

**English National Ballet and subsidiary**  
**(Limited by Guarantee)**  
*(formerly English National Ballet Limited)*

**Report and consolidated accounts**  
**31 March 2006**

Registered in England and Wales  
Registered Company number: 735040  
Registered Charity number: 214005



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## Governors' report

### Report of the trustees for the year ended 31<sup>st</sup> March 2006

The trustees are pleased to present their report together with the financial statements of the charity for the year ending 31<sup>st</sup> March 2006.

#### Reference and administrative details

Charity Number	214005
Company Number	735040
Status	English National Ballet is a company limited by guarantee with no share capital, and is a registered charity governed by its memorandum and articles of association.
Principal office	Markova House, 39 Jay Mews, London, SW7 2ES
Bankers	Coutts & Co, Media Banking Division, 440 Strand, London, WC2R 0QS
Solicitors	Simmons & Simmons, Citypoint, One Ropemaker Street, London EC2Y 9SS
Auditors	KPMG LLP, PO Box 695, 8 Salisbury Square, London EC4Y 8BB

#### Directors and trustees

The directors the charitable company (the charity) are its trustees for the purpose of charity law and throughout this report are collectively referred to as the trustees.

The trustees serving during the year and since the year end were as follows:

#### Board of governors

Chairman	John Talbot*	
	Lady Elizabeth Arnold	
Treasurer	James Baker*	(Appointed 21 June 2006)
	Quentin Bell	(Resigned 9 June 2006)
	Chris Cowdray *#	(Resigned 21 June 2006)
	Lachlan Edwards*	(Appointed 22 June 2005)
	Denise Fiennes*#	(Resigned 21 June 2006)
	Simon Freakley*	
	Richard Freudenstein *	(Resigned 24 July 2006)
	Roula Konzotis	(Appointed 22 June 2005)
	Veronica Lewis MBE	
	The Baroness de Mandat-Grancey	(Appointed 19 January 2005)
	Carol McPhee	(Appointed 21 June 2006)
	Stephen Phillips #	(Resigned 22 June 2005)
	Maurice Pinto	(Appointed 21 June 2006)
	Hamish Ritchie	(Resigned 22 June 2005)
	John Roberts *	
	Paul Vickers	(Appointed 21 June 2006)

Trustees marked with an asterisk (\*) are also members of the Finance and General Purposes Committee.

Trustees marked with a hash (#) resigned on completion of the maximum term allowed.

#### Company Secretary

Robin Richman

## Principal Officers

Matz Skoog	Artistic Director	resigned 31 October 2005
Wayne Eagling	Artistic Director	appointed 19 <sup>th</sup> December 2005
Craig Hassall	Managing Director	appointed 7 February 2005
Robin Richman	Finance Director and Company Secretary	
Alan Riches	Technical Director	
Fiona Mallin-Robinson	Marketing & Development Director	resigned 5 June 2006
Elizabeth Nield	Interim Marketing & Development Director	23 May 2005 to 5 May 2006
Rachel Seghers	Operations Director	resigned 4 November 2005
Sally Muckley	Development Director	appointed 31 July 2006

## Structure, Governance and Management

### Governing document

English National Ballet is a company limited by guarantee governed by its Memorandum and Articles of Association amended to allow for current governance arrangement on 21<sup>st</sup> July 2006. It is registered as a charity with the Charity Commission. Anyone over the age of 18 can become a trustee of the Company and there are currently 11 members (12 in 2005).

### Appointment of trustees

As set out in the Articles of Association the Chair of the trustees is nominated by his fellow Trustees. The Trustees may serve for a period of up to two, three year terms. Trustees 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 trustees are elected by the Members of the Company, and serve for a maximum of six years, except that this period can be extended for those holding the posts of Chairman and Deputy Chairman.

### Trustee induction and training

New trustees undergo an orientation meeting with the Chair and Principal Officers to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision making processes, the business plan and recent financial performance of the charity. Trustees are encouraged to keep fully up to date with the latest Charity Commission directives.

### Organisation

The board of trustees, which can have up to 20 members, administers the charity. The board meets quarterly and there is a sub-committee covering finance and management matters which meet more regularly. A Chief Executive is appointed by the trustees to manage the day to day operations of the charity. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the trustees, for operational matters including finance, employment and artistic performance related activity.

### Related parties

The charity has a close relationship with English National Ballet School, a charity which trains and develops young dancers whilst allowing them to continue in full time education.

### Risk Management

The Company recognises that risk management is an essential part of good business practice and work will continue to develop its risk management policy to include all aspects of its work, including processes for strategic and operational planning, performance management, decision making and project management.

A senior manager has been made responsible for the development and updating of the Risk Register and this is presented to a sub-committee of Governors on a regular basis. The Chair of this body then reports to the full Board on a quarterly basis.

The major risks to which the company is exposed, as identified by the Governors, have been reviewed and systems established to mitigate those risks.

### Objectives and activities

The primary objective of the charity is to promote and further education in and knowledge, understanding and appreciation of the arts of ballet, opera, mime, drama, music and singing and similar and ancillary arts.

In addition to the any other powers it may have, the Company has the following in order to further the Primary Object.

