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English National Ballet Enterprises Limited

**Directors' report and financial
statements**

Registered number 2361077

31 March 2004



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Directors' report

The directors present their report and the audited accounts for the period ended 31 March 2004.

Results

The trading results are set out in the profit and loss account. The entire taxable profit is paid to the company's parent, English National Ballet Limited, as a qualifying donation.

Review of the business

The company's business continued to be sponsorship and other trading activities of English National Ballet Limited. The costs incurred in these activities, including the salaries and running costs of the department responsible for sponsorship, are recharged to the company by English National Ballet Limited.

Principal activity

The company obtains sponsorship for English National Ballet Limited.

Future developments

The company will continue to exploit all commercial opportunities arising from the activities of English National Ballet Limited.

Board of directors

The following served as directors during the year:

John Talbot	(Chairman appointed 31 March 2004)
Angela Rippon	(Chairman until 31 March 2004 then resigned 10 June 2004)
Chris Cowdray	
Denise Fiennes	
Simon Freakley	(appointed 12 November 2003)
Richard Freudenstein	
Paul Horn	(resigned 11 June 2003)
John Roberts	

None of the directors had any interest in the shares of the company (2003: *£nil*).

Directors' report

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

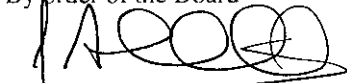
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board



John Talbot
Director

Markova House
39 Jay Mews
London SW7 2ES

28 January 2005



PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Report of the independent auditors to the members of English National Ballet Enterprises Limited

We have audited the financial statements on pages 4 to 7.

Respective responsibilities of directors and auditor

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the uncertainty as to the availability of future funding. In view of the significance of the uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2004 and of its result for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP
Chartered Accountants
Registered Auditor

For January 2005

Profit and loss account

for the period ended 31 March 2004

	<i>Note</i>	2004 £	2003 £
Turnover - continuing operations		387,981	549,367
Staff costs:			
Salaries	4	(132,583)	(125,893)
Social security costs	4	(12,847)	(11,778)
Qualifying donation to English National Ballet Limited	5	(158,383)	(300,543)
Other operating charges		(84,168)	(111,153)
		<hr/>	<hr/>
Profit on ordinary activities before and after taxation	2,5	-	-
Balance brought forward		-	-
		<hr/>	<hr/>
Accumulated profit/(loss) carried forward		-	-
		<hr/>	<hr/>

The company had no recognised gains or losses during the current and previous period other than those reflected in the above profit and loss account.

The company's historical results are the same as its reported results.

Balance sheet

at 31 March 2004

	Note	2004		2003	
		£	£	£	£
Current assets					
Trade debtors		138,604		42,810	
Prepayments and accrued income		-		1,724	
Cash at bank and in hand		1,690		218,484	
		<u>140,294</u>		<u>263,018</u>	
Creditors: amounts falling due within one year:					
Accrued income		65,700		9,206	
Other creditors		-		-	
Amounts owed to parent undertaking		74,592		253,810	
		<u>140,292</u>		<u>263,016</u>	
Net assets			<u>2</u>		<u>2</u>
Capital and reserves					
Called up share capital	6		2		2
Profit and loss account			-		-
			<u>2</u>		<u>2</u>

These accounts were approved by the board of directors on 28 January 2005 and were signed on its behalf by:

John Talbot



Simon Freakley



Directors

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied in the preparation of these accounts.

Basis of accounts

The accounts are prepared on the going concern basis under the historical cost convention and in accordance with applicable accounting standards.

The company is a subsidiary of English National Ballet Limited (ENB).

ENB sustained a loss in the year when it was originally envisaged that it would break even. This had a serious negative impact on cash flow. Consequently, The Arts Council of England (ACE) agreed to advance a proportion of the 2004/2005 Revenue Grant to meet short-term cash flow requirements. £750,000 of the 2004/5 revenue grant was advanced and is included in other creditors at the year end as the amount was repayable on demand. In May 2004, ENB were admitted into the ACE Recovery Programme. Based upon admission to the programme and the receipt of the additional funding from ACE through its Recovery Programme, the Governors believe that it remains appropriate to prepare these financial statements on a going concern basis.

The Governors are determined that ENB should continue to perform classical ballet provided it is financially able to do so. This will be dependant upon the continued availability of existing grants, which have been agreed to 31 March 2006, and continued Box Office success to ensure that taking one year with another, revenue will match expenditure. Should this prove not to be the case and ENB and consequently English National Ballet Enterprise's activities have to be severely curtailed or altered, adjustments would have to be made to show the value of assets at their recoverable amounts and to provide for any further liabilities that might arise.

Recognition of income

Donations, sponsorship, event and advertising income is recognised on an accruals basis in the period in which the Company is entitled to receipt and the amount can be measured with reasonable certainty. Subscription income is recognised on a cash receipts basis. Intangible income in the form of donated facilities is recognised in the period to which it relates, measured by the invoiced value of benefit received and matched by equivalent expenditure.

Cash flow statement

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly-owned subsidiary undertaking and its parent undertaking publishes a consolidated cash flow statement.

2 Accounting format

In accordance with paragraph 3, sub-paragraph 3, of Schedule 4 of the Companies Act 1985, the directors have adapted the formats required by Schedule 4 due to the special nature of the company's business as referred to in the Review of the business within the Directors' report.

3 Remuneration of directors

The board are all non-executive directors and none received remuneration in the year (2003: *£nil*).

Notes *(continued)*

4 Employees

The company does not have any direct employees. The salaries of four people were recharged by English National Ballet Limited.

5 Taxation

The company made a qualifying donation to English National Ballet Limited equal to the taxable profit of the company.

6 Share capital

	2004 £	2003 £
100 Authorised shares of £1 each	100	100
	<hr/>	<hr/>
Allotted, called up and fully paid 2 shares of £1 each	2	2
	<hr/>	<hr/>

7 Parent undertaking

The company is a wholly owned subsidiary of English National Ballet Limited, a company registered in England and Wales. Copies of the group accounts of English National Ballet Limited, which is the only group that consolidates the company's accounts, may be obtained at Markova House, 39 Jay Mews, London SW7.