

**BIRMINGHAM ROYAL BALLET**  
**(A Company Limited by Guarantee)**

**Report and Financial Statements**

**1 April 2006**

**BIRMINGHAM ROYAL BALLET**  
**(A Company Limited by Guarantee)**

**REPORT AND FINANCIAL STATEMENTS 2006**

**OFFICERS AND PROFESSIONAL ADVISERS**

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**REPORT AND FINANCIAL STATEMENTS 2006**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

Mrs Tessa King-Farlow (Chairman)  
Ms Piali Ray - resigned 18 August 2005  
Ms Armenta Hinton - resigned 22 December 2005  
Mr Brian Nicholson CBE - resigned 12 December 2005  
Mr David Hollingsworth  
Ms Jane Drabble OBE  
Mr Richard Haywood  
Councillor Margaret Waddington  
Councillor Ian Ward  
Mrs Janet Smith  
Mr Edmund Wallis - appointed 17 October 2005  
Miss Nichola McAuliffe - appointed 17 October 2005  
Mr Kirk Dawes QPM - appointed 23 January 2006  
Mrs Marguerite Henson - appointed 23 January 2006  
Mr Timothy Clarke - appointed 13 March 2006

**SECRETARY**

Mrs Anna Williams ACA

Registered in England & Wales  
Company Number: 3320538

Registered Charity Number: 1061012

**REGISTERED OFFICE**

Thorp Street  
Birmingham  
B5 4AU

**BANKERS**

HSBC Bank plc  
130 New Street  
Birmingham  
B2 4JU

**SOLICITORS**

Pinsents  
3 Colmore Circus  
Birmingham  
B4 6BH

Cobbetts  
39 Newhall Street  
Birmingham  
B3 3DY

**AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants  
Four Brindley Place  
Birmingham  
B1 2HZ

# BIRMINGHAM ROYAL BALLET (A Company Limited by Guarantee)

## CHAIR'S REPORT ON THE YEAR 2005/2006

After the flurry of departures and arrivals in 2004-5, 2005-6 has been a much calmer year, though not without its demanding moments.

Our new chief Executive Christopher Barron was not able to join us full time until October, so we were effectively without a chief Executive for nearly 6 months. I am truly grateful to all the members of the Senior Management Team, who kept the show on the road so competently and with such goodwill until Chris could join us.

Since then, we have appointed a new full time Development Director, who starts work in July; we have a completely new three-year business plan and a most encouraging surge of energy and creativity in the Company. As a Board, we are also grappling with the requirements of new guidelines in corporate governance, and in Diversity.

We look back on some wonderful and inspiring performances during the year. It seems invidious to single out any of them, so high were the standards of dance and presentation, but mention must be made of the first performance in Birmingham's unique project IgorFest, which sets out over 4 years to perform, with the CBSO, CBSO Chorus and Ex Cathedra, Stravinsky's complete works. This first Stravinsky evening in June 2005 was a quadruple bill, with the Hodson/Archer reconstruction of Nijinsky's original *Rite of Spring* taking pride of place. BRB is the first British company to dance their version of this monumental work. The second tranche of this project, in April 2006, involved a triple bill of *Apollo*, *Pulcinella* and the *Firebird*. On both these evenings, we were able to include new commissions: Michael Kopinski's *Dumbarton Oaks* opened the bill in June 2005, and in 2006 Kim Brandstrup's *Pulcinella* introduced the company – and our audiences – to the work of this most interesting choreographer. Throughout the year, our dancers have performed brilliantly, supported by our Orchestra whose contribution particularly in the Stravinsky programmes was outstanding.

The mid-scale tours go from strength to strength, attracting new and enthusiastic audiences wherever they are performed. It is important to emphasise that these tours are not 'ballet on the cheap' – reduced versions or excerpts from ballets. They feature ballets which are structured round a smaller number of dancers and musicians and are therefore capable of being staged in smaller venues; in Birmingham we see them at the Hippodrome Theatre.

In February, the Company paid a return visit to the Hong Kong Arts Festival, where it performed David Bintley's *Beauty and the Beast* to capacity audiences.

As I write, the work on the Ballet Hoo! Project, formerly known as Leaps and Bounds, is moving into the home straight, with the special performance of *Romeo and Juliet* due to take place at the Hippodrome Theatre on September 28<sup>th</sup> 2006. This massively demanding project has occupied the greater part of the time and energies of considerable numbers of people in the company; it is ground breaking and very important work.

We welcomed 4 new Board members: Nichola McAuliffe, Kirk Dawes QPM, Tim Clarke and Marguerite Porter, who has joined us from the Royal Ballet Governors. We also welcomed back Ed Wallis after a year's absence. We said farewell to Brian Nicholson, Armenta Hinton and Piali Ray, with warmest thanks for their work on our behalf.

Tessa King-Farlow

Chair

Date: 11 September 2006

# **BIRMINGHAM ROYAL BALLET**

## **(A Company Limited by Guarantee)**

### **DIRECTORS' REPORT**

The directors have pleasure in presenting their annual report and the audited financial statements for the period ended 1 April 2006.

#### **STATUS, OBJECTS AND POLICIES**

Birmingham Royal Ballet, a registered charity, is incorporated as a company limited by guarantee not having a share capital. It engages in all aspects of presenting ballet, including related education activities.

The objects of the company are to advance the education of the public in the arts and sciences of ballet, dance, music and drama.

#### **GOVERNANCE STRUCTURE**

Birmingham Royal Ballet, as a company limited by guarantee, is governed by a board of non-executive directors (charitable trustees). In accordance with the Memorandum of Association the directors are also the members of the company.

The Board of Directors are responsible for decisions covering the significant areas of Birmingham Royal Ballet's affairs including overall strategy, approval of budgets, approval of major capital expenditure projects, and development of key policies including general treasury and risk management policies. To enable the board to perform its duties all directors have full access to relevant information and to services of the Company Secretary and the Officers of the Company. If necessary, the Directors may take independent professional advice at the Company's expense.

In order to carry out their duties as effectively as possible the Board is assisted by two sub committees:

- The Executive Committee responsible for detailed review of planning documents, budgets and policies prior to recommendation for approval. In addition the Executive Committee fulfils the role of the Audit Committee and the Personnel/Remuneration Committee.
- The Nominations Committee responsible for the review and recommendation of candidates for appointment as Directors bearing in mind the particular needs of the board at the time as well as the future needs of the board (succession planning). In addition the Nominations Committee is responsible for ensuring the appropriate induction of new Directors. It is the responsibility of the Board of Directors as a whole to approve candidates for appointment. In addition, the Governors of the Royal Ballet have the right to nominate one of their members to be a member of the Board of Directors and Birmingham City Council have the right to nominate two representatives (usually Councillors) to be members of the Board of Directors. All such nominations are approved and appointed by the Board of Directors as a whole.

All new Directors receive a comprehensive information pack, a tour of the company and opportunities to meet with the Chief Executive and other senior members of staff as necessary. All Directors have regular access to performances, education activities and other events so that they are familiar with the work of the company. The first directors 'awayday' was held in June 2006 at which in depth sessions on artistic policy and planning, diversity and governance were held. This event was a great success and it was agreed that it should be repeated biennially. The Chair has implemented a system of Director reviews that will commence in September 2006. This will give all Directors an opportunity to identify any additional training and development needs.

The day to day management of the affairs of Birmingham Royal Ballet is delegated to the Chief Executive – Christopher Barron who is responsible for overall organisational management and The Director – David Bintley who is responsible for managing artistic activities.

#### **DIRECTORS, OFFICERS AND PROFESSIONAL ADVISERS**

The Directors of the charitable company who are also trustees for the purpose of charity law, are referred to in this report as "Directors" or "the Board".

The names of the Directors, Officers and Professional Advisers are provided on page 1

# BIRMINGHAM ROYAL BALLET (A Company Limited by Guarantee)

## DIRECTORS' REPORT (Continued)

### DIRECTORS, OFFICERS AND PROFESSIONAL ADVISERS (continued)

#### Organisation

The Board's membership includes those with appropriate professional experience of dance, education, arts administration, fundraising and general and financial management, gained both nationally and, more specifically, in the West Midlands.

