

**English National Ballet Limited and subsidiary**

**(Limited by Guarantee)**

**Report and consolidated accounts**

**31 March 2004**

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



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## Governors' report

The Governors, who are also directors for the purposes of the Companies Act, submit their report and the audited accounts for the period ended 31<sup>st</sup> March 2004. The financial statements have been prepared on the basis of the accounting policies set out in note 1 to the financial statements and comply with the memorandum and articles of association, applicable law and the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities" issued in October 2000.

### Results and Review of activities in the Year

Facing the closure of the London Coliseum due to refurbishment, the Company found it necessary to alter its traditional touring pattern and explore appearances at new venues within London.

The Company began the new financial year with an appearance at Sadler's Wells, London. Committed to developing new work and new audiences, the Company presented a unique programme of ballets commissioned by ENB from British choreographers: *Facing Viv* (Cathy Marston), *Trapeze* (Christopher Hampson), *Manoeuvre* (Patrick Lewis) and the award-winning *2Human* (Wayne McGregor).

Embarking on a 'mid-scale' tour to smaller venues around the country, the Company introduced two exciting programmes of varied work to audiences from Brighton to Scunthorpe, including several of the pieces presented in the London season.

This commitment to introducing the Company's work to new audiences lead to an exclusive artistic collaboration between Westminster Abbey and ENB. Newly commissioned short ballets, accompanied by Dame Gillian Weir on the organ, were presented to audiences in the Abbey's *Mixtures* festival, the first time a ballet company had ever performed in the magnificent setting of the Abbey. Encouraged by the positive critical and public response to the Company's creative ambitions, two evenings of work were presented at the Linbury Studios at the Royal Opera House. Short works created by dancers of the Company were included in a programme featuring Kenneth Macmillan's haunting *Sea of Troubles*, in collaboration with guest artist, Adam Cooper.

A return visit to Sadler's Wells in July featured a hugely successful programme of work by Mark Morris, Kenneth Macmillan and the premiere of Michael Corder's *Melody on the Move*, a nostalgic and witty tribute to popular British light music of the twentieth century. Near sell-out performances of Ronald Hynd's ever-popular production of *Coppélia* ensured that there was something for everyone.

Following its success at Sadlers' Wells, the Company and ENB Orchestra made a triumphant appearance at the Hellenic Festival in Athens with a similar programme and performed to almost 14,000 people over four performances.

With the end of the summer break, the Company returned to prepare Michael Corder's technically demanding, award-winning production of Prokofiev's *Cinderella*, and a Triple Bill of work featured earlier in London. Well received by critics, the production also generated box office substantially ahead of target.

With the closure of the Coliseum for refurbishment, extensive marketing and publicity measures had been put in place in early 2003 to prepare the Company for the crucial Christmas season at Hammersmith's Carling Apollo, a season on which the Company relies to offset the costs of less commercial projects. However, a very disappointing attendance at *The Nutcracker* and *Cinderella* failed to achieve even conservative box office estimates resulting in a significant deficit over the season.

The regional tour of the critically acclaimed *Swan Lake* in spring, resulted exceptionally healthy box office at attendance levels not seen in recent years. However, the financial benefit was only a small proportion of the shortfall generated from the Christmas season.

The year 2003/4 showed the Company at its creative best, offering exciting, varied and popular programmes of work to suit the tastes of audiences of all ages across the country. However, our dependence upon the Christmas season, which failed to generate anticipated income levels, resulted in a deficit for the year of £548,000. To address this

immediate shortfall, the Company approached Arts Council England, who agreed to advance £800,000 of the 2004/5 Revenue Grant.

### **Current trading and future prospects**

The Company commenced 2004/5 with a balanced budget, which benefited from the reintroduction of the Royal Albert Hall summer season and the return to the London Coliseum, though unfortunately only for a four-week season. However, to achieve this financial stability the Company will be operating within tight financial constraints that have limited repertoire selection and there is no new work in the year.

Following on from the preparation of the annual budget the Company then undertook a full 'root and branch' review of its structure and operations and subsequently applied for additional funding from ACE through its Recovery Programme and in July it received notification of acceptance into the programme.

