

**English National Ballet
(Limited by Guarantee)**

**Trustee's Report and consolidated
accounts
31 March 2010**

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



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Trustees' report

Report of the trustees for the year ended 31 March 2010

The trustees are pleased to present their report together with the consolidated financial statements of the charity for the year ending 31 March 2010

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 of 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 Trustees

Chairman	John Talbot*	
	Justin Bickle*	Appointed 10th June 2009
	Stephen Ball	
	Carol Brigstocke	
	Christopher Cowdray	
	The Baroness de Mandat-Grancey	
	Roula Konzotis	
	Cecilia McAnulty*	
	Carole McPhee *	
	Maurice Pinto *	
	John Roberts*	
	Paul Vickers	Resigned 20th January 2010
	Stephen Sacs	Appointed 2nd June 2010
	Elizabeth, Lady Arnold	Resigned 1st October 2009

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

Company Secretary

Michael Dixon

Appointed 22 June 2009

Principal Officers

Wayne Eagling	Artistic Director
Craig Hassall	Managing Director
Michael Dixon	Finance Director and Company Secretary
Alan Riches	Technical Director
Sally Muckley	Development Director
Gavin Sutherland	Music Director
Fleur Derbyshire-Fox	Learning Director
Andrew Morgan	Operations Director
Philip Maddock	HR Director
Louise Halliday	Marketing Director

Going Concern

The financial statements have been prepared on a going concern basis, which the Trustees believe to be appropriate for the following reasons. The Charity is dependent for its funding on grants provided to it by the England Arts Council (ACE). Funds for 2010/2011 have been agreed and negotiations are on-going for funding for fiscal year 2011/2012. In light of the uncertainty of the impact of the government spending review on ACE grants in 2012, the Charity has considered its forecasts and sensitised them for a number of scenarios. In light of net funds of £3,935,385 and cash of £2,847,128, the trustees have a reasonable expectation that the Charity will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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 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 12 members (12 in 2009).

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 meets more regularly. A Managing Director is appointed by the trustees to manage the business operations of the charity. To facilitate effective operations, the Managing Director 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. The Artistic Director of English National Ballet is also non-executive Artistic Director of English National Ballet School and there is a close collaboration which benefits the students of the school in performance experience, coaching and potential employment.

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. Risk management is the responsibility of the Trustees.

The Director of Finance has been made responsible for the development and updating of the Risk Register and this is presented to a sub-committee of Trustees 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 Trustees, have been reviewed and systems established to mitigate these risks, including setting realistic targets and setting schedules with commercial objectives to the forefront.

The Trustees consider the most significant risk facing the organisation to be the status of ongoing funding from the Arts Council. The government spending review and consequences that this may have on the funds available to the Arts Council is likely to affect all organisations who receive significant funds from them. As well as continuing to push alternative sources of income, English National Ballet has also prudently planned the touring schedule for the coming years. This allows for significant flexing of activity.

The other significant risk the organisation faces is the ability to book and perform in the most suitable venues thus allowing us to maximise box office revenue. To mitigate this risk English National Ballet have strengthened the links with key venues and lengthened the planning horizon thus allowing adequate and appropriate venues to be reserved and booked well in advance.

Objectives and activities

The primary objective of the charity is to present productions of classical ballet of the highest quality within the UK and around the world, with a particular emphasis on access to these performances for the widest possible audience. In addition to the any other powers it may have, the Company has the following in order to further the Primary Objective:

- to take classical ballet of the highest quality to the widest geographical audience through the UK and overseas, at affordable prices,
- to inspire, enlighten and uplift the public through performances, events, interaction and experience in venues including theatres, schools and festivals,
- to develop the art form of ballet through commissioning new choreography, design and / or musical composition, while maintaining the highest artistic standards and promoting the Company's activities to a wide and diverse audience.

The philosophy that underpins the Company's annual activities remains the same as when the English National Ballet was founded 60 years ago by Dame Alicia Markova and Sir Anton Dolin – to bring ballet to the people. Central to this philosophy is the belief that quality of life can be enhanced through contact with classical ballet, both as audience and participants, and that truly great performances can uplift, inspire and drive creativity in the wider community.

In shaping the Company's objectives for the year and planning its activities, the trustees have considered the Charity Commission's guidance on public benefit, including the guidance on public benefit and fee charging. English National Ballet relies on government grants, income from box office, individual donations and corporate sponsorship to cover operating costs. In setting ticket prices and charges for activities, the trustees give careful consideration to the accessibility of the Company's activities for those on low incomes. There is also consideration given to the geographic reach of the Company's touring schedule to allow people from across the country to access performances.

The strategies employed to achieve the charity's aims and objectives are to,

- present full scale narrative ballets in as many locations as possible across the UK and the world,
- commission new productions for the enjoyment and education of a wide audience, to broaden audience's appreciation of the ballet repertoire as well as providing artistic challenges and variety to the dancers,
- work cooperatively with venues and other ballet/dance companies across the UK and internationally to ensure an even and varied presentation of dance,
- maintain a regular presence in London for profile, artistic benchmarking, family audiences and financial supporters, whether corporate, government or individual,
- offer opportunities for a diverse range of people to get involved with ballet and to enhance their experience of ballet through a variety of activities including ballet classes, workshops, make-up demonstrations, pre-performance talks, wardrobe demonstrations, and interactive learning resources,
- work with all sections of the community to encourage as broad an attendance as possible including groups who would not normally attend classical ballet,
- developing artists in-house through initiatives including Emerging Dancer Award, choreographic workshops, and internal promotions,
- maintain ticket prices starting from £10 for the majority of performances,
- make available discounts for those not in employment, retired, children, schools, etc,
- make free tickets available for key workers where there is capacity,
- be an industry leader in ballet for the UK and to set the benchmark for excellence in this art form

The Company has three major areas of activity which are

- large scale ballet performances across the UK
- learning and outreach
- performances in other circumstances, e.g. small scale performances, festivals and international performances

We encourage as many people as possible to attend our Ballets. We work closely with education providers, community groups and our performing arts colleagues to ensure that access is truly equal and that there are as few barriers as possible to entry to an English National Ballet performance. We particularly target sections of the community who would not normally be able to go to the ballet. For example, we have links with many educational and community organisations, both regionally and within London, to whom we offer tickets at a discount of 90%.