#### Directors' Interests in Related Bodies

Body	Director
Governors of the Royal Ballet	Ms Jane Drabble OBE Mrs Marguerite Henson
Governor of the Royal Ballet School	Mr David Hollingsworth
Governor of Elmhurst School for Dance	Mrs Janet Smith
Birmingham City Councillors	Councillor Ian Ward Councillor Margaret Waddington

#### Reimbursements to Directors

Reimbursements of expenses was made to directors during the year, totalling £959 (2005 - £2,916).

#### RISK MANAGEMENT

The Directors and senior staff have produced a comprehensive strategic plan setting out the major opportunities available to the charity and the risks to which it is exposed. The Directors review the plan on a regular basis and a comprehensive update of the plan is carried out annually. As part of this process, the Directors have implemented a risk management strategy, which comprises:

- an annual review of the risks which the charity may face;
- the establishment of systems and procedures to mitigate those risks identified in the plan; and
- the implementation of procedures designed to minimise any potential impact on the charity should any of those risks materialise.

#### OBJECTIVES AND ACTIVITIES

**BRB seeks to be the UK's foremost international ballet company, enriching people's lives through dance, and aspiring to excellence in all that it does.**

The main objectives for 2005-06 were as follows:-

#### ARTISTIC AND CREATIVITY

- To refresh BRB's touring/performing circuit by introducing new venues and increasing performances
- To continue developing overseas touring working towards one overseas tour per annum
- To encourage choreographic development from within the company

#### EDUCATION AND COMMUNITY ACTIVITY

- To offer a range of learning activities that reflect and develop the unique nature of the company's artistic vision
- To ensure that issues of diversity and inclusion are addressed in our education work

# **BIRMINGHAM ROYAL BALLET**

## **(A Company Limited by Guarantee)**

### **DIRECTORS' REPORT (Continued)**

#### **ORGANISATIONAL DEVELOPMENT**

- To ensure that the Board of Directors has appropriate skills and experience
- To achieve Investors in People status
- To ensure inclusion and diversity is embraced in all policies and practises
- To improve the health and fitness of BRB employees
- To continue to develop our association with Elmhurst School for Dance

#### **FINANCIAL STABILITY**

- To diversify sources of earned income
- To maintain expenditure within budgets

The Board seeks to realise its objectives by following an artistic policy of performing traditional full-length classics, the 'heritage' repertory of the 20th century and commissioning new works. BRB performs at its home base in Birmingham and throughout the UK as well as undertaking international touring. The company seeks the highest standards of performance and presentation supported by appropriate management structures, exemplary healthcare, effective press, public relations and marketing. BRB delivers a wide-ranging education and community programme offering life long learning opportunities to the widest range of communities because we believe that ballet has the ability to enhance and enrich peoples lives. This policy is based on a belief that a varied repertory and programme of events will reach a varied audience, thereby making ballet accessible to all.

In implementing this policy, Birmingham Royal Ballet will meet the demands of the Funding Agreements with the Arts Council, England and Birmingham City Council.

#### **ACHIEVEMENTS AND PERFORMANCE**

##### **Productions and Performances**

The table below summarises our performing activity for the year

	<b>2005-06</b>	<b>2004-05</b>
<b>PERFORMANCE NUMBERS</b>		
UK performances	128	122
Overseas performances	7	2
<b>CREATIVITY</b>		
World Premieres - one act ballets	3	1
BRB Premieres	2	0

# BIRMINGHAM ROYAL BALLET (A Company Limited by Guarantee)

## DIRECTORS' REPORT (Continued)

The full repertory performed by the Company, in accordance with our artistic policy of performing traditional full length classics, the 'heritage' repertory of the 20<sup>th</sup> Century and commissioning new works, was as follows

Ballet	Choreography	Music
Les Petits Riens	Bintley	Mozart
Brouillards	Cranko	Debussy
Elite Syncopations	MacMillan	Joplin and others
Dumbarton Oaks	Kopinski	Stravinsky
Duo Concertant	Balanchine	Stravinsky
Monotones II	Ashton	Satie
Five Tangos	Van Manen	Piazzolla
Rite of Spring	Nijinsky, Hodson	Stravinsky
Into the Ferment	Payn	MacMillan
The Planets	Various	Holst
Scenes de Ballet	Ashton	Stravinsky
Dante Sonata	Ashton	Liszt
Enigma Variations	Ashton	Elgar
Solitaire	MacMillan	Arnold
Checkmate	De Valois	Bliss
Lady and the Fool	Cranko	Verdi - arranged by Charles Mackerras
Hobson's Choice	Bintley	Reade
Beauty and the Beast	Bintley	Buhr
The Sleeping Beauty	Petipa, Wright	Tchaikovsky
The Seasons	Bintley	Verdi
Carmina Burana	Bintley	Orff

The company gave a total of 128 performances in the UK - (50 in Birmingham and 78 on tour), 2 performances in Hamburg and 5 performances in Hong Kong.

The 2005-06 financial year started with a welcome return to mid-scale touring in April 2006. The second mid-scale tour was of an increased scale, range and time period, touring for a full two weeks to eight venues. Performance numbers increased from 18 in 2004-05 to 25 in 2005-06. The North-East of England tour started in Hull followed by return visits to York, Durham and Middlesborough. The programme included the world premiere of *Dumbarton Oaks*, choreographed by former BRB dancer Michael Kopinski, BRB's first performances of Balanchine's *Duo Concertant*, *Monotones II* and *Five Tangos*. The South-West tour included BRB's first visits to Bath and Exeter and return visits to Yeovil and Truro. The programme comprised *Les Petits Riens*, *Brouillards* and *Elite Syncopations*. Once again BRB were enthusiastically received in all venues reinforcing the value of the mid-scale touring initiative and BRB remains committed to continuing touring to mid-scale venues for the foreseeable future.

The first Birmingham Season of the 2005-06 financial year was in June 2006. In total there were nine different ballets (including two world premieres) performed during this two week season starting with a celebration of the work of Igor Stravinsky. This was BRB's first contribution to a unique four year project, part of Birmingham's Urban Fusion Programme, in which Birmingham's world renowned arts organisations will perform the complete works of Stravinsky. The Stravinsky programme comprised the Birmingham debut of *Dumbarton Oaks*, *Duo Concertant*, Ashton's *Scenes de Ballet* and Millicent Hodson and Kenneth Archer's reconstruction of Nijinsky's original *Rite of Spring*. BRB was proud to be the first British company to dance this monumental and historical work. The performances of *The Rite of Spring* were visually stunning and musically exciting with critically acclaimed performances by the Royal Ballet Sinfonia. The Stravinsky Programme was followed by three

# BIRMINGHAM ROYAL BALLET (A Company Limited by Guarantee)

## DIRECTORS' REPORT (Continued)

performances of new works *Into the Ferment* and *The Planets* choreographed in the main by dancers from within the Company. This was an important culmination of a three-year project to build choreographic talent internally starting with workshop performances and performances in the Patrick Centre leading to creating works for the main stage. All tickets for the choreographic project performances were available for £10 to encourage access for new audiences. The season ended with three performances of *Les Petits Riens*, *Brouillards* and *Elite Syncopations* giving Birmingham audiences an opportunity to see some of the work that had been performed during the mid scale tour earlier in the year.

The performing season ended on a high note with two performances in Hamburg of works by Ashton – *Scenes de Ballet*, *Dante Sonata* and *Enigma Variations*. The invitation to perform in Hamburg was a direct result of the success of BRB's performances in New York the previous year. In Hamburg the company performed to full houses and were lauded for the quality of their performances and as cultural ambassadors for the City of Birmingham.

