

BIRMINGHAM ROYAL BALLET
(A Company Limited by Guarantee)

Report and Financial Statements

31 March 2007

BIRMINGHAM ROYAL BALLET
(A Company Limited by Guarantee)

REPORT AND FINANCIAL STATEMENTS 2007

OFFICERS AND PROFESSIONAL ADVISERS

Officers and professional advisers	1
Chair's report on the period 2006/2007	2
Directors' report	3
Statement of directors' responsibilities	17
Independent auditors' report	18
Independent auditors' report	19
Balance sheet	21
Cash flow statement	22
Notes to the accounts	23

BIRMINGHAM ROYAL BALLET
(A Company Limited by Guarantee)

REPORT AND FINANCIAL STATEMENTS 2007

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mrs Tessa King-Farlow (Chairman)
Mr David Hollingsworth
Ms Jane Drabble OBE
Mr Richard Haywood (resigned 4 June 2007)
Councillor Margaret Waddington
Councillor Ian Ward
Mrs Janet Smith
Mr Edmund Wallis
Miss Nichola McAuliffe (resigned 8 December 2006)
Mr Kirk Dawes QPM
Mrs Marguerite Henson
Mr Timothy Clarke
Mr Charles Glanville (appointed 26 March 2007)

SECRETARY

Mrs Anna Williams ACA

Registered in England & Wales
Company Number: 3320538

Registered Charity Number: 1061012

REGISTERED OFFICE

Thorp Street
Birmingham
B5 4AU

BANKERS

HSBC Bank plc
130 New Street
Birmingham
B2 4JU

SOLICITORS

Pinsents
3 Colmore Circus
Birmingham
B4 6BH

Cobbetts
39 Newhall Street
Birmingham
B3 3DY

AUDITORS

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

BIRMINGHAM ROYAL BALLET

(A Company Limited by Guarantee)

CHAIR'S REPORT ON THE PERIOD 2006/2007

In a characteristically busy and successful year, one massively demanding activity stands out.

The year until the autumn was dominated by the work on *Leaps and Bounds* culminating in the broadcasts of 'Ballet Changed my Life - Ballet Hoo!' This ground breaking project involved all departments, though inevitably the biggest load fell on the Artistic Director of the Project, Desmond Kelly, the Communication and Educational departments, the ballet staff and the dancers. Importantly, the company wide impact of this work was a catalyst for a more collaborative way of working across the Company and many lessons were learnt. The project's afterlife has caused us all to think hard about how the beneficial effects to the Company, the young people involved, and the wider dance community, can be more widely disseminated; we continue to work on this.

A project of this size and complexity has the wholly beneficial effect of bringing the members of the Board and Company to a closer understanding of managing difficult and complex tasks. We all went through the process together. However, if you take big risks, you get correspondingly big rewards, and when all of those involved finally presented *Romeo & Juliet* to the capacity audience at the Hippodrome on the evening of 28th September 2006, the performance was a total and unqualified triumph; the excitement and emotion of that evening will remain with both the live audience and the millions who watched the captivating series on Channel 4

I cannot complete my report on *Leaps and Bounds* and *Ballet Hoo!* without thanking Channel 4, in particular their commissioning editor Jane Younghusband, for their financial support and faith in the project to enable its realisation and also Roy Ackerman and Michael Waldman and their team at Diverse for producing one of the most watchable pieces of television I have seen for many years. I must also thank and acknowledge Youth at Risk, Birmingham City Council and the Black Country Partnership of Dudley MBC, Sandwell and Wolverhampton who gave both their funding and time to create this unique event.

In a year of varied repertoire for me the Spring tour of David Bintley's new full length ballet *Cyrano* and the Balanchine *Triple Bill* epitomised what this company is about: the outstanding versatility, technical ability and stage presence of the Company's dancers lighting up the stage both in the wonderfully rich narrative style of *Cyrano*, and in the completely different, spare, nowhere-to-hide style of the great American choreographer. As ever, BRB's orchestra, the Royal Ballet Sinfonia, performed magnificently, on this tour and for all our performances.

We held our first board away day in June 2006 at which we explored artistic programming and policy, diversity and governance. Building on the success of this initiative a process of Director appraisals was implemented during the autumn. All members of the Board were interviewed, and though the framework was relatively informal, it was an extremely useful exercise which undoubtedly 'added value' to subsequent Board meetings, and has set a pattern for future years.

On Board membership, we said goodbye to Nichola McAuliffe, with warm thanks for her valued contribution, and we welcomed Charles Glanville, whose knowledge and understanding of ballet is both wide and deep.

I continue to be truly grateful to all my Board colleagues for their support and advice, and for their ongoing dedication to the great Company we all serve and I would like to thank all members of staff for their hard work and commitment to excellence which enables Birmingham Royal Ballet to be a great flagship for the arts.

Finally I would like to thank all our funders, in particular Arts Council England and Birmingham City Council, for their ongoing financial support throughout this exciting and memorable year.

Tessa King-Farlow

Chair

Date: 15 October 2007

BIRMINGHAM ROYAL BALLET

(A Company Limited by Guarantee)

DIRECTORS' REPORT

The directors have pleasure in presenting their annual report and the audited financial statements for the period ended 31 March 2007.

STATUS, OBJECTS AND POLICIES

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

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

GOVERNANCE STRUCTURE

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

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

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

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

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

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

DIRECTORS' REPORT (Continued)

DIRECTORS, OFFICERS AND PROFESSIONAL ADVISERS

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

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

Organisation

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

Directors' Interests in Related Bodies

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

Reimbursements to Directors

Reimbursements of expenses was made to directors during the period, totalling £1,053 (2006 - £959)

RISK MANAGEMENT

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

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

The key strategic risks for 2006-07 identified by this process were as follows

- Reliance on a limited number of key staff
- Recruitment of dancers resulting in a high reliance on a limited number of principals and soloists
- Leaps and Bounds Project – the scale and profile of this project meant that it was inherently high risk and inevitably put significant pressures on BRB to manage phase 2 of the project whilst continuing to undertake its normal activities

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

DIRECTORS' REPORT (Continued)

