

**English National Ballet Limited**  
**and subsidiary**  
**(Limited by Guarantee)**  
**Report and accounts**

29 March 1997

Registered in England and Wales

Registered company number 735040

Registered Charity number 214005



## **Governors' report and accounts**

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**"English National Ballet is riding high"**  
**The Independent**

## **Statement of the Chairman of the Governors**

1996/97 has been a year of substantial artistic growth for English National Ballet. It has been a period of profound change and real challenges. 1997 saw us give our final performances at the Royal Festival Hall and as we said farewell to many friends there we also saw the start of a brand new relationship with London's other great international concert Hall, the Royal Albert Hall in partnership with the impresario Raymond Gubbay. As in previous years the Company continued to tour the regions to both the biggest theatres in the Country and some of the smallest, playing to large and enthusiastic audiences nationwide. My fellow Governors and I take delight in the achievements of our dancers, musicians and staff. They have had another marvellous year.

Happily, our final Christmas season at the Royal Festival Hall saw us play to our largest ever Christmas audiences as we entertained more than 80,000 people in just five weeks. We were fortunate to receive some tremendous reviews during the year which paid tribute to the hard work, dedication and professionalism of Derek Deane, his ballet staff and the dancers and musicians of this fine Company.

There was, as it will become apparent from even a cursory reading of the figures, no full length new production in the year. In all we spent £500,000 less on new ballets this year than the last. Much of this is accounted for by an intentional saving that was made in expectation of building a new NUTCRACKER in 1997/8. We were allowed to carry forward a large sum in order to make this possible. Commercial sponsorship proved difficult to secure but we are very grateful to all our friends and supporters who were able to maintain their commitments to us during the year.

Although it falls outside the scope of the financial year 1996/7 it would be impossible for me to write this statement without referring to the death of our Patron, Diana, Princess of Wales who was an indefatigable supporter of our work for most of the 1990s. Her support both in the public glare and in private was immeasurable. There were those who only saw the Princess at a special event or Gala performance but there are others who knew that she took a real and committed interest in our dancers' lives, listening to their problems and helping where she could and working for us in a real and practical way behind the scenes. The eyes of the whole world turned on English National Ballet in August 1996 when she chose the day of her divorce to visit the Company as part of her commitments to us as a Patron. That she should have chosen to fulfil this long standing obligation on that day was testament to her outstanding professionalism. We miss her terribly. The nation has grieved for the loss of such an extraordinary woman and English National Ballet mourns the death of our greatest ambassador, our staunchest ally and one of our finest friends.

**Pamela, Lady Harlech**  
*Chairman of the Board of Governors*

"There was an edge to English National Ballet's best dancing that came from the simple desire to entertain, urged on by an audience which was palpably thrilled"

The Independent

## **Report of the Artistic Director**

We spent a great deal of 1996 and 1997 consolidating the achievements we made in previous years and laying far reaching artistic plans for our future. The Company is facing some great opportunities as it transfers its London seasons to the Royal Albert Hall and to the London Coliseum Theatre in the coming years. The Albert Hall offers the chance to completely re-think the way we approach our great classic ballets and to introduce thousands of new people to our work. The Coliseum Theatre will give us a marvellous opportunity to perform our Christmas season in London in a theatre with facilities at least equal to those we find on tour. There will be no more clambering down the choir stalls for our dancers. Injury levels will fall as a result of our move to the Coliseum and our production values will improve beyond measure as we use that magnificent stage in St. Martin's Lane to full advantage.

I was delighted that during 1996/7 we were able to stage a large number of important revivals. We saw performances of Raissa Struchkova's SWAN LAKE and Ronald Hynd's popular family ballet COPPELIA. We also revived ALICE IN WONDERLAND, and GISELLE and Ben Stevenson's THE NUTCRACKER made its final appearances at the Royal Festival Hall.

We also made some important additions to the repertoire. We acquired Sir Kenneth MacMillan's extraordinary and enigmatic ballet MY BROTHERS, MY SISTERS, which was generously sponsored by our Chairman Lady Harlech, in memory of her late husband Lord Harlech. Pamela Harlech is a great champion of our work. That she should also choose to support our work by making a leadership gift in this way brings her great credit. I thank her for her patience and commitment and her rock steady belief in what we are doing. She is a wonderful Chairman and we owe her a debt of great gratitude.

Ice-skating star Christopher Dean made his first ballet for us, ENCOUNTERS, set to music by Paul Simon. It was a production which brought the house down on tour and in London. We also saw a new ballet from Patrick Lewis for the mid-scale tour and we enjoyed revivals of Mauro Bigonzetti's SYMPHONIC DANCES and David Lichine's GRADUATION BALL. Sadly Matthew Hart's first ballet for us, BLITZ did not make it to the stage as planned during the year but we did see a restaging of the Grand Pas from PAQUITA and I was delighted when the Company won the prestigious Olivier Award for Achievement in Dance for its performances of Michael Corder's marvellous production of CINDERELLA. ALICE IN WONDERLAND also received a nomination for Best Dance Production in the same award ceremony. The Company of dancers worked very hard and I am proud of the great strides they made in 1996/7. They are showing great purpose and commitment and I am delighted that we are going to be able to give them the stages that they deserve in the future. The London Coliseum is the finest theatre we could have for our Christmas seasons and we look forward to the challenge of performing there with great relish.