BRB's autumn performances were a season of 'English' Ballets. The triple bill saw a return after nearly two decades of three masterpieces from our heritage repertoire. The performances of Macmillan's *Solitaire*, Ninette de Valois' *Checkmate* and John Cranko's *Lady and the Fool* with redesigned sets and costumes illustrated the work of some of the most influential founders of modern British ballet. The mixed bill was followed by performances of David Bintley's heart-warming production of *Hobson's Choice*. The autumn programme was subsequently toured to Sunderland, Sadler's Wells Theatre in London, Plymouth and Edinburgh. The visit to Edinburgh was funded by Arts Council England as part of their cross border touring grant programme. Disappointingly, audience numbers were considerably lower than anticipated during the autumn continuing a trend experienced over the last few years seeing the historically popular autumn months becoming harder to sell. BRB is undoubtedly experiencing competition both from the increasing number of foreign dance companies touring the UK as well as from a general expansion of leisure activities available in major towns and cities across the country. This emphasises the need to continually develop and educate audiences to encourage loyalty by demonstrating that Birmingham Royal Ballet is synonymous with the highest possible standards of performance and presentation as well as offering an unrivalled breadth of repertoire to audiences nationally and internationally.

Happily the Christmas performances of *Beauty and the Beast* at the Birmingham Hippodrome saw a return to full houses. *Beauty and the Beast* was premiered in December 2003 and following the success of its second season is now firmly established as a family show with enduring appeal.

The first performances of 2006 were at The Lowry, Salford, with a week of performances of Sir Peter Wright's beautiful production of *The Sleeping Beauty*. This lavish production is a visual and musical feast that has delighted audiences since its first performance in 1984.

On returning from Salford the company prepared for its season of five performances of *Beauty and the Beast* in Hong Kong as part of the Hong Kong Arts Festival in February 2006. This was a return visit to the Hong Kong Arts Festival following the success of performances of *Edward II* in 2000. BRB performed to packed houses that were captivated by David Bintley's interpretation of the classic fairy tale. The visit was accompanied by Ed Doolan from Radio West Midlands who broadcast two of his popular shows live from Hong Kong, interviewing several members of BRB staff to give a fascinating insight into the challenges of international touring and enabling many people at home in Birmingham and the West Midlands region to share in the tour. The Lord Mayor of Birmingham also accompanied the tour emphasising the important role that cultural organisations can play as international ambassadors. Further to the Hong Kong Tour, BRB's Chief Executive and Communications Director accompanied the Lord Mayor as part of a civic delegation to Guanzhou, Birmingham's twin city in China, to start to explore the possibilities to visiting China in the near future.

Our final Birmingham Season of the 2005/06 financial year featured revivals of David Bintley's celebration of pure dance *The Seasons* and his powerful realisation of *Carmina Burana* followed by a week of performances of *Sleeping Beauty*. *Carmina Burana* and *Sleeping Beauty* were subsequently performed in Plymouth. *Sleeping Beauty* was also performed in Sunderland and finally Oxford, a welcome return to the city for BRB after an interval of fourteen years.

### Education work

The company's education programme has been dominated by Leaps & Bounds, a project involving young people from Birmingham and the Black Country, many of whom come from challenging backgrounds. Leaps & Bounds started in May 2005 and will culminate in a performance of MacMillan's *Romeo and Juliet* on the Hippodrome stage in September 2006, danced by the young people alongside members of the company. The project has been tracked from the outset for a Channel 4 documentary series entitled *Ballet Hoo!*, taking the company and its education work to a huge and diverse television audience.

# **BIRMINGHAM ROYAL BALLET**

## **(A Company Limited by Guarantee)**

### **DIRECTORS' REPORT (Continued)**

The capacity of the Education department has been stretched by Leaps & Bounds, but other projects have continued to run alongside. These have included:

- Freefall Dance Company, a company of young dancers with learning disabilities, run in partnership with Fox Hollies Special School and Performing Arts College. During the year Freefall's dancers have had their ballet training accredited by the Open College Network, and have performed in the Patrick Centre during Artsfest.
- Dance @ Highbury, a centre for continuing professional development established in partnership with Queensbridge and Fox Hollies Performing Arts College, launched in September 2005 with a project for teachers led by company dancer Kit Holder. The new centre will enable BRB to provide more comprehensive training for company dancers involved in education work, and to extend the opportunities we offer Birmingham teachers.
- Company dancers led a project based on Beauty and the Beast in Birmingham primary schools in November and December 2005. They also ran repertory based projects based on Hobsons Choice and Sleeping Beauty in Birmingham, Plymouth and Sunderland
- Our collaboration with Birmingham Conservatoire has continued with a new group of keyboard students, and we were particularly delighted that one of the previous cohort was successful in being appointed to a full-time pianist's job at Elmhurst in 2005.
- Work on tour has included workshops for boys who do ballet, A-level and university workshops based on Checkmate and primary school workshops based on The Sleeping Beauty.
- Dance Track continued throughout 2005-6 but the decision to evaluate the structure and direction of Dance Track has led to year off from auditioning a new cohort. The evaluation is being undertaken in consultation with previous attenders and their families, Elmhurst's pre-vocational course leader and Birmingham City Council's Education Dept. The report will be presented in September 2006 and new cohorts will be auditioned in April 2007.

Summer School was well attended and a number of BRB dancers and staff worked with a strong and enthusiastic group of aspiring professional dancers.

Overall the education department ran 432 sessions during the year for over 4000 participants.

#### **Orchestral activities**

BRB's orchestra, The Royal Ballet Sinfonia, the only orchestra in the country to specialise in playing for ballet, continue to go from strength to strength. In addition to BRB performances the orchestra has performed with Danish National Ballet, Australian Ballet, The National Ballet of Cuba and the Royal Ballet.

Moving away from dance to opera the Sinfonia was invited back to play for the National Opera Studio's showcase performance at the South Bank Centre. The National Opera Studio acts as a link between the music colleges and the six main opera companies in the UK. This is an important relationship for BRB: we were able to use National Opera Studio soloists for our performances of Pulcinella in May 2006. The Sinfonia once again accompanied the 2006 show-case performance at the Hackney Empire.

The Sinfonia continues to make recordings concentrating on British light music that has not previously been recorded. Through this connection the Royal Ballet Sinfonia was asked to record the Radio 4 theme music. The CD single of the UK Theme, paired with Sailing By, was released on 27 March 2006 and remained in the UK singles chart for two weeks reaching No. 29.

#### **Organisational development**

BRB remains committed to its endeavour to be a model of good practise in all areas its activity. Our world-class performances and pioneering education work could not be delivered without the appropriate organisational structures to support and deliver our charitable objects.

The board has seen a number of changes during the year. We would like to extend our thanks to Piali Ray, Armenta Hinton and Brian Nicholson for their work as Directors. We welcome back Ed Wallis and we welcome Timothy Clarke, Kirk Dawes, Nichola McCauliffe and Marguerite Porter (Henson) as new board members. They bring a wealth of experience to the board particularly in the areas of commerce, diversity, theatre and dance. The board membership is now increased to twelve directors with a wide range of skills and expertise ensuring that the board is well equipped to meet the challenges of the next three years

Our new Chief Executive joined BRB in September 2006, returning the senior management team back to full strength and securing the vital link between the Board and the management of the company.

Staff consultation and development is critical to the success of the organisation. The staff consultation group established in October 2004 has continued to develop and now plays an important role in communication and improving the understanding of BRB's activities and plans. The group meet bi monthly and presentations to the group have ranged from financial and business planning to education and diversity. As a testament to our

# **BIRMINGHAM ROYAL BALLET**

## **(A Company Limited by Guarantee)**

### **DIRECTORS' REPORT (Continued)**

commitment to staff development, BRB was awarded Investors in People recognition in December 2005: we are the first major dance company in the UK to have achieved this award.

BRB's healthcare facility 'The Jerwood Centre' has been restructured and is now at full strength with a clinical director supported by two physiotherapists, two masseurs, a body conditioning coach and an administrator. The Centre also has access to a wide range of specialists and consultants. The Jerwood Centre is not only a flagship for prevention and treatment of dance injury but also supports more general occupational health provision for all BRB staff.

