

Charity Registration Number: 1053937  
Company Registration Number: 03169600

**PERFORMANCES BIRMINGHAM LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**Registered Office:**  
Performances Birmingham Limited  
Symphony Hall  
8 Centenary Square  
Birmingham  
B1 2EA

**Tel. No. 0121 200 2000**

PERFORMANCES BIRMINGHAM LIMITED  
FOR THE YEAR ENDED 31 MARCH 2018

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**PERFORMANCES BIRMINGHAM LIMITED  
FOR THE YEAR ENDED 31 MARCH 2018**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS**

**Officers and Management**

The Trustees of the charity who were in office during the year and up to the date of the signing of the financial statements were:

	Appointed	Resigned/Retired
Ms Anita Bhalla OBE DL (Chair)	19 August 1996	
Mr Andrew Street CBE (Vice Chairman)	1 October 2009	27 May 2017
Ms Mary Martin MA FCA	27 May 2009	
Mr Vidar Hjordeng MBE BA PG Dip	18 June 2009	
Mr Ian Myatt	18 June 2009	
Mr James Tait	13 January 2014	
Professor Michael Whitby	13 January 2014	
Mr Joel Blake OBE	19 June 2014	
Mr Paul Faulkner	19 June 2014	
Mr Davinder Bansal	19 February 2015	
Councillor Ewan Mackey	24 July 2015	
Councillor John Clancy	28 June 2016	31 December 2017
Councillor Carl Joseph Rice	31 December 2017	
Ms Helen Bates	1 April 2017	
Ms Claire Evans	1 April 2017	

The Directors of the trading company who were in office during the year and up to the date of the signing of the financial statements were:

	Appointed	Resigned/Retired
Ms Mary Martin MA FCA	19 February 2015	1 April 2017
Mr Joel Blake OBE	19 February 2015	
Mr Paul Faulkner	19 February 2015	7 December 2018
Ms Nicola Keye	26 November 2015	
Mr D J R Pardoe	26 November 2015	
Ms Helen Bates	1 April 2017	
Ms Claire Evans	1 April 2017	

**Key Management Personnel: Executive Management**

Mr Nick Reed (CEO)  
Mr Nick Loveland (COO)  
Mrs Janine Bradley (Director of Finance)  
Mr Richard Loftus (Director of Sales and Marketing)

The Trustees' delegate day-to-day management of the charity to the CEO and COO.

**Principal Place of Business and Advisers**

**Registered Office:** Performances Birmingham Limited, Symphony Hall, 8 Centenary Square, Birmingham, B1 2EA.

**Independent Auditor:** Mazars LLP, 45 Church Street, Birmingham, B3 2RT.

**Bankers:** National Westminster Bank PLC, Birmingham NEC Branch, National Exhibition Centre, Birmingham, B40 1PR.

**Solicitors:** Browne Jacobson, Victoria Square House, Victoria Square, Birmingham, B2 4BU.

**Company Secretary:** Castlegate Secretaries Ltd, c/o Browne Jacobson, Victoria Square House, Victoria Square, Birmingham, B2 4BU.

**Country of Incorporation:** Registered and incorporated in the United Kingdom

**Charity number:** 1053937

**Company number:** 03169600

## CHAIR'S REPORT

The past year has been a great success both on the stages and off. Symphony Hall and Town Hall saw over 558 performances ranging from Comedy, Rock, Pop, Classical as well as Community performances. We saw UK exclusive performances of the Blue Man Group and Hans Raj Hans, tried out new layouts with the Multi-Story Orchestra performing in a nearby car park, Nicola Benedetti in the round at Town Hall and Town Hall standing gigs including the London Grammar. Other highlights included Kraftwerk, Sartiner Sartaaj, Rhiannon Giddens, Maria João Pires final UK recital, Club night Miss Money Penny's taking over SH for the first time, CBSO's Debussy festival marking the composer's centenary and Robert Plant.

Our outreach and education work has become a key focus for schools and community Groups. During the past year PBL's learning and community team has continued to work across the region with projects that nurture young talent, spark musical curiosity and provide pathways into the joy of making and enjoying music. They too cover a range of activities from Generation Ladywood, Jazzlines to the Windrush Concert. This concert was an expansion of Generation Ladywood not only was it a celebration of the 70<sup>th</sup> Anniversary of Windrush but we also celebrated the achievements and commitments of the young musicians and dancers from our local schools. Of course this work would not have happened without the kind donations from our supporters and the creative work partnership work of our staff teams.

In last year's report we outlined our aspirations for the Capital development for Symphony Hall. A great deal of work has now taken place and we have embarked on a £13.5m capital project which is now being developed with partners, stakeholders and funders. So far we have secured substantial financial support from the Greater Birmingham & Solihull LEP and Arts Council England. There is still a shortfall in the funding and our challenge this year will be to secure sufficient funds for the total amount which will include a public fundraising campaign.

This ambitious development of Symphony Hall will deliver:

- A dramatic new entrance to Symphony Hall, through a new glass frontage directly from Centenary Square.
- A new and more open aspect to the building to support our audience development ambitions along the lines of free Jazzlines Concerts.
- An enhanced foyer performance space to support an expanded programme of free and informal music.
- A new suite of rooms for Education, Learning and Community participation - PBL's community programme now engages over 15,000 people every year and the development of the capital project is an opportunity to expand this further. Making relationships with new communities will be an exciting part of the development of the capital programme as we work towards its completion.
- A significant expansion of our food and drink offer with the creation of a new foyer café bar and corporate hospitality spaces.
- A more permeable relationship with the redeveloped Centenary Square, thus supporting the wider regeneration of this area of the city.

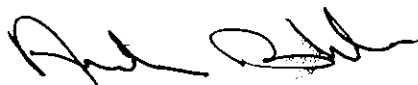
Despite the challenges we believe that this project will not only future proof the business but it will give our local communities more flexible spaces in which to showcase their work, supporting our ambition to be a truly inclusive organisation. Symphony Hall is already a national icon: this project will ensure that the youth, diversity and creativity of our wonderful city region becomes an embedded part of our story.

The capital project will not distract us from our mission to bring more music to more people, and Symphony Hall will remain fully open for business throughout the proposed construction period.

I am delighted to report that PBL is reporting a significant surplus this year which will ensure financial resilience over the coming years.

Last but not least I want to thank our supporters, Birmingham City Council for their annual grant, ACE for supporting Jazzlines and the many trusts and individuals who stand behind us with their friendship, encouragement and financial support.

I am deeply grateful to the board members and our co-opted members who give us so much of their valuable time and expertise to the staff team. Finally none of this could happen without the superbly dedicated and committed staff team who walk the extra mile ably led by Nick Reed our Chief Executive and his senior team.



Anita Bhalla OBE, Chair, Performances Birmingham Limited

**PERFORMANCES BIRMINGHAM LIMITED  
FOR THE YEAR ENDED 31 MARCH 2018**

**REPORT OF THE TRUSTEES AND STRATEGIC REPORT**

**Introduction**

The trustees (who are also the directors of Performances Birmingham Limited for the purposes of company law) are pleased to present their annual trustees report together with the consolidated financial statements of the charity and its subsidiary for the year ending 31 March 2018 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - ('Charities SORP (FRS102)').

**Reference and administration information**

The Charity has a 25 year lease with Birmingham City Council for Symphony Hall which commenced on 1 May 2015.

The Charity has a 99 year lease with Birmingham City Council for the Town Hall was signed on 24 June 2016 effective 9 February 2007.

Authority to conduct the day-to-day operations of the charity is delegated by the Trustees to the Chief Executive Officer. The Chief Executive Officer is accountable to the Board of Trustees and is responsible for the efficient running of both Town Hall and Symphony Hall with the help of his staff. The Chief Executive Officer is responsible for the implementation of policies and strategies on behalf of the Trustees.

**Sub-group and Committees**

Finance and Scrutiny Committee  
Nominations Committee  
Health and Safety Committee  
Capital Development Committee  
Capital Project Group

**Trustee Constitutional Provisions**

One third of trustees shall retire from office each year. A retiring trustee shall be eligible for re-election.