1. To present, promote, organise, provide, manage, and conduct or assist in presenting , promoting, organising, providing, managing and conducting performances of ballet, opera, mime, drama, music and singing and also meetings, lectures, study circles, discussion groups and similar activities.
2. To provide financial and material assistance, encouragement and support for furthering education in and knowledge, understanding and appreciation of the said arts including the provision of scholarships or other emoluments for students of the said arts.
3. To enter into agreements with choreographers, composers, artists, designers, makers of scenery, costumiers, or other persons for acquiring the dramatic, musical, artistic or others rights of ballets, operas, dramas, musical compositions or other similar works and to grant licences or privileges in respect of such rights to persons, firms, companies or institutions for the performance or representation of such works.

### Current strategies

2005/6 was an opportunity to grow the Company with the financial underpinning of the Arts Council England Stabilisation Plan providing a solid base for this growth and a move towards the Company's previous level of activity. This move was, however, tempered by the lessons of the hard times endured by the Company in the 2003/4 period.

With the removal of the Spring and Midscale tours, the performance numbers of the Company had declined, however there was an opportunity to increase these in 2005/6 with caution and sound financial planning.

### Significant activities

In summary, the growth in activity was as follows;

Number of performances	2005/2006	2004/2005
Spring	17	13
Royal Albert Hall	12	12
Autumn	47	28
Christmas	43	38
Foreign	3	14
Total	122	105

It is encouraging that the Company is gradually returning to its former number of annual performances, without sacrificing financial stability in the process.

## Achievement and performance

### Results and Review of activities in the Year

The philosophy of English National Ballet is to take classical ballet to as many people as possible around the country, at affordable prices. With this in mind, it is pleasing to report that our audiences paid an average of only £25 per ticket in 2005/6 and our average occupancy was 70%, an increase of 2% from the previous year. The financial year ended well for the Company, both artistically and financially. Planning for future years has already indicated that we should be able to better the financial result and commence repertoire expansion and increased touring.

The financial year began with a series of choreographic workshops. These are a valuable way to allow dancers to hone their choreographic skills in a supportive environment, with their colleagues as participants and audience. It also provides an important educational component to the Company's activities.

The workshops were followed with a revival of Derek Deane's successful arena production of *Romeo & Juliet* at the Royal Albert Hall. There is a healthy cross over between these audiences and the traditional proscenium presentations at the London Coliseum. Investment is being made in an audience database to learn more about our audiences to examine their activity from venue to venue. The Royal Albert Hall performances were augmented by a collaborative educational activity which allowed the venue and Company to work together for the benefit of young people.

Following the summer presentation, the Company performed the Rudolf Nureyev *Romeo & Juliet* at the ancient amphitheatre within the Acropolis, the Odeon Herod Atticus. The season, part of the Hellenic Festival, was almost completely sold out in this 5,000 seat amphitheatre for three performances to great critical acclaim. In addition to a critical and popular success, this season was unbudgeted and provided an unexpected surplus for the Company.

Upon returning to London, work began on the restudied production of Kenneth Macmillan's *The Sleeping Beauty*. Lady Deborah Macmillan worked closely with the Company during this period to ensure that her husband's work was faithfully restored. The production had been bought from American Ballet Theatre, however most costumes required remaking and the set was redesigned by Peter Farmer to make it more appropriate for touring. The effort was rewarded by positive reviews and excellent houses around Britain and in London. This production will now be an important component of the Company's repertoire for many years as an example of excellent British choreography. The production also fulfils the Company's aim to take works of excellence to as many people in regional areas as possible. A tour of such length (seven weeks) also provided a good opportunity for more junior dancers to try out different roles and thereby develop their skill base.

Our annual Christmas season of *The Nutcracker* followed the enhanced Autumn tour. Audiences again enjoyed this perennial classic and there were strong houses for the whole run. We followed *The Nutcracker* with the London performances of *The Sleeping Beauty*, which also saw strong houses over its run.

With the Company's financial position becoming stronger from the previous financial year, it was possible to re-introduce a Spring season. Following discussions with regional venues, there was a lot of interest in a fully staged work. The Company owns a version of the Mary Skeaping *Giselle* that had been designed for the Royal Festival Hall and could also be accommodated by smaller theatres. This production was toured to Poole, High Wycombe and Bath, and was well received by audiences in all three venues.

We complemented this presentation with a season of one act works as part of the Richmond Theatre's *Leap into Dance* festival in March 2006. This season was also popularly received and provided a good opportunity for the Company to give the dancers some variety and more challenging work.

Throughout the whole year, the Education staff arranged and presented a good variety of interactive workshops, forums, masterclasses and schools' performances to thousands of enthusiastic students. They also worked with disadvantaged groups, homeless youth and the aged in a variety of ways to stimulate collaboration, confidence building and creativity.

## **Financial Review**

The Company operates on the basis that revenue will match expenditure in each successive year. Any reserves resulting from the good fortunes of the Company are held to fund future repertoire expansion or to invest in additional touring weeks within Britain.

In financial terms, the Company had an excellent year, ending with a surplus against budget of £502,433. This surplus has allowed the Company to establish a designated fund for future repertoire expansion. With the assistance of the Arts Council England stabilisation funds, the Company was also able to put some infrastructure improvements in place such as new shower pods in changing rooms, general studio refurbishment and much needed maintenance work. The Company was also able to acquire some significant capital items in this period including databases for archive and human resources, and some much needed lighting equipment for productions.

## **Plans for Future Periods**

With an accumulated surplus and strong interest in the Company from audiences around the country, the future is able to be planned more fully and with more detail. The stabilisation plan submitted to Arts Council England proposed a new full length family ballet and this has been scheduled for the 2006/7 year.