In line with our objectives for the year we have worked on developing a Diversity Policy and plan to ensure that diversity in its widest sense is addressed in all areas of our operations and activities. During 2005-06 we undertook an audit of the company to identify current strengths and weaknesses, and to give a benchmark against which to measure progress. Our diversity plan for the next three years sets out how we start to address the challenges posed by the changing make up of the communities within which we live and work, particularly for an organisation based in Birmingham which will be a minority white city by 2010. We are doing this to ensure that ballet and BRB thrive in the 21<sup>st</sup> century and that the company can play an increasingly meaningful role in the life of our community.

Following the winding up of BRB Trust fundraising was brought under the direct control of the BRB board. Over the past year we have reviewed our existing fundraising activities and operations in conjunction with a review of future fundraising potential and direction took the decision to establish a new Development Department. Our new Development Director joins BRB in July 2006 and the department should be fully staffed by September 2006.

We have continued to develop our association with Elmhurst School for Dance. Sir Peter Wright, Director Laureate of BRB and Dame Merle Park, former Director of the Royal Ballet School officially opened the school in October 2005, following its relocation to Birmingham in October 2004. Students from Elmhurst have performed with the company throughout the year and two Elmhurst graduates joined the company in January 2006. BRB continues to provide active support to Elmhurst through artistic advice, teaching, training, PR and marketing activities.

### **FINANCIAL REVIEW**

We are glad to report an operating surplus for the third year running.

Two main factors have contributed to this surplus.

- The late withdrawal of one weeks UK touring from our touring plans. This saved approximately £100,000 that has been set aside in a reserve to fund an additional weeks touring in 2006-07.
- Significant savings on salaries and wages due to reduced dancer numbers during a substantial part of the year. These savings helped mitigate against shortfalls in income during the challenging autumn period. Several new dancers joined the company towards the end of the financial year and during the early part of 2006-07; we anticipate that we should approach our full complement of sixty dancers by September 2006. Consequently we would not expect similar levels of savings in 2006-07.

As ever, careful cost control has been exercised throughout all areas of BRB's activity. Our primary financial management policies are

- Budget setting and control – the senior managers are responsible for proposing their own departmental budgets based on the planned activity for the year. These departmental budgets are combined to build a master budget for BRB as a whole. The Finance Director and Chief Executive are responsible for proposing a final balanced budget for approval by the Board of Directors. Senior managers are authorised to authorise expenditure in accordance with their approved budgets. All expenditure is reviewed and approved for payment by the Finance Director or Chief Executive.
- Financial reporting and review – all budget holders receive a monthly report detailing their expenditure to date against budget. A company finance report and forecast to the year end is presented at each Board and Executive Committee meeting. All senior managers receive a copy of this finance report in addition to their individual budget reports. Where significant variances against budget are identified compensating actions are identified and agreed by the senior management team. This will usually involve identifying cost savings as performing activity for the year is fixed at least a year in advance and our major sources or income are also fixed. The major financial risk that faces the organisation is a shortfall in earned income sources such as box office income and fundraising income. Both these income sources can be highly variable and are subject to a number of influences that are outside the direct control of BRB. As a result the key to financial stability is careful cost control in conjunction with identifying and developing new income streams.

# **BIRMINGHAM ROYAL BALLET**

## **(A Company Limited by Guarantee)**

### **DIRECTORS' REPORT (Continued)**

As in previous years our principal funding sources are

- Arts Council England – £ 7,172,812 revenue funding to contribute towards BRB's core operating costs and the costs of delivering our performances and activities including touring nationally, middle scale touring, audience development activity, a broad education and outreach programme, choreographic opportunities for company members and the operation of the Jerwood Centre. In addition the Arts Council awarded a grant of £150,000 from their Cross Border Touring initiative to fund the week of performances in Edinburgh.
- Birmingham City Council – £ 973,455 revenue funding to contribute towards BRB's core operating costs and the costs of delivering performances and activities primarily in Birmingham. In addition Birmingham City Council awarded BRB a grant of £60,000 as part of the Urban Fusion Programme for BRB's Stravinsky Season in June 2005.

Revenue funding from our major funders accounted for was 76% of total income.

Other sources of funding are as follows

- Earned income – from charitable activities including revenue generated from performing activity, production hires and sales, fees for orchestral activities and revenue from education activity. Income from these sources was 22% of total income.
- Fundraising and membership schemes – Total income from these sources was £194,123 . This is the first year that BRB has had direct responsibility for managing fundraising activities. In the main this year has been an opportunity to take stock and review future potential for fundraising and the structures required for taking our fundraising strategy forward. However, 2005-06 did see the launch of the successful 'Director's Appeal' an initiative to help support new work by the company that raised approximately £90,000 towards new production costs in 2005-06. There were over 700 subscribers to the appeal who enjoyed access to certain rehearsals fostering an understanding and real sense of ownership of the work of the company.

Expenditure relating to BRB's charitable objects was 98% of total expenditure.

#### **Reserves Policy**

Having eliminated the accumulated deficit by 31 March 2004 the directors will seek to create adequate reserves to ensure that the company would be able to meet the costs associated with the winding up of the company should this need arise. The most likely scenario for the winding up of the company would be the withdrawal of significant funding from the company. At present we anticipate that we would receive at least two years notice of such an event and this would enable most of the winding down of the company's activity to take place during the notice period. The directors would therefore seek to hold reserves equivalent to the costs of maintaining the leased premises for a period of six months plus the administrative costs of the final winding up of BRB. We believe that reserves of £250,000 would be adequate to cover such an eventuality. The directors will work towards building up this level of free reserves by 31 March 2009.

From time to time designated or restricted funds may be set aside for specific projects as agreed by the board.

At present designated reserves include

- Capital Grants Fund – being income designated for the acquisition of fixed assets
- Education Fund – represents funds received from the sale of investments by Birmingham Royal Ballet Trust prior to the winding up of the Trust on 31 March 2005. These funds have been designated for use to support educational activities particularly in association with dance training.
- UK Touring Fund – being the element of the 2005-06 surplus relating to the late withdrawal of one venue from our touring plans for 2005-06. The reduction in the 2005-06 touring is compensated by an additional weeks touring in 2006-07
- Overseas Touring Development Fund – funds set aside to develop overseas touring
- Overseas Touring Activity Fund – funds identified to support overseas touring activity over the next 3 years.

The reserves policy will be reviewed biennially in line with funding announcements from the Arts Council of England.

# BIRMINGHAM ROYAL BALLET (A Company Limited by Guarantee)

## DIRECTORS' REPORT (Continued)

### Investment Policy

Birmingham Royal Ballet does not hold any investment funds other than monetary funds. Any surplus funds, over and above those needed for any immediate purpose will be held on money market deposit or in an interest earning deposit account. No funds are held on deposit for notice periods exceeding 1 month.

### Taxation

The company is a charity for tax purposes and is entitled to claim charitable tax exemptions. The company has no liability to tax on its charitable activities.

### Auditors

In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware; and
- each of the directors has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

### PLANS FOR FUTURE PERIODS

The following core objectives have been identified from our vision/mission when considered in conjunction with an analysis of BRB's external and internal environment

**Creativity and performances** - over the 3 year period 2006/09 BRB aims to:

- Increase the repertoire available to the company by creating at least one new full length and three new one act ballets – in 2006-07 we will create
  - 1) a new production of *Pulcinella* with Choreographer Kim Brandstrup as part of our Stravinsky Programme funded through Urban Fusion and
  - 2) a reworking of David Bintley's full length ballet *Cyrano* (originally produced for the Royal Ballet) with a newly commissioned score by Karl Davis
- Increase performance numbers by averaging around 135 UK performances per annum (2003/2006 – 121 UK performances). In 2006-07 we have plans for 146 performances.
- Enhance BRB's international profile by undertaking at least 2 overseas tours – there are no overseas tours in 2006-07 but we will be visiting America in April 2007 and are currently looking at opportunities in France, Japan and China.
- To establish a touring circuit that is beneficial to BRB though focusing on relationships with key venues that
  - 1) have good box office potential
  - 2) offer opportunities to develop and broaden our audience base
  - 3) enable BRB to deliver product throughout the UK and that have a mutual commitment to developing a long term relationship with BRB and
  - 4) have a mutual commitment to developing a long term relationship with BRB
- In 2006-07 we will visit new venues in Poole, Sheffield and Grimsby as part of the mid-scale tour. We will also be giving three community presentations of a selection of the mid-scale repertory at Elmhurst School for Dance. We will be performing for the first time at the Wales Millennium Centre in Cardiff in July 2006 and we hope to build on this relationship to establish regular visits to Wales in the future.

