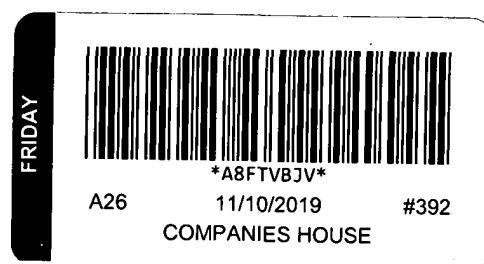


Company Registered Number 3320538

**Birmingham Royal Ballet
(A Company Limited by Guarantee)**

**Report and Consolidated Financial
Statements**

For the year ended 31 March 2019



BIRMINGHAM ROYAL BALLET

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BIRMINGHAM ROYAL BALLET

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Professor Michael Clarke CBE DL (Chair – resigned 1 May 2018)
Sir David Normington (Chair – appointed 8 May 2018)
Mrs Susan Harrison
Dame Jenny Abramsky
Mr Ross MacGibbon (resigned on 18 March 2019)
Councillor Des Hughes (resigned on 28 June 2018)
Mr Ian Squires
Councillor Lou Robson (appointed on 3 October 2018, resigned on 1 April 2019)
Councillor Carl Rice (appointed on 12 June 2019)
Mr Michael Elliott
Ms Deborah Spence
Ms Hemma Patel
Mr Anthony Coombs

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

DIRECTORS' REPORT (INCLUDING THE STRATEGIC REPORT) (continued)

The directors present their annual report (including the strategic report) and the audited financial statements for the year ended 31 March 2019.

STATUS, OBJECTS AND POLICIES

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

BRB Production Services Limited is a wholly owned subsidiary of Birmingham Royal Ballet. The principal activity of the company in the year was theatrical production.

The objects of Birmingham Royal Ballet 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 large-scale touring ballet company, enriching people's lives through dance, and aspiring to excellence in all that it does.

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.

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 (resigned 1 May 2018) Sir David Normington (appointed 8 May 2018) Dame Jenny Abramsky
Birmingham City Councillors	Councillor Des Hughes (resigned 28 June 2018) Councillor Lou Robson (appointed 3 October 2018, resigned 1 April 2019) Councillor Carl Rice (appointed 12 June 2019)

BIRMINGHAM ROYAL BALLET

DIRECTORS' REPORT (INCLUDING THE 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, Caroline Miller, who is responsible for overall organisational management. The Director, David Bintley, is responsible for artistic strategy and for managing artistic activities. On 6 March 2018 David Bintley announced he would be stepping down as Director on 31 July 2019 at the end of the 2018/19 performance season after 24 years as Director of Birmingham Royal Ballet. The Board's search for a new Director commenced in July 2018 and concluded in January 2019 when it was announced that Carlos Acosta would be the new Director from January 2020.
- approval of budgets, approval of major capital expenditure projects, and development of key policies including general treasury and risk management policies.

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 on representative (usually a Councillor) to be members of the Board of Directors. All such nominations are approved and appointed by the Board of Directors as a whole.

The Board of Directors is responsible for the appointment of a Chair. Professor Michael Clarke was succeeded by Sir David Normington in May 2018 and we would like to take the opportunity to thank Michael for his nine years of unstinting commitment to the company. During his tenure as Chair BRB extended its touring circuit, increased its outreach work and transformed its fundraising capacity.

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

- **The Finance and General Purposes Committee** - 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 and Governance Committee** – the remit of this committee was extended during 2018/19 and is responsible for the review of general governance including BRB's response to the recommendations of the Charity Governance code as well as 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 Appointments and Remuneration Committee** - responsible and overseeing the appointment of The Chair of the Board, senior officers and for reviewing their remuneration and making appropriate recommendations for the Board of Directors as a whole to approve. This committee under Sir David Normington led the global search for BRB's new Director to succeed David Bintley.
- **The Investment Committee** - responsible for overseeing implementation of the investment policy and monitoring performance of invested funds.

BIRMINGHAM ROYAL BALLET

DIRECTORS' REPORT (INCLUDING THE STRATEGIC REPORT) (continued)

Other sub-committees or working groups may be convened for particular purposes as required by the Board of Directors.

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 123 individual development interventions in respect of health and safety and 'Dignity at Work.'

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 funder, Arts Council England, 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 £13 and £85) which reflect the regional economies where the company performs. A wide range of concessions and special offers are offered on tickets including discounts for school groups. We also offer a programme of touch tours and audio description and introduced relaxed performances.

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

DIRECTORS' REPORT (INCLUDING THE STRATEGIC REPORT) (continued)

STRATEGIC REVIEW

CHARITABLE ACTIVITIES

Performance and Production

The Birmingham Royal Ballet group of companies (Birmingham Royal Ballet and its subsidiary BRB Production Services) produce and perform ballet of the highest quality ensuring access to world class performances to audiences throughout the United Kingdom as well as internationally.

In 2018-19 88 % (2017-18 90%) of its performances were given outside of London.

BRB's artistic and performance related objectives for the 2018-19 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
- Maintain a regular London presence at with two weeks of performance at Sadlers Wells Theatre in 2018 and at Royal Albert Hall Christmas 2018
- 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 accessible performances including 'First Steps' based around repertory suitable for families with younger children and develop the programme of other accessible performances including relaxed performances
- 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

In 2018-19 the company gave 165 performances - 66 in Birmingham, 85 on tour in the UK and 14 internationally (2017-18: 158 performances – 71 in Birmingham, 87 on tour in the UK) with audiences of approximately 194,000 (2017-18: 172,000).

BIRMINGHAM ROYAL BALLET

DIRECTORS' REPORT (INCLUDING THE STRATEGIC REPORT) (continued)

The complete repertory performed during the year was:

BALLET	CHOREOGRAPHY	MUSIC
Coppelia	Marius Petipa	Leo Delibes
Romeo and Juliet	Kenneth Macmillan	Sergei Prokofiev
Sleeping Beauty	Marius Petipa	Pyotr Ilyich Tchaikovsky
La Fille mal Gardée	Frederick Ashton	Ferdinand Herold arr. John Lanchbery
Kin	Alexander Whitley	Phil Klein
Embrace	George Williamson	Sarah Kirkland Snider
In The Upper Room	Twyla Tharp	Philip Glass
The King Dances	David Bintley	Stephen Montague
Ignite	Juanjo Arques	Kate Whitley
The Nutcracker	Peter Wright, Lev Ivanov, Vincent Redmon	Pyotr Ilyich Tchaikovsky
Beauty and The Beast	David Bintley	Glen Buhr

BRB did not undertake a midscale tour in 2018 giving the opportunity for two international tours in April and May 2018. We were delighted to return to the Virginia Arts Festival (Norfolk, Virginia USA) with performances of Romeo and Juliet followed by a multi city tour in Japan performing both Sleeping Beauty and La Fille mal Gardée.

We were delighted to perform at Sadlers Wells in June 2018 increasing our performances at this venue to two seasons per annum and in December 2018 returned to the Royal Albert Hall for a second successful season of performances at the Royal Albert Hall with audience numbers increasing by 6.6% to 24,696 (2017-18: 23,169).