**Derek Deane**

*Artistic Director*

"English National Ballet are now one of the pleasures of our ballet world"

The Sunday Telegraph

## **Report of the Executive Director**

This is, happily, the seventh year in succession that I have been able to report largely good news on the Company's financial front. We made a modest surplus in the year to March 1997 of something over £6,000 which brings our accumulated deficit down to just over £100,000. I think this is a creditable achievement in a year in which large lyric companies around the country are reporting large increases accumulated deficits as they suffer the treble whammy of sluggish trading conditions, increasingly hard-to-find sponsorship and standstill public grants. I look back on the last seven years with a sense of great pride at a Company rescued from the brink of insolvency by a combination of popular successes, strong financial management and courageous artistic leadership.

1996/7 was by no means an easy year for us, however. In spite of the application of significant extra resources we could not achieve our box office targets on a number of key regional dates and as a consequence we will have to look closely at our being able to sustain 3 weeks of performances each year in Manchester. The Company's important new relationship with the Royal Albert Hall is an interesting new model of how the commercial and publicly funded sectors can work together to mutual advantage. Our partners in that enterprise, Raymond Gubbay and Patrick Deuchar at the Royal Albert Hall have our grateful thanks for their trust, enthusiasm and encouragement.

In a year of considerable artistic accomplishment we faced some thorny financial problems. Our core grant from the Arts Council of England was frozen and, although we were fortunate to be in receipt of limited funds to explore our audience development ambitions in the regions, a standstill grant represents a real cut of almost £100,000 when inflation is taken into account. We are exhorted to make up this shortfall by increasing our efficiency or by earning more money or by reducing our costs. In the short term this means that we are forced to look for marginal savings in the budget and drive up our earned income. But we have been making savings for almost a decade now and there is nothing left to cut without hitting the bone. On the other side of the coin, faced with the result of national market research telling us that audiences are increasingly reluctant to pay more for their theatre tickets we are faced with what seems an insurmountable problem - how are we to accommodate the state's diminishing subsidy and sustain the high artistic standards that have become our hallmark in recent years?

Whatever happens to solve this dilemma, English National Ballet's central mission remains the same. We were originally established to take the highest quality popular ballet to audiences throughout the Country at reasonable prices. We are determined not to lose sight of this important mission. We are equally determined not to follow the example set by others who have raised prices so far that ordinary people cannot afford to come and see their work except in the least good seats. I am heartened that our average ticket yield is still less than £18 per head which compares very favourably with other companies who charge more than £50 or £60 for a top price seat. However we solve the problem of diminishing state revenue grant it must not be by pricing the public out of our theatres. If ballet is only for the affluent then it has no place in our society. We will not be forced into pricing ourselves out of our popularity. English National Ballet has spent 47 years becoming the people's ballet company and we have every intention of remaining so in the next half decade.

## **Report of the Executive Director**

We (like most performing art companies) have seen a significant reduction in traditional commercial sponsorship. However, by being inventive and far-sighted and by seeking out new and long term commercial partners we are able to sustain important contributions from the business and private sectors. During the year we were able to announce an major new sponsorship with Harrods who have generously committed to supporting our new production of THE NUTCRACKER and, as we go to press on this report, we are delighted to be able to report additional funding to secure our forthcoming season at the London Coliseum from both the Arts Council and from Schroders.

**Carole McPhee**

*Executive Director*

## **Governors' report**

The Governors submit their report and the audited accounts for the 52 weeks to 29 March 1997.

### **Results**

The trading results are set out in the consolidated statement of financial activities and in the consolidated summary income and expenditure account.

### **Review of activities**

The Company has been established to further knowledge and enjoyment of classical ballet, which it does through public performance and education outreach work.

The basic pattern of activity has remained unchanged, with tours to regional centres in the autumn and spring, and seasons in London in summer and at Christmas. The short term future of the summer season in London is in some doubt because of the uncertainties caused by the closure of a number of London's receiving houses for redevelopment. The company's sponsorship and other trading activities were undertaken by English National Ballet Enterprises Limited.

### **Future developments**

The Company will continue with its planned programme which is dependent on the continuing support of the City of Westminster and the Arts Council of England.

