

SCOTTISH BALLET
Company Limited by Guarantee

Financial Statements
For the year ended 31 March 2016

Company No: SC065497
Charity No: SC008037

SCOTTISH BALLET

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Company Information

Registered Office: Tramway
25 Albert Drive
Glasgow
G41 2PE

Company Registration Number: SC065497

Charity Registration Number: SC008037

Website: www.scottishballet.co.uk

Directors: Norman Murray (Chair)
John P Curran (Vice Chair until 16/12/15) (Resigned 16/12/15)
Niall Scott (Resigned 16/12/15)
Michael Berry
Caroline Roxburgh
Jacquelynn Craw (Vice Chair from 17/12/15)
Anne Gallacher
Anu Giri
Callum Meikle
Rachel Gwyon
Janice Margaret Brown (Appointed 16/12/15)
Keith Ruddock (Appointed 16/12/15)
Christopher Hampson (CEO and Artistic Director)

Secretary: Joanna Millard

Bankers: Royal Bank of Scotland
Commercial Banking UK
1 Moncrieff Street
Paisley
PA3 2AW

Virgin Money
Savings Operations
Jubilee House
Gosforth
Newcastle upon Tyne
NE3 4PL

Solicitors: Maclay Murray & Spens LLP
1 George Square
Glasgow
G2 1AL

Simpson & Marwick
144 West George Street
Glasgow
G2 2HG

Auditor: Scott-Moncrieff
Chartered Accountants
25 Bothwell Street
Glasgow
G2 6NL

Chair's Statement

For the year ended 31 March 2016

Introduction

Scottish Ballet has built its reputation on strong commissioning and ambitious touring. We are an award-winning company presenting a wide range of exceptional dance to audiences across Scotland, other parts of the UK and abroad.

Scottish Ballet performs all over the world and is typically on the road for six months each year. We regularly tour across Scotland and other parts of the UK, including at premier theatres and events such as Sadler's Wells and the Edinburgh International Festival. We also perform by invitation at leading venues and festivals abroad including in Europe, Asia and North America.

Our financial year began with sold out dates at Sadler's Wells, immediately followed by a momentous tour to the USA, and finished with the start of an exciting new journey as we embark on a strategic review of the Company. The Board of Scottish Ballet worked with our CEO/Artistic Director, Christopher Hampson to identify the need for an Executive Director to assist and strengthen the Executive Team. After an international search we were delighted to appoint Steven Roth on 1 March 2016. Steven brings to the role an impressive pedigree of executive experience within the arts, most notably as the Chief Executive of the West Australian Ballet. On his appointment and move to Scotland, Steven noted:

'Scottish Ballet has an impressive reputation and a dynamic artistic vision under the leadership of Christopher Hampson. The opportunity to be part of the team that supports this leading ballet company was a very attractive proposition that brought me from Australia to Scotland.'

During 2015/16, Scottish Ballet continued to grow its reputation and exposure with a varied artistic programme, creative partnerships and ground-breaking education initiatives. The Company came into contact with the public over 657,000 times through performances, education activities, its website, and You Tube channel.

Artistic Programme

We were delighted to open the inaugural Dance International Glasgow. This new festival of the best in contemporary dance is the brainchild of our neighbours Tramway. We partnered with the inclusive dance company, Indepen-Dance 4 and worked with choreographer, Marc Brew on a new work which showcased Scottish Ballet working together with Indepen-Dance 4 in *Exalt*.

'Scottish Ballet dares at every stage – and oh how the audience wins!' The Herald

'...the work slips from tender to exhilarating.' The Scotsman (on *Exalt*)

In Spring 2015, we continued to build on our international profile by touring our award-winning production of *A Streetcar Named Desire* to major venues and cities in the USA. We opened at the Harris Theater, Chicago and our tour took us to Houston and San Antonio before we headlined the Spoleto Festival in Charleston. We ended the tour with our debut at the Kennedy Center, Washington D.C. It was a hugely successful venture and proved to be a highlight of the year.

