

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

**Trustees' Report and  
Consolidated Financial Statements  
for the year ended 31 March 2019**



Registered in England and Wales  
Registered Company number: 00735040  
Charity Registration number: 214005

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## **COMPANY INFORMATION**

### **Directors and Trustees**

Sir Roger Carr	(Chair – appointed 20 September 2018)
Justin Bickle	(Chair – resigned 21 June 2018)
Grenville Turner	(Interim Chair – appointed from 21 June 2018 to 19 September 2018)
Lord Andrew Adonis	(Resigned 21 June 2018)
Susan Boster	
Sue Butcher	(Appointed 26 October 2018)
Valerie Gooding	
Zachary Lewy	
Tanya Rose	
Sir Norman Rosenthal	(Resigned 20 September 2018)
Steve Sacks	(Resigned 30 June 2019)
Christopher Saul	
Susan Sloan	(Appointed 1 October 2019)
Caroline Thomson	
Sian Westerman	

### **Company Secretary**

Grace Chan

### **Registered Office and Principal Office**

41 Hopewell Square  
London  
E14 0SY

### **Principal Bankers**

Barclays  
Level 27, 1 Churchill Place  
London  
E14 5HP

### **Auditors**

Moore Kingston Smith LLP  
Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

## **TRUSTEES REPORT FOR THE YEAR ENDED 31 MARCH 2019**

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the consolidated financial statements of the English National Ballet (the Charity) and English National Ballet Enterprises Limited (the Group), for the year ended 31 March 2019. The Trustees confirm that the annual report and financial statements of the group comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102 effective 1 January 2015).

### **OBJECTIVES AND ACTIVITIES**

English National Ballet's mission is to take world-class ballet to the widest possible audience, delighting them with the traditional and inspiring them with the new. We aspire to be the United Kingdom's most exciting and creative ballet company.

The primary objectives of English National Ballet are:

- to present productions of classical ballet of the highest quality within England and around the world;
- to offer access to the widest possible audience through affordable pricing and attractive repertoire in a variety of venues including theatres, schools, festivals and digital platforms;
- to inspire, enlighten and uplift the public through performances, events, interaction and experience;
- to develop the art form of ballet by commissioning new choreography, design, and musical composition as well as cherishing the classical repertoire; and
- to maintain the highest artistic standards.

Our objectives can be distilled into four strategic priorities, which underpin everything we do and how we do it. Focusing on these priorities will enable us to deliver our mission:

1. to consistently deliver artistic excellence and creativity;
2. to nurture and develop talent, on and off stage;
3. to extend our reach and relevance;
4. to ensure sustainability.

We evaluate our progress against these objectives by:

- measuring our reputation with audiences;
- measuring our reputation among artists, critics, industry colleagues and stakeholders;
- checking ourselves and our audiences against wider societal demographics;
- accurate financial reporting, forecasting and auditing;
- by listening to our staff.

## **Public Benefit**

In shaping our objectives for the year and planning our activities, the Trustees have considered the Charity Commission's general guidance on public benefit and fee charging, including its guidance 'Public Benefit: Running a Charity (PB2)'. English National Ballet's programme of activities focusses on encouraging as many people as possible to attend our performances. We ensure that our pricing policy reflects our commitment to enabling audiences, whatever their means, to have access to our work. We work closely with educational providers, community groups and our creative industries colleagues across the country to ensure that there are as few barriers as possible to accessing a performance or activity. Our programmes are broad in their format and multi-disciplinary in their content, which ensures that participation does not require a prior knowledge of ballet. We use our network of partner organisations to help ensure that we maximise opportunities for participation or for affordable tickets, for those sections of the community that may not otherwise engage with ballet. We also offer different mediums in which to see our work, such as film or live-streaming of some of our performances.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

English National Ballet is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

English National Ballet is governed by its Memorandum of Association and Articles of Association.

### **THE BOARD OF TRUSTEES**

The Board of Trustees are the non-executive and unpaid governing body of English National Ballet, led by the Chair, Sir Roger Carr, from the date of his appointment on 20 September 2018 (and Justin Bickle who preceded him up until his retirement from the Board on 21 June 2018).

### **Appointment of Trustees**

As set out in the Articles of Association, the Chair of the Trustees is nominated by their 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.

### **Trustee Induction and Training**

New Trustees undergo an induction meeting with the Chair, and the Company Secretary briefs 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. In addition, regular presentations are made to the Board on key issues of current and ongoing importance, and regular charity trustee updates are provided by English National Ballet's charity lawyers.

### **Governance Structure**

The Board of Trustees, which can have up to 20 members, administers the Charity and meets a minimum of four times per year. An Executive Director is appointed by the Trustees to manage the day to day business operations of the Charity. To facilitate effective operations, the Executive Director has been delegated authority by the Trustees for day to day operational matters including finance, employment and artistic performance related activity.

Steve Sacks, as Chair of English National Ballet School, sat on the Board of English National Ballet until his retirement on 30 June 2019. There are a further two Trustees, Zachary Lewy and Tanya Rose, who are also Trustees of English National Ballet School.

During the year, the Board of Trustees met five times to ensure it was maintaining effective control over strategic, financial, organisational and compliance matters. The Executive Director, Artistic Director and Chief Operating Officer attend each of the meetings, along with other members of the Executive Team when relevant. Board members serving during the year and up to the date of this report were as follows:

Sir Roger Carr	(Chair – appointed 20 September 2018)
Justin Bickle	(Chair – resigned 21 June 2018)
Grenville Turner	(Interim Chair – from 21 June to 19 September 2018)
Lord Andrew Adonis	(Resigned 21 June 2018)
Susan Boster	
Sue Butcher	(Appointed 26 October 2018)
Valerie Gooding	
Zachary Lewy	(Reappointed 20 September 2018)
Tanya Rose	(Reappointed 20 September 2018)
Sir Norman Rosenthal	(Resigned 20 September 2018)
Steve Sacks	(Resigned 30 June 2019)
Christopher Saul	(Reappointed 7 February 2019)
Susan Sloan	(Appointed 1 October 2019)
Caroline Thomson	(Reappointed 7 February 2019)
Sian Westerman	

In order to operate effectively and to allow particular focus on key areas of the day to day operations, five Board sub-committees have been established and aim to meet prior to Board meetings. The committees are appointed by and generally made up of members of the Board. The Finance and General Purposes Committee, London City Island Project Steering Board, and Governance, Nominations and Remuneration Committee have some delegated authority from the Board. Additional co-opted members (non-board members) are invited to join committees where their skills and experience are both relevant and highly valued.

The membership of the standing committees are detailed below with co-opted members marked with an asterisk\*.

### **Finance and General Purposes Committee**

The Committee met four times in the year and the main responsibilities are the management of finances, tax, audit and risk. The Committee also continued to support the Project Steering Board for the City Island development and project, in particular the financing and costs budget, and the combined financial impact on English National Ballet operations. Membership of this Committee at the date of this report was:

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Valerie Gooding	(Interim Chair)
Sue Butcher	(appointed 16 September 2019)
Zachary Lewy	
Chris Marks *	
Sir David Scott *	(resigned 16 September 2019)

**London City Island Project Steering Board**

The Steering Board met seven times in the year and met more frequently in the run up to the completion of the City Island project. The Steering Board is responsible for all aspects of the new building development at City Island. The Committee includes members of the Board and is attended by English National Ballet's internal project team (Executive Director, Chief Operating Officer, Project Director, and mobilisation Project Manager) and the external Project Manager and Quantity Surveyor/Cost Manager. Membership as at the date of this report was:

Grenville Turner	(Chair)
Justin Bickle*	(Resigned as a trustee 21 June 2018 but remains as a co-opted member)
Zachary Lewy	
Sir David Scott*	(resigned 16 September 2019)

**Governance, Nominations and Remuneration Committee**

The Governance, Nominations and Remuneration Committee met four times in the year, to discuss all matters relating to Governance, Nominations and Remuneration, and on numerous occasions by telephone conference as appropriate during the year regarding the search for a new Chair. The Committee is responsible for all governance matters relating to English National Ballet, including reviewing board membership and performance, managing potential conflicts of interest, ensuring legal and regulatory compliance and relevant policies are in place, and overseeing the contractual terms of employment, performance, and remuneration of both the Artistic Director and Executive Director. Membership as at the date of this report was:

Christopher Saul	Chair
Justin Bickle	(resigned 21 June 2018)
Valerie Gooding	
Steve Sacks	(resigned 30 June 2019)
Caroline Thomson	(appointed 20 June 2019)
Grenville Turner	

**Development Board**

The Development Board is a group of individuals who contribute to English National Ballet's fundraising target by making introductions to potential donors and, as a group, deliver a specific fundraising target for the Charity's work. They met four times in the year and the members at the date of this report were:

Sue Sloan *	Chair (appointed 12 September 2019)
Sarah Blomfield*	
Alejandro Caro *	
Nick Claydon*	
Ann-Marie Goodbody *	
Baroness Rosario de Mandat Grancey *	
Jacque Gulbenkian *	
Michael Kingston *	(resigned 12 September 2019)

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Lily Liebel *	(appointed 12 September 2019)
Susan McDonald *	(resigned 12 September 2019)
Tanya Rose	(appointed 12 September 2019)
Sian Westerman	

**Digital Advisory Group**

The Digital Committee did not convene during the last two periods although informal meetings continue. The advisory group provides the internal digital team with support and guidance in developing its digital strategy. Membership as at the date of this report was:

Susan Boster	Chair
Thomas Hoegh*	
Steve Sacks	(resigned 30 June 2019)

**THE EXECUTIVE TEAM**

The Trustees appoint the Artistic Director and Executive Director. The Board delegate the day-to-day management of English National Ballet to the Executive Team, led by the Executive Director. The Executive Team is made up of an executive director in each area of the business. The Executive Team meets weekly for the purposes of planning, decision making and sharing information. Standing agenda items include artistic programming, finance, sales performance, health and safety, and risk management. During the year, the Executive Team comprised:

Patrick Harrison	Executive Director
Tamara Rojo	Artistic Director
Grace Chan	Chief Operating Officer
Rachel Case	Interim Development Director (appointed 21 October 2019)
Heather Clark-Charrington	Director of Marketing and Communications
Fleur Derbyshire-Fox	Engagement Director
Claire Hawk	Director of Human Resources and Organisational Development (resigned 11 January 2019)
Grace Nugent	Acting Human Resources Director (from 11 January 2019 to 1 September 2019)
Louise Shand-Brown	Executive Producer
Gaby Sumner	Development Director (resigned 19 September 2019)
Gavin Sutherland	Music Director
George Thomson	Technical Director
Wendy Tull	Human Resources Director (appointed 2 September 2019)

**Health and Safety**

The health and safety of employees, contractors and visitors is a high priority. Health and safety is communicated throughout the organisation and all new employees are issued with a health and safety policy document. In addition to a part time health and safety advisor employed by the Charity, there are trained first-aiders and fire wardens in all departments.