### **Board of Governors**

For Companies Act purposes the governors constitute directors of the company:

The following served during the year:

Pamela, Lady Harlech*	Chairman
Nicholas Allott	
Cllr Roger Bramble DL*	
Carl Davis	
Diana Donovan	(appointed 29 January 1997)
Denise Fiennes*	
Michael Garner*	
Chrysanthé Lemos	(resigned 29 January 1997)
Veronica Lewis	(resigned 29 January 1997)
The Baroness de Mandat-Grancey	(appointed 29 January 1997)
Peter Mandelson MP	
Angela Rippon	(resigned 29 January 1997)
Jeremy Sacher	
Paul Horn	(appointed 29 January 1997)
Ben Andradi	(appointed 29 January 1997)
The Rt. Hon Sir Konrad Schiemann	
Bruno Schroder	
John Talbot FCA*	(resigned 29 January 1997)
Hon Mrs Felicity Waley Cohen	(resigned 29 January 1997)
Prue Waterhouse	(resigned 29 January 1997)

## **Governors' report** *(continued)*

Governors marked with an asterisk (\*) are also members of the Finance and General Purposes Committee. Governors are, for the period of their appointment, also Members of the Company, guaranteeing a maximum of £1 each in the event of the Company's insolvent liquidation. New Governors are elected by the Members of the Company, and serve for a maximum of six years, except that this period is extended for those holding the posts of Chairman, Deputy Chairman and Hon. Treasurer.

### **Principal Officers**

The following served during the period:

Derek Deane	(Artistic Director)
Carole McPhee	(Executive Director)
Richard Elliott	(Finance Director and Company Secretary)
Richard Shaw	(Director of Public Affairs)
Alan Riches	(Technical Director)

### **Status**

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

## **Governors' report** *(continued)*

### **Statement of governors' responsibilities**

Law applicable to incorporated charities in England and Wales requires the governors, who are also the directors of the company, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group at the end of the period and of its financial activities for that period. In preparing those financial statements, the governors 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 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity and the group will continue in business.

The governors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and the group, and to prevent and detect fraud and other irregularities.

### **Auditors**

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company, is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

**Jack Haslam**  
Secretary



Markova House  
39 Jay Mews  
London SW7 2ES

*28 January 1998*

## **Sponsorship and fund raising**

English National Ballet Limited wishes to acknowledge with gratitude the vital support received from the following individuals, trusts and corporations during the period. Such generosity is vital to the development of new projects and to artistic growth.

Mrs Luay Al Swaidi  
American Friends of English National Ballet  
Arthur Andersen  
Associated British Ports Holdings plc  
David M Bain  
Barclays Bank plc  
Mr and Mrs William Barnard  
Mrs Gabriella Bassatne  
Lady Moorea Black  
Mr Roger Bramble DL  
Pete and Chris Brandon  
Mr Jose Maria Cano de Andres  
The Marchioness Cattaneo Della Volta  
Chanel Limited  
Churchill Inter-Continental London  
Continental Airlines  
Mr and Mrs Bruno De Mico  
Denton Hall  
Digital Equipment Co. Limited  
Direct Connection Ltd  
Miss K Fallah  
The Lady Farnham  
Foundation for Sport and the Arts  
Mr and Mrs Michael Garner  
Mme Asun Gelardin  
Mr & Mrs Kim D Gustafson  
Pamela, Lady Harlech in memory of her late husband Lord Harlech  
Mary Jordan  
Mrs Joyce Kan  
Le Baron and La Baronne Jacques de Mandat-Grancey  
National Westminster Bank PLC  
Mr and Mrs Robert Naudi  
Nomura International plc  
Mr and Mrs Peter Northall-Laurie  
Norwich Union  
Avvocato Vincenzo Palladino  
Mr AN Papathomas  
Pilkington Plc  
RBS Trust Bank Ltd  
Mrs Carmen Riera  
Hamish Ritchie  
Mr Jose Roji  
Miss Sofia Roji  
Miss Rocio Roji  
Sainsbury's Arts Education Award  
Mr & Mrs Emmet Carter Smith  
Mr & Mrs Brian Steer

**Sponsorship and fund raising** *(continued)*

Mr David Tang  
The Association of English National Ballet  
The Audrey Sacher Charitable Trust  
The Daily Telegraph  
The Gilbert & Eileen Edgar Foundation  
The John Ellerman Foundation  
The South Bank Centre  
Unilever PLC  
The Hon Mrs S Weinstock  
Mrs Ida Whitehead  
Wilde Sapte

## Statistics 1996/97

### 1 Box office income and attendances

	Ticket sales £	1996/97 Number of perfs.	Attend- ances	Ticket sales £	1995/96 Number of perfs.	Attend- ances
London	1,690,979	62	106,941	1,811,128	65	113,163
Regions and Scotland	1,126,131	98	95,049	1,393,271	100	116,650
	<u>2,817,110</u>	<u>160</u>	<u>201,990</u>	<u>3,204,399</u>	<u>165</u>	<u>229,813</u>
Foreign tours	76,000	1		152,369	12	
	<u>2,893,110</u>	<u>161</u>		<u>3,356,768</u>	<u>177</u>	

The U.K. sales figure of £2,817,110 (1996: £3,204,399) is shown after accounting for VAT of £492,994 (1996: 560,770) to HM Customs and Excise.