BIRMINGHAM ROYAL BALLET

DIRECTORS' REPORT (INCLUDING THE STRATEGIC REPORT) (continued)

Full repertory by venue was as follows:

VENUE (S)	DATE	PROGRAMME
Sunderland Empire	April 2018	Coppelia
Chrysler Hall, Norfolk Virginia USA	April 2018	Romeo and Juliet
Birmingham Hippodrome	June 2018	
Sadlers Wells, London	June 2018	
Hyogo Performing Arts Centre, Nishinomiya, Japan	May 2018	Sleeping Beauty
Biwako Hall, Otsu, Japan		
NTK Forest Hall, Nagoya, Japan		
Bunka Kaikan, Tokyo, Japan		
Birmingham Hippodrome	June 2018	Kin, Embrace, In the Upper Room
Sadlers Wells, London	June 2018	
Bunka Kaikan, Tokyo, Japan	May 2018	La Fille mal Gardee
Bristol Hippodrome	July 2018	
Birmingham Hippodrome	September 2018	
Theatre Royal, Plymouth	October 2018	
The Lowry, Salford	October 2018	
Sadlers Wells, London	October 2018	
Grand Opera House, Belfast	November 2018	
Birmingham Hippodrome	October 2018	The King Dances, Ignite
Theatre Royal, Plymouth	October 2018	
Sadlers Wells, London	October 2018	
Birmingham Hippodrome	November & December 2018	The Nutcracker
Royal Albert Hall	December 2018	
The Mayflower, Southampton	January 2019	Beauty and the Beast
Birmingham Hippodrome	February 2019	
Theatre Royal, Plymouth	March 2019	
Festival Theatre, Edinburgh	March 2019	
The Lowry, Salford	March 2019	
Sunderland Empire	March 2019	

BIRMINGHAM ROYAL BALLET

DIRECTORS' REPORT (INCLUDING THE STRATEGIC REPORT) (continued)

Other performances

First Steps children's performances are specially adapted performances for pre-school children and their families. In 2018-19 audiences grew to 6,844 (2017-18: 4,791) at performances in Birmingham, Bristol, Salford, Plymouth, Southampton, Sunderland and Edinburgh. Relaxed performance which commenced in Birmingham in February 2018 were repeated during the Beauty and the Beast season in Birmingham and Southampton welcoming audiences of 1,367. A relaxed performance is open to anyone but designed to welcome those who may find going to the theatre challenging, such as those with an Autistic Spectrum Condition, learning disability or sensory and communication disorder. BRB will work with partner venues to extend this offer.

Dancer Development

The Cadbury Dance Fellows programme continues to deliver development opportunities for ballet dancers transitioning from vocational training to work, giving them opportunities to experience working with a large company and take part in class, rehearsals and performance. In 2018-19 BRB offered student placements to 32 (2017-18: 30) 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.

Choreographic Development

BRB's Ballet Now programme is a ground-breaking initiative furthering the tradition of creativity and innovation pioneered by Ninette de Valois which, over five years, to create ten new one act ballets and support thirty new artists, ten choreographers, ten composers and ten designers providing them with mentoring, resources and access to Birmingham Royal Ballet's outstanding facilities and artists. During 2018 two new works were created through this programme. Embrace was premiered at Sadlers Wells in June 2018 and Ignite, a co-production with Dutch National Ballet, premiered at Hippodrome in September 2018. Both productions received critical acclaim with Embrace recognised by Dance Europe for Classical Dance premiere and Ignite shortlisted for the Fedora and Benois de la Danse prizes.

BRB dancers Ruth Brill, Laura Day, Kit Holder and Lachlan Monaghan were commissioned to create work for BRB's new midscale programme which premiered in May 2019.

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. Having led the feasibility stage for a capital programme to create a new facility above BRB's Thorp Street premises, BRB handed over the management of the build phase of the new 'Dance Hub' to our partner Birmingham Hippodrome. The capital phase of the project was completed in August 2019.

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 of Mayerling and Nutcracker with the Royal Ballet
- An Evening of Music and Dance at Symphony Hall, Birmingham – February 2019
- A number of recording sessions

BIRMINGHAM ROYAL BALLET

DIRECTORS' REPORT (INCLUDING THE STRATEGIC REPORT) (continued)

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.

BRB is working with the Royal Ballet on professional development of conductors for dance with the appointment of a Conducting Fellow, Thomas Jung as part of a two year programme to gain experience with both companies.

Audience Reach and Growth

Audience Development objectives for 2018-19 were to:

- Work with key venue partners on long-term audience development;
- Use research to understand audiences 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;

BRB has held pricing review meetings with each of its venues, looking at opportunities to either increase revenue by ticket or increase reach for audience growth. Key initiatives for audience development and growth included:

- Using audience demographic analytics used to inform and agree audience development planning with partner venues;
- Increasing BRB's London audience with a second annual season at Sadlers Wells and growing attendance at the Royal Albert Hall;
- Establishing new audience development partners including SkyArts with a free ticket offer bringing 2,000 new attenders to BRB performances and local Birmingham partners Beetfrees and Stan's Café to attract younger more diverse audiences

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:

- 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;
- 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 at least 3,500 per annum.
- 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 through Dance Track

In total BRB's LEAP (Learning, Engagement, Access and Participation) team delivered over 700 sessions to more than 15,000 participants during 2018-19.

BIRMINGHAM ROYAL BALLET

DIRECTORS' REPORT (INCLUDING THE STRATEGIC REPORT) (continued)

Public and open access events in Birmingham and on tour reached an estimated 5,000 individuals through:

- Audience Open Days – before Saturday matinees in Birmingham and on tour offering a range of family friendly activities and insights
- Discovery Days – opportunities to discover more about productions from behind the scenes
- Community dance workshops – from one off projects for groups of all ages to the Ballet What's That programme

Pre-performance talks and open class on stage

Targeted engagement and participation activity included:

- Schools workshops including a growing partnership with Al Furqan Muslim faith school with weekly classes for years 1 and 5
- Ballet training classes for 726 young people across all touring areas
- Workshops for older people including 'Dance for Health' in Birmingham and outreach workshops in London in partnership with the Royal Albert Hall
- 194 children aged 8-11 attended workshops to identify talented children to perform with BRB at the Royal Albert Hall
- 'Baby Ballet' classes at Birmingham Hippodrome

BRB has three flagship engagement projects which focus on long-term development:

- **Dance Track** - BRB's talent development programme for primary school children. 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. In spring 2018 2,500 children from 46 primary schools took part in workshops. In 2018/19 there were 110 children in the ballet training programme. In 2018-19 75 Dance Track students achieved Arts Award Discover.
- **Freefall Dance Company (talented adults with severe learning difficulties)** - Freefall Dance Company is an ensemble of highly gifted dancers with severe learning disabilities. Freefall gave two public performances and has continued its teacher training workshops with University of Birmingham and Lindens Teaching Alliance on inclusive practice and disability awareness
- **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 6 BRB Ambassadors who worked with 21 people from the LGBTQ+ community 2018.

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.

The group results for the period are set out in the financial statements on pages 28 onwards.

The period to 31 March 2019 ended with a surplus on activities including the endowment fund of £169,016 (2017-18 deficit £83,929) giving total accumulated reserves of £6,293,260 (2017-18 £6,124,244).

BIRMINGHAM ROYAL BALLET

DIRECTORS' REPORT (INCLUDING THE STRATEGIC REPORT) (continued)

The (deficit)/surplus analysed across funds was as follows:

- General unrestricted funds - deficit (£65,073)
- Restricted funds – surplus £42,709
- Endowment funds surplus £191,380

Un-restricted reserves, excluding the capital reserve for the refurbishment of BRB's Thorp Street premises, presently stand at £1,356,899 which is in accordance with our stated reserves policy as outlined on pages 21-22 of this report. Total unrestricted reserves are £3,533,487 (2017-18: £3,598,560) including the designated capital refurbishment reserve of £2,176,588 (2017-18: £2,285,418).

Raising Funds

Primary objectives 2018-19

- Complete the business plan for the period 2018 – 2022 by 31 December 2018 which was successfully completed and submitted to Arts Council England. The present plan acknowledges that we are presently in a transition period and that artistic planning will evolve once Carlos Acosta takes up his appointment in January 2020.
- Devise a new fundraising strategy to succeed 'The Campaign for the Future' from 2018-19 onwards. The deadline for finalising this strategy has been extended to encompass Carlos Acosta's artistic vision and plans for Birmingham Royal Ballet and to allow for the appointment of a new Director of Development in autumn 2019.