**Equal Opportunities**

The Charity recognises its legal and ethical obligations under equality and disability legislation. Policies and procedures are in place to ensure that the Charity complies with the letter and spirit of the law and that diversity is celebrated strongly within the creative programme and the values of the organisation. ENB wants to be a diverse and inclusive place to work and an equality action plan is in

place setting out what the organisation will do in order to achieve at least 5% of its employees identifying as having a disability and 20% of its employees identifying as BAME by the end of 2021.

### **Remuneration**

The Charity aims to be an employer of choice and are committed to paying a fair salary for jobs undertaken by our employees. The Board of Trustees have established a Remuneration Committee with responsibility for monitoring the performance and setting pay for the Artistic Director and Executive Director, which takes into account sector-wide benchmarking (UK and internationally) and performance against set objectives. The remuneration for other members of the Executive Team and staff of ENB is covered by the organisation's Remuneration Policy which demonstrates that the Charity is committed to ensuring that what it pays remains competitive in the labour market through benchmarking against industry standards, conducting regular pay reviews, and regularly consulting employee representatives and trade unions (where relevant) on pay levels. General pay awards reflect changes in the wider labour market and levels of inflation, and are balanced against affordability to the organisation.

### **Employee Information**

There is an established structure for information and consultation at ENB, and there is regular consultation with union and staff representatives on both a formal and informal basis.

Quarterly meetings take place with staff committees representing dancers, orchestra, and technical. In addition to pay and benefits, these staff committees are consulted on health and safety, informed of key business matters and are encouraged to raise any areas that are of interest or concern to the staff they represent. These meetings are minuted and action lists are tracked.

Additionally, there are four full Company meetings a year. This gives the Executive Team the opportunity to update the full company on key factors that are affecting the Charity's performance, including financial results, ticket sales, upcoming work being programmed, touring destinations, staffing changes, funding decisions by Arts Council England, and updates on the move to our new premises.

Informal company meetings are also held, each with key topics advised in advance, where all staff are encouraged to ask questions of the Executive Team. A staff working group with representatives from across the organisation convened regularly during the period with an aim to build greater cross-departmental communication and prepare for the changes and opportunities that moving to City Island will bring. This group will continue meeting, helping the organisation understand how the new facilities are impacting on staff and teams, and identify and facilitate practical or cultural changes which might be required. The Executive Director regularly sends all-staff emails with organisation-relevant updates, and a monthly bulletin containing current updates is sent to all staff.

### **Subsidiaries and Related Parties**

The Charity has two subsidiary companies, both of which it is the sole fully paid up shareholder of. The principal activity of English National Ballet Enterprises Limited is raising sponsorship income from corporate memberships and events and the principal activity of ENB Productions Limited is as a theatrical production company (currently dormant).

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.

## STRATEGIC REPORT

### ACHIEVEMENTS AND PERFORMANCE

The 2018/19 year saw 160 performances in 11 towns and cities across the UK, with an attendance of 218,159 and 18 performances internationally with an attendance of 38,333. UK performances saw the sale of 73% of available capacity – a 5% increase on the prior year.

Twenty works were performed in the year:

- *Voices of America* – a quad bill including a new commission from William Forsythe had 13 performances at Sadler's Wells
- *The Sleeping Beauty* had 13 performances at the London Coliseum
- *Lest We Forget* triple bill had 13 performances at Sadler's Wells, plus an additional performance staged especially for veterans and service personnel as part of the Royal British Legion's 'Thank You' campaign and which included ENB First Artist Stina Quagebeur's short work, *Vera*.
- *Manon* had 8 performances at the London Coliseum and also toured the UK for the first time in ten years with 18 performances across Manchester, Southampton and Milton Keynes
- *Nutcracker* had 23 performances at the London Coliseum
- *Swan Lake* had 13 performances at the London Coliseum, as well as 6 in Liverpool and 7 in Bristol
- *My First Swan Lake* had 44 performances on its UK tour aimed specifically at children and families across Manchester, Blackpool, Oxford, Bromley, Woking, Torquay and the Peacock Theatre in London.
- Our *Emerging Dancer* competition, which included classical pas-de-deux and six short contemporary works, took place at the London Coliseum and was seen by 133,600 people via live-stream.
- Akram Khan's *Giselle* was performed at: the Bord Gais Energy Theatre, Dublin; Grand Theatre, Hong Kong; Harris Theater, Chicago; and extracts were performed as part of the Works in Progress project at the Guggenheim Museum. William Forsythe's new commission for ENB, *Playlist (1,2)* was performed at the Auditorio Nacional in Mexico.

Away from the stage, we worked towards the completion of our purpose-built new facility at London City Island, which will deliver 93,000 square feet of new cultural infrastructure in the heart of East London. The state-of-the-art facilities will enable the Company to create even more extraordinary and inspiring dance, develop world-class talent and provide opportunities for research and development. Thanks to a capital grant from the Mayor of London's Good Growth Fund, we are able to use the new facilities to launch our ambitious *Bridging Neighbourhoods, Growing Talent* programme – working in partnership with the Greater London Authority to use culture as a catalyst to build stronger communities. Specifically, we will host activity on site and in the local communities focused on increasing participation, widening opportunity, developing skills and facilitating cross-artform collaboration. 2018/19 was a key year for our Engagement team who ran a series of successful pilots and built new partnership networks across the boroughs of Tower Hamlets and Newham.

A key achievement in 2018/19 was the commitment and investment made to the creation of new artistic assets. We continued our commitment to in-house talent and to creating new work by female choreographers; commissioning Stina Quagebeur, an ENB First Artist, to create her first full work for the main stage. We also deepened our relationship with the Royal Albert Hall, with whom we worked in a joint venture to commission a new in-the-round version of Christopher Wheeldon's *Cinderella*. Both were well supported by philanthropic gifts and production support. We also built on the huge

success of Akram Khan's *Giselle*, commissioning a second full-length work from Akram to be performed in spring 2020.

## How ENB met its strategic priorities during the year:

### 1. Consistently delivering artistic excellence and creativity

Our objective to present six diverse programmes to critical acclaim for creative excellence was achieved. We commissioned and premiered William Forsythe's *Playlist (1,2)* and acquired rights to perform Jerome Robbins' *The Cage* and Forsythe's *Approximate Sonata 2016*. Major revivals included full-lengths performances of Kenneth MacMillan's *Sleeping Beauty* and *Manon*, Derek Deane's *Swan Lake*, as well as one-act works: Liam Scarlett's *No Man's Land*; Russell Maliphant's *Second Breath*; Aszure Barton's *Fantastic Beings*; Akram Khan's *Dust*; and Stina Quagebeur's short work, *Vera*.

We were also able to achieve our aim of presenting three different programmes during our Coliseum season with *Nutcracker*, *Swan Lake* and *Manon* playing to 99,164 people – many of whom were first-timers: 76%, 67% and 49% respectively.

The artistic programme received strong critical acclaim, including an Olivier Award nomination for Best Dance Production and winning the South Bank Sky Awards Award for Dance (both for *Playlist (1,2)*), as well as a total of nine nominations at the National Dance Awards, which included wins for Precious Adams (Emerging Artist Award) and Alina Cojocaru (Outstanding Female Classical Performance for Princess Aurora in *The Sleeping Beauty*).

ENB's objective to achieve critical artistic acclaim internationally was delivered by successful performances in Hong Kong, New York, Chicago, Guadalajara and Dublin. This is evidenced by the fact that ENB has either future dates pencilled or open invitations to return from these host venues.

Our artist development objective was supported by 2018 Emerging Dancer, presenting work by six contemporary choreographers (five new to the Company): Mariano Cardano, Ross Freddie Roy, Trey McIntyre, Mthuthuzeli November, Nancy Osbaldesto, Charlotte Edmonds.

In the year, ENB also achieved its objective to commission and invest in new artistic assets for future years. Stina Quagebeur, an ENB First Artist, was commissioned to create her first one-act ballet for the Company, *Nora*, and Akram Khan received his second commission for a full-length ballet - evidencing the success and continued demand for work which continues the evolution of the choreographic language of ballet and the diversity of aesthetic. ENB also acquired the rights to perform Christopher Wheeldon's *Cinderella* which strengthens the Company's commitment to 'arena' productions at the Royal Albert Hall, who became a joint venture partner in this new production. The commission also includes the creation of a proscenium arch version of *Cinderella*, enabling ENB to create two artistic assets from one creative and production period.

### 2. Nurturing and developing talent, on and off stage

We continued to employ the talent of world-class teaching staff and guest teachers and répétiteurs by working with a total of 17 UK-based choreographers, répétiteurs, teachers and choreologists.

Thanks to the support of the Aud Jepsen International Talent programme, now in its second year, we benefited from an additional 11 international répétiteurs who taught and staged works as well as continuing to invest in the Company's talent. ENB's technical team also worked with 12 guest designers and technicians.

In order to achieve our aim to invest in people, we focused investment on a new structure for the artistic team, implementation of a review of medical and fitness provision, change management and leadership coaching, internal secondment opportunities for dancers in transition, and succession planning for key leadership roles. We appointed three new roles within the artistic team and a Medical Director.

Our commitment to young talent saw us launch ENBAlumniCo, a self-moderated leadership group of former ENBYouthCo members designed to develop them as early career artists and to strengthen the impact of first-hand experience on steering the future direction of ENBYouthCo as it prepares for the move to East London.

We progressed against our objective to be an organisation which reflects the world we live in. Our move to London City Island has enabled us to build new relationships and partnerships with the borough of Tower Hamlets and the University of East London and set up alternative channels to promote vacancies to underrepresented groups and to inform the scope of the work placement, volunteering and apprenticeship positions we will offer at London City Island. In 2018/19 we also became a supporting company of BECTU's Theatre Diversity Action Plan to tackle the lack of diversity in backstage crew, a supporter of Parents in Performing Arts, a Disability Confident Employer and trained our first Mental Health First Aiders. ENB continues to work with other ballet and arts organisations to understand and promote best practice on diversity.

As a larger arts organisation, ENB's senior management team continued to nurture the talent of the wider sector through voluntary non-executive roles in arts organisations, providing one-to-one advice, mentoring and teaching, and lobbying and advocacy through the Creative Industries Federation.

In 2018/19 we used informal consultation to scope our *Shared Ground* programme, which aims to use free and discounted use of space at London City Island to support cross-artform collaboration and facilitate a pipeline of new work. As part of this we developed strategic relationships with London College of Fashion, University College London and our Dance Cluster East partners (East London Dance, Studio Wayne McGregor, Boy Blue, Avant Garde Dance and Sadler's Wells).

### **3. Extending our reach and relevance**

In 2018/19 we performed in 11 towns and cities across the UK – London, Manchester, Liverpool, Blackpool, Bristol, Southampton, Milton Keynes, Torquay, Woking, Oxford and Bromley. Of 205,821 tickets sold in the UK, 70,510 were sold at concessionary or discounted rates and 21,585 of these were for children and young people.