'As you'd expect from Williams's play, fragility and brutality danced a dark, halting waltz throughout the evening. The reward of this ballet was that not only did we see it — we felt it, too.' Washington Post

'The Scottish Ballet dancers, making their Chicago debut, were wonderful.' Chicago Tribune

'Scottish Ballet has taken a story without hope — one where the world is literally crashing down on all sides — and made it stunningly beautiful.' Charleston City Paper

Our creative energies continued throughout the summer as the Company embarked on our in-house choreographers working with both Dancebase at the Edinburgh Festival Fringe and the Cottier Dance Project in Glasgow. Both of these provided valuable choreographic experience and the chance for audiences to see our dancers up close in ground-breaking work.

Chair's Statement
For the year ended 31 March 2016

Artistic Programme (cont'd)

'His two short pieces ended the programme on a high of larky, mischievous humour anchored in well-crafted choreography.' The Herald (on Jamiel Lawrence's work 1 to 10)

'At Cottier's, her duets - Puzzle and Oxymore – sizzled with the kind of sharp, attacking interactions of gesture and limb that speak (silent) volumes about the fallings in, and out, of fiercely physical coupledness.' The Herald (on Sophie Laplane's works)

Partnerships and co-producing are becoming increasingly important in cultural life. With this in mind, we teamed up with the Joyce Theater in New York to co-commission a new, talented choreographer, Bryan Arias, to create an original work for the Company. This was premiered in Autumn 2015 with the exciting prospect of a presentation at the Joyce Theater in 2017. Alongside this Christopher Hampson, our CEO/Artistic Director, gave an opportunity for audiences to discover the work of our own emerging choreographer, Sophie Laplane. To complete the evening we presented Javier de Frutos' irreverent take on Cole Porter's music, *Elsa Canasta*.

'It has been said that ballet is a dying art, but on the evidence of Scottish Ballet's autumn tour, nothing could be further from the truth.' The Scotsman

'Three lively distinctive pieces – two on the bill and an additional surprise – form Scottish Ballet's autumn season, all in their own way combining pure motion with atmosphere and panache.' The List

The winter season is incredibly important for Scottish Ballet. It is often the first point of contact for audiences that are new to dance. We were delighted to further augment our repertoire with the presentation of Christopher Hampson's *Cinderella*. Our presence over Christmas and New Year at the Festival Theatre, Edinburgh is fast becoming a mainstay of people's festive calendar.

'Sumptuous and spellbinding...the whole production is a treat.' 4* The Guardian

'Lovely and inventive production.' 4* The Telegraph

'Hampson's choreography never ceases to entertain, whether it's a big showy number at the ball, a romantic pas de deux or a comic turn.' 5* The Scotsman

Tours and audiences

In 2015/16 Scottish Ballet presented a total of 74 performances to over 76,500 people.

	Number of performances	Audiences
Scotland	58	56,719
London	2	2,870
USA	14	16,959
Total	74	76,548

The European premiere of Christopher Hampson's *Cinderella* generated wide interest, with record levels of PR coverage and a sold out run in Glasgow.

Scottish Ballet children's audience continued to grow, with a 7% increase in 2015/16. Four performances of our special early year's version and 'relaxed' performances, *Wee Cinderella*, attracted over 4,500 grandparents, parents, carers and young people across Scotland. This key area of development helps to build an audience for Scottish Ballet into the future.

Chair's Statement

For the year ended 31 March 2016

Tours and audiences (cont'd)

The company's online audience continued to grow with a 31% increase in website sessions and over 287,000 videos views. In response to this digital audience, we launched *Scottish Ballet : Creative*, an outlet for collaborations between Scottish Ballet dancers, filmmakers, musicians and other creative artists to produce innovative dance works. The first release was *The Bird*, a collaboration between Dancer/Choreographer Sophie Laplane, Scottish Ballet's resident film maker Eve McConnachie and Scottish singer-songwriter Kathryn Joseph (who went on to win the Scottish Album of the Year Award 2015). *The Bird* was selected at the London Short Film Festival and attracted a lot of attention on social media, exposing a new, young, audience to dance and Scottish Ballet.

