

Birmingham Royal Ballet
(A Company Limited by Guarantee)

Report and Financial Statements

Period ended 31 March 2017

BIRMINGHAM ROYAL BALLET

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BIRMINGHAM ROYAL BALLET

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Professor Michael Clarke CBE DL (Chair)
Mr Charles Parker (resigned 02 January 2017)
Mrs Susan Harrison
Dame Jenny Abramsky
Mr Ross MacGibbon
Councillor Des Hughes
Mr Ian Squires
Councillor Deirdre Alden
Mr Michael Elliott
Ms Deborah Spence
Ms Hemma Patel (appointed 04 October 2016)
Mr Charles Glanville (appointed 07 November 2016)
Mr Anthony Coombs (appointed 20 March 2017)

SECRETARY

Mrs Anna Williams FCA, DChA

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

Veale Wasborough Vizards LLP
Second Floor, 3 Brindleyplace
Birmingham
B1 2JB

INVESTMENT MANAGERS

Smith and Williamson
9 Colmore Row
Birmingham
B3 2BJ

AUDITOR

Deloitte LLP
Statutory auditor
4 Brindley Place, Birmingham, United Kingdom, B1 2HZ

BIRMINGHAM ROYAL BALLET

STRATEGIC REPORT

STATUS, OBJECTS AND POLICIES

Birmingham Royal Ballet (BRB), a registered charity, is incorporated as a company limited by guarantee, not having a share capital.

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

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

The strategic aims and objectives of Birmingham Royal Ballet for the 2016-17 financial year are set out in the Strategic Report below.

PUBLIC BENEFIT

In shaping objectives and planning activities for the year, the Directors have considered the Charity Commission's guidance on public benefit, including the guidance on public benefit and fee-charging.

Birmingham Royal Ballet is one of the UK's most creative and exciting ballet companies and aims to inspire audiences with work that is entertaining, relevant, exciting and technically excellent. It is 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 the art form remains vibrant and relevant. Birmingham Royal Ballet is one of the few ballet companies in the world that not only creates new full length narrative ballets but also regularly commissions new music for these works, adding richness to the cultural offer of the country. Birmingham Royal Ballet plays 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 its major funders, Arts Council England and Birmingham City Council, Birmingham Royal Ballet presents world class performances of the widest possible range of repertory throughout the United Kingdom in both large scale and middle scale venues. The company also tours internationally on a regular basis.

Birmingham Royal Ballet is committed to the principle that cost should not prohibit access to performances. Tickets for performances in the UK are priced across affordable ranges (between £10 and £65) which reflect the regional economies where the company performs. A wide range of concessions and special offers are offered on tickets. Schools can access performances from around £10 per pupil. We also offer a programme of touch tours and audio description and will be introducing relaxed performances in 2018.

Birmingham Royal Ballet performances are supported by a ground breaking programme of engagement and participation work. Opportunities include 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 projects include free access to a Birmingham Royal Ballet performance and it is hoped that every child in Birmingham will have an opportunity to experience ballet at some point during their school career. Birmingham Royal Ballet continues to explore ways of taking ballet into the community, presenting it in new and unusual settings and co-creating works and performances with community groups.

In addition to engagement and participation project work, free talks and activity days are offered around performances and membership schemes such as Birmingham Royal Ballet Friends, The Directors' Appeal and The Dancers' Circle 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, Birmingham Royal Ballet believes in the importance of taking the arts to everyone and will work hard, through ballet, dance and music, to break down barriers perceived or real that prevent people from the pleasure of experiencing or engaging with the arts in its many and varied forms.

BIRMINGHAM ROYAL BALLET

STRATEGIC REPORT (continued)

CHARITABLE ACTIVITIES

Performance and Production

Birmingham Royal Ballet tours the widest range of ballet repertory of any large-scale ballet ensuring access to world class performances to audiences throughout the United Kingdom with more than 90% of performances being given outside of London.

BRB's artistic and performance related objectives for the 2016-17 period were to:

- be the UK's foremost large-scale, touring classical ballet company by offering the most comprehensive annual performance circuit to ensure that the company's extensive repertory is available to audiences across the UK in both large-scale and mid-scale venues, including a regular London presence at Sadlers Wells Theatre;
- create one new one act ballet; Wink created by Jessica Lang and one new full length ballet; The Tempest created by David Bintley; both ballets forming part of Birmingham Royal Ballet's celebration of the works of William Shakespeare;
- create an annual children's performance programme called 'First Steps'.
- develop young dancers in transition to professional careers by offering work placements to up to 40 students from Elmhurst School for Dance and the Royal Ballet School with opportunities to rehearse, perform and tour with the company, through the Robin Cadbury Dance Fellowship programme supported by the Cadbury Family/Catalyst Endowment Fund and
- work with other NPO funded dance companies and cultural organisations in the West Midlands to develop a joint programme of activity to help grow audiences, capacity and resilience for the dance sector in Birmingham and the West Midlands

In 2016-17 the company gave 139 performances - 60 in Birmingham, 79 on tour in the UK (2015 - 16: 160 performances – 64 in Birmingham, 88 on tour in the UK and 8 overseas) with audiences of approximately 145,000 (2015 -16: 160,000) in the UK.

The complete repertory performed during the year was:

BALLET	CHOREOGRAPHY	MUSIC
Romeo and Juliet	Kenneth Macmillan	Sergei Prokofiev
Solitaire	Kenneth Macmillan	Malcolm Arnold
Four Scottish Dances	David Bintley	Malcolm Arnold
Monotone II	Frederick Ashton	Erik Satie
5 Tangos	Hans Van Manen	Astor Piazzolla
Wink	Jessica Lang	Jakub Ciupinski
Moors Pavane	Jose Limon	Henry Purcell
The Taming of the Shrew	John Cranko	Domenico Scarlatti
Shakespeare Suite	David Bintley	Duke Ellington
The Dream	Frederick Ashton	Felix Mendelssohn
The Tempest	David Bintley	Sally Beamish
The Nutcracker	Peter Wright, Lev Ivanov, Vincent Redmon	Pyotr Ilyich Tchaikovsky
Cinderella	David Bintley	Sergei Prokofiev

BIRMINGHAM ROYAL BALLET

STRATEGIC REPORT (continued)

At the start of 2016 BRB launched a year-long programme to celebrate the influence of the works of Shakespeare on ballet as our contribution to the celebrations of the 400th anniversary of Shakespeare's death. The summer and autumn programmes in 2016 demonstrated the breadth of BRB's repertoire and adaptability of dancers and musicians with work that ranged from the Heritage repertory through first performances for BRB of Jose Limon's *Moors Pavane* and John Cranko's *The Taming of the Shrew* through to contemporary works such as David Bintley's *Shakespeare Suite* and two important new works *Wink* by Jessica Lang and *The Tempest*, a new full length ballet by David Bintley with a newly commissioned score by composer Sally Beamish, creating her first full length ballet score for the production.

The Tempest received good critical reviews and the production was restaged in 2017 with our co-producing partners, Houston Ballet as part of their programme. Houston Ballet is a key partner for BRB and co-commissioned *The Tempest* with BRB as part of the Shakespeare 400 programme. This partnership levers additional resource into our work but also allows pieces to be shown internationally, enhancing BRB's international reputation.

The hiring of our productions continues to be strong with 10 different productions being hired to ballet companies in the USA, Australia and Japan. This area of work continues to develop our networks as well as being an important element of our income mix.

BIRMINGHAM ROYAL BALLET

STRATEGIC REPORT (continued)

Full repertory by venue was as follows:

VENUE (S)	DATE	PROGRAMME
Theatre Royal, Plymouth	April 2016	Romeo and Juliet
The Gala Theatre, Durham Theatre Royal, York Theatre Severn, Shrewsbury	May 2016	Wink, Moors Pavane, Shakespeare Themed pas de deux
Everyman Theatre, Cheltenham The Lighthouse, Poole Hall for Cornwall, Truro	May 2016	Solitaire, Monotones II, Four Scottish Dances, 5 Tangos
Birmingham Hippodrome Bristol Hippodrome	June 2016	The Taming of the Shrew
Birmingham Hippodrome The Lowry, Salford Sadlers Wells Theatre, London Theatre Royal, Plymouth	June 2016, September 2016 October 2016	Wink, Moors Pavane, The Dream (Salford and Plymouth), Shakespeare Suite (Birmingham and London)
Birmingham Hippodrome Sadlers Wells Theatre, London Sunderland Empire Theatre Royal, Plymouth	October 2016	The Tempest
Birmingham Hippodrome	November and December 2016	The Nutcracker
The Mayflower, Southampton Birmingham Hippodrome The Lowry, Salford Theatre Royal, Plymouth Sunderland Empire	January to March 2017	Cinderella

‘First Steps’ children’s performances based on The Dream and Cinderella were performed in Birmingham, Plymouth, Salford and Southampton to a total audience of over 4,000. These abridged ballets, which offer an introduction to ballet for young children and their families, are proving exceptionally popular and will continue to be included as a regular part of BRB’s performance programme.