We are mindful of our objectives to ensure our performances remain affordable. Ticket prices are always set with consideration to the environment in which we perform. We have a wide range of ticket prices to encourage accessibility, our lowest ticket price in the year was £6. Prices outside London are considerably lower. Furthermore, even in London, we offer discounted family ticket packages and £10 tickets for all performances. We also have an access strategy for hard to reach groups and those in lower income brackets. Such is the cost base of the presentation of classical ballet of the scale and quality of English National Ballet that we heavily subsidise the ticket prices outside London to ensure that the nation has greater access to ballet.

Large scale ballet performances

In 2009/10, the Company performed across England, Wales, London and overseas. The centenary of the Ballets Russes, Serge Diaghilev's trailblazing Company from which English National Ballet has its roots, was celebrated in a season of revivals and new work at Sadler's Wells in London. A new work, *Men Y Men*, by Artistic Director Wayne Eagling was created and performed alongside the Company's autumn tour and Christmas performances of *Giselle*. The Company's full-length commission from 2007, *The Snow Queen* by Michael Corder, was also revived for London performances. The critically acclaimed Royal Danish Ballet production of *Manon*, with choreography by Kenneth Macmillan, continued its UK tour and was also performed in Italy.

While the Company recognised that *Manon* was less popular at the box office in the UK than other narrative ballets, the Company felt it was important to give audiences in Oxford and Cardiff the opportunity to see this important work in British ballet. In choosing the repertoire for the year, we are mindful of the variety of expectations of our audience. The perennial favourite, *The Nutcracker*, fulfils a longstanding expectation of Christmas audiences, *Giselle* is a familiar narrative title which fulfils audience expectations of traditional classical performances, *Men Y Men* challenged audience preconceptions of ballerinas in tutus by celebrating the athleticism of the men of the Company, *The Snow Queen* is a large-scale classical ballet for which audiences have great enthusiasm, and *Ballets Russes* gave audiences an experience of the Company's heritage, its entrepreneurial spirit (costumes for *Apollo* and *The Dying Swan* by Chanel designer Karl Lagerfeld) and its future (commission of *Faun(e)* by British choreographer David Dawson).

Fulfilling the Company's objective of taking ballet to a wide geographical audience, our large-scale regional tours encompassed venues in Oxford, Cardiff, Manchester, Liverpool, Bristol, Southampton and Glasgow as well as overseas performances in Houston, Parma, Modena, Barcelona and Salonika and seasons in London.

Learning and outreach

The Learning programme *Be Engaged* encompasses Schools Link, Adult Ballet and Interaction Events which is greatly enhanced by strategic partnership projects in London, regionally and internationally.

Key partnerships include Sadler's Wells and the Royal Borough of Kensington and Chelsea for *Ballets Russes – Encounters* and the London College of Fashion and the V&A 2009 for *Ballets Russes – Design Perspectives*, which commenced in 2009 and leads to an event at the V&A October 2010 to coincide with the Diaghilev exhibition.

English National Ballet was selected as a partner for the national programme *Find Your Talent* with Bolton City Council Pathfinder and has developed sustainable links with The Mayflower Southampton hosting a highly successful satellite summer school. Internationally, the Company has forged links with the British Council in China and Hong Kong delivering three arts education training programmes in Xi'an, Shanghai and Hong Kong for a wide range of beneficiaries including those with mental disabilities.

The project *Swanning Around*, which started in 2009 and continues to September 2010, was created by English National Ballet with key partners the Royal Albert Hall and digital partner WebPlay, involving five UK schools, (Liverpool, Manchester, Essex and London), matched with four schools in China, (Shanghai, Beijing) and a group in Hong Kong. The international partners include the British Council and dance companies National Ballet of China, City Contemporary Dance Company, Hong Kong Ballet, Hong Kong Dance and Shanghai Ballet, which has a positive impact on future touring plans.

Ballet classes for adults at our Kensington home continue to be oversubscribed, despite increased prices and more classes being run. This has been identified as an area which can be commercially developed.

Performances in other circumstances

Illustrating the diversity of our performance, the financial year also saw the creation of a new ballet for children, *Angelina Ballerina's Big Audition*, building on the popularity of the first Angelina Ballerina ballet.

This new work encompassed dance styles including hip hop, tap and jazz as well as ballet, and the costumes were streamlined in line with the new CGI Angelina Ballerina TV series, allowing the dancers to perform more freely. This popular work has been tremendously useful in reaching audiences in smaller venues around the UK and the world, as well as providing many thousands of children with their first experience of classical ballet. Pricing for the show is kept as low as possible and we held a series of workshops alongside the performances to further enhance our young audience members' appreciation of the art form.

The Company also performed as part of the City of London Festival at St Paul's Cathedral – taking ballet out of its usual locations and reaching new audience. These performances also gave the opportunity for Senior Principal Thomas Edur to create new work and for Thomas and his wife Agnes Oaks to bid farewell to the stage. Further opportunity to develop young choreographers was exploited in the Company's performances at Bestival, when dancer Jenna Lee created a piece performed by six English National Ballet dancers to an audience which would not usually have the opportunity to see ballet. The performance saw ballet combined with body popping and hip hop in an exciting amalgamation of dance styles which banished audience preconceptions about ballet being a staid art form.

Our main scale overseas tours to Italy, Greece and Spain were extremely well-received. They had the added benefit of showcasing the Company on an international stage, and more widely representing the cultural richness of the UK overseas.

Angelina's Star Performance tour to the UAE and Australia took ballet to huge and diverse audiences internationally.