OBJECTIVES AND ACTIVITIES

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

The main objectives for 2006-07 were as follows

Creativity and performances - BRB aims to

- Increase the repertoire available to the company
- Increase performance numbers
- To establish a touring circuit that is beneficial to BRB though focusing on relationships with key venues that have
 - 1) good box office potential
 - 2) offer opportunities to develop and broaden our audience base
 - 3) enable BRB to deliver product throughout the UK
 - 4) have a mutual commitment to developing a long term relationship with BRB

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

- Ensure that all company policies, procedures and practises are in line with current legal requirements on diversity and are models of good practice
- Ensure that diversity is reflected in recruitment and training activities
- Deepen and broaden the range of partnerships with community organisations and initiatives, particularly culturally diverse and disability led organisations and to develop mechanisms to ensure that diverse partner organisations and our communities are able to contribute to BRB's planning processes.
- Ensure diversity is reflected in audience development, marketing and participation in education projects – we will work with Arts Council England, Audiences Central and other organisations to identify specific audience development initiatives.
- Develop Dance Track as a mechanism for eventually diversifying the company's professional dancers

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

- Continue working towards being reassessed under the new Investors in People Standard by December 2008
- Renegotiating contracts where necessary to better reflect BRB working practices, compliance with current legislation and improving equality and transparency of remuneration
- Establishment of a successful Development Department
- Ensuring that board membership, practice and procedures properly reflect BRB's aspirations and best practice as well as meeting legislative and reporting requirements.
- Further development of our association with Elmhurst School for Dance

BIRMINGHAM ROYAL BALLET (A Company Limited by Guarantee)

DIRECTORS' REPORT (Continued)

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

- Improving box office yield from UK touring
- Increasing net contribution from fundraising activity following the establishment of the development department
- Increasing earning from production hires and sales.
- Reviewing the earning potential from other income generating activities such as programmes/merchandise, BRB Friends and the provision of specialised services.

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

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

ACHIEVEMENTS AND PERFORMANCE

1. PRODUCTIONS AND PERFORMANCES

The table below summarises our performing activity for the period

	2006-07	2005-06
PERFORMANCE NUMBERS		
UK performances	147	128
Overseas performances	-	7
CREATIVITY		
World Premieres – full length ballets	1	-
World Premieres – one act ballets	1	3
BRB Premieres	3	2

BIRMINGHAM ROYAL BALLET (A Company Limited by Guarantee)

DIRECTORS' REPORT (Continued)

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

Ballet	Choreography	Music
Apollo	Balanchine	Stravinsky
Pulcinella	Brandstrup	Stravinsky
Firebird	Fokine	Stravinsky
La Fille Mal Gardee	Ashton	Herold (arr Lanchbery)
Solitaire	Macmillan	Arnold (arr Lane)
Brouillards	Cranko	Debussy
Pineapple Poll	Cranko	Sullivan (arr Mackerras & Lane)
The Four Seasons	Hindle	Vivaldi
Nine Sinatra Songs	Tharp	Songs sung by Frank Sinatra
Romeo and Juliet	Macmillan	Prokofiev
The Nutcracker	Wright, Ivanov, Redmon	Tchaikovsky
Cyrano	Bintley	Davis
Agon	Balanchine	Stravinsky
Stravinsky Violin Concerto	Balanchine	Stravinsky
Symphony in Three Movements	Balanchine	Stravinsky

The company gave a total of 147 performances in the UK (57 in Birmingham and 90 on tour).

Our first performing season of the financial period was in May 2006 at the Birmingham Hippodrome, our home theatre. The two weeks of performances commenced with the second contribution to our four year celebration of the work of Igor Stravinsky as part of Birmingham's Urban Fusion Programme. The programme comprised Balanchine's masterpiece *Apollo*, the world premiere performances of Kim Brandstrup's new choreography for *Pulcinella* and BRB's premiere performances of Stravinsky's first major ballet composition, Mikhail Fokine's *The Firebird*. *The Firebird's* final scene, the visually stunning wedding tableau requires a cast in excess of one hundred on stage. This meant that the dancers were supplemented not only by actors and students from Elmhurst but also by staff members from various departments across BRB. The second week of the season saw the return of Sir Frederick Ashton's comical love story *La Fille mal Gardee*. Following the Birmingham performances BRB performed *La Fille mal Gardee* in Plymouth.

In June 2006 BRB embarked on its third mid-scale tour commencing with two presentations of a selection of the repertory at Elmhurst School for Dance for local residents and community groups. In the North East the company travelled to Durham, Sheffield, Grimsby and York performing *Solitaire*, *Brouillards* and *Pineapple Poll*. In the South West *Apollo*, *The Four Seasons* and *Nine Sinatra Songs* were performed in Poole, Exeter and Truro. Mid scale touring continues to prove popular with audiences and enables BRB develop relationships with new venues each year (2006 – Sheffield, Grimsby and Poole), thus extending opportunities for the public to see the company throughout the UK.

BIRMINGHAM ROYAL BALLET

(A Company Limited by Guarantee)

DIRECTORS' REPORT (Continued)

The summer season ended in July 2006 with a return to performances of *La Fille mal Gardee* in Salford and then our first visit to the Wales Millennium Centre in Cardiff. We are keen to return to this superb venue on a regular basis in the future to ensure that our touring remit includes Wales as well as England and Scotland.

The summer and early autumn saw rehearsals and preparations in full swing as we worked through Phase 2 of the Leaps and Bounds project.

In late 2004, Birmingham Royal Ballet had joined forces with Channel 4, Youth at Risk, the local authorities of Birmingham, Dudley, Sandwell and Wolverhampton, and the television production company Diverse to set local young people a challenge of a lifetime. Supported by amongst others, Arts Council England, Black Country Connexions and Alexander Mann, the programme asked, 'Do they have what it takes to perform live on stage, to a packed audience, with a cast of professional dancers and musicians in Kenneth MacMillan's acclaimed production of *Romeo and Juliet*?