In addition, an adapted version of Cinderella was performed at Birmingham Hippodrome by students of ballet aged from 11 to 73 as the culmination to the ‘Cinderella Dreams’ project in February 2017.

Dancer Development

BRB offered 34 student placements to 22 graduate year students from The Royal Ballet School and Elmhurst School for Dance to enable them to be part of a professional company and have first-hand experience of all aspects of a ballet career. Student dancers join the Company for one specific production and dance as part of the corps de ballet and may be required to learn several roles within the production either as cast or cover. This requires a high level of adaptability, especially as injuries with other cast members often mean that changes are made at the last minute. This adaptability is vital for all dancers within the corps de ballet and this experience helps to prepare students for life as a professional dancer.

BIRMINGHAM ROYAL BALLET

STRATEGIC REPORT (continued)

Choreographic Development

Dance Mash, March 2017, built on a collaborative choreographic workshop in January 2016. This was a city-wide dance intervention led by and for the dance sector in the city and facilitated by BRB. The week long workshop gave access to a variety of dance forms and strong partnerships were built with ACE Dance and Music and Sonia Sabri Company. A sharing of work created during the programme was held on 31 March 2017. Dance Mash will form part of BRB's contribution towards development and capacity building the dance sector as part of the 'Dance Hub' programme of activity.

Dance Hub – Birmingham

Birmingham Royal Ballet in partnership with Birmingham Hippodrome and a number of dance and cultural organisations across Birmingham are collectively committed to developing dance as a major contributor to the artistic, creative and economic life of Birmingham. During 2017, BRB led the feasibility stage for a capital programme to create a new facility for dance house above BRB's Thorp Street premises. The creation of a new space in the Hippodrome complex will provide a shared facility to act as catalyst for cultural change across the Birmingham dance sector. BRB took responsibility for driving the feasibility programme during 2016-17 and the capital project itself will be managed by our partner Birmingham Hippodrome.

Orchestra Projects

Live music of the highest quality is critical to delivering world class ballet performances.

Our orchestra, The Royal Ballet Sinfonia, is the UK's only specialist ballet orchestra which continues to thrive under the directorship of Koen Kessels with many critically acclaimed performances throughout the year.

In addition to performances with Birmingham Royal Ballet, the Royal Ballet Sinfonia undertook the following work:

- Performances for Royal Ballet School at the Royal Opera House (London) – July 2016;
- Recording sessions of the music of Philip Godfrey and Philip Spratley – January 2017.

We have also supported professional development for graduating musicians from Birmingham Conservatoire and the Royal Academy of Music, specifically in strings, brass and woodwind. The opportunities include mock auditions, shadowing and observing rehearsals and playing with the Sinfonia during rehearsal processes.

Audience Reach and Growth

Audience Development objectives for 2016-17 were to:

- Work in partnership with key venues to agree targeted marketing campaigns building on local knowledge and audience characteristics to grow attendance and income;
- Agree annual pricing structures with all venues to ensure income growth whilst retaining opportunities for entry for all.
- Grow attendance to increase box office income by 10% in Birmingham and between 5% and 10% per week across touring venues by 31 March 2018
- Continue to use research to understand core audiences in Birmingham and develop segmented marketing campaigns and targeted messaging;
- Invest in new marketing, promotion, and outreach campaigns that work together to build new (and repeat) audiences in Birmingham, to increase paid attendance at performances in Birmingham by 10% by 31 March 2018; and

BRB has worked with venues to co-design marketing campaigns and audience development strategies including managed discounting through focused offers such as early on sale dates to previous attenders, incentives for existing attenders to try new programmes and for cross-over audiences to sample ballet for the first time. BRB is increasing trackable campaign activity which has demonstrated that offers, TV advertising, Facebook ads and targeted email campaigns have had the best return on investment. We used a television marketing campaign for the first time for The Nutcracker which proved very successful.

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STRATEGIC REPORT (continued)

To support marketing, media and PR activity we have improved alignment of narrative, visual imagery and messaging with audience segmentation and BRB has increased its KLOUT score to 67.1 (top 5% of social media users) and advertising relevance score (Google and Facebook) to 8/10 based on audience engagement.

We have also focused on growing our press and media presence particularly with key national press and placing more stories with wider interest to generate awareness of and affinity with BRB. This has included The Director, David Bintley being interviewed on the Today Programme as a result of an opinion piece he wrote in The Stage about the future business model for ballet companies. Advertising value equivalent (AVE) for 2016-17 across all press and media rose to £4.45m (2015-16 £3.97m) as a result of increased national media exposure.

BRB continues to develop its digital and web presence and offers a 360 degree view of the organisation online. We engage digitally via live videos, rehearsal footage, takeovers and paid advertising to reach new audiences and build a bridge between the digital and physical experience of the arts. Across our largest platform (Facebook) in the past year we have seen an increase of 46% on our total followers – taking us at the end of this period to 33,250. We have, furthermore, seen an increase of 25% overall of followers in the 13 – 24 age bracket, it is now the largest it has ever been and accounts for 29% of our total audience demographic on this platform. We use a wide variety of digital advertising to reach new areas and audiences, making full use of Facebook, Instagram, YouTube and Google Ad Words and the Audience Network to sign-post people to our site and content. ‘Balance’ - a film about BRB dancer Laura Purkiss has been shown internationally and was winner at the 2017 Paris Play Film Festival.

A testament to the success of the audience reach and growth strategy is demonstrated by growth in audiences in Birmingham with 84,000 attendances in 2016/17 (79,000 in 2015/16) representing 6.3% growth. The Nutcracker audience was over 40,000, the highest attendance levels and box office income for any season of this production to date with 55% tickets sold to first time bookers. Cinderella was also exceptionally popular both in Birmingham and on tour, exceeding income and audience attendance targets across the run of performances between January and March 2017.

Touring is a more mixed picture with a 6.6% increase overall in audiences at large scale venues (seating capacity over 1,000 per performance) as a result of increased coverage across England and increased performance numbers from 48 in 2015-16 to 71 in 2016-17. There was no cross-border touring (Wales, Scotland and Northern Ireland) in the period. Midscale touring which takes place in the April/May period annually showed declining audiences both as a result of fewer performances and average attendance. The midscale programme is being reviewed in 2017 with a view to developing a programme better suited to midscale venues with a clearer audience development strategy.

Engagement and Participation

Offering opportunities to connect with Birmingham Royal Ballet through engagement and participation programmes is one of the ways in which the company can take ballet and associated activities out beyond the traditional theatre presentations making ballet, dance, drama and music accessible art forms for everyone to enjoy.

Our engagement and participation objectives for the year were to:

- Deliver an exciting and innovative learning programme both in Birmingham and on tour (nationally and internationally) by offering opportunities to at least 20,000 participants of all ages and backgrounds per annum through inclusive, enjoyable and empowering experiences which reflect BRB’s values and work;
- Extend the annual programme of free engagement activities in local communities and performance venues to touring venues (including ‘Ballet What’s That?’ Events, Discovery Days and short introductory performances and talks) to achieve attendance at engagement events of at least 3,500 per annum by 31 March 2018;
- Support Arts Awards by offering an annual programme of Arts Award days through schools and youth services; and
- Develop a programme for amateur dancers to develop their skills through a structured programme including performance opportunities.
- Continue a talent development programme through Dance Track in the North, South and Centre of Birmingham;
- Continue BRB’s leadership role in ballet and learning disability with Freefall Dance Company;

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STRATEGIC REPORT (continued)

- Grow BRB's Ambassadors programme and deliver an annual project developed and led by the Ambassadors to support young people in their personal development;

In 2016/17 over 22,700 participants took part in 784 engagement and participation sessions. Activities have ranged from repertory based projects and ballet training to work with senior citizens and disability groups and open access events.

These included:

- 10 Audience Open Days, in Birmingham, Plymouth, Salford, Southampton and Sunderland before matinée performances. Audience Open Days give people of all ages the opportunity to explore the 'behind the scenes' elements of a Birmingham Royal Ballet performance.
- Three Discovery Days involving school groups and community groups for older adults in Birmingham and Sunderland. Discovery Days provide the opportunity for participants to experience a backstage tour, watch Company class and take part in question and answer sessions, before watching the stage be reset for the next performance.
- 41 dance workshops at schools and colleges in Birmingham, Plymouth, Salford, Southampton and Sunderland. These workshops are delivered at an age and ability-appropriate level to enable all pupils to take part. Participants devise their own choreography based on themes from a current Birmingham Royal Ballet work and schools receive free teacher resource packs to harness the enthusiasm generated at the workshops and facilitate further learning.
- 20 community workshops with various groups, including older adults at risk of isolation in Plymouth, a group of hospice patients in Salford, and 'Movers', a group of older adults in Sunderland. The workshops provide the opportunity for those involved to experience ballet first-hand and to take part in ballet-inspired physical activity tailored to their abilities and mobility needs.
- 11 pre-performance talks in Birmingham, London, Plymouth, Salford and Sunderland. The talks are given by Company members and explore the creative process of the current production and the work involved to bring performances to the stage. These events are free to ticket holders and enable audiences to learn more about the Company and the production they are about to see.
- 10 open classes on stage giving members of the public the opportunity to watch Company dancers prepare for a day of rehearsals and performance through daily class. Open classes took place in Birmingham, London, Plymouth, Salford and Sunderland.