**Structure, Governance and Management**

**Organisational structure**

Performances Birmingham Limited is a company limited by guarantee by its Memorandum and Articles of Association that were last amended on 1 September 2011. Birmingham City Council is the sole member.

The charity has been registered with the Charity Commission as an educational charity to educate the public by encouraging appreciation of the arts, in particular music, and to educate young people in performing and composing music.

The charity continues to hold the whole of the issued share capital of Performances Birmingham (Enterprises) Limited ('PBEL'). PBEL is registered with Companies House for England and Wales under number 03146280. Registered Office: Performances Birmingham (Enterprises) Limited, Symphony Hall, 8 Centenary Square, Birmingham, B1 2EA. PBEL is governed by its memorandum and articles of association adopted on 5 January 1996.

## REPORT OF THE TRUSTEES AND STRATEGIC REPORT

### Governance

The governing body of PBL is the Board of Trustees. The Board consists of not less than 13 Trustees at the balance sheet date who appoint a Chairman. The Board are legally responsible for the governance and management of the charity.

The Trustees are nominated by the Nominations Committee and subsequently approved by the Board. They are made up of individuals chosen to represent the charity's stakeholders. They have a wide-ranging experience in business, music, education, and media and advise on all aspects of the charity's operation, giving strategic guidance on future development.

### Employee Involvement and Employment of people with disability

As an employer THSH has a range of human resource policies that support our charitable objectives and our artistic vision to provide more music for more people. Our ambition to provide a relevant and accessible programme of events is matched by a need to work towards diversifying the workforce. Communication and participation are key, to that end we have an employee representative committee who meet regularly, an employee newsletter and regular CEO updates.

More widely we have an access forum; they are drawn from employees, customers and other experts in the field of diversity and access, and they support and guide the organisation to enable it to continue to work towards being a fully inclusive venue.

PBL has a diversity policy, respect in the workplace policy, and a long established open and transparent approach to the recruitment, retention and reward of staff.

### Trustee Induction and Training

Most Trustees are already familiar with the work of the charity having been encouraged to participate in Sub Groups, Committees and Focus Groups. New Trustees are invited to an induction session with the senior managers of the charity to familiarise themselves with the charity and the context within which it operates. A Trustee induction pack has also been circulated to all Trustees containing key documents and information about how the charity is organised and how it operates. An on-going programme of Trustee training is being devised to further enhance this area.

### Decision Making

The Chief Executive Officer has delegated authority from the trustees for decision making but matters of key strategic importance are presented to trustees for debate and to benefit from their specific expertise. In terms of programme for example, the detail of individual performances within a season would be delegated to the executive but the decision on whether to introduce a new or high risk strand of programming would be shared with trustees. In general principle the CEO will present the risks and benefits of decisions and make a recommendation for board approval.

### Fundraising

The fundraising team consists of 6 permanent members of staff who raise money from trusts and foundations, individuals and companies. The team does not use external professional fundraisers or commercial participators in its fundraising activities.

Moving forward, the Capital Development Committee, which is designed to support the Making an Entrance capital campaign, includes four external individuals who have volunteered to assist in the fundraising team's activities. A document outlining the terms of reference for the roles and responsibilities of this committee has been drawn up and agreed.

The organisation has voluntarily signed up to the Fundraising Regulator, as a demonstration of its willingness to adopt and promote best practice and to raise funds in an appropriate and ethical manner. In addition, the fundraising team is currently drawing up its own Ethical Fundraising strategy document.

Number of complaints about fundraising activity - nil.

## REPORT OF THE TRUSTEES AND STRATEGIC REPORT

### Objectives and Activities

PBL's general aims continue to be those that are in fulfilment of its charitable objects as stated within its memorandum and articles. Broadly summarised, these are:

- (a) to promote and present concert performances of classical, popular, and contemporary music, complementary to those of the City of Birmingham Symphony Orchestra (CBSO), and of world-class calibre; and
- (b) to educate the public by promoting, fostering, and encouraging the knowledge, understanding, and appreciation of the arts, particularly music, providing an education programme for this purpose.

PBL continues to provide a facility of international standing for rehearsal and performances by the CBSO and other local music groups (both professional and amateur) from the City of Birmingham and surrounding region. More broadly, in striving for excellence in all aspects of work, PBL aims to consolidate the City of Birmingham's international reputation for musical excellence.

PBL measures achievement of its objectives by using a rigorous budgeting process and then reporting regularly during the year on its performance against this budget in both financial and qualitative terms. PBL uses a suite of Key Performance Indicators to measure trading performance, and is developing reporting tools to give near real time feedback on the financial impact of its programming decisions. This granular understanding of how different events perform will become increasingly important as external support for the organisation declines.

### Achievements & Performance

PBL enriches lives and inspires excellence through its commitment to excellence, diversity, audience engagement and creativity across a range of cultural experiences in Birmingham.

During the 12 months of this report, over 558,000 patrons attended a total of 891 events promoted by PBL across Town Hall, Symphony Hall and venues throughout the city. Symphony Hall welcomed over 436,000 people to 444 events including free foyer, education and commercial events; Town Hall held 327 events welcoming 108,000 people including education and commercial events.

In Town Hall and Symphony Hall, PBL manages two of the most iconic concert halls in the world, and the presence and continued success of the halls in the city is emblematic of Birmingham's renaissance and a key driver for inward investment. The regenerated public realm around both venues is now starting to become populated, and the imminent completion of Centenary Square and the new HSBC building will drive footfall and interest towards both halls.

While the financial and artistic success of our programme remains crucial to that of the entire organisation, we continue to develop both our programme and our audiences to ensure that we continue to attract the broadest possible cross-section of Birmingham's demographic to our halls. Our programme continues to balance high calibre artists and performers from all over the world with local and national artists, often working in partnership or collaboratively to provide the best possible experience for both artists and audiences. The combined classical programmes of PBL and CBSO confirm Birmingham's pre-eminence as the major UK musical centre outside London. Jazz through PBL's sub-brand, Jazzlines, continues to go from strength to strength and comprises an ever more intrinsic part of the programme, with the long-standing free foyer series complementing main-hall concerts as well as at venues and festivals throughout Birmingham and nationally. The programme of folk, world and roots music continues to be proactively curated by our team through careful selection and pursuit of individual artists, the intention being to present a programme of high artistic quality that is balanced, diverse, and develops a sustained audience across both halls.

PBL is now actively creating an appetite for the new opportunities that Making an Entrance will deliver by programming more events in the Symphony Hall foyers and supporting initiatives such as a new Chinese Community Choir. Our free Inside Out event in July 2017 welcomed thousands of curious visitors by throwing Symphony Hall open to present music in all sorts of unusual found spaces - drum n' bass under the stage, afrobeat in the loading dock and acoustic jams in dressing rooms.

## REPORT OF THE TRUSTEES AND STRATEGIC REPORT

### Achievements & Performance (continued)

Birmingham Classical, PBL's flagship classical season has continued to challenge the conventions of how classical music is presented and marketed, attracting many people attending classical music for the first time. Children are able to attend free at every concert, and concerts such as Multi Story Orchestra playing Beethoven in a car park have delighted newcomers and seasoned audiences alike. The inclusion of ensembles such as Chineke! and the British Paraorchestra has placed diversity centre stage in the season.

PBL's ability to present a rich musical programme is underpinned by the commercial success of our two halls. Birmingham is a key city for every touring artist and both our venues are in demand for high profile national tours. Revenue driven by our commercial programme directly supports the development of interesting musical projects that may not be viable on purely commercial terms. This dynamic both sustains our operating model and supports a programme that is truly diverse and unique to PBL.

