

Northern Ballet Limited

Report of the Trustees and Financial Statements

For the year ended 31 March 2019

Company information

Company Registration Number :	00947096
Charity Registration Number :	259140
Registered Office :	2 St Cecilia Street Quarry Hill Leeds LS2 7PA
Royal Patron :	HRH The Earl of Wessex
Trustees :	Sir David Wootton Mr Javaad Alipoor Ms Carol Arrowsmith Cllr Judith Blake Mr Daniel Evans Ms Jane Gilbert Boot Mr Jolyon Harrison Mrs Elizabeth Jackson Mr Clive Lloyd Mr Philip Keller Mr Kevin O'Hare Mr John Procter Ms Anita Rani Mr Paul Smith Mr James Taylor
Secretary :	Ms Judith Hartley
Artistic Director :	Mr David Nixon
Chief Executive :	Mr Mark Skipper
Bankers :	Lloyds Bank Plc 65-68 Briggate Leeds LS1 6LH
Solicitors :	Wrigleys Solicitors LLP 19 Cookridge Street Leeds LS2 3AG
Auditors:	Grant Thornton UK LLP Statutory Auditor Chartered Accountants 4 Hardman Square Spinningfields Manchester M3 3EB

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Chairman's report

It gives me great pleasure to report another successful year for Northern Ballet Limited. The Company's core aim is to develop and deliver a high quality, varied and attractive programme of events over the course of the year. This was achieved by creating new productions, developing the existing repertoire and expanding audiences through innovative marketing and digital mediums.

During 2018/19, the Company developed a new full length production of Victoria which was an interpretation by Cathy Marston of the life of Victoria seen through the eyes of her daughter Beatrice. A Mixed Programme including 3 pieces: Mamela by Mlindi Kulashe, The Kingdom of Back by Morgann Runacre-Temple and The Shape of Sound by Kenneth Tindall. Our new children's ballet Puss in Boots choreographed by Jenna Lee, premiered in Leeds in October 2018.

The Company also toured with performances from the existing repertoire with performances of Jane Eyre, Little Mermaid, The Three Musketeers, Nutcracker and Ugly Duckling. Overall, the Company toured for 22 weeks and delivered 128 Large Scale performances, 8 performances of our Mixed Programme and 84 children's ballet performances over the course of the year.

We have engaged with our existing audiences and developed new audiences through our growing digital programme: Casanova was broadcast on Sky Arts, a trilogy of Children's Ballets was shown in cinemas across the UK and a new web site digitaldance.org, was created to house digital content with two short films released to begin our library of dance films. We offer a broad range of learning experiences to make ballet more accessible for children, young people, adults and older people of all abilities. In the year, we offered 3,371 classes and workshops in which 17,081 people enjoyed a learning experience.

The generosity of our donors continues to underpin the work which we are able to do. I would like in particular to thank Arts Council England and Leeds City Council for their continued support and wise counsel and to recognise the contribution of all our other donors who give so selflessly and allow the Company to continue with its bold and innovative strategic aims including First Direct, our national stage and screen sponsor.

I would also like to thank all the staff at Northern Ballet, for their dedication and commitment in all areas of the business. The Company operates in an extremely challenging environment and yet retains the essential ethos and vision that has characterised its development over the years. This could not be achieved without the commitment and enthusiasm of its entire staff and I recognise their exceptional support and professionalism.

In the coming year Northern Ballet will celebrate its 50th Anniversary and it looks forward to the new year with confidence. It will continue to develop new work including Geisha and Little Red Riding Hood as well as deliver performances from the existing repertoire. For the first time, two full productions will be shown in cinemas across the country; Dracula will be live streamed from Leeds Playhouse on Halloween and Victoria will be released to cinemas in the summer. Northern Ballet will continue to tour and perform across a range of towns and cities and it will continue to challenge itself to move forward, to improve and to deliver innovative and inventive dance to the widest possible audience.

Sir David Wootton
Chair
5th September 2019

Report of the trustees

(incorporating the Strategic Report)

Trustees report

The Trustees of Northern Ballet Limited ('Northern Ballet' or 'the Company') are pleased to present their annual report together with the consolidated financial statements of the Group for the year ended 31 March 2019 which are prepared to meet the requirements for a report of the trustees and accounts under the Companies Act 2006.

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 Ireland (FRS 102) (effective 1 January 2015).

The Group comprises Northern Ballet and its subsidiaries Info Display Limited, Northern Ballet Productions Limited and Northern Ballet Theatre Company (Property) Limited. Info Display Limited is a non-charitable leaflet distribution company for the arts and heritage sector. Northern Ballet Productions Limited is a non-charitable company which develops and produces ballets for theatre and cinema. Northern Ballet Theatre Company (Property) Limited is dormant.

Objectives and activities of Northern Ballet

The objects of the Company can be summarised as follows:

- To produce and perform ballets
- To advance education in the arts

The Company is a narrative classical ballet company which tours extensively throughout the UK and, when the opportunity arises, overseas. From its home in Leeds it provides classical ballet training and learning experiences to the community as a whole. Its home since 2010 has been a 7 studio dance centre in the heart of Leeds with a studio dance theatre, the Stanley and Audrey Burton Theatre.

In shaping Northern Ballet's objectives for the year and planning Northern Ballet's activities, the Trustees have considered the Charity Commission's guidance on public benefit, in particular the guidance on public benefit and the charging of fees. The Company relies on box office income, grants and income from fees and sponsorship to cover its operational costs. In setting the level of ticket prices, fees, charges and concessions, the Trustees give careful consideration to the accessibility of all activities for those on low incomes.

In the year 2018/19, 57% of tickets sold (2017/18 – 41.7%) across the main tour, children's ballets and our performances in the Stanley and Audrey Burton Theatre were at a concessionary rate.

Report of the trustees (continued) (incorporating the Strategic Report)

Activities of Northern Ballet in the year

Performances

The Company performed 5 full length productions in the year which included the premiere of Victoria, choreographed and directed by Cathy Marston. Jane Eyre and Little Mermaid continued to tour through the spring of 2018. In the autumn Artistic Director, David Nixon's The Three Musketeers and Nutcracker were revived in a tour which travelled from Newcastle to Canterbury ending in December in Leeds. Each production was a classical ballet performance of a narrative story. In addition the company performed a Mixed Programme which gave a choreographic debut for company dancer Mlindi Kulashe and opportunities for classical choreographers Kenneth Tindall and Morgann Runacre-Temple to develop their skills further.

Production	Number of Venues*	Number of performances
Jane Eyre	5	33
Little Mermaid	2	14
Mixed Programme	2	8
Three Musketeers	4	23
Nutcracker	4	36
Victoria	3	22
Total	20	136

(*Northern Ballet travels to some venues more than once)

Artistic Values

Northern Ballet is aware that artistic tastes are not the same for everyone and that, when addressing some of the more challenging themes, the productions might give rise to offence. The Company takes the views of audiences very seriously and, without compromising the integrity of the programme, it seeks to respect the diverse ethnicity, faith, sexual orientation and lifestyle of its audience.

Children's Ballets

Northern Ballet entered the seventh year in its programme of ballets for children. Ugly Duckling continued its run through the summer of 2018 and this was followed by Puss in Boots, choreographed by Jenna Lee, and which opened in Leeds in the Stanley and Audrey Burton Theatre in October 2018.

The programme is supported by Arts Council England – Strategic Touring with the aim to deliver children's ballets in venues across the North, Midlands, South East and South West areas. The performances engage children and families of all means and from all backgrounds who may not usually access the arts, supported by an audience development and access programme.

The 2 productions in 2018/19 were performed 84 times in theatres across the UK to 24,000 people. Performances took place in 24 theatres and in 2 community centres in Leeds and Bradford.

Report of the trustees (continued)

(incorporating the Strategic Report)

Production	Theatres/Community Centres	Performances
Ugly Duckling	24	64
Puss in Boots	2	20
Total	26	84

The Tour

Northern Ballet is committed to touring and to taking its productions across the length and breadth of the UK so that as wide an audience as possible has the opportunity to experience narrative classical ballet. In 2018/19, the Company toured its Large Scale and Mixed Programme productions to 15 UK towns and cities.

Summary of Main Tour			
	2018/19	2017/18	Increase/(Decrease)
Weeks Touring in the UK	22	24	(2)
Ballet Performances on Tour	136	142	(6)
Attendees	112,275	121,588	(9,313)
Average Attendees Per Performance	827	856	(29)

The number of touring weeks and performances in a financial year can increase or decrease depending on several factors, including the timing of national holidays and the availability of theatres.

As always Nutcracker attracted large audiences with three of the four venues visited attracting attendance figures in excess of 85% capacity. Other productions also attracted large audiences with Jane Eyre in London and The Three Musketeers in Sheffield also attracting audiences of 85% capacity and above.

There were 84 performances of the Children's Ballets; Ugly Duckling and Puss in Boots supported by Arts Council England. The tour travelled to 26 different venues in the year including places as far afield as Barrow, Cheltenham, Goole, Exeter, Barnsley and Blackpool.

Alongside Northern Ballet performances and touring 15 professional companies and 10 community organisations performed in the Stanley and Audrey Burton Theatre.

Digital Projects

Northern Ballet continues to develop digital content to enhance our audience experience and reach new audiences. In the year there were four live streaming events from Northern Ballet studios Victoria Behind the Veil, Company Class Live, Jane Eyre Rehearsals and Three Musketeers Rehearsals. 2 short films were created and hosted on the new web site digitaldance.org. Puss in Boots was filmed to be broadcast on CBBC. Victoria was filmed for cinema distribution in 2019/20 and will subsequently be shown on TV, DVD and SVOD (Subscription Video On Demand). For the first time three children's ballets were released in cinemas across the UK; 801 screenings in 166 cinemas with 14,474 admissions.

