

**Company No. 01262018**

**CITY OF BIRMINGHAM SYMPHONY ORCHESTRA**

**Annual Report and Accounts  
For the year ended 31 March 2014**

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## **City of Birmingham Symphony Orchestra**

### **Report of the Trustees for the year ended 31 March 2014**

The trustees are pleased to present their report together with the financial statements of the charity for the year ended 31 March 2014.

#### **Reference and Administrative details**

Charity number: 506276  
Company number: 1262018  
Registered Office: CBSO Centre, Berkley Street, Birmingham B1 2LF

#### **Professional Advisers**

Auditors	Baker Tilly UK Audit LLP, St Philips Point, Temple Row, Birmingham B2 5AF
Bankers	HSBC Bank plc, 130 New Street, Birmingham B2 4JU
Solicitors	SGH Martineau, No 1 Colmore Square, Birmingham B4 6AA
Insurance Brokers	JLT Speciality Limited, 3 <sup>rd</sup> floor, 45 Church Street, Birmingham B3 2RT

#### **Directors and trustees**

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

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

##### **Elected Trustees:**

Bridget Blow CBE	(Chair)
Charles Barwell OBE	(Deputy Chairman)
Roger Cunningham	(retired 7 November 2013)
Diane Page	(retired 7 November 2013)
Clive Bawden	
Roger Pemberton	
John Osborn	
Jane Jarvis	(appointed 7 November 2013)
Peter Sinclair	(appointed 7 November 2013)

##### **Nominated Trustees:**

Sir Dexter Hutt	(appointed 27 January 2014)
Patrick Verwer	(appointed 27 January 2014)

##### **Birmingham City Council Nominated Trustees:**

Cllr Matthew Gregson  
Cllr Randal Brew

# **City of Birmingham Symphony Orchestra**

## **Report of the Trustees for the year ended 31 March 2014**

Player Nominated Trustees:

Catherine Arlidge	(resigned 11 July 2013)
Joanne Patton	(resigned 13 July 2014)
Julian Atkinson	(appointed 11 July 2013)
John Tattersdill	(appointed 13 July 2014)

Company Secretary	Annmarie Wallis
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Chief Executive	Stephen Maddock
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### **Objectives and activities**

#### ***Principal Activity***

The principal activity of the charity is to provide a wide access to music for audiences and participants, within the West Midlands region and beyond, through its concert performances and its extensive education and choral activities.

#### ***Mission and Objects***

The mission of the charity is to offer musical excellence in performance and education, for the widest possible audiences, covering a broad repertoire including new music, via a family of instrumental and choral ensembles, led by a world class symphony orchestra, which act as ambassadors for Birmingham, the West Midlands and the UK.

The objects of the charity, as stated in its memorandum and articles, are:

- To carry on, as a going concern, the undertaking of the orchestra known as the City of Birmingham Symphony Orchestra.
- To promote, maintain or improve musical education and to encourage the arts of music, mime, drama, singing and dancing.
- To undertake or assist in undertaking the organisation and management of bodies of musical performers, performances involving the playing of music, lectures in the studies of music, other educational activities connected with music and bodies of students or persons interested in music in any part of the world.
- To promote education in or the appreciation or practice of music, or the production of musical works, or the invention or improvement of musical instruments or of any means of reproducing music, by financial or other inducements or awards.

#### ***Key Activities***

The strategy employed to achieve the charity's objectives is to undertake the key activities listed below.

- Promoting concerts in Birmingham as the resident orchestra at Symphony Hall, performing a wide range of music, including evening subscription concerts, a series of lighter symphonic repertoire on Friday nights, and schools, matinee and family concerts.
- Concert performances at other venues in the United Kingdom, including appearances at major arts festivals.

## **City of Birmingham Symphony Orchestra**

### **Report of the Trustees for the year ended 31 March 2014**

- Concert performances around the world, acting as a cultural ambassador for the City of Birmingham.
- Regular broadcasting work on radio and television and the release of highly acclaimed CDs for a variety of recording companies.
- An extensive education programme in schools and local communities, offering around 72,000 engagements each year, including a successful Youth Orchestra.
- Running three unpaid professional choruses, one each for adults, young people and children, as well as an un-auditioned youth choir in partnership with Birmingham Music Service, which all perform with both the CBSO and other musical groups.
- Management of the CBSO Centre, which is the orchestra's rehearsal and administrative home, but also functions as a medium-scale performance venue, and stages a series of mainly lunchtime chamber concerts by CBSO players as well as being let out to other arts organisations.

## **Strategic Report**

The Trustees of the Charity are pleased to approve the following Strategic Report in their capacity as company directors.

### ***Achievements and Performance***

The Orchestra gave 143 orchestral concerts during the year, the highest figure since records began.

Just over half of these (73 concerts) were CBSO promotions in our home at Symphony Hall Birmingham.

Highlights included:

- Two concerts with world famous pianist Mitsuko Uchida, playing music by Mozart and Messiaen.
- A performance of Benjamin Britten's War Requiem, to mark the composer's centenary.
- A concert of music by the Polish composer Witold Lutoslawski, to mark his centenary.
- A film music programme presented and curated by broadcaster and critic Mark Kermode, with special guest Jeremy Irons, as part of a national tour.
- A programme of music by Bollywood legend A R Rahman.
- Two performances of Stravinsky's The Rite of Spring, in celebration of the work's centenary; for the second concert we were joined by star violinist Anne-Sophie Mutter in Dvorak's Violin Concerto.
- A cycle of Mendelssohn symphonies conducted by our Principal Guest Conductor, Edward Gardner.
- The beginning of our celebration of Richard Strauss's 150<sup>th</sup> birthday, with performances of Don Juan and Four Last Songs conducted by Andris Nelsons.
- Several successful concerts in our Friday Night Classics series, including a Harold Lloyd silent movie, a Frank Sinatra tribute, an Abba Night and a Gilbert and Sullivan concert with John Wilson.

The Orchestra gave 48 performances at the CBSO Centre: 5 orchestral concerts for pupils in Key Stage 1, 15 Notelets concerts featuring small ensembles playing for children aged 3-5 and their families, 11 educational themed concerts and 17 Centre Stage concerts of chamber music played by CBSO musicians.

The Orchestra also performed 20 other concerts in the United Kingdom. These included a particularly strong presence in London: Shostakovich's Leningrad Symphony at the Royal Festival Hall as part of their year-long series The Rest is Noise, Britten's War Requiem at St Paul's Cathedral, our Mark Kermode tour at the Barbican Centre and our annual visit to the BBC Proms. We also gave summer festival performances at the Aldeburgh and Cheltenham Festivals; concerts in Gateshead, Leeds, Sheffield, Nottingham (twice), Reading

## **City of Birmingham Symphony Orchestra**

### **Report of the Trustees for the year ended 31 March 2014**

and Manchester; and a series of performances at other venues in the West Midlands region, including Malvern and Warwick Arts Centre.

The Orchestra made four overseas tours with Andris Nelsons in 2013/14:

- An eight concert tour in May/ June taking in Germany, Belgium and France and featuring performances of Britten's War Requiem with the CBSO Chorus in Hannover, Dresden and Paris.
- A short festival tour in August/ September to Germany and Switzerland.
- The orchestra's first tour for 11 years to the Far East taking in Japan and Taiwan, and also including three concerts in Germany.
- Our longest ever European tour in March 2014 performing 15 concerts in 11 different venues.

In addition, 9 concerts were broadcast on BBC radio 3 including a live performance of our August 2013 BBC Prom concert, with further overseas broadcasts in support of our touring activity. There were 9 new recordings in the year including the final concerts in the Beethoven symphony cycle for Orfeo and all of the Mendelssohn symphonies with Chandos.