In addition to our physical audiences, we successfully delivered our objective to use digital as a key platform for growing audiences. *Akram Khan's Giselle*, was screened in 261 cinemas, with 15,300 admissions across 25 countries. It kicked off BBC #DancePassion week on the BBC (peak viewership of 96,600) and was also broadcast on Japanese television (100,000 viewers). The film was released on DVD and Blu-ray on 1 March 2019 and remained the #1 Performing Arts DVD on Amazon in the UK and US for many weeks and held the number one spot in the UK music video Official Charts for two weeks. Our innovative content creation and popular live-stream events helped us achieve 6.6m video

views across our social platforms. ENB's website had 1,163,470 visits from 799,093 visitors in 212 countries.

We continued to strengthen and build new partnerships in order to maximise reach and relevance, including with University College London, Parkinson's UK, the Greater London Authority, the Tri borough Music Hub, Newham Music and A New Direction. We deepened our relationships with the boroughs of Tower Hamlets and Newham in preparation for our move to London City Island, and we supported the London Borough of Culture bids of Tower Hamlets and Havering (our priority outer London borough). Relationships within Tower Hamlets, Newham and Havering were strengthened by the roll out of our Host School model project 'Ballet Explored', with 13 schools participating in Lest We Forget Explored, which included a very high take up of our digital resources beyond the life of the project. New multi-year funding commitments from City Bridge Trust, The Goldsmiths' Company Charity, The Mercers' Company and Art Mentor Foundation Lucerne will provide valuable support towards ENB's engagement programmes in London, with a focus on benefiting disadvantaged and harder-to-reach communities.

We successfully delivered against our objective to work in partnership with regional Bridge organisations and support ArtsAward and ArtsMark, which was promoted throughout our 2018 UK tour. Activities included on-stage repertoire-based dance workshops, costume insights, access to class, meet and greet with dancers and subsidised tickets.

#### **4. Ensuring sustainable growth**

We tracked well against our financial budget during the year and have exceeded our unrestricted reserve policy range, which we will use to apply to the additional costs of creating two *Cinderella* productions in 2019/20 as well as support our get-in to our new home at London City Island. The Trustees and Executive continue to actively work to identify the major risks to which the charity is exposed, and processes established to mitigate wherever possible.

Our diversification of income streams was successful in 2018/19 with the licensing of Akram Khan's *Giselle* to the Royal Ballet of Flanders, filming of this same *Giselle* recouping costs incurred in 2017/18, and successful international touring which netted a positive contribution. Development income was steady and we began a new four-year Principal Partnership with NatWest. As mentioned earlier, we commissioned Christopher Wheeldon and Akram Khan to create a total of three new artistic assets for the Company. A joint venture with the Royal Albert Hall strengthens ENB's relationship with this key venue over a 12-year period.

We started to grow our Enterprises team during the year, appointing a new role of Head of Business Development and Events who has developed a business plan for hire and hospitality income from the new facilities at London City Island. Sales and marketing for these new income streams began in 2018/19; we have contracted hires as well as a pipeline of enquiries upon which to build. A significant amount of time and focus was also invested into operational planning for the new facilities, including the recruitment of a Project Manager to oversee mobilisation, the strengthening of the Facilities team and the successful roll out of a Staff Working Group to coordinate change management with representatives from across the Company.

Our objective to improve business processes and procedures continued as we refined our use of the three key applications we implemented in the previous year: Tessitura CRM system, a new finance system, and an integrated HR-Payroll system. All three have delivered improvements to business intelligence, cost control and analytics within the year as well as enabling progress to be made on

production planning into future years. Improvement in other areas of business processes and procedures must continue.

Looking ahead, we reviewed and streamlined our business plan at the start of 2019, prioritising focus on core activity and identifying strategic investment in skill and capacity to support the Company over the next 12 months as it transitions to new facilities at London City Island and delivers new artistic assets.

## **Fundraising report**

Raising voluntary funds from charitable trusts and foundations and individual donors, and the income received from corporate partnerships and events, are vital to ENB and enable the Company to fulfil our charitable objectives as effectively as possible. At a time when we are raising funds for both ongoing revenue support and capital, we are particularly grateful for the support given by all our donors.

We aim to build and maintain collaborative partnerships with our supporters and donors, based on mutual understanding and shared values. In developing our approach to fundraising we have registered with the Fundraising Regulator, committing to supporting good fundraising practice and to the Regulator's Code of Fundraising Practice. Our published Supporter Charter can be viewed online at <https://www.ballet.org.uk/supporter-charter/>.

English National Ballet operates with a small fundraising (Development) team. It does not engage in face-to-face or telephone fundraising activity. The Development team works closely with ENB's Executive Team and with the Board's designated fundraising sub-committee, the Development Board, to develop the fundraising strategy and potential fundraising prospects. We work with two freelance fundraising advisers on our capital campaign.

Our Privacy Policy, published on our website, clearly states what personal data English National Ballet will hold in relation to supporters and how this data will be used. The Privacy Statement is published on the Company's website, <https://www.ballet.org.uk/privacy-statement/>. English National Ballet's complaints procedure was also updated and is published online <https://www.ballet.org.uk/fundraising-complaints-procedure/>.

No fundraising complaints were received during the 2018/19 financial year.

ENB's Gift Acceptance Policy clearly sets out the expectations of anyone fundraising for English National Ballet, be that paid employee, consultant or volunteer, and details the policy and decision-making process we will use to assess if there is any risk, reputational or otherwise, to ENB by accepting a donation, sponsorship or membership. The Gift Acceptance Policy will be reviewed annually.

## **FINANCIAL REVIEW**

The Group reported a surplus of £17,221,000 for the year (2018: £1,528,000) which includes £14,071,000 net proceeds from the sale of ENB's previous leasehold building, Markova House, and £2,515,000 of restricted grants and donations relating to the development of London City Island. Taking out these one-off amounts which will be spent on the new premises, the surplus was £635,000 (2018: £188,000 deficit). The results are presented in the Consolidated Statement of Financial Activities (SOFA) on page 27. Unrestricted General funds at 31 March 2019 total £2,780,000 (2018: £1,899,000) and Designated Funds total £14,825,000 (2018: £1,105,000).

Designated funds comprise four funds: £13,681,000 City Island Capital Project Fund, the majority of which will be applied during the 2019/20 year; £650,000 Future Repertoire Fund, some of which will be applied in the 2019/20 year towards creating *Cinderella in the round*; £202,000 Fixed Asset Fund which contains the remainder of the unamortised value of certain tangible assets which will be reduced each year to match the depreciation charged to expenditure in the Statement of Financial Activities; and a City Island Operations Fund of £292,000 which was created in 2017/18 to provide financial resilience for ENB in the first two years of operations at London City Island and will be applied from 2019/20 onwards.

Restricted Funds total £5,498,000 (2018: £2,878,000) of which £4,725,000 is restricted to the development of London City Island. Restricted funds for London City Island will be released in 2019/20 on completion of the fit-out and development of ENB's new facilities. During 2018/19, the cash made available by this restricted fund has been applied to the costs for the fit-out of the development project.

The basis on which the financial statements have been prepared is explained in Note 1, found on page 32.

The Group includes English National Ballet (ENB or the Charity) and English National Ballet Enterprises Limited (the trading subsidiary). One other subsidiary, ENB Productions Limited, is dormant.

The long-term financial stability of English National Ballet relies on the National Portfolio Organisation (NPO) grant funding that the Company receives from Arts Council England (ACE) in the form of a revenue grant. In June 2017, ACE confirmed stand-still NPO funding for ENB for the four-year funding cycle April 2018 to March 2022 with an annual award of £6,214,000. 2018/19 is the first year of the current four-year NPO funding round.

With stand-still funding, ENB must still face the challenge of year-on-year wage and cost inflation. A relatively strong box office and crucial theatre tax relief have both enabled ENB to continue its mission to deliver excellent work to as many people as possible, however our move to our new home at City Island will be a key asset that will enable our ongoing sustainability. While it will be a bigger building to operate and run, it will give ENB more space and more opportunities in which to develop new revenue streams and as well as deliver its charitable objectives.

Ticket sales and tour fees, which includes ticket sales and fees from foreign touring, came in at £8,209,000 (2018: £7,190,000). While there were 116 (2018: 106) full company performances in the UK, 44 My First performances for children and families (2018: 94), there were also 18 (2018: 18) full company performances in four different countries. Box office capacity for the main Company performances during the year averaged 69% (2018: 74%) and contributed 40.2% (before Theatre Tax Relief) of income (2018: 40.3%).

The challenge for ENB continues to be about balancing its need for strong box office revenues with artistic programming which provides quality, variety and challenge for the Company's artists and audiences, while knowing that new or less well-known works will not sell as easily as the popular classics, particularly in venues where ballet programming is infrequent. For instance, in 2018/19 ENB took Kenneth MacMillan's *Manon* on regional tour performing 18 shows in Manchester, Southampton and Milton Keynes, and even though box office was relatively low at 34.5% of capacity, the Company garnered strong critical reviews and were committed to taking this high quality production to the regions for the first time in 10 years.

Donation income of £2,347,000 (2018: 2,866,000) included £1,706,000 restricted to the development of London City Island (2018: £1,716,000). Revenue donations were lower than in the previous year at £537,000 (2018: £1,147,000), although grants from trusts and foundations at £867,000 were higher than the previous year (2018: £216,000). Membership subscriptions remained at similar levels to the previous year, at £84,000.

Income from ballet classes included within Outreach and Engagement activities, was reduced as a result of anticipating our moving out of Markova House in early 2019.

Other forms of contributed income including corporate sponsorships (including in-kind), event income, hire income, and investment income total £1,460,000 (2018: £722,000). The in-year increase is due to NatWest joining as Principal Partnership sponsor and a one-off production hire of Akram Khan's *Giselle* to Royal Ballet of Flanders. Of this total, £680,000 (2018: £270,000) was contributed via the company's trading subsidiary. Other income of £146,000 (2018: £9,000) is predominantly made up of proceeds from the distribution of the film of Akram Khan's *Giselle*.

Production and performance costs for the year totalled £16,405,000 (2018: £15,920,000) which includes an allocation of Support Costs of £2,030,000 (2018: £2,179,000). Production costs included the commissioning and rehearsal of William Forsythe's *Playlist 1,2*, the rights to perform Jerome Robbins' *The Cage* and William Forsythe's *Approximate Sonata 2016*, as well as revival of key full-length productions during the year such as *The Sleeping Beauty* and *Manon*.

Support costs are in line the previous year at £2,256,000 (2018: £2,378,000) and includes a proportion of irrecoverable VAT related to overhead costs as ENB is culturally exempt for VAT on some of its performances. Support costs are allocated to Production and Performance costs, Engagement and Outreach costs, and costs of Raising Funds as a proportion of total expenditure.

Theatre tax relief for the 2017/18 financial year of £972,000 (2016/17: £1,235,000) is recognised as a debtor at 31 March 2019, with proceeds received in August 2019.