For PBL to be a focus of regional aspiration remains a vital part of our remit, engaging with local schools and communities via our education and community programme, developing emerging talent both on and off the stage through programmes such as Jazzlines as well as enabling community groups and local hirers to hold all kinds of special events within our halls. PBL aspires for as many people as possible to feel pride and ownership in our halls, irrespective of whether they have attended an 'arts' event, or not: perhaps they graduated here; their children performed here or participated in our education programme; maybe they attended a community event here; or perhaps they saw either venue on the news, and shared a sense of pride in what Birmingham can offer.

PBL's educational programme has continued to thrive during the past year. Established events such as Community Spirit and the Generation Ladywood Showcase attracted record audiences but these projects shone in the deep engagement they generated with the participants. As well as projects that culminate at our venues, PBL also engages in work directly in the community such as Live In The Lodge, which delivers free musical tuition to the residents of Falcon Lodge in Sutton Coldfield. These landmark events were supported by a year round programme of Musical Picnics, tours, foyer concerts and other participatory activities.

As part of a mission to better represent the city in all its diversity, PBL has stepped up youth engagement over the past year. Project Sound Lounge is now well established as a crucible for young producers and creative entrepreneurs and last year we hosted Beatfreek's Poetry Jam at Town Hall. PBL also now has a Youth Panel who support the board and programme team with both creativity and challenge

### Supporting PBL

PBL manages two of the finest concert halls in the world, and in doing so creates a centre for cultural excellence in the city and the region. Whilst the organisation has always been extremely grateful to Birmingham City Council for its core grant funding, this is now in significant decline and the role of PBL's Development team is more important than ever.

To sustain and develop its cultural offering, PBL raises funds from three main areas - corporate partnerships; individuals, including the Friends and Membership scheme; and trusts, foundations and statutory bodies. Each year PBL seeks to continually diversify to develop additional sources of voluntary income to ensure the charity can sustain and develop its work. PBL is extremely grateful to all its supporters and would like to thank them for their generous contributions to its charitable work.

PBL's fundraising team produced strong results for the 2017-18 year raising £861k (2017: £598k) against a target of £659k (2017: £672k), an excellent result for an organisation of this size. Funds raised this year included £101k for Making an Entrance, of which £50k came from The Saintbury Trust and £50k from The Blackwell Charitable Trust.

Particular thanks are given to Birmingham City Council, Heritage Lottery Fund, Arts Council England and our many sponsors and donors for their support.



REPORT OF THE TRUSTEES AND STRATEGIC REPORT

### **Making an Entrance: The Symphony Hall Capital Project**

For some years PBL has recognised that the continued reduction in core funding from Birmingham City Council constitutes a significant challenge to the ambition of the organisation. In early 2016 PBL started to map a future where the organisation could not only endure this reduction but grow and become even more ambitious. This thinking has resulted in Making an Entrance, our bold plan to extend and revitalise the foyers and public spaces of Symphony Hall.

The £13.5m project will see a new entrance for Symphony Hall, directly off Centenary Square, and the creation of 1,441 square metres of additional space for performance, learning and corporate hospitality. This additional space will also support a much enhanced food and drink offer and a relocated box office.

Making an Entrance is a physical opening up of Symphony Hall that mirrors our ambition that PBL should be more open to- and representative of - the talent youth and diversity of the region. Our new frontage will create a more permeable relationship with the public realm around us, and we will have the opportunity to dramatically expand our output of free, informal and spontaneous music making in our foyers. We will welcome new daytime visitors, and grow our evening audiences with much enhanced facilities. New bars and hospitality spaces will drive enhanced secondary income, bridging much of the anticipated funding gap.

In January 2017 PBL appointed architects Page\Park as lead consultants on our design team. Page\Park have developed an excellent reputation for delivering cultural buildings such as Glasgow Theatre Royal, and they are currently leading the re-development of West Yorkshire Playhouse in Leeds. They have produced some imaginative responses to the design challenges and fired both our staff and advocates with enthusiasm for this game-changing project.

Subject to final submissions, PBL has already secured £9m of project funding from the GBSLEP Local Growth Fund and the Arts Council of England. The balance of the funding portfolio is now being concluded and initial responses from the trusts and foundations that form part of this have been positive. Although there are still considerable funds to be secured, PBL is currently on track for delivery of this project by 2020.

At 31 March 2018 the Trustees had not authorised the go ahead of this capital project. Authorisation was given in a Trustees meeting on 11<sup>th</sup> July 2018.

**PERFORMANCES BIRMINGHAM LIMITED  
FOR THE YEAR ENDED 31 MARCH 2018**

**REPORT OF THE TRUSTEES AND STRATEGIC REPORT**

**Financial review**

The results of the charity for the year are set out in the Consolidated Statement of Financial Activities on page 16.

Overall there were a total of 576 ticketed events across Town Hall (266) and Symphony Hall (310) in 2017/18, which compares to a total of 599 in 2016/17 across Town Hall (226) and Symphony Hall (373).

The core grant from Birmingham City Council amounted to £1,450k (2017: £1,700k) and enables the charity to fulfil its current charitable purposes.

Expenditure in the year totalled £14,165k (2017: £12,553k). 89% of the expenditure relates to the delivery of the charity's objectives. 11% of the total expenditure incurred in the year is incurred through activities related to generating funds; these include income-generating activities such as catering, commercial hires, sponsorship, and retailing.

**Subsidiary undertakings**

The charity's wholly owned subsidiary, PBEL, continues to contribute to the charity's mission and its financial results are shown in note 24 to the consolidated financial statements.

PBEL continues to trade in the provision of food and beverage, commercial hires and gift shop, and in the year has contributed £550k in Gift Aid (2017: £350k) to the charity's results after PBL management fees and service charges of £462k (2017: £503k) and £56k (2017: £58k) PBL hall hire.

**Principal funding sources**

The principal funding source for the charity is rental and admission income, contributing 57% (2017: 55%) of the total income. The grant received from Birmingham City Council constituted 10% (2017: 13%) of total funds this year.

**Related party**

The related party during the year was Birmingham City Council. Birmingham City Council is the sole member of PBL.

**Investment policy and performance**

The funds available for the charity to invest comprise 56% advance box office receipts and 44% cash reserves. In order to retain flexibility and availability of these funds, the charity utilises short term, low risk financial markets treasury investments. No other investment vehicle is used.

The charity's investments are also held as a means of earning revenue on designated and restricted funds until they are required. The yield in the year was 1% (2017: 1%) and the investments had an average maturity of 215 (2017: 268) days as at 31 March 2018.

**Basis of accounting**

The annual financial statements of PBL, which are attached to this report, have been prepared under the Charities SORP (FRS102).

**Pay policy**

The framework comprises

- Approved pay bands and structure
- Pay levels reviewed annually as part of organisational reviews
- Any changes to pay levels arising from annual review are authorised by Finance and Scrutiny Committee

**PERFORMANCES BIRMINGHAM LIMITED  
FOR THE YEAR ENDED 31 MARCH 2018**

**REPORT OF THE TRUSTEES AND STRATEGIC REPORT**

**Reserves policy and analysis**

The Trustees review the reserves policy on an annual basis.

**Restricted Fund**

In relation to the charity's Restricted Fund, these contain donations from trusts, foundations and individuals to be used for specific charitable objectives. The total balance of these funds at 31 March 2018 was £1,164K with £547k (2017: £1,196k with £638k) of this balance representing donations which were used to purchase the Symphony Hall organ and other assets and, as such, do not represent 'cash' items. A further £147k (2017: £142k) is held in reserve to cover future funding of organ maintenance at Symphony Hall. This will be used to maintain and refurbish the instrument. The remainder consists of funds raised to support Symphony Hall's Education and Community Programme as well as funds specifically donated for other purposes. A detailed analysis is given in note 17 to the accounts.

**Unrestricted Fund**

**Policy**

The Unrestricted Fund relates to carrying out the charity's general objectives. The Directors review the reserves policy every year and in the light of the changed economic conditions of the last few years which have forced our principal funder, Birmingham City Council, to cut their grants to all arts organisations. The Directors have agreed to build a level of general reserves of at least £1M to give the organisation the ability to be able to deal with unexpected events or to exploit new opportunities. The directors expect to achieve this over the next 3 to 5 years.