Scottish Ballet presented an extract of a *Swan Lake* rehearsal at the World Ballet Day in October 2015. This was received with enthusiasm from audiences across the world:

'I really hope this is released on dvd! !!! Scotland is a bit too far from South Africa to travel to for a ballet! such inspiring choreography!' Lindsay du Preez (You tube)

'I've watched this over and over since first seeing it originally today. The poetry of the choreography and the coaching is absolutely spine tingling (...). By far the best thing I've seen during this over all wonderful day of dance. Thank you!' Marych O'Sullivan-Sanford (You tube)

The video has been viewed over 31,500 times.

Education and outreach

2015/16 saw a strong year for Education with continued growth in all areas of activity. Programmes that were especially successful included Scottish Ballet's Youth Exchange, the Wee Cinderella performances, Launch schools' project, the Dancers' Education Group (DEG) and Scottish Ballet Elders' Company. New initiatives included two weekly dance classes for people with Parkinson's Disease and a choreographic mentoring programme, Anserinae.

Participation in access events across the tours exceeded targets with 2,654 attendances. Scottish Ballet delivered the first ever UK 'Relaxed' ballet performance for children and adults with additional needs, to great acclaim (several families wrote to thank us sincerely following the event). The Close programme, for young people excluded from mainstream schooling, has doubled in size following the 2015/16 evaluation:

'It is only by working with organisations like Scottish Ballet that our kids get the opportunity to learn new skills, believe in themselves and learn about other art forms. The experience probably has a greater affect than Scottish Ballet realise.' Gavin Sinclair, Kibble Care and Education Centre.

Following the introduction of the Beginners and Absolute Beginners Ballet classes, and the relocation of the evening programme to the professional dance studios, participant numbers continue to swell in popularity with 12,860 participations recorded this year. The Youth Exchange will perform at the South Bank Centre in August following an incredible year of achievement. The third year of Launch, the creative dance programme for primary schools also delivered excellent results:

'Scottish Ballet visits are never anything less than spectacular. Children were completely engaged from the outset and this was sustained for the entire day's experience.' Launch school teacher

'I found that before I didn't want to do it but when I got into it, I found it incredible.' Launch participant.

We have commissioned an independent research report on the Dancers Education Group, a ground-breaking programme to develop teaching skills for Company dancers. And finally, two international female pianists were awarded places in our highly-prized Masters in Music (Pianist for Dance) course.

Chair's Statement

For the year ended 31 March 2016

Awards

Two dancers from the company received a nomination at the prestigious Critics' Circle National Dance Awards (Classical) for their performance in *A Streetcar Named Desire*: Eve Mutso and Erik Cavallari.

Cinderella and *Elsa Canasta* (part of the Autumn programme), received a nomination for Best Live Performance at the 2016 Sunday Herald Culture Awards.

Our digital marketing campaign for *The Nutcracker* was recognised at the 2015 DADI Awards with a commendation in the 'Digital Media Strategy of the Year' category.

Other activities, achievements and significant events

Christopher Hampson, our CEO/Artistic Director, gave an inspiring talk as part of 2015 TEDx Glasgow. Christopher demonstrated how responding to limits and constraints can unlock creativity, by using his coaching of Sophie Laplane during the creation of *Oxymore*, as an example.

Scottish Ballet dancers Sophie Martin and Victor Zarallo performed James Cousin's *Jealousy* as part of the opening ceremony of the World Gymnastics Championships, to an audience of more than 5,600 people, in the SECC, Glasgow.

Scottish Ballet collaborated with the Glasgow Short Film Festival to curate an afternoon of dance films as part of its 2016 edition. Christopher Hampson (CEO/Artistic Director), Sophie Laplane (Dancer/Choreographer) and Eve McConnachie (film maker) participated in the panel. A new Scottish Ballet : Creative film, *Maze* was premiered as part of the festival.