**Diversity** – BRB wants to reflect the changing population of our city and country through the development of a Diversity Plan to:

- Ensure that all company policies, procedures and practises are in line with current legal requirements on diversity and are models of good practice – during 2006-07 we will implement requirements of age discrimination legislation, establish a new Equality and Diversity Policy (formerly Equal Opportunities

## **DIRECTORS' REPORT (Continued)**

- Policy), establish new policies on bullying and harassment and on whistleblowing, apply for disability two ticks symbol and continue to develop our procedures for monitoring diversity.
- Explore opportunities for cultural exchange between BRB and artists from diverse backgrounds – we are exploring opportunities for a choreographic project in 2006-07
  - Deepen and broaden the range of partnerships with community organisations and initiatives, particularly culturally diverse and disability led organisations and to develop mechanisms to ensure that diverse partner organisations and our communities are able to contribute to BRB's planning processes – during 2006-07 we will continue to support the development of Freefall Dance Company. We will develop a strategy for community consultation to ensure a regular programme of consultation is in place for the future.
  - Ensure diversity is reflected in audience development, marketing and participation in education projects – we will work with Arts Council England, Audiences Central and other organisations to identify specific audience development initiatives. The community presentations at Elmhurst in June 2006 were specifically directed at a diverse range of local community groups.
  - Develop Dance Track as a mechanism for eventually diversifying the company's professional dancers – Dance Track will be relaunched in 2006-07 extending the programme to a larger number of primary schools and working in collaboration with Elmhurst's pre vocational programme.

**Organisational Development** – BRB will continue to review its organisational needs to ensure that it is appropriately structured to meet the challenges of the next 3 years through:

- Working towards being recognised under the new Investors in People Standard by December 2008
- Renegotiating contracts where necessary to better reflect BRB working practices, compliance with current legislation and improving equality and transparency of remuneration – in particular technical departments (2006) and Sinfonia (2007)
- Establishment of a Development Department by September 2006
- Ensuring that board membership, practice and procedures properly reflect BRB's aspirations and best practice as well as meeting legislative and reporting requirements.
- Ensuring that BRB's charitable objects and constitution remain appropriately drawn and fulfil the requirements of the proposed new Charities Bill
- Further development of our association with Elmhurst School for Dance – including finalising BRB's involvement with the Apprenticeship scheme for Elmhurst graduate students.

**Financial stability** – BRB will endeavour to reduce the increasing gap between the net cost of its operations and public subsidy by increasing and diversifying income streams as follows:

- Improving box office yield from UK touring - in 2006-07 we will review pricing at UK touring venues
- Increasing net contribution from fundraising activity following the establishment of the development department in July 2006. The Development Director will produce a detailed fundraising strategy by September 2006. Plans to date for 2006-07 include the ongoing promotion of the Director's Appeal and a fundraising gala in December 2006 to celebrate Sir Peter Wright's eightieth birthday.
- Increasing earning from production hires and sales.
- Reviewing the earning potential from other income generating activities such as programmes/merchandise, BRB Friends and the provision of specialised services.

One other key event during 2006-07 is the culmination of the *Leaps and Bounds* project. Following on from the success of Channel 4's Operatunity and Musicality series, BRB has been engaged in the making of the third in the trilogy, *Ballet Hoo!* Working with approximately 100 young people from challenging backgrounds the project has created a unique partnership between BRB, five local authorities, Channel 4 TV & Diverse Productions and Youth at Risk, a national personal development agency specialising in working with young people and BRB. The project, started in 2005, will culminate with a performance in September 2006 of Sir Kenneth MacMillan's *Romeo and Juliet*. The project has proven to be an intense process of working and has presented many challenges across the organisation and beyond. The scale of the project and its complexities is making a profound impact on BRB and its confidence in engaging more extensively outside its traditional social catchment. It is a major statement in terms of BRB engaging meaningfully with Diversity and the ethnic mix of Birmingham and the Black Country.

The 2-year process and the final performance will be broadcast as four one-hour programmes in the autumn of 2006.

With the broadcast of the Channel 4 programmes BRB will receive important mass exposure, which will potentially see the company in a radically different light, a company taking big risk and making large strides forward in terms of community engagement. The impact and outcomes of the project will be independently evaluated to help inform the company's future strategy.

**DIRECTORS' REPORT (Continued)**

Finally we would like to thank our major funders for their ongoing support and commitment to BRB during 2005-06 and look forward to working with them in 2006-07.

Approved by the Board of Directors  
and signed on behalf of the Board

Tessa King-Farlow

Chair

Date: 11 September 2006

**BIRMINGHAM ROYAL BALLET**  
**(A Company Limited by Guarantee)**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom company law and charity law requires the directors of a charity to prepare financial statements each year which give a true and fair view of the state of affairs of the charity and the incoming resources and application of resources for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Companies Act 1985, the Charities Act 1993 and the Charities (Accounts and Reports) Regulations 2000. 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.

# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BIRMINGHAM ROYAL BALLET (A Company Limited by Guarantee)**

We have audited the financial statements of Birmingham Royal Ballet (A Company Limited by Guarantee) for the period ended 1 April 2006 which comprise the charity's statement of financial activities, the balance sheet, the cash flow statement and the notes to the accounts 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of trustees and auditors**

As described in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purposes of company law, are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Companies Act 1985. We also report on the consistency of the trustees' report with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

## **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

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

## **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 1 April 2006 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the directors' report is consistent with the financial statements.

## **Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors

Birmingham

12 September 2006

**BIRMINGHAM ROYAL BALLET**  
**(A Company Limited by Guarantee)**

**STATEMENT OF FINANCIAL ACTIVITIES**  
**(INCLUDING INCOME AND EXPENDITURE ACCOUNT)**  
**Period ended 1 April 2006**

	Note	Un-restricted General £	funds Designated £	Restricted funds £	2006 Total funds £	2005 Total funds £
<b>Incoming resources:</b>						
<b>Incoming resources from generated funds:</b>						
<i>Voluntary income:</i>						
Grants and donations	3	8,396,290	-	-	8,396,290	8,391,747
<i>Activities for generating funds:</i>						
Memberships and other funds	4	64,304	-	-	64,304	22,476
<i>Investment income:</i>						
Bank interest receivable		52,079	-	-	52,079	41,165
		<u>8,512,673</u>	<u>-</u>	<u>-</u>	<u>8,512,673</u>	<u>8,455,388</u>
<b>Incoming resources from charitable activities:</b>						
Performance and related activities	5	2,474,395	-	-	2,474,395	2,647,820
<b>Total incoming resources</b>		<u>10,987,068</u>	<u>-</u>	<u>-</u>	<u>10,987,068</u>	<u>11,103,208</u>
<b>Resources expended:</b>						
<b>Costs of generating funds:</b>						
Costs of generating voluntary income		36,202	-	-	36,202	34,573
Costs of generating memberships and other funds		78,180	-	-	78,180	-
<b>Charitable activities:</b>						
Production and performance		9,606,050	77,000	7,500	9,690,550	9,504,292
Orchestral projects		545,180	-	-	545,180	822,793
Education projects		351,546	-	-	351,546	341,562
<b>Governance costs</b>		<u>72,161</u>	<u>-</u>	<u>-</u>	<u>72,161</u>	<u>64,984</u>
<b>Total resources expended</b>	6	<u>10,689,319</u>	<u>-</u>	<u>7,500</u>	<u>10,773,819</u>	<u>10,768,204</u>
<b>Net incoming / (outgoing) resources for the year</b>	8	297,749	(77,000)	(7,500)	213,249	335,004
<b>Transfer to designated funds</b>		(213,798)	213,798	-	-	-
<b>Opening funds</b>		<u>99,143</u>	<u>300,965</u>	<u>7,500</u>	<u>407,608</u>	<u>72,604</u>
<b>Closing funds</b>		<u>183,094</u>	<u>437,763</u>	<u>-</u>	<u>620,857</u>	<u>407,608</u>

All the above results are derived from continuing activities.

