

Northern Ballet Limited

Report of the Trustees and Financial Statements

For the year ended 31 March 2022

Northern Ballet Limited
Financial statements for the year ended 31 March 2022

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Company information

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|--------------------------------------|---|
| 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 : | Mr Guido Perricone (Appointed 16 th September 2022) Sir David Wootton (Resigned 29 th September 2022) Mr Javaad Alipoor (Resigned on 26 th September 2022) Ms Carol Arrowsmith Cllr Judith Blake Mr Sonny Hanley (Appointed 12 th July 2021) Mr Jolyon Harrison Mrs Elizabeth Jackson Mr Clive Lloyd Mr Philip Keller Mrs Kyla Mullins Mr Kevin O'Hare Mr John Procter (Resigned on 16 th August 2022) Ms Anita Rani Mr Graham Smith (Resigned on 31 st July 2022) Mr Paul Smith |
| Company Secretary : | Mr Richard Coram (Resigned 16 th August 2022) Mrs Polly Coram (Appointed 16 th August 2022) |
| Artistic Directors : | Mr David Nixon (Resigned 24 th April 2022) Mr Federico Bonelli (Appointed 2 nd May 2022) |
| Chief Executive : | Mr Mark Skipper (Resigned 30 th September 2022) Mr Tobias Perkins (Appointed 1 st October 2022 Interim) |
| Bankers : | Lloyds Bank Plc 65-68 Briggate Leeds LS1 6LH |
| Solicitors : | Wrigleys Solicitors LLP 19 Cookridge Street Leeds LS2 3AG |

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Company information (continued)

Auditors:

Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
No 1 Whitehall Riverside
Leeds
LS1 4BN

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Chair's report

I am honoured to be making my first Chair's Report on behalf of Northern Ballet. I have been entrusted with this position at a time of great change, both within Northern Ballet and the wider cultural sector and financial landscape. This presents some challenges, but also many opportunities.

Over the past two years, Northern Ballet has adapted to the challenges posed by the pandemic and has found dynamic new ways to bring ballet to new and established audiences. Now that the Covid-19 pandemic begins to recede we are using the experience and knowledge gained to inform the Company we want to be in the future.

This year has brought artistic success as the Company was finally able to give the world premiere and national tour of Drew McOnie's Merlin. The Company was firing artistically on all cylinders with full length revivals of Dangerous Liaisons, Swan Lake and the modern classic Casanova. Our long running and artistically excellent work for children continued with a new production of Pinocchio.

Whilst it has been wonderful to welcome back audiences to theatres, part of Covid-19's legacy has been a change in audience attitudes and behaviours. I must thank our Communications Team for their efforts in re-engaging our core audience, and finding new ways to connect which is bringing a sustainable, young and diverse new audience in to the theatre to enjoy Northern Ballet's work. These efforts are beginning to bear fruit and we are seeing audience numbers continue to improve and in some cases exceed pre-Covid levels. I would like to offer my thanks to audiences who have placed their trust in Northern Ballet, especially so as we enter into a period where the public's personal finances are under real pressure.

Over this last year, we have said farewell to three members of our senior leadership team, and I offer them my heartfelt thanks for the vital role they have played in Northern Ballet's success.

David Nixon CBE, Artistic Director, who stepped down after over 20 years of leadership. I thank him for his inestimable contribution to Northern Ballet's fortunes, including adding 29 full-length ballets and 23 one-act works to the repertoire. 13 of these were original full-length ballets choreographed and designed by David to titles including Wuthering Heights, A Midsummer Night's Dream, The Great Gatsby and The Little Mermaid. David has been instrumental in developing our art-form for the last two decades and these works, which form the cornerstone of Northern Ballet's success, will provide a legacy for years to come.

Mark Skipper DL, Chief Executive, who retired after 35 years of service. Mark's retirement came at the end of a career that saw him grow from Deputy Stage Manager to Chief Executive, a position he held for 25 years. Our success over that time is perhaps best demonstrated by the magnificent home for the company at Quarry Hill that Mark was instrumental in securing. We are truly grateful to Mark for his service and the fruitful and effective partnership he formed with David Nixon.

Sir David Wootton, Chair of the Board, who stepped down after nine highly successful years. I thank Sir David for his service and the dedication, commitment and care he has shown to Northern Ballet throughout his time as Chair.

We will be going into the next year with a bold and dynamic new partnership in our new Artistic Director Federico Bonelli and new Executive Director, David Collins, who joins us in January 2023. We look forward to supporting them in taking this storied company to ambitious new heights in the year to come.

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Northern Ballet is only able to deliver its ambitious programme of works through the support it receives from ACE, Leeds City Council, Trusts & Foundations, and its many benefactors, donors, and supporters. I'm truly grateful to Arts Council England for its continued support, guidance, and financial backing. Similarly, to Leeds City Council who maintain their support of the North's premier dance company. Thank you to all for your continued support, particularly during such turbulent times.

Finally, I would like to thank my Board of Trustees for welcoming me into the fold and for all their hard work in guiding the Company through the pandemic, leadership change, and into an exciting new era.

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Report of the Trustees (incorporating the Strategic 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 2022 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: SORP (FRS102) (section edition October 2020). The Group comprises Northern Ballet Limited 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 seven studio dance centre in the heart of Leeds with a studio dance theatre, the Stanley and Audrey Burton Theatre.

Alongside our main and children's ballet tours we also work with schools and children in the local area, offering collaborative projects and introductions to Ballet for many as well as more formal Ballet education.

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 2021/22, 57% of tickets sold (2020/21 – 59%) across the main tour, children's ballets and our performances in the Stanley and Audrey Burton Theatre were at a concessionary rate.

Activities of Northern Ballet in the year

Performances

The Company performed 5 separate main-scale productions, Casanova, Dangerous Liaisons, Merlin, Contemporary Cuts and Swan Lake. These productions toured to 9 different venues across 102 performances.

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.

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Children's Ballets

The year saw the opening of our new Children's ballet Pinocchio which went on to be performed 27 times across two runs in our Stanley and Audrey Burton Theatre before touring nationally during the Spring of 2022.

Digital Projects

In early 2021 we were fortunate enough to be awarded £600,000 of restricted income by the Garfield Weston Foundation allowing us to invest in our digital equipment and future digital seasons across the 2021/22 year. This investment alongside the burgeoning skills of our in-house production team gives us the capabilities to capture our own full-scale performances digitally for the first time.

Volunteers

Northern Ballet uses volunteers where possible for performances in the Stanley and Audrey Burton Theatre at Quarry Hill. This enables Northern Ballet to utilise the experience and passion of our supporters to deliver an enhanced experience for attendees.

Learning

Northern Ballet works with people of all ages and backgrounds 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. Over the year, we delivered 1,120 sessions reaching 25,729 people.

We delivered the Rise project at 5 schools twice in this period due to a delay from Covid-19 school closures and restrictions with a total of 445 pupils each taking part in 10 sessions. In summer 2021 a digital performance was created for pupils to see the Company perform a selection of highlights from the repertoire and in autumn 2021, pupils attended a performance of Merlin at Leeds Grand Theatre.

The Burberry Inspire project continued to tackle social mobility and raise awareness of creative careers. Disadvantaged pupils from 4 high schools (1,696 pupils) engaged in the project seeing Northern Ballet's Company dancers in performance and worked with a dance artist, filmmaker, set designer, set builder and a costume designer to create dance films.

165 children aged under 5 took part in our Early Years projects across 7 Children's Centres in Leeds.

Over the course of the year, Northern Ballet delivered Ability, a dance course for adults with learning disabilities and In Motion a project for wheelchair users. We also held a digital version of Expression, a dance platform for disabled dancers which also included a conference to share our learning from the Erasmus+ funded SHIFT project, generating an international audience.