Report of the trustees (continued) (incorporating the Strategic Report)

Learning

Northern Ballet works with Education and Community groups to encourage interest and enthusiasm for dance and theatre. The Learning Department delivered workshops and projects in Leeds and the wider Yorkshire region, as well as a programme of work at the theatres on the national tour. Special events are also provided for children and adults with learning difficulties and disabilities to encourage freedom of expression and to enhance communication skills through creative arts.

The Learning Department supported the Short Ballet programme by holding outreach workshops in children's centres, libraries, community centres and schools and looking to engage those who found it difficult to access arts activities in their local area. 152 free outreach sessions were delivered with 5,200 participants

Northern Ballet's START programme worked with 17 schools across Leeds enabling 571 children with limited access to the arts to have the opportunity to visit the theatre, see ballet and take part in dance workshops in school. All these children were able to see a performance of Nutcracker at Leeds Grand Theatre.

Over the course of the year, Northern Ballet delivered Ability (9 participants), its dance course for adults with learning difficulties and In Motion (5 adults and 4 young people), its project for wheelchair users. There were 15 audio described performances across the UK and 14 relaxed performances. Six families participated in Let's Dance, a project in collaboration with Martin House Children's Hospice giving families with challenging lives the opportunity to create special and lasting memories by taking part in a range of creative activities and visiting the theatre to see Northern Ballet productions of Puss in Boots and Nutcracker.

Expressions, a dance platform for disabled dancers held over two days included 2 professional companies performing alongside 14 community groups. There were two performances in the Stanley and Audrey Burton Theatre.

The Burberry Inspire project was launched to tackle social mobility and raise awareness of creative careers. Disadvantaged pupils from 2 local high schools (1,016 pupils) engaged in the project working with a dance artist, filmmaker, set designer, set builder and a costume designer to create 2 dance films.

September 2018 saw the launch of a pilot programme of Dance for Parkinsons which developed into 20 weekly sessions (9 participants) over the course of the year.

The Erasmus+ programme through EcorysUK funded an international research project to develop safe practice for teaching people with learning disabilities, this 20-month project will continue through 2019/20.

A consistent broad range of Learning Programmes enables Northern Ballet to deliver high quality experiences, engaging new audiences and developing regular attendees and participants.

The Academy

Northern Ballet's Academy provides high quality dance training for children, young people and adults catering for all levels of ability from vocational dance training to open classes for recreation and fitness.

Report of the trustees (continued) (incorporating the Strategic Report)

The Graduate programme gave 13 talented dancers from across the world, full time training and opportunities to perform alongside the Company.

The Academy CAT programme is an intensive course of ballet training for children from 11 years upwards. Students can apply for funding, to pay the annual fees, to the Department for Education, applications are assessed by means testing, and students may receive a full grant from the government to cover their training costs. There were 67 students on the CAT scheme in 2018/19.

The Associate Programme offers training in Classical and Contemporary Dance. This is a less time intensive programme. Northern Ballet's aim is that students receive the best possible training. Students are assessed by an annual appraisal and may move from one training programme to another. 134 Associates attended regular classes over the course of the year.

The Academy offers Open Classes to children, young people, adults and older people and delivers regular open access classes, over the course of the year. We increased the number of our Spotted sessions delivered across the region to 686. 66 pupils were spotted and 3 students are expected to take up places on the Kitten programme to prepare them for CAT auditions in the following year.

Leeds Dance Partnership

Northern Ballet host the Leeds Dance Partnership, a project funded by Arts Council England which aims to ensure that great dance is created and presented in a wide range of spaces in Yorkshire, the North and beyond, developing the art form locally, nationally and internationally. The partners include Northern Ballet, Phoenix Dance Company Limited ('Phoenix Dance'), Yorkshire Dance and Northern School of Contemporary Dance.

During the year, four Artistic Fellowships were created offering financial support to four Artist Fellows who will be hosted by 4 dancer organisations in Leeds (Leeds Beckett University, Phoenix Dance, Northern School of Contemporary Dance, and Yorkshire Dance). The Fellows' work will be presented in the Stanley and Audrey Burton Theatre in September 2019.

Info Display Limited

Info Display Limited ('Info Display') is a wholly owned subsidiary of Northern Ballet. It distributes leaflets for the arts and heritage sector in Yorkshire and Humberside. Info Display's activities are consolidated within the financial statements for the year ended 31 March 2019.

Trading surpluses from Info Display's activities will be used to further the aims and objectives of Northern Ballet.

For details of Info Display's trading and net assets see Note 17 to the financial statements.

Northern Ballet Productions Limited

Northern Ballet Productions Limited is a wholly owned subsidiary of Northern Ballet. It develops and produces ballets. The activities of the company are consolidated within the financial statements for the year ended 31 March 2019.

Report of the trustees (continued) (incorporating the Strategic Report)

For details of Northern Ballet Productions' trading and net assets see Note 17 to the financial statements.

Northern Ballet actively explores ways to develop other activities to support its charitable aims and objectives. To this end it seeks out opportunities to hire out available studio spaces when the company are on tour and to utilise the studio theatre to the full.

Stakeholders

Our stakeholders support our Charitable Activities. In addition to the funding received from Arts Council England and Leeds City Council (page 11), Northern Ballet raises funds from grant income, sponsorship and donations to support its vibrant programme of performances, learning activities and classical dance training.

Northern Ballet has enjoyed long term support from public entities, Arts Council England and Leeds City Council. The combined support from public entities represents 43% (2018: 38%) of Northern Ballet's income in the year (See Financial Review – page 11.) The increase in the year reflects £320,000 received from Arts Council England to support the Leeds Dance Partnership project.

In 2018/19, Northern Ballet attracted corporate support from national and local companies which amounted to £415,635 (2018: £293,225). Within this sum £285,774 was received from First Direct in support of the national tour, digital programme and transport for the tour.

Report of the trustees (continued)

(incorporating the Strategic Report)

Northern Ballet received £922,507 from Trusts, Foundations and Donations from outside its corporate support. In addition £159,718 (Note 17) was gift aided from Info Display to Northern Ballet.

Trust/Foundations/Donations		
Unrestricted	The Liz and Terry Bramall Foundation	£250,000
	Other Donations	£98,535
	Legacy	£8,356
	Gift Aid Claimed	£21,343
	Total Unrestricted	£378,234
Restricted	Department for Education & Skills	£28,735
	Ecorys UK – Erasmus+	£62,110
	Emerald Foundation	£100,000
	Garfield Western Foundation	£90,000
	The Linbury Trust	£75,000
	Ideas Foundation	£60,000
	The Foyle Foundation	£25,000
	Leverhulme Trust	£10,500
	Evan Cornish Foundation	£7,500
	Sir John Fisher Foundation	£5,500
	Holbeck Charitable Trust	£5,000
	The Worshipful Company of Spectacle Makers	£5,000
	Yorkshire Dance	£5,000
	Phoenix Dance Company	£5,000
	Northern School of Contemporary Dance	£5,000
	Sir James Knott Trust	£4,000
	The Granada Foundation	£2,000
	Bruce Wake Charitable Trust	£2,000
	The Thistle Trust	£2,000
	The Sylvia Adams Charitable Trust	£2,000
	Green Hall Foundation	£2,000
	Wade's Charity	£2,000
	Ernest Hecht Charitable Foundation	£1,000
	John Jarrold Trust	£1,000
	Sponsorship in Kind	£10,000
	Other Donations	£26,928
	Total Restricted	£544,273
Total		£922,507

Northern Ballet is grateful for all the support it receives for its activities.

Report of the trustees (continued) (incorporating the Strategic Report)

Strategic Report

The Strategic Report incorporates the following sections: the Financial Review, the Future and Risk Management.

Financial review:

Trading

Results for the year ended 31 March 2019 are shown in the Consolidated Statement of Financial Activities on page 23. The assets and liabilities as at 31 March 2019 are shown in the Consolidated Balance Sheet on page 24. The financial statements should be read in conjunction with their related notes, which appear on pages 27 to 49 and have been prepared in accordance with relevant law and the Charities Statement of Recommended Practice (FRS 102).

In summary, Group net incoming resources for the year were £17,669 (2018: £373,489) including £34,090 (2018: £349,998) relating to the Company. Within this value, £125,645 (2018: £791,712) represents the insurance monies received as a final settlement in relation to the flooding of the set and costume storage facility in December 2015 and £131,813 (2018: £131,813) represents the net outgoing movement on The Building Project Fund within restricted reserves (note 25). All funding received to support the Quarry Hill building was placed in the restricted fund and is matched by the asset constructed.

The annual depreciation cost for the Quarry Hill building of £131,813 will be charged against the restricted fund over 99 years. The Quarry Hill fixtures and fittings were charged against the restricted fund over 5 years from the date Northern Ballet occupied the building on 2 October 2010, they are fully depreciated at 31 March 2019.

Northern Ballet generated approximately 57% (2018: 62%) of its income from operations but could not exist without the support of Arts Council England and Leeds City Council.

The table below sets out the key fundraising income received in the year.

Group Fundraising Income - Major Funders and Others

	2019	2018	Increase/ (decrease)
	£'000	£'000	£'000
Arts Council England – National Portfolio	3,112	3,112	-
Arts Council England – Other	614	154	460
Leeds City Council	218	226	(8)
Other	922	781	141
	4,866	4,273	593

Report of the trustees (continued) (incorporating the Strategic Report)

The Trustees believe the key performance indicators for the Company are as follows:

	2019	2018	Increase/ (decrease)
Average Theatre Occupancy Main Tour	71%	71%	-
Number of UK Performances on Main Tour	136	142	(6)
Number of UK Children's Performances	84	81	3
Ticket Yield – Main Tour	£19	£17	2
Ticket Yield – Children's Ballets	£4	£4	-
Income			
% Public Funding	43%	38%	5%
% Generated Income	57%	62%	(5%)

Although the key performance indicators can be used to monitor trends in performance, movements up and down from year to year may also be explained by variations in the places and productions which make up the touring activity.

During the year 2018/19, Public Funding increased as a result of £320,000 received from Arts Council England to support the Leeds Dance Partnership. In total Arts Council England have committed £750,000 to support this project to create a centre of dance excellence in the North of England.