As in previous years our principal funding sources are:

- Arts Council England – £7,891,000 (2017-18: £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 – £200,000 (2017-18: £200,000) 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 54% of total income (2017-18: 55%).

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

2019-20 - £7,891,000

2020-21 - £7,891,000

2021-22 - £7,891,000

Total income from donations, membership schemes and other fundraising activity during the year was £1,128,539 (2017-18: £1,052,110) of which donations (including legacies) from private individuals were £557,264 (2017-18 £791,960) and income from trusts and foundations for the year was £571,275 (2017-18: £260,150).

BIRMINGHAM ROYAL BALLET

DIRECTORS' REPORT (INCLUDING THE STRATEGIC REPORT) (continued)

We would like to acknowledge the support of the following trusts and foundations that have supported Birmingham Royal Ballet during 2018-19:

Andrew Lloyd Webber Foundation
Baron Davenport's Charity
BHSF Medical Charity and Welfare Trust
Birmingham Common Good Trust
Bite Size Pieces
Cecil King Memorial Foundation
David Solomons Charitable Trust
Dumbreck Charity
Edgar E. Lawley Foundation
Eric W Vincent Trust Fund
Eveson Charitable Trust
George Fentham Birmingham Charity
GJW Turner Trust
Gordon Edwards Charitable Trust
H E and E L Botteley Charitable Settlement
H Steven and P E Wood Charitable Trust
Hawthorne Charitable Trust
Henry James Sayer Charity
Howard Victor Skan Charitable Trust
IMI Plc Charitable Appeals Committee
Jerwood Foundation
John Feeney Charitable Trust
Keith Coombs Trust
Langdale Trust
Lennox Hannay Charitable Trust
Lillie Johnson Charitable Trust
M K Rose Charitable Trust
Margaret Guido's Charitable Trust
Oak Foundation
Philip King Charitable Trust
PRS Foundation
Richard Cadbury Charitable Trust
RPS Drummond Fund
S & D Lloyd Charity
Souter Charitable Trust
St Jude's Trust
St Thomas' Dole Charity
Stanley Picker Trust
Swire Charitable Trust
The Alan Woodfield Charitable Trust
The Alison Hillman Charitable Trust
The Arts Society Birmingham
The Aspinwall Educational Trust
The Brian Shaw Memorial Trust
The Calleva Foundation
The Chairman Charitable Trust
The Charles Brotherton Trust
The Chatwin Trust
The Connie and Albert Taylor Charitable Trust
The Davis Foundation
The Derek Hill Foundation
The DWF Charitable Foundation

BIRMINGHAM ROYAL BALLET

DIRECTORS' REPORT (INCLUDING THE STRATEGIC REPORT) (continued)

The Evan Cornish Foundation
The George Henry Collins Charity
The Goodenough Charitable Trust
The Grantham Yorke Trust
The Grey Court Trust
The Grimmitt Trust
The Helen Rachael Mackaness Charitable Trust
The Hochhauser Foundation
The John Avins Trust
The John S Cohen Foundation
The John Thaw Foundation
The Leche Trust
The Linbury Trust
The Loppylugs and Barbara Morrison Charitable Trust
The Lord Austin Trust
The Marsh Christian Trust
The Michael Marsh Charitable Trust
The Misses C M Pearson & M V Williams Charitable Trust
The Norton Foundation
The Oakley Charitable Trust
The Owen Family Trust
The Patricia Routledge Charitable Trust
The R S Brownless Charitable Trust
The Roger and Douglas Turner Charitable Trust
The Roughley Charitable Trust
The Rowlands Trust
The Royal Opera House Benevolent Fund
The RTR Foundation/The Baily Thomas Charitable Fund
The RVW Trust
The Saintbury Trust
The Sterry Family Foundation
The Sylvia Adams Charitable Trust
The Uncle Bill Trust
The Vandervell Foundation
The W & M Morris Charitable Trust
The Wilmcote Charitrust
W E D Charitable Trust
Xoserve Foundation

BIRMINGHAM ROYAL BALLET

DIRECTORS' REPORT (INCLUDING THE STRATEGIC REPORT) (continued)

Charitable Activities

Income from charitable activities in 2018-19 was £5,254,331 (2017-18: £4,839,045). This includes an increase in box office income from box office and performance fees to £3,773,609 (2017-18: £3,283,744) as a result of the performances at Royal Albert Hall and international touring.

Birmingham Royal Ballet received Theatre Tax Credit income of £757,940 in respect of 2017-18 (against an initial estimate of £635,861), and it is estimated that Theatre Tax Credit for 2018-19 will be in the region of £545,000. 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.

Total expenditure for the year was £15,362,959 (2017-18: £14,878,478) as a result an increase in performing activity including international and cross border touring.

Expenditure on charitable activities in the year was £14,713,763 equivalent to 96% of total expenditure (2017-18: £14,081,126 equivalent to 95% of total expenditure).

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.

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.

BIRMINGHAM ROYAL BALLET

DIRECTORS' REPORT (INCLUDING THE STRATEGIC REPORT) (continued)

The review of risks for 2018-19 identified key strategic risks as follows:

High Risk areas in 2018-19	Resolutions/actions during 2018-19 to reduce risk level
Embedding the 'Creative Case for Diversity' within BRB programmes and activity as a key funding requirement from Arts Council England	Appointment of a new director and programme plans for 2019-20 have been acknowledged by ACE as progress against this requirement but as we are still at the early stages of this important work the risk level remains flagged as high due to the importance of developing BRB's strategy and response to this funding requirement.
Change of key leadership roles	Chair, CEO and Director have all been appointed and the team will be complete when the new Director joins BRB in 2020.
Income growth being outpaced by inflation of costs	Investment in and restructuring of Marketing and Development teams with a clear focus on income generation and growth. BRB continues to demonstrate a good record of cost management which is being supported by a programme of reviews of management and control of major cost categories from 2019.
Limited internal and external communications strategy	BRB's communications team has been strengthened through internal appointments and external agency support. The communications strategy development will continue to develop in 2019 as part of a funded project to build.

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

DIRECTORS' REPORT (INCLUDING THE STRATEGIC REPORT) (continued)

PLANS FOR FUTURE PERIODS

The appointment of a new Director to succeed David Bintley will be critical to the future of Birmingham Royal Ballet building on the Company's inheritance and reshaping it for the 21st century. The successful conclusion of the appointment process in January 2020, when Carlos Acosta joins BRB as Director, will help shape organisational objectives from 2020-21 onwards.