Once again the CBSO showed a strong commitment to new music and living composers. The Orchestra gave world or national premieres of pieces by Hans Abrahamsen and Jonathan Harvey, and in addition we performed works by living composers including Colin Matthews, Rodion Shchedrin, Steve Reich and John Adams.

Meanwhile CBSO continued its extensive learning and participation programme which engages annually with around 72,000 people across the West Midlands. At the centre of this work is, a young talent programme providing specialist training for gifted players and singers and, strong engagement with schools and communities. The CBSO continues to be very involved with the Music Education Hubs working closely with all 13 West Midlands Music Education Hubs. Other highlights of the learning and participation programme included:

- Three outstanding concerts by the CBSO Youth Orchestra and Academy, and flagship performances from the CBSO Youth and Children's Choruses, including performances of Britten's Spring Symphony in Birmingham and London.
- The continuation of our Key Stage 3 concerts providing all children beginning secondary school in Birmingham with the opportunity to hear the CBSO perform at Symphony Hall, in partnership with Services for Education.
- Ongoing involvement with the highly successful In Harmony programme in schools across Telford and Stoke, funded by Arts Council England and in partnership with Manchester Camerata, Stoke & Staffordshire and Telford Music Education Hubs.
- The inaugural performance by Birmingham University Singers with the CBSO, in a Friday Night Classics Concert exploring the music of Gilbert & Sullivan under the baton of John Wilson.
- The development of the Sparks programme in partnership with the 13 regional music services, providing over a 100 gifted and talented young instrumentalists with inspirational master classes led by CBSO musicians.
- The expansion of the Stay Tuned schools programme with support from Deutsche Bank, building long-term partnerships with schools and working intensively with students in 10 schools across Birmingham who have limited access to music provision.
- A large-scale programme of work in Selly Oak schools to create a new musical and dramatic performance piece inspired by Shakespeare's A Midsummer Night's Dream.
- SO Vocal, the CBSO's highly successful community choir in Selly Oak continued, enabling us to work with over 250 local residents through weekly rehearsals leading to performances across the year.

## **City of Birmingham Symphony Orchestra**

### **Report of the Trustees for the year ended 31 March 2014**

- Notelets, the CBSO's early years concert series, continued to go from strength to strength with a series of sell out performances.

#### ***Financial Review***

At £10m (2013: £8.5m) total incoming resources were in line with expectations and reflected the significant increase in overseas touring activity during the year. The other principal funding sources of the charity were revenue grant income from Arts Council England of £2,172,170 and from Birmingham City Council of £1,423,623; sponsorship and donations of £700,745 received from trusts and from individual and corporate supporters; and other earned income from charitable activities.

An additional Capital grant totalling £188,319 was received from Arts Council England towards the planned refurbishment of the orchestra's rehearsal and administrative home: CBSO Centre. This grant was comprised of two elements:

- a £101k Development Grant which was awarded to support the 2<sup>nd</sup> stage of our Capital Grant application process and was spent during the year and
- a further £87k which represents the first instalment of the Capital Grant itself and is being held in a separate restricted fund in line with the grant conditions.

Further support for this project totalling £277,000 was received during the year from other Trusts. These monies have been included within restricted funds; Capital grants and donations and been added to the existing restricted CBSO Centre Reserve. Building contractors were appointed in May 2014 and the building work will take place between May and September 2014 at a total cost of £1.83m.

The increase in touring activities was also responsible for the higher level of total resources expended: £9.5m (2013: £8.5m). This pattern of activity was as budgeted and also reflects an increase in recording activity with the Orchestra's first studio sessions for some years. The increase in CBSO Centre costs reflects the Development Grant spending; whilst the lower Other cost is due to Endowment Fund donations going directly into the CBSO Development Trust rather than via the CBSO.

The surplus for the year, as shown in the Income & Expenditure account on page 14, was £113,360. This performance compares favourably to both that achieved in the previous year (a deficit of £18,325) and the charity's budget which had again this year planned a draw on reserves. It represents a 6<sup>th</sup> successive year of on or better than budget performance and demonstrates the charity's robust budget setting process and strong financial control.

The charity continues to make good progress in building an Endowment Fund in which endeavour it is supported by Arts Council England's Catalyst award. This award provides match funding of up to £1m for all monies received before the end of July 2015. The Endowment Fund is held separately from the charity's assets and is managed by the CBSO Development Trust. As at 31 March 2014 the fund stood at £498,600 (2013: £370,000) and since the balance sheet date it has received further pledges of support including a significant legacy donation of £150,000. To support its annual fundraising efforts, which are key to its future sustainability, the charity has continued to invest in the size and skills of its Development team.

Following the completion of the April 2012 actuarial valuation of its (closed) defined benefits pension scheme there has been an increase in the level of the annual deficit payments into the scheme. This reflects the continued commitment of the charity to this scheme and maintains the previous recovery plan (as agreed in April 2009), which aims to clear the deficit by May 2034.

## **City of Birmingham Symphony Orchestra**

### **Report of the Trustees for the year ended 31 March 2014**

#### ***Plans for future periods***

As part of its ongoing sustainability planning and to support its public funding grant applications the CBSO Board maintains a robust business planning cycle which covers the period up to its centenary in 2020. Our key priorities for the year ahead include:

- The appointment of a new Music Director to take over when Andris Nelsons leaves in July 2015. We have an expansive & robust search process in progress and given our excellent track record (with Andris, Sakari Oramo and Sir Simon Rattle before that); we are attracting interest from a high calibre of candidates.
- Continued growth in our private sector income, building on record levels of fundraising income in recent years and having made significant investments in both people and systems.
- Completion of our refurbishment of the CBSO Centre.
- Careful management of our defined benefit pension scheme to ensure that the return on investments is maximised whilst having due regard to the risk profile of assets held. The next actuarial valuation is due in April 2015.

Alongside this we continue to plan an ambitious and exciting Artistic programme the highlights of which include

- A War and Peace theme commemorating the World War 1 centenary.
- A Shakespeare season delivered in partnership with Birmingham Royal Ballet.
- CBSO 2020; a ten year project exploring music composed in the decade leading up to the orchestra's establishment in 1920.
- Shared festivals and themed series with other Birmingham arts organisations.
- Anniversary celebrations of Sibelius, Nielsen, Bernstein and other composers.

#### ***Risk management***

The trustees are aware of the need to assess the risks faced by the charity and respond in such a way as to manage those risks appropriately. A risk register is maintained in which risks are scored for likelihood and impact and appropriate risk management strategies are established. Individual senior managers and Board committees are nominated to take responsibilities for each significant risk area. The risk register is reviewed biannually by the Board and on a more regular basis by the relevant Board committees.

The trustees consider that the major risks facing the charity are:

- Under funding of the (closed) CBSO Defined Benefit Pension Scheme;
- The threat of reduced box office income;
- The threat of reduced income from public funders, sponsors, trusts, foundations and individual givers;
- A significant increase in the cost of its use of Symphony Hall its main concert venue in Birmingham.

A focus on the relevant key performance indicators (KPIs) and good relationships with our key funders and suppliers ensure that these major risks are constantly monitored and appropriate corrective action taken. In addition we have a strong system of internal control and comprehensive management reporting processes which include:

- Consideration of all financial issues by the Finance Committee and subsequent feedback to the Trustees.
- Formal limits on staff members' ability to authorise expenditure.
- Segregation of duties amongst members of staff in so far as it is possible.