*There are also plans to commission a new full length ballet in the 2007/8 year. This will be a major achievement for the Company and will directly assist our aim to build repertoire for regional touring.*

We also aim to continue to improve our occupancy levels with affordable ticket prices.

We are also putting operational timelines in place for the relocation of our scenery and costume storage. Currently two sites in Tetbury and Greenford are used for this purpose however these will be consolidated to a single site in Marden, Kent.

## **Reserves Policy**

The Company operates on the basis that, taking one year with another, revenue will match expenditure. Reserves are held to fund ongoing and future productions of classical ballet. The Governors are determined that the Company should continue to perform classical ballet, provided it is financially viable to do so. This is dependent upon the continued availability of funding from Arts Council England which has been agreed to 31 March 2008. The Governors ensure that the relevant officers of the Arts Council England are kept informed of the Company's achievements, plans and aspirations at all times.

The Company shows a cumulative surplus on general reserves at 31 March 2006 of £768,086 (2005: £922,432) and represent amounts available to cover the short term working capital commitments of the charity. The trustees believe these amounts are appropriate for this purpose.

The Company has also created a new designated fund for future repertoire this year and has transferred £1,050,000 for potential investment in further full length classical works in the medium term.

During the year, the Charity incurred expenditure in relation to the Arts Council of England (ACE) stabilisation programme in anticipation of receipt of the next stage of funding from ACE. As a result there is a deficit on restricted funds at 31 March 2006 of £123,193. The Governors anticipate that this deficit will be eliminated during the course of the year ending 31 March 2007, when the ACE funding is received.

**Statement of governors' responsibilities of English National Ballet in respect of the Governors' report and the financial statements**

The Governors are responsible for preparing the Governors Report and the financial statements in accordance with applicable law and regulations.

Company law requires to Governors to prepare financial statements for each financial year in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice).

The group and charitable company's financial statements are required by law to give a true and fair view of the state of affairs of the group and charitable company and of the group's excess of income over expenditure for that year.

In preparing these 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 UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the group and the charitable company will continue its activities

The Governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that its 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 group and to prevent and detect fraud and other irregularities.

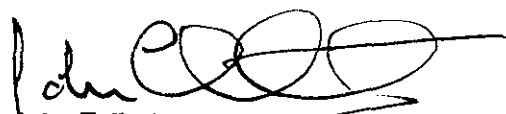
**Disclosure of information to auditors**

The governors who held office at the date of approval of this governors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each governor has taken all the steps that they ought to have taken as a governor to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Auditors**

Pursuant to a shareholders' resolution, the company is not obliged to reappoint its auditors annually and KPMG LLP will therefore continue in office.

By order of the Board

  
John Talbot  
Governor

12 January 2007

Markova House  
39 Jay Mews  
London SW7 2ES



## **Sponsorship and fund raising**

As a registered charity, English National Ballet relies heavily on external support. Companies, trusts and foundations, and individuals all contribute vital funding for new productions, extensive national tours and the groundbreaking work of our Education & Community Unit.

### **Corporate Partners**

Corporate support is a vital part of English National Ballet's income. We extend our sincere thanks to our business partners, whose generosity and involvement helps us to maintain our high performance standards.

### **Corporate Supporters**

#### **Major Sponsor**

Sky and Artsworld

*National Tour Sponsor 2005-06*

#### **National Partners**

Chanel

*Support for Special Events*

Sheraton Hotels and Resorts

*Hotel Sponsor, The Sleeping Beauty*

The Team

*Design Consultancy and Services*

City Jesters

*Business Consultancy and Services*

#### **Season & Evening Sponsors**

Clarks

*Shoe Sponsor*

Stila

*Make-up Sponsor, The Sleeping Beauty*

#### **Support for Special Projects**

Mr & Mrs Maurice Pinto

*Sponsors of the Guest Teacher Programme*

Harrods

*Special Events and Promotional Support*

### **Education & Community Partners**

Freed of London Ltd

*Education Partner*

### **Corporate Associates**

Holmes Place

Capezio

### **In-kind Sponsors**

British Airways

*Company Travel*

Dimension Data

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

Howrey LLP  
*Pro bono Legal Support*  
Landor Associates  
*Support for Special Events*  
Laurent-Perrier  
Supply of Champagne  
St. Martin's Lane  
*Opening Night, The Nutcracker*  
Identity Ltd  
*Support for Special Events*

### **In-kind Sponsors** *(continued)*

St Ives Westerham Press  
*Support for Special Events*  
Tigervision  
*Support for Film Services, The Sleeping Beauty*

### **Production History**

Mr David Lloyd  
*Giselle (2005)*  
Rudolf Nureyev Foundation  
*Side Show (2003)*  
Angelina Ballerina/HIT Entertainment  
*The Nutcracker (2002)*  
Herbert Smith  
*Double Concerto (2001)*  
The Diana, Princess of Wales Memorial Fund  
*Les Sylphides/Voluntaries/Etudes (2000)*  
*Swan Lake (2000)*  
*The Rite of Spring (1999)*  
*Romeo & Juliet (1998)*  
American Friends of English National Ballet  
*Tchaikovsky Pas de Deux (2000)*  
*Square Dance (1994)*  
Harrods  
*The Nutcracker (1997)*  
Pamela, Lady Harlech in memory of her late husband, Lord Harlech  
*My Brother, My Sisters (1996)*  
Unilever plc  
*Rudolf Nureyev's Romeo & Juliet (1995 Revival)*  
Denton Wilde Sapte  
*X.N. Tricities (1994)*  
Barclays Bank  
*Coppélia (1985)*

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

### **The Council of English National Ballet**

Council members are individuals who make an annual donation to one of four membership categories, one of which, the Producers' Council, is dedicated to the creation of new acquisitions and the restaging of ballets. In giving their support, Council members provide an invaluable and predictable source of income for which we are most grateful.

