

BIRMINGHAM ROYAL BALLET
(A Company Limited by Guarantee)

Report and Financial Statements

31 March 2008

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

REPORT AND FINANCIAL STATEMENTS 2008

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REPORT AND FINANCIAL STATEMENTS 2008

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mrs Tessa King-Farlow (Chairman)
Mr David Hollingsworth
Ms Jane Drabble OBE
Councillor Margaret Waddington
Councillor Ian Ward
Mrs Janet Smith
Mr Edmund Wallis
Mr Kirk Dawes QPM
Mrs Marguerite Henson
Mr Timothy Clarke
Mr Charles Glanville
Mrs Penelope Byatt (appointed 25 February 2008)

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
One Colmore Square
Birmingham
B4 6AJ

AUDITORS

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

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 31 March 2008.

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 Director, 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 implemented a system of annual Director appraisals in September 2006.

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 artistic strategy and for managing artistic activities

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DIRECTORS' REPORT (Continued)

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

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 Ed Wallis
Governor of Elmhurst School for Dance	Mrs Janet Smith
Birmingham City Councillors	Councillor Margaret Waddington Councillor Ian Ward

Reimbursements to Directors

Reimbursements of expenses were made to directors during the period, totalling £1,405 (2007 - £1,053).

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.

The key strategic risks for 2007-08 identified by this process were as follows

- Increasing level of costs arising from performances at the Birmingham Hippodrome
- Possible damage to BRB's reputation/credibility if we cannot demonstrate a legacy arising from the Ballet Hoo! project
- Uncertainty regarding Arts Council Funding from 2008-09 for revenue funded arts organisations across the whole sector. Whilst withdrawal of funding from Birmingham Royal Ballet was highly unlikely and has not occurred, the high risk level resulted from the consequences that would have arisen from the withdrawal of such a significant proportion of our income.

BIRMINGHAM ROYAL BALLET

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DIRECTORS' REPORT (Continued)

The risk management process has been a vital tool in assisting the board and senior management in setting out the actions and controls necessary to help manage the major risks identified above thus ensuring successful outcomes in high risk areas of activity.

PUBLIC BENEFIT

We believe that Birmingham Royal Ballet is the UK's most creative and exciting ballet company. We aim to inspire audiences with work that is entertaining, relevant, exciting and technically excellent. We are committed to inclusion and access as ballet, dance and music are art forms for everyone to experience, participate in and enjoy.

Creating new ballet is an essential part of ensuring that our art form remains vibrant and relevant. We are one of the few ballet companies in the world that not only creates new full length narrative ballets but regularly commissions new music for these works, adding richness to the cultural offer of the country. We also play an important role in preserving the classical and heritage repertoire, in particular those works associated with the English tradition of classical ballet, ensuring their continued existence for future generations to enjoy.

With the support of our major funders, Arts Council England and Birmingham City Council, we present world class performances of the widest possible range of repertory throughout the United Kingdom in both large scale and middle scale venues. We also tour internationally on a regular basis.

We work hard to ensure that cost does not prohibit access to our performance. Tickets for performances in the UK are priced across affordable ranges (between £10 and £45) which reflect the regional economies across the United Kingdom. We also offer a wide range of concessions and special offers on ticket prices at all venues where we perform. Schools can access performances for between £5 and £7.50. Birmingham Royal Ballet performs annually at Artsfest, Birmingham City Council's free arts festival and through projects such as 'Ballet on the Bus' is exploring ways of taking ballet into the community and presenting it in new and unusual settings.

Our performances are supported by our groundbreaking education and community engagement work. We offer opportunities including free ballet training for talented individuals, repertory based programmes for schools and community groups, disability led work and continuing professional development for professional dancers and teachers. Many of our projects include free access to a Birmingham Royal Ballet performance and we continue to work towards the aim that every child in Birmingham will have an opportunity to experience ballet at some point in their school career.

In addition to our education and community engagement work we offer a number of free talks and activity days based around performances and we also run membership schemes such as BRB Friends and The Directors' Appeal that give members access to talks, rehearsals and other special events that help to give a greater insight into and understanding of the work of the company.

Above all we believe in the importance of taking the arts to everyone and will work hard, through ballet, dance and music, to break down those barriers, perceived or real, that prevent people from experiencing or engaging with the arts in their many and varied forms.

BIRMINGHAM ROYAL BALLET (A Company Limited by Guarantee)

DIRECTORS' REPORT (Continued)

OBJECTIVES AND ACTIVITIES

Birmingham Royal Ballet (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 2007-08 were as follows

Creativity and performances

- Increase the repertoire available to the company by creating two new one act ballets
 1. *Small Worlds* choreographed by BRB dancer Kit Holder to be premiered as part of the choreographic project in May 2007
 2. *Take Five* choreographed by David Bintley as a new addition to his popular jazz programme to be premiered in February 2008
- Create a programme of choreographic work by members of the company for three performances at the Birmingham Hippodrome funded via the Urban Fusion Programme as part of our celebration of the works of Stravinsky.
- Increase performance numbers
- Enhance BRB's international profile by undertaking tours to the Virginia Arts Festival in April 2007 and Japan in January 2008.
- To continue to develop our touring circuit though developing relationships with key venues. New venues for Birmingham Royal Ballet include The Everyman Theatre, Cheltenham as part of the mid-scale tour and The Grand Opera House, Belfast as part of our cross border touring programme, supported by Arts Council Cross Border Touring funding.

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

- Explore opportunities for working with artists from diverse backgrounds
- Deepen and broaden the range of partnerships with community organisations and initiatives, particularly culturally diverse and disability led organisations. This includes continuing to support the development of Freefall Dance Company and extend the reach of Dance Track in Birmingham to ensure a diverse range of communities have access to this programme
- Ensure diversity is reflected in audience development, marketing and participation in education projects.