Other strategic priorities for 2019-20 are to:

RAISING FUNDS

- Appoint a new Development Director
- Review BRB's membership schemes to create a programme that builds engagement, affinity and loyalty
- Develop BRB's corporate support programme
- Grow income from philanthropic trusts and foundations to support organisational development

CHARITABLE ACTIVITIES:

Performance and Production

- Be the UK's foremost large-scale, touring classical ballet company by offering the most comprehensive touring circuit of any large scale ballet company in the UK
- Create a new mid-scale programme to attract multi-generational audiences
- Deliver a successful 2019-20 season which will support transition in artistic leadership which includes a 'festival season' in Summer 2020 curated by Carlos Acosta
- Create two new one act ballets through the 'Ballet Now' programme
- Support the development of emerging choreographers within BRB through creation of work for the mid-scale programme
- Return to the Royal Albert Hall for a third season of performances of The Nutcracker in December 2019
- Develop BRB's live music offer through the development of its 'Music and Dance' programme including performances at the Grand Opera House, Belfast

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:

- Continue to work with key venue partners on long-term audience development;
- Increase first time attendance in Birmingham
- Continue and develop the programme of events for distinct audiences such as families with very young children (First Steps) and individuals with sensory needs.
- Continue to develop free access events including open days and festival presentations in Birmingham and on tour
- Use digital technology to increase audiences and engagement

BIRMINGHAM ROYAL BALLET

DIRECTORS' REPORT (INCLUDING THE STRATEGIC REPORT) (continued)

- Increase BRB's press and media profile to communicate Carlos Acosta's artistic vision and mission

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;
- Establish a fourth high profile and high impact programme through a partnership of venues and other cultural and community organisations to enable participants to create and perform alongside BRB. In 2019/20 'Swan Lake Dreams' will offer opportunities to local ballet students (of all ages) to perform a version of Swan Lake in Birmingham, Southampton and Plymouth.
- Create a new Freefall film
- Recruit a new cohort BRB Ambassadors

BRB's strategic priorities are underpinned by an organisational development and resilience programme with strategic priorities.

GOVERNANCE AND ORGANISATIONAL DEVELOPMENT

- Recruit new Board members with appropriate skills and knowledge to fill existing and forthcoming vacancies
- Continue the review of governance arrangements started in 2018-19 and benchmark against the Charity Governance Code
- Evolve working practises to improve staff performance, efficiency and wellbeing through modernising contracts and developing our performance management and health and safety frameworks
- Build our employee engagement framework through structured 'Looking Forward' events, an annual engagement survey and opportunities to join working parties including an Environmental working group
- Foster a culture of equality and inclusivity including the introduction of a new 'Dignity at Work' programme
- Improve environmental performance through our environmental action plan

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 March 2022.

BIRMINGHAM ROYAL BALLET

DIRECTORS' REPORT (INCLUDING THE STRATEGIC REPORT) (continued)

KEY 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.

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.

BIRMINGHAM ROYAL BALLET

DIRECTORS' REPORT (INCLUDING THE STRATEGIC REPORT) (continued)

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 unrestricted reserves (excluding the Thorp Street Refurbishment reserve) 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 2019 these unrestricted reserves, excluding Thorp Street Refurbishment fund, were £1,356,899.

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

Designated funds include:

- **Capital Grant 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 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

BIRMINGHAM ROYAL BALLET

DIRECTORS' REPORT (INCLUDING THE STRATEGIC REPORT) (continued)

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 Productions 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 xx.

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 was used to fund performances at the Grand Opera House Belfast in 2018.

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 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 and will be reviewed by March 2020.

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

BIRMINGHAM ROYAL BALLET

DIRECTORS' REPORT (INCLUDING THE STRATEGIC REPORT) (continued)

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

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.

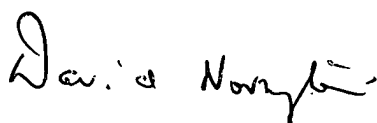
AUDITOR

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.

This Directors Report (including the Strategic Report) was approved and authorised for issue by the Directors on 1 October 2019.



Sir David Normington
Chair of the Board

BIRMINGHAM ROYAL BALLET

TRUSTEES' 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

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2019 and of the group's and parent charitable company's 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 including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Birmingham Royal Ballet (the 'charitable company') and its subsidiary (the 'group') which comprise:

- the consolidated statement of financial activities including income and expenditure account;
- the consolidated and parent charitable company balance sheets;
- the consolidated cash flow statement; and
- the related notes 1 to 23

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and of the parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

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

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Report on other legal and regulatory requirements

Opinions on other matters 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 directors' report, which includes the strategic report, prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the directors' report have 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 strategic report or the directors' report included within 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

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate and proper accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members and 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.



Sarah Anderson FCCA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Leeds, United Kingdom

3 October 2019

BIRMINGHAM ROYAL BALLET

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(Including consolidated income and expenditure account)

Year ended 31 March 2019

	Notes	Unrestricted 2019 £	Restricted 2019 £	Endowment 2019 £	Total 2019 £	Total 2018 £
Income from:						
Grants, Donations and Legacies	3	8,551,428	815,147	-	9,366,575	9,243,110
Charitable activities:						
Performance and related activities	4	5,254,331	-	-	5,254,331	4,839,045
Other trading activities	5	702,691	-	-	702,691	625,779
Investments	6	2,163	-	62,350	64,513	63,479
Total income		14,510,613	815,147	62,350	15,388,110	14,771,413
Expenditure on:						
Raising funds	7	649,196	-	-	649,196	797,352
Charitable activities						
Production and Performance	8	13,377,015	488,168	-	13,865,183	13,136,018
Orchestra Projects	8	403,998	-	-	403,998	477,320
Education Projects	8	255,747	174,000	-	429,747	452,928
Other expenditure		-	-	14,835	14,835	14,860
Total expenditure	10	14,685,956	662,168	14,835	15,362,959	14,878,478
Net income/(expenditure) before investment gains and losses		(175,343)	152,979	47,515	25,151	(107,065)
Net gain/(loss) on investments		-	-	143,865	143,865	23,136
Net income/(loss) for the year		(175,343)	152,979	191,380	169,016	(83,929)
Transfers between funds		110,270	(110,270)	-	-	-
NET MOVEMENT IN FUNDS		(65,073)	42,709	191,380	169,016	(83,929)
RECONCILIATION OF FUNDS:						
Total funds brought forward		3,598,560	110,270	2,415,414	6,124,244	6,208,173
Net movement in funds for the year		(65,073)	42,709	191,380	169,016	(83,929)
Total funds carried forward	19	3,533,487	152,979	2,606,794	6,293,260	6,124,244

BIRMINGHAM ROYAL BALLET

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (Including consolidated income and expenditure account) Year ended 31 March 2019

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.

The net income/(expenditure) of parent charity for the year for Companies Act purposes is £169,016 (2018: (£83,929)). As permitted by Section 408 of the Companies Act 2006, no separate Statement of financial activities is presented in respect of the parent charity.

See note 12 for comparative Statement of Financial Activities for the period ended 31 March 2018.

BIRMINGHAM ROYAL BALLET

BALANCE SHEETS

As at 31 March 2019

	Note	2019 Group £	2018 Group £	2019 Charity £	2018 Charity £
FIXED ASSETS					
Tangible assets	13	2,454,624	2,572,502	2,454,624	2,572,502
Investment assets	14	2,606,794	2,415,414	2,606,795	2,415,415
		<u>5,061,418</u>	<u>4,987,916</u>	<u>5,061,419</u>	<u>4,987,917</u>
CURRENT ASSETS					
Stocks	15	82,493	85,449	82,493	85,449
Debtors	16	3,051,757	2,528,895	2,376,522	2,528,896
Cash at bank and in hand		<u>854,226</u>	<u>186,063</u>	<u>854,226</u>	<u>186,063</u>
		<u>3,988,476</u>	<u>2,800,407</u>	<u>3,313,241</u>	<u>2,800,408</u>
Creditors: amounts falling due within one year	17	<u>(2,713,301)</u>	<u>(1,548,201)</u>	<u>(2,038,066)</u>	<u>(1,548,202)</u>
Net Current Assets		<u>1,275,175</u>	<u>1,252,206</u>	<u>1,275,175</u>	<u>1,252,207</u>
Total Assets Less Current Liabilities		<u>6,336,593</u>	<u>6,240,122</u>	<u>6,336,594</u>	<u>6,240,124</u>
Creditors: amounts falling after one year	18	<u>(43,333)</u>	<u>(115,878)</u>	<u>(43,333)</u>	<u>(115,878)</u>
NET ASSETS		<u>6,293,260</u>	<u>6,124,244</u>	<u>6,293,261</u>	<u>6,124,245</u>
FUNDS					
Unrestricted funds:					
General Funds	19	885,360	841,603	885,361	841,604
Designated funds	19	2,648,127	2,756,957	2,648,127	2,756,957
Restricted funds:	19	152,979	110,270	152,979	110,270
Endowment funds	19	2,606,794	2,415,414	2,606,794	2,415,414
		<u>6,293,260</u>	<u>6,124,244</u>	<u>6,293,261</u>	<u>6,124,245</u>