### **Reserves policy**

The Company operates on the basis that, taking one year with another, revenue will match expenditure. Reserves are held to fund ongoing and future productions of classical ballet. The Governors are determined that the Company should continue to perform world-class classical ballet for the widest possible audiences, whilst operating within our financial resources. This is dependent upon the continued availability of funding from Arts Council England which has been agreed to 31 March 2006. The Governors ensure that the relevant officers of the Arts Council England are kept informed of the Company's achievements, plans and aspirations at all times.

The Company shows a cumulative deficit on general reserves at 31<sup>st</sup> March 2004 of £335,952 (2003: surplus of £208,105).

### **Review of activities**

The Company has been established to further knowledge and enjoyment of classical ballet, which it does through public performance and education outreach work.

The basic pattern of activity has remained unchanged, with tours to regional centres in Autumn and Spring and London seasons in Summer and at Christmas. English National Ballet Enterprises Limited undertakes the Company's sponsorship and other trading activities.

### **Risk management**

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

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

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

## Governors' report *(continued)*

### Future developments

The Company will continue with its planned programme which is dependent on the continuing support of Arts Council England.

### Board of Governors

For Companies Act purposes the governors constitute directors of the Company:

The following served during the year:

John Talbot*	Chairman	(appointed 31 March 2004)
Angela Rippon*	Chairman	(resigned as Chairman on 31 March 2004)
		(resigned as Governor on 10 June 2004)
Lady Elizabeth Arnold		
Quentin Bell		
Chris Cowdray *		
Denise Piennes*		
Simon Freakley*	Treasurer	(appointed 12 November 2003)
Richard Freudenstein *		
Veronica Lewis CBE		
Cllr Harvey Marshall		(resigned 10 June 2004)
Stephen Phillips		
Hamish Ritchie		
John Roberts *		

Governors marked with an asterisk (\*) are also members of the Finance and General Purposes Committee. Governors 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 Governors are elected by the Members of the Company, and serve for a maximum of six years, except that this period can be extended for those holding the posts of Chairman and Deputy Chairman.

### Principal Officers

The following served during the period:

Matz Skoog	(Artistic Director)
Janie Grace	(Managing Director) (appointed 6 May 2003)
Christopher Nourse	(Managing Director) (resigned 12 April 2003)
Robin Richman	(Finance Director and Company Secretary)
Alan Riches	(Technical Director)
Fiona Mallin-Robinson	(Development Director until 15 January 2004 and then Marketing & Development Director from 16 January 2004)
Rachel Seghers	(Personnel Director)
Ian Butlin	(Marketing Director) (resigned 16 January 2004)

## **Governors' report** *(continued)*

### **Status**

English National Ballet Limited is a company limited by guarantee with no share capital, and is a registered charity governed by its memorandum and articles of association.

### **Registered office**

Markova House, 39 Jay Mews, London, SW7 2ES

### **Bankers**

Coutts & Co, Media Banking Division, 440 Strand, London, WC2R 0QS

### **Solicitors**

Simmons & Simmons, Citypoint, One Ropemaker Street, London EC2Y 9SS

### **Auditors**

KPMG LLP, PO Box 695, 8 Salisbury Square, London EC4Y 8BB

### **Statement of governors' responsibilities**

Company Law requires the governors, who are also the directors of the company, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the result for that period. In preparing those financial statements, the governors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 charity and the group will continue in business.

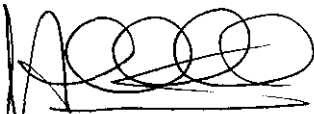
The governors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such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

## Governors' report (*continued*)

### 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  
Governor

Markova House  
39 Jay Mews  
London SW7 2ES

28 Jan 2005

## Sponsorship and fund raising

English National Ballet Limited wishes to acknowledge the valuable support received from the following businesses, individuals, Trusts and corporations during 2003-2004. Their generosity and commitment is vital to the continued success of the Company.