According to the Local Government's Indices of Multiple Deprivation 2015, all of the local authority areas in which BRB delivered engagement and participation projects are within the 25% most deprived areas of England. Our regional learning projects are targeted at people in areas with low levels of cultural activity, enabling us to reach people who otherwise would be unlikely to engage with our art-form.

Some other key engagement and participation events during the year were

- A three minute surprise performance at Grand Central/New Street Station in December 2016 at which BRB dancers Elmhurst students teamed with the jewellery brand 'Pandora' and London Contemporary Voices
- Birmingham's Chinese New Year 2017 festival, the largest celebration of its kind in the Midlands during which BRB opened its doors to 320 visitors offering the opportunity to try on costumes and participate in the dramatic ballroom scene from Romeo & Juliet and the Chicken Dance from La Fille Mal Gardée to mark the Year of the Rooster
- Cinderella Dreams, a six month project enabling 65 amateur dancers of all ages (the oldest participant being 73) to work towards a main stage performance at Birmingham Hippodrome in March 2017. As a result of the interest in and success of this project, BRB will run a regular youth ballet programme from 2017 and with a similar project in 2018

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STRATEGIC REPORT (continued)

BRB continues to support Arts Awards. All Dance Track Students are offered the opportunity to participate in the programme and in addition BRB supported 60 students aged 7-11 to achieve Arts Award Discover through Nutcracker workshops and 60 students aged 5-7 to achieve Arts Award Discover through a Discovery Day.

BRB has also continued its partnership with Al Furqan Primary School, a Muslim faith school in Tyseley, to promote opportunities for cross cultural understanding and support work in Birmingham communities. The project now in its second year has an emphasis on improving health and wellbeing as well as developing a sustainable relationship with the school based on a mutual understanding of vision, values and cultures.

BRB's three flagship engagement projects which focus on long-term development for the individuals involved continue to thrive:

- **Dance Track** - BRB's talent development programme for primary school children. In 2016-17 106 children aged 6 – 8 received free ballet training through the programme. Dance Track has expanded to 45 primary schools across Birmingham (36 in 2015-16) and 2,490 children took part in dance workshops. In addition, the teachers receive free resource packs which provide ideas on how dance can be used to support learning across the curriculum. Dance Track is key in the work BRB does to encourage arts participation across all ages, genders and backgrounds, opening up the art-form to children and families who otherwise may not engage. 53% of children came from BME backgrounds. In 2016-17, 51 Dance Track students achieved Arts Award Discover and 52 students achieved Arts Award Explore.
- **Freefall Dance Company (talented adults with severe learning difficulties)** - Freefall Dance Company is an ensemble of highly gifted dancers with severe learning disabilities. In early November 2016 Freefall performed their latest creation, *Freefalling from Outer Space: The Hallowe'en Special*. This was the latest in their series of productions based on Hollywood B-movies and was a creepy Hallowe'en-inspired caper featuring spooky goings-on at the movies, a scary monster, a good old-fashioned group jive and a lot of pumpkins! There were two performances: the performance for families, members of the public and invited guests had an audience of 170 people and the performance for school groups (both special and mainstream schools) had an audience of 140. Freefall has continued to work with trainee teaching students from the School of Education at the University of Birmingham and Central England Teacher Training (CETT), leading workshops designed to educate the students in making dance accessible to all, including people with additional support needs. The workshops also aim to inspire the students to use dance throughout their teaching careers by demonstrating the positive impact it has on the members of Freefall and how it can be used across the whole curriculum. Sima Gonsai's second film made with Freefall 'One Fine Day' has been viewed by audiences of more than 1500 at film festivals in the UK and internationally.
- **BRB Ambassadors** - the Ambassadors programme was established in 2011 as a legacy from the Ballet, Birmingham and Me project. Birmingham Royal Ballet's Ambassadors are a group of young people who have worked on past projects with the Company and now aim to pass on their skills and experience by supporting other young people taking part in new projects. There are presently eight Ambassadors. During 2016 the Ambassadors worked in partnership with Birmingham Museums Trust on a project based on Romeo and Juliet project which culminated in performances of 'Lost Souls' at Aston Hall, Birmingham in June 2016 created by 51 young people. Participants reported improved social skills and increased confidence both physically and emotionally. The 'Lost Souls' project was the inspiration for the Cinderella Dreams programme.

BIRMINGHAM ROYAL BALLET

STRATEGIC REPORT (continued)

FINANCIAL REVIEW

Birmingham Royal Ballet's primary financial objective for the period was to maintain general, unrestricted reserves (excluding capital reserves) at a minimum £1,000,000 with a target to grow to £1,500,000 by 31 March 2018.

The results for the period are set out in the financial statements on pages 29 onwards.

The period to 31 March 2017 ended with a surplus on activities including the endowment fund of £271,209 giving total accumulated reserves of £6,208,173 (2015-16: £5,936,964).

The surplus analysed across funds was as follows:

- General unrestricted funds - £(168,156);
- Endowment Funds - £439,365 (2015-16: £652,306)

The deficit on operating activity (unrestricted funds) of £168,156 for the year arose as a result of agreed investment in a major new work (*The Tempest*) coinciding with reduction in a year in which Birmingham City Council funding was reduced by £205,000 to £525,000. Un-restricted reserves, excluding capital reserves, presently stand at £1,170,731 which is in accordance with our stated reserves policy. Total unrestricted reserves are £3,564,978 (2015-16: £3,733,134) including the designated capital reserve of £2,394,247 (2015-16: £2,503,077).

Raising Funds

As in previous years our principal funding sources are:

- Arts Council England – £7,891,000 (2015-16: £7,891,000) revenue funding to contribute towards Birmingham Royal Ballet's core operating costs and the costs of delivering performances and activities including touring nationally, middle scale touring, audience development activity and our learning and outreach programme.
- Birmingham City Council – £525,000 (2015-16: £730,000) revenue funding to contribute towards BRB's core operating costs and the costs of delivering performances and learning and outreach activities primarily in Birmingham.

Core revenue funding from our major funders, Arts Council England and Birmingham City Council, accounted for 61% of total income (2015-16: 62%).

Arts Council England funding for the next three years is committed as follows:

2017-18 - £7,891,000

2018-19 - £7,891,000

2019-20 - £7,891,000

On 27 June 2017 it was confirmed that Birmingham Royal Ballet continues to be a National Portfolio Organisation (NPO) and is in receipt of one of the eleven NPO awards in excess of £5,000,000 per annum. Funding from 2018-19 onwards is subject to the negotiation of a new funding agreement between Arts Council England and Birmingham Royal Ballet.

Birmingham City Council has confirmed funding of £200,000 for 2017-18.

Total income from donations, membership schemes and other fundraising activity during the year was £929,176 (2015-16: £882,944) of which income from trusts and foundations for the year was £348,727 (2015-16: £336,041).

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STRATEGIC REPORT (continued)

We would like to acknowledge the support of the following trusts and foundations that have supported Birmingham Royal Ballet during 2016-17:

Andrew Lloyd Webber Foundation

Aud Jebsen Private Trust

Baron Davenport's Charity

Bayfield Charitable Trust

Birmingham Common Good Trust

Birmingham Decorative and Fine Arts Society

Bitesize Pieces

Cecil King Memorial Foundation

Clare King Charitable Trust

David Laing Foundation

Derek Hill Foundation

D'Oyly Carte Charitable Trust

Dumbreck Charity

Ensix Charitable Trust

Ernest Cook Trust

Eveson Charitable Trust

George Fentham Birmingham Charity

GJW Turner Trust

Gordon Edwards Charitable Trust

Green Hall Foundation

H E and E L Botteley Charitable Trust

Hawthorne Charitable Trust

Hays Travel Foundation

Henry James Sayer Charity

IMI plc

John Avins Trust

John Lewis Birmingham 'Community Matters'

Langdale Trust

Lillie Johnson Charitable Trust

Limoges Charitable Trust

Lord Leverhulme's Charitable Trust

M K Rose Charitable Trust

Margaret Guido's Charitable Trust

Miss WE Lawrence Charitable Settlement

Misses C M Pearson and M V Williams Charitable Trust

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STRATEGIC REPORT (continued)

Oak Tree Trust

Owen Family Trust

Provincial Grand Lodge of Warwickshire

PRS for Music Foundation

Richard Cadbury Charitable Trust

Rogers Stirk Harbour + Partners Charitable Foundation
Limited

Sir James Knott Trust

Souter Charitable Trust

St Jude's Trust

St Thomas' Dole Charity

Stanley Picker Trust

The Alan Woodfield Charitable Trust

The Alison Hillman Charitable Trust

The Barbara Saunders Trust

The Bliss Trust

The Boshier-Hinton Foundation

The Brian Shaw Memorial Trust

The Bryan Foster Charitable Trust

The Calleva Foundation

The Charles Brotherton Trust

The Connie & Albert Taylor Charitable Trust

The David and Helen Lowe Charitable Trust

The Foyle Foundation

The Gladys Jones Charitable Trust

The Goodenough Charitable Trust

The Grantham Yorke Trust

The Grey Court Trust

The Grimmitt Trust

The Harding Trust

The Helen Rachael Mackaness Charitable Trust

The John S Cohen Foundation

The John Thaw Foundation

The Leche Trust

The Lopylugs & Barbara Morrison Charitable Trust

The Lord Austin Trust

The Makers of Playing Cards Charity

BIRMINGHAM ROYAL BALLET

STRATEGIC REPORT (continued)