There were 9 audio described performances across the UK and we audio described all digital creations. The Learning Department supported the Short Ballet programme in summer 2021 (resulting in 4,568 people watching Little Red Riding Hood digitally) and by holding outreach workshops in children's centres, libraries, community centres and schools in spring 2022 to engage those who found it difficult to access arts activities in their local area. 163 free outreach sessions were delivered with 3,032 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.

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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.

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 2022

In previous years trading surpluses from Info Display's activities have been used to further the aims and objectives of Northern Ballet by a gift aid donation. The company is facing a challenging operating environment as the Covid-19 pandemic and the cost of living crisis have encouraged visitor attractions to shift their marketing spend away from print media towards digital.

The company is recovering from its covid slump but is currently reliant on the support of Northern Ballet Limited. Considering this uncertainty Northern Ballet, the ultimate parent company, has confirmed that it will provide any financial support, in terms of working capital support, necessary over the period to 31 December 2023 to enable the company to meet its liabilities as they fall due and to continue as a going concern.

Currently Info Display has net liabilities of £137,413 (2021: £112,505 assets). Of those liabilities £111,383 (2021: £57,914) are due to the parent company Northern Ballet Ltd.

For details of Info Display's trading losses 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 2022. For details of Northern Ballet Productions' trading and net assets see Note 17 to the financial statements.

Fundraising

Northern Ballet pursues a broad approach to fundraising, drawn from private giving, corporate entities alongside Trusts and Foundations. Northern Ballet benefits from the significant support provided by a wide range of individuals and entities without whose support we could not carry out the diverse range of activities we currently offer. The Development team within Northern Ballet are responsible for the fundraising activities across the organisation and we do engage third parties to carry out fundraising activities on our behalf.

All Northern Ballet's fundraising conforms to best practice within the sector as well as General Data Protection Regulations (GDPR) ensuring that individuals can opt out from any of our campaigns.

Stakeholders

Our stakeholders support our Charitable Activities. In addition to the funding received from Arts Council England and Leeds City Council Pages 9 and 10, 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, including through the 'Coronavirus Job Retention Scheme', Arts Council England and Leeds City Council. The combined support from public entities represents 56% (2020/21: 90%) of Northern Ballet's income in the year (See Financial Review – Pages 9 and 10). This significant decrease in the year is due to the reduction in COVID19 support claimed.

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Northern Ballet is very grateful for the steadfast support from our Patrons, Benefactors and Donors who have remained loyal to us as we have made our return to the stage following the pandemic. We would like to acknowledge our particular thanks to Close Brothers Asset Management, who we welcomed on board as a new Corporate Sponsor. We are so grateful to the Trusts and Foundations who have supported the Company over past year. Their support has played a crucial role in enabling us to deliver several innovative and inspiring projects across many areas of our work including learning, accessibility, digital, productions and the Academy of Northern Ballet. With thanks to every Trust and Foundation who has given us a gift or grant over the past year and special thanks to the following organisation:

- Audrey and Stanley Burton Charitable Trust
- Burberry Foundation
- Foyle Foundation
- John Ellerman Foundation
- The Keith Howard Foundation
- The Liz and Terry Bramall Foundation
- Leverhulme Trust
- The Steel Foundation

Financial review:

Trading

Results for the year ended 31 March 2022 are shown in the Consolidated Statement of Financial Activities on Page 20. The assets and liabilities as at 31 March 2022 are shown in the Consolidated Balance Sheet on Page 21. The financial statements should be read in conjunction with their related notes, which appear on Pages 24 to 47 and have been prepared in accordance with relevant law and the Charities Statement of Recommended Practice (FRS 102) October 2019 edition.

In summary, Group net incoming/(outgoing) resources for the year were (£338,573) (20/21: £2,309,845) including (£184,212) (20/21: £2,380,740) relating to the Company. Within this value, £131,813 (20/21: £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.

Northern Ballet generated approximately 44% (20/21: 10%) of its income from operations. Although overall touring income has fallen, as a proportion of total income it has increased due to the reduced reliance on COVID support schemes and a return to a more typical touring model.

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

Group Fundraising Income – Major Funders and Others

| | 21/22 | 20/21 | Increase/ (decrease) |
|---|--------------|--------------|---------------------------------|
| | £'000 | £'000 | £'000 |
| Arts Council England – National Portfolio | 3,169 | 3,169 | - |
| Arts Council England – Other | 808 | 500 | 308 |
| Leeds City Council | 170 | 200 | (30) |
| Job Retention Scheme/Covid-19 support | 177 | 692 | (515) |
| Performances and Touring | 1,603 | 1,037 | 566 |
| | 5,927 | 5,598 | (329) |

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| | 21/22 | 20/21 | Increase/ (decrease) |
|--|-------|-------|-------------------------|
| Average Theatre Occupancy Main Tour | 39% | 75% | (36%) |
| Number of UK Performances on Main Tour | 101 | 8 | 93 |
| Number of UK Children's Performances | 58 | - | 58 |
| Ticket Yield – Main Tour | £32 | £24 | £8 |
| Ticket Yield – Children's Ballets | £8 | - | £8 |
| Income | | | |
| % Public Funding | 54% | 57% | |
| % Generated Income | 46% | 43% | |

Average theatre occupancy for the year 21/22 was impacted by the changing Covid-19 restrictions resulting in tickets available for sale being reduced by up to 50%.

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 £2 to £65 with significant discounts available for children, schools, groups and concessions.

The Future:

Activities for 2022/23

We are pleased that our plans for 22/23 include a busy autumn season as we welcome a return to a fuller touring schedule. This will be balanced with a quieter end to the year to give the company time to explore potential future productions for 2023/24.

Funding

In May 2022 an application was submitted to Arts Council England for continued NPO status to cover the 2023-2026 years. This was based on our national main-scale touring model supported by our popular children's tour. With the increase in inflation significantly impacting fuel and utilities this necessitated a small reduction in activity levels to ensure a prudent financial position.

We were awarded our requested grant plus a further £120,000 to further invest in accessible Children's Ballet's.

Risk Management:

General

The Trustees have considered 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 Audit 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 key 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. 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

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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 because of a malicious action. Northern Ballet mitigates these risks by maintaining IT systems, protective software, and staff training.

Financial Risk

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.

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 Development team maintain close contact with all donors and sponsors providing ongoing reassurance over pledged donations or sponsorships and their likelihood of receipt. This provides confidence over fundraising targets and "early-warning" should pledges be withdrawn.

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.

Reserve Policy

Reserves are needed to bridge the gap between the spending and receiving of resources and to cover unplanned emergency and other expenditure. 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 for the company to move forward into future years. The board closely monitors the reserves position. Occasionally Northern Ballet may breach its reserve policy and in such instances The Board will take corrective action to return reserves to the expected level.

The Company's reserve policy is to seek to hold approximately 8 weeks of planned income as cash. This target is currently £1,190,237 (20/21: £1,500,000). During 21/22 the cash and short-term investments at year end equated to 125% of this target (20/21: 187%)

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.

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The Group's unrestricted reserves at 31 March 2022 were £2,020,632 (20/21: £2,534,930). Total reserves for the Group were £14,637,246 (20/21: £14,975,819) (Note 25) of which £12,616,614 (20/21: £12,440,889) is attributable to restricted reserves. Within restricted reserves a balance of £11,534,229 -Note 26 (20/21: £11,666,042) relates to the building project fund. Group balance sheet at 31 March 2022 shows net current assets of £2,232,708 (20/21: £2,710,860) and bank balances of £493,227 (20/21: £809,830). 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 during the 20/21 year of this facility is included in the unrestricted revaluation reserve. Included within reserves are amounts designated by the board for allocation to new productions, these reserves were designated following the insurance receipts because of the flooding at our Stourton site and damage to existing productions. In addition, there is a designated reserve into which all legacy receipts are placed. These funds are then transferred into our Fixed asset Investments to provide a long-term income stream. Once placed in an investment these funds are only accessible by disposing of the investments.