Social and youth work professionals sought out and encouraged young people from their local areas to participate and discover whether they could influence their own futures through the challenging and intense discipline of ballet. Their every move, moan and milestone was captured by the cameras and then turned into a four-part series 'Ballet Changed My Life – Ballet Hoo!', which was broadcast from 20 September 2006, culminating in a live performance at Birmingham Hippodrome on 28th September 2006 before an audience of 1,785 people. The four programmes initially reached an audience of 4.5 million people and the series has been repeated on a number of occasions on mainstream television, E4 Learning and More4.

This 18-month long project combined ballet and the arts, fitness, personal development training and life coaching to enable the young people to develop skills intended to help them enhance their own lives. Eighty five young people signed up to the second phase of the project with sixty two making it to the performance in September 2006 either on stage or backstage. The numbers of young people involved with this second phase exceeded both Youth at Risk's and BRB's expectation, a testament to the commitment to a five star experience for the young people demonstrating that they were valued by the adults managing the project. There was significant evidence of the impact of the personal development training, led by Youth at Risk, through the transformation of behaviour and attitudes of the young people as well as an improved sense of self esteem and team work

The final performance on 28th September 2006 was an important goal with demanding artistic standards and high production values. Moreover, the BRB dancers who worked alongside the young people, as peers who had dedicated their lives to being 'elite athletes' proved to be important role models. The performance itself had a profound effect on all those who watched it receiving a long standing ovation, with many audience members in tears.

The scale and complexity of this project has given BRB increased confidence in its ability to combine education and artistic work and has enabled us to engage more extensively with individuals outside our traditional social catchment. The major challenge for the future is to develop programmes that demonstrate a lasting legacy from all that has been learned from our involvement with Leaps and Bounds.

Following the Ballet Hoo! performance BRB continued with performances of Sir Kenneth Macmillan's *Romeo and Juliet* for its autumn season at the Birmingham Hippodrome. *Romeo and Juliet* and the Stravinsky programme of *Apollo*, *Pulcinella* and *The Firebird* were then toured to Sunderland, London and Plymouth. The autumn season was exceptionally successful, exceeding its overall box office target.

Following the autumn tour the company returned to Birmingham for its annual Christmas season, embarking on its longest ever run of *The Nutcracker* at The Hippodrome. The company gave twenty five performances of this magical Christmas show including a gala performance to celebrate the eightieth birthday of our director laureate Sir Peter Wright who remains a great friend, mentor and source of inspiration to the company.

Following the Nutcracker season dancers from the company gave four performances as part of Jasper Carrott's Christmas Rock with Laughter at the NEC arena. The company's contribution to the programme was rapturously received and gave BRB an opportunity to showcase its work to a large and varied audience, many of whom would not have seen live ballet before.

BIRMINGHAM ROYAL BALLET

(A Company Limited by Guarantee)

DIRECTORS' REPORT (Continued)

The focus of the early part of 2007 was preparing for the world premiere of *Cyrano*, David Bintley's new ballet based on the classic play by Edmond Rostand with a commissioned score by Carl Davis. BRB prides itself on being one of the few ballet companies in the world that still creates new full length narrative ballets including the commissioning of new music for such works. *Cyrano* received great critical acclaim for the skilful adaptation of this classic tale inspiring outstanding performances in the leading roles conveying both the humour and poignancy of the story combined with a delightful score and visually stunning sets and costumes. The ballet was an instant hit with audiences and it will undoubtedly become a mainstay of the BRB repertory for many years to come.

By way of a contrast the second week of the Birmingham February season was a celebration of pure dance from two giants of twentieth century arts – George Balanchine and Igor Stravinsky. This was BRB's second contribution to the Urban Fusion programme in 2006/07. The triple bill consisted of *Agon*, BRB's premiere performances of *Stravinsky Violin Concerto* and *Symphony in Three Movements*. Despite disappointing audiences the programme received great praise and ably demonstrated the technical ability and versatility of BRB dancers.

Cyrano and the triple bill were then performed in Salford and Plymouth in February 2007 and Sunderland in March 2007. In addition three performances of *Cyrano* were given in Oxford at the end of March 2007.

Throughout the period BRB has worked assiduously to deliver the highest possible production values in all its performances. In this way we ensure that a wide range of repertory and world class performances of ballet are available to the general public throughout the UK.

2. ORCHESTRAL ACTIVITIES

Live music is a vital element of BRB performances. Our orchestra, the Royal Ballet Sinfonia, is the only permanently contracted orchestra specialising in music for ballet in the UK. In addition to playing for BRB performances the Royal Ballet Sinfonia undertook the following activities

- **Music and Dance Concerts** – April 2006 and March 2007. These ever popular concerts are held at Symphony Hall in Birmingham. They give an opportunity to showcase the talents of the orchestra as well as giving a taster of future repertory to be performed by the company.
- **National Opera Studio Annual Showcase Performance** – May 2006. The Royal Ballet Sinfonia is now firmly established as the preferred orchestra for this performance and has already been engaged for 2007 and 2008. As a result of this relationship graduate singers from the National Opera Studio performed with BRB during our performances of *Pulcinella*.
- **Carlos Acosta** – July 2006. The orchestra accompanied performances by Carlos Acosta at Sadlers Wells Theatre, London.
- **Cuban Ballet** – August 2006. The performances with Cuban Ballet were again at Sadlers Wells Theatre, London.
- **Dutch National Ballet** – November 2006 Sadlers Wells Theatre, London. The variety of companies that the Royal Ballet Sinfonia accompanies demonstrates that we are rapidly becoming the orchestra of choice for many ballet companies visiting the UK.

The Sinfonia also continued its recording of English music with two cd's of English Light Music.