### Corporate Partners

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

### Corporate Supporters:

#### Major Sponsors

Sky and Artsworld

*National Tour Sponsor 2004*

#### National Partners

Rainey Kelly Campbell Roalfe/Y&R

*Christmas Campaign Sponsors 2004/05*

AEG

*Sponsors of the Wardrobe Department*

Chanel

*Support for Special Events*

Claridge's

*London performances of Nutcracker*

#### Season & Evening Sponsors

Clarks

*Shoes*

ABP Port of Southampton

*Southampton*

Cunard Seabourn Limited

*London*

Seven Seas Cod Liver Oil

*Healthier Dance Sponsor*

#### Education & Community Partners

Aristoc

*Costume Information Pack*

Freed of London Ltd

*Tour de Force Education Partnership/Costume Information Pack*

Linklaters

*Education & Community Unit*



## **Sponsorship and fund raising**

The D'Oyle Carte Charitable Trust  
*Education projects*

Whaleys (Bradford) Ltd  
*Costume Information Pack*

**New Ballet Partners**  
Anonymous X 1

Rudolf Nureyev Foundation  
*Side show*

Mr Steve Springford  
*Linbury Studio performances 2003*

**Corporate Associates**  
Waitrose

**In-kind Sponsors**  
3 Mills Studios  
*Rehearsal Studios*

Aristoc  
*Supplier of "Slimline" tights*

British Airways  
*Company Travel*

Dimension Data  
*IT*

Direct Image Systems & Communications Limited  
*Printing*

Laurent Perrier  
*Supply of Champagne*

MG Rover  
*Special Events*

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

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

#### **Chairman**

The Baroness de Mandat Grancey

## **Sponsorship and fund raising**

### **Executive Council**

Anonymous (1)  
Quentin Bell Esq.  
Mr and Mrs Hamish Ritchie  
Land Group Securities Group plc  
Bruno L. Schroder  
Mrs Louis Urvois  
Mme Gerard Wertheimer

### **Producers' Council**

Anonymous (1)  
Mrs Basil Faidhi  
Mr and Mrs Michael Garner  
William Nagel, CMG

### **Benefactor Council**

Anonymous (1)  
Mr and Mrs L.A.I Swaidi  
The Gilbert & Eileen Edgar Foundation  
Mrs Carmen Riera  
Mrs Candelas Sastre Moreton  
Mr and Mrs James Smillie  
Steve Springford  
Mr and Mrs Julian Stanford  
Mr and Mrs Brian Steer

### **Council**

Anonymous (2)  
Mrs Jonathan Agnew  
David M.Bain  
Mr William Barnard & Mrs Everson-Barnard  
Dr & Mrs J Buchanan  
The Lady Farnham  
Mrs Norman Grundon  
Pamela. Lady Harlech  
Mary Jordon  
Mr & Mrs Ted Kalborg  
David Lloyd  
The Mackintosh Foundation  
The Simon Marks Charitable Trust  
Mr and Mrs Ruggero Raimondi  
Mrs Yvonne Sherrington  
Gary and Ruth Weiss

### **Association**

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

## Statistics 2003/04

### Box office income and attendances

	Ticket sales and fee income £	2003/04 Number of perfs.	Attend- ances	Ticket sales and fee income £	2002/03 Number of perfs.	Attend- ances
London	1,020,569	53	67,251	2,043,180	60	115,961
Regions	1,525,581	77	90,653	1,253,774	78	81,293
Foreign	125,996	4	20,000	2,430	-	-
	<b>2,668,146</b>	<b>134</b>	<b>177,904</b>	<b>3,299,384</b>	<b>138</b>	<b>197,254</b>

The UK sales figure of £2,546,150 (2003: £3,296,954) is shown net of VAT of £445,576 (2003: £576,967) to HM Customs and Excise.



PO Box 695  
8 Salisbury Square  
London  
EC4Y 8BB

## **Report of the independent auditors to the members of English National Ballet Limited**

We have audited the financial statements on pages 12 to 26.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### ***Respective responsibilities of governors and auditors***

The governors are responsible for preparing the governors' report and, as described on page 5, 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 governors' 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 group is not disclosed.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### ***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 governors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

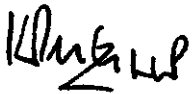
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 the future funding of the company and group. In view of the significance of this 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 affairs of the charitable company and the group as at 31 March 2004 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**KPMG LLP**  
*Chartered Accountants*  
*Registered Auditor*