Artistic philosophy

English National Ballet is committed to presenting well known works of scale and balances this with smaller one-act ballets and commissioned works. The variety of work is essential for retaining audiences and dancers, whilst the surety of the regular presentation of main stage works serves to ensure financial stability for the Company through solid box office attendances in London and throughout the UK. Cross art-form collaboration is an area which English National Ballet seeks to nurture through events such as Bestival. Extensive tours of the same repertoire provide career development opportunity for younger members of the Company in more senior roles, as do opportunities to create roles in new ballets such as *Faun(e)* and *Angelina Ballerina's Big Audition* and opportunities to choreograph new work such as *St Paul's* and *Bestival*.

Two new initiatives – the Emerging Dancer Award and the Choreographic Awards – underline the Company's commitment to artist development. The inaugural Emerging Dancer Award saw audiences engaged in voting for their favourite dancer for the Audience Award from a shortlist of six dancers nominated by the Company staff including administration, artistic and orchestra. The shortlisted dancers gave a performance at the awards evening and the winning dancer was announced that night. The awards give exposure, career development and coaching opportunities to the stars of tomorrow. The choreographic award went to a dancer whose work was showcased at the Company's annual fundraising gala, in front of an audience of supporters.

The Company recognises that there are few absolutes in art, and different people's genuine responses to the same performances can be utterly different. While the majority of feedback we receive is complimentary, some of the Company's performances, especially ones which push the boundaries of ballet, can generate mixed responses. We take negative comments very seriously and as such plan to introduce a specialist online customer complaint and feedback management service. Meanwhile, any complaints are passed onto the senior management team and responded to by the Marketing department.

Achievements and performance

During the year the Company commissioned **four new ballets, staged 310 performances** (133 without Angelina) including 54 performances in London, 168 in the UK outside London, and **attracted 281,841 audience members** (166,376 without Angelina). Highlights included

- Four new commissions, David Dawson (*Faun(e)*), Wayne Eagling (*Men Y Men*), Thomas Edur (*Silent Monologues for St Paul's*) and Antony Dowson (*Angelina Ballerina's Big Audition*),
- Holder and winner of three major theatrical awards,
- Great success in international arena – performed in UAE, Australia, Italy and Greece,
- Production of a new Angelina Ballerina show which toured very successfully both in the UK and internationally,
- 96% of seats sold for Sadler's Wells performances, 90,000 seats sold for Christmas season
- Performed in 30 cities and towns across the UK,
- Key revival of Ballet Russes works *Scheherazade*, *The Rite of Spring*, *Les Sylphides*, *The Dying Swan*, *Apollo* and *Le Spectre de la rose*,
- New work by Artistic Director Wayne Eagling seen in London and on tour,
- Revival of three-act ballet *The Snow Queen* by Michael Corder, created for English National Ballet in 2007,
- Promotion of dancers through the ranks, including home-grown talent,
- Ground-breaking 3D filming projects were undertaken,
- Consolidation of family matinee performances (children under 16 come free) and under 30s performances (encouraging young audiences)

Our dancers have been invited in consecutive years to perform in Dance Salad Festival – an internationally acclaimed, week-long festival in Houston, Texas, presenting top quality dance companies by invitation only – to represent the best of British dance

The Company was holder of the Critics' Circle **Award** for *Outstanding Company* until January 2010, and in November 2009 won the TMA Theatre Award for Achievement in Dance. The Company also won the Manchester Evening News Theatre Award in Dance in December 2009 – "English National Ballet, by bringing us MacMillan's masterpiece *Manon* – usually seen by Covent Garden audiences alone – proved they are already doing while others dream, and are worthy winners", *Manchester Evening News*, December 2009

Maintaining a balance between patrons paying full price, **accessibility** for those of modest means, the encouraging of **new audiences** and maintaining a financial balance is an ongoing challenge. Our key financial aim remains to match Arts Council funding with income from other streams, the majority being box office but also through support from sponsors, donors and members as well as through commercial activity (merchandise, programmes, public ballet classes etc). We are very grateful to sponsors for their support as without them we would not be able to fulfil this aim, and to ACE for their core funding.

Our pricing policy

Our pricing policy reflects our strategy of enabling members of the public, whatever their means, to see a performance by English National Ballet and to have access to ancillary activities such as talks, workshops and events. Wherever possible, tickets for our performances start at £10 and this policy was maintained throughout the financial year. The exception was Angelina Ballerina's Big Audition, for which tickets were even more accessibly priced.

Ticket prices at the London Coliseum were retained from the previous year, with top price of £60 broadly reflecting market prices. We continue to see sustained demand for top price tickets and sales at this price ensure our financial viability. Ticket prices in other venues reflect the market in the individual venue, with top prices being between £35 and £45, and discounts available for students, registered unemployed, over 60s, under 16s, people with disabilities, groups and schools.

We also continue initiatives for audience development

- Family friendly performances – up to two children under 16 free with every full paying adult
- Under 30s performances – two top price tickets for £50
- Standbys £8 on the day

To view our programme, to book and for full details of ticket prices and discounts, [visit www.ballet.org.uk](http://www.ballet.org.uk)

Financial Review

English National Ballet has had mixed fortunes during the year ended 31 March 2010. Attendances and Box office takings for our main stage productions during the year have stood up quite favourably versus expectations, particularly for the Christmas season at the Coliseum. However this was countered by lower than expected income from donations, event and sponsorship, as well as lower than expected box office takings for our unit company performing Angelina Ballerina's Big Audition.

Like many Arts based charities, the economic environment has had a large impact on our corporate income stream. We have seen a significant fall in the value of sponsorship and the income from corporate events. The climate in this area continues to be difficult into 2010/2011 financial year.

During the year we were successful in obtaining a grant from the Arts Council under their "Sustain" scheme. The aim of this grant stream was to reinforce income in areas that had been adversely effected by the economic downturn. During the year we received £440,000, and a further tranche is expected in the coming financial year. We anticipate that this will help support us through a period when we have seen, and continue to see, a reduction in sponsorship income and lower than expected box office income in some regional venues.

The table below shows the development of reserves over the last few years.