### 2 Income as a percentage of total expenditure

	1996/97	1995/96	1994/95	1993/94	1992/93
	%	%	%	%	%
Earned income	42.4	44.6	43.4	44.8	45.2
Arts Council Grant	53.0	49.0	47.8	46.7	46.8
Local Authority Grant	1.4	1.3	1.4	1.4	1.4
Grants for specific projects	2.4	2.6	2.7	3.2	3.7
Sponsorship	2.8	3.1	5.8	4.9	4.5
Transfer to designated funds	(1.9)	(0.6)	-	-	-
Deficit/(surplus)	(0.1)	-	(1.1)	(1.0)	(1.6)
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

## Statistics 1996/97

### 3 Income and expenditure from touring

The results for Middle Scale and Overseas touring are included in the relevant income and expenditure headings. They can be summarised as follows:

	52 weeks ended 29 March 1997 £	52 weeks ended 30 March 1996 £
<i>Middle Scale tour</i>		
Ticket sales	83,418	98,972
Grants for specific projects	170,000	170,000
	<hr/>	<hr/>
Total income	253,418	268,972
Productions	(32,728)	(42,976)
Performance, rehearsals and staging expenditure	(287,528)	(259,231)
	<hr/>	<hr/>
Funded from own resources	(66,838)	(33,235)
	<hr/>	<hr/>
<i>Overseas tours</i>		
Ticket sales	76,000	152,369
Performance, rehearsals and staging expenditure	(32,166)	(141,821)
	<hr/>	<hr/>
Surplus	43,834	10,548
	<hr/>	<hr/>



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8 Salisbury Square  
London  
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## Report of the auditors to the members of English National Ballet Limited

We have audited the financial statements on pages 13 to 28.

### *Respective responsibilities of governors and auditors*

As described on page 7 the company's governors, who are also the directors of English National Ballet Limited, are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### *Basis of opinion*

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the governors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group'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.

### *Fundamental uncertainties*

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the basis on which they were prepared. The financial statements have been prepared on a going concern basis, the validity of which is primarily dependent upon the continued financial support of the Arts Council of England. The financial statements do not reflect any adjustments that would be necessary should the going concern basis be inappropriate. Details of the circumstances which relate to this fundamental uncertainty are set out in note 1 which also describes the adjustments that would be necessary if the going concern basis is not appropriate. Our opinion is not qualified in this respect.

### *Opinion*

In our opinion the financial statements give a true and fair view of the state of affairs of the charitable company and the group as at 29 March 1997 and of the group's incoming resources and application of resources, including its income and expenditure, for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

A handwritten signature in dark ink, appearing to read 'KPMG', written over the printed name.

Chartered Accountants  
Registered Auditors

29 January 1998

## Consolidated statement of financial activities

52 weeks ended 29 March 1997

	Notes	General funds £	Designated funds £	Building Fund £	Total 1997 £	Total 1996 £
<b>Incoming resources</b>						
Grants receivable	2	4,188,575	-	-	4,188,575	4,214,380
Ticket sales		2,893,110	-	-	2,893,110	3,356,768
Net income of trading subsidiary		84,242	-	-	84,242	136,028
Donations		130,530	-	-	130,530	128,943
Hires and sundry income		121,997	-	-	121,997	72,381
Interest receivable		25,790	-	-	25,790	26,990
<b>Total incoming resources</b>		<b>7,444,244</b>	<b>-</b>	<b>-</b>	<b>7,444,244</b>	<b>7,935,490</b>
<b>Resources expended</b>						
Direct charitable expenditure:						
Cost of production and sales	3	6,410,254	113,790	-	6,524,044	7,142,125
Support costs	4	656,894	-	-	656,894	668,996
Fund-raising and publicity		78,976	-	-	78,976	13,607
Management and administration of the Charity		37,205	-	-	37,205	59,750
<b>Total resources expended</b>		<b>7,183,329</b>	<b>113,790</b>	<b>-</b>	<b>7,297,119</b>	<b>7,884,478</b>
Net incoming/(outgoing) resources before transfers		260,915	(113,790)	-	147,125	51,012
Transfers between funds		(254,530)	260,000	(5,470)	-	-
<b>Net movement in funds</b>		<b>6,385</b>	<b>146,210</b>	<b>(5,470)</b>	<b>147,125</b>	<b>51,012</b>
<b>Fund balances brought forward 31 March 1996</b>		<b>(106,957)</b>	<b>60,000</b>	<b>558,863</b>	<b>511,906</b>	<b>460,894</b>
<b>Fund balances carried forward at 29 March 1997</b>		<b>(100,572)</b>	<b>206,210</b>	<b>553,393</b>	<b>659,031</b>	<b>511,906</b>