DIRECTORS' REPORT (Continued)

3. EDUCATION WORK

The focus of much of the education work during the early part of the period was Leaps and Bounds. However, it was important to ensure that our regular education work continued throughout the period. Projects included

- **Freefall Dance Company** – a company of young dancers with learning disabilities, run in partnerships with Fox Hollies Special School and Queensbridge Performing Arts College. During the period Freefall dancers have attained level one of their Open College Network accredited course 'Excellence in Ballet'. Presented two performances of their own work in the Patrick Centre, performed at Artsfest and continued with their outreach activities providing workshops for children and teachers from mainstream and special schools in Birmingham.
- **Dance Track.** The existing programme offering free after-school dance training for children with a potential for ballet was evaluated and a new programme launched in January 2007. The new programme has been developed in consultation with Elmhurst School for Dance so a continuous training programme for children can be delivered from the age of five through to nineteen. Twenty schools in the South Birmingham area hosted audition workshops during the spring term.
- **Dance @ Highbury** – a centre for continuing professional development established in partnerships with Queensbridge and Fox Hollies Performing Arts College in 2005. After a period of instability a BRB Education Manager was seconded to Dance @ Highbury to establish a business plan and promote the centre. A very successful cross curricular science project took place from which a primary science resource pack was developed. A boys dance and CPD project saw four schools working with a dance artist to develop the profile of boys' dance.
- Company dancers led a project based on Nutcracker in Birmingham primary schools in November and December 2006. This followed a series of training sessions delivered through Dance @ Highbury.
- Projects based on David Bintley's *Cyrano* took place in Birmingham, Plymouth and Sunderland.
- Pianists for Dance Scheme - Our collaboration with Birmingham Conservatoire has continued. Three students will complete the course, which trains keyboard players in the skills needed to play for dance, during 2007. A review of the programme will then be undertaken. All partners are keen for the Pianists for Dance Scheme to be re-launched in September 2007.
- The communications department and the Education department worked in collaboration to develop work in Selly Oak as part of Birmingham City Councils Arts Champions Scheme. Groups have attended lecture demonstrations and performances. Children from Masefield playscheme participated in a three day project based on Coppelia. The three days concluded in a sharing of their dance with parents, carers and friends. Plans to develop the participatory activities are underway for 07-08.

Overall the education department delivered fifteen education projects through 231 participative sessions to over 4,500 participants.

DIRECTORS' REPORT (Continued)

4. ORGANISATIONAL DEVELOPMENT

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

- Establishment of a new Development Department following the appointment of a Development Director in July 2006. The department was fully staffed to meet the first phase of our fundraising strategy by September 2006. The Development department is responsible for fundraising from private sources including sponsorship, membership schemes, trusts and foundations and fundraising events.
- Introduction of board appraisal system in September 2006 to monitor individual and Board performance as well as identifying any skills gaps and training needs.
- Management training for eleven supervisory level staff who undertook a structured training programme to achieve a Certificate in Team Leading from the Institute of Leadership and Management.
- Introduction of the European Computer Driving Licence (ECDL) training scheme
- Successful renegotiation of the salary structure in the Technical and Wardrobe departments to ensure compliance with UK and EU employment legislation, better transparency of pay structures and properly reflect BRB working practises.
- Establishment of an operating agreement for our relationship with Elmhurst School for Dance including the arrangements for BRB support for the Elmhurst Apprenticeship programme (3rd year sixth form) with regular classes now held at BRB.

FINANCIAL REVIEW

As budgeted we incurred a small operating deficit due to an additional weeks touring plus the Oxford performances in 2006/07. A designated reserve of £100,000 was set aside in 2005/06 to fund this additional activity.

We have had a variable period in box office income terms. Overall we achieved target as a result of particularly successful seasons in the autumn and the Christmas Nutcracker season.

The initial results from fundraising activity have been very encouraging. BRB's fundraising strategy was finalised in September 2006 leaving only six months of the period in which to implement new schemes and initiatives. Gross income from all sources of fundraising activity and membership schemes was £374,108 (£194,635 - 2005/06) indicating that the decision to make the investment in a development department was an appropriate one.

We were delighted to receive sponsorship of £50,000 from Mitchells and Butlers plc for Cyrano.

We also received £55,000 from the Patrick Trust to support performances in Truro, Cyrano and the Gala performance of Nutcracker.

Other support received from charitable trusts and foundations was as follows

Lynn Foundation - £1,000

Millichope Foundation - £1,000

Rowlands Trust - £3,500

Birmingham Common Good Trust - £500

Douglas Turner Trust - £2,000

Edward & Dorothy Cadbury Trust - £1,000

George Cadbury Trust - £720

Grantham Yorke Trust - £1,125

Garfield Weston Foundation - £10,000

Sir Jules Thorn Charitable Trust - £400

DIRECTORS' REPORT (Continued)

Charles Henry Foyle Foundation - £3,000

Steel Charitable Trust - £10,000

S&D Lloyd Charity - £500

Eveson Charitable Trust - £5,000

Golsoncott Foundation - £1,000

George Henry Collins Charity - £250

JSF Pulitzer Charitable Trust - £1,000

The Grimmitt Trust - £600

The Ernest Cook Trust - £2,100

We continued the Director's Appeal in 2006/07 raising £83,203. This continues to be a popular initiative, giving subscribers access to certain rehearsals that are not otherwise open to the public.

The growth in fundraising income has underlined the ongoing importance of growing and diversifying income streams as the only way that we can really grow the activity of the company over time.

However, ensuring that our resources are well used in the furtherance of our charitable objects remains a priority and as ever we endeavour at all times to ensure that good cost control has been exercised throughout all areas of BRB's activity.

Our primary financial management policies are

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

As in previous periods our principal funding sources are

- Arts Council , England – £ 7,370,100 revenue funding to contribute towards BRB's core operating costs and the costs of delivering our performances and activities including touring nationally, middle scale touring, audience development activity, a broad education and outreach programme, choreographic opportunities for company members and the operation of the Jerwood Centre.
- Birmingham City Council – £1,000,225 revenue funding to contribute towards BRB's core operating costs and the costs of delivering performances and activities primarily in Birmingham. In addition Birmingham City Council awarded BRB a grant of £45,000 as part of the Urban Fusion Programme for BRB's Stravinsky Seasons in May 2006 and February 2007.

BIRMINGHAM ROYAL BALLET (A Company Limited by Guarantee)

DIRECTORS' REPORT (Continued)

Revenue funding from our major funders accounted for 72% of total income.

Other sources of funding are as follows

- Earned income – from charitable activities including revenue generated from performing activity, production hires and sales, fees for orchestral activities and revenue from education activity. Income from these sources was 24% of total income.
- Fundraising activities and membership schemes

Reserves Policy

The directors will seek to create adequate reserves to ensure that the company would be able to meet the costs associated with the winding up of the company should this need arise. The most likely scenario for the winding up of the company would be the withdrawal of significant funding from the company. The directors would therefore seek to hold reserves equivalent to the costs of maintaining the leased premises for a period of six months plus the administrative costs of the final winding up of BRB. We believe that reserves of £250,000 would be adequate to cover such an eventuality. The directors will work towards building up this level of free reserves, subject to favourable funding decisions for 2008/09, by 31 March 2009.