English National Ballet Financial Position

	Surplus/(Deficit)	Accumulated Reserves
2000/2001	£ 94,245	£ 499,390
2001/2002	£ 241,542	£ 740,932
2002/2003	£ (98,761)	£ 642,171
2003/2004	£ (548,441)	£ 93,730
2004/2005*	£ 1,519,634	£ 1,613,364
2005/2006*	£ 502,443	£ 2,115,807
2006/2007*	£ 589,002	£ 2,704,809
2007/2008	£ 308,489	£ 3,013,298
2008/2009*	£ 562,011	£ 3,575,309
2009/2010	£ 360,076	£ 3,935,385

* Includes Stabilisation Funds

Support from Arts Council England remained strong and the annual review with the Council praised the efforts of the Company from both an artistic and financial standpoint.

Reserves Policy

The Company operates on the basis that, taking one year with another, revenue will exceed expenditure. Reserves have also been accumulated to fund ongoing and future productions of classical ballet. The Trustees 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 until March 2011. The Trustees 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 unrestricted reserves at 31 March 2010 of £1,340,423 (2009 £1,239,353) which represent amounts available to cover the short term working capital commitments of the charity. The trustees believe these amounts are appropriate for this purpose.

In previous years the Company has designated funds specifically for the development of future repertoire. The purpose of this fund is to cover the development of classical works. No amounts were drawn from this fund during this year. The balance on this reserve at 31 March 2010 was £1,331,242 (2009 1,331,242).

Investment Policy

Cash earmarked for the designated repertoire fund is placed on deposit of between 1 month and 3 months, depending on rates prevailing at the time, to maximise return. Additional surplus cash is put on overnight deposit each night.

Plans for Future Periods

Given the funding climate with cuts of 0.5% in financial year 2010/11, an estimated 10% in 2011/12 and uncertainty beyond that, we are acutely aware of the need to make efficiency savings and maximise income streams. As our funding is contingent on our geographical reach, we are investigating new touring models including residencies, engaging with the communities we visit in a more meaningful, artistically visionary way.

Sponsorship and box office income will not make up the shortfall in funding income so we are also investigating cost savings through shared resources, co-productions, and economies of scale. Significant spending cuts throughout the organisation are being sought, and further income opportunities examined.

As we move towards 2012, plans for the Olympics continue. We have three major projects in the planning stages:

- Collaborative "tent" project with Scottish Ballet and National Dance Company Wales to be performed in Glasgow, Cardiff and London
- Big Dance 2012 – English National Ballet is the West London "hub" for Big Dance and will curate and participate in a variety of events for the Olympic celebrations
- Two-week season at the Coliseum coinciding with the Games period involving a commission by a British choreographer

There is also the potential to collaborate with a number of exciting partners to create accessible, exciting new work which draws on the talents of the different companies.

English National Ballet performed at Shanghai Expo on UK National Day (8 September) alongside London Symphony Orchestra representing the UK at the Shanghai World Expo.

We continue to explore new media and innovative technological collaborations. These have been successful in complementing our physical performances and encouraging an even wider access to ballet. For example, we have 3D films planned with Sky to film Big Dance, showcasing a variety of dance forms for national and international coverage of dance in the UK. We are also pursuing a motion capture project, where English National Ballet dancers will be motion captured to create an animated ballet for general cinema and DVD release worldwide. This will be a genuine reproduction of classical ballet to reach an international audience and will celebrate ballet's ability to transcend national, cultural and age boundaries and we hope it will become a Christmas classic of the future. We also plan to use new media in performances (e.g. Strictly Gershwin), and interactive, cross-cultural and communication-based technology for schools' projects such as WebPlay (e.g. Swanning Around in financial year 2010/11).

Christmas 2010 sees the World Premiere of Wayne Eagling's *The Nutcracker* at the London Coliseum. *The Nutcracker* continues to be central to English National Ballet's Christmas season, with performances every year in London since the 1950s and this production being the 10th in the Company's history.

We continue to develop strategic dance partnerships in London and across the UK, for example with Greenwich Dance Agency, Scottish Ballet, National Dance Company Wales and DanceEast, and cross art form collaborations, for example with designers such as Vivienne Westwood and Anya Hindmarch.

There is also the potential for collaboration with ATG, the new owners of the theatres to which we tour, who are also theatrical producers

The opportunity for international co-productions with other ballet companies such as The Australian Ballet is being explored, giving benefits of reduced costs, shared expertise and international appeal

Disclosure of information to auditors

The Trustees who held office at the date of approval of this Trustees' 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

Statistics 2009/2010

Box office income and attendances

	2009/10 Ticket sales and fee income £	Number of perfs	Attendances	2008/09 Ticket sales and fee income £	Number of perfs	Attendances
Angelina	1,072,782	177	115,465	1,016,767	180	85,179
London	2,635,818	54	93,211	2,879,372	66	135,470
Regions	915,220	48	42,655	895,104	48	43,114
Cross borders	133,320	12	7,802	0	0	0
Foreign	293,187	19	22,708	108,714	13	13,734
	5,050,327	310	281,841	4,899,957	307	277,497

Statement of Trustees' responsibilities of English National Ballet in respect of the Trustees' annual report and the financial statements

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the trustees to prepare financial statements for each financial year. Under that law they have are required to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

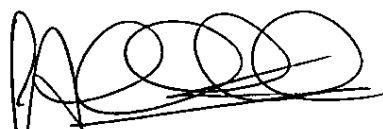
Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charitable company and of the group's excess of income over expenditure for that period. In preparing each of the group and charitable company financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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 the going concern basis unless it is inappropriate to presume that the group and the charitable company will continue its activities

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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 2006. 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

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

By order of the Board



John Talbot
Governor

Markova House
39 Jay Mews
London SW7 2ES

6th October 2010

Independent auditors' report to the members of English National Ballet

We have audited the group and charity financial statements (the 'financial statements') of English National Ballet for the year ended 31 March 2010 set out on pages 15 to 32. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the trustees and auditors

The trustees' (who are also the directors of the company for the purposes of company law) responsibilities for preparing the Trustees' Annual Report -and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities on page 12.