The Group has a long term goal to reduce the proportion of income derived from public funding

Pricing policy

To view our programme and for fuller details of ticket prices and discount terms and conditions visit our web site www.northernballet.com. Ticket prices range from £5.50 to £65 with significant discounts available for children, schools, groups and concessions.

The Future: Activities for 2019/20

The Company has an exciting and diverse programme planned for 2019/20 which heralds the start of its 50th Anniversary year. In total there will be 258 performances over the course of the year, 149 on the main tour and 109 performances of children's ballets.

There will be a Mixed Programme in the Spring and Autumn which will give young talent an opportunity to create a piece for public performance. A new full length production The Geisha, choreographed by Kenneth Tindall, will premiere in Leeds in March 2020 and will continue to tour through the spring.

In addition, Victoria continued to tour in Spring 2019 and the company will revive Great Gatsby, Dracula and Cinderella in Autumn 2019.

Report of the trustees (continued) (incorporating the Strategic Report)

Activities for 2019/20 (continued)

To celebrate the anniversary there will be a gala performance bringing together all the national companies of the United Kingdom and international guest performers from overseas to perform pieces from Northern Ballet's 50 year repertoire.

The demanding programme is the essence of Northern Ballet. The Company produces a variety of work, some of which will be shown for the first time in the year, and takes this work to a range of towns and cities. It has a fantastic base in Leeds but does not hesitate to travel all over the country to allow people to experience high quality ballet first hand.

Arts Council England Strategic Touring Funding will support more short ballets for children. The development of these ballets gives young talent (choreographers, costume makers, technicians and dancers) the opportunity to participate in the process from beginning to end and helps them to enhance their underlying skills

Arts Council England and Local Government core funding for 2019/20 have been confirmed at the following levels:

Arts Council England	£3,112,000
Leeds City Council	£200,000

In addition, Arts Council England Cross Border funding of £180,001 has been given to help take performances to an even wider audience in Edinburgh, Cardiff and Belfast. Arts Council England Strategic Touring Funding of £146,918 takes Children's Ballets to a broad audience across the UK.

Funding

The current Arts Council England four year funding agreement, which runs to 31 March 2022, awarded annual funding of £3,112,000.

Risk Management:

General

The Trustees have given consideration to the major risks to which the Group is exposed and satisfied themselves that systems or procedures are established to manage those risks. The Trustees have in place a formal risk management process to assess risks and implement risk management strategies. A risk register identifies the types of risks the Group faces, prioritises them in terms of likelihood of occurrence and potential impact and identifies the means of mitigating those risks. The Risk Register is created by the senior management team and reviewed by the Trustees bi-annually at the Finance and General Purposes Committee meetings.

Using the framework of the Business Plan to 2022 the risk register considers governance, charitable and trading activities, external factors and compliance with law and regulations.

The following significant risks have been identified.

Charitable Risk

The business plan aims to develop the use of digital media to engage with current, new and existing audiences. There is a risk that the General Data Protection Regulations' (GDPR) restrictions on collecting data will significantly limit the Group's ability to develop and maintain audiences. This has been mitigated by the creation of a GDPR Working Group under which data management is reviewed and a new membership scheme has been created.

Report of the trustees (continued) (incorporating the Strategic Report)

Risk Management (continued):

Charitable Risk (continued)

The business plan aims to deliver quality, sustainable arts programmes, the Charity carries out a broad programme of work with children and vulnerable adults; as a result there is an inherent risk of a child protection failing. The Charity has mitigated this risk by creating a Safeguarding Committee and a Safeguarding Policy which is ratified by the Board of Trustees. All employees working with children and vulnerable adults receive Child Protection Screening.

External Risk

The business plan aims to review and develop internal IT systems to ensure excellence and efficiency. The Charity recognises that there is a risk that a data breach may occur as a result of a malicious action. Northern Ballet mitigates these risks by maintaining IT systems, protective software and staff training.

Financial Risk

The Group uses various financial instruments. These include cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The existence of these financial instruments exposes the Group to a number of financial risks, which are described in more detail below.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The Trustees review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Liquidity Risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. Short-term flexibility is achieved through available cash balances and a strong relationship with its bank Lloyds Bank plc who hold a charge over the Company's property in Bramley which would facilitate short term borrowing or an overdraft facility.

Credit risk

The Company's principal financial assets are cash and trade debtors. The credit risk associated with cash is managed by rigorous management of cash flow and detailed budgeting. The Trustees review cash flow at each board meeting.

The credit risk associated with debtors is mitigated as the Group receives in the region of 43% (2018: 38%) of its income from government funding. Other trade debtors include theatres, corporate sponsors, rental space hire and academy fees. Contractual agreements between theatres, corporate sponsors and space rental set the limits for these debtors. The Financial Manager reviews all outstanding debtors on a regular basis and prompt action is taken to ensure recovery of any outstanding debt.

Report of the trustees (continued) (incorporating the Strategic Report)

Reserve Policy

Reserves are needed to bridge the gap between the spending and receiving of resources and to cover unplanned emergency and other expenditure. The reserves required by a ballet company in a period of uncertain funding may be greater than those which were required in years when funding was more certain. In the short term the Company must plan for periods with reduced income for example when it is not touring. It must also consider the longer term plan which will include investment in productions and assets which are required in order for the company to move forward into future years.

The Company's reserve policy is to manage reserves by detailed review of financial information considering past performance and future plans. Northern Ballet considers it important that a charitable company should utilise its assets and resources to the full to achieve its charitable purposes. At the same time Trustees are mindful of their responsibility to ensure that Northern Ballet is a going concern. The Trustees are aware of the challenges for a charity in times of uncertain funding and consequently aim to build the Company's resilience. An investment fund has been created into which any legacy received by Northern Ballet will be placed. Resources are managed and committed within a framework of financial planning that ensures the Company has both sufficient reserves and liquid resources to fulfil the commitments that it enters into.

The Group's reserves at 31 March 2019 were £13,850,616 (2018: £13,832,947) (note 25) of which £12,507,229 (2018: £12,246,035) is attributable to restricted reserves. Within restricted reserves a balance of £11,929,668 (2018: £12,061,481) relates to the building project fund. The Group balance sheet at 31 March 2019 shows net current assets of £1,697,173 (2018: £1,644,648) and bank balances of £1,116,362 (2018: £1,524,030). A discussion of performance during the year can be found in the financial review section above. Northern Ballet owns a freehold storage facility in Leeds and the surplus arising from the revaluation of this facility is included in the unrestricted revaluation reserve.

Given the support of its bank, Lloyds Bank plc and its major donor partners, the Trustees consider Northern Ballet to be a sound commercial going concern.

Detailed analysis of the Group's reserves can be found in the Consolidated Statement of Financial Activities (page 23) and note 25 to the accounts. They are considered adequate in the context of the Group's future plans as set out above.

Investment Policy

At 31 March 2019, Northern Ballet held investment funds to the value of £61,532 (2018: £53,772). The funds are managed by Redmayne Bentley, stockbrokers, in accordance with the policy established by the Trustees which has a defined approach to investment risk and return.

Any other surplus funds, over and above those needed for any immediate purpose are held in an interest earning deposit account. During the year £250,000 was placed with Lloyds Bank plc. as a fixed term deposit for one year to 22 November 2019.

Trustees

The Trustees in office throughout the year, and their interests in the ordinary shares of Northern Ballet at the relevant dates, as recorded in the register maintained by the Company in accordance with the provisions of the Companies Act, were as follows:

Report of the trustees (continued)

(incorporating the Strategic Report)

Trustees (continued)

	Ordinary Shares	
	31 March	31 March
	2019	2018
Sir David Wootton (Chairman)	29	29
Mr Javaad Alipoor (appointed 28 th March 2019)	-	-
Ms Carol Arrowsmith	-	-
Cllr Judith Blake (appointed 19 th October 2018)	-	-
Mr Daniel Evans	-	-
Ms Jane Gilbert Boot	-	-
Mr Jolyon Harrison (appointed 14 th December 2018)	-	-
Ms Elizabeth Jackson	-	-
Mr Philip Keller (appointed 19 th October 2018)	-	-
Mr Clive Lloyd (appointed 28 th March 2019)	-	-
Mr Kevin O'Hare	-	-
Mr John Procter	-	-
Ms Anita Rani	-	-
Mr Paul Smith	-	-
Mr James Taylor	-	-

The trustees are also directors of Northern Ballet within the meaning of the Companies Act 2007.

Appointment of Trustees

The Company aims to create a diverse Board with a broad mix of skills and experiences, with members drawn from a wide cross section of society. Trustees rotate on a regular basis to ensure that the board regularly receives the injection of fresh ideas and enthusiasm. The Nominations Committee monitors Trustees' skills and identifies skill gaps. Prospective Trustees are identified by search, which could include introduction, recommendation, or advertisement. Candidates are invited to meet the Nominations Committee and Senior Management Team before recommendations are made to the Board. The Induction Process ensures that all new Trustees receive a copy of the Company's governing document, statutory accounts and recent minutes of Trustees meetings together with other current printed details. Trustees are encouraged to visit Northern Ballet to get to know employees and gain a better understanding of day-to-day activities. Trustees are encouraged to attend all new ballet productions.

Governance and Decision Making

Northern Ballet is a company limited by share capital, but where each Trustee has undertaken to contribute a maximum of £10 in the event of wind up, and is a registered charity, number 259140. The governing documents are the Memorandum and Articles of Association which were revised and adopted at the Annual General Meeting on 3 December 2014. The revised Memorandum and Articles aimed to make the governance of the Company flexible and efficient; fit for purpose as a charity. To this end all the issued shares of the Company were transferred to the Chair of the Company who holds them in trust.