# **City of Birmingham Symphony Orchestra**

## **Report of the Trustees for the year ended 31 March 2014**

### ***Reserves***

In accordance with best practice and Charity Commission guidance the charity maintains reserves in order to provide for contingencies that may arise in the future. This is particularly necessary given the current public funding landscape and its dependence on a number of variable income streams including a substantial level of ticket sales.

The trustees target range for reserves is between three to six months core costs, including costs associated with keeping its main Birmingham season operating at a viable level. Whilst the Trustees acknowledge that its Accumulated Surplus may reduce in the short term, as the charity works to replace the cuts in public funding, they have set a target for these reserves to be built up to the appropriate level by its centenary in 2020.

At 31 March 2014 total reserves were £429,780 of which £3,492,705 were restricted and (£3,062,925) were unrestricted. Unrestricted reserves are comprised of an Accumulated Surplus of £782,075 and a deficit of £3,845,000 on the Pension Reserve.

### ***Investment Policy***

The charity's stated objective is that the real value of the assets and the income derived from them be maintained and enhanced over the long term by investment in cash and other suitable investments in accordance with its future business plans and the annual budget that is approved by the Board of the CBSO.

In order to meet these objectives the Trustees have appointed an investment adviser to manage its portfolio of cash and other suitable investments on an advisory basis. In the context of guidance issued by the Charity Commission, and following the appropriate assessments the Board of the CBSO has instructed that the charity's investments should be managed on a medium-low risk basis.

The proportions of the Charity's investments that are invested in cash, fixed income investments, structured investment products, and other collectivised investment vehicles is reviewed with the appointed investment adviser on a regular basis.

### ***Public Funding and Going Concern***

The charity is supported by grant aiding bodies. Revenue grant income from this source amounted to £3,595,793, representing 36% (2013:42%) of the charity's total income. Further capital grants totalling £188,319 were received from Arts Council England during the year. The charity is grateful for the support it receives from its public funders and works closely with both organisations to ensure that their funding objectives are met.

Grants from Arts Council England are confirmed up to 31 March 2018, at levels consistent with those currently received. The charity has a strong relationship with Arts Council England and during the financial year was successful in its Stage 2 Capital Fund application which, in addition to the monies already received, will provide a further £1.2m to support the refurbishment of the charity's rehearsal and office space. It also continues to benefit from participation in its Catalyst and Thrive strategic funding programmes.

Grants from Birmingham City Council have been agreed for 2014/15 and 2015/16. Whilst these reflect a reduction of around 19% (£275K), at around £1.1m this still demonstrates strong support for the work of the Orchestra and its role as an ambassador for the City.

## **City of Birmingham Symphony Orchestra**

### **Report of the Trustees for the year ended 31 March 2014**

Apart from its public funding, the CBSO has a broad range of other income sources, including in most years the highest ticket sales income of any UK orchestra, and it is not critically dependant on any other single organisation for funding. A number of sponsorship and other funding agreements are in place which run for 12 months after the balance sheet date. In addition to performances at Symphony Hall, a significant number of engagements including 3 overseas tours are confirmed for the coming 12 months.

As the charity has positive reserves, a significant cash balance, a growing Endowment Fund as well as others sources of income and the continued support of its major funders, the Trustees consider the going concern basis to still be appropriate for the preparation of these financial statements.

#### ***Public Benefit***

In considering the strategies and policies of the charity the trustees have had due regard to the public benefit guidance published by the Charity Commission, in accordance with the Charities Act 2011.

Our latest Business Plan continues to champion education, learning and audience/community engagement as key priorities and sets out appropriate strategies and activities to enable us to deliver against our objectives in this area.

A key priority is increased participation in musical activities across Birmingham and the West Midlands, ensuring that everyone in the region has the opportunity to experience our work, regardless of age, background or financial means. This is also informed by the priorities of our main public funders, including Birmingham City Council, who encourage the development of cultural activity into every area of Birmingham and aim to increase young people's involvement in culture.

We achieve this by:

- offering substantial discounts on the price of concert tickets for families, students, and school children, and those in receipt of benefits.
- working with community groups to provide free tickets and transport for vulnerable people living in disadvantaged areas who would not otherwise be able to attend CBSO concerts.
- broadcasting our performances for free on radio and online, in partnership with BBC Radio 3 and others.
- delivering a series of affordably-priced concerts specifically designed for families at Symphony Hall and for toddlers at CBSO Centre.
- targeting our learning and participation activity at schools and communities where there are limited opportunities to get involved in cultural activity and where there are often multiple barriers to participation.
- ensuring this participatory activity and our work with young musicians is free or heavily subsidised, to ensure financial barriers are removed.
- working in partnership with a range of organisations, including the 13 regional music services, Town Hall Symphony Hall, Birmingham Conservatoire and the University of Birmingham to reach more people.
- creating opportunities for people of all ages and backgrounds to perform in prestigious venues, often with the Orchestra, including regular events at Symphony Hall and performances at the BBC Proms.

# **City of Birmingham Symphony Orchestra**

## **Report of the Trustees for the year ended 31 March 2014**

### **Structure, Management and Governance**

#### ***Governing Document***

City of Birmingham Symphony Orchestra (CBSO) is a company limited by guarantee governed by its Memorandum and Articles of Association dated 7 June 1976 and amended by Special Resolutions dated 27 September 1994, 13 September 2000 and 31 July 2001. It is registered as a charity with the Charity Commission. Anyone over the age of 18 can become a member, and there are currently 442 members, each of whom agrees to contribute 50p in the event of the charity winding up.

#### ***Organisation***

The board of trustees, which can have up to 13 members, administers the charity. The board meets around eight times a year and there are Board committees covering Remuneration & Nominations, Human Resources, Finance, Planning, Marketing, Learning & Participation and an Artistic Forum and Fundraising Council. A Chief Executive is appointed by the trustees to manage the day to day operations of the charity.

#### ***Appointment of trustees***

As set out in the Articles of Association, up to seven trustees are elected by the members, two are nominated by Birmingham City Council, two are elected by the players and two co-opted by the Board. In addition, any casual vacancy among the elected trustees shall be filled by co-option by the Board.

#### ***Trustee induction and training***

New trustees undergo a thorough induction to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision making processes, and the budget and financial performance of the charity. During the induction process they meet key employees and other trustees. Throughout their terms trustees are provided with regular updates on their duties as a trustee and general Charity governance and they are also encouraged to attend appropriate external training events which will assist them in carrying out their duties.

#### ***Connected Parties***

The CBSO Development Trust is a separate charitable trust established in 1994, the principal objective of which is to make donations to the City of Birmingham Symphony Orchestra at the discretion of its trustees.

Following the successful application, by the CBSO, to Arts Council England's Catalyst Endowment Scheme, it has been agreed that the CBSO Development Trust will act as the vehicle for this and other Endowment monies. The Catalyst Endowment Fund provides for funding, of up to £1m, to match gifts secured by the Trust, either directly or via the CBSO, by July 2015. This, together with the CBSO's centenary focused Endowment giving initiatives, will generate an increase in both the CBSO Development Trust's activities and its assets.

During the year the CBSO Pension Trustee Limited was incorporated to act as the corporate trustee for the CBSO Defined Benefit Pension Scheme.

## **City of Birmingham Symphony Orchestra**

### **Report of the Trustees for the year ended 31 March 2014**

#### ***Trustee Liability Insurance***

The charity holds Trustee Liability insurance on behalf of its Directors and Officers at a cost of £3,740 (2013: £3,615).