In May 2015, and then varied in April 2018, ENB entered into an agreement for lease for a new, purpose-built facility on London City Island. This project is mentioned throughout this annual report, and aside from ENB's continued artistic ambitions, is the most significant project being undertaken by ENB. The Company moved into its new home in July 2019. Current cost estimates for the total project, including a long-lease lease premium, design, fit-out, furniture and fittings, professional fees, fundraising costs, and moving costs, are c£28.6m. Some of these project costs are not able to be capitalised for accounting purposes and are therefore taken to the Statement of Financial Activities over and above normal operating expenditure (e.g. costs related to capital fundraising). The £28.6m budget value excludes the shell and core, which is being built and supplied by the developers, EcoWorld Ballymore. During the year, ENB completed the sale of its previous home, Markova House, which was bought by the Royal College of Music in an exchange of contracts dated October 2015. The sale proceeds of £14,071,000, after deducting the costs of sale, will be wholly applied to the development of London City Island. At 15 November 2019, ENB had raised a total of £24.5m towards

development costs either by way of cash received from the sale of Markova House, grants from trusts and foundations, statutory funding from Arts Council England, donations received, or pledges made. The remaining £4.1m will be met through continued fundraising or, as a back-stop measure, by applying the £5m available from the Barclays Bank facility.

During the 2018/19 year, ENB incurred a further £12,101,000 of project costs relating to the London City Island project taking the total capitalised as Assets Under Construction to £14,230,000 (2018: £2,129,000). Over the last three years to 31 March 2019, £390,000 of project costs have been expensed to the Statement of Financial Activities.

Costs incurred in relation to forthcoming 2019/20 productions totalled £1,179,000 at 31 March 2019 (2018: £530,000) and are reflected in the Balance Sheet as Work in Progress. These costs will be released into the 2019/20 Statement of Financial Activities as production costs on the date of the first performance of each production.

Debtors include £1.1m of recoverable VAT on costs incurred on the London City Island project based on applying ENB's 'standard method' for VAT recoverability, which ENB believes is refundable by HMRC. ENB has submitted an application to HMRC for a more fair and reasonable method to be applied to London City Island costs.

Cash on hand at 31 March 2019 is £8,295,000 (2018: £2,574,000) which is from the completion on the sale of Markova House in early 2019. Prior to sale completion, a deposit of 20% of the sale price of Markova House was held in escrow and was non-refundable if the Royal College of Music did not complete the sale. This deposit was able to be drawn down by ENB to assist with its cashflow requirements for the London City Island project. The full amount of the deposit was drawn down during the year. In the previous year, this deposit was included in the balance sheet as both a debtor as part of the agreement for sale, and also as a deferred income liability; both released at the point of sale completion. ENB also entered into a £5m revolving credit facility and a £4m money market loan with Barclays Bank in May 2017 and March 2018 respectively, its main purpose to assist with working capital requirements for the development of City Island. As at the balance sheet date, the £4m money market loan had not been drawn down and the facility expired in March 2019, however £1.5m of the £5m the revolving credit facility was drawn down in December 2018 and fully repaid in March 2019. The revolving credit facility expires in June 2020 at which time any outstanding drawdowns will convert to an 8-year term loan.

### **Financial Risk Management:**

The following statements summarise the Board's policy in managing identified forms of financial risk.

**Credit risk:** risk on amounts owed to the Charity by its customers is relatively low as payment from venue settlements are with established commercial theatre owners and advances are regularly received ahead of our performances at the venue. Donations and other forms of income e.g. through our trading subsidiary are mostly settled at the point of purchase or not material in amount to create a credit risk.

**Price risk:** Payroll costs represent 51% of total expenditure for the Charity and higher levels of inflation represent a risk as over 30% of the total income for ENB comes from Arts Council England, which has been at a stand-still level for the last three years and the next four years. The Charity has freedom over its ticket pricing, and box office income represents over 40% of revenue. The pricing strategy aims to hold the lowest ticket price at an accessible level.

**Cash flow risk:** Surplus funds are placed with two major clearing banks. Short term working capital requirements can be met with the £5m revolving credit facility available with Barclays Bank.

Liquidity risk: ENB has a revolving credit facility available with Barclays Bank which, at balance date, is fully available for drawdown. Risk on interest payments is low as the annual interest cost of drawing down on the facility in full is approximately 0.01% of total income. The loan is secured against the Charity's lease of the facilities at City Island as well as a fixed and floating debenture over the Company's assets.

## **Reserves Policy**

The Company operates on the basis that, over a typical Arts Council England National Portfolio Organisation (NPO) funding cycle of three or four years, revenue will exceed expenditure. This model allows for regular investment in new work or repertoire at varying levels of expenditure whose costs can then be recovered over the longer term.

The long-term sustainability of the Company is largely dependent upon continued funding from Arts Council England. 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 through regular meetings, written reports, and completing Arts Council England data gathering exercises.

Levels of unrestricted funds, both current and forecast, are monitored to ensure that they remain in excess of £2,500,000, which equates to three months of non-performance related operating costs, and up to a maximum of 50 percent of the annual grant award from Arts Council England, currently £6,214,000. The Trustees believe this to be the most appropriate level of reserves to provide financial flexibility and a safeguard against operational and economic risk and will remain under review, especially as the Company has just started to occupy larger premises which will cost more to run and operate.

The Charity's consolidated free reserves (unrestricted reserves less designated funds) at 31 March 2019 total £2,780,000 (2018: £1,899,000). Unrestricted reserves were £17,605,000 (2018: £3,004,000) which is above the organisation's unrestricted reserves policy accepted range. At 31 March 2019, designated funds totalled £14,825,000 (2018: £1,105,000) and restricted funds totalled £5,498,000 (2018: £2,878,000). Of the restricted funds, £4,725,000 relates specifically to the development of London City Island and will be expended as fit-out works are completed during the coming financial year.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The Trustees are responsible for the management of the risks faced by the Charity. The Finance & General Purposes Committee reviews strategic and operational risks at least twice during the year, with a review by the Governance Committee when relevant, and an annual review by the full Board of Trustees to assure themselves of the adequacy of controls and mitigations in place. The London City Island Project Steering Board reviews strategic and operational risks specifically related to the capital project, which is relayed to both the Finance & General Purposes Committee and the full Board of Trustees.

The organisational Risk Register and risk mitigations are reviewed periodically and updated by the Executive Director in collaboration with the Chief Operating Officer and other members of the Executive Team. The City Island-specific Risk Register and risk mitigations are prepared by the Project Director in collaboration with the external Project Manager and Executive Project Team.

The principal risks facing English National Ballet are:

- The delivery of the City Island capital project on time and within budget. While the Company moved to its new home in July 2019, there will be ongoing capital project matters, especially in relation to snagging and defect management. Within this umbrella risk is also ensuring that completing this project does not divert management focus from day-to-day operations, and the risk of failing to reach the fundraising target. These risks are mitigated through a robust governance structure via the London City Island Project Steering Committee who meet with the Project Executive team regularly, the Executive Project Team working with an experienced Project Director and Project Manager and other external advisers, an internal project manager wholly focussed on project delivery, regular fundraising strategy updates, a clear funding contingency plan supporting cashflow or any fundraising shortfalls, and a detailed project risk register with mitigation plans. ENB have recruited specialist freelance fundraising resource to supplement our capital donor prospect pool. There will also be a number of uncertainties that the Company will face as it settles into its new home, such as the cost of running the new building, staff retention because of the geographical relocation, and the ability to develop new income streams, where the key mitigations are a proactive change management process, and time taken to understand how the building will be used and run.
- The medium/long-term financial sustainability of the Company while trying to deliver a bold, high quality, and ambitious artistic programme. ENB depends on very few revenue sources which can reduce due to critical reception and reputation, a challenging macroeconomic environment, as well as other factors. Costs and wages inflation continue to put sustainability under pressure, with the added risk of the possibility that operating costs at City Island exceed expectations. Mitigation includes ensuring a high-quality artistic programme, developing new artistic assets to open new touring routes, robust financial modelling, maintenance of key relationships and development of new relationships in East London, regularly reviewing the pricing strategy, having a strong case for support for revenue fundraising, a focus on cost control and improved efficiencies, and key performance indicators set to ensure discipline that the Company delivers first and foremost on its key objectives. In addition, the business plan includes strategies and resourcing for development of new revenue streams available at the new facilities at City Island.
- Organisational capacity. ENB is not a large organisation and is continuously needing to strengthen its processes, procedures, equipment, and skills base in order to enable the

organisation to consistently deliver a bold and ambitious artistic programme in a cost-effective way. Mitigations include recent improvements to operational applications, more structured planning to enable more effective decision making, improved recruitment to attract better skills and talent, increased teaching and medical provision for the artists of the Company, and improved equipment purchased for use at City Island.

There are no material risks facing English National Ballet Enterprises Limited.

The Trustees will continue to regularly review the programme of activity, cashflow forecasts and private income sources. Internal financial controls are periodically reviewed to ensure they are fit for purpose.

## **FUTURE PLANS**

### **2019/2020 Season**

The 2019/20 year will be ENB's first in its transformational new home, working alongside English National Ballet School at City Island, in the heart of East London. Our artistic plans for this upcoming year will see us fully capitalise on these state-of-the-art new facilities, as well as being able to open up the creative process to our new neighbours and creative collaborators.

The season will also mark our 70<sup>th</sup> Anniversary, with celebrations taking place throughout the 2019-2020 Season that will give opportunities for the Company to say 'Thank You' to its audiences, fans, friends and partners. The 70<sup>th</sup> Anniversary will be celebrated with three special Gala performances at the London Coliseum featuring extracts from a diverse range of repertoire spanning English National Ballet's history.

Performances in 2019/20 will also see ENB continue to showcase women's voices in choreography, with its second programme dedicated to female choreography, *She Persisted*, at Sadler's Wells in April 2019. Following 2016's acclaimed *She Said* programme, *She Persisted* will include: Pina Bausch's *Le Sacre du printemps (The Rite of Spring)*, Annabelle Lopez Ochoa's *Broken Wings*, and the premiere of *Nora*, a new work by ENB First Artist, Stina Quagebeur, based on Ibsen's *A Doll's House*.

Christopher Wheeldon's restaging of *Cinderella* for in-the-round performances at the Royal Albert Hall will be the highlight of our summer programme in 2019, with this large scale, inventive production combining magnificent sets and costumes, beautiful choreography, and Prokofiev's sublime score performed live by English National Ballet Philharmonic.

Having commissioned Akram Khan's second full-length collaboration, his Olivier award-winning first full-length ballet, *Giselle*, returns in 2019, with performances at Sadler's Wells in September. For the first time, there will be an audio-described performance of *Giselle*, making the ballet accessible to visually impaired people. A description of the action as it appears on stage will be given as well as an on-stage 'touch tour' ahead of the performance, in which participants are given the opportunity to familiarise themselves with costumes and props through touch.