The body responsible for the management of the Company is the Board of Trustees. The Board meets four times a year. It has a minimum of four members. There are sub-committees covering finance and general purposes, audit, nominations and remuneration. Trustees are appointed to the Board for generally a period of six years. Trustees are aware of the Charity Commission – Charity Governance Code's recommendations regarding the length of time

Report of the trustees (continued) (incorporating the Strategic Report)

Governance and Decision Making (continued)

Trustees serve a charity; John Procter has been a trustee of Northern Ballet for more than 9 years, he was appointed on 23rd April 2008. John Procter was Leeds City Council's representative on the Board of Trustees. In 2018 he stepped down as a Leeds City Councillor and Northern Ballet's representative from Leeds City Council became Leader of Leeds City Council Cllr Judith Blake.

The Chief Executive, Artistic Director and Company Secretary attend meetings of the board of Trustees. The Chief Executive and Artistic Director manage the day to day operations of the Company. The overall control of Northern Ballet rests with the Trustees.

Executive Remuneration

Northern Ballet's principle is to pay its executives a fair salary that is competitive within the charity sector, proportionate to the complexity of each role, and responsible in line with its charitable objectives. The Board of Trustees defines the pay policy and decides on the salaries of the Chief Executive and the Artistic Director. To do this, the Board has appointed a subset of Trustees, including the Chair, to form a Remuneration Committee. This committee oversees proper administration of the pay policy, evaluates executive performance and decides on any changes to executive pay. The committee meets at least twice a year.

Details of executive remuneration are set out in note 13 to the accounts.

Related Parties

None of the Trustees receive remuneration or other benefit from their work with the Company. Trustees may make a claim for expenses incurred or professional services. Any connection between a Trustee or senior manager of the Group with a related party must be disclosed to the full Board of Trustees. In the current year no such related party transactions were considered to compromise the decisions of the Trustees in relation to the Company.

Trustees Responsibilities Statement

The Trustees (who are also directors of Northern Ballet Limited for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the trustees must not approve the financial statements unless they are satisfied that they 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 (FRS 102);
- make judgements and accounting 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 group will continue in business.

Report of the trustees (continued) (incorporating the Strategic Report)

Trustees Responsibilities Statement (continued)

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and to 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.

The Trustees confirm that:

- so far as each trustee is 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 as trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

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

Internal Controls

The Trustees have overall responsibility for the system of internal control for the Group.

Internal Control processes implemented by the Trustees are as follows:

- A comprehensive annual planning and budgeting process, which is approved by the Board of Trustees. Reports are made to the Board of Trustees at each meeting, which compare actual results against the phased budget and forecast.
- Production of a detailed business plan which is regularly reviewed.
- An Audit Committee which holds meetings at least twice a year. The Audit Committee reports directly to the Board of Trustees.
- Delegation of authority and segregation of duties.
- Identification and management of risk

Going concern

The Trustees are aware that the current economic uncertainties may have an impact on the financial success of the Group. In preparing the budgets and forecasts, the Trustees consider the repertoire, with the aim to plan a mix of productions which includes a popular Christmas season to generate significant box office income. In 2019/20, the Christmas production will be David Nixon's Cinderella.

The Trustees carefully monitor activity in the year and, should box office income fall short of target levels, steps will be taken to reduce Company costs accordingly. The Company's bank, Lloyds Bank plc, hold a charge over the storage property in Leeds, which would be used as security should short term borrowing or an overdraft facility be required.

In their consideration of going concern, the Trustees have given specific regard to the Company's pension arrangements. Northern Ballet is a participant in a multi-employer Defined Benefit Pension Scheme - The Pension Scheme for Administration and Technical Staff in the Arts.

The triennial valuation of this scheme as at 31 March 2016 calculated a deficit on the fund of £8,243,000 which must be funded by participating employers. The Trustee of the scheme,

Report of the trustees (continued) (incorporating the Strategic Report)

Going concern (continued)

having taken into account a section 75 payment by one of the employers after the 31 March 2016 triennial valuation, has agreed a recovery plan with the remaining employers. Northern Ballet agreed to pay £622,200 of this deficit and agreement was reached with the Trustee of the scheme to repay these costs over ten years. Northern Ballet, along with the other employers in the scheme, ceased future accruals to the scheme in 2012. Under the requirements of FRS 102 the present value of these future payment commitments has been recognised as a liability in the balance sheet. At 31 March 2019 the liability was £476,960 (2018: £523,965). The March 2019 triennial valuation is currently in progress, with results expected late 2019.

After making enquiries, the Board has a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future, being a period of not less than twelve months after the date on which the report and financial statements are approved. For this reason, it continues to adopt the going concern basis of preparation in the financial statements. Further information is given in the Principal accounting policies (note 2.4).

Auditors

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the charitable company receives notice under section 488(1) of the Companies Act 2006.

Sir David Wootton
Chair
5th September 2019



Independent auditor's report to the members of Northern Ballet Limited

Opinion

We have audited the financial statements of Northern Ballet Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2019 which comprise the Consolidated statement of financial activities (including Consolidated Income and Expenditure account), the Consolidated and 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 Financial Reporting Standard 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 parent charitable company's affairs as at 31 March 2019 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We have been appointed auditor under the Companies Act 2006 and report in accordance with regulations made under that Act. 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 group and the parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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



Independent auditor's report to the members of Northern Ballet Limited (continued)

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Report of the trustees and financial statements, 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.

Opinion 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 Report of the trustees (incorporating the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Report of the trustees (incorporating the Strategic Report) has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the trustees (incorporating the Strategic Report).

Matters on which we are required to report by exception

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

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



Independent auditor's report to the members of Northern Ballet Limited (continued)

Responsibilities of the trustees for the financial statements

As explained more fully in the Trustees' Responsibilities Statement set out on page 17, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members and trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Joanne Love
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester
Date: 13th September 2019

Consolidated statement of financial activities (including consolidated income and expenditure account)

	Note	Unrestricted funds £	Restricted funds £	2019 £	2018 £
INCOME					
Income from donations and legacies	3	3,690,234	1,176,018	4,866,252	4,272,814
Income from trading activities	4	1,166,114	-	1,166,114	1,060,325
Income from charitable activities	6	3,142,097	-	3,142,097	3,933,860
Investment income	5	1,856	-	1,856	4,131
Total income		8,000,301	1,176,018	9,176,319	9,271,130
EXPENDITURE					
Expenditure on raising funds					
Fundraising	7	124,188	-	124,188	123,369
Other costs		128,785	5,000	133,785	144,705
Building		117,666	23,726	141,392	127,998
Leaflet distribution		331,208	-	331,208	308,460
		701,847	28,726	730,573	704,532
Expenditure on charitable activities					
Touring	8	7,689,154	828,826	8,517,980	8,319,868
Academy (classical training)	8	370,668	57,272	427,940	409,686
		8,059,822	886,098	8,945,920	8,729,554
Other expenditure					
Goodwill amortisation	16	-	-	-	8,044
Total expenditure		8,761,669	914,824	9,676,493	9,442,130
Taxation					
Theatre tax relief income		510,235	-	510,235	547,945
Tax credit/(charge) on profit on ordinary activities		4,848	-	4,848	(5,963)
		515,083	-	515,083	541,982
Other recognised gains					
Fair value gain on unlisted investments	17	2,760	-	2,760	2,507
		2,760	-	2,760	2,507
Net (expenditure)/income		(243,525)	261,194	17,669	373,489
Reconciliation of funds					
Total funds brought forward	25	1,586,912	12,246,035	13,832,947	13,459,458
Total funds carried forward	25	1,343,387	12,507,229	13,850,616	13,832,947

All the results are derived from continuing operations.

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

Refer to note 14 for information regarding the Charitable Company's financial activities. Refer to note 31 for full comparative Consolidated statement of financial activities.

The accompanying notes form part of these financial statements.

Consolidated balance sheet

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	15	12,513,371	12,605,222
Goodwill	16	-	-
Investments	17	61,532	53,772
		<u>12,574,903</u>	<u>12,658,994</u>
Current assets			
Investments	17	250,000	-
Stocks	18	20,378	29,265
Debtors	19	2,081,656	1,397,024
Cash at bank and in hand		1,166,362	1,524,030
		<u>3,518,396</u>	<u>2,950,319</u>
Creditors: amounts falling due within one year	20	<u>(1,821,223)</u>	<u>(1,305,671)</u>
Net current assets		1,697,173	1,644,648
Total assets less current liabilities		14,272,076	14,303,642
Creditors: amounts falling due after one year	21	(421,417)	(470,652)
Net assets		<u>13,850,659</u>	<u>13,832,990</u>
Called up share capital	24	29	29
Capital redemption reserve	25	14	14
Income funds			
Restricted funds	25	12,507,229	12,246,035
Unrestricted funds			
Revaluation reserve		306,473	306,473
Designated reserves	25	1,112,828	1,320,602
Other charitable funds		(75,914)	(40,163)
		<u>13,850,659</u>	<u>13,832,990</u>

These financial statements were approved by the Board of Trustees and signed on their behalf.

Sir David Wootton - Trustee
5th September 2019

Company number: 00947096

The accompanying notes form part of these financial statements.

Company balance sheet

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	15	12,503,264	12,599,013
Investments	17	167,610	159,850
		<u>12,670,874</u>	<u>12,758,863</u>
Current assets			
Investments	17	250,000	-
Stocks	18	20,378	29,265
Debtors	19	1,844,061	1,195,309
Cash at bank and in hand		968,213	1,288,357
		<u>3,082,652</u>	<u>2,512,931</u>
Creditors: amounts falling due within one year	20	<u>(1,505,089)</u>	<u>(1,008,212)</u>
Net current assets		1,577,563	1,504,719
Total assets less current liabilities		14,248,437	14,263,582
Creditors: amounts falling due after one year	21	(421,417)	(470,652)
Net assets		<u>13,827,020</u>	<u>13,792,930</u>
Called up share capital	24	29	29
Capital redemption reserve	25	14	14
Income funds			
Restricted funds	25	12,507,229	12,246,035
Unrestricted funds			
Revaluation reserve		306,473	306,473
Designated reserves	25	1,112,828	1,320,602
Other charitable funds		(99,553)	(80,223)
		<u>13,827,020</u>	<u>13,792,930</u>

The surplus after tax for the parent company for the year was £34,090 (2018: £349,998). A separate Statement of Financial Activities and Income and Expenditure Account for the Charity Company has not been presented because the Trustees have taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

These financial statements were approved by the Board of Trustees and signed on their behalf.