#### ***Trustees' responsibilities in relation to the financial statements***

The trustees (who are also directors of City of Birmingham Symphony Orchestra) 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).

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure of the charitable company 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 judgments and estimates that are reasonable and prudent;
- 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

#### ***Statement as to disclosure of information to auditors***

The trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the trustees has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

#### ***Auditors***

A resolution will be proposed at the Annual General Meeting that Baker Tilly UK Audit LLP be re-appointed as auditors to the charity for the ensuing year.

## **Acknowledgements**

The Board of the CBSO would like to express its deep appreciation to the large number of people and organisations that support the activities of the Orchestra. Primary amongst these are:

- Arts Council England through their National Portfolio, Catalyst, Capital and Thrive programmes;

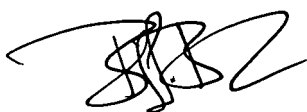
## **City of Birmingham Symphony Orchestra**

### **Report of the Trustees for the year ended 31 March 2014**

- Birmingham City Council who have provided continued Revenue Funding and other support;
- CBSO's Major Donors, Chair Endowers, Music Director Circle members, Patrons and Friends;
- The Orchestra's corporate members and supporters;
- Trusts and Foundations who generously support our Learning & Participation programmes;
- The City of Birmingham Orchestral Endowment Fund;
- Members of the CBSO Development Trust and Fundraising Council.

The board is also appreciative of the deep commitment of the Orchestra's musicians, administrative staff and volunteers who help to maintain its standing as a world-class orchestra.

This report, incorporating the Strategic Report, was approved by the trustees on 14 July 2014.



By order of the trustees  
Bridget Blow CBE (Chair)

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CITY OF BIRMINGHAM SYMPHONY ORCHESTRA**

We have audited the financial statements of City of Birmingham Symphony Orchestra for the year ended 31 March 2014 on pages 13 to 26. 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).

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 we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' responsibilities set out on page 10, 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2014 and of its 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 prepared in accordance with the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Report and the incorporated Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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 charitable company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

*Baker Tilly UK A.A.F. LLP*

MICHAEL HUGGINS (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

St Philips Point

Temple Row

Birmingham

B2 5AF

*25 July* 2014

City of Birmingham Symphony Orchestra  
Statement of Financial Activities including a Statement of Total Recognised Gains and Losses  
for the year ended 31 March 2014

Company No. 01262018

	Notes	2014 Unrestricted Funds £	2014 Restricted Funds £	2014 Total Funds £	2013 Total Funds £
<b>INCOMING RESOURCES</b>					
<b>Incoming Resources from Generated Funds:</b>					
Sponsorship and Donations		558,160	142,585	700,745	730,866
Investment Income: Interest Received		16,345	-	16,345	28,847
Grant Income:					
Arts Council England - Grant		2,172,170	-	2,172,170	2,168,416
Birmingham City Council - Grant		1,423,623	-	1,423,623	1,423,623
Other: Capital Grants and Donations		-	465,319	465,319	-
<b>Sub-Total</b>		<b>4,170,298</b>	<b>607,904</b>	<b>4,778,202</b>	<b>4,351,752</b>
<b>Incoming Resources from Charitable Activities:</b>					
Birmingham Concerts and other UK Promotions		2,229,027	-	2,229,027	2,113,403
Engagements United Kingdom		483,127	-	483,127	635,397
Engagements Abroad		2,009,928	25,000	2,034,928	890,298
Broadcasting and Recording Income		94,410	-	94,410	94,267
Education Income		40,093	68,214	108,307	107,348
Chorus Income		161,317	-	161,317	209,316
CBSO Centre Income		113,625	-	113,625	106,316
Sundry Receipts		-	-	-	688
Disposal of Fixed Assets		-	-	-	3,950
<b>Sub-Total</b>		<b>5,131,527</b>	<b>93,214</b>	<b>5,224,741</b>	<b>4,160,983</b>
<b>TOTAL INCOMING RESOURCES</b>		<b>9,301,825</b>	<b>701,118</b>	<b>10,002,943</b>	<b>8,512,735</b>
<b>RESOURCES EXPENDED</b>					
<b>Costs of Generating Funds</b>					
Fundraising and Marketing Costs	2	758,352	-	758,352	761,187
<b>Costs of Charitable Activities</b>					
Birmingham Concerts and other UK Promotions		4,407,153	-	4,407,153	4,709,718
Engagements United Kingdom		557,088	-	557,088	823,088
Engagements Abroad		2,579,350	55,985	2,635,335	1,170,929
Broadcasting and Recording		171,464	-	171,464	51,300
Education		125,946	179,814	305,760	280,150
Chorus		246,979	-	246,979	302,871
CBSO Centre		123,074	101,237	224,311	121,441
Other		33,757	-	33,757	168,182
<b>Total Costs of Charitable Activities</b>	3	<b>8,244,811</b>	<b>337,036</b>	<b>8,581,847</b>	<b>7,627,679</b>
<b>Governance Costs</b>	4	<b>171,209</b>	<b>-</b>	<b>171,209</b>	<b>162,064</b>
<b>Pension Finance</b>	14	<b>7,000</b>	<b>-</b>	<b>7,000</b>	<b>(29,000)</b>
<b>TOTAL RESOURCES EXPENDED</b>		<b>9,181,372</b>	<b>337,036</b>	<b>9,518,408</b>	<b>8,521,930</b>
<b>NET INCOME / (DEFICIT) FOR THE YEAR</b>		<b>120,453</b>	<b>364,082</b>	<b>484,535</b>	<b>(9,195)</b>
<b>GROSS TRANSFERS BETWEEN FUNDS</b>	5	<b>125,920</b>	<b>(125,920)</b>	<b>-</b>	<b>-</b>
<b>NET INCOMING / (OUTGOING) RESOURCES BEFORE OTHER RECOGNISED GAINS &amp; LOSSES</b>		<b>246,373</b>	<b>238,162</b>	<b>484,535</b>	<b>(9,195)</b>
<b>ACTUARIAL LOSSES ON DEFINED BENEFIT PENSION SCHEME</b>	14	<b>(618,000)</b>	<b>-</b>	<b>(618,000)</b>	<b>(622,000)</b>
<b>NET MOVEMENT OF FUNDS IN YEAR</b>		<b>(371,627)</b>	<b>238,162</b>	<b>(133,465)</b>	<b>(631,195)</b>
<b>RECONCILIATION OF FUNDS:</b>					
Total funds brought forward as reported	5	(2,691,298)	3,254,543	563,245	1,194,440
<b>TOTAL FUNDS CARRIED FORWARD</b>	5	<b>(3,062,925)</b>	<b>3,492,705</b>	<b>429,780</b>	<b>563,245</b>

All incoming resources and resources expended derive from continuing activities. All gains and losses recognised in the year are included above.

**City of Birmingham Symphony Orchestra  
Statutory Income and Expenditure Account  
for the year ended 31 March 2014**

Company No.

01262018

	<b>2014 Total Funds £</b>	<b>2013 Total Funds £</b>
<b>INCOME</b>	9,622,516	8,483,888
<b>OPERATING COSTS</b>	<u>9,518,411</u>	<u>8,521,930</u>
<b>OPERATING SURPLUS / (DEFICIT)</b>	104,105	-38,042
<b>Investment Income</b>	9,255	19,717
<b>SURPLUS / (DEFICIT) ON ORDINARY ACTIVITIES FOR THE YEAR</b>	<u><u>113,360</u></u>	<u><u>-18,325</u></u>

The summary income and expenditure account is derived from the Statement of Financial Activities on page 13 which, together with the notes to the accounts on pages 17 to 26 provides full information on the movements during the year on all the funds of the charity.