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

At present designated reserves include

- Capital Grants Fund – being income designated for the acquisition of fixed assets
- Education Fund – represents funds received from the sale of investments by Birmingham Royal Ballet Trust prior to the winding up of the Trust on 31 March 2005. These funds have been designated for use to support educational activities particularly in association with dance and choreographic training.
- Overseas Touring Development Fund – funds set aside to develop overseas touring
- Overseas Touring Activity Fund – funds identified to support overseas touring activity over the next 3 years.

The reserves policy will be reviewed in line with funding announcements due to be received in November/December 2007 from the Arts Council of England.

Investment Policy

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

Taxation

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

BIRMINGHAM ROYAL BALLET (A Company Limited by Guarantee)

DIRECTORS' REPORT (Continued)

Auditors

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

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

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

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

PLANS FOR FUTURE PERIODS

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

Creativity and performances – in 2007/08 BRB aims to:

- Increase the repertoire available to the company by creating two new one act ballets
 1. Small Worlds choreographed by BRB dancer Kit Holder to be premiered as part of the choreographic project in May 2007
 2. Take Five choreographed by David Bintley as a new addition to his popular jazz programme to be premiered in February 2008

In addition BRB will be performing choreographic work by members of the company at three performances funded via the Urban Fusion Programme as part of our celebration of the works of Stravinsky.

- Increase performance numbers – in 2007/08 we have plans for 151 performances in the UK and overseas (148 – 2006/07)
- Enhance BRB's international profile by undertaking tours to the Virginia Arts Festival in April 2007 and Japan in January 2008.
- To establish a touring circuit that is beneficial to BRB though focusing on relationships with key venues that have
 - good box office potential
 - offer opportunities to develop and broaden our audience base
 - enable BRB to deliver product throughout the UK
 - have a mutual commitment to developing a long term relationship with BRB

In 2007-08 we will visit new venues in Cheltenham as part of the mid-scale tour and Belfast funded through Arts Council Cross Border Touring funding.

DIRECTORS' REPORT (Continued)

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

- Explore opportunities for working with artists from diverse backgrounds
- Deepen and broaden the range of partnerships with community organisations and initiatives, particularly culturally diverse and disability led organisations. During 2007-08 we will continue to support the development of Freefall Dance Company and extend the reach of Dance Track in Birmingham to ensure a diverse range of communities have access to this programme
- Ensure diversity is reflected in audience development, marketing and participation in education projects.

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

- Working towards being reassessed under the new Investors in People Standard by December 2008
- Renegotiating contracts where necessary to better reflect BRB working practices, compliance with current legislation and improving equality and transparency of remuneration – in particular the Sinfonia and Dancers Contracts are due for review in 2007/08
- Improve transparency of BRB's salary framework through a job evaluation process
- Ensuring that board membership, practice and procedures properly reflect BRB's aspirations and best practice as well as meeting legislative and reporting requirements.
- Ensuring that BRB's charitable objects and constitution remain appropriately drawn and fulfil the requirements of the proposed new Charities Bill
- Further development of our association with Elmhurst School for Dance

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

- Improving box office yield from UK
- Increasing net contribution from fundraising activity. We aim to earn a net contribution of £450,000 from fundraising activity and membership schemes by 2008/09. In addition we are developing plans for a ten year fundraising programme to deliver a transformational agenda for BRB
- Reviewing the earning potential from other income generating activities such as programmes/merchandise, BRB Friends and the provision of specialised services.

The three-year plans from 2008/09 onwards are still to be clarified pending confirmation of funding from Arts Council England. The Arts Council will not receive notification of their funding from the Department of Culture Media and Sport until September 2007 and further to this announcement individual revenue grants will not be confirmed until November/December 2007 at the earliest. Given indications to date that the Arts Council settlement will not be sufficient to continue funding all revenue clients then it is likely that some companies will be removed from the regularly funded portfolio in order to be able to increase grants by 2.7% for those organisations that continue to receive revenue funding. At present we have no indication as to which companies will or will not continue to be funded. Whilst we wholeheartedly believe that BRB fulfils and often exceeds the expectations of its funded remit and consequently should continue to receive its Arts Council Grant at present there exists a fundamental uncertainty as to whether or not this is the case. Should Arts Council Funding be withdrawn in 2008/09 the consequences would inevitably be the winding up of the company with the consequent implications of a significant reduction in access to large scale ballet and associated activities across the UK and an impoverished dance and wider cultural sector.

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

Tessa King-Farlow

Chair

Date: 15 October 2007

DIRECTORS' REPORT (Continued)

BIRMINGHAM ROYAL BALLET

(A Company Limited by Guarantee)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Companies Act 1985, the Charities Act 1993 and the Charities (Accounts and Reports) Regulations 2005. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

We have audited the financial statements of Birmingham Royal Ballet (A Company Limited by Guarantee) for the period ended 31 March 2007 which comprise the statement of financial activities, the balance sheet, the cash flow statement and the related notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

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

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

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

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

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

Basis of audit opinion

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

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 March 2007 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Emphasis of matter – Going concern

Without qualifying our opinion, we draw attention to the disclosures made in note 2 of the financial statements concerning future funding. The company is dependant on funding from the Arts Council England and confirmation of funding for 2008/2009 onwards is not expected until November / December 2007.