Detailed analysis of the Group's reserves can be found in the Consolidated Statement of Financial Activities (Page 20) 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 2022, Northern Ballet held investment funds to the value of £1,305,422 (20/21: £2,305,480). £305,422 of 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. The remaining £1m represents cash on short term deposit with Lloyds Bank.

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, these were unchanged with all shares held by the Chairman.

The trustees are also directors of Northern Ballet within the meaning of the Companies Act 2006.

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 also 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

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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. 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 formed a Remuneration Committee. This committee oversees 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.

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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 situation 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.

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;
- A Finance & Audit Committee which holds meetings at least three times a year. The Finance & Audit Committee reports directly to the Board of Trustees;
- Delegation of authority and segregation of duties;
- Identification and management of risk.

Going concern

The Board are aware that current economic uncertainties may have an impact on the financial success of the Group. The going concern assessment period is the period ended 31 December 2023. In preparing the budgets and forecasts, the Board consider the repertoire, with the aim to plan a mix of productions which includes a popular Christmas season to generate significant box office income.

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The Board have reviewed sensitised cash flows to satisfy themselves that the company has adequate cash resources to remain sustainable. Current and future trading levels have been analysed and The Board are satisfied that the box office income projections used in the cash flows do not contain material uncertainty. This is informed by comparisons with historic booking trends and the advance bookings which are exceeding original projections. They will continue to carefully monitor activity and, should box office income fall short of target levels, steps will be taken to reduce Company costs accordingly.

The Board have considered what the loss of the Art's Council England (ACE) funding would mean. A conditional funding offer has now been secured for 2023-26. A formal funding agreement will be in place in early 2023 as per ACE's usual practice. The board consider that the risk of this offer being rescinded is negligible and any risk has been mitigated by ACE's detailed assessment of Northern Ballet's application, which have been declared strong across the criteria, and also ACE's public commitment to the National Portfolio organisations made at their announcement in November 2022.

After their review, 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.

Auditors

Grant Thornton UK LLP, 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.

Guy Perricone

Mr Guido Perricone
Chair
22/12/2022

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 2022 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 2022 and of the group's and the parent charitable company's incoming resources and application of resources, including the group's and the parent 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 and Charities Act 2011.

Basis for opinion

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. 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 are responsible for concluding on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the groups and the parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.

In our evaluation of the trustees' conclusions, we considered the inherent risks associated with the group's and parent charitable company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the trustees and the related disclosures and analysed how those risks might affect the group's and parent charitable company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the trustees with respect to going concern are described in the 'Responsibilities of trustees for the financial statements' section of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Report of the Trustees, 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 during 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 during the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report included 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 and Charities Act 2011 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 pages 14, 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 groups 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 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 based on 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations.

We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures can detect irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group, and the sector in which it operates. We determined that the following laws and regulations were most significant.
- financial reporting legislation (Charities SORP (October 2019) and United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102); and
- legal framework, including Companies Act 2006 and the Charities Act 2011.

The engagement team remained alert to any indications of fraud and non-compliance with laws and regulations throughout the audit.

- We understood how the Group is complying with these legal and regulatory frameworks by making inquiries of management, internal audit, and those charged with governance. We enquired of management and those charged with governance whether there were any instances of non-compliance with laws and regulations, or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of board minutes, and through our legal and professional expenses review.

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

- To assess the potential risks of material misstatement, including how a fraud might occur, we obtained an understanding of:
 - The Group's operations, including the nature of its sources of income, expected financial statement disclosures and risks that may result in risk of material misstatement; and
 - The Group's control environment including the adequacy of procedures for authorisation of transactions
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
 - Evaluating the processes and controls established to address the risks related to irregularities and fraud.
 - Testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions.
 - Challenging assumptions and judgements made by management in its significant accounting estimates.
 - Identifying and testing related party transactions; and
 - Completion of audit procedures to conclude on the compliance of disclosures in the financial statements with applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery, or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- We assessed the appropriateness of the collective competence and capabilities of the engagement team, including consideration of the engagement team's knowledge and understanding of the industry in which the corporation operates in, its understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud, or non-compliance with laws and regulations throughout the audit.

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 and section 154 of the Charities Act 2011. 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.



Deborah Watson BSc (Hons) FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds
22/12/2022

Grant Thornton UK LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Northern Ballet Limited
Financial statements for the year ended 31 March 2022

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

| | Note | Unrestricted funds £ | Restricted funds £ | 2022 £ | 2021 £ |
|--|-----------|-------------------------|-----------------------|-------------------|-------------------|
| INCOME | | | | | |
| Income from donations and legacies | 3 | 4,601,820 | 1,148,135 | 5,749,955 | 5,598,046 |
| Income from trading activities | 4 | 246,472 | - | 246,472 | 315,978 |
| Income from charitable activities | 6 | 1,465,274 | 96,833 | 1,562,107 | 543,932 |
| Income from Job Retention Scheme | 32 | 177,145 | - | 177,145 | 1,770,998 |
| Investment income | 5 | 859 | - | 859 | - |
| Total income | | 6,491,570 | 1,244,968 | 7,736,538 | 8,228,954 |
| EXPENDITURE | | | | | |
| Expenditure on raising funds | | | | | |
| Fundraising | 7 | 320,970 | - | 320,970 | 298,015 |
| Building | | 329,848 | 23,726 | 353,574 | 322,834 |
| Leaflet distribution | | 312,617 | - | 312,617 | 300,527 |
| | | 963,435 | 23,726 | 987,161 | 921,376 |
| Expenditure on charitable activities | | | | | |
| Touring | 8 | 6,541,946 | 988,664 | 7,530,610 | 5,247,150 |
| Academy (classical training) | 8 | 339,009 | 56,853 | 395,862 | 335,902 |
| | | 6,880,955 | 1,045,517 | 7,926,472 | 5,583,052 |
| Total expenditure | | 7,844,390 | 1,069,243 | 8,913,633 | 6,504,428 |
| Taxation | | | | | |
| Theatre tax relief income | | 838,580 | - | 838,580 | 514,957 |
| Tax credit/(charge) on profit on ordinary activities | | - | - | - | - |
| | | 838,580 | - | 838,580 | 514,957 |
| Other recognised gains | | | | | |
| Fair value gain/(loss) on investments | 17 | (58) | - | (58) | 20,362 |
| Revaluation gains | | - | - | - | 50,000 |
| | | (58) | - | (58) | 70,362 |
| Net (expenditure)/income | | (514,298) | 175,725 | (338,573) | 2,309,845 |
| Reconciliation of funds | | | | | |
| Total funds brought forward | 25 | 2,534,930 | 12,440,889 | 14,975,819 | 12,665,974 |
| Total funds carried forward | 25 | 2,020,632 | 12,616,614 | 14,637,246 | 14,975,819 |

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 30 for full comparative Consolidated statement of financial activities.

The accompanying notes on pages 24 - 46 form part of these financial statements.

Northern Ballet Limited
Financial statements for the year ended 31 March 2022

Consolidated balance sheet

| | Note | 2022 £ | 2021 £ |
|---|------|--------------------------|--------------------------|
| Fixed assets | | | |
| Tangible assets | 15 | 12,338,451 | 12,274,140 |
| Goodwill | 16 | - | - |
| Investments | 17 | 305,422 | 305,480 |
| | | <u>12,643,873</u> | <u>12,579,620</u> |
| Current assets | | | |
| Investments | 17 | 1,000,000 | 2,000,000 |
| Stocks | 18 | 26,472 | 26,005 |
| Debtors | 19 | 1,919,852 | 1,474,448 |
| Cash at bank and in hand | | 493,227 | 809,830 |
| | | <u>3,439,551</u> | <u>4,310,283</u> |
| Creditors: amounts falling due within one year | 20 | <u>(1,206,843)</u> | <u>(1,599,423)</u> |
| Net current assets | | 2,232,708 | 2,710,860 |
| Total assets less current liabilities | | 14,876,581 | 15,290,480 |
| Creditors: amounts falling due after one year | 21 | (239,292) | (314,618) |
| Net assets | | <u>14,637,289</u> | <u>14,975,862</u> |
| Called up share capital | 24 | 29 | 29 |
| Capital redemption reserve | 25 | 14 | 14 |
| Income funds | | | |
| Restricted funds | 25 | 12,616,614 | 12,440,889 |
| Unrestricted funds | | | |
| Revaluation reserve | | 356,473 | 356,473 |
| Designated reserves | 25 | 590,180 | 900,727 |
| Other charitable funds | | 1,073,979 | 1,277,730 |
| | | <u>14,637,289</u> | <u>14,975,862</u> |

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

Guy Perricone

Mr Guido Perricone - Trustee
22/12/2022

Company number: 00947096

The accompanying notes on pages 24 – 46 form part of these financial statements.