These financial statements of Birmingham Royal Ballet registered number 3320538 were approved by the Board of Directors and authorised for issue on 1 October 2019. They were signed on its behalf by:

David Normington

Sir David Normington

Chair of the Board

BIRMINGHAM ROYAL BALLET

CONSOLIDATED CASH FLOW STATEMENT Year ended 31 March 2019

	Notes	[*] Total 2019 £	Total 2018 £
Cash flows from operating activities:			
<i>Net cash provided by / (used in) operating activities</i>	23	748,450	(314,235)
Cash flows from investing activities:			
Interest received		2,163	1,367
Dividends received		62,350	62,112
Purchase of property, plant and equipment		(97,285)	(53,208)
Movements in investment portfolio		(47,515)	140,648
<i>Net cash (used in) / provided by investing activities</i>		(80,287)	150,919
Net increase / (decrease) in cash and cash equivalents		668,163	(163,316)
Cash and cash equivalents at beginning of year		186,063	349,379
Cash and cash equivalents at the end of the year		854,226	186,063
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand		854,226	186,063
Cash equivalents			
Cash and cash equivalents		854,226	186,063

BIRMINGHAM ROYAL BALLET

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2019

1. ACCOUNTING POLICIES

The principal accounting policies are set out below.

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.

BRB Production Services Limited is a wholly owned subsidiary of Birmingham Royal Ballet.

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.

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemption available to it in respect of its separate financial statements in relation to presentation of a cash flow statement

Basis of Consolidation

Group financial statements have been prepared in respect of the company and its wholly owned subsidiary undertaking BRB Production Services Ltd. These financial statements have been consolidated on a line by line basis and the results of the subsidiary undertaking are disclosed in note 14.

Preparation of financial statements - going concern basis

These accounts have been prepared on the going concern basis.

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

The group and company 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 2022; committing revenue funding of £7,891,000 per annum for the period.

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 Year ended 31 March 2019

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 the income is 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 primarily based on staff numbers or relevant head count. Chief Executive and Chief Operating officer salaries have been allocated based on an estimate of time spent in relation to governance of the organisation.

BIRMINGHAM ROYAL BALLET

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2019

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 parent company is a registered charity and has no liability to corporation tax on its charitable activities under the Corporation Tax Act 2010 (chapters 2 and 3 of part ii, section 466 onwards) or Section 256 of the Taxation for Chargeable Gains Act 1992, to the extent surpluses are applied to its charitable purposes.

Current tax for the subsidiary company, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax is measured on a non-discounted basis

BIRMINGHAM ROYAL BALLET

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 March 2019**

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

Year ended 31 March 2019

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 group and 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 group and company 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 group and company 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 group and company'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.

BIRMINGHAM ROYAL BALLET

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2019

3. INCOME FROM GRANTS, DONATIONS & LEGACIES

	2019 Un- restricted funds £	2019 Restricted funds £	2019 Endowment funds £	2019 Total funds £
Arts Council England				
Revenue funding	7,891,000	-	-	7,891,000
Cross Border Touring Managed Funds	147,037	-	-	147,037
Birmingham City Council				
Revenue funding	200,000	-	-	200,000
Arts Champions	-	-	-	-
Donations				
Grants – Trusts and Foundations	11,000	560,275	-	571,275
Donations	174,585	254,872	-	429,457
Legacies	127,806	-	-	127,806
	<u>8,551,428</u>	<u>815,147</u>	<u>-</u>	<u>9,366,575</u>

	2018 Un- restricted funds £	2018 Restricted funds £	2018 Endowment funds £	2018 Total funds £
Arts Council England				
Revenue funding	7,891,000	-	-	7,891,000
Cross Border Touring Managed Funds	100,000	-	-	100,000
Birmingham City Council				
Revenue funding	200,000	-	-	200,000
Arts Champions	-	-	-	-
Donations				
Grants – Trusts and Foundations	6,550	253,600	-	260,150
Donations	452,956	167,662	-	620,618
Legacies	161,342	10,000	-	171,342
	<u>8,811,848</u>	<u>431,262</u>	<u>-</u>	<u>9,243,110</u>

BIRMINGHAM ROYAL BALLET

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2019

4. INCOME FROM PERFORMANCE AND RELATED ACTIVITIES

	2019 Un- Restricted Funds £	2019 Restricted funds £	2019 Endowment funds £	2019 Total Funds £
Box office income	3,773,609	-	-	3,773,609
Production sales and hires	129,879	-	-	129,879
Programmes	103,642	-	-	103,642
Friends	31,657	-	-	31,657
Orchestra projects	372,834	-	-	372,834
Education	90,647	-	-	90,647
Co-production fee	59,946	-	-	59,946
Other fees and services	25,498	-	-	25,498
Theatre Tax Credit	666,619	-	-	666,619
	<u>5,254,331</u>	<u>-</u>	<u>-</u>	<u>5,254,331</u>

	2018 Un- Restricted Funds £	2018 Restricted funds £	2018 Endowment funds £	2018 Total funds £
Box office income	3,283,744	-	-	3,283,744
Production sales and hires	105,368	-	-	105,368
Programmes	106,731	-	-	106,731
Friends	33,571	-	-	33,571
Orchestra projects	390,440	-	-	390,440
Education	128,032	-	-	128,032
Co-production fee	-	-	-	-
Other fees and services	28,511	-	-	28,511
Theatre Tax Credit	762,648	-	-	762,648
	<u>4,839,045</u>	<u>-</u>	<u>-</u>	<u>4,839,045</u>

BIRMINGHAM ROYAL BALLET

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 March 2019**

5. OTHER TRADING ACTIVITIES

	2019 £	2018 £
Memberships	117,185	91,745
Sponsorship	12,100	-
Sale of merchandise	10,709	16,844
Commissioning Fee	562,697	517,190
	<u>702,691</u>	<u>625,779</u>

6. ANALYSIS OF INCOME FROM INVESTMENTS

	Unrestricted £	2019 Restricted £	Endowment £	Total £
Bank interest	2,163	-	-	2,163
Dividends	-	-	62,350	62,350
	<u>2,163</u>	<u>-</u>	<u>62,350</u>	<u>64,513</u>

	Unrestricted £	2018 Restricted £	Endowment £	Total £
Bank interest	1,367	-	-	1,367
Dividends	-	-	62,112	62,112
	<u>1,367</u>	<u>-</u>	<u>62,112</u>	<u>63,479</u>

BIRMINGHAM ROYAL BALLET

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 March 2019**

7. ANALYSIS OF EXPENDITURE ON RAISING FUNDS

Activity	Activities undertaken directly £	Support costs £	Total 2019 £
Raising donations, grants and legacies	412,554	145,210	557,764
Memberships and Subscription Schemes	70,535	20,897	91,432
	<u>483,089</u>	<u>166,107</u>	<u>649,196</u>

Activity	Activities undertaken directly £	Support costs £	Total 2018 £
Raising donations, grants and legacies	515,834	193,567	709,401
Memberships and Subscription Schemes	66,978	20,973	87,951
	<u>582,812</u>	<u>214,540</u>	<u>797,352</u>