#### *Chairman*

The Baroness de Mandat Grancey

#### *Executive Council*

Sarah Cooke

Mr and Mrs Hamish Ritchie

Bruno L. Schroder

Jennifer and John Talbot

Mrs Louis Urvois

Mme Gerard Wertheimer

#### *Producers' Council*

Anonymous (1)

Mr & Mrs L Al Swaidi

Mr and Mrs Michael Garner

#### *Benefactor Council*

Ian and Judy Barlow

The Gilbert & Eileen Edgar Foundation

Diana, Lady Farnham CVO

Elizabeth Morison

Mr and Mrs James Smillie

Steve Springford

Mr and Mrs Julian Stanford

Mr and Mrs Brian Steer

The Hon. Mrs Simon Weinstock

#### *Council*

Anonymous (1)

David M. Bain

Mr William Barnard and Mrs Maureen Everson-Barnard

Dr and Mrs John Buchanan

Harold Gould, OBE

Mrs Norman Grundon

Pamela, Lady Harlech

Michael Harrison

Lady Heseltine

Mary Jordan

Mr and Mrs Ted Kalborg

Michael Ludgate

David Lloyd

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

The Mackintosh Foundation  
The Simon Marks Charitable Trust  
Mrs Yvonne Sherrington  
Gerry and Ruth Weiss

### **Association**

English National Ballet would like to thank all the members of our Association, whose valuable support significantly contributes to the work of the Company.

## Statistics 2005/06

### Box office income and attendances

	Ticket sales and fee income	2005/06 Number of perfs.	Attend- ances	Ticket sales and fee income	2004/05 Number of perfs.	Attend- ances
London	2,033,979	59	105,634	1,699,615	50	80,856
Regions	1,288,479	60	68,162	1,135,697	41	60,415
Foreign	100,113	3	12,000	237,114	14	20,000
	<u>3,422,571</u>	<u>122</u>	<u>185,796</u>	<u>3,072,426</u>	<u>105</u>	<u>161,271</u>

## Report of the independent auditors, KPMG LLP, to the members of English National Ballet

We have audited the financial statements of The English National Ballet for the year ended 31<sup>st</sup> March 2006 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Charity Balance Sheet, the Consolidated Cash Flow Statement, the Reconciliation of Net Cash Flows to the Movement in Net Funds and the related notes. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of the governors and auditors

The responsibilities of the charitable company's governors, who are also the directors of The English National Ballet for the purposes of company law, for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Governors Responsibilities on page 6.

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 Trustees' 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 directors' remuneration and other transactions is not disclosed.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### 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 trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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.

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the group's and the charitable company's affairs as at 31<sup>st</sup> March 2006 and of the group's 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 Trustees' Report is consistent with the financial statements.

*KPMG LLP*

*24 January 2007*

**KPMG LLP**  
Chartered Accountants  
Registered Auditor  
8 Salisbury Square  
London  
EC4Y 8BB

## Consolidated statement of financial activities (incorporating an Income and Expenditure account)

Year ended 31 March 2006

	Notes	Unrestricted general funds	Unrestricted future repertoire fund (designated fund)	Unrestricted building fund (designated fund)	Total unrestricted funds	Restricted funds	Total 2006	Total 2005 (restated)
		£	£	£		£	£	£
<b>Incoming resources</b>								
<b>Incoming resources from generated funds:</b>								
<i>Voluntary income:</i>								
Donations, legacies and similar incoming resources		134,585	-	-	134,585	-	134,585	61,147
Grants	2	6,069,838	-	-	6,069,838	-	6,069,838	6,439,838
<i>Activities for generating funds:</i>								
Income of trading subsidiary	9	346,130	-	-	346,130	-	346,130	371,605
Income from hiring productions		58,517	-	-	58,517	-	58,517	49,997
<i>Investment income</i>		93,958	-	-	93,958	-	93,958	68,650
<b>Incoming resources from charitable activities:</b>								
Ticket sales		3,422,571	-	-	3,422,571	-	3,422,571	3,072,426
<b>Other incoming resources: sale of production</b>		84,214	-	-	84,214	-	84,214	-
<b>Total incoming resources</b>		10,209,813	-	-	10,209,813	-	10,209,813	10,063,663
<b>Resources expended</b>								
<b>Costs of generating funds:</b>								
Trading subsidiary operations	3	(260,668)	-	-	(260,668)	-	(260,668)	(216,389)
<b>Charitable activities:</b>								
Cost of production and sales	4a	(8,841,935)	-	-	(8,841,935)	(388,827)	(9,230,762)	(8,117,407)
Educational costs	4a	(168,806)	-	-	(168,806)	-	(168,806)	(177,991)
<b>Governance costs</b>	5	(40,076)	-	-	(40,076)	-	(40,076)	(32,242)
<b>Other resource expended: costs of sale of production</b>		(7,058)	-	-	(7,058)	-	(7,058)	-
<b>Total resources expended</b>		(9,318,543)	-	-	(9,318,543)	(388,827)	(9,707,370)	(8,544,029)
Net income/(expenditure) for the year before transfers		891,270	-	-	891,270	(388,827)	502,443	1,519,634
Transfers between funds	16	(1,045,616)	1,050,000	(4,384)	-	-	-	-
<b>Net movement in funds</b>		(154,346)	1,050,000	(4,384)	891,270	(388,827)	502,443	1,519,634
Fund balances brought forward		922,432	-	425,298	1,347,730	265,634	1,613,364	93,730
<b>Fund balances carried forward</b>	16	768,086	1,050,000	420,914	2,239,000	(123,193)	2,115,807	1,613,364

The statement of financial activities includes all gains and losses recognised in the year.