Northern Ballet Limited
Financial statements for the year ended 31 March 2022

Company balance sheet

| | Note | 2022 | 2021 £ |
|---|------|--------------------------|--------------------------|
| Fixed assets | | | |
| Tangible assets | 15 | 12,336,743 | 12,270,776 |
| Investments | 17 | 411,498 | 411,556 |
| | | <u>12,748,241</u> | <u>12,682,332</u> |
| Current assets | | | |
| Investments | 17 | 1,000,000 | 2,000,000 |
| Stocks | 18 | 26,472 | 26,005 |
| Debtors | 19 | 2,130,855 | 1,468,948 |
| Cash at bank and in hand | | 336,819 | 771,204 |
| | | <u>3,494,146</u> | <u>4,266,157</u> |
| Creditors: amounts falling due within one year | 20 | <u>(1,122,418)</u> | <u>(1,568,982)</u> |
| Net current assets | | 2,371,728 | 2,697,175 |
| Total assets less current liabilities | | 15,119,969 | 15,379,507 |
| Creditors: amounts falling due after one year | 21 | (239,292) | (314,618) |
| Net assets | | <u>14,880,677</u> | <u>15,064,889</u> |
| Called up share capital | 24 | 29 | 29 |
| Capital redemption reserve | 25 | 14 | 14 |
| Income funds | | | |
| Restricted funds | 25 | 12,616,614 | 12,440,889 |
| Unrestricted funds | | | |
| Revaluation reserve | | 356,473 | 356,473 |
| Designated reserves | 25 | 590,180 | 900,727 |
| Other charitable funds | | 1,317,367 | 1,366,757 |
| | | <u>14,880,677</u> | <u>15,064,889</u> |

The (deficit)/surplus after tax for the parent company for the year was (£184,212) (20/21: surplus of £2,380,740). 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.

Guy Perricone

Mr Guido Perricone – Trustee 22/12/2022

Company number: 00947096

The accompanying notes on pages 24 - 46 form part of these financial statements.

Northern Ballet Limited
Financial statements for the year ended 31 March 2022

Consolidated statement of cash flows

| | 2022 | 2021 |
|--|--------------------|--------------------|
| | £ | £ |
| Net cash flow from operating activities | | |
| Net (expenditure)/income | (338,573) | 2,309,845 |
| Interest receivable | (859) | - |
| Depreciation | 205,570 | 171,913 |
| Fair value losses/(gains) on unlisted investments | 58 | (20,362) |
| Revaluation gains on property | - | (50,000) |
| (Increase)/decrease in stock | (467) | (15,073) |
| (Increase)/decrease in debtors | (482,940) | (393,557) |
| Decrease/(increase) in accrued income | 37,536 | 79,679 |
| Increase/(decrease) in creditors | 96,320 | (517,701) |
| (Decrease)/Increase in deferred income | (564,227) | 586,282 |
| Net cash (outflow)/inflow from operating activities | (1,047,582) | 2,151,026 |
| Cash flows from investing activities | | |
| Interest received | 859 | - |
| Purchase of tangible fixed assets | (269,880) | (23,603) |
| Proceeds from/(Purchase) of current asset investments | 1,000,000 | (2,000,000) |
| Payments to acquire unlisted investments | - | (219,549) |
| Cash used in investing activities | 730,979 | (2,243,152) |
| Decrease in cash and cash equivalents during the year | (316,603) | (92,126) |
| Cash and cash equivalents at the beginning of the year | 809,830 | 901,956 |
| Cash and cash equivalents at the end of the year | 493,227 | 809,830 |

Net debt reconciliation

| | At start of year | Cash-flows | At end of year |
|------|------------------|------------|----------------|
| | £ | £ | £ |
| Cash | 809,830 | (316,603) | 493,227 |

Northern Ballet Limited had no debt at any point during the financial year

The accompanying notes on pages 24 – 46 form part of these financial statements.

Northern Ballet Limited
Financial statements for the year ended 31 March 2022

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 on occasion to include the revaluation of freehold property in 2021 and movements each year in the value of investments held. 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) (October 2019 edition) 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.

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.

2.2 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. 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 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.

Significant estimates

There is an assumption used in the quantification of the Group's defined benefit pension commitments, being the discount rate used. The future deficit payments are discounted to present value using the market yield on high quality corporate bonds which management have determined equates to 2.4% as at 31 March 2022 (2021: 0.7%). The total pension liability at 31 March 2022 is £298,892 (2021: £314,618) split between amounts due within one year and amounts due in greater than one year within Notes 20 and 21 respectively.

Significant judgements

Property held at Wellington Mill was valued during FY21 by external surveyors. Management have used judgement to determine that there have been no changes to the property or the wider property market that would result in a significant change to the value of the property. As such there has been no movement in

Northern Ballet Limited
Financial statements for the year ended 31 March 2022

Notes to the financial statements (continued)

the value of the property from the prior year. Per Note 15 the value of Wellington Mill is £510,000 (2021: £510,000).

Income from the Job Retention Scheme has been judged to be unrestricted as no restrictions have been applied on the charitable purpose for that which they can be used.

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 and Wellington Mill, none are considered to have a material impact on the accounts.

2.4 Going concern

The Board are aware that the current economic uncertainties may have an impact on the financial success of the Group. The going concern assessment period is the period ended 31 December 2023. In preparing the budgets and forecasts, the Board consider the repertoire, with the aim to plan a mix of productions which includes a popular Christmas season to generate significant box office income.

The Board have reviewed sensitised cash flows to satisfy themselves that the company has adequate cash resources to remain sustainable. Current and future trading levels have been analysed and The Board are satisfied that the box office income projections used in the cash flows do not contain material uncertainty. This is informed by comparisons with historic booking trends and the advance bookings which are exceeding original projections. They will continue to 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 Board have considered what the loss of the Art's Council England (ACE) funding would mean. A conditional funding offer has now been secured for 2023-26. A formal funding agreement will be in place in early 2023 as per ACE's usual practice. The board consider that the risk of this offer being rescinded is negligible and any risk has been mitigated by ACE's detailed assessment of Northern Ballet's application, which have been declared strong across the criteria, and also ACE's public commitment to the National Portfolio organisations made at their announcement in November 2022.

After their review, 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.

2.5 Basis of consolidation

The Group financial statements consolidate the financial statements of Northern Ballet Limited and all 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.

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.

Northern Ballet Limited
Financial statements for the year ended 31 March 2022

Notes to the financial statements (continued)

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. Income that has been deferred is recognised when the conditions required by the deferral are met, these may be timing or activity based.

Job Retention scheme

The grant is recognised using the performance model and income is recognised when it is reasonable to expect that the grant will be received and when all related performance conditions have been met. The income is recognised in the same period as the corresponding expenditure, being the salary costs, which are recognised within various sections of the accounts.

Income from the government in the form of Job Retention Scheme grants have been split out but considered as unrestricted Income from Charitable Activities as per the guidance issued by the SORP committee as it enables Northern Ballet to maintain our staff with the aim of carrying furthering our charitable objectives.