All gains and losses recognised in the year are included above. The surplus for the year for Companies Act purposes comprises the net income for the year and was £213,249 (2005: £335,004).

**BIRMINGHAM ROYAL BALLET**  
**(A Company Limited by Guarantee)**

**BALANCE SHEET**  
**1 April 2006**

	Note	£	1 April 2006 £	£	2 April 2005 £
<b>FIXED ASSETS</b>					
Tangible assets	9		424,659		475,256
<b>CURRENT ASSETS</b>					
Stocks	10	54,091		78,616	
Debtors	11	580,923		817,048	
Investment	12	140,000		2,000,000	
Cash at bank and in hand		218,481		310,064	
			<u>993,495</u>		<u>3,205,728</u>
<b>CREDITORS: amounts falling due within one year</b>	13		<u>(797,297)</u>		<u>(3,258,648)</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			<u>196,198</u>		<u>(52,920)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			620,857		422,336
<b>CREDITORS: amounts falling due after more than one year</b>	14		-		(14,728)
			<u>620,857</u>		<u>407,608</u>
<b>FUNDS</b>					
Restricted fund	16		-		7,500
Unrestricted funds:					
Designated	17	437,763		300,965	
General		183,094		99,143	
			<u>620,857</u>		<u>407,608</u>

These financial statements were approved by the Board of Directors on 11 September 2006

Signed on behalf of the Board of Directors

Tessa King-Farlow  
Chair

**BIRMINGHAM ROYAL BALLET**  
**(A Company Limited by Guarantee)**

**CASH FLOW STATEMENT**  
**Period ended 1 April 2006**

	<b>Note</b>	<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
Net cash (outflow) / inflow from operating activities	19	(1,874,212)	748,318
Returns on investments and servicing of finance	20	52,079	31,641
Capital expenditure and financial investment	20	(75,541)	(126,884)
Management of liquid resources	20	1,860,000	(1,000,000)
Financing	20	(53,909)	(57,414)
		<hr/>	<hr/>
Decrease in cash in the year		<u>(91,583)</u>	<u>(404,339)</u>
 <b>Reconciliation of net cash flow to movement in net funds</b>			
Decrease in cash in the year		(91,583)	(404,339)
Cash inflow from decrease in debt financing		53,909	57,414
Cash (outflow) / inflow from decrease/ (increase ) in liquid resources		(1,860,000)	1,000,000
		<hr/>	<hr/>
Change in net funds resulting from cash flows		(1,897,674)	653,075
Net funds at 2 April 2005		<u>2,237,921</u>	<u>1,584,846</u>
Net funds at 1 April 2006		<u>340,247</u>	<u>2,237,921</u>

**NOTES TO THE ACCOUNTS (Continued)**  
**Period ended 1 April 2006**

**1. ACCOUNTING POLICIES**

**Basis of preparation**

The financial statements are prepared under the historical cost convention. The financial statements have been prepared in accordance with, the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) issued in March 2005, applicable United Kingdom accounting standards and the Companies Act 1985 .

**Incoming resources**

*Deferred income*

Amounts invoiced in advance and other incoming resources, which are subject to contractual restrictions imposed by the donor relating to the charity's entitlement to the funds, are carried forward as deferred income in the balance sheet. Amounts are recognised as income when the services are performed or the restrictions imposed by the donor are satisfied.

*Grants receivable*

Capital grants receivable are recognised in the year of receipt. Revenue grants receivable are recognised in the year to which the grants relate. Revenue grants received in advance of the year to which they relate are carried forward as a creditor in the balance sheet.

Capital funds comprise grants/donations towards the cost of fixed assets to be used by the company for its charitable purposes. Such income may not be treated as a deduction from the capital cost, therefore the depreciation on the underlying asset is charged to the appropriate fund.

*Investment income*

Investment income is recognised on a receivable basis

**Resources expended**

*Expenditure*

All expenditure is accounted for on an accruals basis. Expenditure categories include salaries, depreciation and other costs as analysed in note 6.

Costs of generating voluntary income are the costs associated with generating core funding grants, legacies and donations. These include any direct costs associated with these activities as well as an appropriate proportion of relevant staff costs, support costs, premises costs and depreciation.

Costs of activities for generating funds are the direct costs of our membership schemes, sponsorship and merchandising activities including direct staff costs and an appropriate proportion of support costs, premises costs and depreciation

Costs of charitable activities includes all costs relating to delivering the charitable objectives of the company as stated in the Directors' report plus an appropriate proportion of support costs, premises costs and depreciation.

Governance costs are the costs relating to the governance arrangements and infrastructure for BRB. These include audit fees, certain legal fees, the costs of trustees meetings, a proportion of the costs of the Chief Executive and Finance Director and appropriate proportion of support costs, premises costs and depreciation

Support costs include general administration and management costs including HR, finance, IT and other general overheads of the business. These costs are necessary for delivering activities but do not directly produce or constitute the activity.

Costs have been allocated on a direct basis whenever possible and on an appropriate alternative basis (mainly staff numbers) in other instances.

**New production and revivals**

The costs to the company of sets and wardrobe for new and revived productions are charged in full to the relevant production project in the year the production is first performed, or the year it is revived. Costs incurred in the transport and set up of a production are assigned to the appropriate tour, in the year in which the tour occurred.

Prepayments for the next season are made in respect of productions to be presented in the next financial year.

## **NOTES TO THE ACCOUNTS (Continued)**

### **Period ended 1 April 2006**

#### **Operating leases**

Rental costs under operating leases are charged to profit and loss account in equal annual amounts over the period of the leases.

#### **Pension costs**

All permanent employees of the company are eligible to be members of one of the following defined contribution pension schemes:

- Dancers' Pension Scheme
- BRB Pension Scheme
- Musicians' Union Pension Scheme

The pension costs charged against profits represent the amount of contributions payable by the company to the pension schemes in respect of the accounting year.

#### **Tangible fixed assets**

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Office equipment	10 - 25% per annum
Computer equipment	25% per annum
Technical equipment	10 - 33.3% per annum
Assets transferred from ROH: Premises	Written off over the remaining life of the lease

Fixed assets below £1,000 are not capitalised.

#### **Stock**

Stock consists of ballet shoes and merchandise for sale and is stated at the lower of cost and net realisable value.

#### **Fund accounting**

##### **Unrestricted funds**

Unrestricted funds are those which are expendable at the discretion of the directors in furtherance of the objects of the charity.

##### **Restricted funds**

Restricted funds include donations, gifts, grants and legacies received whose use is restricted to purposes specified by the donor. Such purposes are within the overall aims of the charity.

##### **Designated funds**

Designated funds are amounts which have been put aside at the discretion of the Directors and comprise funds for specific projects.

#### **Taxation**

The company is a charity for tax purposes and is entitled to claim charitable tax exemptions. The company has no liability to tax on its charitable activities.

## **2. FUTURE FUNDING**

The Company is dependent on the continuing financial support of The Arts Council, England and Birmingham City Council. Income from these sources in 2005/2006 totalled £8,356,267 representing 76% of total income.

As set out in the Directors' report, the Arts Council, England has committed funding for the Company until 2007/2008. The Arts Council, England and Birmingham City Council have committed funding of £7,370,100 and £1,000,225 respectively for the forthcoming financial year.

The Board is confident that this level of funding, together with estimates of ticket receipts and other income, will be sufficient for the Company's needs in the coming years.