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, have been properly prepared in accordance with UK Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Trustees' Annual Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charitable company's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

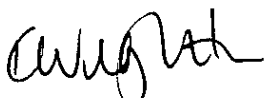
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 of the state of the group's and the charitable company's affairs as at 31 March 2010 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 UK Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the Companies Act 2006, and
- the information given in the Trustees' Annual Report is consistent with the financial statements



K Wightman (Senior Statutory Auditor)

15 October 2010

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E145GL

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

Year ended 31 March 2010

	Notes	Unrestricted general Funds	Unrestricted future repertoire fund -designated fund	Unrestricted building fund - designated fund	Total unrestricted funds	Restricted funds	Total 2010	Total 2009
		£	£	£		£	£	£
Incoming resources								
Incoming resources from generated funds								
<i>Voluntary income</i>								
Donations, legacies and similar incoming resources		182,757	-	-	182,757	-	182,757	160,580
Grants	2	7,154,098	-	-	7,154,098	366,565	7,520,663	7,708,817
<i>Activities for generating funds</i>								
Income of trading subsidiary	10	526,609	-	-	526,609	-	526,609	670,228
Income from in-kind sponsorships		97,067	-	-	97,067	-	97,067	116,710
Income from hiring productions		114,714	-	-	114,714	-	114,714	56,651
Income from programmes & merchandise		105,761	-	-	105,761	-	105,761	95,516
<i>Investment income</i>		7,818	-	-	7,818	-	7,818	41,452
Incoming resources from charitable activities								
Ticket sales		5,050,327	-	-	5,050,327	-	5,050,327	4,899,957
Total incoming resources		13,239,151	-	-	13,239,151	366,565	13,605,716	13,749,911
Resources expended								
Costs of generating funds	3	(509,171)	-	-	(509,171)	-	(509,171)	(510,607)
<i>Charitable activities</i>								
Cost of production and sales	5a	(12,160,028)	-	-	(12,160,028)	(340,673)	(12,500,701)	(12,486,372)
Educational costs	5a	(164,404)	-	-	(164,404)	(38,009)	(202,413)	(162,816)
<i>Governance costs</i>	6	(33,355)	-	-	(33,355)	-	(33,355)	(28,105)
Total resources expended		(12,866,958)	-	-	(12,866,958)	(378,682)	(13,245,640)	(13,187,900)
Net income/(expenditure) for the year before transfers	17	372,193	-	-	372,193	(12,117)	360,076	562,011
Transfers between funds	17	(271,123)	-	271,123	-	-	-	-
Net movement in funds		101,070	-	271,123	372,193	(12,117)	360,076	562,011
Fund balances brought forward	17	1,239,353	1,331,242	407,762	2,978,357	596,952	3,575,309	3,013,298
Fund balances carried forward	17	1,340,423	1,331,242	678,885	3,350,550	584,835	3,935,385	3,575,309

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

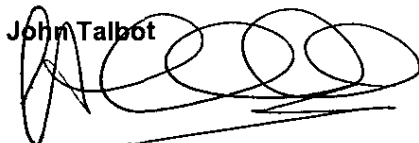
Consolidated balance sheet

at 31 March 2010

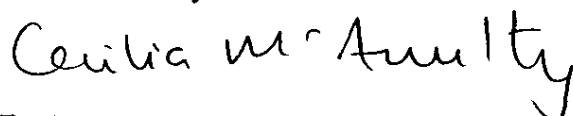
	Notes	2010 £	2009 £
Tangible fixed assets	9	1,225,796	1,236,348
Current assets			
Stocks		70,340	72,510
Debtors	11	834,727	860,354
Cash at bank and in hand	19	2,847,128	2,403,232
		<u>3,752,195</u>	<u>3,336,096</u>
Creditors amounts falling due within one year	12	(1,042,606)	(997,135)
Net current assets		<u>2,709,589</u>	<u>2,338,961</u>
Net assets		<u>3,935,385</u>	<u>3,575,309</u>
Reserves			
General unrestricted funds	17	1,340,423	1,239,353
Unrestricted future repertoire fund (designated fund)	17	1,331,242	1,331,242
Unrestricted building fund (designated fund)	17	678,885	407,762
Total unrestricted funds		<u>3,350,550</u>	<u>2,978,357</u>
Restricted funds	17	<u>584,835</u>	<u>596,952</u>
		<u>3,935,385</u>	<u>3,575,309</u>

These accounts were approved by the Board of Trustees on 6th October 2010 and signed on its behalf by

John Talbot



Cecilia McAnulty



Trustees

Charity balance sheet

at 31 March 2010

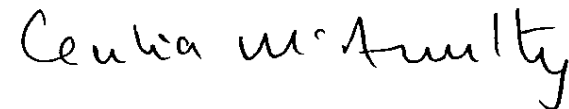
	Notes	2010 £	2009 £
Fixed assets			
Tangible fixed assets	9	1,225,796	1,236,348
Investments	10	<u>2</u>	<u>2</u>
		1,225,798	1,236,350
Current assets			
Stocks		70,340	72,510
Debtors	11	793,846	793,728
Cash at bank and in hand		2,838,696	2,387,449
		<u>3,702,882</u>	<u>3,253,687</u>
Creditors amounts falling due within one year	12	(993,295)	(914,728)
		<u>2,709,587</u>	<u>2,338,959</u>
Net current assets			
		2,709,587	2,338,959
Net assets		<u>3,935,385</u>	<u>3,575,309</u>
Reserves			
General unrestricted funds	17	1,340,423	1,239,353
Unrestricted future repertoire fund (designated fund)	17	1,331,242	1,331,242
Unrestricted building fund (designated fund)	17	678,885	407,762
Total unrestricted funds		<u>3,350,550</u>	<u>2,978,357</u>
Restricted funds	17	584,835	596,952
		<u>3,935,385</u>	<u>3,575,309</u>