Donations and gifts

All monetary donations and gifts are included in full in the statement of financial activities when receivable, provided that there is 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.

Northern Ballet Limited
Financial statements for the year ended 31 March 2022

Notes to the financial statements (continued)

Investment income

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

2.8 Expenses and irrecoverable VAT

Expenditure, which is charged on an accrual's 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 more than £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 valuation based on a valuation performed in March 2021 (note 15) and is therefore not depreciated each year. A review is carried out each year by management to ensure the value of freehold property in the financial statements is appropriate from which any amendment to the valuation would be made as required. A formal valuation by a real estate valuation expert will be carried out with sufficient frequency to aid in managements valuation assessments.

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 which is considered the appropriate time scale over which without intervention the building would cease to be useable.

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 |

Northern Ballet Limited
Financial statements for the year ended 31 March 2022

Notes to the financial statements (continued)

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 regarding 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". Assessments are carried out annually with reference to the value in use and/or market value of the asset.

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 except for bank loans which are subsequently measured at amortised cost using the effective interest method.

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.

Northern Ballet Limited
Financial statements for the year ended 31 March 2022

Notes to the financial statements (continued)

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 2019, 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 2.4% (2021: 0.7%). 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 27.

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 recorded in the statement of financial activities.

3 Income from donations and legacies

| | Unrestricted £ | Restricted £ | 2022 £ | 2021 £ |
|--------------------------------|-------------------------------------|------------------|-------------------------|------------------|
| Grant income | | | | |
| Arts Council England | 3,876,141 | 100,918 | 3,977,059 | 3,669,261 |
| Leeds City Council | 170,000 | - | 170,000 | 200,000 |
| COVID19 Support | 177,145 | - | 177,145 | 692,109 |
| Other voluntary income | | | | |
| Donations and gifts | 555,679 | 1,047,217 | 1,602,896 | 1,036,676 |
| | <u>4,778,965</u> | <u>1,148,135</u> | <u>5,927,100</u> | <u>5,598,046</u> |
| | | | | |
| | Donations and subscriptions £ | Grants £ | 2022 £ | 2021 £ |
| Analysis by income type | | | | |
| Arts Council England | - | 3,977,059 | 3,977,059 | 3,669,261 |
| COVID19 Support | - | 177,145 | 177,145 | 692,109 |
| Performances and touring | 1,602,896 | 170,000 | 1,772,896 | 1,236,676 |
| | <u>1,602,896</u> | <u>4,324,204</u> | <u>5,927,100</u> | <u>5,498,046</u> |

4 Income from trading activities

| | Unrestricted £ | Restricted £ | 2022 £ | 2021 £ |
|------------------------------|-------------------|-----------------|-----------------------|----------------|
| Hire of Space and Facilities | 68,119 | - | 68,119 | 25,720 |
| Service Agreements | 78,467 | - | 78,467 | 58,135 |
| Leaflet Distribution | 99,886 | - | 99,886 | 232,123 |
| | <u>246,472</u> | <u>-</u> | <u>246,472</u> | <u>315,978</u> |

5 Investment income

| | 2022 £ | 2021 £ |
|--|------------|-----------|
| Investment income comprises income from: | | |
| Bank deposits | <u>859</u> | <u>-</u> |

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

Northern Ballet Limited
Financial statements for the year ended 31 March 2022

Notes to the financial statements (continued)

6 Income from charitable activities

| | Unrestricted £ | Restricted £ | 2022 £ | 2021 £ |
|----------|-------------------|-----------------|------------------|----------------|
| Touring | 1,035,902 | 96,833 | 1,132,735 | 210,489 |
| Learning | 42,532 | - | 42,532 | 37,577 |
| Academy | 386,840 | - | 386,840 | 295,866 |
| | <u>1,465,274</u> | <u>96,833</u> | <u>1,562,107</u> | <u>543,932</u> |

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

| | 2022 £ | 2021 £ |
|-------------------|------------------|------------------|
| United Kingdom | 1,562,078 | 2,199,892 |
| Rest of the world | 29 | 115,038 |
| | <u>1,562,107</u> | <u>2,314,930</u> |

7 Expenditure on raising funds

| | Unrestricted direct costs £ | Unrestricted support costs £ | Unrestricted total costs £ | Restricted total direct costs £ | 2022 Total Cost £ | 2021 Total Cost £ |
|-------------|--------------------------------------|---------------------------------------|-------------------------------------|---|----------------------------|----------------------------|
| Fundraising | <u>274,413</u> | <u>46,557</u> | <u>320,970</u> | <u>-</u> | <u>320,970</u> | <u>298,015</u> |

8 Expenditure on charitable activities

| | Unrestricted direct costs £ | Unrestricted support costs £ | Unrestricted total costs £ | Restricted total costs £ | 2022 Total Cost £ | 2021 Total Cost £ |
|-------------------|--------------------------------------|---------------------------------------|-------------------------------------|-----------------------------------|----------------------------|----------------------------|
| Touring (note 10) | 5,890,145 | 651,801 | 6,541,946 | 988,664 | 7,530,610 | 5,247,150 |
| Academy (note 11) | <u>290,348</u> | <u>48,661</u> | <u>339,009</u> | <u>56,853</u> | <u>395,862</u> | <u>335,902</u> |
| | <u>6,180,493</u> | <u>700,462</u> | <u>6,880,955</u> | <u>1,045,517</u> | <u>7,926,472</u> | <u>5,583,052</u> |

9 Analysis of support costs

| | Total 2022 £ | Total 2021 £ |
|--|--------------------|--------------------|
| Expenditure on raising funds (note 7) | 46,557 | 39,181 |
| Expenditure on facilities and site management | 73,160 | 53,175 |
| Expenditure on charitable activities (note 8): | | |
| Touring | 651,801 | 593,320 |
| Classical Training | <u>53,209</u> | <u>27,987</u> |
| | <u>824,727</u> | <u>713,663</u> |

Northern Ballet Limited
Financial statements for the year ended 31 March 2022

Notes to the financial statements (continued)

9 Analysis of support costs (continued)

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 £ | 2022 £ | 2021 £ |
|-------------------------------|-------------------|-----------------|------------------|------------------|
| Dancers Touring | 1,978,772 | 116,709 | 2,095,481 | 1,804,001 |
| Marketing and Press | 631,960 | 195,783 | 827,743 | 507,152 |
| Technical | 1,709,448 | - | 1,709,448 | 1,031,444 |
| Orchestra | 831,162 | 29,000 | 860,162 | 376,864 |
| Royalties | 20,410 | - | 20,410 | 4,872 |
| New Productions and Revivals | 272,450 | 218,794 | 491,244 | 225,582 |
| Overseas Tour | 16,729 | - | 16,729 | - |
| Learning | 100,157 | 196,465 | 296,622 | 282,824 |
| Corporate Sponsorship/Friends | - | - | - | - |
| Direct Support Costs | 284,018 | - | 284,018 | 205,244 |
| Direct Depreciation | 12,685 | 113,932 | 126,617 | 113,019 |
| In House Performances | 15,121 | - | 15,121 | 4,836 |
| Leeds Dance Partnership | 17,233 | 117,981 | 135,214 | 97,992 |
| Support Costs (note 9) | 651,801 | - | 651,801 | 593,320 |
| | <u>6,541,946</u> | <u>988,664</u> | <u>7,530,610</u> | <u>5,247,150</u> |

11 Expenditure on academy (classical training)

| | Unrestricted £ | Restricted £ | 2022 £ | 2021 £ |
|-------------------------|-------------------|-----------------|----------------|----------------|
| Associate Classes | 54,549 | - | 54,549 | 35,232 |
| Yorkshire Young Dancers | 235,799 | 52,305 | 288,104 | 272,683 |
| Support Costs (note 9) | 48,661 | 4,548 | 53,209 | 27,987 |
| | <u>339,009</u> | <u>56,853</u> | <u>395,862</u> | <u>335,902</u> |