The Marsh Christian Trust
The Michael Marsh Charitable Trust
The Oakley Charitable Trust
The Pat and Barbara Bennett Charitable Trust
The Patricia Routledge Charitable Trust
The Rix-Thompson-Rothenberg Foundation / Baily Thomas Charitable Fund
The Roger and Douglas Turner Charitable Trust
The Roughley Charitable Trust
The Rowlands Trust
The RVW Trust
The S and D Lloyd Charity
The Saintbury Trust
The Sterry Family Foundation
The Sylvia Adams Charitable Trust
The Wilmcote Chariturst
Thistle Trust
Vandervell Foundation
WED Charitable Trust
Xoserve Foundation

Donations (including legacies) from private individuals were £432,423 (2015-16: £467,365).

Charitable Activities

Income from charitable activities in 2016-17 was £4,598,375 (2015-16: £4,195,350).

Box office income has reduced overall to £2,804,111 (2015-16: £3,181,889) due to both lower performance numbers in the absence of any cross border touring within the UK or any overseas touring income. This reduction has been offset by increased income from hires of sets and costumes, engagement and participation activity, co-production income in respect of the Tempest and Theatre Tax Credit.

New legislation came into force on 1 September 2014 which enables companies producing and performing theatrical productions (which include dance and opera) to claim a tax credit on expenditure incurred on producing and closing productions. The Theatre Tax Credit regime is a positive recognition of the contribution that both commercial and subsidised theatre makes to the economy and will help BRB to continue its commitment to investment in both new works and major revivals. Birmingham Royal Ballet received Theatre Tax Credit income of £532,369 in respect of 2015-16 (against an initial estimate of £450,000), an additional £56,034 in respect of 2014-15 and it is estimated that Theatre Tax Credit for 2016-17 will be in the region of £700,000 reflecting the significant investment in new works during the year.

Total expenditure for the year was £13,954,627 (2015-16: £13,252,857) as a result of the investment in The Tempest and Wink as well as bringing The Taming of the Shrew into BRB's repertoire.

Expenditure on charitable activities in the year was £13,361,958 equivalent to 96% of total expenditure (2015-16: £12,705,589 – 96%).

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STRATEGIC REPORT (continued)

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 and planning in line with Arts Council England's funding cycle
- appointment of the key management personnel the Chief Executive and 'The Director'. The day-to-day management of the affairs of Birmingham Royal Ballet is delegated to the Chief Executive, Jan Teo who is responsible for overall organisational management. The Director, David Bintley, is responsible for artistic strategy and for managing artistic activities.
- approval of budgets, approval of major capital expenditure projects, and development of key policies including general treasury and risk management policies.

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

- **The Finance and General Purposes Committee** is responsible for detailed review of financial reports, planning documents, budgets and policies prior to recommendation for approval. In addition the Finance and General Purposes Committee fulfils the role of the Audit Committee.
- **The Nominations Committee** is 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). The Nominations Committee is also 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. The Governors of the Royal Ballet have the right to nominate one of their members to be a member of the Board of Directors; Birmingham City Council 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.
- **The Investment Committee** responsible for overseeing implementation of the investment policy and monitoring performance of invested funds.

The 'Commercial Review' introduced in 2015 is an advisory group which meets in advance of the Finance and General Purposes Committee and reviews BRB's income generation activity including fundraising. It reports to and can propose recommendations to the Finance and General Purposes Committee.

To enable the Directors to perform their 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.

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, learning and other events so that they are familiar with the work of the company. An extended board session is held annually, giving opportunities to discuss subjects such as artistic policy and planning, diversity and governance.

BRB has continued to invest in training and skills during the period with over 200 individual development interventions including;

- Resilience for Life
- Counter Terrorism
- Fire Warden training
- CAD training
- Driver Awareness

BIRMINGHAM ROYAL BALLET

STRATEGIC REPORT (continued)

- Performance Anxiety
- Noise Awareness
- Career Transition for Dancers
- Pensions workshops

BRB is developing its 'people proposition' and reviewing its organisational design as part of its transformation programme during 2016-17 and 2017-18.

During 2016-17 the Senior Management Team was re-designated the Senior Leadership Team to emphasise a renewed strategic focus on the delivery of transformation and change in readiness for the new NPO funding period in 2018-19. BRB's management infrastructure has been strengthened by investment in new roles to support strategic delivery including a new Finance Manager and a Producer.

RISK MANAGEMENT

Birmingham Royal Ballet has 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 review of risks for 2016-17 identified key strategic risks as follows:

KEY STRATEGIC RISK	MITIGATION
Failure to meet agreed financial strategy and plan due to <ul style="list-style-type: none">• Reduction of BCC funding from 2015-16 levels• Failure to achieve fundraising targets• Inflationary pressures – remuneration• Programming decisions including the investment in a major new work placing pressure existing resources	Pushing planning further ahead to ensure that performance and production plans can be realised within defined cost parameters to enable investment in staff to be prioritised.
Maintaining adequate infrastructure and skills to manage change and transition as BRB moves towards a new NPO funding period and agreement from 2018-19	Restructuring of Senior Leadership Team and introduction of new infrastructure support roles.

The risk management process has been a vital tool in assisting the Board and Senior Leadership Team 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.

BIRMINGHAM ROYAL BALLET

STRATEGIC REPORT (continued)

PLANS FOR FUTURE PERIODS

The strategic objectives for 2017 to 2018 are:

RAISING FUNDS

- Complete the funding agreement for Arts Council NPO Funding for the period 2018 – 2022 by 31 March 2018; and
- Devise a new fundraising strategy to succeed ‘The Campaign for the Future’ from 2018-19 onwards.

CHARITABLE ACTIVITIES:

Performance and Production

- Support development of new works by young choreographers for mid-scale presentation in 2017.
- Be the UK’s foremost large-scale, touring classical ballet company by offering the most comprehensive annual performance circuit to ensure that the company’s extensive repertory is available to audiences across the UK in both large-scale and mid-scale venues;
 - Maintain a regular London presence at Sadlers Wells Theatre;
 - Develop young dancers in transition to professional careers by offering work placements to students from Elmhurst School for Dance and the Royal Ballet School with opportunities to rehearse, perform and tour with the company, through the Robin Cadbury Dance Fellowship programme supported by the Cadbury Family/Catalyst Endowment Fund;
 - Create an annual children’s performance programme ‘First Steps’ based around repertory suitable for families with younger children.
 - Work with other NPO funded dance companies in the West Midlands to develop a joint programme of activity to help grow audiences, capacity and resilience for the dance sector in Birmingham and the West Midlands known as Dance Hub Birmingham

Audience Reach and Development – Birmingham Royal Ballet wants to create a market place for its work amongst as wide and varied an audience as possible to demonstrate that ballet is an art form for all.

BRB will:

- Grow attendance to increase box office income by 10% in Birmingham and between 5% and 10% per week across touring venues by 31 March 2018;
- Continue to use research to understand core audiences in Birmingham and develop segmented marketing campaigns and targeted messaging;
- Agree annual pricing structures with all venues to ensure income growth whilst retaining opportunities for entry for all;
- Continue to work with key venue partners and other UK touring ballet companies on long-term audience development; and

Engagement and Participation – Birmingham Royal Ballet will offer unique opportunities and high quality experiences for people of all ages and backgrounds to engage with and participate in ballet and the performing arts by:

- Delivering an exciting and innovative learning programme both in Birmingham and on tour (nationally and internationally) by offering opportunities to at least 12,500 participants of all ages and backgrounds per annum through inclusive, enjoyable and empowering experiences which reflect BRB’s values and work;
- Extending the annual programme of free engagement activities in local communities and performance venues to touring venues (including ‘Ballet What’s That?’ Events, Discovery Days and short introductory performances and talks) to achieve attendance at engagement events of 3,500 per annum by 31 March 2018.

BIRMINGHAM ROYAL BALLET

STRATEGIC REPORT (continued)

- Continuing a talent development programme through Dance Track;
- Continuing BRB's leadership role in ballet and learning disability through Freefall Dance Company;
- Supporting Arts Awards by offering an annual programme of Arts Award days through schools and youth services;

FINANCIAL STABILITY

- Maintain general, unrestricted reserves (excluding capital reserves) at a minimum of £1,000,000 with a target to grow to £1,500,000 by 31 March 2018.