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

- Working towards being reassessed under the new Investors in People Standard by December 2008
- Renegotiating contracts where necessary to better reflect BRB working practices and compliance with current legislation and improving equality and transparency of remuneration.
- Improve transparency of BRB's salary framework through a job evaluation process
- 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 Charities Act 2006.
- Further development of our association with Elmhurst School for Dance

BIRMINGHAM ROYAL BALLET (A Company Limited by Guarantee)

DIRECTORS' REPORT (Continued)

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
- Increasing net contribution from fundraising activity and develop plans for a ten year fundraising programme to deliver a transformational agenda for BRB
- Review the earning potential from other income generating activities such as programmes/ merchandise, BRB Friends and the provision of specialised services.

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 people's 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

1. PRODUCTIONS AND PERFORMANCES

Performing activity for the year

	2007/08	2006/07
2. PERFORMANCE NUMBERS		
UK performances	130	148
Overseas performances	13	-
3. CREATIVITY		
World Premieres – full length ballets	0	1
World Premieres – one act ballets	2	1
BRB Premieres	1	3

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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 20th Century and commissioning new works, was as follows

Ballet	Choreography	Music
The Sleeping Beauty	Petipa/Wright	Tchaikovsky
Small Worlds	Holder	Stravinsky
Stravinsky Choreographic Project	BRB artists various	Stravinsky
Coppelia	Petipa/Cecchetti/Wright	Delibes
The Four Seasons	Hindle	Vivaldi
Nine Sinatra Songs	Tharp	Songs sung by Frank Sinatra
Pineapple Poll	Cranko	Sullivan (arr Mackerras & Lane)
Solitaire	Macmillan	Arnold (arr Lane)
Edward II	Bintley	McCabe
Paquita	Petipa	Minkus
Daphnis and Chloe	Ashton	Ravel
The Nutcracker	Wright, Ivanov, Redmon	Tchaikovsky
Beauty and the Beast	Bintley	Buhr
Swan Lake	Petipa/Ivanov/Wright	Tchaikovsky
Take Five	Bintley	Brubeck
The Orpheus Suite	Bintley	Towns
The Shakespeare Suite	Bintley	Ellington

The company gave a total of 130 performances in the UK (59 in Birmingham and 71 on tour) and 13 performances overseas (4 in the USA and 9 in Japan). We played to audiences of approximately 127,500 in the UK (75,000 in Birmingham and 52,500 on tour) and estimated audiences of 24,000 overseas.

The financial year commenced on a high note with our first tour to the Virginia Arts Festival in the United States giving four performances of *Sleeping Beauty*. The company also gave a special morning performance to 2,500 local students to give an insight into the world of ballet. The performance included a shortened version of *Sleeping Beauty* with accompanying narrative and was eagerly received by the young audience and we are looking at ways that a similar model could be introduced into our UK performing schedule. The visit to Virginia also coincided with the 400th anniversary of the first British settlement on American soil at Jamestown and included a performance for Prince Philip as part of a civic celebration.

Returning home, BRB's first UK performances of 2007/08 were given at the Birmingham Hippodrome at the end of May. The programme commenced with three performances of short pieces choreographed by seven BRB dancers to the music of Stravinsky as part of our ongoing celebration of the works of this composer funded by Birmingham City Council's Urban Fusion programme. The choreographic project builds on the work of the past few years to develop choreographic talent from within the company. The programme also gave us an opportunity to re-establish the partnership with University of Central England, enabling students studying Theatrical Design to be involved with the design of sets, props and costumes for this programme. This gave students practical experience of designing for a large scale presentation. All tickets for the choreographic performances were available at £10

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DIRECTORS' REPORT (Continued)

each. In addition a number of community groups who had previously attended our choreographic programmes at Elmhurst School for Dance were invited to the performances to introduce them to our work on the main stage.

The Birmingham season continued with a week of performances of Sir Peter Wright's enchanting and ever popular *Coppelia*. The final week of the season presented a stunning mixed bill comprising *The Four Seasons* choreographed by former BRB dancer Oliver Hindle, demonstrating the legacy of our choreographic development programme, John Cranko's witty *Pineapple Poll* to the music of Arthur Sullivan and the first Birmingham performances of Twyla Tharp's *Nine Sinatra Songs*. The Birmingham Season exceeded box office expectations.

The annual midscale tour followed the Birmingham season with the split company touring to opposite ends of the country for two weeks. The North East tour went to Middlesborough, Durham and York with a programme of extracts from Hindle's *The Four Seasons*, *Small Worlds* by dancer Kit Holder (from the Choreographic Project) and *Nine Sinatra Songs*. In the South West we returned to Truro and Poole followed by our first performances in Cheltenham with a programme comprising *Solitaire*, the world premiere of David Bintley's new work *Take Five*, to the famous music by Dave Brubeck, and *Pineapple Poll*. Once again the midscale tour proved extremely popular amongst audiences underlining the value of this tour, ensuring that world class classical ballet can be seen in mid scale venues that serve smaller populations as well as the mainstream venues in larger towns and cities.

The successful summer season finished with performances of *Coppelia* and the *Four Seasons*, *Pineapple Poll*, *Nine Sinatra Songs* mixed bill in Salford.

As in previous years the autumn season was introduced by a performance at Artsfest in September 2007. Artsfest is Birmingham City Council's annual arts festival to celebrate the cultural life of the city. Birmingham Royal Ballet performed on the large outdoor stage in Centenary Square accompanied by the City of Birmingham Symphony Orchestra, drawing the largest audience for a single event across the Artsfest weekend.

Our autumn programme opened in October 2007, at the Birmingham Hippodrome with a major revival of David Bintley's historical narrative *Edward II* followed by a mixed bill showcasing the three strands of our artistic policy – *Paquita*, a 19th Century classic, the more contemporary, *Nine Sinatra Songs* and Birmingham Royal Ballet's first performances of Ashton's *Daphnis and Chloe* from the 20th Century Heritage repertoire. Despite a strong programme, audience numbers were lower than anticipated in Birmingham as well as on tour in London (Sadlers Wells), Sunderland and Plymouth. There will always be an element of risk to programming but one priority for the company is to understand its audience better. Over the past year we have invested in audience analysis software as a means of collecting generic data about our audiences in a consistent fashion from all our key venues. We hope this will lead to a clearer insight into the difference in attendances between shows and how we encourage more people to try programmes outside the well known classical repertoire.