Symphony Hall and Town Hall are iconic buildings and a core part of Birmingham's landscape. Each venue hosts a wide range of music and non-music related events including party political conferences and corporate meetings which have a high media profile. The Trustees believe that it is the responsibility of PBL to maintain high standards of design and decoration at both venues and have therefore designated £1M of funds for this purpose.

The 'Designated' Funds at 31 March 2018 totalled £1,296k (2017:£1,072), including £1M (2017:894k) for future building maintenance commitments for Town Hall and Symphony Hall and £234K (2017:nil) for Making An Entrance, details of which are set out on page 7.

The 'General Reserve' fund has a balance of £571k (2017: £300k).

**Principal business and financial risks and uncertainties**

The charity's principal trading activities can be summarised as Own Promotion, Co-Promotion and Rental in the organising of events at Town Hall and Symphony Hall. Each of these categories of event has different risk profiles.

The charity manages these uncertainties and risks appropriately through a robust mechanism of controls which include monthly reporting of event profitability, daily monitoring of box office receipts for future events and pre-event profitability forecasts & analysis.

## REPORT OF THE TRUSTEES AND STRATEGIC REPORT

### Risk management

The trustees have a risk management strategy which comprises:

- a quarterly review of the principal risks and uncertainties that the charity and its trading subsidiary face
- the establishment of policies, systems and procedures to mitigate those risks identified in the annual review
- the implementation of procedures designed to minimise or manage any potential impact on the charity should those risks materialise.

A current significant financial risk is the likely further reduction in funding from Birmingham City Council (BCC). There is also a potential knock-on impact on smaller arts organisations that have historically used both venues. This risk is being mitigated through a number of initiatives; Active discussion with BCC and other parties over the value of the arts to the local community and city; Continue to work with partner organisations to see if we can help support them in difficult economic circumstances; Expand existing and develop new funding streams and increase commercial streams through capital works.

Another current risk is the inability to invest in building infrastructure and long term maintenance due to falling funding. A plan to accumulate a designated fund for long term maintenance of both venues is built into our financial strategy.

The city centre Metro and Paradise redevelopment is a current risk to income due to complaints from patrons and concerns of noise and disruption. This is being mitigated through communication with potential and existing clients, and maintaining conducive relationships with developers and local police.

The change of NEC ownership in 2015, which saw the Management backed by Lloyds Development Capital take control, is a cause for concern as it has resulted in shifting priorities for that organisation. PBL senior management maintain an ongoing dialogue with key NEC senior staff to ensure PBL operational requirements are supported. Work streams to separate IT, utilities and post room from NEC functions are progressing.

Following the terrorist attacks in Manchester and London in May 2017 the security of our venues and safety of our patrons and staff has become our highest risk. Management of this risk is ongoing with additional planning and resource being deployed per event, and initiatives are in place to ensure additional bag checks and searches are not to the detriment of the patron experience. PBL is working closely with the ICC operational team to optimise the level of security provided within the Symphony Hall and the wider ICC complex.

Making an Entrance, the capital project to extend Symphony Hall, has its own risk register specific to that project. However there remains a risk that the fund-raising required specifically for this project could impact on PBL's general revenue fund raising activities. There is also a risk that staff and trustee time required to deliver the project could impact on the general operation of the charity.

### Liquidity risk

The charity's policy is to ensure continuity of available funding by active management of working capital.

### Credit Risk

The charity has no significant concentrations of credit risk. The charity has implemented policies that require appropriate credit checks on potential customers before sales commence.

### Insurances of Directors

The charity maintained insurance for the Trustees in respect of their duties as Directors of the charity throughout the financial year ended 31 March 2018 and such indemnity insurance was in place at the date of approval of these financial statements. For the financial year under review the total cost of the indemnity insurance for the Trustees was £1.3k and the cover £2m (2017: £1.2k cost and £2m cover).

### Public Benefit

In preparing these financial statements the Trustees have taken into consideration the Charity Commission guidance on public benefit. All PBL charitable purposes are for public benefit. All PBL trustees carry out their charity's purposes for public benefit, and reporting takes place each year to demonstrate this.

## REPORT OF THE TRUSTEES AND STRATEGIC REPORT

### Plans for future periods

#### Working towards more ways to increase the value and impact of PBL's work

It is the Trustees' intention to build on the successes achieved to date so that both venues continue to work together to:

- Provide a platform for local performers, amateur and professional, alongside a forward-looking programme of national and international performances and events,
- Provide a programme mix that engages past audiences and develops future ones,
- Create performance, participation and learning opportunities for young people,
- Identify and serve the needs of the multi-cultural population of the city,
- Engage all visitors with the Town Hall's heritage and its role in Birmingham's contemporary civic and cultural life,
- Make both venues welcoming and accessible to all, delivering a variety of cultural, community, civic and corporate activities to the highest professional standards with outstanding customer service.

### Funding Review

Birmingham City Council has always placed great value on culture in the city and the organisations that promote the arts - PBL has always been extremely grateful for the funding that it has received. Nevertheless, pressure on local government budgets are more intense than ever and as a result the amount of money which Birmingham City Council can devote to the arts has inevitably had to reduce over the past years.

Arts Council England supports the Jazzlines programme each year, however inevitably the same pressures will be put on these monies in the coming months.

PBL, like all other Birmingham arts organisations, is therefore looking at a variety of ways of 'closing the gap' - increasing income and reducing costs in order that the programme offer to the people of Birmingham and beyond is not compromised. The senior management team has drawn up a long list of activities which can hopefully achieve this. Amongst these tasks is the need to explore further potential for more support from trusts and foundations.

The whole organisation is aware of the need to find the funds and a wide range of initiatives have already engaged individuals at all levels throughout PBL.

Developing further income streams and careful budgetary control over the next two to three years are the most critical issues that the organisation has to face and it is the Trustees key priority. However, PBL will continue to develop its programme so that it can attract and diversify its audiences.

Faced with significant funding challenges, the organisation continues to focus on all elements of its commercial operation with a view to increasing income in all areas.

### Forthcoming major projects

#### IT Infrastructure Project

In October 2018, PBL will move its entire IT infrastructure onto a brand new, self-managed platform. This represents a major change in IT strategy for the organisation, which has for the past 27 years relied upon the NEC Group for their hardware and software needs. A combination of factors, predominantly around service levels and the need to be more self-sufficient have prompted this decision, and the IT Manager recruited in August 2017 has been focussed solely on planning (and subsequently delivering) this project. The increased cost of such a venture will offset by the increased flexibility available online to the team, and increased productivity in all areas as a result of a better fitting service.

#### Finance System Project

In Autumn 2018, PBL will migrate its financial systems from Sage 200 to PS Financials. This will enable greatly improved financial and management reporting and streamline purchase ordering processes.

REPORT OF THE TRUSTEES AND STRATEGIC REPORT

**Trustees' responsibilities statement**

The Trustees (who are also directors of Performances Birmingham Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report, the Strategic Report and the financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) - (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006.

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 the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

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

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Statement of disclosure of information to the auditors**

In so far as the Trustees are aware:

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

This report was approved by the Trustees on 2 August 2018 and signed on their behalf by:



Anita Bhalla OBE  
Chair

## INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF PERFORMANCES BIRMINGHAM LIMITED

We have audited the financial statements of Performances Birmingham Limited (the 'parent charity') and its subsidiary (the 'group') for the year ended 31 March 2018 which comprise the Consolidated Statement of Financial Activities, the Group and Charitable Company Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 March 2018 and of the group's 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 requirements of the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

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

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

### Other information

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

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

We have nothing to report in this regard.

## **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF PERFORMANCES BIRMINGHAM LIMITED (CONTINUED)**

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

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

- the information given in the Trustees' Report which includes the Strategic Report and the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

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

In light of the knowledge and understanding of the group and the parent charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report included within the Trustees' Report.