Failure to receive funding would mean that the company could not continue as a as a going concern and therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. The directors have prepared these financial statements on the going concern basis and the financial statements do not include the adjustments that would result if the company was unable to continue as a going concern as it is not practicable to determine or quantify them.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Birmingham, UK

17 October 2007

BIRMINGHAM ROYAL BALLET
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)
Period ended 31 March 2007

	Note	Un- restricted General £	Funds Designated £	2007 Total funds £	2006 Total funds £
Incoming resources:					
<i>Incoming resources from generated funds:</i>					
<i>Voluntary income:</i>					
Grants and donations	3	8,525,705	-	8,525,705	8,396,290
<i>Activities for generating funds:</i>					
Memberships and other funds	4	181,527	-	181,527	64,304
<i>Investment income:</i>					
Bank interest receivable		37,355	-	37,355	52,079
		<u>8,744,587</u>	<u>-</u>	<u>8,744,587</u>	<u>8,512,673</u>
<i>Incoming resources from charitable activities:</i>					
Performance and related activities	5	2,865,025	-	2,865,025	2,474,395
Total incoming resources		<u>11,609,612</u>	<u>-</u>	<u>11,609,612</u>	<u>10,987,068</u>
Resources expended:					
<i>Costs of generating funds:</i>					
Costs of generating voluntary income		55,057	-	55,057	36,202
Costs of generating memberships and other funds		167,653	-	167,653	78,180
<i>Charitable activities:</i>					
Production and performance		10,416,094	112,000	10,528,094	9,690,550
Orchestral projects		391,001	-	391,001	545,180
Education projects		479,170	-	479,170	351,546
Governance costs		<u>70,568</u>	<u>-</u>	<u>70,568</u>	<u>72,161</u>
Total resources expended	6	<u>11,579,543</u>	<u>112,000</u>	<u>11,691,543</u>	<u>10,773,819</u>
Net (outgoing)/incoming resources for the period	8	30,069	(112,000)	(81,931)	213,249
Opening funds		<u>183,094</u>	<u>437,763</u>	<u>620,857</u>	<u>407,608</u>
Closing funds		<u>213,163</u>	<u>325,763</u>	<u>538,926</u>	<u>620,857</u>

All the above results are derived from continuing activities.

All gains and losses recognised in the period are included above. The deficit for the period for Companies Act purposes comprises the net loss for the period was £(81,931) (2006: £213,249 surplus).

BIRMINGHAM ROYAL BALLET
(A Company Limited by Guarantee)

BALANCE SHEET
31 March 2007

	Note	31 March 2007	1 April 2006
		£	£
FIXED ASSETS			
Tangible assets	9	412,613	424,659
CURRENT ASSETS			
Stocks	10	63,118	54,091
Debtors	11	526,717	580,923
Investment	12	-	140,000
Cash at bank and in hand		205,877	218,481
		<u>795,712</u>	<u>993,495</u>
CREDITORS: amounts falling due within one year	13	<u>(669,399)</u>	<u>(797,297)</u>
NET CURRENT ASSETS		<u>126,313</u>	<u>196,198</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>538,926</u></u>	<u><u>620,857</u></u>
FUNDS			
Unrestricted funds:			
Designated	15	325,763	437,763
General		213,163	183,094
		<u>538,926</u>	<u>620,857</u>

These financial statements were approved by the Board of Directors on 15 October 2007.

Signed on behalf of the Board of Directors

Tessa King-Farlow

Chair

BIRMINGHAM ROYAL BALLET
(A Company Limited by Guarantee)

CASH FLOW STATEMENT
Period ended 31 March 2007

	Note	2007 £	2006 £
Net cash outflow from operating activities	17	(72,308)	(1,874,212)
Returns on investments	18	37,355	52,079
Capital expenditure and financial investment	18	(99,417)	(75,541)
Management of liquid resources	18	140,000	1,860,000
Financing	18	(18,234)	(53,909)
		<hr/>	<hr/>
Decrease in cash in the period		<u>(12,604)</u>	<u>(91,583)</u>
 Reconciliation of net cash flow to movement in net funds			
Decrease in cash in the period		(12,604)	(91,583)
Cash inflow from decrease in debt financing		18,234	53,909
Cash outflow from decrease in liquid resources		<u>(140,000)</u>	<u>(1,860,000)</u>
Change in net funds resulting from cash flows		(134,370)	(1,897,674)
Net funds at 1 April 2006		<u>340,247</u>	<u>2,237,921</u>
Net funds at 31 March 2007		<u><u>205,877</u></u>	<u><u>340,247</u></u>

NOTES TO THE ACCOUNTS (Continued)
Period ended 31 March 2007

1. ACCOUNTING POLICIES

Basis of preparation

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

Incoming resources

Deferred income

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

Grants receivable

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

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

Investment income

Investment income is recognised on a receivable basis

Resources expended

Expenditure

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

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

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

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

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

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

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

New production and revivals

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

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

NOTES TO THE ACCOUNTS (Continued)
Period ended 31 March 2007

1. ACCOUNTING POLICIES (continued)

Operating leases

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

Pension costs

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

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

The pension costs charged to the income and expenditure account represent the amount of contributions payable by the company to the pension schemes in respect of the accounting year.

Tangible fixed assets

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

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

Fixed assets below £1,000 are not capitalised.

Stock

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

Fund accounting

Unrestricted funds

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

Designated funds

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

Taxation

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

BIRMINGHAM ROYAL BALLET
(A Company Limited by Guarantee)

NOTES TO THE ACCOUNTS (Continued)
Period ended 31 March 2007

2. FUTURE FUNDING

The Company is dependent on the continuing financial support of The Arts Council, England and Birmingham City Council. Income from these sources in 2006/2007 totalled £8,415,325 representing 72% of total income.

The Arts Council, England and Birmingham City Council have committed funding of £7,572,700 and £1,070,200. respectively for the forthcoming financial year.

The three-year plans from 2008/09 onwards are still to be clarified pending confirmation of funding from Arts Council England. The Arts Council will not receive notification of their funding from the Department of Culture Media and Sport until September 2007 and further to this announcement individual revenue grants will not be confirmed until November/December 2007 at the earliest. Given indications to date that the Arts Council settlement will not be sufficient to continue funding all revenue clients then it is likely that some companies will be removed from the regularly funded portfolio in order to be able to increase grants by 2.7% for those organisations that continue to receive revenue funding. At present we have no indication as to which companies will or will not continue to be funded. Whilst we wholeheartedly believe that BRB fulfils and often exceeds the expectations of its funded remit and consequently should continue to receive its Arts Council Grant at present there exists a fundamental uncertainty as to whether or not this is the case. Should Arts Council Funding be withdrawn in 2008/09 the consequences would inevitably be the winding up of the company with the consequent implications of a significant reduction in access to large scale ballet and associated activities across the UK and an impoverished dance and wider cultural sector.