However, one unexpected and exciting outcome of the autumn season was an invitation to appear on 'Strictly Come Dancing' on 4th November 2007 to perform an extract from *Nine Sinatra Songs*. The programme drew an audience of 9 million, giving us an exceptional opportunity to share our work on prime time television.

Our Christmas programme for 2007 was *The Nutcracker* with a run of twenty one performances to capacity audiences. The decision was taken to perform two shows on a Sunday which proved to be very popular indicating that the demand for Sunday performances, particularly for family shows, is likely to increase. It is important that our performance patterns should reflect audience demands as a means of improving access and consequently we must continue to review our working practices to ensure that we can support this endeavour.

1 January 2008 saw the company departing for its first tour of Japan in thirteen years. Over three weeks BRB toured to Tokyo, Osaka and Otsu giving nine performances of *Coppelia* and *Beauty and the Beast* to sell out houses. We are now planning our next tour of Japan in 2011.

On returning home, our Winter/Spring programme commenced, in early February, with performances of *Swan Lake* at the Grand Opera House, Belfast. Our first visit to Northern Ireland, made possible through Arts Council Cross Border Touring funding, was a huge success with box office income exceeding budget. The inclusion of Northern Ireland in our touring circuit means we are now able to perform throughout the United Kingdom on a regular basis.

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DIRECTORS' REPORT (Continued)

Swan Lake opened our winter Birmingham Season in mid February with seven sell out performances. The second week of the season was a joyous celebration of jazz music '*All That Jazz*' featuring the first Birmingham performances of David Bintley's *Take Five*, *The Orpheus Suite* and *The Shakespeare Suite*. The music for the jazz programme was performed by Colin Towns' Mask Orchestra.

The year concluded in March 2008 with a highly successful tour of the *Swan Lake* and '*All That Jazz*' programme to Oxford, Sunderland and Plymouth.

4. ORCHESTRAL ACTIVITIES

Our orchestra, the Royal Ballet Sinfonia, continues to flourish as the UK's only specialist ballet orchestra. Its success in accompanying live performances has resulted in a schedule that makes it one of the busiest orchestras in the UK. Highlights for the year include

- Accompanying the National Opera Studio's Showcase performances at the Hackney Empire – May 2007
- Performances of *Swan Lake* at the ROH with the Royal Ballet – May 2007
- The Royal Ballet School annual performance at the Royal Opera House – July 2007
- Accompanying the two dance concerts for the opening performances at the Royal Festival Hall – July 2007
- Performances of *Sleeping Beauty* with La Scala Ballet at the Royal Opera House – July 2007
- Performances with the New Christopher Wheeldon Company (Morphoses) at Sadler's Wells Theatre – September 2007
- Performances of *Romeo and Juliet* with the Royal Ballet at The Royal Opera House which included a BBC TV recording of one performance – October and November 2007
- Performances of the *Tales of Beatrix Potter* with the Royal Ballet at the Royal Opera House, once again BBC TV recording that was broadcast over the Christmas period – December 2007 and January 2008
- Performances of *Romeo and Juliet* with Stuttgart Ballet at the London Coliseum as part of their spring dance festival. The playing of the Royal Ballet Sinfonia was critically acclaimed during the season. – March 2008

Over and above its work for Birmingham Royal Ballet the Royal Ballet Sinfonia gave 68 performances with other companies, undertook seven recording sessions and accompanied one performance of a silent movie.

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DIRECTORS' REPORT (Continued)

5. DEPARTMENT FOR LEARNING

Following a thorough review of BRB's education work a new vision and identity for the department developed. The Department for Learning provides a wide range of learning opportunities for people of all ages and backgrounds and encourages them to engage with Birmingham Royal Ballet, as we believe that ballet has the ability to enhance and enrich people's lives. Projects are designed to provide high quality and, more importantly, enjoyable experiences with the aim of learning through ballet.

During 2007-2008 the Department for Learning delivered 342 participative sessions to 6,398 participants.

Projects include:

- **Dance Track** - Following the launch of the new Dance Track programme in January 2007 the programme has expanded to include 20 south Birmingham schools (originally 15) and 10 north Birmingham schools. This expansion enables 60 children with potential for ballet, who may otherwise not get this opportunity to participate in weekly ballet classes each year. In 2008-09 further expansion of the programme is planned.
- **Ballet Insight Days** - Ballet Insight Days are a series of linked workshops which give opportunities to non-vocational students, to further their ballet technique and understand the making of a classical ballet dancer. They enable BRB to make links with ballet schools in the region and beyond and provide students and their teachers with a valuable insight to BRB and professional life. Classes have been held in Birmingham, Plymouth and Salford and further days are planned in Sunderland, Truro and York.
- **Ballet on the Bus** - Ballet on The Bus was a collaborative performance project with Fierce!, a month long festival that aims to bring live art to the midlands and presents it outside of traditional spaces. It formed a high profile part of Fierce's 10th Anniversary festival. This was an innovative and original initiative encompassing performance, access and community engagement. An old Routemaster bus was transformed into a portable stage and, in May 2007, driven to diverse locations across Birmingham including; schools, community centres, health centres, public squares and shopping centres, at which five BRB dancers gave performances of a 10 minute work choreographed by local choreographer Rosie Kay. Building on the success of Ballet on the Bus, we hope to be able to present more work in unusual settings in the future.
- **Selly Oak Arts Champions** - During 2007-08 BRB continued to work in Selly Oak as part of Birmingham City Council's Arts Champions Scheme. Participatory workshops for 8-16 year olds based on BRB repertory including *Coppelia*, *Swan Lake* and the Jazz programme were delivered at three community centres across the constituency and a senior citizens group worked with BRB wardrobe staff to produce costumes for a children's *Swan Lake* production in February 2008. BRB also shared its expertise in the area of health and fitness through series of Ballet Fit classes, led by a BRB physiotherapist, at Cocks Moors Woods Leisure Centre as part of the 'Be active in Selly Oak' campaign.
- **Freefall Dance Company** – a company of 9 young dancers with severe learning disabilities, supported by BRB, continues to delight audiences with their performances. In addition to performing the group regularly lead dance workshops in schools and colleges around Birmingham whilst continuing to study for their National Arts Awards. 2008 marks the fifth anniversary of Freefall and the event was celebrated by a special performance titled '*Freefall's Five*' in April 2008.
- **Pianists for Dance Programme** - run in conjunction with Birmingham Conservatoire, was re-launched in September 2007. Four students are currently undertaking a training programme which includes a variety of work experience opportunities with the department and also with local ballet schools.
- An ongoing programme of repertoire based schools workshops ran throughout the year.