31 January 2005

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

Year ended 31 March 2004

	Notes	General funds	Building Fund	Total 2004	Total 2003
		£	£	£	£
<b>Incoming resources</b>	<b>1</b>				
Donations, and similar incoming resources		151,214	-	151,214	249,262
Incoming resources from operating activities:					
In furtherance of charity's objectives:					
Grants	2	5,410,338	-	5,410,338	5,175,027
Ticket sales		2,668,146	-	2,668,146	3,299,384
For generating funds:					
Income of trading subsidiary		387,981	-	387,981	549,367
Hires and sundry income		167,408	-	167,408	169,819
Interest income		27,608	-	27,608	44,184
<b>Total incoming resources</b>		<b>8,812,695</b>	<b>-</b>	<b>8,812,696</b>	<b>9,487,043</b>
<b>Resources expended</b>	<b>1</b>				
Costs of generating funds:	<b>3</b>				
Trading subsidiary operations	9	(229,598)	-	(229,598)	(248,824)
Marketing and publicity		(798,424)	-	(798,424)	(690,272)
Hires and sundry		(119,659)	-	(119,659)	(127,444)
Charitable expenditure:	<b>4</b>				
Cost of production and sales		(6,700,904)	-	(6,700,904)	(7,062,318)
Educational costs		(156,649)	-	(156,649)	(129,528)
Support costs		(100,441)	-	(100,441)	(87,707)
Management and administration of the charity	5	(1,255,461)	-	(1,255,461)	(1,239,711)
<b>Total resources expended</b>		<b>(9,361,136)</b>	<b>-</b>	<b>(9,361,136)</b>	<b>(9,585,804)</b>
Net (expenditure)/income for the year before transfers		(548,441)	-	(548,441)	(98,761)
Transfers between funds	16	4,384	(4,384)	-	-
<b>Net movement in funds</b>		<b>(544,057)</b>	<b>(4,384)</b>	<b>(548,441)</b>	<b>(98,761)</b>
Fund balances brought forward		208,105	434,066	642,171	740,932
<b>Fund balances carried forward</b>	<b>16</b>	<b>(335,952)</b>	<b>429,682</b>	<b>93,730</b>	<b>642,171</b>

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

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

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

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

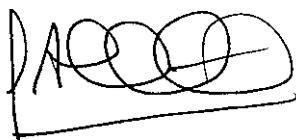
## Consolidated balance sheet

at 31 March 2004

	Notes	£	2004 £	£	2003 £
<b>Tangible fixed assets</b>	8		483,710		503,038
<b>Current assets</b>					
Stocks		57,561		56,245	
Debtors	10	790,844		374,107	
Cash at bank and in hand		365,667		609,936	
		1,214,072		1,040,288	
<b>Creditors: amounts falling due within one year</b>	11	(1,604,052)		(901,155)	
<b>Net current assets</b>			(389,980)		139,133
<b>Net assets</b>			93,730		642,171
<b>Reserves</b>					
Building fund	16	429,682		434,066	
Accumulated surplus	16	(335,952)		208,105	
			93,730		642,171

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

John Talbot



Simon Freakley



Governors

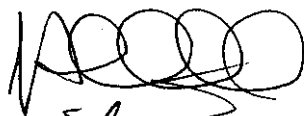
## Company balance sheet

at 31 March 2004


	Notes	£	2004 £	£	2003 £
<b>Fixed assets</b>					
Tangible fixed assets	8		483,710		503,038
Investments	9		2		2
			<hr/>		<hr/>
			483,712		503,040
<b>Current assets</b>					
Stocks		57,561		56,245	
Debtors	10	726,832		583,383	
Cash at bank and in hand		363,977		391,452	
		<hr/>		<hr/>	
		1,148,370		1,031,080	
<b>Creditors: amounts falling due within one year</b>	11	(1,538,352)		(891,949)	
		<hr/>		<hr/>	
<b>Net current assets</b>			(389,982)		139,131
			<hr/>		<hr/>
<b>Net assets</b>			93,730		642,171
			<hr/>		<hr/>
<b>Reserves</b>					
Building fund	16		429,682		434,066
Accumulated surplus	16		(335,952)		208,105
			<hr/>		<hr/>
			93,730		642,171
			<hr/>		<hr/>

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

John Talbot



Simon Freakley



Governors



## Consolidated cash flow statement

Year ended 31 March 2004

	Notes	2004 £	2003 £
Net cash outflow from operating activities	17	(254,462)	(729)
Return on investments and servicing of finance			
Interest received		27,608	44,184
Net cash inflow from returns on investment and servicing of finance		27,608	44,184
Capital expenditure			
Payments to acquire tangible fixed assets		(17,415)	(17,058)
Net cash (outflow)/inflow before financing		(244,269)	26,397
(Decrease)/increase in cash in the year		(244,269)	26,397

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

		2004 £	2003 £
(Decrease)/increase in cash in the year		(244,269)	26,397
Opening net funds		609,936	583,539
Closing net funds at the year end	18	365,667	609,936

## Notes

*(forming part of the accounts)*

### 1 Accounting policies

#### *Basis of preparation of accounts*

The accounts are prepared on the going concern basis, under the historical cost convention, in accordance with applicable accounting standards and the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities" issued in October 2000.