**Consolidated summary income and expenditure account**  
*for the year ended 29 March 1997*

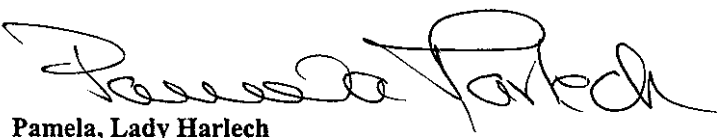
	1997 £	1996 £
Gross income of continuing operations	7,360,002	7,799,462
Non-charitable trading activities: net income	84,242	136,028
	<hr/>	<hr/>
	7,444,244	7,935,490
Total expenditure of continuing operations	(7,297,119)	(7,884,478)
	<hr/>	<hr/>
Net Income/Expenditure for the year	147,125	51,012
	<hr/>	<hr/>

## Consolidated balance sheet

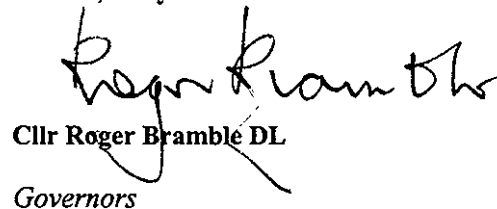
at 29 March 1997

	Notes	1997 £	1996 £
<b>Tangible fixed assets</b>	8	767,856	782,324
<b>Current assets</b>			
Productions in progress		87,305	10,393
Stocks		54,359	56,138
Debtors	10	545,741	689,844
Cash at bank and in hand		17,183	6,239
		<u>704,538</u>	<u>762,614</u>
<b>Creditors: amounts falling due within one year</b>	11	(813,413)	(1,033,032)
<b>Net current liabilities</b>		<u>(108,825)</u>	<u>(270,418)</u>
<b>Net assets</b>		<u>659,031</u>	<u>511,906</u>
<b>Reserves</b>			
Building fund	12	553,393	558,863
Designated funds	15	206,210	60,000
Accumulated deficit	15	(100,572)	(106,957)
		<u>659,031</u>	<u>511,906</u>

These accounts were approved by the Board of Governors on 27 January 1998 and were signed on its behalf by:



Pamela, Lady Harlech



Cllr Roger Bramble DL

Governors

## Company balance sheet

at 29 March 1997

	Notes	£	1997 £	£	1996 £
<b>Fixed assets</b>					
Tangible fixed assets	8		767,856		782,324
Investments	9		2		2
			<hr/>		<hr/>
			767,858		782,326
<b>Current assets</b>					
Productions in progress		87,305		10,393	
Stocks		54,359		56,138	
Debtors	10	490,017		660,345	
Cash at bank and in hand		5,495		6,239	
		<hr/>		<hr/>	
			637,176	733,115	
<b>Creditors: amounts falling due within one year</b>	11	(743,706)		(1,001,578)	
		<hr/>		<hr/>	
<b>Net current liabilities</b>			(106,530)		(268,463)
			<hr/>		<hr/>
<b>Net assets</b>			661,328		513,863
			<hr/>		<hr/>
<b>Reserves</b>					
Building fund	12		553,393		558,863
Designated funds	15		206,210		60,000
Accumulated deficit	15		(98,275)		(105,000)
			<hr/>		<hr/>
			661,328		513,863
			<hr/>		<hr/>

These accounts were approved by the Board of Governors on 27 January 1998 and were signed on its behalf by:

  
Pamela, Lady Harlech

  
Cllr Roger Bramble DL

Governors

## Consolidated cash flow statement

at 29 March 1997

	Note	52 weeks ended 29 March 1997 £	£	52 weeks ended 30 March 1996 £	£
Net cash inflow/(outflow) from operating activities	16	223,905		(67,372)	
Return on investments and servicing of finance					
Interest received		26,361		27,101	
Interest paid		(1,291)		(3,061)	
Net cash inflow from returns on investment and servicing of finance		25,070		24,040	
Taxation		(180)		-	
Capital expenditure					
Payments to acquire tangible fixed assets		(33,179)		(26,176)	
Net cash inflow/(outflow) before financing		215,616		(69,508)	
Increase/(decrease) in cash in the year	17	215,616		(69,508)	

## Reconciliation of net cash flow to movement in net debt

		1997 £	1996 £
Increase/(decrease) in cash in the year		215,616	(69,508)
Opening net debt		(397,288)	(327,780)
Closing net debt at the year end	17	(181,672)	(397,288)

## **Notes**

*(forming part of the accounts)*

### **1 Accounting policies**

#### ***Basis of accounts***

The accounts are prepared on the going concern basis, under the historical cost convention, in accordance with applicable accounting standards and the Statement of Recommended Practice Accounting for Charities. Where appropriate, the prior year figures have been restated in accordance with this Statement of Recommended Practice. The cash flow statement has been restated in accordance with Financial Reporting Standard 1 (revised).

The company substantially relies on funding in the form of grants from the Arts Council of England for its current and future commitments, and operates on the basis that, taking one year with another, its revenue will match its expenditure. The Governors are determined that the company should continue to perform classical ballet, provided it is financially viable for it to do so. This is dependent upon the availability of continued funding from the Arts Council of England. The Governors ensure that the relevant officers of the Arts Council of England are kept informed of the company's achievements, plans and aspirations at all times.

The company's available assets consist of leasehold properties or are tied up in working capital, neither of which is easily realisable.