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DIRECTORS' REPORT (Continued)

6. ORGANISATIONAL DEVELOPMENT

BRB is committed to excellence in all areas of its operations, believing that we cannot fulfil our charitable objects to the full without the appropriate skills and infrastructure support. Important organisational developments and training initiatives during the year include

- New pay structure implemented for permanent technical and wardrobe staff in April 2007 enabling a modernisation of working practices and opportunities to improve work life balance.
- Completion and presentation of Certificate in Team Leading to eleven staff members and European Computer Driving Licence completed by three staff members in May 2007
- A new employee assistance helpline was introduced in May 2007 providing a confidential counselling service to support staff with a wide range of personal and work related problems
- A job evaluation exercise was undertaken between September and December 2007 across the administration and technical departments to ensure consistency and transparency of our salary structures. The grading structure for technical and admin staff was finalised in January 2008
- In order to promote healthier lifestyles fitness testing was opened up to non dancers in December 2007 with more than twenty staff taking up the offer of fitness testing and the development of a personalised exercise programme.
- Staff consultation has been strengthened during the year with the establishment of a new Equity Committee for the dancers to complement the Staff Consultation Group and Orchestra Committee
- Four dancers have enrolled on Open University Study modules.

FINANCIAL REVIEW

The results for the period are set out in the financial statements on pages 24. The period ended with a surplus of £713,786 giving us accumulated reserves of £1,252,712. This places Birmingham Royal Ballet in a strong financial position to meet the aspirations of the 2008-2011 Business Plan as outlined later in this report.

The financial success has resulted from a combination of strong income generation combined with careful control of costs and resources. An additional contribution was of around £100,000 was also made through the postponement of a weeks performances in Salford from January to the beginning of April, moving this cost to the 2008-09 financial year. The equivalent value has been designated from reserves to fund this week in 2008-09.

We achieved higher than anticipated income streams from box office in Birmingham, in particular from the performances of Nutcracker and Swan Lake. Orchestral activities were also outstandingly successful generating income in excess of £800,000 through performances for other dance and lyric companies in particular the Royal Opera House. The ability of the orchestra to generate additional income is an important means of internal subsidy that helps Birmingham Royal Ballet to maintain this exceptional orchestra.

2007-08 was the first full year of fundraising activity since the formation of our development department in 2006-07. Income from donations, membership schemes and other fundraising activity during the year was £501,872 (2006-07 £374,108). We continued our relationship with Mitchells and Butlers through their support of £50,000 for performances of Nutcracker that was supplemented by an additional £15,000 award from Arts and Business under their 'New Partners' scheme to fund a programme of schools workshops and audience development activity around Nutcracker.

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DIRECTORS' REPORT (Continued)

Income from Trusts and Foundations increased significantly to £188,474 (2006-07 £44,695) with support as follows

Fidelity (UK) Foundation	£70,000
Ellerman Foundation	£20,000
The Linbury Trust	£15,000
Rayne Foundation	£10,000
Connie and Albert Taylor Charitable Trust	£5,000
VCT Trust	£5,000
Newby Trust Limited	£5,000
John Thaw Foundation	£5,000
Eveson Charitable Trust	£5,000
D'Oyly Carte	£4,800
The Radcliffe Trust	£3,000
29th May 1961 Charitable Trust	£3,000
Grocers charity	£2,500
Prince of Wales Charities Foundation	£2,500
Saintbury Trust	£2,000
Bryant Trust	£2,000
Boshier Hinton Foundation	£2,000
David Solomons Charitable Trust	£2,000
Douglas Turner Charitable Trust	£2,000
Baron Davenport charity	£1,500
Grimmitt Trust	£1,300
City of Birmingham Orchestral Endowment Fund	£1,100
The Joanies Trust	£1,050
William A Cadbury Trust	£1,000
Coutts Charitable Trust	£1,000
Oakdale Trust	£1,000
George Fentham Birmingham Charity	£1,000
Norton Foundation	£1,000
Lord Austin Trust	£1,000
John Feeney Charitable Trust	£1,000
Millichope Foundation	£1,000
Roughley Charitable Trust	£1,000
Henry James Sayer Charity	£1,000
The Edward and Dorothy Cadbury Trust	£1,000
The Coutts Charitable Trust	£750
David Laing Foundation	£700
Leeds Building Society Charitable Foundation	£500

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DIRECTORS' REPORT (Continued)

W E Dunn Trust	£500
N M Smith Charitable Trust	£500
Roger Vere Foundation	£500
Lynn Foundation	£500
Dyers Company Charitable	£500
Marsh Christian Trust	£400
Birmingham Hospital Saturday Fund	£324
Marsh Christian Trust	£300
Arimathea Trust	£300
The Keith & Joan Mindelsohn Ch Trust	£300
Wilmcote Charitable Trust	£250
Harry Payne trust	£250
Morgan Crucible Company Charitable Trust	£150

We continued the Director's Appeal, raising £75,041 (2006/07 £83,203) from 487 subscribers who are able to attend certain rehearsals that are not otherwise open to the public. We also launched our annual appeal to encourage supporters to give a regular monthly donation to BRB raising over £30,000 from 609 individuals. In order to give all our members and donors assurance about our fundraising activity we have joined the Fundraising Standards Board to demonstrate our commitment to fairness, honesty and clarity.