Funding and Finance

Scottish Ballet continues to benefit from a close working relationship with its primary stakeholder and funder, the Scottish Government and the long-term security of direct funding it provides. Funding from the Scottish Government was held at the previous year level, prior to the in-year cut in 2014/15. Local Authorities funding declined.

Whilst the touring programme in 2015/16 in comparison to the previous year resulted in lower numbers of performances, Box office income overall remained strong, in particular for the winter season of *Cinderella*. Although we continued to see regional fluctuations in ticket sales, overall targets were exceeded across the year by 5%.

Net income has increased significantly in 2015/16. While strong box office and fundraising income from current and future years' productions and effective cost management have contributed to this, the main impact is from the recognition of $\square 1,138,624$ (restated) in 2014/15 in respect of past deficits in the defined benefits pension scheme, reflecting that liability on our balance sheet for the first time.

The Development department continues to be successful in bridging the revenue gap between Government funding/box office income and the cost of touring around Scotland and beyond. Individual gifts and sponsorship are vital to the success of the company and the exciting repertoire we are able to produce. With the exception of the Monument Trust gift of $\pounds 223,000$ (in 2014/15), core funding from private sources in 2015/16 (including sponsorship, Director's Circle, Friends of Scottish Ballet and public Appeals) increased by 21% on 2014/15. We are delighted that private individuals continue to share in the Company's aspirations by supporting us in this vital way.

Income from sponsorship revenue, however, continues to be a challenge in the current economic climate. The Development department is working hard to retain our valued corporate partners through meaningful alignment opportunities.

Chair's Statement
For the year ended 31 March 2016

Plans for future periods

2016/17 saw the Company continuing its commitment to produce pioneering new work, with significant investment in a new production of *Swan Lake* from internationally renowned choreographer, David Dawson. The Company has also been presented at the Edinburgh International Festival with two works from two incredible choreographers, Crystal Pite and Angelin Preljocaj. Our international presence continues to grow and we plan another tour to the USA for 2017.

Thanks and Appreciation

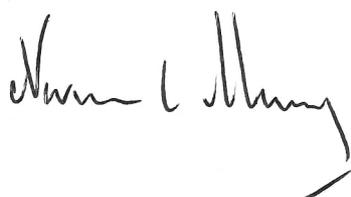
On behalf of the Board I would like to extend my sincere thanks to the whole team at Scottish Ballet. Everyone plays a significant role, either individually or as part of a well-motivated team, towards the success of the Company, ably led by Christopher Hampson, CEO and Artistic Director. The level of commitment and dedication of everyone is a key factor in our success and is evident to all those who deal with the Company.

I would particularly like to acknowledge our Principal Conductor, Richard Honner, who has excited and thrilled audiences over 30 years with the Company – his professionalism is appreciated by all who enjoy Scottish Ballet performances and share a love of live music and ballet.

I would also like to thank my fellow board members, whose individual and collective experience ensures we function well as a board; one which challenges and then supports the management in their executive roles. The time given by board members in the exercise of their duties and responsibilities is not to be underestimated and sits well with the governance structure which has been established in the Company.

Finally the Company could not meet its cultural objectives without the strong support of the Scottish Government. Cabinet Secretary, Fiona Hyslop, and her dedicated team are commended for the financial commitment that ensures our presence and performances are so well respected nationally and internationally. The guidance and counsel of the Scottish Government team as always, has been most helpful in assisting the Company meet its cultural and financial objectives

Likewise, the Company appreciates the support of individuals and the corporate sector, and acknowledges the important contribution they also make to Scottish Ballet's success and sustainability.



Norman Murray
Chair
21 September 2016

Report of the Directors (incorporating the Strategic Report) For the year ended 31 March 2016

The directors present their report with the audited financial statements of the Company for the year ended 31 March 2016.

Principal activities and business review

The principal activity is to produce and present ballets throughout the world and to assist educational development in Scotland through the provision of dance in education and vocational dance training.