Sir David Wootton – Trustee

5th September 2019

Company number: 00947096

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows

	2019	2018
Note	£	£
Net cash flow from operating activities		
Net income	17,669	373,489
Interest receivable	(1,856)	(4,131)
Depreciation	175,580	180,797
Amortisation	-	8,044
Taxation	(5,533)	5,963
Fair value gains on unlisted investments	(2,760)	(2,507)
Decrease/(increase) in stock	8,887	(2,150)
(Increase)/decrease in debtors	(689,045)	314,128
Decrease/(increase) in accrued income	4,413	(13,249)
Increase/(decrease) in creditors	78,728	(146,525)
Increase/(decrease) in deferred income	393,122	(186,567)
Net cash (outflow)/inflow from operating activities	(20,795)	527,292
Cash flows from investing activities		
Interest received	1,856	4,131
Purchase of tangible fixed assets	(83,729)	(40,439)
Purchase of current asset investments	(250,000)	-
Payments to acquire unlisted investments	(5,000)	-
Cash used in investing activities	(336,873)	(36,308)
(Decrease)/increase in cash and cash equivalents during the year	(357,668)	490,984
Cash and cash equivalents at the beginning of the year	1,524,030	1,033,046
Cash and cash equivalents at the end of the year	1,166,362	1,524,030

The accompanying notes form part of these financial statements.

Notes to the financial statements

1 General information

Northern Ballet Limited is a charitable company incorporated in the UK and its registered office is 2 St Cecilia Street, Quarry Hill, Leeds, LS2 7PA. The principal objects of the Company are to produce and perform ballets and to advance education in the arts.

2 Accounting policies

2.1 Basis of preparation

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold property. 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 (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)) and the Companies Act 2006.

The financial statements consolidate the results of the charity and its wholly owned subsidiaries on a line by line basis. A separate Statement of Financial Activities and Income and Expenditure Account for the charity has not been presented because the trustees have taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

Northern Ballet Limited meets the definition of a public benefit entity under FRS 102.

The financial statements are presented in £ sterling.

2.2 Financial reporting standard 102 – reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing the company's own financial statements, as permitted by the Charities SORP (FRS 102):

- requirements to prepare a Cash Flow statement; and
- the requirements for certain financial instrument disclosures.

2.3 Significant judgements and estimates

Northern Ballet, in the process of applying its accounting policies, is required to make certain estimates, judgements and assumptions that it believes are reasonable based on the information available. These estimates, judgements and assumptions affect the amounts of the assets and liabilities at the date of the accounts and the amounts of income and expenditure recognised during the reporting period.

On an ongoing basis, estimates are evaluated using historical experiences, consultation with experts and other methods considered reasonable in the particular circumstances. Actual results may differ significantly from the estimates, the effect of which is recognised in the period in which the facts that give rise to the revision become known.

There are a number of actuarial assumptions used in the quantification of the Group's defined benefit pension commitments. See below under "Defined benefit scheme" policy for further details. Other judgements and estimates applied in the preparation of these accounts are as set out in the policies below. With the exception of those relating to pension commitments, none are considered to have a material impact on the accounts.

Notes to the financial statements (continued)

2.4 Going concern

After making enquiries, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of not less than twelve months after the date on which the report and financial statements are approved. The principal factors (subject to normal levels of commercial risk in the current economic climate) underlying this judgement include:

- confirmed grant funding for 2019/20 and subsequent two years from Arts Council England and Leeds City Council;
- current levels of financial performance by comparison with budgeted expectations;
- expected revenues from the programme planned for 2019/20 and 2020/21; and
- the availability of funds on deposit.

The Group operates in an environment that continues to be the subject of uncertainty regarding future funding levels. The Board will carefully monitor this environment and take appropriate action if required in the context of any reductions to grant funding in the future.

In their consideration of going concern, the Board have considered the Group's pension arrangements. In particular the deficit on a multi-employer Defined Benefit Pension Scheme for which an agreement is in place for Northern Ballet to pay £622,200 over ten years. A March 2019 triennial valuation is currently in progress which will re-assess Northern Ballet's liability, the results are expected in late 2019.

2.5 Basis of consolidation

The Group financial statements consolidate the financial statements of Northern Ballet Limited and all of its subsidiary undertakings (note 17) drawn up to 31 March each year. Acquisitions of subsidiaries are accounted for using the purchase method.

2.6 Taxation

The Company undertakes charitable activity and is not subject to corporation tax.

Info Display Limited and Northern Ballet Productions Limited, subsidiary undertakings, undertake trading activities and are subject to corporation tax. The tax expense for the year relates to the corporation tax arising in the trading subsidiaries.

Notes to the financial statements (continued)

2.7 Income

Income is recognised when the charity has entitlement to funds, any performance conditions attached to the items of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from donations and legacies

Grant income

Income from government and other grants, whether “capital” grants or “revenue” grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amounts can be measured reliably and is not deferred.

Donations and gifts

All monetary donations and gifts are included in full in the statement of financial activities when receivable, provided that there are no donor-imposed restrictions as to the timing of the related expenditure, in which case recognition is deferred until the pre-condition has been met. For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that the probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor’s intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Donations under Gift Aid together with the associated income tax recoveries are credited as income when the donations are received.

Income from trading activities

Sponsorship

Where sponsorship income is received in advance of performance, its recognition is deferred and included in creditors.

Hire of Space and Facilities

Income is recognised in the period in which the service is provided.

Leaflet distribution

Income is recognised on a straight line basis over the period in which the service is provided.

Income from charitable activities

Charitable trading income represents amounts receivable by the Group for performances (box office and programme receipts) and fees for educational activities. Such income is recognised when the associated activity is undertaken.

Investment income

Investment income, including associated income tax recoveries, is recognised when receivable.

Notes to the financial statements (continued)

2.8 Expenses and irrecoverable VAT

Expenditure, which is charged on an accruals basis, is allocated between:

- Expenditure on raising funds includes all costs relating to activities where the primary aim is to raise funds, along with an apportionment of support costs, as set out in note 9 to the accounts.
- Expenditure on charitable activities includes all costs relating to activities relating directly to the fulfilment of the charity's objectives, with an apportionment of support costs, as set out in note 9 to the accounts.
- Other expenditure represents those items not falling into any other heading.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Support costs relate to several activities, and include functions such as administration, building costs, payroll and accounting and are allocated across the categories of charitable activities and costs of generating funds as set out in note 9 to the accounts. Support costs relating to a single activity are allocated directly to that activity.

2.9 Fund accounting

Restricted funds are to be used for specified purposes laid down by the donor. Expenditure for those purposes is charged to the fund, together with a fair allocation of overheads and support costs.

Unrestricted funds are donations and other incoming resources received or generated for expenditure on the general objectives of the Group.

2.10 Tangible fixed assets and depreciation

Northern Ballet Limited has adopted a £1,000 capitalization threshold for individual assets, although assets of lesser value should be capitalized if they form part of a group, with a group value in excess of £1,000. The £1,000 figure includes VAT where this is not recoverable. Info Display Limited capitalizes all appropriate items with no threshold.

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provisions for impairment. The freehold property is stated at market value on the basis of a valuation performed in April 2017 (note 15). Depreciation is not charged on the freehold property on the grounds that applying an anticipated useful economic life of 30 years, the depreciation charge would not be material. Accordingly, no statement of historical cost profits and losses is shown.

The Leasehold Land and Buildings are the home of the Company in Leeds which has a 250 year lease with Leeds City Council. The Company moved into the building in the Autumn of 2010. From that date depreciation was charged on the asset, the asset will be written off over its estimated useful life of 99 years.

Notes to the financial statements (continued)

2.11 Tangible fixed assets and depreciation (continued)

Depreciation is calculated to write down the cost of all tangible fixed assets by the straight line method over the following periods:

Leasehold land and buildings	99 years
Computer equipment	3-4 years
Motor vehicles	4 years
All other tangible fixed assets	5 years

2.12 Goodwill and amortisation

Goodwill arising on an acquisition of a trade or subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the consolidated statement of financial activities over the Directors' estimate of its useful economic life (6 years with regard to Info Display Limited).

2.13 Impairment of assets

Where the recoverable amount of a fixed asset is found to be below its net book value, the asset is written down to the recoverable amount and the loss on impairment is recognised in the Statement of financial activities "SOFA".

2.14 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Listed investments are measured initially at cost and subsequently at fair value through the SOFA unless fair value cannot be measured reliably in which case they are measured at cost less accumulated impairment.

2.15 Stocks

Stocks are stated at the lower of cost and net realisable value.

2.16 Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

2.17 Cash at bank and in hand

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

2.18 Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

2.19 Financial instruments

The Company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognized at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Notes to the financial statements (continued)

2.20 Pension costs

Defined contribution scheme

For defined contribution schemes the amount charged to the consolidated statement of financial activities in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown within creditors or prepayments in the balance sheet as applicable.

Defined benefit scheme

The Company makes payments to a defined benefit scheme, the Pension Scheme for Administration and Technical Staff in the Arts (“the Scheme”), which has ceased to accrue pension benefits but which has a deficit in its fund. The Company remains liable for its portion of the deficit in the Scheme funds. The assets of the Scheme are administered by a trustee, in a fund independent from those of the Company. The Scheme is a multi-employer scheme and the Company is unable to identify its share of the underlying assets and liabilities. There is a funding agreement in place to eliminate that element of the deficit in the Scheme which is relative to the Company. This funding liability, based on an actuarial valuation as at 31 March 2016, was agreed and payments commenced in July 2017. A liability has been recognised in the balance sheet equal to the net present value of the future deficit reduction payments. The payments are discounted to present value using the market yield on high quality corporate bonds which currently equates to 1.7%. The pension costs charged to the consolidated statement of financial activities are the finance costs equal to the unwinding of the discount rate. Further details relating to this scheme are set out in note 28.