These accounts were approved by the Board of Trustees on 6th October 2010 and signed on its behalf by



John Talbot

Cecilia McAnulty



Trustees

Consolidated cash flow statement*Year ended 31 March 2010*

	<i>Notes</i>	2010 £	2009 £
Net cash inflow from operating activities	18	513,174	548,616
Return on investments and servicing of finance			
Interest received		7,818	41,452
Capital expenditure			
Payments to acquire tangible fixed assets		(77,096)	(355,508)
Increase in cash in the year	19	<u>443,896</u>	<u>234,560</u>

Reconciliation of net cash flow to movement in net funds

		2010 £	2009 £
Increase in cash in the year	19	443,896	234,560
Opening net funds	19	2,403,232	2,168,672
Closing net funds		<u>2,847,128</u>	<u>2,403,232</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

Basis of preparation

The financial statements have been prepared in accordance with the reporting requirements of Companies Act 2006 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 financial statements are drawn up on the going concern basis which assumes the English National Ballet will continue in operational existence for the foreseeable future. The charity substantially relies on funding by grants from Arts Council England for its current and future commitments, and operates on the basis that, taking one year with another, revenue will at least match expenditure.

Arts Council England has confirmed funding for the charity to March 2011. The going concern basis used in the preparation of these financial statements is based upon the expectation that the group will continue to receive sufficient support from Arts Council England to match its expenditure net of the total revenue that it raises.

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 10. A separate Statement of Financial Activities for the charity is not presented because the charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006 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.

Gifts in kind, in the form of donated facilities, are included in the Statement of Financial Activities at a reasonable estimate of their gross value to the charity, in the period to which they relate and are matched by equivalent expenditure.

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.

Notes (continued)**1 Accounting policies (continued)**

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 Trustees 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, fixture and fittings are depreciated over their useful economic life, ranging between 5 to 25 years. 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 and merchandise which are carried at the lower of cost and net realisable value.

Pensions

The company contributes to three 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 building and fixed asset fund, and a designated future repertoire fund. Note 14 provides more detail about the purpose of these funds.

Restricted funds are funds which have been received for particular purposes and projects. Restricted funds have been further segregated between, learning, education and outreach funds, performance funds and restricted recovery asset plan depreciation fund. The movement in these funds in year is shown in note 17 and more details about these funds are provided in note 13.

The most significant restricted fund is the restricted recovery plan asset depreciation fund. These are funds that were used to implement the Recovery Plan as agreed by Arts Council England in 2008 and 2009. The remaining amounts in this fund represent the depreciation on assets purchased during the Recovery Plan and will effectively be amortised over the remaining life of those assets.

Notes (continued)**1 Accounting policies (continued)****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 100% of the voting rights

2 Grant income

	Unrestricted General Funds £	Restricted Funds £	Total 2010 £	Total 2009 £
Arts Council of England – Revenue Grant	6,714,474	-	6,714,474	6,537,949
Arts Council of England – Stabilisation Grant	-	-	-	1,145,118
Arts Council of England – Sustain Grant	439,624	-	439,624	-
Arts Council of England – Cross Border	-	290,632	290,632	-
Other Grants	-	75,933	75,933	25,750
	<u>7,154,098</u>	<u>366,565</u>	<u>7,520,663</u>	<u>7,708,817</u>

The Revenue grant represents the second year of a three year funding agreement from Arts Council England and Wales

The Sustain grant represents funds awarded by Arts Council England to help maintain the quality of the company's artistic output due to reduced sponsorship and other development income caused by the recession

Cross Border grants are awarded by Arts Council England to encourage organisations to tour outside of England. In the year the company toured to Cardiff and Glasgow

Other grants comprise amounts awarded by various organisations specifically for learning, education and outreach projects

Notes (continued)**3 Cost of generating funds**

	Unrestricted General Funds	Restricted Funds	Total 2010	Total 2009
	£	£	£	£
Management and administration <i>Note 5b</i>	45,952	-	45,952	42,493
Events	216,351	-	216,351	226,642
Fundraising	23,340	-	23,340	38,739
Salaries	223,528	-	223,528	202,733
	<u>509,171</u>	<u>-</u>	<u>509,171</u>	<u>510,607</u>

Cost of generating funds include £42,600 (2009 £81,082) of costs associated with benefit in-kind income

4 Net income / (expenditure) for the year before transfers is stated after charging

	2010 £	2009 £
<i>Operating lease rentals</i>		
Land and buildings	138,625	142,188
Depreciation on tangible fixed assets	87,648	106,095
<i>Auditors' remuneration</i>		
Group and company – audit	23,000	22,500

Notes (continued)**5 Charitable activities**

	Unrestricted General & Designated Funds £	Restricted Funds £	Total 2010 £	2009 £
5a) Cost of production and sales				
Management and administration (note 5b)	1,216,374	50,041	1,266,415	1,152,948
New productions and refurbishment	532,905	-	532,905	768,983
Performances	3,586,120	231,167	3,817,287	3,940,568
Theatre charges	1,111,361	26,153	1,137,514	1,100,459
Copyrights and royalties	151,785	8,385	160,170	174,821
Artists	2,822,164	-	2,822,164	2,858,458
Technical	670,347	-	670,347	599,198
Music and orchestra	236,223	-	236,223	206,583
Wardrobe	313,977	-	313,977	312,708
Depreciation	30,051	-	30,051	27,486
Health & safety	21,426	-	21,426	18,831
Medical & welfare	249,165	-	249,165	249,552
Marketing and publicity	1,117,850	24,927	1,142,777	1,005,130
Hiring productions	84,727	-	84,727	6,373
Programmes & Merchandise	15,553	-	15,553	64,274
	<u>12,160,028</u>	<u>340,673</u>	<u>12,500,701</u>	<u>12,486,372</u>
Educational costs				
Management and administration (note 5b)	19,935	-	19,935	13,550
Education Department	144,469	38,009	182,478	149,266
	<u>164,404</u>	<u>38,009</u>	<u>202,413</u>	<u>162,816</u>
			Total 2010 £	Total 2010 £
5b) Management and administration				
Salaries	657,860	-	657,860	659,365
Premises	377,910	-	377,910	433,569
Depreciation	6,794	50,041	56,835	3,085
Other	239,697	-	239,697	112,972
	<u>1,282,261</u>	<u>50,041</u>	<u>1,332,302</u>	<u>1,208,991</u>

Management and administration costs are split across cost of production and sales in note 5a, education costs also in note 5a and cost of generating funds in note 3. Consistent with previous years, these have been allocated across the different categories in proportion to the costs incurred.