Incoming resources and resulting net movement in funds each year arise from continuing operations.

There is no difference between the result for the year stated above and its historical cost equivalent.


The building fund is a designated fund – see notes 12 and 13

## Consolidated balance sheet

at 31 March 2006

	Notes	£	2006 £	£	2005 £
<b>Tangible fixed assets</b>	8		<b>571,322</b>		551,071
<b>Current assets</b>					
Stocks		57,024		57,134	
Debtors	10	752,180		731,880	
Cash at bank and in hand		1,720,529		957,436	
			<b>2,529,733</b>	<b>1,746,450</b>	
<b>Creditors: amounts falling due within one year</b>	11	<b>(985,248)</b>		<b>(684,157)</b>	
<b>Net current assets</b>			<b>1,544,485</b>		1,062,293
<b>Net assets</b>			<b>2,155,807</b>		1,613,364
<b>Reserves</b>					
General unrestricted funds	16	768,086		922,432	
Unrestricted building fund (designated fund)	16	420,914		425,298	
Unrestricted future repertoire fund (designated fund)	16	1,050,000		-	
<b>Total unrestricted funds</b>			<b>2,239,000</b>		1,347,730
<b>Restricted funds</b>	16	<b>(123,193)</b>			265,634
			<b>2,115,807</b>		1,613,364

These accounts were approved by the Board of Governors on 12 January 2007 and were signed on its behalf by:

  
John Talbot

  
Lachlan Edwards

Governors



## Charity balance sheet

at 31 March 2006

	Notes	£	2006 £	£	2005 £
<b>Fixed assets</b>					
Tangible fixed assets	8		571,322		551,071
Investments	9		2		2
			<u>571,324</u>		<u>551,073</u>
<b>Current assets</b>					
Stocks		57,024		57,134	
Debtors	10	755,928		819,935	
Cash at bank and in hand		1,704,279		857,979	
		<u>2,521,231</u>		<u>1,735,048</u>	
<b>Creditors:</b> amounts falling due within one year	11	(972,748)		(672,757)	
<b>Net current assets</b>			<u>1,544,483</u>		<u>1,062,291</u>
<b>Net assets</b>			<u>2,115,807</u>		<u>1,613,364</u>
<b>Reserves</b>					
General unrestricted funds	16		768,086		922,432
Unrestricted building fund (designated fund)	16		420,914		425,298
Unrestricted future repertoire fund (designated fund)			1,050,000		-
			<u>2,239,000</u>		<u>1,347,730</u>
Total unrestricted funds			<u>2,239,000</u>		<u>1,347,730</u>
Restricted funds	16		(123,193)		265,634
			<u>2,115,807</u>		<u>1,613,364</u>

These accounts were approved by the Board of Governors on 12 January 2007 and were signed on its behalf by:

  
John Talbot

  
Lachlan Edwards

Governors

## Consolidated cash flow statement

Year ended 31 March 2006

	Notes	2006 £	2005 £
Net cash inflow from operating activities	17	763,031	650,001
<b>Return on investments and servicing of finance</b>			
Interest received		93,958	68,650
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets		(93,896)	(126,882)
<b>Increase in cash in the year</b>	18	<u>763,093</u>	<u>591,769</u>

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

		2006 £	2005 £
Increase in cash in the year	18	763,093	591,769
Opening net funds		957,436	365,667
<b>Closing net funds</b>		<u>1,720,529</u>	<u>957,436</u>

## Notes

*(forming part of the accounts)*

### 1 Accounting policies

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

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below:

In these financial statements the following new standards have been adopted for the first time:

- FRS 21 'Events after the balance sheet date';
- The presentation requirements of FRS25 'Financial instruments: presentation and disclosure'; and
- FRS 28 'Corresponding amounts'.

The accounting policies under these new standards are set out below together with an indication of the effects of their adoption. FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985.

#### **Basis of preparation**

The financial statements have been prepared in accordance with the reporting requirements of Companies Act 1985 and applicable accounting standards and under the historical cost accounting rules and in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 (SORP 2005). The main change in the format of the accounts as a result of adopting SORP 2005 is the allocation of support costs directly to the relevant heading on the Statement of Financial Activities. The comparatives for 2004-2005 have been restated accordingly with no impact on the surplus for that year.

ENB sustained a loss in 2003/2004 when it was originally envisaged that it would break even. This had a serious negative impact on cash flow. In May 2004, ENB were admitted into the ACE Recovery Programme. Based upon admission to the programme and the receipt of the additional funding from ACE through its Recovery Programme, the Governors believe that it remains appropriate to prepare these financial statements on a going concern basis.