2.21 Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at rates of exchange ruling at the balance sheet date. Exchange differences are dealt with in the statement of financial activities.

3 Income from donations and legacies

	Unrestricted £	Restricted £	2019 £	2018 £
Grant income				
Arts Council England	3,112,000	613,745	3,725,745	3,266,000
Leeds City Council	200,000	18,000	218,000	225,425
Other voluntary income				
Donations and gifts	378,234	544,273	922,507	781,389
	<u>3,690,234</u>	<u>1,176,018</u>	<u>4,866,252</u>	<u>4,272,814</u>
	Donations and subscriptions £	Grants £	2019 £	2018 £
Analysis by income type				
Arts Council England	-	3,725,745	3,725,745	3,266,000
Performances and touring	922,507	218,000	1,140,507	1,006,814
	<u>922,507</u>	<u>3,943,745</u>	<u>4,866,252</u>	<u>4,272,814</u>

Notes to the financial statements (continued)

3 Income from donations and legacies (continued)

Donations deferred (refer to note 22) represents donations which have donor imposed restrictions as to timing of related expenditure are as follows:

	2019	2018
	£	£
Garfield Weston Foundation – New Productions	160,000	-
Anonymous Donor – Short Films, Academy, Other	9,200	-
Sir John Fisher Foundation – Short Ballet	5,500	5,500
Sir George Martin Trust – work in Bradford	2,000	-
The Radcliffe Trust – Pianists	2,000	2,000
Sovereign Health Care Trust – work in Bradford	2,000	-
Bruce Wake Charitable Trust – In Motion Project	2,000	2,000
Souter Charitable Trust – work in Edinburgh	1,000	-
The John Jarrold Trust – Norwich	500	1,000
Anonymous Donor – charitable activities in 2019/20	500	-
The Catherine Cookson Trust – Children’s Ballets	250	250
The Liz & Terry Bramall Foundation	-	50,000
Evan Cornish Foundation - Parkinson Project	-	7,500
Holbeck Charitable Trust – Academy Bursary	-	5,000
Sir James Knott Trust – Ugly Duckling	-	4,000
The Granada Foundation – Children’s Ballet	-	2,000
Barbara Shuttleworth Trust – Hospice Hoist	-	600
	<u>184,950</u>	<u>79,850</u>

4 Income from trading activities

	Unrestricted £	Restricted £	2019 £	2018 £
Sponsorship	416,198	-	416,198	315,380
Hire of Space and Facilities	248,636	-	248,636	240,570
Leaflet Distribution	501,280	-	501,280	504,375
	<u>1,166,114</u>	<u>-</u>	<u>1,166,114</u>	<u>1,060,325</u>

5 Investment income

	2019	2018
	£	£
Investment income comprises income from :		
Bank deposits	<u>1,856</u>	<u>4,131</u>

All of the investment income is derived from assets within the UK.

Notes to the financial statements (continued)

6 Income from charitable activities

	Unrestricted £	Restricted £	2019 £	2018 £
Touring	2,671,605	-	2,671,605	3,431,325
Learning	52,375	-	52,375	83,178
Academy	418,117	-	418,117	419,357
	<u>3,142,097</u>	<u>-</u>	<u>3,142,097</u>	<u>3,933,860</u>

An analysis of income from charitable activities by geographical market is given below:

	2019 £	2018 £
United Kingdom	3,102,097	3,895,395
Rest of the world	40,000	38,465
	<u>3,142,097</u>	<u>3,933,860</u>

7 Expenditure on raising funds

	Unrestricted direct costs £	Unrestricted support costs £	Unrestricted total costs £	Restricted total direct costs £	2019 Total Cost £	2018 Total Cost £
Fundraising	<u>107,510</u>	<u>16,678</u>	<u>124,188</u>	<u>-</u>	<u>124,188</u>	<u>123,369</u>

8 Expenditure on charitable activities

	Unrestricted direct costs £	Unrestricted support costs £	Unrestricted total costs £	Restricted total direct costs £	2019 Total Cost £	2018 Total Cost £
Touring (note 10)	7,022,987	666,167	7,689,154	828,826	8,517,980	8,319,868
Academy (note 11)	336,396	34,272	370,668	57,272	427,940	409,686
	<u>7,359,383</u>	<u>700,439</u>	<u>8,059,822</u>	<u>886,098</u>	<u>8,945,920</u>	<u>8,729,554</u>

Notes to the financial statements (continued)

9 Analysis of support costs

	Total 2019 £	Total 2018 £
Expenditure on raising funds (note 7)	16,678	18,477
Expenditure on charitable activities (note 8):		
Touring	666,167	669,659
Classical Training	39,426	57,278
	<u>722,271</u>	<u>745,414</u>

Support costs relate to several activities, and include functions such as payroll, administration, general management and building operating costs. Support costs are apportioned based on the number of full time staff equivalents.

10 Expenditure on touring

	Unrestricted £	Restricted £	2019 £	2018 £
Dancers Touring	2,180,393	35,193	2,215,586	2,277,674
Marketing and Press	981,490	82,772	1,064,262	952,870
Technical	1,728,854	91,958	1,820,812	1,847,144
Orchestra	942,514	10,000	952,514	999,885
Royalties	55,279	-	55,279	78,026
New Productions and Revivals	350,638	235,435	586,073	471,296
Overseas Tour	4,581	-	4,581	10,035
Learning	197,494	122,846	320,340	259,242
Corporate Sponsorship/Friends	76,865	-	76,865	76,105
Direct Support Costs	455,965	7,612	463,577	426,144
Direct Depreciation	4,052	108,086	112,138	114,123
In House Performances	30,850	-	30,850	47,763
Leeds Dance Partnership	14,012	134,924	148,936	89,902
Support Costs (note 9)	666,167	-	666,167	669,659
	<u>7,689,154</u>	<u>828,826</u>	<u>8,517,980</u>	<u>8,319,868</u>

11 Expenditure on academy (classical training)

	Unrestricted £	Restricted £	2019 £	2018 £
Associate Classes	90,932	-	90,932	78,862
Yorkshire Young Dancers	245,464	52,118	297,582	273,546
Support Costs (note 9)	34,272	5,154	39,426	57,278
	<u>370,668</u>	<u>57,272</u>	<u>427,940</u>	<u>409,686</u>

Notes to the financial statements (continued)

12 Governance costs

	2019	2018
	£	£
Governance costs are broken down as follows and are included within the charge for support costs :		
External audit fee		
- audit services - charitable company	14,000	13,600
- subsidiaries	9,000	8,550
- non-audit services – iXBRL tagging	-	800
Company secretary duties	38,302	37,085
	<u>61,302</u>	<u>60,035</u>

Further non-audit fees for the Academy grant claim review £1,258 (2018: £1,110) have been incurred and are included within Yorkshire Young Dancers costs (note 11).

13 Staff costs

Group	2019 Group £	2018 Group £	2019 Company £	2018 Company £
Wages and salaries	3,818,422	3,891,216	3,626,742	3,707,471
Social security costs	379,985	377,547	362,717	360,906
Pension costs	231,587	275,763	224,289	268,842
	<u>4,429,994</u>	<u>4,544,526</u>	<u>4,213,748</u>	<u>4,337,219</u>

The average number of permanent employees of the Group was as follows:

	2019 Group Number	2018 Group Number	2019 Company Number	2018 Company Number
Full time employees	115	114	108	107
Part time employees	11	9	11	9
	<u>126</u>	<u>123</u>	<u>119</u>	<u>116</u>

The number of full time equivalents was:

	<u>123</u>	<u>120</u>	<u>116</u>	<u>113</u>
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Full time equivalent employees fell into the following categories:

	2019 Group Number	2018 Group Number	2019 Company Number	2018 Company Number
Production	90	87	90	87
Administration	26	26	26	26
Distribution	7	7	-	-
	<u>123</u>	<u>120</u>	<u>116</u>	<u>113</u>

Notes to the financial statements (continued)

13 Staff costs (continued)

Employees receiving remuneration in excess of £60,000 are analysed as follows:

	2019 Group £	2018 Group £	2019 Company £	2018 Company £
£60,001 to £70,000	2	1	2	-
£70,001 to £80,000	-	-	-	-
£80,001 to £90,000	-	-	-	-
£90,001 to £100,000	2	2	2	2
	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

During the year the following amounts were paid to higher paid employees as shown above:

	2019 £	2018 £
Pension contributions to money purchase schemes	<u>18,327</u>	<u>14,470</u>

4 (2018: 3) higher paid employees are accruing retirement benefits under a defined contribution scheme.

Key Management Personnel

Key management personnel are defined as the trustees of and the senior management team of Northern Ballet. During the year no Trustees received remuneration relating to work in their professional capacity (2018: £Nil). No Trustees received expenses during the year (2018: £Nil).

The total emoluments of the key management personnel (salaries, wages, employers NIC, benefits in kind, including pension costs excluding expenses necessarily incurred during the performance of their duties) during the year were £536,037 in relation to 9 employees (2018: £507,097 in relation to 9 employees).

Donations made by Trustees and key management personnel during the year were £9,783 (2018: £11,752).

14 The Charity's statement of financial activities

The charitable company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own statement of financial activities in these financial statements. The financial activities on page 23 include £14,421,889 (2018: £14,870,844) of incoming and £14,387,799 (2018: £14,520,846) of outgoing resources relating to the Company.