Notes (continued)**6 Governance Costs**

	2010 £	2009 £
Legal and professional	8,705	3,873
Audit fee	23,000	22,500
Committee costs	1,650	1,732
	<u>33,355</u>	<u>28,105</u>

7 Remuneration of trustees

The board are all non-executive trustees and none received remuneration in the year (2009 £nil) The trustees and officers of the Company are covered by Directors Liability Insurance, with maximum cover of £1 million The premium paid was £1,650 (2009 £1,732) No Trustees received expenses for travel (2009 nil) Trustees expenses reimbursed were Nil (2009 nil)

8 Staff numbers and costs

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

	Number of employees	
	2010	2009
Management & Administration	54	53
Technical	7	7
Dancers	60	60
Orchestra	45	39
	<u>166</u>	<u>159</u>

Notes (continued)**8 Staff numbers and costs (continued)**

The aggregate payroll costs of these persons were as follows

	Unrestricted General Funds £	Restricted Funds £	Total 2010 £	2009 £
Wages and salaries	5,904,563	161,229	6,065,792	5,971,628
Social security costs	571,779	20,637	592,416	585,327
Other pension costs	294,199	-	294,199	198,858
	<u>6,770,541</u>	<u>181,866</u>	<u>6,952,407</u>	<u>6,755,813</u>

On 1 April 2009 the company introduced a pension salary sacrifice scheme whereby employees who are members of one of the defined contribution schemes can opt to sacrifice part of their gross salary in return for a higher pension contribution from the employer. This is reflected in the relatively large increase in pension costs for the year.

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

	2010	2009
£60,000 - £69,000	3	3
£70,000 - £79,999	1	-
£80,000 - £89,999	-	1
£100,000 - £109,999	2	-
£110,000 - £119,999	-	1
	<u>6</u>	<u>5</u>

Of staff earning in excess of £60,000 in the year, five are members of a defined contribution pension scheme (2009 four). The company contributed £24,650 to the defined contribution pension scheme in respect of these employees (2009 £20,834). This balance excludes the additional pension contributions under the pension salary sacrifice scheme which are incorporated within the emolument balances above.

Notes (continued)**9 Tangible fixed assets**

	Long leaseholds	Short Leasehold improvement s	Plant, Fixtures, fittings, equipment and musical instruments	Vehicles	Total
Company and Group Cost	£	£	£	£	£
At 1 April 2009	1,192,312	163,903	555,592	34,800	1,946,607
Additions	24,515	-	52,581	-	77,096
Disposal	-	(163,903)	(57,180)	-	(221,083)
At 31 March 2010	<u>1,216,827</u>	<u>-</u>	<u>550,993</u>	<u>34,800</u>	<u>1,802,620</u>
Depreciation					
At 1 April 2009	166,654	163,903	373,443	6,259	710,259
Disposal	-	(163,903)	(57,180)	-	(221,083)
Charge for the year	35,584	-	49,509	2,555	87,648
At 31 March 2010	<u>202,238</u>	<u>-</u>	<u>365,772</u>	<u>8,814</u>	<u>576,824</u>
Net book value					
At 31 March 2009	1,025,658	-	182,149	28,541	1,236,348
At 31 March 2010	<u>1,014,589</u>	<u>-</u>	<u>185,221</u>	<u>25,986</u>	<u>1,225,796</u>

Included within fixed assets are fixed assets acquired out of restricted funds with a cost of £845,406 (2009 £853,937) and a net book value of £546,911 (2009 £596,952) All fixed assets are held for charitable purposes

Notes (continued)**10 Investments**

Company	2010 £	2009 £
Shares in subsidiary undertaking	<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.

	2010 £	2009 £
Turnover	526,609	670,228
Expenditure	(420,619)	(429,525)
Net profit	<u>105,990</u>	<u>240,703</u>
Amount donated to the charity under deed of covenant	(105,990)	(240,703)
Retained in the subsidiary	<u>-</u>	<u>-</u>

The assets held in the trading subsidiary were

	2010 £	2009 £
Current assets	220,357	264,369
Current liabilities	<u>(220,355)</u>	<u>(264,367)</u>
Net assets	<u>2</u>	<u>2</u>
Aggregate share capital and reserves	<u>2</u>	<u>2</u>

Notes (continued)**11 Debtors**

Group	2010	2009
	£	£
Trade debtors	317,810	340,052
Other debtors	12,402	16,363
VAT	-	73,544
Prepayments and accrued income	504,515	430,395
	<u>834,727</u>	<u>860,354</u>
Company		
Trade debtors	175,626	195,330
Amounts owed by subsidiary undertaking	151,445	159,156
Other debtors	32,000	112,711
Prepayments and accrued income	434,775	326,531
	<u>793,846</u>	<u>793,728</u>

12 Creditors: amounts falling due within one year

Group	2010	2009
	£	£
Trade creditors	256,420	60,780
Other creditors including taxation and social security		
Social security & PAYE	142,033	143,164
VAT and other	<u>168,354</u>	<u>128,908</u>
	310,387	272,072
Accruals	261,601	410,102
Deferred income	214,198	254,181
	<u>1,042,606</u>	<u>997,135</u>
Company		
Trade creditors	256,420	60,780
Other creditors including taxation and social security		
Social security & PAYE	142,033	143,164
Other	<u>167,590</u>	<u>128,908</u>
	309,623	272,072
Accruals	261,601	377,070
Deferred income	165,651	204,806
	<u>993,295</u>	<u>914,728</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 14 below.