The Governors are determined that ENB should continue to perform classical ballet provided it is financially able to do so. This will be dependant upon the continued availability of existing grants, which have been agreed to 31 March 2008, and continued Box Office success to ensure that taking one year with another, revenue will match expenditure.

#### **Basis of consolidation**

The consolidated financial statements include the financial statements of the charitable company and its subsidiary undertakings on a line by line basis. The trading results of the subsidiary undertakings are disclosed in note 9. A separate Statement of Financial Activities for the charity is not presented because the charity has taken advantage of the exemptions afforded by section 230 of the Companies Act 1985 and paragraph 397 of SORP 2005.

#### **Incoming resources**

Grant, donation, legacy and sponsorship income is recognised on an accruals basis in the period in which the charity is entitled to receipt and the amount can be measured with reasonable certainty. Income tax recoverable in respect of covenanted or gift aid donations is reflected in the accounts at the time the donations are received.

Income from theatre ticket sales is included in incoming resources in the period in which the relevant performance takes place. Income received before the year end relating to performances in subsequent periods is recorded in deferred income.

## **Notes (continued)**

### **1 Accounting policies (continued)**

#### ***Resources expended and basis of allocation of costs***

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to a particular heading they have been allocated to activities on a basis consistent with the use of the resources.

Costs of generating funds represent the cost of fundraising activities which are carried out in the trading subsidiary and are separately disclosed on the face of the Statement of Financial Activities.

Costs of charitable activities include the salaries, direct expenditure and overhead costs of rehearsing, staging, performing and marketing ballet, and additional costs associated with carrying out educational activities. Production costs are written off in the year of first performance. Support costs include those costs incurred as an integral part of the Company's work in staging ballet. Such expenditure comprises health and safety and programmes designed to promote dancers' wellbeing. Management and administration costs are those incurred in connection with the administration of the charity and have been allocated across the different activity cost categories in proportion to the costs incurred with those activities.

Governance costs represent the cost of governance arrangements and consist of audit fees, legal fees and the cost of Governors meetings.

#### ***Fixed assets and depreciation***

Tangible fixed assets are depreciated on a straight line basis, at rates calculated to write off the cost of each asset over its useful economic life.

Leaseholds and leasehold improvements are depreciated over the remainder of the term of the lease. Plant is depreciated over its useful economic life, being 10 to 25 years, and comprises those assets that are permanently attached to, but not part of, the fabric of the building. Equipment is depreciated in equal annual instalments over five years. Musical instruments are depreciated in equal annual instalments over 15 years.

#### ***Stocks***

Stocks comprise stocks of ballet shoes which are carried at the lower of cost and net realisable value.

#### ***Pensions***

The company contributes to two defined contribution pension schemes. Contributions are expensed in the Statement of Financial Activities in the year to which they relate.

#### ***Fund accounting***

Unrestricted funds are those that can be used in accordance with the charitable objectives at the discretion of the trustees. Unrestricted funds are further segregated between general funds, a designated fund and a designated building fund. The newly created designated future repertoire fund represents funds for investment in new repertoire. Restricted funds are funds which have been given for particular purposes and projects. The restricted funds are funds to be used to implement the Recovery Plan as agreed by Arts Council England.

A transfer is made between general unrestricted funds and the building fund to match depreciation charged on the building.

#### ***Related party transactions***

The company has taken advantage of the exemption contained within FRS 8 'Related Party Disclosures' and not disclosed transactions with subsidiary undertakings where the charity controls 90% or more of the voting rights.

**Notes (continued)**

**2 Grant income**

	Unrestricted General Funds	Restricted Funds	Total 2006	2005
	£	£	£	£
Arts Council of England - Revenue Grant	6,029,838	-	6,029,838	5,582,838
Arts Council of England - Stabilisation Grant	-	-	-	800,000
City of Westminster	40,000	-	40,000	57,000
	<u>6,069,838</u>	<u>-</u>	<u>6,069,838</u>	<u>6,439,838</u>

**3 Cost of generating funds**

	Unrestricted General Funds	Restricted Funds	Total 2006	2005
	£	£	£	£
<i>Trading subsidiary expenditure</i>				
Management and administration	34,200	-	34,200	-
Events	77,404	-	77,404	75,461
Fundraising	32,226	-	32,226	24,186
Salaries	116,838	-	116,838	116,742
	<u>260,668</u>	<u>-</u>	<u>260,668</u>	<u>216,389</u>

SORP 2005 requires that management and administration costs are allocated to activity cost categories. During the year, the Trustees undertook a review of management and administration costs and decided it would be appropriate for the year ended 31 March 2006 and going forward, to re-charge a portion of these costs to the trading subsidiary, English National Ballet Enterprises Limited.