12 Governance costs

| | 2022 £ | 2021 £ |
|---|---------------|---------------|
| Governance costs are broken down as follows and are included within the charge for support costs: | | |
| External audit fee: | | |
| - charitable company | 21,000 | 23,000 |
| - subsidiaries | 11,000 | 9,500 |
| Fees for non-audit services | 5,800 | - |
| | <u>37,800</u> | <u>32,500</u> |

Northern Ballet Limited
Financial statements for the year ended 31 March 2022

Notes to the financial statements (continued)

13 Staff costs

| Group | 2022 Group £ | 2021 Group £ | 2022 Company £ | 2021 Company £ |
|-----------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Wages and salaries | 3,891,241 | 3,870,496 | 3,696,649 | 3,675,874 |
| Social security costs | 377,429 | 374,069 | 360,339 | 356,909 |
| Pension costs | 210,887 | 224,192 | 201,158 | 214,564 |
| | 4,479,557 | 4,468,757 | 4,258,146 | 4,247,347 |

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

| | 2022 Group Number | 2021 Group Number | 2022 Company Number | 2021 Company Number |
|---------------------|----------------------------------|----------------------------------|------------------------------------|------------------------------------|
| Full time employees | 113 | 112 | 106 | 104 |
| Part time employees | 27 | 33 | 26 | 33 |
| | 140 | 145 | 132 | 137 |

| | | | | |
|--|------------|-----|------------|-----|
| The number of full-time equivalents was: | 131 | 125 | 123 | 117 |
|--|------------|-----|------------|-----|

Full time equivalent employees fell into the following categories:

| | 2022 Group Number | 2021 Group Number | 2022 Company Number | 2021 Company Number |
|----------------|----------------------------------|----------------------------------|------------------------------------|------------------------------------|
| Production | 89 | 84 | 89 | 84 |
| Administration | 34 | 33 | 34 | 33 |
| Distribution | 8 | 8 | - | - |
| | 131 | 125 | 123 | 117 |

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

| | 2022 Group £ | 2021 Group £ | 2022 Company £ | 2021 Company £ |
|---------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| £60,001 to £70,000 | 2 | 2 | 1 | 1 |
| £70,001 to £80,000 | - | - | - | - |
| £80,001 to £90,000 | 1 | - | 1 | - |
| £90,001 to £100,000 | 1 | 2 | 1 | 2 |

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

| | 2022 £ | 2021 £ |
|---|-------------------|-------------------|
| Pension contributions to money purchase schemes | 28,772 | 18,940 |

4 (2021: 4) higher paid employees are accruing retirement benefits under a defined contribution scheme.

Northern Ballet Limited
Financial statements for the year ended 31 March 2022

Notes to the financial statements (continued)

13 Staff costs (continued)

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 (2021: £Nil). No Trustees received expenses during the year (2021: £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 £638,350 in relation to 9 employees (2021: £668,926 in relation to 9 employees).

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 41 include £12,432,414 (2021: £10,666,781) of incoming and £12,616,626 (2021: £8,286,041) of outgoing resources relating to the Company.

Northern Ballet Limited
Financial statements for the year ended 31 March 2022

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 2021 | 510,000 | 13,046,791 | 664,177 | 567,546 | 124,938 | 19,855 | 14,933,307 |
| Additions | - | - | 91,982 | 132,963 | 44,935 | - | 269,880 |
| Disposals | - | - | - | - | - | - | - |
| At 31 March 2022 | 510,000 | 13,046,791 | 756,159 | 700,509 | 169,873 | 19,855 | 15,203,187 |
| Depreciation | | | | | | | |
| At 1 April 2021 | - | 1,380,897 | 600,484 | 545,882 | 119,479 | 12,425 | 2,659,167 |
| Provided in the year | - | 131,813 | 40,542 | 20,991 | 9,250 | 2,973 | 205,569 |
| Disposals | - | - | - | - | - | - | - |
| At 31 March 2022 | - | 1,512,710 | 641,026 | 566,873 | 128,729 | 15,398 | 2,864,736 |
| Net book amount | | | | | | | |
| At 31 March 2022 | 510,000 | 11,534,081 | 115,133 | 133,636 | 41,144 | 4,457 | 12,338,451 |
| At 31 March 2021 | 510,000 | 11,665,894 | 63,693 | 21,664 | 5,459 | 7,430 | 12,274,140 |

| Company | Freehold Property £ | Leasehold Land and Buildings £ | Stage Equipment £ | Fixtures, fittings and office equipment £ | Computer Equipment £ | Motor Vehicles £ | Total £ |
|-------------------------|---------------------------|---|-------------------------|---|----------------------------|------------------------|-------------------|
| Cost or valuation | | | | | | | |
| At 1 April 2021 | 510,000 | 13,046,791 | 664,177 | 518,601 | 72,756 | 19,855 | 14,832,180 |
| Additions | - | - | 91,982 | 132,963 | 44,935 | - | 269,880 |
| Disposals | - | - | - | - | - | - | - |
| At 31 March 2022 | 510,000 | 13,046,791 | 756,159 | 651,564 | 117,691 | 19,855 | 15,102,060 |
| Depreciation | | | | | | | |
| At 1 April 2021 | - | 1,380,897 | 600,486 | 500,237 | 67,327 | 12,457 | 2,561,404 |
| Provided in the year | - | 131,813 | 40,543 | 19,335 | 9,250 | 2,973 | 203,914 |
| Disposals | - | - | - | - | - | - | - |
| At 31 March 2022 | - | 1,512,710 | 641,029 | 519,572 | 76,577 | 15,430 | 2,765,318 |
| Net book amount | | | | | | | |
| At 31 March 2022 | 510,000 | 11,534,081 | 115,130 | 131,992 | 41,114 | 4,425 | 12,336,743 |
| At 31 March 2021 | 510,000 | 11,665,894 | 63,691 | 18,364 | 5,429 | 7,398 | 12,270,776 |

Group and Company

The freehold property was valued by Adair Paxton, Chartered Surveyor as at 31 March 2021 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 £191,928.

The bank also holds a legal charge over this property.

Northern Ballet Limited
Financial statements for the year ended 31 March 2022

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 2021 and 31 March 2022 | <u>71,700</u> |
| Amortisation | |
| As at 1 April 2021 and 31 March 2022 | <u>71,700</u> |
| Net book amount | |
| At 31 March 2021 and 31 March 2022 | <u>-</u> |

17 Investments

Fixed asset investments

| Group | Listed investments £ | | |
|-------------------------|--|-------------------------------------|--------------------|
| Cost | | | |
| At 1 April 2021 | | | 305,480 |
| Additions | | | - |
| Fair value movement | | | (58) |
| At 31 March 2022 | | | <u>305,422</u> |
| Company | | | |
| | Subsidiary Undertakings £ | Listed investments £ | Total £ |
| Cost | | | |
| At 1 April 2021 | 106,076 | 305,480 | 411,556 |
| Investment additions | - | - | - |
| Fair value movement | - | (58) | (58) |
| At 31 March 2022 | <u>106,076</u> | <u>305,422</u> | <u>411,498</u> |

Included within Current Investments is a balance of £1,000,000 of cash on deposit.