**BIRMINGHAM ROYAL BALLET**  
**(A Company Limited by Guarantee)**

**NOTES TO THE ACCOUNTS (Continued)**  
**Period ended 1 April 2006**

**3. VOLUNTARY INCOME**

	Un- restricted funds £	Restricted funds £	2006 Total funds £	2005 Total funds £
<b>Grants:</b>				
Arts Council, England				
Revenue funding	7,172,812	-	7,172,812	6,409,267
Cross border touring	150,000	-	150,000	-
Middle Scale touring	-	-	-	400,000
Birmingham City Council				
Revenue funding	973,455	-	973,455	1,002,405
Urban cultural project	60,000	-	60,000	-
<b>Donations:</b>				
Birmingham Royal Ballet Trust	-	-	-	577,770
Legacies	21,000	-	21,000	-
Other	19,023	-	19,023	2,305
	<u>8,396,290</u>	<u>-</u>	<u>8,396,290</u>	<u>8,391,747</u>

**4. ACTIVITIES FOR GENERATING FUNDS**

	Un- restricted funds £	Restricted funds £	2006 Total funds £	2005 Total funds £
Memberships	46,787	-	46,787	-
Sponsorship	6,150	-	6,150	-
Sale of merchandise	11,367	-	11,367	22,476
	<u>64,304</u>	<u>-</u>	<u>64,304</u>	<u>22,476</u>

**5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

	Un- restricted funds £	Restricted funds £	2006 Total funds £	2005 Total funds £
Box office income	1,569,335	-	1,569,335	1,625,262
Overseas touring	98,500	-	98,500	102,869
Production sales and hires	107,217	-	107,217	66,500
Programmes	88,090	-	88,090	95,436
Friends	47,065	-	47,065	28,920
Directors appeal	90,308	-	90,308	-
Orchestra projects	373,858	-	373,858	597,743
Education	41,085	-	41,085	54,636
Other fees and services	58,937	-	58,937	76,454
	<u>2,474,395</u>	<u>-</u>	<u>2,474,395</u>	<u>2,647,820</u>

**NOTES TO THE ACCOUNTS (Continued)**  
**Period ended 1 April 2006**

**6. ANALYSIS OF TOTAL RESOURCES EXPENDED**

	<b>Direct staff costs</b>	<b>Other direct costs</b>	<b>Support costs</b>	<b>Premises</b>	<b>Depreciation</b>	<b>2006 Total</b>	<b>2005 Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Costs of generating funds:</b>							
Costs of generating voluntary income	28,684	-	7,518	-	-	36,202	34,573
Costs of generating memberships and other funds	19,929	43,097	10,234	4,207	713	78,180	-
<b>Charitable activities:</b>							
Production and performance	5,486,742	2,912,488	699,833	471,765	119,722	9,690,550	9,504,292
Orchestra projects	484,898	35,837	19,525	4,207	713	545,180	822,793
Education projects	150,503	142,908	28,615	25,243	4,277	351,546	341,562
<b>Governance costs</b>	<u>36,132</u>	<u>-</u>	<u>31,109</u>	<u>4,207</u>	<u>713</u>	<u>72,161</u>	<u>64,984</u>
<b>Total</b>	<u><u>6,206,888</u></u>	<u><u>3,134,330</u></u>	<u><u>796,834</u></u>	<u><u>509,629</u></u>	<u><u>126,138</u></u>	<u><u>10,773,819</u></u>	<u><u>10,768,204</u></u>

Support costs comprise £307,193 staff costs and £489,641 overhead costs.

Support costs have been allocated on a direct basis whenever possible and on an appropriate alternative basis (mainly staff numbers) in other instances.

**BIRMINGHAM ROYAL BALLET**  
**(A Company Limited by Guarantee)**

**NOTES TO THE ACCOUNTS (Continued)**  
**Period ended 1 April 2006**

**7. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
<b>Employee costs during the year</b>		
Wages and salaries	5,585,415	5,963,388
Social security costs	602,484	590,531
Pension costs	251,017	255,838
Redundancy	75,169	-
	<u>6,514,085</u>	<u>6,809,757</u>
<b>Average number of full time equivalent employees employed</b>	<b>No</b>	<b>No</b>
Permanent:		
Artists and ballet staff	63	66
Sinfonia and music staff	50	51
Production and technical	21	21
Education	6	4
Support	13	17
Publicity and Development	10	11
Central management and administration	4	6
	<u>167</u>	<u>176</u>
Temporary:		
Sinfonia and music staff	1	1
Production and technical	6	6
	<u>7</u>	<u>7</u>
<b>Employees with total emoluments greater than £50,000 fell into the following bands:</b>	<b>2006</b>	<b>2005</b>
	<b>No</b>	<b>No</b>
£ 50,001 - £ 60,000	7	5
£ 60,001 - £ 70,000	3	3
£ 70,001 - £ 80,000	2	3
£ 80,001 - £ 90,000	-	1
£ 90,001 - £ 100,000	1	1
	<u>1</u>	<u>1</u>

During the year pension contributions of £43,058 were paid in respect of 13 employees with total emoluments greater than £50,000.

The directors received no remuneration in the year.

During the year the total expenses reimbursed to 2 members of the Board amounted to £959 (2005: £2,916). This principally represents reimbursed travelling expenses and sundry expenses incurred in the management of the charity's affairs.

The charity has arranged insurance to protect the charity from loss arising from neglect or default of its trustees, employees or agents and to indemnify the trustees and officers from the consequences of any neglect or default on their part. The annual cost of such insurance which covers the trustees and the officers was £3,368 (2005: £3,225).

The Directors are not aware of any material transaction, contract or other arrangement with any connected person.

**BIRMINGHAM ROYAL BALLET**  
**(A Company Limited by Guarantee)**

**NOTES TO THE ACCOUNTS (Continued)**  
**Period ended 1 April 2006**

**8. NET INCOMING RESOURCES**

<b>Net incoming resources are stated after charging:</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Operating lease rentals	259,821	239,652
Depreciation of owned assets	126,138	157,400
Auditors' remuneration:		
In respect of external audit fees	12,000	11,500
In respect of other services	2,500	-
	<u>270,459</u>	<u>308,552</u>

**9. TANGIBLE FIXED ASSETS**

	<b>Leasehold property</b>	<b>Computers</b>	<b>Fixtures, fittings and equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>				
At 1 April 2005	230,136	212,549	728,161	1,170,846
Additions	12,802	17,478	45,261	75,541
	<u>242,938</u>	<u>230,027</u>	<u>773,422</u>	<u>1,246,387</u>
<b>Accumulated depreciation</b>				
At 1 April 2005	94,745	184,535	416,310	695,590
Charge for year	23,829	20,626	81,683	126,138
	<u>118,574</u>	<u>205,161</u>	<u>497,993</u>	<u>821,728</u>
<b>Net book value</b>				
At 1 April 2006	<u>124,364</u>	<u>24,866</u>	<u>275,429</u>	<u>424,659</u>
At 2 April 2005	<u>135,391</u>	<u>28,014</u>	<u>311,851</u>	<u>475,256</u>

**10. STOCKS**

	<b>1 April 2006</b>	<b>2 April 2005</b>
	<b>£</b>	<b>£</b>
Shoes	43,392	67,807
Merchandise	10,699	10,809
	<u>54,091</u>	<u>78,616</u>

**11. DEBTORS**

	<b>1 April 2006</b>	<b>2 April 2005</b>
	<b>£</b>	<b>£</b>
Trade debtors	257,738	292,227
Other debtors	103,060	253,758
Prepayments	220,125	271,063
	<u>580,923</u>	<u>817,048</u>

Other debtors includes £63,375 (2005 - £63,675) in respect of a rent deposit which is due in more than one year.

**BIRMINGHAM ROYAL BALLET**  
**(A Company Limited by Guarantee)**

**NOTES TO THE ACCOUNTS (Continued)**  
**Period ended 1 April 2006**

**12. INVESTMENTS**

	<b>1 April 2006</b>	<b>2 April 2005</b>
	<b>£</b>	<b>£</b>
Money market deposits:		
Maturing 3 April 2006	140,000	-
Maturing 11 April 2005	-	1,000,000
Maturing 3 May 2005	-	1,000,000
	140,000	2,000,000
	140,000	2,000,000

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>1 April 2006</b>	<b>2 April 2005</b>
	<b>£</b>	<b>£</b>
Bank loan	-	39,180
Trade creditors	239,820	182,121
Other creditors	45,451	58,073
Taxation and social security	186,121	188,468
Accruals and deferred income	325,905	2,790,806
	797,297	3,258,648
	797,297	3,258,648

The bank loan to fund the acquisition of the mobile lighting rig is secured by a legal charge over the asset and is repayable by three annual instalments commencing in the year ended 31 March 2003. Interest is charged at a variable rate of 2% per annum over HSBC Bank plc base rate for the time being with a minimum base rate of 2% per annum.