Ensuring that our resources are well used in the furtherance of our charitable objects remains a priority and as ever we endeavour at all times to ensure that good cost control has been exercised throughout all areas of BRB's activity. A new pay structure for our permanently contracted technical and wardrobe staff was implemented at the start of the financial year which has given greater flexibility in the use of staff time throughout the year. In addition a thorough review of our contract for performances at the Birmingham Hippodrome has yielded better communication and pre planning of performances to ensure associated costs are better controlled, thus maximising the contribution from box office income.

Savings on salaries and wages have been made mainly as a result of lower than anticipated dancer numbers during the year and this has at times been problematic particularly when performing the large scale classical works such as Swan Lake. This aptly demonstrates that costs saving as an end in itself does not necessarily equate to good management and that achieving a full company of sixty dancers must always be a priority if we are to maintain our high number of performances at the world class standard that we seek to achieve wherever we perform.

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 may 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

BIRMINGHAM ROYAL BALLET

(A Company Limited by Guarantee)

DIRECTORS' REPORT (Continued)

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.

As in previous years our principal funding sources are

- Arts Council , England – £ 7,572,500 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 we received £118,267 from Arts Council England to fund cross border touring to Belfast.
- Birmingham City Council – £1,070,200 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 £25,000 as part of the Urban Fusion Programme for our choreographic programme that formed our 2007/08 contribution to our ongoing celebration of the ballet works of Stravinsky.

Revenue funding from our major funders, Arts Council England and Birmingham City Council, accounted for 68% (2006-07 72%) of total income. We would like to thank our major funders for their ongoing support.

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 28% of total income (2006-07 24%). It is encouraging to note that we have increased the percentage of our income earned from sources other than subsidy and will work hard to continue this trend in the future.
- Fundraising activities and membership schemes

Reserves Policy

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. Therefore, the directors 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. General reserves presently stand at £279,949 in accordance with this policy.

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

The restricted fund of £70,000 relates to funding received from the Fidelity (UK) Foundation to support the development of our new media infrastructure to help facilitate greater access to Birmingham Royal Ballet through web technology.

Designated reserves include

- Capital Grants Fund – being income designated for the acquisition of fixed assets
- Community 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 were originally designated for use to support educational activities particularly in association with dance and choreographic training, however, their use has been widened and redesignated to support further development of our community engagement activity in accordance with our 2008-2011 Business Plan.
- New Production Fund - to support investment in major new productions that will increase the repertory available for performances
- UK Touring Fund – being surplus funds arising from changes in scheduling of touring weeks from one financial year to the next.
- Overseas Touring Development Fund – funds set aside to develop overseas touring

BIRMINGHAM ROYAL BALLET

(A Company Limited by Guarantee)

DIRECTORS' REPORT (Continued)

- Overseas Touring Activity Fund – funds identified to support overseas touring activity over the next 3 years.

The reserves policy was reviewed in June 2008 following the confirmation of Arts Council funding through to 2011.

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.

BIRMINGHAM ROYAL BALLET (A Company Limited by Guarantee)

DIRECTORS' REPORT (Continued)

PLANS FOR FUTURE PERIODS

The following core objectives have been identified in our 2008-11 Business Plan which sets out an ambitious transformational agenda for Birmingham Royal Ballet over the next three years

Creativity and Performances - over the 3 year period 2008/11 Birmingham Royal Ballet aims to:

- Increase the repertoire available to the company by creating at least one new full length and three new one act ballets.
- To maintain a successful and wide reaching touring circuit through focusing on relationships with key venues that have good box office potential, offer opportunities to develop and broaden our audience base, enable Birmingham Royal Ballet to deliver product throughout the UK and have a mutual commitment to developing long term relationships.
- Explore new opportunities for presenting ballet in different or unusual settings such as Artsfest and Ballet on the Bus

Birmingham Royal Ballet as a cultural ambassador – Birmingham Royal Ballet will act as a cultural ambassador for the City of Birmingham by

- Undertaking at least two international tours in the period 2008-2011 including a tour to China in January 2009
- Helping Birmingham build an international reputation for its Dance Festival
- Promoting the company's creativity and influence within the international dance sector

Birmingham Royal Ballet's corporate identity and the Birmingham Royal Ballet Brand – Birmingham Royal Ballet is working to enhance its positioning and presentation in order to build the reputation of the company with funders, employees, audiences and the community by

- Adopting the company's full name so that we are known as Birmingham Royal Ballet not BRB
- Creating a stronger sense of presence of the company in its home base - The Birmingham Hippodrome
- Auditing all communications activity to ensure the necessary skills are in place
- Reviewing communications resources and technology to make most effective use of resources
- Exploring new ways to promote the company on tour and to tailor marketing to local venue needs
- Identifying company personalities (not stars) to demonstrate the personality and diversity of the company
- Focusing on the musical excellence of the orchestra and the technical skills required to mount a classical ballet production
- Working with new photographers and using informal photography (taken by company members) to show what life in a performing company is like
- Encouraging dancers / members of the company to create an on-tour diary which could be used on the website or in programmes
- Highlighting awards and accreditations
- Opening up the backstage / production areas for tours

The Relationship with our Audience – Birmingham Royal Ballet wants to create a market place for its work amongst as wide and varied audience as possible to demonstrate that ballet is an art form for all and create a sustainable future audience

- Exploiting the investment in 'Purple Seven' box office analysis software to better understand our existing and potential audience
- Review performance patterns to help ensure performances are programmed to maximise attendance such as Sunday performances for family shows
- Increase attendance from 25-30 year olds living in the city centre
- Increase familiarity with and ownership of the company, artists and repertoire within identified communities through word of mouth promotion through community ambassadors and community networking
- Work with key venues to promote familiarity with venues to overcome perceptual barriers

BIRMINGHAM ROYAL BALLET (A Company Limited by Guarantee)

DIRECTORS' REPORT (Continued)

Community Engagement and Cultural Diversity – Birmingham Royal Ballet wants to reflect the changing population of our city and country through its Community Engagement Action Plan to:

- Ensure that all company policies, procedures and practices are in line with current legal requirements on diversity and are models of good practice.
- 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 our planning processes
- Ensure diversity is reflected in audience development, marketing and participation in education projects
- Develop Dance Track as a mechanism for eventually diversifying the company's professional dancers by 2020

Organisational Development – Birmingham Royal Ballet 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 modern working practices, compliance with current legislation and improving equality and transparency of remuneration
- Ensuring that board membership, practice and procedures properly reflect Birmingham Royal Ballet's aspirations and best practice as well as meeting legislative and reporting requirements.
- Appointing a new Chair of the Birmingham Royal Ballet Board to succeed Tessa King- Farlow in February 2009
- Implement a Management Development Programme for the Senior Management Team
- Ensuring that Birmingham Royal Ballet's charitable objects and constitution remain appropriately drawn and fulfil the requirements of the Charities Act 2006.
- Working with Dance UK, Laban, British Olympic Association and Wolverhampton University to develop a National Institute of Dance Medicine

Financial stability – Birmingham Royal Ballet 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:

- Maintaining general reserves at least £250,000 in accordance with our stated reserves policy
- Generating a net contribution of at least £500,000 per annum from fundraising activity to support core activity.
- Develop a fundraising programme to fund Birmingham Royal Ballet's transformational agenda

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 the 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

The confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

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.

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

Tessa King-Farlow

Chair

Date: 13 October 2008

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 period. 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 2005. 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 31 March 2008 which comprise the statement of financial activities, the balance sheet, the cash flow statement and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The responsibilities of the directors for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report as described in the contents section. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors 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.

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 March 2008 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 information given in the Directors' Report is consistent with the financial statements.

**Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Birmingham, UK
15 October 2008**

BIRMINGHAM ROYAL BALLET
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)
Period ended 31 March 2008

	Note	Un- restricted General £	Funds Restricted £	2008 Total funds £	2007 Total funds £
Incoming resources:					
<i>Incoming resources from generated funds:</i>					
<i>Voluntary income:</i>					
Grants and donations	3	9,047,436	70,000	9,117,436	8,525,705
<i>Activities for generating funds:</i>					
Memberships and other funds	4	164,536		164,536	181,527
<i>Investment income:</i>					
Bank interest receivable		29,757		29,757	37,355
		<u>9,241,729</u>	<u>70,000</u>	<u>9,311,729</u>	<u>8,744,587</u>
<i>Incoming resources from charitable activities:</i>					
Performance and related activities	5	3,566,516	-	3,566,516	2,865,025
Total incoming resources		<u>12,808,245</u>	<u>70,000</u>	<u>12,878,245</u>	<u>11,609,612</u>
Resources expended:					
<i>Costs of generating funds:</i>					
Costs of generating voluntary income		160,321	-	160,321	55,057
Costs of generating memberships and other funds		106,249	-	106,249	167,653
<i>Charitable activities:</i>					
Production and performance		10,676,747	-	10,676,747	10,528,094
Orchestral projects		870,380	-	870,380	391,001
Education projects		259,676	-	259,676	479,170
Governance costs		<u>91,086</u>	<u>-</u>	<u>91,086</u>	<u>70,568</u>
Total resources expended	6	<u>12,164,459</u>	<u>-</u>	<u>12,164,459</u>	<u>11,691,543</u>
Net incoming/(outgoing) resources for the period	8	643,786	70,000	713,786	(81,931)
Opening funds		<u>538,926</u>	<u>-</u>	<u>538,926</u>	<u>620,857</u>
Closing funds		<u><u>1,182,712</u></u>	<u><u>70,000</u></u>	<u><u>1,252,712</u></u>	<u><u>538,926</u></u>

All the above results are derived from continuing activities.

All gains and losses recognised in the period are included above. The surplus for the period for Companies Act purposes comprises the net surplus for the period of £713,786 (2007: £81,931 deficit).

BIRMINGHAM ROYAL BALLET
(A Company Limited by Guarantee)

BALANCE SHEET
31 March 2008

	Note	31 March 2008	1 April 2007
		£	£
FIXED ASSETS			
Tangible assets	9	426,756	412,613
CURRENT ASSETS			
Stocks	10	66,437	63,118
Debtors	11	508,094	526,717
Cash at bank and in hand		<u>1,092,649</u>	<u>205,877</u>
		1,667,180	795,712
CREDITORS: amounts falling due within one year			
	12	<u>(841,224)</u>	<u>(669,399)</u>
NET CURRENT ASSETS		<u>825,956</u>	<u>126,313</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,252,712</u>	<u>538,926</u>
FUNDS			
Unrestricted funds:			
Restricted		70,000	-
Designated	13	902,763	325,763
General		<u>279,949</u>	<u>213,163</u>
		<u>1,252,712</u>	<u>538,926</u>

These financial statements were approved by the Board of Directors on 13 October 2008.

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 31 March 2008

	Note	2008 £	2007 £
Net cash inflow/(outflow) from operating activities	15	1,040,267	(72,308)
Returns on investments	16	29,757	37,355
Capital expenditure and financial investment	16	(183,252)	(99,417)
Management of liquid resources	16	-	140,000
Financing	16	-	(18,234)
		<u>886,772</u>	<u>(12,604)</u>
Reconciliation of net cash flow to movement in net funds			
Increase/(decrease) in cash in the period		886,772	(12,604)
Cash inflow from decrease in debt financing		-	18,234
Cash outflow from decrease in liquid resources		-	<u>(140,000)</u>
Change in net funds resulting from cash flows		886,772	(134,370)
Net funds at 1 April 2007		<u>205,877</u>	<u>340,247</u>
Net funds at 31 March 2008		<u>1,092,649</u>	<u>205,877</u>

BIRMINGHAM ROYAL BALLET
(A Company Limited by Guarantee)

NOTES TO THE ACCOUNTS (Continued)
Period ended 31 March 2008

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.