Northern Ballet Limited
Financial statements for the year ended 31 March 2022

Notes to the financial statements (continued)

17 Investments (continued)

| 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 2022 | Year ended 31 March 2021 |
|--|-----------------------------|-----------------------------|
| A summary of the results of the trading subsidiary Info Display Limited are set out below: | £ | £ |
| Turnover (including interest receivable) | 128,371 | 207,461 |
| Other Income | 59,262 | 119,617 |
| Operating expenses | (337,617) | (325,527) |
| Operating (loss)/profit | (149,984) | 1,551 |
| (Tax)/Credit on profit/(loss) | - | - |
| (Loss)/Profit for the year | (149,984) | 1,551 |
| Retained profits at 1 April 2021 | 16,848 | 112,405 |
| Payment under Gift Aid | (4,377) | (97,108) |
| Retained (loss)/profit at 31 March 2022 | (137,513) | 16,848 |

Northern Ballet Limited
Financial statements for the year ended 31 March 2022

Notes to the financial statements (continued)

17 Investments (continued)

Operations of trading subsidiary (continued)

| | 31 March 2022 £ | 31 March 2021 £ |
|---|----------------------------------|----------------------------------|
| The net assets and liabilities of the subsidiary Info Display Limited were: | | |
| Fixed assets | 1,708 | 3,364 |
| Current assets | 56,786 | 102,039 |
| Creditors: amounts falling due within one year | (195,907) | (88,455) |
| Net current (liabilities)/assets | (139,121) | 13,584 |
| Total assets less current liabilities | (137,413) | 16,948 |
| Aggregate share capital and reserves | (137,413) | 16,948 |
| | Year ended 31 March 2022 £ | Year ended 31 March 2021 £ |
| A summary of the results of the trading subsidiary Northern Ballet Productions Limited are set out below: | | |
| Turnover (including interest receivable) | 4,139,836 | 2,082,298 |
| Charges | (4,978,416) | (2,597,255) |
| Loss | (838,580) | (514,957) |
| HMRC Theatre & Film Tax Relief Claim | 838,580 | 514,957 |
| Retained in subsidiary | - | - |
| | 31 March 2022 £ | 31 March 2021 £ |
| The net assets and liabilities of the subsidiary Northern Ballet Productions Limited were : | | |
| Current assets | 1,505,777 | 1,118,377 |
| Creditors : amounts falling due within one year | (1,505,776) | (1,118,376) |
| Net current assets | 1 | 1 |
| Total assets less current liabilities | 1 | 1 |
| Aggregate share capital and reserves | 1 | 1 |

Northern Ballet Productions Limited will make a claim for Theatre Tax Relief and Film Tax Relief for 9 productions in the year. Accordingly, the financial statements include a debtor and income receivable of £838,580 (2021: £514,957) in relation to this claim.

Northern Ballet Limited
Financial statements for the year ended 31 March 2022

Notes to the financial statements (continued)

18 Stocks

| | 2022 | 2021 |
|--------------------------|---------------|---------------|
| Group and Company | £ | £ |
| Ballet shoes | 22,810 | 26,005 |
| Programmes and brochures | 3,662 | - |
| | <u>26,472</u> | <u>26,005</u> |

During the year £69,212 of Ballet shoes were recognised as an expense. No stocks were written off in the period

19 Debtors

| | 2022 Group £ | 2021 Group £ | 2022 Company £ | 2021 Company £ |
|--|--------------------|--------------------|----------------------|----------------------|
| Trade debtors | 341,775 | 185,524 | 309,843 | 139,302 |
| Other debtors | 1,386,988 | 1,129,349 | 15,063 | 11,691 |
| Prepayments | 191,089 | 122,039 | 188,794 | 104,132 |
| Accrued income | - | 37,536 | - | 37,536 |
| Amounts due from subsidiary undertakings | - | - | 1,617,155 | 1,176,287 |
| | <u>1,919,852</u> | <u>1,474,448</u> | <u>2,130,855</u> | <u>1,468,948</u> |

No impairment losses (2021: £Nil) were recognised against debtors at 31 March 2022. No interest is charged on intercompany balances, and all are repayable on demand.

20 Creditors: amounts falling due within one year

| | 2022 Group £ | 2021 Group £ | 2022 Company £ | 2021 Company £ |
|--|--------------------|--------------------|----------------------|----------------------|
| Trade creditors | 276,739 | 147,146 | 269,907 | 143,737 |
| Amounts due to subsidiary undertakings | - | - | 100 | 100 |
| Social security and other taxes | 68,322 | 52,362 | 54,293 | 46,416 |
| Corporation tax | 832 | 832 | - | - |
| Pension contributions | 27,169 | 26,875 | 24,507 | 26,875 |
| Other creditors | 28,552 | 5,292 | 28,552 | 5,292 |
| Pension deficit | 59,600 | 59,600 | 59,600 | 59,600 |
| Accruals | 162,144 | 159,605 | 141,701 | 140,943 |
| Deferred income (note 22) | 583,485 | 1,147,711 | 543,758 | 1,146,019 |
| | <u>1,206,843</u> | <u>1,599,423</u> | <u>1,122,418</u> | <u>1,568,982</u> |

There is no liability included within Creditors for holiday pay in 2022 due to the leave taken whilst touring was suspended (2021: 0)

Northern Ballet Limited
Financial statements for the year ended 31 March 2022

Notes to the financial statements (continued)

21 Creditors: amounts falling due after one year

| Group and Company | 2022 | 2021 |
|--|----------------|----------------|
| | £ | £ |
| Net present value of future pension deficit reduction payments | <u>239,292</u> | <u>314,618</u> |

22 Deferred income

| | 2022 Group | 2021 Group |
|---------------------------------|----------------|------------------|
| | £ | £ |
| Deferred income brought forward | 1,147,711 | 561,429 |
| Released in the year | (844,292) | (398,015) |
| Deferred in the year | 280,066 | 984,297 |
| Deferred income carried forward | <u>583,485</u> | <u>1,147,711</u> |

Deferred income at 31 March 2022 includes the following key items; £250,537 and £45,000 received from Arts Council England to support the work of the company on tour in Wales, Scotland & Northern Ireland and our work on Children's ballets.

23 Commitments under operating leases

At 31 March 2022, the Group's future minimum operating lease payments are as follows:

| | 2022 Group | 2021 Group | 2022 Company | 2021 Company |
|--|----------------|----------------|-----------------|-----------------|
| | £ | £ | £ | £ |
| Land and buildings | | | | |
| Not later than 1 year | 116,435 | 115,536 | 90,000 | 90,000 |
| Later than 1 year and not later than 5 years | 336,356 | 315,000 | 225,000 | 315,000 |
| Later than 5 years | - | - | - | - |
| | <u>452,791</u> | <u>430,536</u> | <u>315,000</u> | <u>405,000</u> |
| | | | | |
| | 2022 Group | 2021 Group | 2022 Company | 2021 Company |
| | £ | £ | £ | £ |
| Vehicles and equipment | | | | |
| Not later than 1 year | 8,137 | 16,274 | - | - |
| Later than 1 year and not later than 5 years | - | 8,137 | - | - |
| | <u>8,137</u> | <u>24,412</u> | <u>-</u> | <u>-</u> |

Operating lease payments recognised as an expense during the year were £131,810 (2021: £131,810).

Northern Ballet Limited
Financial statements for the year ended 31 March 2022

Notes to the financial statements (continued)

24 Share capital

Group and Company

| | 2022 | 2021 |
|---|------------|------------|
| | £ | £ |
| 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 (2021: £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 represent all current and prior period unrestricted, undesignated retained income and expenditure.