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

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

### **Responsibilities of Trustees**

As explained more fully in the trustees' responsibilities statement set out on page 12, the trustees (who are also the directors of the parent charity for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF PERFORMANCES  
BIRMINGHAM LIMITED (CONTINUED)**

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

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

**Use of the audit report**

This report is made solely to the 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 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



Ian Holder (Senior Statutory Auditor)  
for and on behalf of Mazars LLP, Chartered Accountants and Statutory Auditor  
45 Church Street  
Birmingham  
B3 2RT

Date: 06 August 2018

PERFORMANCES BIRMINGHAM LIMITED  
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES  
INCLUDING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2018

		2018	2018	2018	2017	2017	2017
		Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
		Fund	Fund	Fund	Fund	Fund	Fund
Note		£000	£000	£000	£000	£000	£000
<b>Income from:</b>							
Donations and legacies	2	9	157	166	27	61	88
Charitable activities:							
Rental & admissions	3a	-	8,295	8,295	-	7,047	7,047
Grants receivable	4	457	1,450	1,907	500	1,700	2,200
Other charitable activities	3b	-	1,615	1,615	-	1,238	1,238
Other trading activities	5	-	2,596	2,596	-	2,297	2,297
Investments	6	-	49	49	-	31	31
<b>Total</b>		<b>466</b>	<b>14,162</b>	<b>14,628</b>	<b>527</b>	<b>12,374</b>	<b>12,901</b>
<b>Expenditure on:</b>							
Raising funds:							
Commercial trading operations	7	-	(1,387)	(1,387)	-	(1,307)	(1,307)
Fundraising	7	-	(149)	(149)	-	(149)	(149)
Charitable activities	7	(501)	(12,128)	(12,629)	(633)	(10,464)	(11,097)
<b>Total</b>		<b>(501)</b>	<b>(13,664)</b>	<b>(14,165)</b>	<b>(633)</b>	<b>(11,920)</b>	<b>(12,553)</b>
<b>Net income / expenditure for the year</b>		<b>(35)</b>	<b>498</b>	<b>463</b>	<b>(106)</b>	<b>454</b>	<b>348</b>
Transfers between funds	17/18	3	(3)	-	-	-	-
<b>Net movement in funds</b>		<b>(32)</b>	<b>495</b>	<b>463</b>	<b>(106)</b>	<b>454</b>	<b>348</b>
Fund balances brought forward at 1 April 2017		1,196	1,372	2,568	1,302	918	2,220
<b>Fund balances carried forward at 31 March 2018</b>		<b>1,164</b>	<b>1,867</b>	<b>3,031</b>	<b>1,196</b>	<b>1,372</b>	<b>2,568</b>

All the above results are derived from continuing activities. All gains and losses in the year are included in the above.

The notes on pages 19 to 36 form part of these financial statements

**PERFORMANCES BIRMINGHAM LIMITED  
GROUP AND CHARITY BALANCE SHEETS  
AS AT 31 MARCH 2018**

	Note	Group		Charity	
		2018 £000	2017 £000	2018 £000	2017 £000
<b>Fixed Assets</b>					
Tangible assets	12	816	873	816	873
<b>Total Fixed Assets</b>		<b>816</b>	<b>873</b>	<b>816</b>	<b>873</b>
<b>Current Assets</b>					
Stocks	13	61	52	-	-
Debtors	14	719	622	620	1,265
Cash Investments		5,946	3,507	5,946	3,507
Cash at bank and in hand		1,149	2,398	1,085	1,210
<b>Total Current Assets</b>		<b>7,875</b>	<b>6,579</b>	<b>7,651</b>	<b>5,982</b>
<b>Creditors - amounts falling due within one year</b>	16	<b>(5,660)</b>	<b>(4,884)</b>	<b>(5,656)</b>	<b>(4,366)</b>
<b>Net Current Assets</b>		<b>2,215</b>	<b>1,695</b>	<b>1,995</b>	<b>1,616</b>
<b>Net Assets</b>		<b>3,031</b>	<b>2,568</b>	<b>2,811</b>	<b>2,489</b>
<b>The Funds of the Charity:</b>					
Restricted Income Funds	17	1,164	1,196	1,164	1,196
Unrestricted Income Funds					
Designated funds	18	1,296	1,072	1,296	1,072
General reserve	18	571	300	351	221
<b>Total Unrestricted Income Funds</b>		<b>1,867</b>	<b>1,372</b>	<b>1,647</b>	<b>1,293</b>
<b>Total Charity Funds</b>		<b>3,031</b>	<b>2,568</b>	<b>2,811</b>	<b>2,489</b>

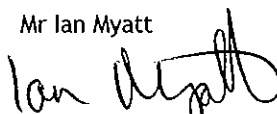
The charity has taken advantage of Section 408 of the Companies Act 2006 and paragraph 397 of the SORP and has not included a separate Statement of Financial Activities in these financial statements. The Statement of Financial Activities on page 16 include £12,550k (2017: £11,164k) of income and £12,778k (2017: £11,245k) of expenditure relating to the charity.

These financial statements were approved and authorised for issue by the Trustees and signed on their behalf by

Ms Anita Bhalla OBE



Mr Ian Myatt



Date: 02 08 2018

The notes on pages 19 to 36 form part of these financial statements

**PERFORMANCES BIRMINGHAM LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	2018 £000	2017 £000
<hr/>			
Cash flows from operating activities:			
Net cash provided /(used in) by operating activities	20	1,246	1,201
<hr/>			
Cash flows from investing activities:			
Dividends, interest and rents from investments		49	31
Purchase of property, plant and equipment		(105)	(188)
Net cash (used in) by Investments:		(56)	(157)
<hr/>			
Change in cash and cash equivalents in the reporting period		1,190	1,044
Cash and cash equivalents at 1 April 2017		5,905	4,861
Cash and cash equivalents at 31 March 2018	21	7,095	5,905

## 1. Accounting policies

### Basis of preparation of accounts

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) - (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006.

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

The accounting policies mentioned have been applied consistently across the year.

### Judgements and estimations

Management has not made any significant judgements in the process of applying the accounting policies and there are no areas of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### Preparation of accounts on a going concern basis

These accounts have been prepared on the going concern basis. This is underpinned by:

- Robust budgetary control mechanisms
- Regular review of staff remuneration policies and non-pay cost reviews
- Regular review of our risk register
- Income growth targets in specific areas to mitigate the loss of public funding

### Basis of consolidation

The Group's financial statements include the financial statements of the charity and its trading subsidiary, PBEL and have been prepared on a line-by-line basis. A separate Statement of Financial Activities and income and expenditure account are not presented for the charity itself following exemptions afforded by Section 408 of the Companies Act 2006 and paragraph 397 of the SORP.

### Income

Income is generally recognised on a receivable basis for generating funds but income generated from charitable activities is recognised at the point revenue and the costs associated with the delivery of the services can be reliably measured. It is measured at the fair value of the consideration received or receivable.

The specific bases used are as follows:

- Donations and legacies are accounted for on a receivable basis.
- Investment income is accounted for on an accruals basis.
- Charitable activity, trading and merchandising income is accounted for when earned.
- Grants are recognised when the entitlement to the grant is confirmed.

### Investments

All of the charity's investments are held as cash deposits and the charity does not currently have any investments where losses can be incurred.

## 1. Accounting policies - continued

### Expenditure

Expenditure is recognised when it is incurred and is reported gross of related income on the following bases:

- Raising funds comprises the costs associated with attracting voluntary income and the other costs of other income generation e.g. costs associated with provision of catering services.
- Charitable expenditure comprises direct expenditure, including direct staff costs attributable to its activities for its concert programmes and educational programme, and indirect staff costs and overheads.
- Governance costs include those incurred in the governance of its assets and are associated with constitutional and statutory requirements.

### Operating leases

Rentals payable under operating leases are charged to the Statement of Financial Activities on the straight-line basis over the lease term.

### Employee benefit costs

Contributions to pension schemes are charged to the Statement of Financial Activities as incurred (see note 8).