The Company has sustained a loss in the year when it was originally envisaged that the Company 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. £800,000 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'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.

#### *Basis of consolidation*

The consolidated financial statements include the financial statements of the charitable company and its subsidiary undertakings on a line by line basis. The trading results of the subsidiary undertakings are disclosed in note 9. A separate Statement of Financial Activities for the charity is not presented because the charity has taken advantage of the exemptions afforded by section 230 of the Companies Act 1985 and paragraph 304 of SORP 2000.

#### *Incoming resources*

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

Income from theatre ticket sales is included in incoming resources in the period in which the relevant performance takes place.

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

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

## Notes (continued)

### 1 Accounting policies (continued)

Costs of generating funds include the salaries, direct expenditure and overhead costs associated with the promotion of the charity. Fundraising activities are carried out in the trading subsidiary and associated costs are separately disclosed on the face of the Statement of Financial Activities.

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

#### Fixed assets and depreciation

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

Leaseholds and leasehold improvements are depreciated over the remainder of the term of the lease.

Plant is depreciated over its useful economic life, being 10 to 25 years, and comprises those assets that are permanently attached to, but not part of, the fabric of the building.

Equipment is depreciated in equal annual instalments over five years. Musical instruments are depreciated in equal annual instalments over 15 years.

#### Stocks

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

### 2 Grant income

	2004 £	2003 £
<i>Grants for general purposes</i>		
Arts Council of England	5,325,338	5,085,027
City of Westminster	85,000	90,000
	<hr/>	<hr/>
	5,410,338	5,175,027
	<hr/>	<hr/>

## Notes (continued)

### 3 Cost of generating funds

	2004 £	2003 £
<i>Trading subsidiary expenditure</i>		
Events	64,197	91,254
Fundraising	19,971	19,899
Salaries	145,430	137,671
	<hr/> 229,598	<hr/> 248,824
<i>Marketing and publicity</i>		
Salaries	149,712	158,727
Marketing	647,952	530,785
Depreciation	760	760
	<hr/> 798,424	<hr/> 690,272
<i>Hires and sundry</i>	<hr/> 119,659	<hr/> 127,444
	<hr/> 1,147,681	<hr/> 1,066,540

### 4 Charitable expenditure

	2004 £	2003 £
<i>Cost of production and sales</i>		
New productions and refurbishment	418,277	766,305
Performances	2,244,067	2,603,343
Theatre charges	784,108	688,897
Copyrights and royalties	94,390	39,048
Artists	2,237,586	2,113,807
Technical	442,888	460,132
Music and orchestra	218,210	148,672
Wardrobe	259,097	239,833
Depreciation	2,281	2,281
	<hr/> 6,700,904	<hr/> 7,062,318
<i>Educational costs</i>	<hr/> 156,649	<hr/> 129,528
<i>Support costs</i>		
Health and safety	17,844	4,695
Medical and welfare	82,597	83,012
	<hr/> 100,441	<hr/> 87,707
<i>Management and administration of the charity</i>	<hr/> 1,255,461	<hr/> 1,239,711
	<hr/> 8,213,455	<hr/> 7,279,553

## Notes (continued)

### 5 Management and administration of the charity

	2004 £	2003 £
Salaries	553,560	481,857
Premises costs	499,576	465,635
Depreciation	29,900	29,200
Other	149,925	242,248
	<hr/> 1,232,961	<hr/> 1,218,940
Legal and professional	2,945	3,488
Audit fee	19,284	16,500
Committee expenses	271	783
	<hr/> 1,255,461	<hr/> 1,239,711

### 6 Remuneration of governors

The board are all non-executive governors and none received remuneration in the year (2003: *£nil*). The governors and officers of the Company are covered by Directors Liability Insurance, with maximum cover of £1 million. The premium paid was £1,848 (2003: £1,035). Two Governors received expenses for travel. Governors expenses reimbursed were £271 (2003: £783).