3. VOLUNTARY INCOME

	2007 Un- restricted funds £	2006 Total funds £
Grants:		
Arts Council, England		
Revenue funding	7,370,100	7,172,812
Cross border touring	-	150,000
Birmingham City Council		
Revenue funding	1,000,225	973,455
Urban cultural project	45,000	60,000
Donations:		
Grants – Trusts and Foundations	44,695	-
Legacies	9,800	21,000
Other	55,885	19,023
	8,525,705	8,396,290

BIRMINGHAM ROYAL BALLET
(A Company Limited by Guarantee)

NOTES TO THE ACCOUNTS (Continued)
Period ended 31 March 2007

4. ACTIVITIES FOR GENERATING FUNDS

	2007 Un- restricted funds £	2006 Total funds £
Memberships	49,445	46,787
Sponsorship	50,000	6,150
Sale of merchandise	14,632	11,367
Fundraising events	67,450	-
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	181,527	64,304
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	2007 Un- restricted funds £	2006 Total funds £
Box office income	1,993,896	1,569,335
Overseas touring	-	98,500
Production sales and hires	127,093	107,217
Programmes	116,360	88,090
Friends	34,589	47,065
Directors appeal	83,203	90,308
Orchestra projects	206,598	373,858
Education - Ballet Hoo!	233,504	-
Education - General	30,503	41,085
Other fees and services	39,279	58,937
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	2,865,025	2,474,395
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

BIRMINGHAM ROYAL BALLET
(A Company Limited by Guarantee)

NOTES TO THE ACCOUNTS (Continued)
Period ended 31 March 2007

6. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Direct staff costs	Other direct costs	Support costs	Premises	Depreciation	2007 Total	2006 Total
	£	£	£	£	£	£	£
Costs of generating funds:							
Costs of generating voluntary income	22,498	-	27,487	4,458	614	55,057	36,202
Costs of generating memberships and other funds	34,109	69,254	54,146	8,915	1,229	167,653	78,180
Charitable activities:							
Production and performance	5,975,270	3,349,410	593,765	503,715	105,934	10,528,094	9,690,550
Orchestra projects	358,537	8,314	19,078	4,458	614	391,001	545,180
Education projects	192,857	227,925	38,099	17,831	2,458	479,170	351,546
Governance costs	42,508	19,701	3,287	4,458	614	70,568	72,161
Total	<u>6,625,779</u>	<u>3,674,604</u>	<u>735,862</u>	<u>543,835</u>	<u>111,463</u>	<u>11,691,543</u>	<u>10,773,819</u>

Support costs comprise £284,503(2006:£307,193) staff costs and £451,359 (2006: £489,641) overhead costs.

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

BIRMINGHAM ROYAL BALLET
(A Company Limited by Guarantee)

NOTES TO THE ACCOUNTS (Continued)
Period ended 31 March 2007

7. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2007	2006
	£	£
Employee costs during the period		
Wages and salaries	6,016,971	5,585,415
Social security costs	618,183	602,484
Pension costs	279,241	251,017
Redundancy	-	75,169
	6,914,395	6,514,085
	6,914,395	6,514,085
 Average number of full time equivalent employees employed	 No	 No
Permanent:		
Artists and ballet staff	65	63
Sinfonia and music staff	50	50
Production and technical	16	21
Education	4	6
Support	16	13
Publicity and Development	12	10
Central management and administration	4	4
	167	167
	167	167
Temporary:		
Sinfonia and music staff	-	1
Education	2	-
Production and technical	13	6
	15	7
	15	7
 Employees with total emoluments greater than £60,000 fell into the following bands:	 2007	 2006
	No	No
£ 60,001 - £ 70,000	1	3
£ 70,001 - £ 80,000	5	2
£ 80,001 - £ 90,000	1	-
£ 90,001 - £100,000	1	1
£ 100,000+	1	-
	11	6
	11	6

During the period pension contributions of £61,198 were paid in respect of 20 employees with total emoluments greater than £60,000.

The directors received no remuneration in the period.

During the period the total expenses reimbursed to 2 members of the Board amounted to £1,053 (2006: £959). This principally represents reimbursed travelling expenses and sundry expenses incurred in the management of the charity's affairs.

The charity has arranged insurance to protect the charity from loss arising from neglect or default of its trustees, employees or agents and to indemnify the trustees and officers from the consequences of any neglect or default on their part. The annual cost of such insurance which covers the trustees and the officers was £2,882 (2006: £3,368).

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

BIRMINGHAM ROYAL BALLET
(A Company Limited by Guarantee)

NOTES TO THE ACCOUNTS (Continued)
Period ended 31 March 2007

8. NET (OUTGOING)/INCOMING RESOURCES

Net (outgoing)/incoming resources are stated after charging:	2007 £	2006 £
Operating lease rentals	263,287	259,821
Depreciation of owned assets	111,463	126,138
Auditors' remuneration:		
In respect of external audit fees	12,500	12,000
In respect of other services	6,300	2,500
	<u>263,287</u>	<u>259,821</u>

9. TANGIBLE FIXED ASSETS

	Leasehold property	Computers	Fixtures, fittings and equipment	Total
	£	£	£	£
Cost				
At 1 April 2006	242,938	230,027	773,422	1,246,387
Additions	18,657	29,608	51,152	99,417
	<u>261,595</u>	<u>259,635</u>	<u>824,574</u>	<u>1,345,804</u>
Accumulated depreciation				
At 1 April 2006	118,574	205,161	497,993	821,728
Charge for period	18,475	19,587	73,401	111,463
	<u>137,049</u>	<u>224,748</u>	<u>571,394</u>	<u>933,191</u>
Net book value				
At 31 March 2007	<u>124,546</u>	<u>34,887</u>	<u>253,180</u>	<u>412,163</u>
At 1 April 2006	<u>124,364</u>	<u>24,866</u>	<u>275,429</u>	<u>424,659</u>

10. STOCKS

	31 March 2007 £	1 April 2006 £
Shoes	53,735	43,392
Merchandise	9,383	10,699
	<u>63,118</u>	<u>54,091</u>

11. DEBTORS

	31 March 2007 £	1 April 2006 £
Trade debtors	111,686	257,738
Other debtors	105,616	103,060
VAT	38,052	-
Prepayments	271,363	220,125
	<u>526,717</u>	<u>580,923</u>

BIRMINGHAM ROYAL BALLET
(A Company Limited by Guarantee)

NOTES TO THE ACCOUNTS (Continued)
Period ended 31 March 2007

Other debtors includes £63,375 (2006: £63,375) in respect of a rent deposit which is due in more than one period.