### Tangible fixed assets and depreciation

It is the charity's policy to capitalise the cost of major capital projects and to depreciate them over their estimated useful lives. As a matter of policy expenditure is capitalised on individual projects where that expenditure is more than £10,000 in total and it directly results in:

- Generation of new economic benefit;
- Enhancement in the economic benefit generated from existing assets; or
- Substantial increase in the economic life of existing assets.

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

The cost of the Organ (note 12), which comprises the acquisition and construction costs, is being depreciated and charged against the restricted fund over the term of the sub-lease (25 years) from the date of installation (20 October 2001). Other assets are being depreciated on a straight-line basis over their useful economic life as follows:

Box office system - five years  
Website - three years  
Staff rota system - five years  
Symphony Hall lighting - twenty years  
Town Hall projectors - five years  
Symphony Hall bars equipment - five years  
Gift shop build - ten years  
Gift shop fixtures and fittings - five years  
Heineken bar - six years  
Digital media displays - five years  
Dishwashers - five years  
Refrigeration - five years  
Tables and chairs - five years  
THSH WIFI - five years

Where an asset ceases to be used, or the value of that asset falls below the reported net realisable value (cost less depreciation to date) of that asset, an impairment review will be carried out by the charity.

## **1. Accounting policies - continued**

### **Stocks**

Stocks are stated at the lower of cost, being the purchase price for items, and net realisable value, being the lowest reasonable price attainable upon sale, on a first in, first out basis.

A provision has been made against slow moving stock where stock held exceeds 12 months sales.

### **Deferred Income**

Box Office receipts received in advance are recognised as deferred income and valued at the amount received for advanced ticket sales.

### **Financial instruments**

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

### **Funds**

PBL has designated funds which are unrestricted funds set aside for specific purposes by the Trustees and which would otherwise form part of the charity's general reserve.

The general reserve relates to unrestricted funds that are available to carry out any of the charitable objectives of the charity.

The income generated from assets held as unrestricted funds is treated as unrestricted income.

Restricted funds are funds that have restrictions imposed by donors and can only be applied for the particular purposes specified by donors.

The income generated from assets held in restricted funds is treated as restricted income unless either the terms of the original restriction specifically says otherwise or the restricted fund is an endowment fund, whose income is expendable at the Trustees' discretion.

## **2. Donations and legacies**

Income from donations and legacies relates to donations received from individuals and trusts to further the charity's objectives.

PERFORMANCES BIRMINGHAM LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018

3. Income from charitable activities

(a) Rental and admissions

	2018 £000	2017 £000
<b>Rental</b>		
City of Birmingham Symphony Orchestra	316	293
Local music users	297	340
Third party promoters	362	172
Other	30	34
	1,005	839
<b>Admissions</b>		
Birmingham Classical	417	472
Promoted and co-promoted events	6,869	5,726
Other	4	10
	7,290	6,208
	8,295	7,047

(b) Other charitable activities

This relates to services provided in connection with the rental of Town Hall and Symphony Hall, including box office commission and programme sales, which are integral to the activities and the delivery of the charity's objectives.

4. Grants receivable

		2018 £000	2017 £000
Core grant	(a)	1,450	1,700
Grants from beneficiaries	(b)	457	500
		1,907	2,200

(a) The charity was awarded a core revenue operating grant from Birmingham City Council to enable PBL to fulfil its charitable aims and objectives at Town Hall and Symphony Hall. A service level agreement is agreed annually.

(b) This comprises grants received from a number of individuals, trusts, foundations and other grant giving organisations. The charity was awarded a grant from the Arts Council England to enable PBL to fulfil its charitable aims and objectives in relation to the Jazzlines series. A service level agreement is agreed every four years.



PERFORMANCES BIRMINGHAM LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018

5. Income from other trading activities

	2018	2017
	£000	£000
Catering income	1,703	1,403
Sponsorship income	106	141
Merchandise income	115	116
Rentals	672	637
	2,596	2,297

Part of the trading activity carried out by PBEL on behalf of PBL is to operate catering facilities at each venue.

6. Investments

	2018	2017
	£000	£000
Bank interest	49	31

PERFORMANCES BIRMINGHAM LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018

7. Expenditure

		Staff £000	Direct £000	Other £000	2018 £000	2017 £000
Raising funds	- commercial trading	472	897	18	1,387	1,307
	- fund raising	149	-	-	149	149
Charitable activities	- concert and educational programmes	2,274	7,260	3,062	12,596	11,065
	- governance costs	21	-	12	33	32
Total expenditure		2,916	8,157	3,092	14,165	12,553

Direct costs are those associated with providing the activity, for example co-promoters share and artist fees.

Other costs relate to premises, professional services, marketing, information technology, telephone, printing and stationery, equipment purchase and repair and other sundry costs.

The above costs include:

	2018 £000	2017 £000
Auditor's remuneration - audit fees	16	16
- non audit fees	14	13
Operating leases - plant and machinery	5	5
Operating leases - land and buildings	46	46
Depreciation - owned tangible fixed assets	162	157

## 8. Employee information

The average headcount of core employees was 70 (2017: 68) in the financial year. Staff costs also include variable employees engaged on a daily basis from time to time as the fluctuations in the charity's business dictate. All variable employees, as with the management team, are employed by PBL.

### Staff costs analysis

	2018 £000	2017 £000
Wages and salaries	2,692	2,548
Social security costs	182	170
Other pension costs	42	45
	2,916	2,763

From 1 April 2008 certain employees were transferred to the company who participated in the NEC Limited defined benefit pension scheme. No surplus or deficit relating to past service was transferred to the company at this date, and the company is not liable for any deficit that would subsequently arise relating to past service. On 1 May 2015 NEC Limited was replaced as principal employer by PETPS (Birmingham) Limited. The status of the defined benefit pension scheme is disclosed in the financial statements of PETPS (Birmingham) Limited. The company is unable to identify its share of the underlying assets and liabilities in the scheme at the year end.

In 2008 all PBL members and new members joined the NEC's Group Personal Pension Plan (GPPP). This is a defined contribution scheme. On 31 March 2017 all members of NEC's GPPP were transferred to a PBL GPPP, following the review of pay and benefits during 2014 and 2015. The PBL scheme is a defined contribution scheme. Those staff not eligible to join the GPPP are auto-enrolled in the government's NEST scheme.

### Higher paid employees

The number of employees whose emoluments, excluding pension contributions, fell within the following band is:

	2018 Number	2017 Number
£70,001 - £80,000	1	1
£120,001 - £130,000	1	1

Emoluments for this purpose include gross salary and benefits in kind and are stated before taking account of charges made to third parties. No retirement benefit contributions were made to the above employees.

### Staff numbers

	2018 Number	2017 Number
By Activity		
Charitable activities	189	196
Cost of generating funds	65	61
	254	257

Staff numbers include the absolute number of staff employed; full-time, part-time and on a variable basis.

### Key Management Personnel

	2018	2017
	£000	£000
Total remuneration (charity and group)	296	218

Key management personnel comprise five employees (2017: three employees)

### Redundancy and Termination Payments

	2018 £000	2017 £000	2018 Number	2017 Number
Voluntary redundancy, including non-statutory of £nil(2017: £30k)	-	44	-	2
Compulsory redundancy	-	-	-	-
	-	44	-	2

There were no liabilities in respect of redundancy and termination payments at the balance sheet date.

## 9. Trustees' remuneration

The Chairman of the Trustees received remuneration during the year of £19k (2017: £19k).

The other Trustees of the charity do not receive any remuneration, but are reimbursed any expenses for their services. In the year £1k was reimbursed for travel expenses incurred by two trustees (2017: £1k by three Trustees).

There are no retirement benefits paid to Trustees (2017: nil).

Remuneration and expenses are paid in accordance with the governing Articles of Association.

## 10. Related party transactions - Organisations

Birmingham City Council is the sole member of PBL. During the year the charity undertook the following transactions with Birmingham City Council:

	2018 £'000	2017 £'000	2018 £'000	2017 £'000
	Sale of goods and services		Purchase of goods and services	
Birmingham City Council	567	519	759	810

The purchase of goods and services includes the lease of Symphony Hall, venue services charges and business rates.