Should the going concern basis prove to be inappropriate, adjustments would have to be made to reduce the value of the assets to their recoverable amount, to provide for any further liabilities that might arise, and to reclassify fixed assets as current assets.

#### ***Production costs***

Production costs are written off in the year of first performance.

Productions in progress represents costs incurred on future productions.

#### ***Depreciation***

Depreciation is charged against fixed assets in order to write off the cost of assets over the useful economic life of the asset.

Leaseholds are depreciated over the remainder of the term of the lease.

Motor vehicles are depreciated in equal annual instalments over five years, except for a second-hand tractor unit, purchased on 31 March 1995, which has been depreciated to net realisable value.

Equipment is depreciated in equal annual instalments over five years.

#### ***Stocks***

Stocks of ballet shoes have been carried forward at the lower of cost and net realisable value, in order to write off their cost in the year of use.

## Notes (continued)

### 2 Grant income

	52 weeks ended 29 March 1997 £	52 weeks ended 30 March 1996 £
<i>Grants for specific projects</i>		
Arts Council of England	178,000	200,000
City of Westminster	-	5,000
	<hr/>	<hr/>
	178,000	205,000
<i>Grants for general purposes</i>		
Arts Council of England	3,903,000	3,903,000
City of Westminster	107,575	106,380
	<hr/>	<hr/>
	4,188,575	4,214,380
	<hr/> <hr/>	<hr/> <hr/>

### 3 Direct cost of production and sales

	52 weeks ended 29 March 1997			52 weeks ended 30 March 1996
	General funds £	Designated funds £	Total 1997 £	Total 1996 £
Productions	176,053	-	176,053	656,857
Artist and technical	2,629,292	-	2,629,292	2,708,282
Theatre charges	865,982	-	865,982	1,013,526
Orchestra and music	1,117,192	-	1,117,192	1,046,230
Subsistence and travel	436,991	-	436,991	492,503
Stage and wardrobe	299,032	-	299,032	324,044
Marketing	409,673	97,190	506,863	438,435
Royalties	40,085	-	40,085	65,069
Education	156,523	16,600	173,123	131,160
	<hr/>	<hr/>	<hr/>	<hr/>
	5,954,770	113,790	6,068,560	6,219,249
Premises	248,908	-	248,908	239,646
Miscellaneous	1,208	-	1,208	842
Depreciation	29,315	-	29,315	25,531
	<hr/>	<hr/>	<hr/>	<hr/>
	6,410,254	113,790	6,524,044	7,142,125
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## Notes (continued)

### 4 Support costs

	52 weeks ended 29 March 1997			52 weeks ended 30 March 1996
	General funds £	Designated funds £	Total 1997 £	Total 1996 £
Subsistence and travel	18,838	-	18,838	13,199
Marketing	18,268	-	18,268	27,009
	<hr/>	<hr/>	<hr/>	<hr/>
	37,106	-	37,106	40,208
Administration	354,566	-	354,566	381,665
Premises	148,353	-	148,353	157,293
Medical	75,818	-	75,818	53,580
Miscellaneous	23,099	-	23,099	19,115
Depreciation	17,952	-	17,952	17,136
	<hr/>	<hr/>	<hr/>	<hr/>
	656,894	-	656,894	668,996
	<hr/>	<hr/>	<hr/>	<hr/>

### 5 Parent company results

Of the group surplus, £147,465 (1996: £50,983) is dealt with in the accounts of English National Ballet Limited. As permitted by section 230 of the Companies Act 1985 no separate statement of financial affairs is presented for the company.

### 6 Remuneration of governors

The board are all non-executive governors and none received remuneration in the year (1996: £nil). The governors and officers of the Company are covered by Directors Liability Insurance, with maximum cover of £1 million. The premium paid was £1,768 (1996: £1,666).

## Notes (continued)

### 7 Employees

The average number of permanent employees in the year was 127 (1996: 119).

The aggregate staff costs of the employees during the 52 weeks was:

	1997 £	1996 £
Wages and salaries	2,459,538	2,433,416
Social security costs	281,064	280,364
Other pension costs	79,917	74,760
	<hr/>	<hr/>
	2,820,519	2,788,540
	<hr/>	<hr/>

The number of employees with emoluments for the year in excess of £40,000 fell within the following bands:

	1997 £	1996 £
£50,000 - £59,999	2	2
	<hr/>	<hr/>

## Notes (continued)

### 8 Tangible fixed assets

	<b>Total</b>	<b>Long leaseholds</b>	<b>Short leaseholds</b>	<b>Equipment</b>	<b>Motor vehicles</b>
	£	£	£	£	£
<b>Company and Group</b>					
<b>Cost</b>					
At 1 April 1996	1,061,889	669,502	228,559	131,971	31,857
Additions	33,179	-	2,406	30,773	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 29 March 1997	1,095,068	669,502	230,965	162,744	31,857
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>					
At 1 April 1996	279,565	85,180	95,611	83,578	15,196
Charge for the period	47,647	5,470	12,898	17,007	12,272
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 29 March 1997	327,212	90,650	108,509	100,585	27,468
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>					
At 29 March 1997	<b>767,856</b>	<b>578,852</b>	<b>122,456</b>	<b>62,159</b>	<b>4,389</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 March 1996	782,324	584,322	132,948	48,393	16,661
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