Continuing our commitment to touring the UK and presenting world-class ballet to the widest possible audience, Autumn 2019 will see ENB present three acclaimed ballets on tour: *Le Corsaire*, which returns to the UK having delighted audiences in Japan, Paris and Spain with Anna-Marie Holmes' sumptuous staging and sets by Hollywood designer, Bob Ringwood; ENB's much-loved *Nutcracker*,

which has now been seen by over 660,000 people since its creation in 2010; and a proscenium arch version of Christopher Wheeldon's *Cinderella*.

As well as our 70<sup>th</sup> anniversary Gala performances, *Nutcracker* and *Le Corsaire* will also be delighting our Coliseum audiences this Christmas, and our family-friendly *My First Sleeping Beauty* will tour the UK in the spring of 2019.

Taking the very best of British ballet to audiences across the world, in 2019/20 ENB will tour to Les Théâtres de la Ville de Luxembourg in June 2019, the Chekov International Festival at the Bolshoi Theatre stage in July and the Teatro Real, Madrid in October.

### **ENB at London City Island – our next step**

As we celebrate our 70th birthday in 2020, we say a fond farewell to Markova House which has been a much-loved home for the Company for the last 40 years. Our future is bright – we move to our new home which will provide ever more exciting opportunities for audiences, neighbours, artists and creative collaborators and to help ENB maximise its impact nationwide.

The new state-of-the-art new facilities at London City Island in the heart of East London will bring together ENB and ENB School under the same roof for the first time in 25 years. At the core of our building is the Production Studio, the only dance facility of its kind in the UK. With a full height fly tower (65 feet) and retractable seating for 175, this space will allow us to rehearse productions and share the work of our engagement programmes much more widely. Other features of the building include:

- seven dance studios– each the size of the London Coliseum stage, with four for ENB and three for ENB School;
- two dedicated creative learning spaces for our engagement programmes;
- a public café, foyer and exhibition space, situated alongside a mixed-use collaboration space;
- integrated video capture in all studios, a digital editing suite and digital viewing library;
- rehabilitation and medical facilities including hydrotherapy pool, gym and a Pilates studio;
- a much-expanded costume workshop, enabling us to make more of our own costumes and host new apprenticeships;
- a dedicated music room for English National Ballet Philharmonic.

London City Island is a new neighbourhood developed on a previously unused peninsula, on the Lea River Estuary. ENB's new home will be at the heart of this neighbourhood – a cultural anchor that grounds us in the local community in Canning Town, adjoining the boroughs of Tower Hamlets and Newham. This new location provides a unique opportunity for us to widen our reach and engage more people with ballet and we have created the facilities to drive this forward.

With the backing of the GLA and the Mayor's Good Growth Fund, we are investing in a new programme, *Bridging Neighbourhoods, Growing Talent*, which will use these new facilities and the Company's creativity to deliver high impact community programmes to 50,000 participants every year. Tower Hamlets and Newham are ranked sixth and eighth most deprived area in England (Index of Multiple Deprivation), and 55% and 71% of people respectively identify as from BAME communities. Bridging Neighbourhoods will respond to both borough's priorities around health and wellbeing, older people inactivity, skills development and employability of disadvantaged young people.

In our new home, we will be able to deliver the Company's strategic priorities:

To consistently deliver artistic excellence and creativity:

- the production studio will allow longer technical rehearsal periods, enable creative teams to collaborate earlier, allow invited audience feedback and mitigate the usual risks around creating new work;
- additional studios will allow more efficient, simultaneous rehearsals;
- our own dancers and external creatives, including those from other genres will have more studio time for research and development.

To nurture and develop talent, on and off stage:

- ENB School plan to become ENB's main tenant at City Island which will allow collaborations and student insight into the Company and the wider industry;
- Dedicated engagement facilities will significantly expand our creative learning and participation programme in the local area and enable us to deliver our *Bridging Neighbourhoods*, *Growing Talent* plans;
- industry-leading technical and costume-making facilities will allow us to deliver on our commitment to developing technical and craft skills – we will run apprenticeship programmes.

To extend our reach and relevance:

- we will be at the heart of a new cultural cluster in East London which will strengthen our impact and facilitate more performances in our regional hubs;
- we will invite the public in to see work being made;
- we want to develop a research hub at our City Island facility for the evolution of the art form and for our successful Dance for Parkinson's programme;
- digital editing facilities will allow us to create and share more content – ensuring our reach extends beyond the cities to which we tour.

Ensure sustainable growth:

- we will earn more money from space hire, classes, catering and events;
- we will spend less money on hiring additional spaces;
- delivery of the project will allow us to buy our lease, thereby living rent free for 199 years;
- space to create new work will increase our Intellectual Property, and we will have more productions to tour abroad and to rent to other companies;
- significant improvements in environmental sustainability are at the core of the new building's brief, where we have targeted a BREEAM rating of 'Very Good'.

## **TRUSTEES' REPORT**

### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The trustees (who are also directors of English National Ballet for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

Company law required trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company and of the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees 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 the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

By order of the Board

  
**Valerie Gooding**

Trustee

**29 November 2019**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENGLISH NATIONAL BALLET**

We have audited the financial statements of English National Ballet for the year ended 31 March 2019 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charitable Company Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2019 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

### **Other information**

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

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

material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the trustees' annual report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the trustees' annual report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

#### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 23, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group and parent charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters which 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 any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

  
James Cross

Senior Statutory Auditor

for and on behalf of Moore Kingston Smith LLP, Statutory Auditor

Devonshire House

60 Goswell Road

London EC1M 7AD

Date  2019

# **CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**

(Incorporating an Income and Expenditure Account) for the year ending 31 March 2019

		General Funds 2019 £000	Designated Funds 2019 £000	Restricted Funds 2019 £000	Total Funds 2019 £000	Total Funds 2018 £000
	Notes					
<b>Income from:</b>						
<b>Donations and Grants:</b>						
Grants	2	6,296	-	1,700	7,996	6,753
Donations		537	-	1,810	2,347	2,866
In kind sponsorships		108	-	-	108	90
<b>Charitable activities:</b>						
Ticket sales and tour fees		8,209	-	-	8,209	7,190
Outreach and engagement		166	-	-	166	199
<b>Other trading activities:</b>						
Trading activities		838	-	-	838	503
Production hire		353	-	-	353	38
Programmes & merchandising		155	-	-	155	84
Membership subscriptions		84	-	-	84	85
				-		
Investment Income		6	-	-	6	7
Other income		67	-	79	146	9
Gain on disposal		-	14,071	-	14,071	-
		16,819	14,071	3,589	34,479	17,824
<b>Expenditure on:</b>						
Raising funds	3	(1,222)	-	(2)	(1,224)	(1,056)
<b>Charitable activities</b>						
Productions and performances	4	(15,617)	-	(788)	(16,405)	(15,920)
Outreach and engagement	4	(422)	-	(179)	(601)	(555)
		(17,261)	-	(969)	(18,230)	(17,531)
<b>Net income/(expenditure)</b>		<b>(442)</b>	<b>14,071</b>	<b>2,620</b>	<b>16,249</b>	<b>293</b>
Other recognised gains – Theatre tax relief		972	-	-	972	1,235
Transfers between funds	17	351	(351)	-	-	-
<b>Net movement in funds</b>		<b>881</b>	<b>13,720</b>	<b>2,620</b>	<b>17,221</b>	<b>1,528</b>
<b>Reconciliation of funds:</b>						
Net funds brought forward		1,899	1,105	2,878	5,882	4,354
<b>Net funds carried forward</b>		<b>2,780</b>	<b>14,825</b>	<b>5,498</b>	<b>23,103</b>	<b>5,882</b>

The statement of financial activities includes all gains and losses recognised in the year. Income 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 statement provides the consolidated information for the charitable Company and subsidiary undertakings. Total income and net income for the charitable company alone were £34,771,000 (2018: £19,023,000) and £16,766,000 (2018: £1,664,000) respectively.

The notes on pages 32 to 50 form part of these financial statements.

**CONSOLIDATED BALANCE SHEET**

As at 31 March 2019

	<i>Notes</i>	<b>2019</b> <b>£000</b>	<b>2018</b> <b>£000</b>
<b>Fixed Assets:</b>			
Tangible assets	9	14,741	2,645
<b>Current assets:</b>			
Work in progress		1,179	530
Debtors	11	3,048	4,406
Cash at bank and in hand		8,295	2,574
<b>Total current assets</b>		<b>12,522</b>	<b>7,510</b>
<b>Liabilities:</b>			
Creditors falling due within one year	12	(4,160)	(4,273)
Net Current assets		8,362	3,237
<b>Total net assets</b>		<b>23,103</b>	<b>5,882</b>
<b>The funds of the charity:</b>			
General funds	15	2,780	1,899
Designated funds	15	14,825	1,105
<b>Total unrestricted funds</b>		<b>17,605</b>	<b>3,004</b>
Restricted funds	16	5,498	2,878
<b>Total charity funds</b>		<b>23,103</b>	<b>5,882</b>

The notes on pages 32 to 50 form part of these financial statements.

These accounts were approved by the Board of Trustees on 29 November 2019 and signed on its behalf by:



**Valerie Gooding**  
Trustee

**CHARITY BALANCE SHEET**

As at 31 March 2019

	<i>Notes</i>	<b>2019 £000</b>	<b>2018 £000</b>
<b>Fixed Assets:</b>			
Tangible Assets	9	14,741	2,645
<b>Current assets:</b>			
Work in progress		1,179	530
Debtors	11	3,067	4,399
Cash at bank and in hand		8,170	2,540
<b>Total current assets</b>		<b>12,416</b>	<b>7,469</b>
<b>Liabilities:</b>			
Creditors falling due within one year	12,13	(4,054)	(4,232)
Net Current assets		8,362	3,237
<b>Total net assets</b>		<b>23,103</b>	<b>5,882</b>
<b>The funds of the charity:</b>			
General funds	15	2,780	1,899
Designated funds	15	14,825	1,105
<b>Total unrestricted funds</b>		<b>17,605</b>	<b>3,004</b>
Restricted funds	16	5,498	2,878
<b>Total charity funds</b>		<b>23,103</b>	<b>5,882</b>

The notes on pages 32 to 50 form part of these financial statements.

These accounts were approved by the Board of Trustees 29 November 2019 and signed on its behalf by:

**Valerie Gooding**  
Trustee

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ending 31 March 2019

	<i>Notes</i>	<b>2019</b> <b>£000</b>	<b>2018</b> <b>£000</b>
<b>Cash flows from operating activities:</b>			
Net cash flow provided by operating activities	18	3,817	2,066
<b>Cash flows from investing activities:</b>			
Bank interest		6	7
Purchase of property, plant and equipment		(12,173)	(722)
Disposal of property, plant and equipment		14,071	-
<b>Net cash used in investing activities</b>		<b>1,904</b>	<b>(715)</b>
Change in cash in the reporting period		5,721	1,351
Cash at the beginning of the reporting period		2,574	1,223
<b>Cash at the end of the reporting period</b>		<b>8,295</b>	<b>2,574</b>

The notes on pages 32 to 50 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

English National Ballet is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

The entity is registered in England and Wales with a registered address of 41 Hopewell Square, London, E14 0SY.