Northern Ballet Limited
Financial statements for the year ended 31 March 2022

Notes to the financial statements (continued)

25 Total funds (continued)

Income funds are analysed as follows:

| Group | Balance at 31 March 2021 £ | Movement during the year | | Balance at 31 March 2022 £ |
|---------------------------------|-------------------------------------|----------------------------|------------------|-------------------------------------|
| | | Incoming resources £ | Expenditure £ | |
| Restricted | | | | |
| Building project fund | 11,666,042 | - | 131,813 | 11,534,229 |
| Education professional training | 20,240 | 36,613 | 56,853 | - |
| Education projects | 82,731 | 113,734 | 196,465 | - |
| Production fund | 40,944 | 177,850 | 218,794 | - |
| Children's Ballets | 339,052 | 112,938 | 116,709 | 335,281 |
| Dance Partnership | 103,330 | 96,833 | 117,981 | 82,182 |
| Asset Fund | 8,549 | 28,000 | 5,845 | 30,704 |
| Digital Projects Fund | - | 650,000 | 195,783 | 454,217 |
| Cross Border Touring | 180,001 | - | - | 180,001 |
| Sinfonia | - | 29,000 | 29,000 | - |
| | 12,440,889 | 1,244,968 | 1,069,243 | 12,616,614 |
| Unrestricted | 2,534,930 | 7,330,150 | 7,844,448 | 2,020,632 |
| | 14,975,819 | 8,575,118 | 8,913,691 | 14,637,246 |

| Company | Balance at 31 March 2021 £ | Movement during the year | | Balance at 31 March 2022 £ |
|---------------------------------|-------------------------------------|----------------------------|------------------|-------------------------------------|
| | | Incoming resources £ | Expenditure £ | |
| Restricted | | | | |
| Building project fund | 11,666,042 | - | 131,813 | 11,534,229 |
| Education professional training | 20,240 | 36,613 | 56,853 | - |
| Education projects | 82,731 | 113,734 | 196,465 | - |
| Production fund | 40,944 | 177,850 | 218,794 | - |
| Children's Ballets | 339,052 | 112,938 | 116,709 | 335,281 |
| Dance Partnership | 103,330 | 96,833 | 117,981 | 82,182 |
| Asset Fund | 8,549 | 28,000 | 5,845 | 30,704 |
| Digital Projects Fund | - | 650,000 | 195,783 | 454,217 |
| Cross Border Touring | 180,001 | - | - | 180,001 |
| Sinfonia | - | 29,000 | 29,000 | - |
| | 12,440,889 | 1,244,968 | 1,069,243 | 12,616,614 |
| Unrestricted | 2,624,000 | 11,187,446 | 11,547,383 | 2,264,063 |
| | 15,064,889 | 12,432,414 | 12,616,626 | 14,880,677 |

Northern Ballet Limited
Financial statements for the year ended 31 March 2022

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 is being 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 2022.

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 2020 to support the creation of Children's Ballets as films suitable for cinema and other digital release.

Cross Border Touring reflects funding received from Arts Council England to deliver performances outside of England but within the UK

Northern Ballet Sinfonia reflects funding received specifically for the Sinfonia to promote their activities.

Northern Ballet Limited
Financial statements for the year ended 31 March 2022

Notes to the financial statements (continued)

25 Total funds (continued)

Designated Reserves

| Group and Company | Balance at 31 March 2021 £ | Movement during the year | | | Balance at 31 March 2022 £ |
|----------------------------|-------------------------------------|----------------------------|------------------|--------------------------|-------------------------------------|
| | | Incoming resources £ | Expenditure £ | Gains and losses £ | |
| Designated Reserves | | | | | |
| The Flood Reserve | 595,248 | - | 345,460 | - | 249,788 |
| The Investment Reserve | 305,479 | 34,971 | - | (58) | 340,392 |
| | <u>900,727</u> | <u>34,971</u> | <u>345,460</u> | <u>(58)</u> | <u>590,180</u> |

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 2022 are represented by:

| | Unrestricted funds £ | Restricted Funds £ | Total Funds £ |
|-------------------------|----------------------------|--------------------------|---------------------|
| Tangible fixed assets | 804,370 | 11,534,081 | 12,338,451 |
| Investments | 305,422 | - | 305,422 |
| Current assets | 2,606,068 | 833,483 | 3,439,551 |
| Current liabilities | (1,206,843) | - | (1,206,843) |
| Long term liabilities | (239,292) | - | (239,292) |
| Total net assets | <u>2,269,725</u> | <u>12,367,564</u> | <u>14,637,289</u> |

27 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.

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.

Northern Ballet Limited
Financial statements for the year ended 31 March 2022

Notes to the financial statements (continued)

27 Pensions (continued)

The principal conclusions of the last triennial valuation at 31 March 2019 estimated a funding shortfall of £2,299,000. 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 2.4% (2021: 0.5-0.7%). The net present value of the sum of the remaining monthly contributions as at 31 March 2022 is £298,892 (2021: £374,218) and this has been recorded as a liability in the balance sheets of the Group and the Company, £59,600 (2021: £59,600) in creditors falling due within one year and £239,292 (2021: £314,618) in creditors falling due after one year

28 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. There are no other related party transactions that require disclosure.

29 Capital commitments

There were no capital commitments as at 31 March 2022 (2021: £Nil).

Northern Ballet Limited
Financial statements for the year ended 31 March 2022

Notes to the financial statements (continued)

30 Consolidated Statement of financial activities - comparative

| | Note | Unrestricted Funds £ | Restricted funds £ | 2021 £ |
|--|------|----------------------------|--------------------------|-------------------|
| INCOME | | | | |
| Income from donations and legacies | 3 | 5,108,929 | 489,117 | 5,598,046 |
| Income from trading activities | 4 | 315,978 | - | 315,978 |
| Income from charitable activities | 6 | 522,464 | 21,468 | 543,932 |
| Income from Job Retention Scheme | 32 | 1,770,998 | - | 1,770,998 |
| Investment income | 5 | - | - | - |
| Total income | | 7,718,369 | 510,585 | 8,228,954 |
| EXPENDITURE | | | | |
| Expenditure on raising funds | | | | |
| Fundraising | 7 | 298,015 | - | 298,015 |
| Building | | 299,108 | 23,726 | 322,834 |
| Leaflet distribution | | 300,527 | - | 300,527 |
| | | 897,650 | 23,726 | 921,376 |
| Charitable activities | | | | |
| Touring | 8 | 4,739,049 | 508,101 | 5,247,150 |
| Academy (classical training) | 8 | 313,490 | 22,412 | 335,902 |
| | | 5,052,539 | 530,513 | 5,583,052 |
| Other expenditure | | | | |
| Goodwill amortisation | 16 | - | - | - |
| Total expenditure | | 5,950,189 | 554,239 | 6,504,428 |
| Taxation | | | | |
| Theatre tax relief income | | 514,957 | - | 514,957 |
| Tax on profit on ordinary activities | | - | - | - |
| | | 514,957 | - | 514,957 |
| Other recognised gains | | | | |
| Fair value gain/(loss) on unlisted investments | 17 | 20,362 | - | 20,362 |
| Revaluation gains | | 50,000 | - | 50,000 |
| | | 70,362 | - | 70,362 |
| Net income/(expenditure) | | 2,353,499 | (43,654) | 2,309,845 |
| Reconciliation of funds | | | | |
| Total funds brought forward | 25 | 181,431 | 12,484,543 | 12,665,974 |
| Total funds carried forward | 25 | 2,534,930 | 12,440,889 | 14,975,819 |

Northern Ballet Limited
Financial statements for the year ended 31 March 2022

Notes to the financial statements (continued)

31 Financial assets and liabilities

| | 2022 £ | 2021 £ |
|--|------------------|------------------|
| Financial assets measured at fair value through statement of financial activities | | |
| Investments | 305,422 | 305,480 |
| | <u>305,422</u> | <u>305,480</u> |
| Financial assets measured at amortised cost | | |
| Bank and Cash | 493,227 | 809,830 |
| Investments | 1,000,000 | 2,000,000 |
| Trade debtors and other debtors | 1,728,763 | 1,352,409 |
| | <u>3,221,990</u> | <u>4,162,239</u> |
| Financial liabilities measured at amortised cost | | |
| Trade Creditors | 276,739 | 147,146 |
| Other Creditors | 115,321 | 91,767 |
| Accruals | 162,144 | 159,605 |
| | <u>554,204</u> | <u>398,518</u> |

32 Job Retention Scheme income

During the year the group received £177,145 of income relating to the Job Retention Scheme from the UK Government. This scheme enabled employers to claim back salary costs for employees who were furloughed because of the disruption caused by the COVID19 pandemic. This income was received monthly in arrears upon completion and submission of the relevant claim form. These funds have been accounted for as an unrestricted performance related grant as there was no restriction to the charitable purpose for which the funds could be used.