BIRMINGHAM ROYAL BALLET

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2019

8. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

Activity	Unrestricted		
	Activities undertaken directly	Support costs	Total 2019
	£	£	£
Performance and production	11,535,704	1,841,311	13,377,015
Orchestra Projects	393,551	10,447	403,998
Education Projects	218,441	37,306	255,747
	<u>12,147,696</u>	<u>1,889,064</u>	<u>14,036,760</u>

Activity	Restricted		
	Activities undertaken directly	Support costs	Total 2019
	£	£	£
Performance and production	418,022	70,146	488,168
Orchestra Projects	-	-	-
Education Projects	148,619	25,381	174,000
	<u>566,641</u>	<u>95,527</u>	<u>662,168</u>

Activity	Unrestricted		
	Activities undertaken directly	Support costs	Total 2018
	£	£	£
Performance and production	10,957,228	1,930,127	12,887,355
Orchestra Projects	460,477	10,343	470,820
Education Projects	243,934	32,895	276,829
	<u>11,661,639</u>	<u>1,973,365</u>	<u>13,635,004</u>

Activity	Restricted		
	Activities undertaken directly	Support costs	Total 2018
	£	£	£
Performance and production	209,863	38,799	248,662
Orchestra Projects	6,357	143	6,500
Education Projects	155,175	20,925	176,100
	<u>371,395</u>	<u>59,867</u>	<u>431,262</u>

BIRMINGHAM ROYAL BALLET

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2019

9. ANALYSIS OF SUPPORT COSTS

	Raising funds £	Production and performance £	Orchestra projects £	Education projects £	Total 2019 £
Staff costs	66,574	660,413	2,665	15,987	745,639
Recruitment, training and development	3,753	83,036	469	2,815	90,073
Office infrastructure	53,898	291,504	2,078	12,474	359,954
Insurance	4,479	99,101	560	3,359	107,499
Premises costs	33,283	569,964	4,160	24,962	632,369
Depreciation	4,120	207,439	515	3,090	215,164
	<u>166,107</u>	<u>1,911,457</u>	<u>10,447</u>	<u>62,687</u>	<u>2,150,698</u>

Governance costs included in the above amount to £166,503 in 2018-19 (2017-18: £356,066)

2018 Comparatives

	Raising funds £	Production and performance £	Orchestra projects £	Learning projects £	Total 2018 £
Staff costs	43,409	692,324	2,734	13,671	752,138
Recruitment, training and development	3,677	21,388	526	2,626	28,217
Office infrastructure	129,713	388,282	1,787	9,984	529,766
Insurance	3,991	98,064	570	2,851	105,476
Premises costs	30,033	562,054	4,290	21,452	617,829
Depreciation	3,717	206,814	579	3,236	214,346
	<u>214,540</u>	<u>1,968,926</u>	<u>10,486</u>	<u>53,820</u>	<u>2,247,772</u>

10. NET INCOME/(EXPENDITURE) FOR THE YEAR

	2019 £	2018 £
Net income is stated after charging:		
Depreciation of owned assets	215,164	214,346
Rentals under operating leases	242,676	239,692
Auditor's remuneration:		
- Fees payable to the company's auditor for the audit of the company's annual financial statements	19,000	18,800
- Fees payable for the audit of the company's subsidiary	3,000	3,000
- Fees payable to the charity's auditor for other services:		
- Taxation services	-	-
	<u>247,160</u>	<u>245,236</u>

BIRMINGHAM ROYAL BALLET

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2019

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

The average monthly number of employees was:

	2019 No.	2018 No.
Raising funds	8	7
Charitable activities	173	168
Support	15	14
	<u>196</u>	<u>188</u>

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	7,746,960	7,620,053
Social security costs	717,582	702,179
Pension costs (including Dancers Career Development fund)	426,922	453,872
	<u>8,891,464</u>	<u>8,776,104</u>

The aggregate remuneration above includes termination payments of £40,480 (2017-18: £174,236) including £23,000 additional pension contributions (2017-18 £76,000). All amounts were fully paid in cash during the year. The number of employees whose emoluments, excluding pension contributions but including benefits in kind, were in excess of £60,000 was:

	2019 No.	2018 No.
£60,001 - £70,000	10	13
£70,001 - £80,000	3	1
£80,001 - £90,000	3	3
£100,001 - £110,000	1	-
£110,001 - £120,000	-	-
£120,001 - £130,000	1	-
£130,001 - £140,000	-	-
£140,001 - £150,000	1	1
£150,001 - £160,000	-	1
	<u>-</u>	<u>1</u>

The key management personnel of the Group and Company are listed on page 17. The total remuneration (including pension contributions and social security costs) of the key management personnel of the Group and Company for the year totalled £300,110 (2018: £424,074).

Directors' Remuneration

No Directors received remuneration during the current or prior year. Total travel and subsistence expenses of £3,190 (2018: £4,035) were paid to 4 directors (2018: 1 director).

BIRMINGHAM ROYAL BALLET

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2019

12. COMPARATIVE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE PERIOD ENDED 31 March 2018

	Notes	Unrestricted 2018 £	Restricted 2018 £	Endowment 2018 £	Total 2018 £
Income from:					
Grants, Donations and Legacies	3	8,811,848	431,262	-	9,243,110
Charitable activities:					
Performance and related activities	4	4,839,045	-	-	4,839,045
Other trading activities	5	625,779	-	-	625,779
Investments	6	1,367	-	62,112	63,479
Total income		14,278,039	431,262	62,112	14,771,413
Expenditure on:					
Raising funds	7	797,352	-	-	797,352
Charitable activities					
Production and Performance	8	12,887,355	248,662	-	13,136,018
Orchestral Projects	8	470,820	6,500	-	477,320
Education Projects	8	276,829	176,100	-	452,928
Other resources expended		-	-	14,860	14,860
Total expenditure	10	14,432,355	431,262	14,860	14,878,478
Net gain/(loss) on investments		-	-	23,136	23,136
Net income/(loss) for the year		(154,317)	-	70,389	(83,929)
Transfers between funds		187,900	-	(187,900)	-
NET MOVEMENT IN FUNDS		33,582	-	(117,511)	(83,929)
RECONCILIATION OF FUNDS:					
Total funds brought forward		3,564,978	110,270	2,532,925	6,208,173
Net movement in funds for the year		33,582	-	(117,511)	(83,929)
Total funds carried forward	19	3,598,560	110,270	2,415,414	6,124,244

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 Year ended 31 March 2019

13. TANGIBLE FIXED ASSETS – GROUP AND CHARITY

	Leasehold property £	Computers £	Fixtures, fittings and equipment £	Total £
Cost				
At 1 April 2018	2,998,234	359,730	1,433,722	4,791,686
Additions	-	37,308	59,978	97,286
Disposals	-	-	-	-
At 31 March 2019	<u>2,998,234</u>	<u>397,038</u>	<u>1,493,700</u>	<u>4,888,972</u>
Depreciation				
At 1 April 2018	696,981	307,647	1,214,556	2,219,184
Charge for the year	119,102	38,764	57,298	215,164
Disposals	-	-	-	-
At 31 March 2019	<u>816,083</u>	<u>346,411</u>	<u>1,271,854</u>	<u>2,434,348</u>
Net book value				
At 31 March 2019	<u>2,182,151</u>	<u>50,627</u>	<u>221,846</u>	<u>2,454,624</u>
At 31 March 2018	<u>2,301,253</u>	<u>52,083</u>	<u>219,166</u>	<u>2,572,502</u>

BIRMINGHAM ROYAL BALLET

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2019

14. FIXED ASSET INVESTMENTS – GROUP AND CHARITY

	2019 Group £	2018 Group £	2019 Charity £	2018 Charity £
Investments listed or traded on a recognised stock exchange	2,606,794	2,415,414	2,606,794	2,415,414
Subsidiary undertakings			1	1
	<u>2,606,794</u>	<u>2,415,414</u>	<u>2,606,795</u>	<u>2,415,415</u>