As BRB moves towards a new funding period from 2018-19 we have been shaping a cultural transformation programme during 2016-17, which will continue to be implemented throughout 2017-18 and 2018. A new artistic planning framework 'the Rhythm of the Year' has been implemented which creates an understandable and accessible structure into which the programme fits and aligns, with distribution of the artistic programme across the UK through partner venues to support both BRB's and venue's strategic plans and audience development objectives. We are also adapting our business model and working methodologies to focus activity around the delivery of five strategic aims which formed the basis for our successful application for Arts Council National Portfolio organisation funding for the period 2018 - 2022:

- Delivering what BRB is famous for
- Doing things differently and providing thought leadership in dance and the performing arts
- Growing audience attendance and diversity
- Turning the dial on income ratios
- Building and leveraging strategic partnerships and working in a bigger matrix

Successful delivery of these aims will be measured against a triple bottom line of Artistic, Social and Financial outputs and outcomes.

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

Professor Michael Clarke
Director

BIRMINGHAM ROYAL BALLET

DIRECTORS' REPORT

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 of Directors".

The names of the Directors, Officers and Professional Advisers who served throughout the year and at the date of signing are provided on page 3.

All of the SORP 2015 requirements of the Trustees Report have been included within this Directors' Report or the Strategic Report

Organisation

The Board of Directors' membership includes those with appropriate professional experience of dance, education, arts and charity administration, fundraising, marketing and communications, general management and financial management.

Directors' Interests in Related Bodies

Body	Director
Governors of the Royal Ballet	Professor Michael Clarke Dame Jenny Abramsky
Birmingham City Councillors	Councillor Deirdre Alden Councillor Des Hughes

Reimbursements to Directors

Reimbursements of expenses were made to one Director during the period, totalling £4,742 (2015-16: £3,591).

BIRMINGHAM ROYAL BALLET

DIRECTORS' REPORT (continued)

POLICIES

Financial Management:

- **Board authority** - the Board is responsible for agreement of Birmingham Royal Ballet's overall strategy including agreement of business plans and approval of key organisational policies to meet Birmingham Royal Ballet's legal obligations, operational requirements and/or strategy implementation. This includes approval of the Annual Budget prepared in accordance with agreed activity plans, approval of proposals for significant capital investment projects over £50,000, approval of fundraising programmes, significant changes in financial procedures and other internal controls, approval of the Annual Report, the appointment of Bankers and investment managers, approval of changes to banking arrangements and approval of the reserves, investment and remuneration policies.
- **Budget setting and control** – the Senior Leadership Team is responsible for proposing their departmental budgets based on the planned activity for the year. These departmental budgets are reviewed and combined to build a master budget for Birmingham Royal Ballet 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 commit expenditure in accordance with their final approved budgets unless these are subject to further revision during the course of a financial year in the light of prevailing circumstances (see under financial reporting and review). All expenditure is reviewed and approved for payment by the Finance Director or Chief Executive.
- **Financial reporting and review** – A company finance report and forecast to the year-end is presented at each Board and Finance and General Purposes Committee meeting. All Senior Managers receive a copy of this finance report in addition to their individual monthly 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 of 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 Birmingham Royal Ballet. As a result the key to financial stability is careful cost control in conjunction with growing existing income and identifying and developing new income streams.

BIRMINGHAM ROYAL BALLET

DIRECTORS' REPORT (continued)

Management remuneration

BRB is committed to paying staff fairly and in a way to attract and retain the right skills to deliver its charitable objectives.

The Board is responsible for agreeing the annual pay award for the staff as a whole and a sub-committee of the Board will be convened as necessary to consider the remuneration of The CEO and The Director.

The main responsibilities of the Board in respect of remuneration are to:

- Determine the remuneration package of the key management personnel - the Chief Executive and 'The Director';
- Approve the annual percentage increase in the payroll for all staff (which can be zero) taking into account prevailing inflation rates and recommendations from the Chief Executive; and
- Approve pension arrangements and pension policy.

In determining BRB's remuneration, the Board takes into account all factors which are deemed necessary and the present remuneration policy, benefits and rewards strategy is being reviewed as part of the strategic planning process for 2018-2022 now that the NPO funding offer from Arts Council England has been received. It is our intention to develop a long term pay strategy for the period 2018 – 2022 linked to achievement of key financial objectives so that investment in our people is prioritised and protected. This reflects the fact that delivery of BRB's charitable objectives is dependent on our highly skilled performers and staff, the Company's most important asset with staff costs constituting the largest single element of charitable expenditure.

Reserves:

The reserves policy was reviewed in March 2016 in the light of the prevailing funding and economic environment, in particular, the ongoing uncertainty around the level of future funding from Birmingham City Council.

The Directors have agreed that given the increasing need for financial flexibility to respond to unexpected events as well as to be able to take advantage of new opportunities that it is appropriate to maintain general unrestricted reserves at a minimum of £1,000,000 and will work towards building a maximum general undesignated reserve of £1,500,000 which is roughly equivalent to one month's running costs plus the costs of winding up of the company. At 31 March 2017 General unrestricted reserves, excluding capital reserves, were £1,170,731

From time to time, the Directors may set aside designated funds for specific purposes or projects.

Designated funds include:

- **Capital Fund** – being funds designated for investment in major projects to purchase new or replace existing fixed assets. This fund will be used to support further investment in BRB's premises in 2016-17 and 2017-18 to ensure space is used to best effect and that all office work areas are of an appropriate standard
- **Thorp Street Refurbishment** - being the funds relating to the Thorp Street refurbishment works. This fund is expended over 25 years from 2014/15. This fund could only be realised by disposal of the BRB Thorp Street premises which is leased by Birmingham Royal Ballet from Birmingham Hippodrome on a 125 year lease from 2001
- **Community Engagement 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 to support educational activities particularly in association with dance and choreographic training. The use of these funds has been widened and re-designated to support further development of our community engagement activity in accordance with our 2015-18 Business Plan. This fund will be used to support the development of our participation and engagement programmes in Birmingham and on tour particularly in support of open access opportunities with the intention that the fund will be expended by 2025
- **New Production Fund** - to support investment in new productions that will increase the repertory available for performances where funding is not available from private philanthropic sources. This fund will be used to support productions of new one act ballets in 2016-17 and 2017-18.

Restricted funds - Restricted funds include donations, gifts, grants and legacies received whose use is restricted to purposes specified by the donor and comprise the Cross Border Touring Fund which will be used to fund performances at the Grand Opera House Belfast in 2018.

BIRMINGHAM ROYAL BALLET

DIRECTORS' REPORT (continued)

Endowment funds - Endowment funds are amounts that have been donated with the intention that they be invested to produce income, whose use is restricted to purposes specified by the donor. There is presently one endowment fund: **The Catalyst/Cadbury Family Expendable Endowment Fund** - represents donations received specifically for the purpose of funding dance fellowships (The Robin Cadbury Dance Fellowships) to support young dancers with teaching, training and mentoring in perpetuity. The donations received are matched by funding from Arts Council Catalyst Endowment Scheme. This endowment period is 25 years until 1 November 2037 after which the fund is expendable.

The reserves policy was reviewed in March 2016.

Investments:

- **General objectives** - The cash and other investments of Birmingham Royal Ballet must be managed in such a way as to safeguard the capital value of those assets to enable Birmingham Royal Ballet to carry out its charitable purposes effectively in both the short term and over the longer term. Where possible, the value of invested assets should be enhanced so as to at least keep pace with inflation.
- **Short-term cash and cash contingency funds** - To retain flexibility and availability of these funds, current account monies in excess of monthly operating requirements are transferred to higher rate call accounts or short-term fixed interest money market deposit accounts to maximise interest rates received. Cash investments mature on a rolling basis to ensure availability of funds and no cash investment is invested for notice periods exceeding 12 months.
- **Medium-term investments** - Where there are surplus cash funds available for investment in excess of one year but likely to be required for expenditure within a three to five year time frame fixed interest vehicles such as gilts, bonds including index linked bonds can be considered. Investment in such vehicles should be assessed for:
 - Financial return;
 - Protection against inflation in addition to offering a financial return;
 - Risk of default; and
 - Tradeability in the event of the need to liquidate assets.

There are no medium term investments held by Birmingham Royal Ballet at present.

- **Long-term investments and endowment funds** - Funds held for the long term (a minimum of three years but more likely to be in excess of five years) or as expendable endowment funds are held for the purpose of securing a financial return which can be applied in the furtherance of Birmingham Royal Ballet's charitable objects and cannot be used in a way which would erode the capital of the fund, subject to any special provisions which would allow the expenditure of capital in certain circumstances.

Acceptable risk - Funds invested for the short to medium term will be held in low risk deposit accounts or fixed interest investments in order to avoid significant reductions in capital value and will be available to liquidate over a maximum of 12 months. Long term investments and endowments will be held across a mixed portfolio of investments to achieve both capital growth and return over the long term (minimum of five to seven years). It is accepted that some investments within the portfolio may be higher risk but overall the portfolio should not be exposed to more than a medium risk profile to balance the opportunity for increased investment returns against the risk of capital loss. It is accepted that the investments held for the long term are likely to see volatility over the short to medium term and may even have periods of negative return for certain asset classes

The Investment Committee of the Board met with the fund managers in May and November 2014. Funds are being managed in accordance with the investment strategy agreed with Smith and Williamson and the performance of the fund to date is in line with our policy of achieving a balance between income and capital growth in accordance with the investment policy for endowment funds.