The amount due to Birmingham City Council included in trade creditors at 31 March 2018 was £34K (2017: nil)

The amount due from Birmingham City Council at 31 March 2018 was nil (2017: nil)

### **Related party transactions - Trustees and Core Staff**

Mr Davinder Bansal is a Trustee of PBL. He was an employee of Glenn Howells Architects during the year ended 31 March 2017.

Ms Helen Bates is a trustee of PBL and a director of PBEL. She is an employee and a director of the Greater Birmingham Chambers of Commerce. She is a co-opted member of St Basil's Business Support & Audit sub-committee. She was a board member of Birmingham Hippodrome Theatre Trust Limited until 11 September 2017.

Ms Anita Bhalla is a Trustee and Chair of PBL. She is a Trustee of The Sainsbury Trust and a council member of The University of Warwick.

Councillor John Clancy was a trustee of PBL until 31 December 2017. He was a Director of West Midlands Growth Company Limited (previously Marketing Birmingham Limited) until 22 November 2017.

Mr Paul Faulkner is a trustee of PBL. He is the Chief Executive of the Greater Birmingham Chambers of Commerce. He was a director of PBEL until 7 December 2017. He was a Trustee of the Lord Mayor of Birmingham's Charity during the year ended 31 March 2017.

Mr Nick Loveland is COO and a member of key management. He is a trustee of the Black Country Living Museum.

Councillor Ewan Mackey is a trustee of PBL. He is an elected member of Birmingham City Council and Royal Sutton Coldfield Town Council.

Mr Vidar Hjordeng is a trustee of PBL. He is a board member of Birmingham Hippodrome Theatre Trust Limited.

Ms Mary Martin is a Trustee of PBL. She is a trustee and Vice Chair of Midlands Arts Council (MAC).

Mr Ian Myatt is a Trustee of PBL. He is an employee of the University of Birmingham and a board member of the Birmingham International Piano Competition.

Mr Nick Reed is CEO and a member of key management. He is a trustee of Music Beyond Mainstream.

Mr James Tait is a Trustee of PBL. He is a partner at Browne Jacobson LLP.

Professor Michael Whitby is a Trustee of PBL. He is a board member at Birmingham REP and an employee of the University of Birmingham.

PBEL acts as a commercial hire venue and as a box office ticket agent for graduations of locally based Universities. For related party disclosure the nature of the transactions is shown separately.

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Transactions

		Group			
		Trading		Box Office	
		2018	2017	2018	2017
		£000	£000	£000	£000
<b>Received from</b>					
Birmingham REP	Owed nil (2017:nil)	-	-	-	-
Black Country Living Museum	Owed nil (2017:nil)	-	-	-	-
Browne Jacobson (trade exchange)	Owed nil (2017:£10k)	10	10	-	-
Browne Jacobson (other)	Owed nil (2017:nil)	1	-	-	-
Birmingham Hippodrome Theatre Trust Limited	Owed £3K (2017:nil)	3	-	-	-
Birmingham International Piano Competition	Owed nil (2017:nil)	1	-	-	-
Glenn Howells Architects (trade exchange)	Owed nil (2017:nil)	-	8	-	-
Greater Birmingham Chamber of Commerce	Owed nil (2017:nil)	1	7	-	-
Lord Mayor of Birmingham's Charity	Owed nil (2017:nil)	-	2	-	-
West Midlands Growth Company Limited (previously Marketing Birmingham Limited)	Owed nil(2017:£12k)	7	12	-	-
Midlands Arts Centre	Owed nil (2017:nil)	-	-	-	-
Music Beyond Mainstream	Owed nil ( 2017:nil)	-	-	-	-
University of Birmingham	Owed nil (2017:nil)	-	6	-	17
University of Warwick	Owed nil (2017:nil)	2	-	-	-
<b>Paid to</b>					
Birmingham REP	Owed £1k (2017:nil)	6	11	-	-
Black Country Living Museum	Owed nil (2017:nil)	2	-	-	-
Browne Jacobson (trade exchange)	Owed nil (2017:nil)	10	10	-	-
Birmingham Hippodrome Theatre Trust Limited	Owed nil (2017:nil)	-	-	-	-
Birmingham International Piano Competition	Owed nil (2017:nil)	-	-	-	-
Glenn Howells Architects (trade exchange)	Owed nil (2017:nil)	-	8	-	-
Greater Birmingham Chamber of Commerce	Owed nil (2017:nil)	2	1	-	-
Lord Mayor of Birmingham's Charity	Owed nil (2017:nil)	-	-	-	-
West Midlands Growth Company Limited (previously Marketing Birmingham Limited)	Owed nil (2017:nil)	4	6	-	-
Midlands Arts Centre	Owed nil (2017:nil)	-	2	-	-
Music Beyond Mainstream	Owed nil ( 2017:nil)	8	-	-	-
University of Birmingham	Owed nil (2017:nil)	-	-	-	17
University of Warwick	Owed nil (2017:nil)	-	-	-	-

During the year PBL received a total of £62k (2017:£4k) in restricted donations from organisations connected to related parties.

## 11. Taxation and charitable status

As a charity, PBL is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or s256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the charity.

## 12. Tangible assets - Group and Charity

	2018 £000 SH Organ Project	2018 £000 SH Other	Total 2018 £000
<b>Cost:</b>			
At 1 April 2017	1,294	780	2,074
Additions	-	105	105
At 31 March 2018	1,294	885	2,179
<b>Accumulated depreciation:</b>			
At 1 April 2017	(830)	(371)	(1,201)
Provided during year	(54)	(108)	(162)
At 31 March 2018	(884)	(479)	(1,363)
<b>Net book value of assets as at 31 March 2018</b>	<b>410</b>	<b>406</b>	<b>816</b>
Net book value of assets as at 31 March 2017	464	409	873

## 13. Stocks

	Group		Charity	
	2018 £000	2017 £000	2018 £000	2017 £000
Finished goods	61	52	-	-

Finished goods are bought in goods for resale and are valued at the lower of cost and net realisable value on a first in, first out basis. The replacement cost of stock is not materially different to the purchase cost.

	2018 £000	2017 £000
<b>Finished Goods</b>		
TH Catering	16	14
SH Catering	25	16
The Shop	41	45
Cost of stock	82	75
Slow-moving stock provision	(21)	(23)
	61	52

Stock recognised in cost of sales during the year as an expense was £444K (2017: £369K)

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**14. Debtors**

	Group 2018 £000	Group 2017 £000	Charity 2018 £000	Charity 2017 £000
<b>Amounts Falling Due Within One Year</b>				
Trade debtors	256	373	131	153
Amounts owed by group undertakings: PBEL	-	-	-	907
Other debtors	48	70	48	70
Value Added Tax	-	-	32	-
Prepayments	371	96	366	93
Accrued income	44	83	43	42
	<b>719</b>	<b>622</b>	<b>620</b>	<b>1,265</b>

**15. Accrued Income**

	Group 2018 £000	Group 2017 £000	Charity 2018 £000	Charity 2017 £000
Accrued income brought forward	83	50	42	22
Released in the year	(83)	(48)	(42)	(20)
Accrued in the year	44	81	43	40
Accrued income carried forward	44	83	43	42



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16. Creditors - amounts falling due within one year

	Group 2018 £000	Group 2017 £000	Charity 2018 £000	Charity 2017 £000
Trade creditors	265	126	206	76
Amounts owed to group undertakings: PBEL	-	-	432	-
Value Added Tax	27	67	-	20
Taxation and social security	53	47	53	47
Other creditors	1,750	1,284	1,640	1,183
Accruals	841	788	810	718
Deferred income	2,724	2,572	2,515	2,322
	<b>5,660</b>	<b>4,884</b>	<b>5,656</b>	<b>4,366</b>

Deferred Income

	Group 2018 £000	Group 2017 £000	Group 2018 £000	Charity 2017 £000
Deferred income brought forward	2,572	2,207	2,572	2,207
Released in the year	(2,557)	(2,207)	(2,572)	(2,207)
Deferred in the year	2,709	2,572	2,515	2,572
<b>Deferred income carried forward</b>	<b>2,724</b>	<b>2,572</b>	<b>2,515</b>	<b>2,572</b>

Deferred income comprises amounts, such as hall rental, invoiced for future events together with amounts received for the purchase of tickets for future events promoted or co-promoted by PBL.