	2019 £	2018 £
Investments listed or traded on a recognised stock exchange		
Market value at 1 April 2018	2,382,321	2,467,037
Additions	235,367	251,335
Disposal proceeds	(267,587)	(359,186)
Unrealised/realised investment gains/(losses)	143,866	23,136
Cash held with investment manager	112,827	33,092
Closing value at 31 March 2019	<u>2,606,794</u>	<u>2,415,414</u>

14. FIXED ASSET INVESTMENTS (continued)

	2019 Market value £	% of portfolio	2018 Market value £	% of portfolio
UK equities	755,067	29%	785,127	33%
Overseas equities	920,021	35%	872,297	36%
UK fixed income	197,374	8%	259,702	11%
Overseas fixed income	125,223	5%	81,410	3%
Alternative assets	287,947	11%	200,967	8%
UK property	208,337	8%	182,819	8%
Cash	112,827	4%	33,092	1%
	<u>2,606,794</u>	<u>100%</u>	<u>2,415,414</u>	<u>100%</u>

The historical cost of the investments is £1,844,965 (2018: £1,877,185)

	2019 Group £	2018 Group £	2019 Charity £	2018 Charity £
Subsidiary undertakings				
Cost				
At 1 April 2018 and 31 March 2019	-	-	1	1
	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>

BIRMINGHAM ROYAL BALLET

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2019

The company owns the entire issued ordinary share capital of BRB Production Services Ltd, incorporated and registered in England and Wales, whose principal activity is theatrical production.

14. FIXED ASSET INVESTMENTS (continued)

The result of the Company's trading activities through its subsidiary undertaking is detailed below.

Profit and Loss account for the year ended 31 March 2019

	2019 £	2018 £
Turnover	821,386	928,913
Cost of sales	888,409	1,024,774
	<u> </u>	<u> </u>
Gross Loss	(67,023)	(95,861)
	<u> </u>	<u> </u>
Operating Loss	(67,023)	(95,861)
	<u> </u>	<u> </u>
Loss before taxation	(67,023)	(95,861)
Theatre Tax Relief	67,023	95,861
	<u> </u>	<u> </u>
Profit for the financial year attributable to the equity shareholders of the Company	-	-
	<u> </u>	<u> </u>

Balance Sheet at 31 March 2019

	2019 £	2018 £
Current assets		
Debtors	742,260	95,862
	<u> </u>	<u> </u>
Creditors: amounts falling due within one year	742,259	95,861
	<u> </u>	<u> </u>
Net current assets	1	1
	<u> </u>	<u> </u>
Total assets less current liabilities	1	1
	<u> </u>	<u> </u>
Net assets	1	1
	<u> </u>	<u> </u>
Capital and reserves		
Called-up share capital	1	1
	<u> </u>	<u> </u>
	1	1
	<u> </u>	<u> </u>

BIRMINGHAM ROYAL BALLET

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 March 2019**

15. STOCKS - GROUP AND CHARITY

	2019	2018
	£	£
Shoes	77,027	84,362
Merchandise	5,466	1,087
	<u>82,493</u>	<u>85,449</u>

16. DEBTORS

	2019	2018	2019	2018
	Group	Group	Charity	Charity
	£	£	£	£
Trade debtors	1,673,513	335,346	998,277	335,346
Other debtors	954,793	1,688,837	887,770	1,592,977
Amount owed by subsidiary undertaking	-	-	67,023	95,861
Prepayments and accrued income	423,451	504,712	423,452	504,712
	<u>3,051,757</u>	<u>2,528,895</u>	<u>2,376,522</u>	<u>2,528,896</u>

Other debtors include £63,375 (2018: £63,375) in respect of a rent deposit which is due in more than one year.

BIRMINGHAM ROYAL BALLET

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2019

17. CREDITORS: Amounts falling due within one year

	2019 Group £	2018 Group £	2019 Charity £	2018 Charity £
Bank loans	72,545	70,404	72,545	70,404
Trade creditors	1,233,117	424,629	557,881	424,629
Other creditors	387,159	380,820	387,160	380,821
Taxation and social security	331,541	295,035	331,541	295,035
Accruals and deferred income	688,939	377,313	688,939	377,313
	<u>2,713,301</u>	<u>1,548,201</u>	<u>2,038,066</u>	<u>1,548,202</u>

Movements in deferred income (Group and Charity):

	2019 £	2018 £
Balance at 1 April 2018	157,815	393,809
Amounts released during the period	(145,859)	(250,714)
Deferred in the current period	270,214	14,720
Balance at 31 March 2019	<u>282,170</u>	<u>157,815</u>

Deferred income at 1 April 2018 comprised membership scheme income and donations and legacy income relating to activity in the periods to 1 April 2018 and 31 March 2019.

Deferred income at 31 March 2019 comprised grants, membership scheme income and donations relating to activity in the periods to 1 April 2019 and 31 March 2020.

BIRMINGHAM ROYAL BALLET

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2019

18. CREDITORS: Amounts falling due after one year GROUP AND CHARITY

	2019 £	2018 £
Bank loans	43,333	115,878
	<u>43,333</u>	<u>115,878</u>

Bank loans are repayable as follows:

	2019 £	2018 £
Within one year	72,545	75,030
Between one to two years	43,333	75,030
Between two to five years	-	43,767
More than five years	-	-
	<u>115,878</u>	<u>193,827</u>

19. MOVEMENTS ON FUNDS

a) Restricted Funds (Group and Charity)

	At 1 April 2018 £	Income in the period £	Expenditure in the period £	Transfer in the period £	At 31 March 2019 £
Cross Border Touring	110,270	-	-	(110,270)	-
Production and Performance	-	484,106	(484,106)	-	-
Education Projects	-	174,000	(174,000)	-	-
Nutcracker Costumes (Big Give 2018)	-	119,521	-	-	119,521
Jerwood Apparatus	-	17,520	-	-	17,520
Jerwood Ultrasound Machine	-	20,000	(4,062)	-	15,938
	<u>110,270</u>	<u>815,147</u>	<u>(662,168)</u>	<u>(110,270)</u>	<u>152,979</u>

The transfer in the period of £110,270 to unrestricted reserves represents the transfer of funds for the Belfast tour to match the relevant costs recorded within unrestricted expenditure.

BIRMINGHAM ROYAL BALLET

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2019

19. MOVEMENTS ON FUNDS (continued)

a) Restricted Funds (Group and Charity)

	At 1 April 2017 £	Income in the period £	Expenditure in the period £	Transfer in the period £	At 31 March 2018 £
Cross Border Touring	110,270	-	-	-	110,270
Pointe Shoe Appeal	-	43,662	(43,662)	-	-
Production and Performance	-	205,000	(205,000)	-	-
Orchestral Projects	-	6,500	(6,500)	-	-
Education Projects	-	176,100	(176,100)	-	-
	<u>110,270</u>	<u>431,262</u>	<u>(431,262)</u>	<u>-</u>	<u>110,270</u>

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

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

The Big Give 2018 campaign raised funds for the refurbishment of our Nutcracker costumes.

The Jerwood centre purchased equipment and an ultrasound machine funded by restricted grants.