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

DIRECTORS' REPORT (continued)

GOING CONCERN

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in note 1 of the financial statements.

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006. Deloitte LLP have expressed their willingness to continue in office as auditor 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 of Directors

Professor Michael Clarke

Director

BIRMINGHAM ROYAL BALLET

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors (who are also trustees of Birmingham Royal Ballet for the purposes of charity law) are responsible for preparing the Directors' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND DIRECTORS OF BIRMINGHAM ROYAL BALLET

We have audited the financial statements of Birmingham Royal Ballet for the period ended 31 March 2017 which comprise the statement of financial activities, balance sheet, cash flow statement and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members and the directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and the charitable company's directors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors (who are also the trustees of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2017, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND DIRECTORS OF BIRMINGHAM ROYAL BALLET

Matters on which we are required to report by exception

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

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

Sarah Anderson (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Birmingham, United Kingdom

19 December 2017

BIRMINGHAM ROYAL BALLET

STATEMENT OF FINANCIAL ACTIVITIES (Including income and expenditure account) Period ended 31 March 2017

	Notes	Unrestricted 2017 £	Restricted 2017 £	Endowment 2017 £	Total 2017 £	Total 2016 £
Income from:						
Grants, Donations and Legacies	3	8,934,425	295,045	-	9,229,470	9,781,044
Charitable activities:						
Performance and related activities	4	4,422,845	-	-	4,422,845	4,066,926
Other trading activities	5	119,025	-	-	119,025	79,576
Investments	6	1,555	-	54,950	56,505	48,848
Total income		13,477,850	295,045	54,950	13,827,845	13,976,394
Expenditure on:						
Raising funds	7	579,093	-	-	579,093	535,406
Charitable activities						
Production and Performance	8	12,736,109	111,622	-	12,847,731	12,001,312
Orchestra Projects		83,231	-	-	83,231	309,652
Education Projects		247,573	183,423	-	430,996	394,625
Other expenditure		-	-	13,575	13,575	11,862
Total expenditure	10	13,646,006	295,045	13,576	13,954,627	13,252,857
Net gain/(loss) on investments	13	-	-	397,990	397,990	(71,231)
Net income for the year		(168,156)	-	439,365	271,209	652,306
Reconciliation of funds:						
Total funds brought forward		3,733,134	110,270	2,093,560	5,936,964	5,284,658
Net movement in funds for the year		(168,156)	-	439,365	271,209	652,306
Total funds carried forward	18	3,564,978	110,270	2,532,925	6,208,173	5,936,964

There were no other recognised gains or losses other than those listed above and the net income for the year. All income and expenditure derives from continuing activities.

See note 12 for comparative Statement of Financial Activities for the period ended 2 April 2016.

BIRMINGHAM ROYAL BALLET

BALANCE SHEET As at 31 March 2017

	Note	2017 £	2016 £
FIXED ASSETS			
Tangible assets	13	2,733,640	2,890,219
Investment assets	14	2,532,926	2,093,561
		<u>5,266,566</u>	<u>4,983,780</u>
CURRENT ASSETS			
Stocks	15	83,444	89,162
Debtors	16	2,218,289	1,759,843
Cash at bank and in hand		349,379	820,038
		<u>2,651,112</u>	<u>2,669,043</u>
CREDITORS: amounts falling due within one year	17	<u>(1,709,505)</u>	<u>(1,715,859)</u>
NET CURRENT ASSETS		<u>941,607</u>	<u>953,184</u>
Total assets less current liabilities		<u>6,208,173</u>	<u>5,936,964</u>
FUNDS			
Unrestricted funds:			
General Funds	18	699,192	758,518
Designated funds	18	2,865,786	2,974,616
Restricted funds	18	110,270	110,270
Endowment funds	18	2,532,925	2,093,560
		<u>6,208,173</u>	<u>5,936,964</u>

These financial statements of Birmingham Royal Ballet registered number 3320538 were approved by the Board of Directors and authorised for issue on 18 December 2017. They were signed on its behalf by:

Professor Michael Clarke
Chair of the Board

BIRMINGHAM ROYAL BALLET

CASH FLOW STATEMENT Period ended 31 March 2017

	Notes	Total 2017 £	Total 2016 £
Cash flows from operating activities:			
<i>Net cash provided by (used in) operating activities</i>	22	(414,007)	745,679
Cash flows from investing activities:			
Interest received		1,555	1,951
Dividends received		54,950	46,897
Purchase of property, plant and equipment		(71,782)	(97,721)
Movements in investment portfolio		(41,375)	(375,135)
<i>Net cash provided by (used in) investing activities</i>		(56,652)	(424,008)
Net (decrease)/increase in cash and cash equivalents		(470,659)	321,671
Cash and cash equivalents at beginning of year		820,038	498,367
Cash and cash equivalents at the end of the year		349,379	820,038
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand		349,379	820,038
Cash equivalents		-	-
Cash and cash equivalents		349,379	820,038

BIRMINGHAM ROYAL BALLET

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 March 2017

1. ACCOUNTING POLICIES

Company and charitable status

Birmingham Royal Ballet, a public benefit entity, is incorporated in the UK and registered in England and Wales as a company limited by guarantee not having a share capital. Each member has undertaken to contribute to the assets in the event of winding up a sum not exceeding £1. The charity is a registered charity. The registered office is given on page 3.

Basis of accounting

The financial statements are prepared under the historical cost convention, with the exception of investments which have been included at market value, in accordance with the Statement of Recommended Practice “Accounting and Reporting by Charities (SORP 2015)” applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the UK and Republic of Ireland (FRS 102), effective 1 January 2015 and the Companies Act 2006.

These accounts have been prepared on the going concern basis. The financial statements of BRB Production Services Ltd, a dormant subsidiary, incorporated during the year, have not been consolidated on grounds of materiality.

The principal accounting policies are set out below.

Going concern

The company’s activities and future plans are set out in the directors’ report.

The company has no external borrowing facilities and manages its activities with positive unrestricted bank balances. The company’s forecasts and projections, taking account of reasonably foreseeable changes in income and expenditure, show that the company should be able to continue to operate on this basis.

Revenue grant funding represents the company’s largest income stream and Birmingham Royal Ballet is dependent on the continuing financial support of Arts Council England which has confirmed its commitment to fund Birmingham Royal Ballet to 31 March 2018; committing revenue funding of £7,891,000 per annum for the period.

Birmingham City Council has confirmed revenue funding of £525,000 for the 2016/17 financial year.

The directors review and manage short-term fluctuations in our other income streams: box office, commercial and development income.

The company also relies on support from other funders including individuals, trusts, foundations and corporate bodies for maintaining the high standards and diversity of its output.

Based on the above, the directors believe that the company is well placed to manage its business risks successfully.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

BIRMINGHAM ROYAL BALLET

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 March 2017

1. ACCOUNTING POLICIES (continued)

Income

Box office income, performance related fees and programmes

Box office income, performance related fees and income generated from the sale of programmes are recognised in the period of the related performances which is the point at which the charity is considered to meet the income recognition criteria (probable, entitlement and measurement) as per the accounting standards.

Donations and legacies

Donations and legacies are credited to the statement of financial activities when entitlement has passed and probable to be received unless donated for a specific future period by the donor in which case income will be deferred to the relevant period.

Deferred income

Amounts invoiced in advance and other income, which is subject to conditions 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 conditions 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.

Investment income

Investment income is recognised on an accruals basis.

Expenditure

All expenditure is accounted for on an accruals basis. Expenditure categories include salaries, depreciation and other costs as analysed in note 9.

Expenditure on raising funds is 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 include 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.

Support costs include general administration, management and governance costs including allocations of Chief Executive and Chief Operating Officer salaries, HR functions, finance, IT, audit fees, certain legal fees, meetings and appropriate proportion of premises costs and depreciation. These costs are necessary for delivering activities but do not directly produce or constitute the activity.

Costs (including support and governance costs) have been allocated on a direct basis whenever possible and on an appropriate alternative basis as outlined in Note 9 (mainly staff numbers) in other instances.

BIRMINGHAM ROYAL BALLET

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 March 2017

1. ACCOUNTING POLICIES (continued)

New production and revivals

The costs to the company of sets and wardrobe for new productions are charged in full to the relevant production's initial performance season. Where the performance season spans more than one financial year the costs are amortised evenly over the total number of performances of the tour.

Revival costs are written off on the first night of the relevant production's performance.

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.

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.

Expendable endowment fund

Endowment funds are amounts that have been donated with the intention that they be invested to produce income, whose use is restricted to purposes specified by the donor. Such purposes must be within the overall aims of the charity.

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.

Tangible fixed assets and depreciation

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
Premises transferred from Royal Opera House:	Written off over the remaining life of the lease

Investments

Investments are included in the financial statements at market value. The Statement of Financial Activities includes the net gains and losses arising on revaluations and disposals on a quarterly basis.

