/>	<hr/>
	Actuarial loss/(gain) recognised in Other recognised losses	3	(725)
		<hr/>	<hr/>
24h	Movement in deficit during the year		
		2020	2019
		£000	£000
	Deficit in the scheme at the beginning of the year	(1,311)	(591)
	Interest recognised in the SOFA	(23)	(31)
	Employer contributions	36	36
	Actuarial loss/(gain) recognised in Other recognised losses in the SOFA	3	(725)
		<hr/>	<hr/>
	Deficit in the scheme at the end of the year	(1,295)	(1,311)
		<hr/>	<hr/>

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26 Statement of financial activities – comparative figures for the prior period by fund

		Unrestricted Funds		Restricted Funds	Total Funds
	Note	General £000	Designated £000	£000	2019 £000
Income from:					
Charitable activities	2	9,142	-	9	9,151
Donations	3	1,094	-	2,781	3,875
Other income	4	68	-	-	68
Total income		10,304	-	2,790	13,094
Expenditure on:					
Raising funds					
Development and fundraising		317	-	-	317
		317	-	-	317
Charitable activities					
Teaching		3,370	-	199	3,569
Pastoral and welfare		1,914	-	262	2,176
Outreach and partnership		1,079	10	522	1,611
Premises		2,057	1,059	536	3,652
Support and governance	7,8	1,466	-	-	1,466
Grants and prizes	9	-	-	963	963
		9,886	1,069	2,482	13,437
Total expenditure	6	10,203	1,069	2,482	13,754
Net income / (expenditure)		101	(1,069)	308	(660)
Transfers between funds	16,17	85	-	(85)	-
Other recognised losses					
Actuarial (losses)/gain on defined benefit pension scheme	24g	(725)	-	-	(725)
Net movement in funds		(539)	(1,069)	223	(1,385)
Total funds brought forward		3,390	38,393	2,430	44,213
Total funds carried forward	16,17	2,851	37,324	2,653	42,828

All transactions are derived from the charity's continuing operations.
All recognised gains and losses are included in the Statement of Financial Activities