BIRMINGHAM ROYAL BALLET

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2019

b) Designated funds (Group and Charity) comprise amounts set aside by the Directors in respect of:

	At 1 April 2018 £	Income in the period £	Expenditure in the period £	Transfer in the period £	At 31 March 2019 £
Capital Grants Fund	144,263	-	-	-	144,263
Community Engagement Fund	177,276	-	-	-	177,276
New Productions Fund	150,000	-	-	-	150,000
Thorp Street Refurbishment	2,285,418	-	(108,830)	-	2,176,588
	<u>2,756,957</u>	<u>-</u>	<u>(108,830)</u>	<u>-</u>	<u>2,648,127</u>

	At 3 April 2017 £	Income in the period £	Expenditure in the period £	Transfer in the period £	At 31 March 2018 £
Capital Grants Fund	144,263	-	-	-	144,263
Community Engagement Fund	177,276	-	-	-	177,276
New Productions Fund	150,000	-	-	-	150,000
Thorp Street Refurbishment	2,394,248	-	(108,830)	-	2,285,418
	<u>2,865,787</u>	<u>-</u>	<u>(108,830)</u>	<u>-</u>	<u>2,756,957</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.

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 **Year ended 31 March 2019**

19. MOVEMENTS ON FUNDS (continued)

c) Unrestricted, undesignated funds (Group):

	At 1 April 2018 £	Net outflows in the period £	Transfer in the period £	At 31 March 2019 £
General funds	841,603	(66,513)	110,270	885,360
	<u>841,603</u>	<u>(66,513)</u>	<u>110,270</u>	<u>885,360</u>

	At 3 April 2017 £	Net outflows in the period £	Transfer in the period £	At 31 March 2018 £
General funds	699,192	(45,489)	187,900	841,603
	<u>699,192</u>	<u>(45,489)</u>	<u>187,900</u>	<u>841,603</u>

c) Unrestricted, undesignated funds (Charity):

	At 1 April 2018 £	Net outflows in the period £	Transfer in the period £	At 31 March 2019 £
General funds	841,604	(66,513)	110,270	885,361
	<u>841,604</u>	<u>(66,513)</u>	<u>110,270</u>	<u>885,361</u>

	At 3 April 2017 £	Net outflows in the period £	Transfer in the period £	At 31 March 2018 £
General funds	699,192	(45,488)	187,900	841,604
	<u>699,192</u>	<u>(45,488)</u>	<u>187,900</u>	<u>841,604</u>

BIRMINGHAM ROYAL BALLET

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2019

19. MOVEMENTS ON FUNDS (continued)

d) Endowment funds (Group and Charity) :

	At 1 April 2018 £	Inflows in the period £	Transfer in the period £	At 1 April 2019 £
Catalyst/Cadbury Family Endowment Fund	2,415,414	191,380	-	2,606,794
	<u>2,415,414</u>	<u>191,380</u>	<u>-</u>	<u>2,606,794</u>
	At 2 April 2017 £	Inflows in the period £	Transfer in the period £	At 2 April 2018 £
Catalyst/Cadbury Family Endowment Fund	2,532,925	70,389	(187,900)	2,415,414
	<u>2,532,925</u>	<u>70,389</u>	<u>(187,900)</u>	<u>2,415,414</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.

BIRMINGHAM ROYAL BALLET

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2019

19. MOVEMENTS ON FUNDS (continued)

e) Allocations of net assets between funds (Group):

	2019 Unrestricted funds £	2019 Restricted funds £	2019 Endowment funds £	2019 Total funds £
Investments	-	-	2,606,794	2,606,794
Cash at Bank and in Hand	734,705	119,521	-	854,226
Debtors	3,051,757	-	-	3,051,757
Stocks	82,493	-	-	82,493
Fixed Assets	2,421,166	33,458	-	2,454,624
Creditors	(2,756,634)	-	-	(2,756,634)
	<u>3,533,487</u>	<u>152,979</u>	<u>2,606,794</u>	<u>6,293,260</u>

2018 Comparatives

	2018 Unrestricted funds £	2018 Restricted funds £	2018 Endowment funds £	2018 Total funds £
Investments	-	-	2,415,414	2,415,414
Cash at Bank and in Hand	112,300	73,763	-	186,063
Debtors	2,492,388	36,507	-	2,528,895
Stocks	85,449	-	-	85,449
Fixed Assets	2,572,502	-	-	2,572,502
Creditors	(1,664,079)	-	-	(1,664,079)
	<u>3,598,560</u>	<u>110,270</u>	<u>2,415,414</u>	<u>6,124,244</u>

BIRMINGHAM ROYAL BALLET

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2019

19. MOVEMENTS ON FUNDS (continued)

e) Allocations of net assets between funds (Charity):

	2019 Unrestricted funds £	2019 Restricted funds £	2019 Endowment funds £	2019 Total funds £
Investments	1	-	2,606,794	2,606,795
Cash at Bank and in Hand	734,705	119,521	-	854,226
Debtors	2,376,522	-	-	2,376,522
Stocks	82,493	-	-	82,493
Fixed Assets	2,421,166	33,458	-	2,454,624
Creditors	(2,081,399)	-	-	(2,081,399)
	<u>3,533,488</u>	<u>152,979</u>	<u>2,606,794</u>	<u>6,293,261</u>

2018 Comparatives

	2018 Unrestricted funds £	2018 Restricted funds £	2018 Endowment funds £	2018 Total funds £
Investments	1	-	2,415,414	2,415,415
Cash at Bank and in Hand	112,300	73,763	-	186,063
Debtors	2,492,389	36,507	-	2,528,896
Stocks	85,449	-	-	85,449
Fixed Assets	2,572,502	-	-	2,572,502
Creditors	(1,664,080)	-	-	(1,664,080)
	<u>3,598,562</u>	<u>110,270</u>	<u>2,415,414</u>	<u>6,124,245</u>

20. EMPLOYEE RETIREMENT BENEFITS

The company contributes to three group personal pension schemes. The cost to the company for the period ended 31 March 2019 is equal to the amount of employer contributions paid in the period to each scheme, and is detailed below:

	2019 £	2018 £
Dancers' Pension Scheme	116,508	111,753
Birmingham Royal Ballet Pension Scheme	130,008	124,047
Musicians' Union Pension Scheme	89,429	67,753
	<u>335,945</u>	<u>303,553</u>

The company also contributes a fixed percentage of dancers' basic salaries to the Dancers' Career Development Fund. In 2018-19 the company contributed a total of £46,336 (2017-18: £46,580).

As of 31 March 2019 there were £40,007 outstanding contributions due in respect of the current reporting period (2018: £39,700).

BIRMINGHAM ROYAL BALLET

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2019

21. FINANCIAL COMMITMENTS – GROUP AND CHARITY

Operating lease commitments

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

	2019		2018	
	Land and buildings £	Other £	Land and buildings £	Other £
Charity				
- expiring within one year	186,250	5,907	235,000	4,694
- expiring between one and five years	208,750	22,650	395,000	5,650
- expiring after five years				
	<u>395,000</u>	<u>28,557</u>	<u>630,000</u>	<u>10,344</u>

22. RELATED PARTY TRANSACTIONS

No Director received payment for professional or other services supplied to the charity during the year (2018: £nil).

Total donations received from the directors during the year was £32,665 (2018: £32,000).

All transactions between charity and the subsidiary, BRB Production Services Limited, are eliminated on consolidation

23. CASHFLOW STATEMENT

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

	2019 £	2018 £
Net income / (expenditure) for the year (before investment gains and losses)	25,151	(107,065)
Adjustments for:		
Dividends and interest receivable	(64,513)	(63,479)
Depreciation charges	215,164	214,346
	<u>175,802</u>	<u>43,802</u>
Operating cash flow before movement in working capital	175,802	43,802
Decrease / (Increase) in stocks	2,956	(2,005)
(Increase) / Decrease in debtors	(522,863)	(310,607)
Increase / (Decrease) in creditors	1,092,555	(45,425)
	<u>748,450</u>	<u>(314,235)</u>
Net cash provided by / (used in) operating activities	748,450	(314,235)