#### **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. The financial statements have been prepared in British Pounds Sterling, which is the functional currency of the company. Monetary amounts in the financial statements are rounded to the nearest £'000.

#### **Basis of preparation**

The financial statements have been prepared in accordance with Charities SORP (FRS 102) applicable to charities preparing their accounts in accordance with The Financial Reporting Standards applicable in the UK and republic of Ireland and the Charities Act 2011 and UK Generally Accepted Accounting Practice (UK GAAP) as it applies from January 2015.

English National Ballet meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

#### **Going concern**

The financial statements are drawn up on the going concern basis which assumes that English National Ballet will continue in operational existence for the foreseeable future. The Charity substantially relies on funding through grants from Arts Council England for its current and future commitments and operates on the basis that cumulatively, over the period of the funding cycle (currently April 2018 to March 2022) revenue will at least match expenditure.

In June 2017, Arts Council England confirmed stand-still National Portfolio Organisation funding for English National Ballet for the four-year funding cycle beginning April 2018 and ending March 2022.

The Trustees have prepared operating budgets and cashflow forecasts covering a period of at least 24 months from the date of approval of the financial statements and are satisfied that the Group is a going concern.

In addition, the Trustees have prepared budgets and forecast cashflow relating to the completion of its new facilities at London City Island. The project costs include purchasing a long lease, designing and fitting out the new premises, and the purchases of furniture and equipment. During the year, project costs have been met from a combination of proceeds from the sale of the Company's previous home, donations and statutory funding. Cashflow and funding shortfalls can be met by a £5m revolving credit facility made available by Barclays Bank which converts into a term loan in June 2020. Based on these sources of funding the Trustees are satisfied the Group can meet its remaining commitments relating to the London City Island project. Project risks have been taken into account and measures have been put in place to mitigate these risks.

Having taken all of the above factors into consideration, the trustees have reached a conclusion that the company is able to manage its business risks despite the current uncertain economic outlook and therefore there is no material uncertainty in relation to its ability to continue as a going concern. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### **Basis of consolidation**

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. 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.

### **Income**

Grant and donation income, whether for capital or revenue activity, is recognised on an accruals basis in the period in which the Charity is entitled to receipt, any performance conditions have been met, and the amount can be measured with reasonable certainty.

Income from theatre ticket sales and foreign touring fees is included in income in the period in which the relevant performance takes place as is income from Engagement workshops and classes. Income received before the year end relating to activity in subsequent periods is recorded in deferred income.

Sponsorship income, whether for cash or goods and services in kind, are included in other trading activities, and recognised on an accruals basis in the period in which the Charity (or its trading subsidiary) is entitled to funds, any performance conditions have been met, and the amount can be measured with reasonable certainty. Donated goods and services are recognised as income at a reasonable estimate of their value to the Charity in the period to which they relate and are matched by equivalent expenditure. The estimate of value is assessed by reference to the donor organisation's standard charity rate card. No amounts are included in the financial statements for services donated by volunteers.

Investment income is interest receivable on funds held on deposit and is recognised when receivable and the amount can be measured reliably.

### **Expenditure and basis of allocation of costs**

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. 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 raising funds represent the cost of direct fundraising and the costs associated with generating corporate sponsorship and events income, which are mainly incurred through the trading subsidiary. These are recognised when incurred and are separately disclosed on the Statement of Financial Activities.

Costs of charitable activities include the salaries, related staff costs and direct expenditure of rehearsing, staging, performing and marketing ballet, and related irrecoverable VAT, and other costs associated with carrying out outreach and engagement activities undertaken to further the purposes of the charity, and their associated support costs.

Production costs are charged to the Statement of Financial Activities in the year of the first performance. Costs relating to productions which do not have their first performance by the end of the financial year are held on the balance sheet as part of work in progress.

Support costs are those incurred in connection with the administration of the Charity and are in support of expenditure on the objects of the Charity. They include executive management, finance, human resources and organisational development, premises and associated depreciation, facilities costs, IT and communications, archive costs, and related irrecoverable VAT. Governance costs which are included within support costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements. Support costs are analysed in Note 5.

### **Liabilities**

Creditors and provisions are recognised upon receipt of goods and services supplied, or have a present legal or constructive obligation as a result of past events where it is probable that an outflow or resources will be required to settle the obligation, and the amount can be reliably estimated. Where there are significant obligations which do not meet the requirements for recognition as a provision set out in Section 21 'Provisions and Contingencies' of FRS 102 these are disclosed as a note to the accounts.

Contracted commitments are recorded as liabilities on the balance sheet, when the criteria for recognition has been met. These, as well as operating lease commitments are disclosed in Notes 20 and 21.

### **Tangible Fixed Assets**

Tangible fixed assets are stated at cost less accumulated depreciation. Individual tangible assets costing less than £3,000 are expensed in the year of purchase.

Depreciation is calculated on a straight-line basis over the expected useful life of the assets as follows:

- |   |                                      |
|---|--------------------------------------|
| • Leaseholds and leasehold improvements | over the remaining life of the lease |
| • Plant, fixture and fittings           | 5 to 25 years                        |
| • Equipment                             | 5 years                              |
| • Musical instruments                   | 15 years                             |
| • Warehouse vehicles                    | 10 years                             |
| • Motor vehicles                        | 4 years                              |

The value of fixed assets is regularly reviewed for any potential impairment. The sale of Markova House was completed in January 2019. All leasehold improvements associated with the leasehold property were fully depreciated by 31 March 2018.

Assets under construction include design fees, professional fees, a deposit on the lease premium, and other direct costs attributable to bringing the Company's new facilities at London City Island development into working condition for its intended use, and will not be depreciated until the building is fully operational in July 2019.

Website development costs are expensed in the year incurred.

### **Work in progress**

Costs incurred in respect of productions which open in the following accounting period are carried forward at the balance sheet date and included as work in progress at cost.

### **Debtors**

Debtor receivables are recognised at amortised cost less any provision for bad debt. A provision for bad debt is established when there is objective evidence that the debtor will not be collected according to the original terms.

### **Cash at bank and in hand**

Cash at bank and cash in hand includes cash and short-term, highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

### **Financial instruments**

The Group has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

### **Pensions**

The Company operates four defined contribution schemes and contributes to a defined contribution scheme run by an independent body. Contributions are expensed in the Statement of Financial Activities in the year to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Balance Sheet.

### **Employee benefits**

The cost of short-term employee benefits are recognised as a liability and an expense. The cost of any unused holiday entitlement is recognised in the period when the employees' services are received. Termination payments are recognised as an expense when the charity is demonstrably committed to terminate the employee or to provide a termination benefit.

### **Fund accounting**

Unrestricted General Funds are funds available which can be used in accordance with furthering the charitable objectives of the charity at the discretion of the Trustees.

Unrestricted Designated Funds are amounts that have been set aside at the discretion of the Trustees. At the year-end they comprised a Building and Fixed Asset Fund, a Future Repertoire Fund, a City Island Operations Fund, and a new City Island Capital Project Fund. The Building and Fixed Asset Fund is set at a level at least equivalent to the value of the net book value of the Charity's fixed assets (excluding assets purchased via ACE Recovery Plan Funds, the Quercus Trust and the Company van). The Future Repertoire Fund earmarks funds for the commissioning of new full scale and one act productions. The London City Island Operations Fund has been created to provide financial resilience for the Charity in the first two years of operations in its new premises. The City Island Capital Project Fund represents the sale proceeds of Markova House, which will be applied to the development of London City island.

Restricted funds are donations received which are subject to specific restricted conditions imposed by the donors. Restricted funds are distributed in accordance with the terms of the applicable restriction.

Further analysis of the funds can be found in Note 15 and 16.

**Operating leases**

Leases where the lessor retains a significant portion of the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the period of the lease.

**Exchange gains and losses**

The financial statements are presented in pounds sterling, the functional and presentational currency. Foreign currency transactions are translated using the exchange rates prevailing at the date of settlement. Realised and unrealised exchange gains and losses are recognised in the Statement of Financial Activities.

**Taxation**

English National Ballet is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2011 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The subsidiary companies make qualifying distributions of all taxable profit to the parent charity. No corporation tax liability on the subsidiaries arises in the accounts.

**Theatre tax relief**

Theatre tax relief for each year is claimed in the following year and recognised in the period of submission to HMRC when the amounts are quantifiable.

**Critical accounting estimates and areas of judgement**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Trustees consider that there have been no critical estimates and judgements in the year.

**2. GRANT INCOME**

	General Fund £000s	Restricted Funds £000s	Total 2019 £000s	Total 2018 £000s
Arts Council England – revenue funding	6,214	-	6,214	6,214
Arts Council England – capital grant	-	915	915	-
Arts Council England – cross border funding	-	-	-	213
Other statutory funding	-	-	-	110
Trusts and foundations	82	785	867	216
<b>Total 2019</b>	<b>6,296</b>	<b>1,700</b>	<b>7,996</b>	<b>6,753</b>
<b>Total 2018</b>	<b>6,484</b>	<b>269</b>	<b>6,753</b>	

**3. EXPENDITURE ON RAISING FUNDS**

	<i>Notes</i>	General Fund 2019 £000s	Restricted Funds 2019 £000s	Total Funds 2019 £000s	Total Funds 2018 £000s
Support costs	5	149	2	151	122
Salaries		517	-	517	470
Events		116	-	116	165
Other fundraising costs		440	-	440	299
Total 2019		1,222	2	1,224	1,056
Total 2018		1,053	3	1,056	

Of total expenditure on raising funds, £132,000k relates directly to the costs of fundraising for the London City Island capital campaign (2018: £159,000).

**4. EXPENDITURE ON CHARITABLE ACTIVITIES**

	<i>Notes</i>	General Fund 2019 £000s	Restricted Funds 2019 £000s	Total Funds 2019 £000s	Total Funds 2018 £000s
<u>Productions and performances</u>					
Support costs	5	2,001	29	2,030	2,179
Production costs		903	111	1,014	727
Performance and rehearsal costs		5,780	24	5,804	5,961
Artists		3,398	430	3,828	3,606
Technical, stage, wardrobe		892	-	892	893
Producing		218	-	218	207
Music		268	-	268	248
Medical and welfare		372	70	442	473
Marketing and publicity		1,762	124	1,886	1,622
Sundry		23	-	23	4
Total 2019		15,617	788	16,405	15,920
Total 2018		15,125	795	15,920	
<u>Outreach and engagement</u>					
Support costs	5	74	1	75	77
Programme costs		136	178	314	271
Programme management and administration		212	-	212	207
Total 2019		422	179	601	555
Total 2018		517	38	555	

## 5. SUPPORT COSTS

	Productions & performance 2019 £000s	Outreach & Engagement 2019 £000s	Raising funds 2019 £000s	Total 2019 £000s	Total 2018 £000s
Management and administration	1,341	49	100	1,490	1,519
Premises and facilities	620	23	46	689	653
Depreciation charge	69	3	5	77	202
Total 2019	2,030	75	151	2,256	2,378
Total 2018	2,179	77	122	2,378	

Support costs are pro-rated between the key cost driving areas: productions and performance, outreach and engagement, and raising funds.