### 7 Employees

The average number of full time equivalent employees in the year was 121 (2003: 119).

The aggregate staff costs of the employees during the period was:

	2004 £	2003 £
Wages and salaries	3,596,372	3,569,524
Social security costs	373,841	336,673
Other pension costs	103,831	100,312
	<hr/> 4,074,044	<hr/> 4,006,509

## Notes (continued)

### 7 Employees (continued)

The number of employees with emoluments for the year in excess of £50,000 fell within the following bands:

	2004	2003
£50,000 - £59,999	2	2
£70,000 - £79,999	1	-
£120,000 - £129,999	1	-
	<hr/> 4	<hr/> 2

Of staff earning in excess of £50,000 in the year, three are members of a defined contribution pension scheme. The company contributed £13,217 to the defined contribution pension scheme in respect of employees earning in excess of £50,000 (2003: £12,880).

### 8 Tangible fixed assets

Company and Group	Long leaseholds £	Short Leasehold improvements £	Plant £	Fixtures, Fittings and Equipment £	Total £
<b>Cost</b>					
At 1 April 2003	468,025	163,903	72,167	63,194	767,289
Additions	-	-	-	17,415	17,415
Disposals	-	-	-	(1,340)	(1,340)
	<hr/> 468,025	<hr/> 163,903	<hr/> 72,167	<hr/> 79,269	<hr/> 783,364
<b>At 31 March 2004</b>	<hr/> 468,025	<hr/> 163,903	<hr/> 72,167	<hr/> 79,269	<hr/> 783,364
<b>Depreciation</b>					
At 1 April 2003	94,173	118,070	20,292	31,716	264,251
Charge for the period	3,802	9,210	8,741	14,990	36,743
Disposals	-	-	-	(1,340)	(1,340)
	<hr/> 97,975	<hr/> 127,280	<hr/> 29,033	<hr/> 45,366	<hr/> 299,654
<b>At 31 March 2004</b>	<hr/> 97,975	<hr/> 127,280	<hr/> 29,033	<hr/> 45,366	<hr/> 299,654
<b>Net book value</b>					
<b>At 31 March 2004</b>	<hr/> 370,050	<hr/> 36,623	<hr/> 43,134	<hr/> 33,903	<hr/> 483,710
<b>At 31 March 2003</b>	<hr/> 373,852	<hr/> 45,833	<hr/> 51,875	<hr/> 31,478	<hr/> 503,038

## Notes (continued)

### 9 Investments

	2004 £	2003 £
Shares in subsidiary undertaking	2	2

The Company owns the whole share capital comprising 2 fully paid up ordinary shares of £1 each of English National Ballet Enterprises Limited, a company registered in England and Wales. The principal activity of English National Ballet Enterprises Limited is raising sponsorship.

	2004 £	2003 £
Turnover	387,981	549,367
Expenditure	(229,598)	(248,824)
<b>Net profit</b>	<b>158,383</b>	<b>300,543</b>
Amount donated to the charity	(158,383)	(300,543)
<b>Retained in the subsidiary</b>	<b>-</b>	<b>-</b>

The assets held in the trading subsidiary were:

	2004 £	2003 £
Current assets	140,294	263,017
Current liabilities	(140,292)	(263,015)
<b>Total net assets</b>	<b>2</b>	<b>2</b>
<b>Aggregate share capital and reserves</b>	<b>2</b>	<b>2</b>

**Notes** *(continued)*

**10 Debtors**

Group	2004 £	2003 £
Trade debtors	159,420	140,479
Other debtors	7,502	10,900
Prepayments	122,245	197,297
Accrued income	501,677	25,431
	<hr/>	<hr/>
	790,844	374,107
	<hr/>	<hr/>
<b>Company</b>		
Trade debtors	20,816	97,669
Amounts owed by subsidiary undertaking	74,592	253,810
Other debtors	7,502	10,900
Prepayments	122,245	197,297
Accrued income	501,677	23,707
	<hr/>	<hr/>
	726,832	583,383
	<hr/>	<hr/>