No separate statement of total recognised gains and losses is required as all gains and losses recognised in the period are included in the Statement of Financial Activities.

All incoming resources and resources expended derive from continuing activities

Surplus on ordinary activities shown above differs from the Net Movement in funds shown in the Statement of Financial Activities by excluding restricted capital funds income of £364,082 (2013:£nil), unrealised gains on investment income of £7,090 (2013: £9,130) and actuarial losses on Defined Benefit Pension Scheme of £618,000 (2013: £622,000).

Income differs from the total incoming resources shown in the Statement of Financial Activities by excluding restricted capital funds income of £364,082 (2013:£nil), unrealised gains on investment income of £7,090 (2013: £9,130) and investment income of £9,255 (2013: £19,717).

City of Birmingham Symphony Orchestra  
Balance Sheet  
As at 31 March 2014

Company No.

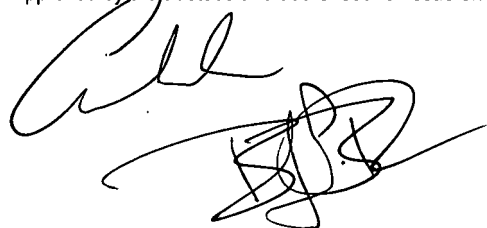
01262018

	Notes	2014 £	2014 £	2013 £	2013 £
<b>FIXED ASSETS</b>					
Tangible Assets	9		3,208,159		3,182,203
<b>CURRENT ASSETS</b>					
Stock and Work in Progress	10	44,619		60,440	
Debtors	11	1,257,072		689,587	
Investments	12	107,040		200,980	
Short Term Deposits		-		214,624	
Cash and Bank Balances		1,123,727		1,032,804	
		<u>2,532,458</u>		<u>2,198,435</u>	
<b>CREDITORS-</b>					
Amounts falling due within one year	13	<u>(1,465,837)</u>		<u>(1,287,393)</u>	
<b>NET CURRENT ASSETS</b>			<u>1,066,621</u>		<u>911,042</u>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>			4,274,780		4,093,245
<b>DEFINED BENEFIT PENSION SCHEME LIABILITY</b>	14		(3,845,000)		(3,530,000)
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>			<u>429,780</u>		<u>563,245</u>
<b>REPRESENTED BY CHARITABLE FUNDS</b>					
Restricted Funds:					
CBSO Centre Reserve	5	3,279,431		3,089,862	
Arts Council Capital Grant	5	87,082		-	
Capital Equipment Reserve	5	29,928		57,920	
Youth Orchestra Reserve	5	<u>96,264</u>		<u>106,761</u>	
			3,492,705		3,254,543
Unrestricted Funds:					
Accumulated Surplus	5	<u>782,075</u>		<u>838,702</u>	
Unrestricted Funds excluding Pension Reserve		<u>782,075</u>		<u>838,702</u>	
Pension Reserve	5	<u>(3,845,000)</u>		<u>(3,530,000)</u>	
			(3,062,925)		(2,691,298)
<b>TOTAL FUNDS</b>	5		<u>429,780</u>		<u>563,245</u>

Bridget Blow, Clive Bawden

Trustees

Approved by the trustees and authorised for issue on 14 July 2014



**City of Birmingham Symphony Orchestra**  
**Cash Flow Statement for the year ended 31 March 2014**

	2014 £	2013 £
<b>Net cash flow from operating activities</b>	(80,257)	(95,843)
Return on investments	9,255	19,717
Capital expenditure	(153,729)	(10,833)
Disposal of fixed assets	-	3,950
<b>Management of Liquid Funds</b>		
Disposal of Investments	101,030	-
Movement in Short Term Deposits	214,624	294,489
<b>Increase in Cash</b>	<u>90,923</u>	<u>211,480</u>
<b>Reconciliation of net cash flow to movement in Net Funds</b>		
Increase in Cash	90,923	211,480
Movement in Investments	(93,940)	9,130
Movement in short term deposits	(214,624)	(294,489)
Movement in Net Funds	(217,641)	(73,879)
Net Funds at 1 April 2013	1,448,408	1,522,287
Net Funds at 31 March 2014	<u>1,230,767</u>	<u>1,448,408</u>

**Notes to the Cash Flow Statement**

**a) Net cash flow from operating activities**

Net outgoing resources before interest and market value movement	(149,810)	(660,042)
Depreciation	127,773	130,078
Profit on Sale of Fixed Assets	-	(3,950)
(Increase) / Decrease in debtors	(567,485)	635,084
Decrease / (Increase) in stocks	15,821	(25,464)
Increase / (Decrease) in creditors	178,444	(481,549)
Increase in pension provision	315,000	310,000
	<u>(80,257)</u>	<u>(95,843)</u>

**b) Return on investments**

Interest receivable	9,255	19,717
Unrealised gain on investment	7,090	9,130
	<u>16,345</u>	<u>28,847</u>

**c) Capital expenditure**

Payments to acquire tangible fixed assets	<u>(153,729)</u>	<u>(10,833)</u>
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**d) Analysis of changes in net funds**

	At 1 April 2013 £	Cash flow £	Non- cash Movement £	At 31 March 2014 £
Investments	200,980	(101,030)	7,090	107,040
Short Term Deposits	214,624	(214,624)	-	-
Cash	1,032,804	90,923	-	1,123,727
	<u>1,448,408</u>	<u>(224,731)</u>	<u>7,090</u>	<u>1,230,767</u>

## **1. ACCOUNTING POLICIES**

### **Basis of Preparation**

The financial statements have been prepared under the historical cost convention, as amended for the revaluation of investment assets, in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) issued in March 2005, the going concern basis (see page 7), applicable UK Accounting Standards and the Companies Act 2006.

### **Fixed Assets and Depreciation**

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset evenly over its expected useful life as follows:

- Long Term Leasehold Property      50 years
- Technical & Stage Equipment      5 years
- Works of Art      10 years
- Computer Equipment      3-5 years
- Motor Vehicles      4-7 years
- Musical Equipment      10 years

Assets under construction are not depreciated until they are brought into use.

In line with the company's capitalisation policy, assets purchased with a value of less than £1,000 are written off in full in the year of purchase.

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. All tangible assets are held for use by the charity.

### **Stocks and Work In Progress**

Stocks, consisting of recordings and promotional items, are stated at the lower of cost and net realisable value. Cost is defined as purchases on a first in first out basis.

Work in progress, consisting of expenditure on CD recordings not yet released, is stated at cost.

### **Investments**

Investments are included at market value at the year end. Gains and losses on revaluation of investments are included in the Statement of Financial Activities.

### **Taxation**

The charitable activities of the company are not subject to taxation, therefore no provision for taxation is required.

### **Incoming Resources**

- Incoming resources are stated net of value added tax and represent amounts invoiced to third parties and amounts receivable from members and donors.
- Income relating to concert performances is credited to the income account when the concert has been performed.
- Income received in respect of future periods is deferred until such time as the charity has entitlement.
- Gift aid donations are inclusive of recoverable income tax.
- Income from legacies is credited to the income account when the charity is legally entitled to the income, and the amount can be quantified with reasonable accuracy.

### **Grants Receivable**

Grants of a revenue nature are credited to income in the period to which they relate.

Grants of a capital nature are credited to a restricted fund account and taken to income over the useful economic life of the asset in line with depreciation.