## 17. Restricted income funds

		Balance 1 April 2017 £000	Income £000	Amounts utilised £000	Transfers £000	Balance 31 March 2018 £000
Organ construction	(1)	464	-	(53)	-	411
Organ maintenance	(2)	142	5	-	-	147
Community Spirit ( Sing for all )	(3)	5	16	(5)	-	16
Generation Ladywood projects	(4)	220	48	(82)	(22)	164
Project soundlounge	(5)	25	27	(19)	-	33
Jazzlines projects	(6)	82	137	(133)	-	86
Birmingham classical	(7)	-	55	(55)	-	-
Gift shop capital grant	(8)	57	-	(9)	-	48
Thrive project	(9)	106	-	(26)	-	80
Small education projects	(10)	11	28	(26)	-	13
Small non-education projects	(11)	76	49	(85)	25	65
Capital campaign	(12)	8	101	(8)	-	101
		1,196	466	(501)	3	1,164

In accordance with the conditions of the fund category, Trustees have applied surplus funds to other charitable objectives in accordance with the terms of the funds received.

These funds represent:

- (1) The net book value of the Symphony Hall Organ (note 12).
- (2) Donations received from Organ appeals which will be used to maintain and refurbish the instrument.
- (3) Funding held to sustain the vocal education work of the charity with children and young people.
- (4) Funding received for the purpose of completing projects within the Ladywood community.
- (5) Funding received to develop young programmers to produce a festival for young people by young people.
- (6) Funding for a number of Jazzlines projects, including the Jazzlines programme funded by the Arts Council England.
- (7) Funding for Birmingham Classical Concert Season programme during 2017-18.
- (8) Funding for the refurbishment of the gift shop.
- (9) Funding for digital media displays.
- (10) Funding for a number of smaller projects to support the education and community programme.
- (11) Funding held for a number of ad hoc projects including £25k to fund a classical concert to be held in a multi storey car park.
- (12) Funding held for 'Make An Entrance' - the capital project to extend the performance and hospitality space at Symphony Hall.

# 18. Unrestricted income funds

		Balance 1 April 2017 £000	Income £000	Amounts utilised £000	Transfers £000	Balance 31 March 2018 £000
<b>Designated Funds</b>						
General education	(1)	20	3	-	-	23
Organ education	(2)	41	-	1	(3)	39
Building maintenance reserve	(3)	894	-	-	106	1,000
Music in Birmingham	(4)	78	114	-	(192)	-
Name a seat campaign	(5)	39	3	-	(42)	-
Making an Entrance	(6)	-	-	-	234	234
		1,072	120	1	103	1,296
<b>General reserve</b>	<b>(7)</b>	<b>300</b>	<b>377</b>	<b>-</b>	<b>(106)</b>	<b>571</b>
<b>Total Unrestricted</b>		<b>1,372</b>	<b>497</b>	<b>1</b>	<b>(3)</b>	<b>1,867</b>

These funds represent:

- (1) Funds held to be used in support of educational work by the charity.
- (2) Funds received for use on education work relating to the organ.
- (3) Funds ring fenced against future commitments relating to the maintenance and upkeep of Town Hall and Symphony Hall buildings and will be applied at the discretion of Trustees.
- (4) Point of sale donations received from customers purchasing tickets.
- (5) Donations arising from the 'Name a Seat at Symphony Hall' campaign.
- (6) Funding held for 'Make An Entrance' - the capital project to extend the performance and hospitality space at Symphony Hall.
- (7) The general reserve represents unrestricted funds. The Directors have agreed to build a level of general reserves of at least £1M to give the organisation the ability to be able to deal with unexpected events or to exploit new opportunities. The directors expect to achieve this over the next 3 to 5 years.

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19. Analysis of total funds

	Unrestricted Funds £000	Restricted Funds £000	2018 £000
<b>Analysis of type of asset and liability</b>			
Tangible fixed assets	269	547	816
Current assets	7,258	617	7,875
Creditors falling due within the year	(5,660)	-	(5,660)
	<b>1,867</b>	<b>1,164</b>	<b>3,031</b>

	Unrestricted Funds £000	Restricted Funds £000	2017 £000
<b>Analysis of type of asset and liability</b>			
Tangible fixed assets	235	638	873
Current assets	6,021	558	6,579
Creditors falling due within the year	(4,884)	-	(4,884)
	<b>1,372</b>	<b>1,196</b>	<b>2,568</b>

20. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2018 £000	2017 £000
<b>Net income for the reporting period</b>	<b>463</b>	<b>348</b>
<b>Adjustments for:</b>		
Depreciation charges	162	157
Dividends, interest and rents from investments	(49)	(31)
(Increase) / Decrease in stock	(9)	15
(Increase) / Decrease in debtors	(97)	183
Increase in creditors	776	529
<b>Net cash provided by operating activities</b>	<b>1,246</b>	<b>1,201</b>

21. Analysis of cash and cash equivalents

	31 March 2018 £000	31 March 2017 £000
Cash at bank and in hand	1,149	2,398
Cash investments	5,946	3,507
	<b>7,095</b>	<b>5,905</b>

## 22. Pension commitments

The pensions of employees of the Charity are provided by way of a defined contribution scheme. The pension cost charged to the Statement of Financial Activities during the period was £42k (2017: £45k). Unpaid pension contributions at the year end totalled £8k (2017: £7k).

## 23. Operating lease commitments

Minimum lease payments in respect of non-cancellable operating leases:

	Plant & Equipment		Land & Buildings	
	2018	2017	2018	2017
	£000	£000	£000	£000
1 year	5	5	46	46
2 to 5 years	9	14	185	185
Over 5 years	-	-	789	835

PBL has a 25 year lease with Birmingham City Council for Symphony Hall which commenced on 1 May 2015. Rent of £46K is payable annually.

PBL has a 99 year lease with Birmingham City Council for Town Hall which commenced on 9 February 2007. A peppercorn rent is payable annually.

## 24. Subsidiary company

PBL owns all the issued share capital, consisting of two ordinary shares of £1 which are nil paid, of PBEL, which performs trading activities associated with events held in Town Hall and Symphony Hall which are outside the charitable objectives, including the provision of catering services. The subsidiary donates its taxable profits to the charity each year by gift aid.

A summary of the results for its subsidiary and the aggregate amount of their assets, liabilities and funds as at 31 March 2018 is shown below:

	2018 £000	2017 £000
Income	2,596	2,297
Expenditure	(1,905)	(1,868)
Taxation	-	-
Operating profit	691	429
Retained profit brought forward	79	-
Gift Aid to PBL	(550)	(350)
<b>Retained profit carried forward</b>	<b>220</b>	<b>79</b>
Assets	689	1,504
Liabilities	(469)	(1,425)
<b>Net Assets</b>	<b>220</b>	<b>79</b>

## 25. Charity's statement of financial activities

The charity has taken advantage of Section 408 of the Companies Act 2006 and paragraph 397 of the SORP and has not included a separate Statement of Financial Activities in these financial statements. The Statement of Financial Activities on page 16 include £12,550k (2017: £11,164k) of income and £12,778k (2017: £11,245k) of expenditure relating to the charity.

## 26. Events after the end of the reporting period

There have been no significant events since the balance sheet date.

## 27. The member

Performances Birmingham Limited is a company limited by guarantee by its Memorandum and Articles of Association that were last amended on 1 September 2011. Birmingham City Council is the sole member.

The governing body of PBL is the Board of Trustees. The Board consists of not less than 13 Trustees at the balance sheet date who appoint a Chairman. The Board are legally responsible for the governance and management of the charity.