Notes (continued)**12 Creditors amounts falling due within one year (continued)**

The movement on deferred income is as follows

	Group £	Company £
Balance brought forward at 1 April 2009	254,181	204,806
Amounts deferred in the year	150,698	102,151
Amounts released to the Statement of Financial Activities in the year	(190,681)	(141,306)
Balance carried forward at 31 March 2010	<u>214,198</u>	<u>165,651</u>

13 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 Trustees,
- Designated funds – these are funds set aside by the Trustees out of unrestricted general funds for specific future purposes or projects. A transfer is made each year between the general unrestricted funds and the designated Building and fixed asset fund to reflect depreciation of the building and other assets not covered by the restricted funds for the Recovery Plan as agreed by the Arts Council of England (see below)
- Restricted recovery plan asset depreciation fund – these are funds that were used to implement the Recovery Plan as agreed by Arts Council England in 2008 and 2009. The remaining amounts in this fund represent the depreciation on assets purchased during the Recovery Plan and will effectively be amortised over the remaining life of those assets
- Other restricted funds– these are funds received from various sources to fund specific projects. The most significant in the year was a grant of £290,632 from Arts Council England to subsidise cross border touring to Glasgow and Cardiff

Notes *(continued)***14a) Unrestricted Building and Depreciation 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
- (c) The Company's leasehold interest in Markova House is included in fixed assets and is depreciated in equal annual instalments over the life of the lease. As part of this fund specifically finances the Markova lease £4,384, being the amount representing the yearly amortisation, is transferred from the Building and depreciation fund to the general accumulated surplus/deficit
- (d) In the year ended 31 March 2010 the trustees decided to transfer £275,507 into this fund so that the sum of this fund and the Restricted Funds Recovery Plan Assets equal the net book value off all fixed assets held by the company and Group. The aim was to give more clarity to unrestricted funds

The sum of the movements in note c & d above equals £271,123 and represents the net transfer from the unrestricted general fund to the unrestricted building and depreciation fund

14b) Unrestricted Future Repertoire Fund (designated Fund)

In the years ended 31 March 2008 and 2009 the Company also designated funds for future repertoire of £1,800,000. The purpose of this fund is to cover the development of full length classical works. £468,758 was drawn from this fund during the 2008/2009 fiscal year to fund the creation of *Strictly Gershwin*. No amounts were drawn from this fund during the year. The balance on this reserve at 31 March 2010 was £1,331,242

15 Pensions

The Company operates two defined contribution schemes and contributes to a defined contribution scheme run by an independent body. 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 £280,859 (2009 £198,858). Under some special arrangement the company also makes pension contributions to some employees' personal pension schemes. The cost of this in the year ended 31 March 2010 was £13,340

16 Capital

The liability of the members is limited to £1 per member. There are 12 members

Notes *(continued)***17 Reserves**

Group and Company	Bwfd at 01-Apr-09	Inflows in the year	Net outflows in year	Transfer between funds	Cfwd 31-Mar-10
	£	£	£	£	£
Unrestricted general fund (accumulated Surplus)	1,239,353	13,239,151	(12,866,958)	(271,123)	1,340,423
Unrestricted Future repertoire fund (designated fund)	1,331,242	-	-	-	1,331,242
Unrestricted Building and fixed asset fund (designated fund)	407,762	-	-	271,123	678,885
Restricted Learning, education and outreach fund	-	75,933	(38,009)	-	37,924
Restricted Performance fund	-	290,632	(290,632)	-	-
Restricted recovery plan asset depreciation fund	596,952	-	(50,041)	-	546,911
	3,575,309	13,605,716	13,245,640	-	3,935,385

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 previously named Building Fund.

On 31 March 2010 the designated building fund was renamed the building and fixed asset fund. Previously this fund specifically financed the Markova House lease and an amount representing the yearly amortisation was transferred from the building fund to the general accumulated surplus/(deficit). However in the year it was decided to extend this fund so that it covered at least the value of all assets not represented by the restricted recovery plan asset depreciation fund. Hence the sum of these two funds would at least equal the net book value of the fixed Assets on the consolidated and company balance sheet. Going forward an amount representing the yearly amortisation of all assets not covered by the restricted fund will be transferred from the building and fixed asset fund to the general accumulated surplus/(deficit) and an amount equal to the net of fixed asset additions and disposals in the year, will be transferred from the general accumulated surplus/(deficit) to the building and fixed asset fund. The aim of this change is to improve the disclosure with regards unrestricted reserves and in particular the unrestricted general reserve.

Notes (continued)**18 Reconciliation of net income for the year to net cash outflow from operating activities**

	2010 £	2009 £
Net income for the year	360,076	562,011
Interest receivable	<u>(7,818)</u>	<u>(41,452)</u>
Operating surplus	352,258	520,559
Depreciation charge	87,648	106,095
Decrease/(increase) in stocks	2,170	(16,171)
Decrease in debtors	25,627	134,101
Increase/(decrease) in creditors	45,471	(195,968)
Net cash inflow from operating activities	<u>513,174</u>	<u>548,616</u>

19 Analysis of net funds

	Opening balance £	Net cash flow £	Closing Balance £
Cash at bank and in hand	<u>2,403,232</u>	<u>443,896</u>	<u>2,847,128</u>

20 Analysis of net assets between funds

	Fixed Assets £	Cash & Bank £	Other net assets £	Total Net Assets £
Unrestricted	678,885	2,809,204	(137,529)	3,350,560
Restricted	546,911	37,924	-	584,835
Total	<u>1,225,796</u>	<u>2,847,128</u>	<u>(137,529)</u>	<u>3,935,385</u>

21 Operating leases

At 31 March 2010, the Company had annual commitments under operating leases as follows

	2010 £	2009 £
Land and buildings		
After more than five years	<u>138,625</u>	<u>142,188</u>