### **Resources Expended**

- All expenditure is accounted for on an accruals basis, and has been classified under headings that aggregate all costs related to that category.
- Costs of Generating Funds are Fundraising and Marketing costs, which are incurred in raising funds for the charity and marketing its activities.
- Costs of Charitable Activities include expenditure on the maintenance of the orchestra, staging concerts, broadcasting and recording activities, education and chorus activities and activities at the CBSO Centre. They include both the direct and support costs related to those activities. Orchestra costs have been allocated on the basis of the number of working days relating to each activity.
- Governance costs represent direct and support costs incurred in the governance of the charity and its assets and include Company Secretarial and Board expenses, audit, legal and professional charges.
- Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources. Staff costs have been allocated by time spent and other costs by their usage.

### **Liabilities**

Liabilities are recognised when either a constructive or legal obligation exists.

### **Translation of Foreign Currencies**

Transactions denominated in foreign currencies are translated at the rate of exchange on the day the transaction occurs. Assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date. Exchange differences are included in the Statement of Financial Activities.

### **Irrecoverable VAT**

All resources expended are classified under activity headings that aggregate all costs related to that category. Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

### **Funds**

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donors. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Designated funds are unrestricted funds which have been designated for specific purposes by the trustees.

### **Pensions**

The charity's Defined Benefit Pension Scheme was closed on 30 September 2010 and all remaining contributing members became deferred members on that date.

Following the adoption of FRS 17, the regular service cost of providing retirement benefits to employees during the year is charged to costs of charitable activities in the year.

A charge within pension finance costs represents the expected increase in the liabilities of the retirement benefit scheme during the year. This arises from the liabilities of the scheme being one year closer to payment. This is netted off by a credit representing the expected return on the assets of the retirement benefit scheme during the year. This is based on the market value of the assets of the scheme at the start of the financial year.

The difference between the market value of assets and the present value of accrued pension liabilities is shown as an asset or liability in the balance sheet.

Differences between actual and expected returns on assets during the year are recognised in the statement of total recognised gains and losses in the year (incorporated into the statement of financial activities), together with differences arising from changes in assumptions.

**Defined Contribution Pension Scheme**

Pension contributions are charged to the Statement of Financial Activities as they become payable.

**Liquid Resources/ Funds**

Liquid resources comprise current asset investments and short term deposits that can be readily converted into cash.

**City of Birmingham Symphony Orchestra**  
**Notes to the Accounts - 31 March 2014**

**2. COSTS OF GENERATING FUNDS**

	<b>Notes</b>	<b>2014</b> <b>£</b>	<b>2013</b> <b>£</b>
Concert marketing and advertising		316,856	334,089
Fundraising expenses		<u>70,136</u>	<u>48,900</u>
<b>Total Direct costs</b>		386,992	382,989
Support Costs	4	371,360	378,198
<b>Total Costs of Generating Funds</b>		<u><b>758,352</b></u>	<u><b>761,187</b></u>

City of Birmingham Symphony Orchestra  
Notes to the Accounts - 31 March 2014

3. COSTS OF CHARITABLE ACTIVITIES

	Note	Birmingham Concerts	Engagements UK	Engagements Abroad	Broadcasting & Recording	Education	Chorus	CBSO Centre	Other Activities	2014 Total	2013 Total
<b>Costs of Production &amp; Performance</b>											
<b>Maintenance of Orchestra</b>											
Basic Salaries		1,820,346	247,666	470,566	37,150	0	0	0	0	2,575,728	2,570,672
Other Salaries		37,559	5,110	9,709	767	0	0	0	0	53,145	43,811
Orchestra Staff Salaries		89,059	12,117	23,022	1,818	0	0	0	0	126,016	136,751
Extra Players		574,238	78,128	148,442	11,719	0	0	0	0	812,527	655,585
National Insurance		185,526	25,242	47,959	3,786	0	0	0	0	262,513	268,457
Pensions		42,083	5,725	10,878	859	0	0	0	0	59,545	46,298
Permanent Disability Insurance		19,655	2,674	5,081	401	0	0	0	0	27,811	25,090
Players Instrument Insurance		16,851	2,293	4,356	344	0	0	0	0	23,844	21,691
<b>Total Maintenance of Orchestra</b>		<b>2,785,317</b>	<b>378,955</b>	<b>720,013</b>	<b>56,844</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,941,129</b>	<b>3,768,355</b>
<b>Concert Expenses</b>											
Artists Fees		607,215	82,614	0	12,392	0	0	0	0	702,221	865,428
Travelling & Subsistence		55,058	7,491	0	1,124	0	0	0	0	63,673	55,922
Expenditure Abroad		0	0	1,678,209	0	0	0	0	0	1,678,209	742,999
Hire of Halls & Rehearsal Expenses		345,683	0	0	0	0	0	0	0	345,683	364,561
Chorus		0	0	0	0	0	141,994	0	0	141,994	176,956
Box Office Commission		208,808	0	0	0	0	0	0	0	208,808	206,930
Merchandise for Resale		0	0	0	0	0	0	0	71	71	359
Library Music & Instruments		70,813	9,634	18,305	1,445	0	0	0	0	100,197	82,247
Instrument Van Expenses		11,771	1,602	3,043	240	0	0	0	0	16,656	17,509
Education		0	0	0	0	177,788	0	0	0	177,788	168,636
Media Expenses		0	0	0	69,994	0	0	0	0	69,994	23,956
Other Expenses		6,678	909	1,726	136	0	0	0	0	9,449	19,474
<b>Total Concert Expenses</b>		<b>1,306,026</b>	<b>102,250</b>	<b>1,701,283</b>	<b>85,331</b>	<b>177,788</b>	<b>141,994</b>	<b>-</b>	<b>71</b>	<b>3,514,743</b>	<b>2,724,977</b>
<b>Total Costs of Production and Performance</b>		<b>4,091,343</b>	<b>481,205</b>	<b>2,421,296</b>	<b>142,175</b>	<b>177,788</b>	<b>141,994</b>	<b>-</b>	<b>71</b>	<b>7,455,872</b>	<b>6,493,332</b>
Support Costs	4	315,811	75,883	214,040	29,289	127,972	104,986	224,311	33,686	1,125,978	1,134,347
<b>Total Costs of Charitable Activities</b>		<b>4,407,154</b>	<b>557,088</b>	<b>2,635,336</b>	<b>171,464</b>	<b>305,760</b>	<b>246,980</b>	<b>224,311</b>	<b>33,757</b>	<b>8,581,850</b>	<b>7,627,679</b>

City of Birmingham Symphony Orchestra  
Notes to the Accounts - 31 March 2014

4. SUPPORT COSTS

Support costs are allocated as follows:

	Birmingham Concerts	Engagements UK	Engagements Abroad	Broadcasting & Recording	Education	Chorus	CBSO Centre	Other Activities	Generating Funds	Governance	2014 Total	2013 Total
Salaries	117,088	32,057	40,148	19,259	106,900	82,278	102,100	12,209	281,311	80,313	873,663	840,619
National Insurance	10,394	2,846	3,564	1,710	9,490	7,304	9,064	1,084	24,973	7,130	77,559	78,173
Pensions	1,474	404	505	243	1,347	1,036	1,286	154	3,542	1,011	11,002	9,314
Permanent disability Insurance	1,337	366	459	220	1,221	940	1,166	139	3,213	917	9,978	8,576
Rent, Rates & Service Charge	34,911	7,567	31,871	1,479	1,696	2,527	1,780	-	10,975	-	92,806	93,870
Maintenance of buildings & equipment	39,712	8,607	36,254	1,682	1,930	2,874	103,261	-	12,484	-	206,804	94,411
Stationery, postage & telephone	11,741	2,545	10,719	497	570	850	599	-	3,691	-	31,212	34,420
Insurance	13,532	2,933	12,353	573	658	979	690	-	4,254	-	35,972	30,989
Professional charges	-	-	-	-	-	-	-	-	-	81,838	81,838	81,166
Motor & travelling expenses	3,595	779	3,282	152	175	260	183	-	1,130	-	9,556	14,260
Finance & credit card charges	2,248	487	2,052	95	109	163	115	-	707	-	5,976	5,552
Depreciation	48,065	10,418	43,880	2,036	2,335	3,479	2,450	-	15,110	-	127,773	130,077
Loss on Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-
General Expenses	21,259	4,608	19,408	900	1,033	1,539	1,084	20,100	6,683	-	76,614	213,895
CBSO Centre	10,455	2,266	9,545	443	508	757	533	-	3,287	-	27,794	39,487
<b>Total Support Costs</b>	<b>315,811</b>	<b>75,883</b>	<b>214,040</b>	<b>29,289</b>	<b>127,972</b>	<b>104,986</b>	<b>224,311</b>	<b>33,686</b>	<b>371,360</b>	<b>171,209</b>	<b>1,668,547</b>	<b>1,674,609</b>

## 5. RESERVES

	Restricted CBSO Centre Reserve	Restricted Arts Council Capital Grant	Restricted Youth Orchestra Reserve	Restricted Capital Equipment Reserve	Restricted Overseas Reserve	Restricted Education Reserve	Unrestricted Accumulated Surplus	Unrestricted Pension Reserve	Total Reserves
	£		£	£	£	£	£	£	£
Balances as at 31 March 2013	3,089,862	-	106,761	57,920	-	-	838,702	(3,530,000)	563,245
Total incoming resources	277,000	188,319	-	-	55,985	179,814	9,301,825	-	10,002,943
Total resources expended	(87,431)	(101,237)	(10,497)	(27,992)	(55,985)	(179,814)	(9,358,452)	303,000	(9,518,408)
Actuarial loss on pension scheme								(618,000)	(618,000)
Balances as at 31 March 2014	<u>3,279,431</u>	<u>87,082</u>	<u>96,264</u>	<u>29,928</u>	<u>-</u>	<u>-</u>	<u>782,075</u>	<u>(3,845,000)</u>	<u>429,780</u>

The CBSO Centre Reserve comprises amounts received by grant and used to fund the building of the CBSO Centre. In accordance with applicable accounting standards, the grants, being deferred capital grants, are being reduced over the useful life of the asset, in line with its depreciation.

During the year the CBSO made a successful bid for an Arts Council Capital Grant and received monies from both ACE and other external Trust bodies to support its plans to enhance the CBSO Centre facility. In line with the ACE grant offer monies received from this source are shown as a separate restricted reserve whilst monies received from other Trusts are included within the existing restricted CBSO Centre reserve. The amount expended during the year on the Arts Council Capital grant relates to monies awarded as a separate Development Grant which was spent before the Capital Grant was made.

The Youth Orchestra Reserve comprises funds donated by the Midlands Youth Orchestra and a subsequent legacy, to be used in support of the activities of the CBSO Youth Orchestra.

The Capital Equipment Reserve comprises amounts received by grants and donations to fund the purchase of fixed assets. In accordance with applicable accounting standards, these monies, being deferred capital grants, are being released over the useful life of the assets, in line with their depreciation.

The Overseas Reserve represents monies from Trusts and Corporate Sponsors to fund our overseas tour to Japan and Far East.

The Education Reserve represents monies received from Trusts, Foundations and Corporate Sponsors to fund our education work in schools and the wider community.

The analysis of net assets between funds is as follows:

	Restricted Funds	Unrestricted Funds	Total Funds
	£	£	£
Tangible fixed assets	3,309,359	(101,200)	3,208,159
Other net assets/ (liabilities)	183,346	(2,961,725)	(2,778,379)
Total net assets / (liabilities)	<u>3,492,705</u>	<u>(3,062,925)</u>	<u>429,780</u>

The following transfers were made in the year from Restricted Funds to Accumulated Surplus:

Transfer from CBSO Centre Reserve to match depreciation on the assets	(87,431)
Transfer from Youth Orchestra Reserve as a contribution to expenditure on the Youth Orchestra.	(10,497)
Transfer from Capital Equipment Reserve to match depreciation on the assets	(27,992)
Total transfers to Accumulated Surplus	<u>(125,920)</u>

## 6. AUDITORS' REMUNERATION

The auditors' remuneration for the year of £11,400 (2013: £11,050) related solely to the audit, with additional taxation, £1,400 (2013: £3,480) and IT consultancy work £9,750 (2013: £nil) undertaken

## 7. EMPLOYMENT COSTS

	2014 £	2013 £
Wages and Salaries	3,628,552	3,591,853
Social Security Costs	340,072	346,630
Other Pension Costs	70,547	55,612
	<u>4,039,171</u>	<u>3,994,095</u>

The average weekly number of staff was 108 (2013: 106) made up as follows:

	No.	No.
Office and Management	33	33
Orchestra	75	73
	<u>108</u>	<u>106</u>

The number of employees whose emoluments amounted to over £60,000 in the year was as follows:

£90,001 to £100,000	1	1
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Pension benefits are provided in accordance with the charity's Stakeholder pension arrangements.

## 8. EMOLUMENTS OF BOARD OF TRUSTEES

Members of the Board of Trustees donate their services to the Company and accordingly no remuneration is paid. No expenses have been paid to Trustees in the year. A Trustee Indemnity Insurance premium of £3,740 was paid in the year (2013: £3,615).

## 9. TANGIBLE ASSETS

FIXED ASSETS	Long Term Leasehold Property £	Assets Under Construction £	Technical & Stage Equipment £	Works of Art £	Computer Equipment £	Motor Vehicles £	Musical Equipment £	TOTAL £
<b>Cost</b>								
At 1 April 2013	4,371,534	-	224,812	51,398	71,178	131,295	256,657	5,106,874
Additions	-	58,032	-	-	82,206	-	13,491	153,729
Disposals	-	-	(3,209)	-	(59,685)	-	(5,135)	(68,029)
At 31 March 2014	4,371,534	58,032	221,603	51,398	93,699	131,295	265,013	5,192,574
<b>Depreciation</b>								
At 1 April 2013	1,281,671	-	177,888	51,398	70,148	115,024	228,542	1,924,671
Charge for the year	87,430	-	13,770	-	2,450	16,271	7,852	127,773
Disposals	-	-	(3,209)	-	(59,685)	-	(5,135)	(68,029)
At 31 March 2014	1,369,101	-	188,449	51,398	12,913	131,295	231,259	1,984,415
<b>Net Book Value</b>								
At 31 March 2014	3,002,433	58,032	33,154	-	80,786	-	33,754	3,208,159
At 31 March 2013	3,089,863	-	46,924	-	1,030	16,271	28,115	3,182,203

## 10. STOCK AND WORK IN PROGRESS

	2014 £	2013 £
Stock	3,366	3,584
Work in Progress	41,253	56,856
	<u>44,619</u>	<u>60,440</u>

## 11. DEBTORS

	2014 £	2013 £
Trade Debtors	108,309	237,997
Other Debtors	120,621	89,536
Prepayments & Accrued Income	1,028,142	362,054
	<u>1,257,072</u>	<u>689,587</u>

## 12. INVESTMENTS

	2014 £	2013 £
Market value at April	200,980	191,850
Disposal of investment	(101,030)	-
Net gain on revaluation	7,090	9,130
Market value at 31 March	<u>107,040</u>	<u>200,980</u>

The Charity holds a £100,000 investment note with maturity date of 3 June 2014.