## Notes (continued)

### 4 Charitable activities

	Unrestricted General Funds £	Restricted Funds £	Total 2006 £	2005 (restated) £
4a) <i>Cost of production and sales</i>				
Management and administration (note 4b)	1,187,835	285,309	1,473,144	1,327,965
New productions and refurbishment	455,946	-	455,946	187,335
Performances	2,417,756	-	2,417,756	2,144,250
Theatre charges	785,373	-	785,373	568,118
Copyrights and royalties	95,027	-	95,027	81,966
Artists	2,273,573	-	2,273,573	2,130,483
Technical	392,440	-	392,440	429,207
Music and orchestra	154,326	-	154,326	175,071
Wardrobe	283,612	-	283,612	273,654
Depreciation	6,855	-	6,855	19,133
Health & safety	15,969	-	15,969	14,930
Medical & welfare	156,630	-	156,630	81,267
Marketing and publicity	616,471	27,298	643,769	683,232
Hiring productions	122	-	122	796
Building maintenance	-	76,221	76,221	-
	<u>8,841,935</u>	<u>388,827</u>	<u>9,230,762</u>	<u>8,117,407</u>
<i>Educational costs</i>				
Management and administration (note 4b)	22,148	-	22,148	29,118
Education Department	146,658	-	146,658	148,873
	<u>168,806</u>	<u>-</u>	<u>168,806</u>	<u>177,991</u>
	Unrestricted General Funds £	Restricted Funds £	Total 2006 £	2005 (restated) £
4b) <i>Management and administration</i>				
Salaries	586,002	196,354	782,356	672,948
Premises	488,924	-	488,924	422,335
Depreciation	26,549	39,481	66,030	39,628
Other	142,708	49,474	192,182	222,172
	<u>1,244,183</u>	<u>285,309</u>	<u>1,529,492</u>	<u>1,357,083</u>

Management and administration costs have been allocated to cost categories in proportion to the direct costs incurred in those areas. Comparative results have been restated accordingly.

**5 Governance Costs**

	Unrestricted General Funds £	Restricted Funds £	Total 2006 £	2005 (restated) £
Legal and professional	14,921	-	14,921	10,318
Audit fee	24,585	-	24,585	21,562
Committee costs	570	-	570	362
	<u>40,076</u>	<u>-</u>	<u>40,076</u>	<u>32,242</u>

**6 Remuneration of governors**

The board are all non-executive governors and none received remuneration in the year (2004: *£nil*). The governors and officers of the Company are covered by Directors Liability Insurance, with maximum cover of £1 million. The premium paid was £1,760 (2005:£1,848). Two Governors received expenses for travel (2005: two). Governors expenses reimbursed were £570 (2005: £362).

**7 Staff numbers and costs**

The average number of full time equivalent employees during the year, analysed by category, was as follows:

	Number of employees	
	2006	2005
Management & Administration	51	50
Technical	5	8
Dancers	59	60
Orchestra	30	35
	<u>145</u>	<u>153</u>

## Notes (continued)

### 7 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	Unrestricted General Funds £	Restricted Funds £	Total 2006 £	2005 £
Wages and salaries	4,666,532	179,422	4,845,954	4,241,459
Social security costs	484,418	11,687	496,105	457,023
Other pension costs	136,970	5,243	142,213	135,330
	<u>5,287,920</u>	<u>196,352</u>	<u>5,484,272</u>	<u>4,833,812</u>

The number of employees with emoluments for the year in excess of £60,000 fell within the following bands:

	2006	2005
£70,000 - £79,999	1	1
£80,000 - £89,999	2	1
	<u>3</u>	<u>2</u>

Of staff earning in excess of £60,000 in the year, three are members of a defined contribution pension scheme (2005: two). The company contributed £8,367 to the defined contribution pension scheme in respect of these employees (2005: £14,535).



## Notes (continued)

### 8 Tangible fixed assets

Company and Group	Long leaseholds £	Short Leasehold improvements £	Plant £	Fixtures, fittings, equipment and musical instruments £	Total £
<b>Cost</b>					
At 1 April 2005	468,025	163,903	154,283	124,035	910,246
Asset category transfers	-	-	(82,116)	82,116	-
Additions	-	-	-	93,896	93,896
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2006	468,025	163,903	72,167	300,047	1,004,142
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>					
At 1 April 2005	101,777	136,490	54,216	66,692	359,175
Asset category transfers	-	-	(16,423)	16,423	-
Charge for the year	3,802	9,210	8,760	51,873	73,645
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2006	105,579	145,700	46,553	134,988	432,820
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>					
<b>At 31 March 2006</b>	<b>362,446</b>	<b>18,203</b>	<b>121,341</b>	<b>69,332</b>	<b>571,322</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2005	366,248	27,413	100,067	57,343	551,071
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Included within fixed assets are fixed assets acquired out of restricted funds with a cost of £197,405 and a NBV of £132,548. All fixed assets are held for charitable purposes.

## Notes (continued)

### 9 Investments

	2006 £	2005 £
Shares in subsidiary undertaking	2	2

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.

	2006 £	2005 £
Turnover	346,130	371,605
Expenditure	(260,668)	(216,389)
<b>Net profit</b>	<b>85,462</b>	<b>155,216</b>
Amount donated to the charity under deed of covenant	(85,462)	(155,216)
<b>Retained in the subsidiary</b>	<b>-</b>	<b>-</b>

The assets held in the trading subsidiary were:

	2006 £	2005 £
Current assets	129,067	197,282
Current liabilities	(129,065)	(197,280)
<b>Total net assets</b>	<b>2</b>	<b>2</b>
<b>Aggregate share capital and reserves</b>	<b>2</b>	<b>2</b>

## Notes (continued)

### 10 Debtors

Group	2006 £	2005 £
Trade debtors	571,674	263,384
Other debtors	26,007	9,057
Prepayments	135,327	225,626
Accrued income	19,172	233,813
	<hr/>	<hr/>
	752,180	731,880
	<hr/>	<hr/>
<b>Company</b>		
Trade debtors	465,222	169,831
Amounts owed by subsidiary undertaking	116,565	185,880
Other debtors	26,007	9,057
Prepayments	135,327	221,354
Accrued income	12,807	233,813
	<hr/>	<hr/>
	755,928	819,935
	<hr/>	<hr/>