Notes to the financial statements (continued)

15 Tangible fixed assets

Group	Freehold property £	Leasehold Land and Buildings £	Stage equipment £	Fixtures, fittings and office equipment £	Computer Equipment £	Motor Vehicles £	Total £
Cost or valuation							
At 1 April 2018	460,000	13,046,791	579,223	536,910	126,077	7,965	14,756,966
Additions	-	-	59,422	18,161	6,146	-	83,729
At 31 March 2019	460,000	13,046,791	638,645	555,071	132,223	7,965	14,840,695
Depreciation							
At 1 April 2018	-	985,458	521,840	520,071	116,410	7,965	2,151,744
Provided in the year	-	131,813	28,733	9,039	5,995	-	175,580
At 31 March 2019	-	1,117,271	550,573	529,110	122,405	7,965	2,327,324
Net book amount							
At 31 March 2019	460,000	11,929,520	88,072	25,961	9,818	-	12,513,371
At 31 March 2018	460,000	12,061,333	57,383	16,839	9,667	-	12,605,222
Company							
Cost or valuation							
At 1 April 2018	460,000	13,046,791	579,223	494,589	73,895	7,965	14,662,463
Additions	-	-	59,422	11,537	6,146	-	77,105
At 31 March 2019	460,000	13,046,791	638,645	506,126	80,041	7,965	14,739,568
Depreciation							
At 1 April 2018	-	985,458	521,840	481,744	66,443	7,965	2,063,450
Provided in the year	-	131,813	28,733	7,595	4,713	-	172,854
At 31 March 2019	-	1,117,271	550,573	489,339	71,156	7,965	2,236,304
Net book amount							
At 31 March 2019	460,000	11,929,520	88,072	16,787	8,885	-	12,503,264
At 31 March 2018	460,000	12,061,333	57,383	12,845	7,452	-	12,599,013

Group and Company

The freehold property was valued by Carter Towler Limited, Chartered Surveyor as at 11 April 2017 (which management deem to be the value as at 31 March 2019) on an open market value basis. If the freehold property had not been re-valued it would have been included at a cost of £230,300 with accumulated depreciation of £168,897.

Notes to the financial statements (continued)

15 Tangible fixed assets (continued)

The Leasehold Land and Buildings are the home of the Company at Quarry Hill in Leeds which has a 250 year lease with Leeds City Council. The Company moved into the building in the Autumn of 2010 and from that date depreciation was charged on the asset, the asset will be written off over its estimated useful life of 99 years. The asset is supported in the Balance Sheet by a restricted reserve of the grants donated by Leeds City Council, Arts Council England and generous donations from supporters of the building campaign.

16 Intangible fixed assets

Group	Goodwill £
Cost	
As at 1 April 2018 and 31 March 2019	<u>71,700</u>
Amortisation	
As at 1 April 2018 and 31 March 2019	<u>71,700</u>
Net book amount	
At 31 March 2018 and 31 March 2019	<u>-</u>

17 Investments

Fixed asset investments

Group	Listed investments £
Cost	
At 1 April 2018	53,772
Additions	5,000
Fair value movement	2,760
At 31 March 2019	<u>61,532</u>

In 2017, the Company invested £50,000 into an investment portfolio managed on a discretionary basis by Redmayne-Bentley LLP. During the year, in line with Northern Ballet's investment policy, £5,000 received as a legacy was added to the investment portfolio.

Notes to the financial statements (continued)

17 Investments (continued)

Company

	Subsidiary Undertakings £	Listed investments £	Total £
Cost			
At 1 April 2018	106,078	53,772	159,850
Investment	-	5,000	5,000
Fair value movement	-	2,760	2,760
At 31 March 2019	106,078	61,532	167,610

Name	Country of Registration	Class of shares held	Proportion of nominal value held	Principal activities
Northern Ballet Theatre Company (Property) Limited (02466786)	England	£1 ordinary	100%	Dormant
Info Display Limited (04392827)	England	£1 ordinary	100%	Leaflet distribution company for the arts and heritage sector
Northern Ballet Productions Limited (09202205)	England	£1 ordinary	100%	Development and production of ballets

Operations of trading subsidiaries

	Year ended 31 March 2019 £	Year ended 31 March 2018 £
A summary of the results of the trading subsidiary Info Display Limited are set out below:		
Turnover (including interest receivable)	494,655	504,378
Operating expenses	(356,209)	(344,660)
Operating profit	138,446	159,718
Tax on profit on ordinary activities	4,848	(5,963)
Profit for the year	143,294	153,755
Retained profits at 1 April 2018	145,940	114,398
Payment under Gift Aid	(159,718)	(122,213)
Retained profits at 31 March 2019	129,516	145,940

Notes to the financial statements (continued)

17 Investments (continued)

Operations of trading subsidiary (continued)

	31 March 2019 £	31 March 2018 £
The net assets and liabilities of the subsidiary Info Display Limited were:		
Fixed assets	10,108	6,210
Current assets	450,827	456,922
Creditors: amounts falling due within one year	<u>(331,319)</u>	<u>(317,092)</u>
Net current assets	<u>119,508</u>	<u>139,830</u>
Total assets less current liabilities	<u>129,616</u>	<u>146,040</u>
Aggregate share capital and reserves	<u>129,616</u>	<u>146,040</u>
	Year ended 31 March 2019 £	Year ended 31 March 2018 £
A summary of the results of the trading subsidiary Northern Ballet Productions Limited are set out below:		
Turnover (including interest receivable)	5,104,180	5,389,440
Charges	<u>(5,614,415)</u>	<u>(5,937,385)</u>
Loss	<u>(510,235)</u>	<u>(547,945)</u>
HMRC Theatre & Film Tax Relief Claim	<u>510,235</u>	<u>547,945</u>
Retained in subsidiary	<u>-</u>	<u>-</u>
	31 March 2019 £	31 March 2018 £
The net assets and liabilities of the subsidiary Northern Ballet Productions Limited were :		
Current assets	1,057,410	542,687
Creditors : amounts falling due within one year	<u>(1,057,409)</u>	<u>(542,686)</u>
Net current assets	<u>1</u>	<u>1</u>
Total assets less current liabilities	<u>1</u>	<u>1</u>
Aggregate share capital and reserves	<u>1</u>	<u>1</u>

Northern Ballet Productions Limited will make a claim for Theatre Tax Relief and Film Tax Relief for six productions in the year. Accordingly the financial statements include a debtor and income receivable of £510,234 (2018: £542,686) in relation to this claim. The prior year debtor was also still outstanding at 31 March 2019 and was received in May 2019.

Current asset investments (company and group)

During the year, the Company invested £250,000 into a fixed term deposit that matures in November 2019 (2018: £Nil).

Notes to the financial statements (continued)

18 Stocks

Group and Company	2019 £	2018 £
Ballet shoes	17,574	21,395
Programmes and brochures	2,804	7,870
	<u>20,378</u>	<u>29,265</u>

19 Debtors

	2019 Group £	2018 Group £	2019 Company £	2018 Company £
Trade debtors	794,160	592,463	558,678	388,097
Other debtors	1,082,393	569,873	25,985	27,187
Prepayments	189,022	214,194	171,910	198,134
Accrued income	16,081	20,494	15,000	19,671
Amounts due from subsidiary undertakings	-	-	1,072,488	562,220
	<u>2,081,656</u>	<u>1,397,024</u>	<u>1,844,061</u>	<u>1,195,309</u>

No impairment losses (2018: £Nil) were recognised against debtors at 31 March 2019.

20 Creditors: amounts falling due within one year

	2019 Group £	2018 Group £	2019 Company £	2018 Company £
Trade creditors	514,170	410,559	490,346	398,158
Amounts due to subsidiary undertakings	-	-	106	100
Social security and other taxes	171,179	175,960	127,505	121,944
Corporation tax	25,494	31,027	-	-
Pension contributions	29,208	28,773	28,075	27,668
Other creditors	143,322	151,567	143,322	151,567
Accruals	151,459	114,516	141,454	110,412
Deferred income (note 22)	786,391	393,269	574,281	198,363
	<u>1,821,223</u>	<u>1,305,671</u>	<u>1,505,089</u>	<u>1,008,212</u>

Included in Other creditors are the liabilities for holiday pay, £76,662 (2018: £85,308) and the current element of the net present value of future pension deficit reduction payments £55,543 (2018: £53,313) as required by FRS 102.

Notes to the financial statements (continued)

21 Creditors: amounts falling due after one year

Group and Company

	2019	2018
	£	£
Net present value of future pension deficit reduction payments due after one year	<u>421,417</u>	<u>470,652</u>

22 Deferred income

	Group	Company
	£	£
Deferred income brought forward	393,269	198,363
Released in the year	(391,269)	(196,363)
Deferred in the year	784,391	572,281
Deferred income carried forward	<u>786,391</u>	<u>574,281</u>

Deferred income at 31 March 2019 includes the following key items; £259,401 received from Arts Council England to support the work of the company on tour in Wales, Scotland & Northern Ireland, £160,000 received from Garfield Weston Foundation to support new productions in 2019 and 2020, pre-paid fees of £103,951 for training and learning activities in 2019 and £15,857 received regarding ticket sales and space hire at Quarry Hill in 2019/20. It also includes £212,110 for the distribution of leaflets by its subsidiary company over a period of time which extends into 2019/20.

23 Commitments under operating leases

At 31 March 2019, the Group's future minimum operating lease payments are as follows:

	2019	2018	2019	2018
	Group	Group	Company	Company
	£	£	£	£
Land and buildings				
Not later than 1 year	109,573	109,573	84,868	84,868
Later than 1 year and not later than 5 years	93,514	203,087	42,434	127,302
	<u>203,087</u>	<u>312,660</u>	<u>127,302</u>	<u>212,170</u>
	2019	2018	2019	2018
	Group	Group	Company	Company
	£	£	£	£
Vehicles and equipment				
Not later than 1 year	5,418	13,004	-	-
Later than 1 year and not later than 5 years	-	5,418	-	-
	<u>5,418</u>	<u>18,422</u>	<u>-</u>	<u>-</u>

Operating lease payments recognised as an expense during the year were £122,577 (2018: £121,742).

Notes to the financial statements (continued)

24 Share capital

Group and Company

	2019	2018
	£	£
Authorised		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
29 Ordinary shares of £1 each	<u>29</u>	<u>29</u>

Each holder of a share or shares is entitled to one vote at a meeting of shareholders in accordance with the memorandum and articles of association of the company.