The purchase of this note is in line with the Charity's investment policy which looks to enhance the overall return on its assets.

## 13. CREDITORS

Amounts falling due within one year	2014 £	2013 £
Trade Creditors	406,471	655,600
Other taxation & social security costs	0	897
Accruals & Deferred Income	1,059,366	630,896
	<u>1,465,837</u>	<u>1,287,393</u>

### Deferred Income

	2014 £	2013 £
At 1 April	201,668	318,699
Additional Income Deferred	228,711	201,668
Released to Statement of Financial Activities	(201,668)	(318,699)
At 31 March	<u>228,711</u>	<u>201,668</u>

Deferred Income consists of ticket income for future Birmingham concerts and other earned income received in advance.

Included within creditors is £26,000 (2013: £23,652) of unpaid company pension contributions. This was paid across to the CBSO Pension Scheme in April 2014 in accordance with permitted timescales.

#### 14. PENSIONS

An approximate actuarial valuation of the Defined Benefit Scheme was carried out by a qualified independent actuary as at 31 March 2014.

The major financial assumptions used by the actuary were:

	31 March 2014	31 March 2013
Discount rate (% p.a.)	4.50%	4.40%
Salary increase rate (% p.a.)	2.30%	2.80%
Rate of revaluation in deferment (% p.a.)		
- CPI max 5% p.a.	2.30%	2.00%
- CPI max 2.5% p.a.	2.10%	2.00%
Pension increase rate (% p.a.)		
- RPI, capped at 5% p.a.	3.20%	2.80%
- RPI, capped at 3% p.a.	2.50%	2.40%
- RPI, capped at 2.5% p.a.	2.30%	2.20%
- CPI, capped at 2.5% p.a.	2.10%	2.00%
Price Inflation rate (% p.a.)	3.20%	2.80%
Consumer inflation rate (% p.a.)	2.30%	2.00%
Expected return on Scheme assets (% p.a.)	5.35%	5.20%

The overall expected rate of return on assets is the actuary's best estimate of returns expected over the period from dividends, interest and capital gains.

	31 March 2014	31 March 2013
Life expectancy at age 65:		
Current Pensioners -Men	21	21
Current Pensioners -Women	24	24
Future Pensioners now 40 -Men	23	23
Future Pensioners now 40 -Women	26	26

The fair value of the assets of the Scheme and the expected rates of return were:

	31 March 2014		31 March 2013	
	Expected	£000	Expected	£000
	Rate of Return		Rate of Return	
Target Return	5.80%	5,168	5.30%	5,001
Equities	6.30%	4,250	7.20%	3,935
Property	5.80%	2,539	6.50%	2,265
Bonds - UK index linked gilts	3.50%	1,753	2.70%	1,838
Bonds - Corporate	4.50%	4,435	4.10%	4,955
Insurance Policies	3.50%	220	2.70%	220
Cash	3.00%	115	0.50%	43

Balance Sheet	31 March 2014	31 March 2013
	£000	£000
Fair Value of Scheme Assets	18,480	18,257
Present value of Scheme liabilities	(22,325)	(21,787)
Deficit in Scheme	(3,845)	(3,530)

In addition, the Trustees held insured annuities. The value of these annuities has been included in both the assets and the liabilities since the liability is matched directly by an asset of equal value.

The Scheme does not invest in the employer's own property or other assets.

The employer's best estimate of company contributions to be paid in respect of the Scheme during the financial year ending 31 March 2015 is £320,000.

FRS 17 requires the projected unit method to be used to determine liabilities.

#### Amount charged to Statement of Financial Activities

	31 March 2014	31 March 2013
	£000	£000
Interest on Scheme liabilities	947	910
Expected return on Scheme assets	(940)	(939)
Total Expense	7	(29)
Actual Return on Scheme Assets	679	2,130
Changes in present value of the defined benefit obligation		
At beginning of period	21,787	19,855
Interest cost	947	910
Actuarial losses	357	1,813
Benefits paid	(766)	(791)
At end of period	22,325	21,787

#### 14. PENSIONS (continued)

##### Changes in fair value of the Scheme assets

At beginning of period	18,257	16,635
Expected return on assets	940	939
Employer contributions	310	283
Actuarial (losses) / gains	(261)	1,191
Benefits paid	(766)	(791)
At end of period	18,480	18,257

##### Recognition in the STRGL

Actual return less expected return on Scheme assets	(261)	1,191
Experience gains & losses arising on Scheme liabilities	0	(800)
Change in assumptions underlying present value of Scheme liabilities	(357)	(1,013)
Net actuarial losses recognised in the period	(618)	(622)

##### History of experience gains and losses

	2014 £000	2013 £000	2012 £000	2011 £000	2010 £000
<b>Experience arising on Scheme liabilities</b>					
Amount	0	(800)	(75)	(544)	507
% of present value of funded obligations	0.0%	(3.7%)	(0.1%)	(3.0%)	2.9%
<b>Experience arising on Scheme assets</b>					
Amount	(261)	1,191	(72)	178	1,986
% of scheme assets	(1.4%)	6.5%	(0.4%)	1.1%	13.3%
<b>Total amount recognised in Statement of Total Recognised Gains &amp; Losses</b>					
Amount	(618)	(622)	(1,216)	70	(1,203)
% of present value of funded obligations	(2.8%)	(2.9%)	(6.1%)	0.4%	(7.0%)
Present value of Scheme liabilities	(22,325)	(21,787)	(19,855)	(18,139)	(17,229)
Fair value of Scheme assets	18,480	18,257	16,635	15,927	14,972
Deficit in the Scheme	(3,845)	(3,530)	(3,220)	(2,212)	(2,257)

#### 15. CAPITAL COMMITMENTS

At the balance sheet date there were capital commitments in respect of the refurbishment of the CBSO Centre of £nil (2013: nil).

#### 16. RELATED PARTIES

The following trustees during the year were nominated by Birmingham City Council, a major public funder of the charity; Cllr M Gregson and Cllr R Brew

The CBSO Development Trust, a separately governed charitable trust, is a connected party whose principal objective is to make donations to the City of Birmingham Symphony Orchestra at the discretion of its Trustees. At the balance sheet date the Trust's net assets were £910,800 (2013: £802,400) largely comprising cash balances. The significant increase in cash balances during the year is due to the receipt of Endowment donations, of which £10,050 was donated by the CBSO (2013: £155,000), and matched funding from Arts Council England under its Catalyst programme.

On the 22 April 2013 The CBSO Pension Trustee Limited was incorporated as a wholly owned subsidiary of the charity. The CBSO Pension Trustee Limited acts as the corporate trustee for the charity's defined benefit pension scheme. Other than the issue of one £1 share there have been no transactions during the year and thus The CBSO Pension Trustee Limited is not consolidated within these accounts.

#### 17. POST BALANCE SHEET EVENT

On 16 May 2014 the charity signed a contract with Speller Metcalf for £1.3m as part of their planned CBSO Centre refurbishment project. The total cost of the project which includes improvements to the main concert/ rehearsal auditorium, essential repairs and energy saving changes is £1.83m. Funding for the project has been provided by Arts Council England under their large capital grant programme a condition of which was the granting of a legal charge over the CBSO Centre for a period of 20 years from 15 May 2014. Further funding for the project was provided by Garfield Weston Foundation, The Wolfson Foundation and Edward Cadbury Charitable Trust. Works are well advanced and expected to be completed on schedule by end September 2014.