BIRMINGHAM ROYAL BALLET
(A Company Limited by Guarantee)

NOTES TO THE ACCOUNTS (Continued)
Period ended 31 March 2008

1. ACCOUNTING POLICIES (continued)

Operating leases

Rental costs under operating leases are charged to the income and expenditure 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 to the income and expenditure account 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 must be 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.

BIRMINGHAM ROYAL BALLET
(A Company Limited by Guarantee)

NOTES TO THE ACCOUNTS (Continued)
Period ended 31 March 2008

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 2007/2008 totalled £8,785,967 representing 68% of total income.

The Arts Council, England and Birmingham City Council have committed funding of £7,777,163 and £1,091,604 respectively for the forthcoming financial year.

3. VOLUNTARY INCOME

	2008 Un- restricted funds £	2008 Funds Restricted £	2008 Total Funds £	2007 Total funds £
Grants:				
Arts Council, England				
Revenue funding	7,572,500	-	7,572,500	7,370,100
Cross border touring	118,267	-	118,267	-
Birmingham City Council				
Revenue funding	1,070,200	-	1,070,200	1,000,225
Urban cultural project	25,000	-	25,000	45,000
Donations:				
Grants - Trusts and Foundations	118,474	70,000	188,474	44,695
Legacies	5,349	-	5,349	9,800
Other	137,646	-	137,646	55,885
	<u>9,047,436</u>	<u>70,000</u>	<u>9,117,436</u>	<u>8,525,705</u>

BIRMINGHAM ROYAL BALLET
(A Company Limited by Guarantee)

NOTES TO THE ACCOUNTS (Continued)
Period ended 31 March 2008

4. ACTIVITIES FOR GENERATING FUNDS

	2008 Un- restricted funds £	2007 Total funds £
Memberships	84,868	49,445
Sponsorship	65,000	50,000
Sale of merchandise	14,668	14,632
Fundraising events	-	67,450
	<hr/>	<hr/>
	164,536	181,527
	<hr/> <hr/>	<hr/> <hr/>

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	2008 Un- restricted funds £	2007 Total funds £
Box office income	1,974,509	1,993,896
Overseas touring	394,988	-
Production sales and hires	38,091	127,093
Programmes	100,884	116,360
Friends	35,438	34,589
Directors appeal	75,867	83,203
Orchestra projects	848,878	206,598
Education – Ballet Hoo!	-	233,504
Education - General	28,109	30,503
Other fees and services	69,752	39,279
	<hr/>	<hr/>
	3,566,516	2,865,025
	<hr/> <hr/>	<hr/> <hr/>

BIRMINGHAM ROYAL BALLET
(A Company Limited by Guarantee)

NOTES TO THE ACCOUNTS (Continued)
Period ended 31 March 2008

6. ANALYSIS OF TOTAL RESOURCES EXPENDED

						2008	2007
	Direct staff costs	Other direct costs	Support costs	Premises	Depreciation	Total	Total
	£	£	£	£	£	£	£
Costs of generating funds:							
Costs of generating voluntary income	100,561	47,165	7,142	4,595	858	160,321	55,057
Costs of generating memberships and other funds	31,445	52,731	11,166	9,191	1,716	106,249	167,653
Charitable activities:							
Production and performance	5,995,523	3,290,257	710,313	519,267	161,387	10,676,747	10,528,094
Orchestra projects	820,893	28,678	15,356	4,594	858	870,380	391,001
Education projects	121,424	100,929	15,510	18,381	3,432	259,676	479,170
Governance costs	<u>54,460</u>	<u>24,030</u>	<u>7,143</u>	<u>4,595</u>	<u>858</u>	<u>91,086</u>	<u>70,568</u>
Total	<u><u>7,124,306</u></u>	<u><u>3,543,790</u></u>	<u><u>766,630</u></u>	<u><u>560,624</u></u>	<u><u>169,109</u></u>	<u><u>12,164,459</u></u>	<u><u>11,691,543</u></u>

Support costs comprise £266,034 (2007:£ 284,503) staff costs and £500,596 (2007: £451,359) 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 31 March 2008

7. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2008	2007
	£	£
Employee costs during the period		
Wages and salaries	6,426,566	6,016,971
Social security costs	655,583	618,183
Pension costs	308,192	279,241
	<u>7,390,341</u>	<u>6,914,395</u>
Average number of full time equivalent employees employed	No	No
Permanent:		
Artists and ballet staff	62	65
Sinfonia and music staff	51	50
Production and technical	20	16
Education	3	4
Support	12	16
Publicity and Development	12	12
Central management and administration	4	4
	<u>164</u>	<u>167</u>
Temporary:		
Support	1	-
Education	-	2
Production and technical	12	13
	<u>13</u>	<u>15</u>
	2008	2007
	No	No
Employees with total emoluments greater than £60,000 fell into the following bands:		
£ 60,001 - £ 70,000	1	1
£ 70,001 - £ 80,000	4	5
£ 80,001 - £ 90,000	1	1
£ 90,001 - £100,000	0	1
£ 100,000+	2	1
	<u>2</u>	<u>1</u>

During the period pension contributions of £33,181 were paid in respect of 20 employees with total emoluments greater than £60,000.

The directors received no remuneration in the period.

During the period the total expenses reimbursed to 3 members of the Board amounted to £1,405(2007: £1,053). 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 £2,872 (2007: £2,882).