Investments in subsidiary undertakings are measured at cost less impairment.

Stocks

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

BIRMINGHAM ROYAL BALLET

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 March 2017

1. ACCOUNTING POLICIES (continued)

Operating leases

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

Employee benefits

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

- Dancers' Pension Scheme;
- Birmingham Royal Ballet Pension Scheme; and
- Musicians' Union Pension Scheme.

The pension costs charged to the statement of financial activities represents the amount of contributions payable by the company to the pension schemes in respect of the accounting year.

Financial instruments

Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs).

The charity has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Cash at bank and cash in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the charity's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The Directors do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure beyond the accounting policies listed above.

BIRMINGHAM ROYAL BALLET

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 March 2017

3. INCOME FROM GRANTS, DONATIONS & LEGACIES

	2017 Un- restricted funds £	2017 Restricted funds £	2017 Endowment funds £	2017 Total funds £	2016 Total Funds £
Arts Council England					
Revenue funding	7,891,000	-	-	7,891,000	7,891,000
Cross Border Touring Managed Funds	-	-	-	-	182,538
Catalyst Endowment Funds	-	-	-	-	170,100
Capital Funding	-	-	-	-	-
Birmingham City Council					
Revenue funding	525,000	-	-	525,000	730,000
Arts Champions	-	-	-	-	4,000
Donations					
Grants – Trusts and Foundations	99,054	249,673	-	348,727	336,041
Donations	387,051	45,372	-	432,423	447,365
Legacies	32,320	-	-	32,320	20,000
	<u>8,934,425</u>	<u>295,045</u>	<u>-</u>	<u>9,229,470</u>	<u>9,781,044</u>

4. INCOME FROM PERFORMANCE AND RELATED ACTIVITIES

	2017 Un- Restricted Funds £	2017 Restricted funds £	2017 Endowment funds £	2017 Total funds £	2016 Total Funds £
Box office income	2,804,111	-	-	2,804,111	3,181,889
Production sales and hires	154,865	-	-	154,865	55,085
Programmes	110,532	-	-	110,532	125,780
Friends	38,589	-	-	38,589	30,593
Orchestra projects	62,461	-	-	62,461	124,279
Education	103,907	-	-	103,907	60,000
Co-production fee	289,500	-	-	289,500	-
Other fees and services	20,486	-	-	20,486	39,300
Theatre Tax Credit	838,394	-	-	838,394	450,000
	<u>4,422,845</u>	<u>-</u>	<u>-</u>	<u>4,422,845</u>	<u>4,066,926</u>

5. OTHER TRADING ACTIVITIES

	2017 £	2016 £
Memberships	115,706	79,538
Sale of merchandise	3,319	38
	<u>119,025</u>	<u>79,576</u>

BIRMINGHAM ROYAL BALLET

NOTES TO THE FINANCIAL STATEMENTS Period ended 31 March 2017

6. ANALYSIS OF INCOME FROM INVESTMENTS

	Unrestricted £	2017 Restricted £	Endowment £	Total £	2016 £
Bank interest	1,555	-	-	1,555	1,951
Dividends	-	-	54,950	54,950	46,897
	<u>1,555</u>	<u>-</u>	<u>54,950</u>	<u>56,505</u>	<u>48,848</u>

7. ANALYSIS OF EXPENDITURE ON RAISING FUNDS

Activity	Activities undertaken directly £	Support costs £	Total 2017 £	Total 2016 £
Raising donations, grants and legacies	421,978	68,414	490,392	461,343
Memberships and Subscription Schemes	68,072	20,629	88,701	74,063
	<u>490,050</u>	<u>89,043</u>	<u>579,093</u>	<u>535,406</u>

8. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

Activity	Unrestricted			Total 2016 £
	Activities undertaken directly £	Support costs £	Total 2017 £	
Performance and production	11,114,254	1,621,855	12,736,109	11,629,836
Orchestra Projects	72,916	10,315	83,231	309,652
Education Projects	217,101	30,472	247,573	394,625
	<u>11,404,271</u>	<u>1,662,642</u>	<u>13,066,913</u>	<u>12,334,113</u>

Activity	Restricted			Total 2016 £
	Activities undertaken directly £	Support costs £	Total 2017 £	
Performance and production	97,346	14,276	111,622	371,476
Orchestra Projects	-	-	-	-
Education Projects	160,846	22,577	183,423	-
	<u>258,192</u>	<u>36,853</u>	<u>295,045</u>	<u>371,476</u>

BIRMINGHAM ROYAL BALLET

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 March 2017

9. ANALYSIS OF SUPPORT COSTS

	Raising funds £	Production and performance £	Orchestra projects £	Learning projects £	Total £
Staff costs	11,988	449,533	1,998	9,990	473,509
Recruitment, training and development	2,574	68,218	429	2,145	73,366
Office infrastructure	38,352	254,988	1,867	10,382	305,589
Insurance	3,414	90,465	569	2,845	97,293
Premises costs	28,392	553,636	4,732	23,658	610,418
Depreciation	4,323	219,291	720	4,028	228,362
	89,043	1,636,131	10,315	53,048	1,788,537
	89,043	1,636,131	10,315	53,048	1,788,537

Governance costs included in the above amount to £153,082 in 2016-17 (2015-16: £122,105)

2016 Comparatives

	Raising funds £	Production and performance £	Orchestra projects £	Learning projects £	Total £
Staff costs	8,646	340,354	1,441	8,646	359,087
Recruitment, training and development	12,792	35,666	149	898	49,505
Office infrastructure	35,013	233,045	1,825	10,709	280,592
Insurance	3,561	94,367	594	3,561	102,083
Premises costs	29,036	566,204	4,839	29,036	629,115
Depreciation	4,439	217,661	740	4,439	227,279
	93,487	1,487,297	9,588	57,289	1,647,661
	93,487	1,487,297	9,588	57,289	1,647,661

10. NET INCOME/(EXPENDITURE) FOR THE YEAR

	2017 £	2016 £
Net income is stated after charging:		
Depreciation of owned assets	228,361	226,579
Rentals under operating leases	239,692	239,694
Auditor's remuneration:		
- Fees payable to the charity's auditor for the audit of the charity's annual financial statements	18,250	13,000
- Fees payable to the charity's auditor for other services:		
- Taxation services	9,775	550
	416,078	416,078

BIRMINGHAM ROYAL BALLET

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 March 2017

11. ANALYSIS OF STAFF COSTS, DIRECTOR REMUNERATION AND EXPENSES, AND THE COST OF KEY MANAGEMENT PERSONNEL

The average monthly number of employees was:

	2017 No.	2016 No.
Raising funds	7	7
Charitable activities	166	168
Support	11	9
	<u>184</u>	<u>184</u>

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	7,168,218	7,231,802
Social security costs	707,310	711,680
Pension costs (including Dancers Career Development fund)	373,573	381,469
	<u>8,249,101</u>	<u>8,324,951</u>

The number of employees whose emoluments, excluding pension contributions but including benefits in kind, were in excess of £60,000 was:

	2017 No.	2016 No.
£60,001 - £70,000	10	13
£70,001 - £80,000	2	3
£80,001 - £90,000	2	1
£110,001 - £120,000	1	-
£120,001 - £130,000	-	-
£130,001 - £140,000	1	1
	<u>16</u>	<u>18</u>

The key management personnel of the Company are listed on page 16. The total remuneration (including pension contributions and social security costs) of the key management personnel of the Charity for the year totalled £303,000 (2016: £292,000).

Directors' Remuneration

No Directors received remuneration during the current or prior year. Total travel and subsistence expenses of £4,742 (2016: £5,877) were paid to 1 director (2016: 1 director).

BIRMINGHAM ROYAL BALLET

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 March 2017

12. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES FOR THE PERIOD ENDED 2 APRIL 2016

	Unrestricted 2016 £	Restricted 2016 £	Endowment 2016 £	Total 2016 £
Income from:				
Grants, Donations and Legacies	9,258,406	182,538	340,100	9,781,044
Charitable activities:				
Performance and related activities	3,840,689	226,237	-	4,066,926
Other trading activities	79,576	-	-	79,576
Investments	1,951	-	46,897	48,848
Total income	<u>13,180,622</u>	<u>408,775</u>	<u>386,997</u>	<u>13,976,394</u>
Expenditure on:				
Raising funds				
Costs of generating voluntary income	461,343	-	-	461,343
Activities for generating funds	74,063	-	-	74,063
Charitable activities				
Production and Performance	11,629,836	371,476	-	12,001,312
Orchestral Projects	309,652	-	-	309,652
Education Projects	394,625	-	-	394,625
Other resources expended	-	-	11,862	11,862
Total expenditure	<u>12,869,519</u>	<u>371,476</u>	<u>11,862</u>	<u>13,252,857</u>
Net losses on investments	-	-	(71,231)	(71,231)
Net income for the year	<u>311,103</u>	<u>37,299</u>	<u>303,904</u>	<u>652,306</u>
Reconciliation of funds:				
Total funds brought forward as previously reported	3,699,500	72,971	1,789,656	5,562,127
Prior year adjustment	(277,469)	-	-	(277,469)
Total funds brought forward as restated	3,422,031	72,971	1,789,656	5,284,658
Net movement in funds for the year	311,203	37,299	303,904	652,306
Total funds carried forward	<u><u>3,733,134</u></u>	<u><u>110,270</u></u>	<u><u>2,093,560</u></u>	<u><u>5,936,964</u></u>

There were no other recognised gains or losses other than those listed above and the net income for the year. All income and expenditure derives from continuing activities.