## 6. EXPENDITURE

	2019 £000s	2018 £000s
The net income/(expenditure) is stated after charging:		
Operating leases land and buildings, office equipment	139	142
Depreciation charge on tangible fixed assets	77	202
Foreign exchange loss/(gain)	3	1
Governance costs:		
Auditors remuneration: group and charity audit	32	30
Non audit services	7	7
Legal costs	64	16
Staff costs	12	12

## 7. REMUNERATION OF TRUSTEES

The Board are all non-executive Trustees and no trustees received remuneration in the year (2018: £nil). No Trustees received expenses for travel or subsistence (2018: £nil).

## 8. STAFF NUMBERS

The average monthly head count was 213 staff (2018 restated: 217 staff) and the average monthly number of full-time equivalent employees during the year were as follows:

	2019 FTE	2018 restated FTE
Engagement and outreach	5	5
Artistic management	7	7
Dancers	76	69
Producing, medical, company management	5	5
Orchestra and music management	15	10
Technical, stages, wardrobe	31	24
Marketing and communications	8	8
Fundraising	11	11
Management and administration	14	15
<b>Total</b>	<b>172</b>	<b>154</b>

	Total 2019 £000s	Total 2018 restated £000s
The aggregate payroll costs of these employees were:		
Wages and salaries	7,563	7,115
Social security costs	720	898
Pensions	331	283
<b>Total employee costs</b>	<b>8,614</b>	<b>8,296</b>
Freelance staff	704	521
<b>Total</b>	<b>9,318</b>	<b>8,817</b>

The number of employees whose emoluments, including benefits in kind, were in excess of £60,000 was:

	2019	2018
£60,000 to £69,999	4	5
£70,000 to £79,999	7	5
£80,000 to £89,999	3	1
£90,000 to £99,999	1	1
£100,000 to £109,999	-	1
£110,000 to £119,999	1	-
£250,000 to £259,999	1	1
<b>Total</b>	<b>17</b>	<b>14</b>

Of employees earning in excess of £60,000 during the year, 17 are members of a defined contribution scheme (2018: 11). The Company contributed £96,460 (2018: £68,482) to the defined contribution pension scheme in respect of these employees.

The Group considers its key management personnel to be the Executive Team listed on page 8 together with the charity trustees (who are not remunerated). The total remuneration (including

pension contributions, employers' national insurance and private medical insurance) totalled £1,116,366 (2018 restated: £1,005,444).

Members of the Executive Team are entitled to join the Company's private medical scheme should they wish to. In the year, five members (2018: 3) of the Executive Team took advantage of the scheme at a cost of £10,913 (2018: £6,684).

During the year, there was one redundancy payment made totalling £14,131 (2018: £nil). Ex-gratia payments during the year totalled £30,027 (2018: £17,468). No post-employment benefits were made to any staff during the year.

## 9. TANGIBLE FIXED ASSETS

Group & Charity	Leasehold improvements £000s	Plant, fixtures & fittings £000s	Equipment and pianos £000s	Vehicles £000s	Assets under construction £000s	Total £000s
<b>Cost</b>						
1 April 2018	1,272	100	645	51	2,129	4,197
Additions	-	-	72	-	12,101	12,173
Disposals	(499)	-	-	-	-	(499)
31 March 2019	773	100	717	51	14,230	15,871
<b>Depreciation</b>						
1 April 2018	845	98	569	40	-	1,552
Charge for the year	33	1	38	5	-	77
Disposals	(499)	-	-	-	-	(499)
31 March 2019	379	99	607	45	-	1,130
<b>Net book value</b>						
31 March 2019	394	1	110	6	14,230	14,741
31 March 2018	427	2	76	11	2,129	2,645

## 10. INVESTMENTS

The Charity has two subsidiaries of which it is the sole shareholder and a further subsidiary in which it is a joint and equal shareholder.

### a) Company: English National Ballet Enterprises Limited

	2019 £	2018 £
Shares in subsidiary undertaking	2	2

**ENGLISH NATIONAL BALLET (Limited by guarantee)**

Registered Company Number: 735040

Charity Registration Number: 214005

The Charity owns the whole share capital comprising two fully paid up ordinary shares of £1 each of English National Ballet Enterprises Limited, a company registered in England and Wales (registration number 2361077). The principal activity of the company is to raise funds through corporate sponsorship and events.

	2019 £000s	2018 £000s
Turnover	680	270
Expenditure	(225)	(173)
Net profit	455	97
Reserves brought forward	-	138
Amount distributed to English National Ballet under deed of covenant	(455)	(235)
Reserves carried forward	-	-

	2019 £000s	2018 £000s
The assets held in the subsidiary trading company were:		
Current assets	455	140
Current liabilities	(455)	(140)
Net assets	-	-
Aggregate share capital and reserves	-	-

A deed of covenant is in place creating an obligation for the Company to pay its taxable profits as a gift aid distribution to English National Ballet, and therefore distributions have been accrued at 31 March 2019.

**b) Company: ENB Productions Limited**

	2019 £	2018 £
Shares in subsidiary undertaking	2	2

The Charity owns the whole share capital comprising two fully paid up ordinary shares of £1 each of ENB Productions Limited, a company registered in England and Wales (registration number 9319133). The principal activity of the company is as a theatrical production company. This company is currently dormant and therefore is not consolidated within the English National Ballet group accounts.

## 11. DEBTORS

	2019 Group £000s	2019 Charity £000s	2018 Group £000s	2018 Charity £000s
Trade debtors	337	332	526	424
Amounts owed by subsidiary undertaking	-	37	-	61
VAT	1,450	1,451	20	57
Other debtors	981	981	3,371	3,371
Prepayments and accrued income	280	266	489	486
	<u>3,048</u>	<u>3,067</u>	<u>4,406</u>	<u>4,399</u>

During the financial year the sale of the leasehold of Markova House was concluded and the deposit paid was released from Other debtors (2018 balance: £2,040,000).

Financial instruments included in above are £1,392,000 (2018: £4,080,000).

## 12. CREDITORS: FALLING DUE WITHIN ONE YEAR

	2019 Group £000s	2019 Charity £000s	2018 Group £000s	2018 Charity £000s
Trade creditors	493	493	476	476
Social security and PAYE	185	185	374	374
Other creditors	99	99	117	117
Accruals	3,024	3,024	496	496
Deferred income	359	253	2,810	2,769
	<u>4,160</u>	<u>4,054</u>	<u>4,273</u>	<u>4,232</u>

Financial instruments included in above are £1,250,000 (2018: £1,089,000)

## 13. DEFERRED INCOME

Deferred income comprises income from future performances and membership. During the year £2,542,000 relating to a deposit received on the sale of Markova House was released to the income and expenditure account upon completion of the sale.

	2019 Group £000s	2019 Charity £000s	2018 Group £000s	2018 Charity £000s
Balance brought forward at 1 April	2,810	2,769	2,738	2,698
Prior year deferred income released in year	(2,810)	(2,770)	(196)	(156)
Income deferred in year	359	254	268	227
Balance carried forward	<u>359</u>	<u>253</u>	<u>2,810</u>	<u>2,769</u>

**14. PENSIONS**

The Company operates four defined contribution schemes and contributes to a defined contribution scheme run by an independent body. The assets of all the 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 £321,701 (2018: £283,603). Under a special arrangement, the company also makes pension contributions to one employee's personal pension scheme totalling £nil (2018: £880).

**15. UNRESTRICTED RESERVES**

2019	Balance at 1 April 2018				Balance at 31 March 2019
	£000s	Income £000s	Expenditure £000s	Transfers £000s	£000s
Group:					
General fund	1,899	17,791	(17,261)	351	2,780
Designated funds:					
Future repertoire fund	650	-	-	-	650
City Island Capital Project fund	-	14,071	-	(390)	13,681
City Island Operations fund	292	-	-	-	292
Fixed asset fund	163	-	-	39	202
Designated fund	1,105	14,071	-	(351)	14,825
<b>Total Unrestricted Reserves</b>	<b>3,004</b>	<b>31,862</b>	<b>(17,261)</b>	<b>-</b>	<b>17,605</b>

  

2018	Balance at 1 April 2017				Balance at 31 March 2018
	£000s	Income £000s	Expenditure £000s	Transfers £000s	£000s
Group:					
General fund	2,271	16,468	(16,698)	(142)	1,899
Designated funds:					
Future repertoire fund	650	-	-	-	650
City Island Operations fund	-	-	-	292	292
Fixed asset fund	313	-	-	(150)	163
Designated fund	963	-	-	142	1,105
<b>Total Unrestricted Reserves</b>	<b>3,234</b>	<b>16,468</b>	<b>(16,698)</b>	<b>-</b>	<b>3,004</b>

**ENGLISH NATIONAL BALLET (Limited by guarantee)**

Registered Company Number: 735040

Charity Registration Number: 214005

2019	Balance at 1 April 2018	Income	Expenditure	Transfers	Balance at 31 March 2018
	£000s	£000s	£000s	£000s	£000s
Charity only:					
General fund	1,899	17,567	(17,037)	351	2,780
Designated funds:					
Future repertoire fund	650	-	-	-	650
City Island Capital Project fund	-	14,071	-	(390)	13,681
City Island Operations fund	292	-	-	-	292
Fixed asset fund	163	-	-	39	202
Designated fund	1,105	14,071	-	(351)	14,825
<b>Total Unrestricted Reserves</b>	<b>3,004</b>	<b>31,638</b>	<b>(17,037)</b>	<b>-</b>	<b>17,605</b>

2018	Balance at 1 April 2017	Income	Expenditure	Transfers	Balance at 31 March 2018
	£000s	£000s	£000s	£000s	£000s
Charity only:					
General fund	2,133	16,432	(16,524)	(142)	1,899
Designated funds:					
Future repertoire fund	650	-	-	-	650
City Island Operations fund	-	-	-	292	292
Fixed asset fund	313	-	-	(150)	163
Designated fund	963	-	-	142	1,105
<b>Total Unrestricted Reserves</b>	<b>3,096</b>	<b>16,432</b>	<b>(16,524)</b>	<b>-</b>	<b>3,004</b>

**Unrestricted General Fund**

Unrestricted funds are available at the discretion of the Board to further the general objectives of the Charity.

**Designated Future Repertoire Fund**

The purpose of this fund is to allow the Company to commission new repertoire, both full scale and one act ballets. The Board aim to maintain this fund to support the development of new full-scale productions and new one-act ballets.

The Charity intends to apply £350,000 to new work in 2019/20.

**City Island Capital Project Fund**

Net proceeds of the sale of ENB's previous leasehold property, Markova House, have been allocated towards the capital project costs relating to developing ENB's new facilities at London City Island.

**City Island Operations Fund**

The purpose of this fund is to enable a degree of financial resilience for the Charity in its first two years of operation at City Island. The building is significantly larger than the Charity's current home and while every effort has been made to estimate the operating costs of the building in the Charity's business plan, this fund will provide a buffer for unforeseen operating costs that exceed expectations.