The Company is limited by guarantee and each Trustee has undertaken to contribute a maximum of £10 to the costs of the company in the event of a winding up.

25 Total funds

Capital redemption reserve

The capital redemption reserve arose on historic shares repurchased by the Company. Its value is £14 (2018: £14).

Restricted funds

Restricted income funds are further detailed in the following tables and notes.

Revaluation reserve

The revaluation reserve represents the surplus created on the revaluation of Wellington Mill.

Designated reserves

Designated funds represent funds which the trustees have set aside for a specific purpose, for further details see following table and notes.

Other charitable funds

Other charitable funds represents all current and prior period unrestricted, undesignated retained income and expenditure.

Notes to the financial statements (continued)

25 Total funds (continued)

Income funds are analysed as follows:

Group	Balance at 31 March 2018 £	Movement during the year		Balance at 31 March 2019 £
		Incoming resources £	Expenditure £	
Restricted				
Building project fund	12,061,481	-	(131,813)	11,929,668
Education professional training	3,412	53,925	(57,272)	65
Education projects	-	148,503	(96,179)	52,324
Production fund	-	268,345	(268,345)	-
Children's Ballets	-	293,745	(135,424)	158,321
Dance Partnership	155,058	353,000	(161,446)	346,612
Tour fund	-	23,500	(23,500)	-
Asset Fund	26,084	-	(5,845)	20,239
Digital Projects Fund	-	25,000	(25,000)	-
Sponsorship in Kind	-	10,000	(10,000)	-
	<u>12,246,035</u>	<u>1,176,018</u>	<u>(914,824)</u>	<u>12,507,229</u>
Unrestricted	1,586,912	8,518,144	(8,761,669)	1,343,387
	<u>13,832,947</u>	<u>9,694,162</u>	<u>(9,676,493)</u>	<u>13,850,616</u>
Company	Balance at 31 March 2018 £	Movement during the year		Balance at 31 March 2019 £
		Incoming resources £	Expenditure £	
Restricted				
Building project fund	12,061,481	-	(131,813)	11,929,668
Education professional training	3,412	53,925	(57,272)	65
Education projects	-	148,503	(96,179)	52,324
Production fund	-	268,345	(268,345)	-
Children's Ballets	-	293,745	(135,424)	158,321
Dance Partnership	155,058	353,000	(161,446)	346,612
Tour fund	-	23,500	(23,500)	-
Asset Fund	26,084	-	(5,845)	20,239
Digital Projects Fund	-	25,000	(25,000)	-
Sponsorship in Kind	-	10,000	(10,000)	-
	<u>12,246,035</u>	<u>1,176,018</u>	<u>(914,824)</u>	<u>12,507,229</u>
Unrestricted	1,546,852	13,245,871	(13,472,975)	1,319,748
	<u>13,792,887</u>	<u>14,421,889</u>	<u>(14,387,799)</u>	<u>13,826,977</u>

Notes to the financial statements (continued)

25 Total funds (continued)

Restricted funds – Group and Company

The Building Project fund was established in the year ended 31 March 2001 by donations from various entities. Donations to this fund were used to develop the Company's building at Quarry Hill, Leeds which the Company moved into in October 2010. Expenditure in the year refers to one year's depreciation charge. The building will be depreciated over 99 years.

The Education Professional Training fund was established in the year ending 31 March 2005. The purpose of this fund is to develop the professional dance training programme. Successful applicants attend a five year dance training scheme after school, at the weekend and during school holidays.

The Education Projects fund was established in the year ending 31 March 2009 with donations from numerous Trusts and Foundations, the conditions of the donations stipulate the educational work to be supported. In the year this fund has supported a programme of theatre visits and workshops for children of all abilities in Leeds, workshops and performances for the visually impaired, dance experience for wheelchair users, a project with a children's hospice in Leeds and an international research project to develop safe practice for teaching people with learning disabilities.

The Production fund reflects donations from trusts and individuals given on the condition that the income be used to support the development of new productions.

The Children's Ballet fund was established in the year ending 31 March 2013 to support the development of short ballets for children. Donations have been received from Arts Council England.

The Dance Partnership fund was established in the year ending 31 March 2016 with funding from Arts Council England. The purpose of the donation was to support an initiative to create a North of England centre of dance in Leeds, this work continued in the year ending 31 March 2018.

The Tour fund reflects donations received in the year ended 31 March 2018 of £28,175 which were used to develop the Company's work in Norwich and provide ballet shoes to dancers.

The Asset fund reflects a donation received in the year ended 31 March 2018 which was used to purchase lighting for productions. Expenditure in the year reflects the depreciation charge on the asset. The asset will be depreciated over 5 years.

The Digital Projects Fund reflects a donation received in the year ended 31 March 2019 to support the creation of Children's Ballets as films suitable for cinema and other digital release.

Designated Reserves

	Balance at 31 March 2018	Movement during the year			Balance at 31 March 2019
		Incoming resources	Expenditure	Gains and losses	
Group and Company	£	£	£	£	£
Designated Reserves					
The Flood Reserve	1,266,830	125,645	(341,179)	-	1,051,296
The Investment Reserve	53,772	5,000	-	2,760	61,532
	<u>1,320,602</u>	<u>130,645</u>	<u>(341,179)</u>	<u>2,760</u>	<u>1,112,828</u>

Notes to the financial statements (continued)

25 Total funds (continued)

Designated Reserves (continued)

The Flood Reserve was set aside to manage the insurance settlements received and receivable following the flood at the company stores on 26 December 2015. It is the intention that these reserves will be used to build future productions.

The Investment Reserve represents funds set aside by the trustees to invest as a managed investment. It is the intention of the trustees that this fund will be developed over time to create an additional income stream for the charity.

26 Analysis of group net assets between funds

Fund balances at 31 March 2019 are represented by:

	Unrestricted funds £	Restricted Funds £	Total Funds £
Tangible fixed assets	563,464	11,949,907	12,513,371
Investments	61,532	-	61,532
Current assets	2,961,074	557,322	3,518,396
Current liabilities	(1,821,223)	-	(1,821,223)
Long term liabilities	(421,417)	-	(421,417)
Total net assets	1,343,430	12,507,229	13,850,659

27 Financial commitments

Group and Company

The Group and Company have an unutilised overdraft facility that is secured by way of first legal charge over the freehold property.

28 Pensions

Defined contribution scheme - Company

The Company operates money purchase pension schemes for the benefit of the employees. The assets of the scheme are administered by trustees, in a fund independent from those of the Company.

Notes to the financial statements (continued)

28 Pensions (continued)

Defined benefit scheme - Company

The Company contributed to a defined benefit scheme; the “Pension Scheme for Administration and Technical Staff in the Arts” for two employees up to 14 December 2012. From this date all accrual to the scheme ended. The Company remains liable for its portion of the deficit in scheme funds. The assets of the scheme are administered by a trustee, in a fund independent from those of the Company. The scheme is a multi-employer scheme and the Company is unable to identify its share of the underlying assets and liabilities. As noted in the Principal Accounting Policies there is a funding agreement in place to eliminate that element of the deficit in the Scheme which is relative to the Company. The principal conclusions of the last triennial valuation at 31 March 2016 estimated a funding shortfall of £8,243,000 (2013: £3,174,000). Northern Ballet, as one of several employers responsible for funding this shortfall, agreed to make monthly contributions of £5,185 for ten years, payments commenced 1 July 2017. A liability has been recognised in the balance sheet, in accordance with FRS 102, equal to the net present value of these future deficit reduction payments. The payments are discounted to present value using a yield curve derived from AA rated bonds in the iBoxx sterling corporate bond index, this gave a rate of 1.7%. The net present value of the sum of the remaining monthly contributions as at 31 March 2019 is £476,960 (2018: £523,965) and this has been recorded as a liability in the balance sheets of the Group and the Company, £55,543 (2018: £53,313) in creditors falling due within one year and £421,417 (2018: £470,652) in creditors falling due after one year. The 2019 update to the triennial valuation is currently in progress with the results expected in late 2019.

29 Related party transactions

In accordance with paragraph 33.1A of FRS 102, the company has taken advantage of the exemption to provide details of related party transactions with its wholly owned subsidiary undertakings.

One Trustee has made donations to the Company during the year. There were no conditions attached to the donation which required the Company to alter significantly the nature of its existing activities.

30 Capital commitments

There were no capital commitments as at 31 March 2019 (2018: £Nil).

Notes to the financial statements (continued)

31 Consolidated Statement of financial activities - comparative

	Note	Restated Unrestricted Funds £	Restricted funds £	2018 £
INCOME				
Income from donations and legacies	3	3,708,823	563,991	4,272,814
Income from trading activities	4	1,060,325	-	1,060,325
Income from charitable activities	6	3,933,860	-	3,933,860
Investment income	5	4,131	-	4,131
Total income		8,707,139	563,991	9,271,130
EXPENDITURE				
Expenditure on raising funds				
Fundraising	7	123,369	-	123,369
Other costs		144,705	-	144,705
Building		104,271	23,727	127,998
Leaflet distribution		308,460	-	308,460
		680,805	23,727	704,532
Charitable activities				
Touring	8	7,638,393	681,475	8,319,868
Academy (classical training)	8	360,418	49,268	409,686
		7,998,811	730,743	8,729,554
Other expenditure				
Goodwill amortisation	16	8,044	-	8,044
Total expenditure		8,687,660	754,470	9,442,130
Taxation				
Theatre tax relief income		547,945	-	547,945
Tax on profit on ordinary activities		(5,963)	-	(5,963)
		541,982	-	541,982
Other recognised gains				
Fair value gain on unlisted investments	17	2,507	-	2,507
		2,507	-	2,507
Net income/(expenditure)		563,968	(190,479)	373,489
Reconciliation of funds				
Total funds brought forward	25	1,022,944	12,436,514	13,459,458
Total funds carried forward	25	1,586,912	12,246,035	13,832,947