12. INVESTMENTS

	31 March 2007	1 April 2006
	£	£
Money market deposits:		
Maturing 3 April 2006	-	140,000
	<u> </u>	<u> </u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 March 2007	1 April 2006
	£	£
Trade creditors	291,581	239,820
Other creditors	27,217	45,451
Taxation and social security	154,398	186,121
Accruals and deferred income	196,203	325,905
	<u> </u>	<u> </u>
	669,399	797,297
	<u> </u>	<u> </u>
Movements in deferred income:	2007	2006
	£	£
Balance at 1 April 2006	62,830	2,592,853
Amounts released during the period	(62,830)	(2,592,853)
Deferred in the current period	73,936	62,830
	<u> </u>	<u> </u>
Balance at 31 March 2007	73,936	62,830
	<u> </u>	<u> </u>

Deferred income at 1 April 2006 comprised membership and Director's appeal income relating to period ended 31 March 2007. Deferred income at 31 March 2007 comprised membership income, directors appeal income and overseas touring income relating to period ended 31 March 2008.

14. BORROWINGS

	Other creditors 31 March 2007	Other creditors 1 April 2006
	£	£
Outstanding at 31 March 2007	-	14,728
	<u> </u>	<u> </u>
Payable by instalments:		
In one year or less	-	14,728
In more than one year but not more than two years	-	-
	<u> </u>	<u> </u>
	-	14,728
	<u> </u>	<u> </u>

BIRMINGHAM ROYAL BALLET
(A Company Limited by Guarantee)

NOTES TO THE ACCOUNTS (Continued)
Period ended 31 March 2007

15. DESIGNATED FUNDS

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

	At 1 April 2006 £	Released/ expensed in the period £	At 31 March 2007 £
Capital grants fund	10,000	2,000	8,000
Education fund	177,763	-	177,763
UK touring fund	100,000	100,000	-
Overseas touring development fund	50,000	10,000	40,000
Overseas touring activity fund	100,000	-	100,000
	<u>437,763</u>	<u>112,000</u>	<u>325,763</u>

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

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

The UK Touring Fund represents the proportion of the 2005/06 surplus that relates to the late withdrawal of one week's touring from the 2005/06 repertory plans. The fund was used to fund an additional weeks touring in 2006/07.

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

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

16. LIMITED BY GUARANTEE

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

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

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

At 31 March 2007, there were 12 (2006: 12) members of the company.

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

	2007 £	2006 £
Net (outgoing)/ incoming resources before interest	(119,286)	161,170
Depreciation	111,463	126,138
(Increase)/Decrease in stock	(9,027)	24,525
Decrease in debtors	54,206	236,125
Decrease in creditors	<u>(109,664)</u>	<u>(2,422,170)</u>
Net cash outflow from operating activities	<u>(72,308)</u>	<u>(1,874,212)</u>

BIRMINGHAM ROYAL BALLET
(A Company Limited by Guarantee)

NOTES TO THE ACCOUNTS (Continued)
Period ended 31 March 2007

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

	2007	2006
	£	£
Returns on investments and servicing of finance		
Interest received	37,355	52,079
	<u>37,355</u>	<u>52,079</u>
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(99,417)	(75,541)
	<u>(99,417)</u>	<u>(75,541)</u>
Management of liquid resources		
Investment on short-term deposits	140,000	1,860,000
	<u>140,000</u>	<u>1,860,000</u>
Financing		
Bank loan	-	(39,180)
Royal Opera House	(18,234)	(14,729)
	<u>(18,234)</u>	<u>(53,909)</u>

19. ANALYSIS OF NET FUNDS

	At		At
	1 April	Cash	31 March
	2006	flow	2007
	£	£	£
Cash in hand and at bank	218,481	(12,604)	205,877
	<u>218,481</u>	<u>(12,604)</u>	<u>205,877</u>
Due to Royal Opera House	(18,234)	18,234	-
Current Asset Investment	140,000	(140,000)	-
	<u>340,247</u>	<u>(134,370)</u>	<u>205,877</u>

20. FINANCIAL COMMITMENTS

Capital commitments

At 31 March 2007 the company had £nil (2006: £nil) capital commitments which were contracted for but not provided in the financial statements.

Operating lease commitments

At 31 March 2007, the company was committed to making the following payments during the next year in respect of operating leases:

	Premises		Other	
	2007	2006	2007	2006
	£	£	£	£
Leases which expire:				
Within two to five years	-	-	20,952	20,952
After five years	232,000	228,000	-	-
	<u>232,000</u>	<u>228,000</u>	<u>20,952</u>	<u>20,952</u>

BIRMINGHAM ROYAL BALLET
(A Company Limited by Guarantee)

NOTES TO THE ACCOUNTS (Continued)
Period ended 31 March 2007

21. PENSION COSTS

The company contributes to three group personal pension schemes. The cost to the company for the period ended 31 March 2007 is equal to the amount of employer contributions paid in the period to each scheme, and is detailed below:

	2007	2006
	£	£
Dancers' Pension Scheme	89,094	73,361
BRB Pension Scheme	66,428	59,166
Musicians' Union Pension Scheme	42,451	43,638
	<u>197,973</u>	<u>176,165</u>

The company also contributes a fixed percentage of dancers' basic salaries to the Dancers' Resettlement Fund. In 2006/2007 the company contributed a total of £81,268 (2005/2006: £74,852).

At 31 March 2007 £nil (2006: £40,092) is included in creditors falling due within one year in respect of the Musicians' Union Pension Scheme.