## Notes (continued)

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

Group	£	2006 £	£	2005 £
Trade creditors		94,665		83,105
Other creditors including taxation and social security:				
Social security & PAYE	130,481		179,617	
VAT	-		51,311	
Other	57,388		58,755	
		<u>187,869</u>		<u>289,683</u>
Accruals		330,664		299,969
Deferred income		372,050		11,400
		<u>985,248</u>		<u>684,157</u>
<b>Company</b>				
Trade creditors		94,665		83,105
Other creditors including taxation and social security:				
Social security & PAYE	130,481		179,617	
VAT	-		51,311	
Other	57,388		58,755	
		<u>187,869</u>		<u>289,683</u>
Accruals		330,664		299,969
Deferred income		359,550		-
		<u>972,748</u>		<u>672,757</u>

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 13 below.

The movement on deferred income is as follows:

	Group £	Company £
Balance brought forward at 1 April 2005	11,400	-
Amounts deferred in the year	372,050	359,550
Amounts released to the Statement of Financial Activities in the year	(11,400)	-
	<u>372,050</u>	<u>359,550</u>
Balance carried forward at 31 March 2006		

## Notes (continued)

### 12 Fund accounting

Funds held by the charity are either:

- unrestricted general funds – these are funds which can be used in accordance with the charitable objects at the discretion of the Governors;
- designated funds – these are funds set aside by the Governors out of unrestricted general funds for specific future purposes or projects. A transfer is made between the general unrestricted funds and the designated building funds to reflect depreciation of the building (see note 13).
- restricted funds – these are funds to be used to implement the Recovery Plan as agreed by Arts Council England.

Further explanation of the nature and purpose of the designated fund is included in notes 13 and 16 to the financial statements.

#### 13a) Unrestricted building fund (designated fund)

The following grants were received and used 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.

#### 13b) Unrestricted Future Repertoire Fund (designated Fund)

During the year, the company recorded a surplus on unrestricted general funds. Accordingly the Governors have designated £1,050,000 for investment in future repertoire. This amount has been transferred to a designated fund.

### 14 Pensions

The Company operates two defined contribution schemes. 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 £126,692 (2005: £124,469).

### 15 Capital

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

## Notes (continued)

### 16 Reserves

Group	Unrestricted general fund accumulated surplus £	Unrestricted future repertoire fund (designated fund) £	Unrestricted building fund (designated fund) £	Restricted funds £	Total £
Balance brought forward at 1 April 2005	922,432	-	425,298	265,634	1,613,364
Surplus for the year	891,270	-	-	(388,827)	502,443
Transfer for depreciation of long leasehold	4,384	-	(4,384)	-	-
Transfer to designated fund	(1,050,000)	1,050,000	-	-	-
Balance carried forward at 31 March 2006	<u>768,086</u>	<u>1,050,000</u>	<u>420,914</u>	<u>(123,193)</u>	<u>2,115,807</u>
<b>Company</b>					
Balance brought forward at 1 April 2004	922,432	-	425,298	265,634	1,613,364
Surplus for the year	891,270	-	-	(388,827)	502,443
Transfer for depreciation of long leasehold	4,384	-	(4,384)	-	-
Transfer to designated fund	(1,050,000)	1,050,000	-	-	-
Balance carried forward at 31 March 2005	<u>768,086</u>	<u>1,050,000</u>	<u>420,914</u>	<u>(123,193)</u>	<u>2,115,807</u>

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 General Accumulated Surplus/(Deficit).

The balance on the Building fund reserve is being amortised in equal annual instalments over the remainder of the lease term, 99 years.

During the year, the Charity incurred expenditure in relation to the Arts Council of England (ACE) stabilisation programme in anticipation of receipt of the next stage of funding from ACE. As a result there is a deficit on restricted funds at 31 March 2006 of £123,193. The Governors anticipate that this deficit will be eliminated during the course of the year ending 31 March 2007, when the ACE funding is received.

## Notes (continued)

### 17 Reconciliation of net expenditure for the year to net cash inflow/(outflow) from operating activities

	2006 £	2005 £
Net income for the year	502,443	1,519,634
Interest receivable	(93,958)	(68,650)
Operating surplus	408,485	1,450,984
Depreciation charge	73,645	59,521
Decrease in stocks	110	427
(Increase)/decrease in debtors	(20,300)	58,964
Increase/(decrease) in creditors	301,091	(919,895)
Net cash inflow/(outflow) from operating activities	763,031	650,001

### 18 Analysis of net funds

	Opening balance £	Net cash flow £	Closing Balance £
Cash at bank and in hand	957,436	763,093	1,720,529

### 19 Analysis of net assets between funds

	Fixed Assets £	Cash & Bank £	Other £	Total Net Assets £
Unrestricted	438,774	1,976,270	(176,044)	2,239,000
Restricted	132,548	-	(255,741)	(123,193)
Total	571,322	1,976,270	(431,785)	2,115,807

### 20 Operating leases

At 31 March 2005, the Company had annual commitments under operating leases as follows:

	2006 £	2005 £
<i>Land and buildings</i>		
Operating leases which expire:		
Between two and five years	183,262	163,264
After more than five years	139,000	1,500
	322,262	164,764