The lighting rig is included in fixed assets on the balance sheet at a net book value of £162,565 (2005: £195,570). The bank loan represents 0% (2005: 20%) of the net book value.

Other creditors above include £18,234 (2005 - £18,235) due to the Royal Opera House in respect of consideration for the assets and liabilities acquired by Birmingham Royal Ballet upon formation of the Company. The amount is payable in ten equal annual instalments, with the final instalment being due in the year ended 31 March 2007.

**Movements in deferred income:**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Balance at 3 April 2005	2,592,853	2,762,713
Amounts released during the year	(2,592,853)	(2,512,713)
Deferred in the current year	62,830	2,342,853
	62,830	2,592,853
Balance at 1 April 2006	62,830	2,592,853

Deferred income at 3 April 2005 comprised grants received of £2,526,953 and membership income £65,900 relating to period ended 1 April 2006. Deferred income at 1 April 2006 comprised membership income relating to period ended 31 March 2007.

**14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>1 April 2006</b>	<b>2 April 2005</b>
	<b>£</b>	<b>£</b>
Other creditors	-	14,728
	-	14,728
	-	14,728

**BIRMINGHAM ROYAL BALLET**  
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**NOTES TO THE ACCOUNTS (Continued)**  
**Period ended 1 April 2006**

**15. BORROWINGS**

	<b>Bank loan 1 April 2006 £</b>	<b>Other creditors 1 April 2006 £</b>	<b>Bank loan 2 April 2005 £</b>	<b>Other creditors 2 April 2005 £</b>
Outstanding at 1 April 2006	-	14,728	39,180	32,963
Payable by instalments:				
In one year or less	-	14,728	39,180	18,235
In more than one year but not more than two years	-	-	-	14,728
	- <u>          </u>	14,728 <u>          </u>	39,180 <u>          </u>	32,963 <u>          </u>

**16. RESTRICTED FUND**

The restricted fund comprises:

	<b>At 3 April 2005 £</b>	<b>Expensed in the year £</b>	<b>At 1 April 2006 £</b>
Jerwood fund	7,500	(7,500)	-

The Jerwood fund represents funding specifically in support of the creation of the Human Performance Laboratory at the Jerwood Centre. Such funding may not be treated as a deduction from the capital cost, therefore the depreciation on the underlying assets is charged to the restricted fund.

**17. DESIGNATED FUNDS**

Designated funds comprise amounts set aside by the directors in respect of:

	<b>At 3 April 2005 £</b>	<b>Release/ new designations £</b>	<b>Released/ expensed in the year £</b>	<b>At 2 April 2006 £</b>
Capital grants fund	12,000		(2,000)	10,000
BRB Friends fund	36,202	(36,202)	-	0
Education fund	177,763			177,763
Personnel costs fund	75,000		(75,000)	0
UK touring fund	-	100,000	-	100,000
Overseas touring development fund	-	50,000	-	50,000
Overseas touring activity fund	-	100,000	-	100,000
	300,965 <u>          </u>	213,798 <u>          </u>	(77,000) <u>          </u>	437,763 <u>          </u>

The Capital Grants Fund represents income designated for the acquisition of fixed assets to be used by the company for its charitable purposes. Such income may not be treated as a deduction from the capital cost, therefore the depreciation on the underlying assets is charged to the designated fund.

The Education Fund represents amounts received following the decision to wind up Birmingham Royal Ballet Trust. These funds have been designated for use to support educational activities particularly in association with dance training.

The UK Touring Fund represents the proportion of the 2005/06 surplus that relates to the late withdrawal of one week's touring from the 2005/06 repertory plans. The fund will be used to fund an additional weeks touring in 2007/08.

The Overseas Touring Development Fund represents funds set aside to invest in the development of overseas touring by promoting BRB internationally.

The Overseas Touring Fund represents funds set aside to underwrite overseas touring in the next three years including tours to USA, Japan and China

**BIRMINGHAM ROYAL BALLET**  
**(A Company Limited by Guarantee)**

**NOTES TO THE ACCOUNTS (Continued)**  
**Period ended 1 April 2006**

**18. LIMITED BY GUARANTEE**

The company is limited by guarantee and does not have a share capital.

In the event of a winding-up order, each member guarantees to pay such amount as may be required, not exceeding £1, in respect of payment of the company's debts and liabilities.

Any assets remaining in the event of a winding-up order are to be transferred to another institution with similar objectives to those of the company. Consequently, no disclosures in respect of shareholders' funds are given as the members have no rights to such funds.

At 1 April 2006, there were 12 (2005 – 10) members of the company.

**19. RECONCILIATION OF INCOMING RESOURCES TO OPERATING CASH FLOWS**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Net incoming resources before interest	161,170	303,363
Depreciation	126,138	157,400
Decrease in stock	24,525	6,773
Decrease in debtors	236,125	341,474
Decrease in creditors	<u>(2,422,170)</u>	<u>(60,692)</u>
<b>Net cash inflow from operating activities</b>	<b><u>(1,874,212)</u></b>	<b><u>748,318</u></b>

**20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
<b>Returns on investments and servicing of finance</b>		
Interest received	52,079	41,165
Interest paid	<u>-</u>	<u>(9,524)</u>
<b>Net cash inflow for returns on investments and servicing of finance</b>	<b><u>52,079</u></b>	<b><u>31,641</u></b>
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible fixed assets	<u>(75,541)</u>	<u>(126,884)</u>
<b>Management of liquid resources</b>		
Investment on short-term deposits	<u>1,860,000</u>	<u>(1,000,000)</u>
<b>Financing</b>		
Bank loan	(39,180)	(39,180)
Royal Opera House	<u>(14,729)</u>	<u>(18,234)</u>
	<b><u>(53,909)</u></b>	<b><u>(57,414)</u></b>

**BIRMINGHAM ROYAL BALLET**  
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**NOTES TO THE ACCOUNTS (Continued)**  
**Period ended 1 April 2006**

**21. ANALYSIS OF NET FUNDS**

	At 1 April 2005 £	Cash flow £	At 2 April 2006 £
Cash in hand and at bank	310,064	(91,583)	218,481
	<u>310,064</u>	<u>(91,583)</u>	<u>218,481</u>
Bank loan	(39,180)	39,180	-
Due to Royal Opera House	(32,963)	14,729	(18,234)
Current Asset Investment	2,000,000	(1,860,000)	140,000
	<u>2,237,921</u>	<u>(1,897,674)</u>	<u>340,247</u>

**22. FINANCIAL COMMITMENTS**

**Capital commitments**

At 1 April 2006 the company had no capital commitments which were contracted for but not provided in the financial statements.

**Operating lease commitments**

At 1 April 2006, the company was committed to making the following payments during the next year in respect of operating leases:

	Premises		Other	
	2006 £	2005 £	2006 £	2005 £
Leases which expire:				
Within two to five years	-	-	20,952	20,952
After five years	228,000	211,700	-	-
	<u>228,000</u>	<u>211,700</u>	<u>20,952</u>	<u>20,952</u>

**23. PENSION COSTS**

The company contributes to three group personal pension schemes. The cost to the company for the period ended 1 April 2006 is equal to the amount of employer contributions paid in the year to each scheme, and is detailed below:

	2006 £	2005 £
Dancers' Pension Scheme	73,361	78,261
BRB Pension Scheme	59,166	54,586
Musicians' Union Pension Scheme	43,638	40,671
	<u>176,165</u>	<u>173,518</u>

The company also contributes a fixed percentage of dancers' basic salaries to the Dancers' Resettlement Fund. In 2005/2006 the company contributed a total of £74,852 (2005/2006 - £82,320).

At 1 April 2006 £40,092 (2005: £35,000) is included in creditors falling due within one year in respect of the Musicians' Union Pension Scheme.