## Notes (continued)

### 9 Investments

	1997 £	1996 £
Shares in subsidiary undertaking	2	2
	<u>2</u>	<u>2</u>

The company owns the whole share capital comprising 2 fully paid up ordinary shares of £1 each of English National Ballet Enterprises Limited, a company registered in England and Wales. The principal activity of English National Ballet Enterprises Limited is raising sponsorship.

### 10 Debtors

Group	1997 £	1996 £
Trade debtors	128,738	266,254
Amounts owed by related parties	14,010	16,182
Other debtors	283,242	267,917
Prepayments and accrued income	119,751	139,491
	<u>545,741</u>	<u>689,844</u>
	<u>545,741</u>	<u>689,844</u>
 Company		
Trade debtors	76,474	227,914
Amounts owed by subsidiary undertaking	3,944	10,804
Amounts owed by related parties	14,010	16,182
Other debtors	283,242	267,917
Prepayments and accrued income	112,347	137,528
	<u>490,017</u>	<u>660,345</u>
	<u>490,017</u>	<u>660,345</u>

## Notes (continued)

### 11 Creditors: amounts falling due within one year

Group	1997		1996	
	£	£	£	£
Bank overdraft		198,856		403,527
Trade creditors		191,584		249,098
Other creditors including taxation and social security:				
Corporation tax	-		180	
Social security & PAYE	79,228		112,474	
Income tax	20,300		31,369	
VAT	96,533		88,613	
Other	54,799		27,992	
		<hr/>		<hr/>
		250,860		260,628
Accruals and deferred income		172,113		119,779
		<hr/>		<hr/>
		813,413		1,033,032
		<hr/>		<hr/>
<b>Company</b>				
Bank overdraft		198,856		387,109
Trade creditors		191,584		249,098
Amounts owed to subsidiary undertaking		4,118		22,500
Other creditors including taxation and social security:				
Social security & PAYE	79,228		112,474	
VAT	88,666		83,820	
Other	54,799		27,992	
		<hr/>		<hr/>
		222,693		224,286
Accruals and deferred income		126,455		118,585
		<hr/>		<hr/>
		743,706		1,001,578
		<hr/>		<hr/>

The Company has an overdraft facility with Coutts & Co. which is secured by a legal charge on the lease of Markova House. This charge ranks prior to the legal charge referred to in note 12 below.

## Notes (continued)

### 12 Building fund

The following grants were received for the acquisition of the leasehold and for the adaptation of Markova House, London SW7 and are included in the Building Fund:

- (a) Arts Council of Great Britain £125,000 - Capital Grant offered 30 July 1976.
- (b) Greater London Council £75,000. Grant offered 26 July 1976, subject to the following conditions:

This grant is repayable in the event of the company disposing of the property without GLC consent. It is secured by a legal charge on the lease of Markova House, subject to a prior charge in favour of Coutts & Co. The charge is now held by Westminster City Council.

### 13 Pensions

The company operates three pension schemes, of which two are defined contribution schemes and one is a defined benefit scheme. The assets of all schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £79,869 (1996: £74,760). Contributions totalling £11,571 due to one of the funds were paid to the fund in April 1996 and are included in creditors (1996: £4,818). Also the company pays additional fees to members of the English National Ballet Orchestra to enable them to make additional contributions to their own pension plans.

The defined benefit scheme has five members. Its last actuarial valuation took place as at 1 April 1995. The scheme was assessed by Watson Wyatt, consulting actuaries, using the projected unit method. The principal actuarial assumptions adopted were:

Item	At at 1 April 1995
Investment return	8.5% pa
Increase in pensionable earnings (including promotional increases)	6.0% pa
Social Security Increases	4.0% pa
Discretionary Pension Increases	3.0% pa
Growth in Dividend Income	4.0% pa

The market value of the scheme's assets as at 1 April 1995 was £6,126,000 which was sufficient to cover 118% of the benefits that had accrued to members. The next actuarial valuation will take place as at 1 April 1998.

### 14 Capital

The liability of the members is limited to £1 per member.