Should this fund be not applied to City Island operations by 31 March 2021, it will return to the Unrestricted General Fund.

### Designated Fixed Asset Fund

This fund is set at a level equivalent to the net book value of the Charity's fixed assets, excluding assets purchased via the Arts Council England Recovery Plan Fund and other restricted funds.

## 16. MOVEMENTS IN RESTRICTED FUNDS

2019 Group and Charity:	Balance at 1 April 2018	Income	Expenditure	Transfers	Balance at 31 March 2019
	£000s	£000s	£000s	£000s	£000s
Engagement and outreach	35	186	(177)	-	44
Production development	127	331	(136)	-	322
Talent development	-	58	(58)	-	-
Dancer health and welfare	21	70	(80)	-	11
Systems development	34	-	(32)	-	2
Guest teachers and dancers	120	351	(463)	-	8
Special digital projects	-	79	-	-	79
Capital project – London City Island	2,211	2,514	-	-	4,725
Arts Council England Recovery Plan	330	-	(23)	-	307
	<b>2,878</b>	<b>3,589</b>	<b>(969)</b>	<b>-</b>	<b>5,498</b>

2018 Group and Charity:	Balance at 1 April 2017	Income	Expenditure	Transfers	Balance at 31 March 2018
	£000s	£000s	£000s	£000s	£000s
Engagement and outreach	15	81	(61)	-	35
Production development	-	161	(34)	-	127
Talent development	42	8	(50)	-	-
Dancer health and welfare	49	15	(43)	-	21
Systems development	100	-	(66)	-	34
Guest teachers and dancers	-	470	(350)	-	120
Special digital projects	36	115	(151)	-	-
Music fund	20	25	(45)	-	-
Executive Training	13	-	(13)	-	-
Capital project – London City Island	495	1,716	-	-	2,211
Arts Council England Recovery Plan	350	-	(20)	-	330
	<b>1,120</b>	<b>2,591</b>	<b>(833)</b>	<b>-</b>	<b>2,878</b>

### **Engagement and Outreach Fund**

The Charity supports its objectives through various engagement and outreach projects. This fund represents grants or donations received for specific projects the Charity undertook including Dance for Parkinsons, Dance for Health, ENBYouthCo, Dance Journeys, and a Ballet First appeal to subsidise the cost of young people attending ballet, especially for the first time. The balance of the grants received will be used in the 2019/20 financial year. A fund for each activity is accounted for separately and income and expenditure is reported to donors.

### **Production Development Fund**

Each year donations are received to support investment in new productions. The current balance represents support for '*Cinderella-in-the-round*' by Christopher Wheeldon which was staged at the Royal Albert Hall in June 2019.

### **Talent Development Fund**

This fund comprises donations received to support new and developing talent at ENB, including scholarship funds for the winners of the Prix de Lausanne 2018. This fund was fully expended during the year ended 31 March 2019

### **Dancer Health & Welfare Fund**

This fund comprises the income and expenditure of grant funding received to support the health and welfare of the dancers. This includes expenditure on medical equipment, massage, sports scientist support, psychologist support, Pilates and nutrition. Unspent funds represent unexpended depreciation costs on equipment purchased by the fund.

### **Systems Development Fund**

This fund is to support the ongoing development of the customer relationship management system.

### **Guest Teachers and Dancers Fund**

Each year funds are received to sponsor and support the employment costs or fees, and expenses of various ballet teachers and guest artists of the Company as well as support for specific dancers.

### **Special Digital Projects**

The fund includes donations received to support special projects, especially relating to digital recordings of our performances or rehearsals for wider distribution or archive purposes.

### **Training Fund**

The fund includes donations received to support executive training and development.

### **Capital Project – London City Island**

Grants and donations received to contribute to the costs of developing ENB's new premises at London City Island. These funds will be expended over the 2019/20 financial year as project development and fit-out costs are incurred and the project completed.

### **Arts Council England Recovery Plan Fund**

In 2008 the Charity received a restricted grant from Arts Council England (ACE), part of which was used to purchase various fixed assets. The ACE recovery plan asset depreciation fund is a restricted fund which is equal to the remaining depreciation on fixed assets purchased via the ACE grant. Each year this fund is reduced by the equivalent of the depreciation charge on these assets.

## 17. GROSS TRANSFERS BETWEEN FUNDS

Depreciation and premises expenditure are part of the Charity's support costs and are initially charged to the unrestricted undesignated fund. They are subsequently transferred to the appropriate unrestricted designated or restricted fund.

2019	Unrestricted General Funds £000s	Unrestricted Designated Funds £000s	Restricted Funds £000s	Total 2019 £000s
Transfer to designated Fixed Asset Fund	(39)	39	-	-
Transfer of non-capitalisable City Island project costs current year	222	(222)	-	-
Transfer of non-capitalisable City Island project costs prior year	168	(168)	-	-
	<u>351</u>	<u>(351)</u>	<u>-</u>	<u>-</u>

2018	Unrestricted General Funds £000s	Unrestricted Designated Funds £000s	Restricted Funds £000s	Total 2018 £000s
Transfer of surplus to City Island Operations fund	(292)	292	-	-
Transfer of depreciation on assets funded By Designated Fixed Asset Fund	150	(150)	-	-
	<u>(142)</u>	<u>(142)</u>	<u>-</u>	<u>-</u>

## 18. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES:

	2019 £000s	2018 £000s
Net income for the reporting period (as per the Statement of Financial Activities)	17,221	1,528
Adjustments for:		
Depreciation charge	77	202
Gain on disposal of tangible assets	(14,071)	-
Interest receivable	(6)	(7)
Decrease/(increase) in work in progress	(649)	(322)
Decrease/(Increase) in debtors	1,357	383
Increase/(decrease) in creditors	(112)	282
<b>Net cash inflow/(outflow) from operating activities</b>	<u>3,817</u>	<u>2,066</u>

## 19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

2019 Group	Unrestricted General Funds £000s	Unrestricted Designated Funds £000s	Restricted Funds £000s	Total 2019 £000s
Fixed assets	813	13,883	45	14,741
Work in progress	1,179	-	-	1,179
Debtors	3,048	-	-	3,048
Cash at bank	1,900	942	5,453	8,295
Creditors (due within one year)	(4,160)	-	-	(4,160)
	<u>2,780</u>	<u>14,825</u>	<u>5,498</u>	<u>23,103</u>

  

2018 Group	Unrestricted General Funds £000s	Unrestricted Designated Funds £000s	Restricted Funds £000s	Total 2018 £000s
Fixed assets	2,152	163	330	2,645
Work in progress	530	-	-	530
Debtors	4,406	-	-	4,406
Cash at bank	(916)	942	2,548	2,574
Creditors (due within one year)	(4,273)	-	-	(4,273)
	<u>1,899</u>	<u>1,105</u>	<u>2,878</u>	<u>5,882</u>

## 20. CAPITAL COMMITMENTS

At 31 March the charity and group had the following capital commitments relating to the new building at City Island which are not reflected in the balance sheet:

	2019 £000s	2018 £000s
Land and buildings: modifications to shell and core build	241	241
Fit-out contract	2,082	-
Leasehold improvements	14	-
Furniture, fittings and equipment	44	-
Land and buildings lease cost	<u>4,750</u>	<u>4,750</u>
	<u>7,131</u>	<u>4,991</u>

The amount payable within one year is £7,131,000 (2018: nil).

English National Ballet has committed to an Agreement for Lease for Building F, City Island for 199 years. The agreement was updated by a deed of variation in April 2018. The balance of the lease premium of £4,750,000 included above, in addition to small modification works the developer will undertake on behalf of the Charity, are payable in January 2020. The commitment is expected to be paid for from donations from continued fundraising or by applying the £5m loan facility made available by Barclays Bank.

In January 2019, Barclays Bank PLC was granted a charge over the Lease for City Island as part of their security package for loan facilities made available to the entity, as part of a fixed and floating charge

over all present and future group entities and property. Arts Council England have a 25-year second-ranking charge over the Charity's lease for City Island.

In May 2018, the Charity committed to a Joint Contracts Tribunal Standard Building Contract (JCT) with BW Interiors Limited for a sum of £12,756,870 to fit-out the shell and core of the building at City Island. £2,082,000 of this contract remained outstanding at 31 March 2019.

## 21. COMMITMENTS UNDER OPERATING LEASES

At 31 March the Group and Charity had outstanding commitments for maximum lease payments under non-cancellable operating leases which fall due as follows:

	Not later than one year £000s	Later than one year but not later than five years £000s	Later than five years £000s	Total 2019 £000s	Total 2018 £000s
Office equipment	5	5	-	10	14
Land and buildings	388	550	1,416	2,354	1,925
	393	555	1,416	2,364	1,939

## 22. CONTINGENT ASSET

In 2017/18 HMRC confirmed that some of the organisation's performances are partially exempt for VAT and fall under the rules for cultural exemption. A four year back-claim for overpaid VAT was submitted to HMRC in June 2017 and is currently under review. Of the back-claim, £655,000 relates to applying the 'standard method' and should be refunded. An additional claim has been made using a use-based 'standard method override' rate which ENB considers is more fair and reasonable than the 'standard method'. While this refund is a contingent asset, no estimate has been made due to an uncertainty in amount as HMRC are yet to confirm the calculations submitted.

## 23. RELATED PARTY TRANSACTIONS

All related party transactions are entered into in the ordinary course of business and on an arm's length basis, consistent with ENB's policy on potential conflicts of interest. During the year ENB entered into the following material transactions with related parties:

While English National Ballet and English National Ballet School are separate entities, and no one entity controls or exerts influence over the other, the two organisations have a close relationship and two governors of English National Ballet School are also trustees of English National Ballet. During the year, ENB paid £29,658 (2018: £52,634) to English National Ballet School for a share of proceeds from the previous year's My First performances and performance-related costs during 2018/19 applying standard Equity-rates. ENB received £6,377 (2018: £1,330) during the year from the School for tickets and costume rental. There were no balances outstanding at 31 March 2019 (2018: £nil).

English National Ballet's trustees and board sub-committee members are often drawn from key stakeholders, and staff may at times have links to supplier organisations, and therefore English National Ballet may have some transactions which are classified as related. All transactions are entered into the ordinary course of business and on an arm's length basis, consistent with the Charity's

policy on potential conflicts of interest. All related party transactions were with organisations not with the individuals who have the association.

Donations were also received from nine trustees during the year totalling £250,000 of which £75,000 related specifically to the development of City Island and £175,000 related to other projects (2018: 9 trustees, £320,000 total of which £293,000 was for City Island, £27,000 for other projects).

**Transactions with group undertakings:**

During the year, English National Ballet Enterprises (ENBE) had transactions totalling £455,531 (2018: £148,623) with English National Ballet (ENB). At 31 March 2019, £37,410 was owed by ENBE (2018 restated: £60,567 owed to ENBE).