**Notes (continued)**

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

Group	2004		2003	
	£	£	£	£
Trade creditors		74,970		107,408
Other creditors including taxation and social security:				
Social security & PAYE	195,530		106,306	
VAT	24,858		95,753	
Other	850,631		120,201	
		<u>1,071,019</u>		<u>322,260</u>
Accruals		374,795		313,388
Deferred income		83,268		158,099
		<u>1,604,052</u>		<u>901,155</u>
<b>Company</b>				
Trade creditors		74,970		107,408
Other creditors including taxation and social security:				
Social security & PAYE	195,530		106,306	
VAT	24,858		95,753	
Other	850,631		120,201	
		<u>1,071,019</u>		<u>322,260</u>
Accruals		374,795		313,388
Deferred income		17,568		148,893
		<u>1,538,352</u>		<u>891,949</u>

The Company has an overdraft facility with Coutts & Co. which is secured by a legal charge on the lease of Markova House. This charge ranks prior to the legal charge referred to in note 13 below.

The movement on deferred income is as follows:

	Group £	Company £
Balance brought forward at 1 April 2003	158,099	148,893
Repayment of Cross Border Touring grant	(95,897)	(95,897)
Other	21,066	(35,428)
	<u>83,268</u>	<u>17,568</u>
Balance carried forward at 31 March 2004		

## Notes (continued)

### 12 Fund accounting

Funds held by the charity are either:

- unrestricted general funds – these are funds which can be used in accordance with the charitable objects at the discretion of the Governors;
- designated funds – these are funds set aside by the Governors out of unrestricted general funds for specific future purposes or projects.

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

### 13 Building fund (designated fund)

The following grants were received and used for the acquisition of the leasehold and for the adaptation of Markova House, London SW7 and are included in the Building Fund:

- (a) Arts Council of Great Britain £125,000 - Capital Grant offered 30 July 1976.
- (b) Greater London Council £75,000. Grant offered 26 July 1976, subject to the following conditions. This grant is repayable in the event of the Company disposing of the property without GLC consent. It is secured by a legal charge on the lease of Markova House, subject to a prior charge in favour of Coutts & Co. The charge is now held by Westminster City Council.

### 14 Pensions

The Company operates two defined contribution schemes. The assets of all schemes are held separately from those of the Company in independently administered funds. The pension cost charge represents contributions payable by the Company to the funds and amounted to £103,831 (2003:£100,312).

### 15 Capital

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

**Notes (continued)**

**16 Reserves**

<b>Group</b>	<b>General fund Accumulated surplus/(deficit) £</b>	<b>Building fund £</b>
Balance brought forward at 1 April 2003	208,105	434,066
Deficit in the period	(544,057)	-
Transfer for depreciation of long leasehold	-	(4,384)
	<hr/>	<hr/>
Balance carried forward at 31 March 2004	<b>(335,952)</b>	<b>429,682</b>
	<hr/>	<hr/>
<b>Company</b>		
Balance brought forward at 1 April 2003	208,105	434,066
Deficit in the period	(544,057)	-
Transfer for depreciation of long leasehold	-	(4,384)
	<hr/>	<hr/>
Balance carried forward at 31 March 2004	<b>(335,952)</b>	<b>429,682</b>
	<hr/>	<hr/>

The Company's leasehold interest in Markova House is depreciated in equal annual instalments over the life of the lease. The premium paid for the lease and the cost of conversion and building work both at acquisition and subsequently, were financed by funds raised for that purpose and retained in the Building Fund. As this Fund specifically finances the Markova House lease an amount equivalent to each year's amortisation is transferred from the Building Fund to the Accumulated Surplus/(Deficit).

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

**Notes** (continued)

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

	2004 £	2003 £
Net expenditure for the year	(548,441)	(98,761)
Interest receivable	(27,608)	(44,184)
Operating deficit	(576,049)	(142,945)
Depreciation charge	36,743	32,241
Loss on disposal of fixed assets	-	-
Increase in stocks	(1,316)	(3,470)
(Increase)/decrease in debtors	(416,737)	114,767
Decrease/(increase) in creditors	702,897	(1,322)
Net cash outflow from operating activities	(254,462)	(729)

**18 Analysis of net funds**

	Opening balance £	Net cash flow £	Closing Balance £
Cash at bank and in hand	609,936	(244,269)	365,667

**19 Operating leases**

At 31 March 2004, the Company had annual commitments under operating leases as follows:

	2004 £	2003 £
<i>Land and buildings</i>		
Operating leases which expire:		
In less than one year	-	-
Between two and five years	163,908	163,908
After more than five years	1,500	1,500
	165,408	165,408