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 31 March 2008

8. NET INCOMING/(OUTGOING)RESOURCES

Net incoming/(outgoing) resources are stated after charging:	2008	2007
	£	£
Operating lease rentals	253,192	263,287
Depreciation of owned assets	169,109	111,463
Auditors' remuneration:		
In respect of external audit fees	13,125	12,500
In respect of other services	-	6,300
	<u> </u>	<u> </u>

9. TANGIBLE FIXED ASSETS

	Leasehold property	Computers	Fixtures, fittings and equipment	Total
	£	£	£	£
Cost				
At 1 April 2007	261,595	259,635	824,574	1,345,804
Additions	5,025	67,165	111,062	183,252
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2008	266,620	326,800	935,636	1,529,056
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Accumulated depreciation				
At 1 April 2007	137,049	224,748	571,394	933,191
Charge for period	18,792	38,508	111,809	169,109
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2008	155,841	263,256	683,203	1,102,300
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value				
At 31 March 2008	110,779	63,544	252,433	426,756
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 1 April 2007	124,546	34,887	253,180	412,163
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

10. STOCKS

	31 March 2008	1 April 2007
	£	£
Shoes	57,802	53,735
Merchandise	8,635	9,383
	<u> </u>	<u> </u>
	66,437	63,118
	<u> </u>	<u> </u>

11. DEBTORS

	31 March 2008	1 April 2007
	£	£
Trade debtors	81,872	111,686
Other debtors	100,771	105,616
VAT	4,093	38,052
Prepayments	321,358	271,363
	<u> </u>	<u> </u>
	508,094	526,717
	<u> </u>	<u> </u>

Other debtors includes £63,375 (2007: £63,375) 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 31 March 2008

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 March 2008	1 April 2007
	£	£
Trade creditors	328,608	291,581
Other creditors	23,476	27,217
Taxation and social security	171,596	154,398
Accruals and deferred income	317,544	196,203
	841,224	669,399
	841,224	669,399
Movements in deferred income:	2008	2007
	£	£
Balance at 1 April 2007	73,936	62,830
Amounts released during the period	(73,936)	(62,830)
Deferred in the current period	79,650	73,936
	79,650	73,936
Balance at 31 March 2008	79,650	73,936

Deferred income at 1 April 2007 comprised membership and Director's appeal income relating to period ended 31 March 2008. Deferred income at 31 March 2008 comprised membership income Gala Performance income and directors appeal income and relating to period ended 31 March 2009.

BIRMINGHAM ROYAL BALLET
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NOTES TO THE ACCOUNTS (Continued)
Period ended 31 March 2008

13. DESIGNATED FUNDS

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

	At 1 April 2007 £	New De- signations £	Released/ expensed in the period £	At 31 March 2008 £
Capital grants fund	8,000	144,000	2,000	150,000
Education fund	177,763	-	177,763	-
Community Engagement fund	-	177,763	-	177,763
New Productions fund	-	250,000	-	250,000
UK touring fund	-	100,000	-	100,000
Overseas touring development fund	40,000	10,000	-	50,000
Overseas touring activity fund	100,000	75,000	-	175,000
	<u>325,763</u>	<u>756,763</u>	<u>179,763</u>	<u>902,763</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 Community Engagement Fund represents amounts received following the decision to wind up Birmingham Royal Ballet Trust. These funds have been re-designated from the former education fund to support community engagement work in accordance with our 2008-11 business plan.

The New Productions fund represents income designated to support major new productions that will extend the repertory available for Birmingham Royal Ballet performances.

The UK Touring Fund represents the proportion of the 2007/08 surplus that relates to change in date of one week's touring to Salford from January 2008 to April 2008. Thus moving the week to the 2008-09 financial year.

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 China, USA and Japan.

14. 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 31 March 2008, there were 12 (2007: 12) members of the company.

BIRMINGHAM ROYAL BALLET
(A Company Limited by Guarantee)

NOTES TO THE ACCOUNTS (Continued)
Period ended 31 March 2008

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

	2008	2007
	£	£
Net incoming/(outgoing) resources before interest	684,029	(119,286)
Depreciation	169,109	111,463
(Increase)in stock	(3,319)	(9,027)
Decrease in debtors	18,623	54,206
Increase/(decrease) in creditors	171,825	(109,664)
	<u>1,040,267</u>	<u>(72,308)</u>
Net cash outflow from operating activities	1,040,267	(72,308)

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

	2008	2007
	£	£
Returns on investments and servicing of finance		
Interest received	29,757	37,355
	<u>29,757</u>	<u>37,355</u>
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(183,252)	(99,417)
	<u>(183,252)</u>	<u>(99,417)</u>
Management of liquid resources		
Investment on short-term deposits	-	140,000
	<u>-</u>	<u>140,000</u>
Financing		
Royal Opera House	-	(18,234)
	<u>-</u>	<u>(18,234)</u>
	<u>-</u>	<u>(18,234)</u>

17. ANALYSIS OF NET FUNDS

	At 1 April 2007	Cash flow	At 31 March 2008
	£	£	£
Cash in hand and at bank	205,877	886,772	1,092,649
	<u>205,877</u>	<u>886,772</u>	<u>1,092,649</u>

18. FINANCIAL COMMITMENTS

Capital commitments

At 31 March 2008 the company had £nil (2007: £nil) capital commitments which were contracted for but not provided in the financial statements.

Operating lease commitments

At 31 March 2008, the company was committed to making the following payments during the next year in respect of operating leases:

	Premises 2008	2007	Other 2008	2007
	£	£	£	£
Leases which expire:				
Within two to five years	-	-	20,952	20,952
After five years	232,000	232,000	-	-
	<u>232,000</u>	<u>232,000</u>	<u>20,952</u>	<u>20,952</u>
	<u>232,000</u>	<u>232,000</u>	<u>20,952</u>	<u>20,952</u>

BIRMINGHAM ROYAL BALLET
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NOTES TO THE ACCOUNTS (Continued)
Period ended 31 March 2008

19. PENSION COSTS

The company contributes to three group personal pension schemes. The cost to the company for the period ended 31 March 2008 is equal to the amount of employer contributions paid in the period to each scheme, and is detailed below:

	2008	2007
	£	£
Dancers' Pension Scheme	85,094	89,094
BRB Pension Scheme	87,542	66,428
Musicians' Union Pension Scheme	53,178	42,451
	<u>225,814</u>	<u>197,973</u>

The company also contributes a fixed percentage of dancers' basic salaries to the Dancers' Resettlement Fund. In 2007/2008 the company contributed a total of £82,378 (2006/2007: £81,268).

At 31 March 2008 £51,409 (2007: £ nil) is included in creditors falling due within one year in respect of the Musicians' Union Pension Scheme.