## Notes (continued)

### 15 Reserves

Group	Accumulated deficit £	1997 Designated funds £	Building fund £	Accumulated deficit £	1996 Designated funds £	Building fund £
Balance brought forward	(106,957)	60,000	558,863	(103,439)	-	564,333
Surplus in the period	260,915	(113,790)	-	51,012	-	-
Transfer for Audience development programme	(60,000)	60,000	-	(60,000)	60,000	-
Transfer for depreciation of long leasehold	5,470	-	(5,470)	5,470	-	(5,470)
Transfer in respect of deferred production	(200,000)	200,000	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at carried forward	(100,572)	206,210	553,393	(106,957)	60,000	558,863
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Company						
Balance brought forward	(105,000)	60,000	558,863	(101,453)	-	564,333
Surplus in the period	261,255	(113,790)	-	50,983	-	-
Transfer for Audience development programme	(60,000)	60,000	-	(60,000)	60,000	-
Transfer for depreciation of long leasehold	5,470	-	(5,470)	5,470	-	(5,470)
Transfer in respect of deferred production	(200,000)	200,000	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance carried forward	(98,275)	206,210	553,393	(105,000)	60,000	558,863
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The Company's leasehold interest in Markova House is depreciated in equal annual instalments over the life of the lease. The premium paid for the lease and the cost of conversion and building work both at acquisition and subsequently, were financed by funds raised for that purpose and retained in the Building Fund. As this Fund specifically finances the Markova House lease an amount equivalent to each year's amortisation is transferred from the Building Fund to the Accumulated Deficit.

**Notes (continued)**

**16 Reconciliation of operating surplus to net cash inflow from operating activities**

	52 weeks ended 29 March 1997 £	52 weeks ended 30 March 1996 £
Surplus in the period before taxation	147,125	51,192
Interest receivable	(26,361)	(27,101)
Interest payable	1,291	3,061
	<hr/>	<hr/>
Operating surplus	122,055	27,152
Depreciation charge	47,647	43,008
Decrease/(increase) in productions in progress	(76,912)	25,375
(Increase)/decrease in stocks	1,779	(3,427)
(Increase)/decrease in debtors	144,103	(252,983)
Increase/(decrease) in creditors	(14,767)	93,503
	<hr/>	<hr/>
	223,905	(67,372)
	<hr/> <hr/>	<hr/> <hr/>

**17 Analysis of net debt**

	Opening balance £	Net cash flow £	Closing balance £
Cash at bank and in hand	6,239	10,944	17,183
Bank overdraft	(403,527)	204,671	(198,856)
	<hr/>	<hr/>	<hr/>
	(397,288)	215,615	(181,673)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## Notes (continued)

### 18 Operating leases

At 29 March 1997, the company had annual commitments under operating leases as follows:

	1997 £	1996 £
<i>Land and buildings</i>		
Operating leases which expire:		
between two and five years	58,762	58,762
after more than five years	101,000	101,000
	<hr/>	<hr/>
	159,762	159,762
	<hr/>	<hr/>

## Consolidated income and expenditure account

for the 52 weeks ended 29 March 1997

	Note	52 weeks ended 29 March 1997 £	52 weeks ended 30 March 1996 £
<b>Income - continuing operations</b>			
Ticket sales		2,893,110	3,356,768
Sponsorship and fund raising	3	203,819	244,408
Interest receivable		26,361	27,101
Hires and sundry		197,837	167,885
Grants for specific projects	3	178,000	205,000
<b>Total income</b>		<b>3,499,127</b>	<b>4,001,162</b>
<b>Expenditure</b>			
<i>Costs of productions</i>		<b>176,053</b>	<b>656,857</b>
<i>Performance, rehearsals and staging</i>			
Artists and technical staff salaries		2,629,292	2,708,282
Theatre charges		865,982	1,013,526
Orchestra and music staff salaries		1,117,192	1,046,230
Subsistence and travelling		455,829	505,702
Stage and wardrobe		299,032	324,044
Marketing		525,131	465,444
Royalties		40,085	65,069
Education and community		173,123	131,160
		<b>6,105,664</b>	<b>6,259,457</b>

## Consolidated income and expenditure account

for the 52 weeks ended 29 March 1997  
(continued)

	Notes	52 weeks ended 29 March 1997 £	52 weeks ended 30 March 1996 £
<i>General</i>			
Administration		511,900	476,760
Offices and other premises		400,006	399,613
Professional fees		1,059	17,589
Auditors' remuneration		6,700	6,000
Medical		75,818	53,580
Miscellaneous		36,439	43,425
Bank interest		1,291	3,061
Depreciation		47,647	43,008
		<u>1,080,860</u>	<u>1,043,036</u>
<b>Total expenditure</b>		<b>7,362,578</b>	<b>7,959,350</b>
		<u>7,362,578</u>	<u>7,959,350</u>
<b>Net operating costs</b>		<b>3,863,450</b>	<b>3,958,188</b>
<i>Grants</i>			
Arts Council of Great Britain		3,903,000	3,903,000
Westminster City Council		107,575	106,380
		<u>4,010,575</u>	<u>4,009,380</u>
Surplus in the period before taxation		147,125	51,192
Corporation tax		-	(180)
Surplus in the period after taxation		<u>147,125</u>	<u>51,012</u>
Allocation from specific funds	4,14	59,260	-
Allocation to specific funds		(200,000)	(54,530)
(Increase)/decrease in accumulated deficit		<u>6,385</u>	<u>(3,518)</u>

There are no recognised gains or losses in the current and previous period other than those shown above.