BIRMINGHAM ROYAL BALLET

NOTES TO THE FINANCIAL STATEMENTS Period ended 31 March 2017

14. FIXED ASSET INVESTMENTS (continued)

	2017		2016	
	Market value £	% of portfolio	Market value £	% of portfolio
UK equities	953,569	38%	784,331	37%
Overseas equities	788,202	31%	584,806	29%
UK fixed income	249,142	10%	176,544	8%
Overseas fixed income	87,927	3%	79,164	4%
Alternative assets	223,998	9%	170,493	8%
UK property	164,200	6%	103,264	5%
Cash	65,887	3%	194,958	9%
	<u>2,532,925</u>	<u>100%</u>	<u>2,093,560</u>	<u>100%</u>

The historical cost of the investments is £1,985,037 (2016: £1,814,928)

	2017 £	2016 £
Subsidiary undertakings		
Cost		
At 3 April 2016 and 31 March 2017	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

BRB Services Ltd is a wholly-owned trading subsidiary of Birmingham Royal Ballet and was incorporated incorporated and registered in England and Wales on 11 August 2014. The company has been dormant throughout the current and prior period.

15. STOCKS

	2017 £	2016 £
Shoes	82,635	88,363
Merchandise	809	799
	<u>83,444</u>	<u>89,162</u>

BIRMINGHAM ROYAL BALLET

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 March 2017

16. DEBTORS

	2017 £	2016 £
Trade debtors	416,024	224,002
Other debtors	1,419,706	1,005,562
Prepayments and accrued income	382,559	530,279
	<u>2,218,289</u>	<u>1,759,843</u>

Other debtors includes £63,375 (2016: £63,375) in respect of a rent deposit which is due in more than one year.

17. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	439,018	481,012
Other creditors	392,912	336,325
Taxation and social security	245,725	291,777
Accruals and deferred income	631,850	606,745
	<u>1,709,505</u>	<u>1,715,859</u>

Movements in deferred income:

Balance at 3 April 2016	307,575	252,358
Amounts released during the period	(234,024)	(34,858)
Deferred in the current period	320,258	90,075
Balance at 31 March 2017	<u>393,809</u>	<u>307,575</u>

Deferred income at 2 April 2016 comprised membership scheme income and donations and legacy income relating to activity in the periods to 3 April 2016 and 31 March 2017.

Deferred income at 31 March 2017 comprised grants, membership scheme income and donations relating to activity in the periods to 1 April 2017 and 31 March 2018.

BIRMINGHAM ROYAL BALLET

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 March 2017

18. MOVEMENTS ON FUNDS

a) Restricted Funds

	At 3 April 2016 £	Income in the period £	Expenditur e in the period £	Transfer in the period £	At 31 March 2017 £	
Cross Border Touring	110,270	-	-	-	110,270	
Pointe Shoe Appeal	-	45,372	(45,372)	-	-	
Education Projects	-	183,423	(183,423)	-	-	
Tempest Production	-	66,250	(66,250)	-	-	
	<u>110,270</u>	<u>295,045</u>	<u>(295,045)</u>	<u>((108,830)</u>	<u>(108,830)</u>	(108,830)

The Pointe Shoe appeal represents a fundraising scheme which helps keep ballerinas on their toes.

There were a number of engagement and education projects funded by restricted grants and donations.

The Tempest was produced during the year which was supported by a number of restricted grants and donations.

b) Designated funds comprise amounts set aside by the Directors in respect of:

	At 3 April 2016 £	Income in the period £	Expenditur e in the period £	Transfer in the period £	At 31 March 2017 £
Capital Grants Fund	144,263	-	-	-	144,263
Community Engagement Fund	177,276	-	-	-	177,276
New Productions Fund	150,000	-	-	-	150,000
Thorp Street Refurbishment	2,503,077	-	(108,830)	-	2,394,247
	<u>2,974,616</u>	<u>-</u>	<u>(108,830)</u>	<u>-</u>	<u>2,865,786</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 2012-2015 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.

BIRMINGHAM ROYAL BALLET

NOTES TO THE FINANCIAL STATEMENTS Period ended 31 March 2017

18. MOVEMENTS ON FUNDS (continued)

c) Unrestricted, undesignated funds:

	At 3 April 2016 £	Net inflows in the period £	Transfer in the period £	At 31 March 2017 £
General funds	758,518	(59,326)	-	699,192
	<u>758,518</u>	<u>(59,326)</u>	<u>-</u>	<u>699,192</u>

d) Endowment funds:

	At 2 April 2016 £	Inflows in the period £	Transfer in the period £	At 2 April 2017 £
Catalyst/Cadbury Family Endowment Fund	2,093,560	439,365	-	2,532,925
	<u>2,093,560</u>	<u>439,365</u>	<u>-</u>	<u>2,532,925</u>

The Catalyst/Cadbury Family Endowment Fund represents donations received specifically for the purpose of funding dance fellowships to support young dancers with teaching, training and mentoring. The endowment period is 25 years till 1 November 2037 after which the fund is expendable.

e) Allocations of net assets between funds

	2017 Unrestricted funds £	2017 Restricted funds £	2017 Endowment funds £	2017 Total funds £
Investments	1	-	2,532,925	2,532,926
Cash at Bank and in Hand	275,616	73,763	-	349,379
Debtors	2,181,782	36,507	-	2,218,289
Stocks	83,444	-	-	83,444
Fixed Assets	2,733,640	-	-	2,733,640
Creditors	(1,709,505)	-	-	(1,709,505)
	<u>3,564,978</u>	<u>110,270</u>	<u>2,532,925</u>	<u>6,208,173</u>

BIRMINGHAM ROYAL BALLET

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 March 2017

2016 Comparatives

	2016 Unrestricted funds £	2016 Restricted funds £	2016 Endowment funds £	2016 Total funds £
Investments	-	-	2,093,560	2,093,560
Cash at Bank and in Hand	746,275	73,763	-	820,038
Debtors	1,723,336	36,507	-	1,759,843
Stocks	89,162	-	-	89,162
Fixed Assets	2,890,219	-	-	2,890,219
Creditors	(1,715,858)	-	-	(1,715,858)
	<u>3,733,134</u>	<u>110,270</u>	<u>2,093,560</u>	<u>5,936,964</u>

19. EMPLOYEE RETIREMENT BENEFITS

The company contributes to three group personal pension schemes. The cost to the company for the period ended 31 March 2017 is equal to the amount of employer contributions paid in the period to each scheme, and is detailed below:

	2017 £	2016 £
Dancers' Pension Scheme	122,197	125,870
Birmingham Royal Ballet Pension Scheme	113,870	109,700
Musicians' Union Pension Scheme	69,023	72,451
	<u>305,090</u>	<u>308,021</u>

The company also contributes a fixed percentage of dancers' basic salaries to the Dancers' Career Development Fund. In 2016-17 the company contributed a total of £50,532 (2015-16: £52,655).

As of 31 March 2017 there were £819 outstanding contributions due in respect of the current reporting period (2016: £17,656).

BIRMINGHAM ROYAL BALLET

NOTES TO THE FINANCIAL STATEMENTS Period ended 31 March 2017

20. FINANCIAL COMMITMENTS

Operating lease commitments

The total future minimum lease payments under non-cancellable operating leases:

	2017		2016	
	Land and buildings £	Other £	Land and buildings £	Other £
Charity				
- expiring within one year	100,000	-	100,000	-
- expiring between one and five years	539,992	18,774	528,750	19,733
- expiring after five years	-	-	-	-
	<u>639,992</u>	<u>18,774</u>	<u>628,750</u>	<u>19,733</u>

21. RELATED PARTY TRANSACTIONS

No Director received payment for professional or other services supplied to the charity during the year (2016: £nil).

Total donations received from the directors during the year was £3,536 (2016: £2,500).

22. CASHFLOW STATEMENT

Reconciliation of net income/(expenditure) to net cash flow from operating activities:

	2017 £	2016 £
Net (expenditure)/income for the year (before investment gains and losses)	(126,782)	723,537
Adjustments for:		
Dividends and interest receivable	(56,505)	(48,848)
Depreciation charges	228,361	226,579
	<u>45,074</u>	<u>901,268</u>
Operating cash flow before movement in working capital	45,074	901,268
Decrease/(increase) in stocks	5,718	(17,084)
(Increase) in debtors	(458,446)	(77,298)
(Decrease) in creditors	(6,353)	(61,207)
	<u>(414,007)</u>	<u>745,679</u>