Aim, objectives and delivery

Scottish Ballet produces world-class dance and learning opportunities designed to engage and excite diverse audiences.

By presenting new and modern work, alongside unique interpretations of the classics that make them relevant to audiences today, the Company strives to provide a focus and inspiration for dance in Scotland.

Scottish Ballet presents a wide range of high-quality dance to audiences across Scotland, other parts of the UK and abroad, with strong classical technique at the root of all its work. The Company presents a broad repertoire, ranging from new versions of the classics through to seminal pieces from 20th century modern ballet repertoire, and extending into signature pieces by living choreographers and new commissions.

Scottish Ballet seeks to realise its Artistic Vision by means of the following key objectives which are included within the Company's strategic plan:

- Bringing performances of classical, modern and new work, on a variety of scales, to the widest possible audience throughout Scotland and beyond.
- Commissioning new work and bringing this to the Company's diverse audiences.
- Nurturing and developing dancers and staff through an effective training and development strategy.
- Developing choreographic talent of the future through innovative workshops.
- Providing a wide range of educational and training opportunities, particularly for children and young people but also other members of the community.
- Providing support to the wider dance community in Scotland through advocacy and sharing expertise and facilities.
- Offering access to dance for all communities and to people from all backgrounds throughout Scotland.
- Acting as an ambassador for Scotland elsewhere in the UK and abroad.

Strategic Report

Achievements and performance

The Chair's Statement provides a full summary of the Company's achievements and performance during the year.

External responsibilities

Scottish Ballet is supported by public funds. These, in the main, were from the Scottish Government in 2015/16. Additional funds were received from Glasgow City Council. During the course of the financial year, the Scottish Government was entitled to send observers to Scottish Ballet Board meetings and regular financial information was provided as a condition of these grants.

Report of the Directors (incorporating the Strategic Report) For the year ended 31 March 2016

Results

The trading results for the year and the Company's financial position at the end of the year are shown in the attached financial statements.

Financial review

The outturn for the year after Theatre Tax Relief of £225,592 (2015: £153,487) but before transfers between funds, was a surplus of £1,005,627 (2015 restated: £956,834 deficit).

Touring patterns this year resulted in a decrease in the number of shows compared with last year. However these productions performed strongly at the box office. The increase in net income from the previous year was as a result of this strong Touring, Production and fundraising performance, effective control of production and administration expenditure and management of the liabilities associated with the defined benefit pension scheme, for which £1,138,624 (restated) was recognised as expenditure in the Statement of Financial Activities in 2014/15.

The latest triennial valuation of the PSATSA pension scheme was carried out at 31 March 2016 and is due for publication in October 2016. Indications are that Scottish Ballet's deficit liability is likely to increase following this valuation.

As the pension liabilities in respect of the pension fund remain uncertain, a further £1,000,000 of general funds were designated in respect of these liabilities, leaving an increase in the general fund carried forward of £193,234 (2015: decrease of £3,468) giving an accumulated unrestricted general fund of £568,978 (2015: £375,744).

Risk management

The directors have implemented a risk management strategy which comprises:

- A full business risk assessment, monitored by the Audit and Risk Committee and reviewed by the Board annually.
- The establishment of systems and procedures to mitigate those risks identified in the plan.

Principal risks and uncertainties

The Company's risk register identifies the following principal risks:

- Uncertainty of defined benefit pension scheme liability
- Scottish Government future funding uncertainty
- Failure to meet self-generated income (fundraising) targets, impacting on artistic programme requirements
- Financial and operating risks associated with transition to new management team and new organisation structures and responsibilities.

The cessation to future accrual on the multi-employer final salary pension scheme, which was achieved in December 2012, has reduced the risk of pensions' deficit and potential losses to the Company as expected. However, the Scheme remains in deficit and Scottish Ballet carries a substantial share of the liability. We are exploring options for managing Scottish Ballet's share of the pension fund liability to reduce further risk.

Through our relationship with the Scottish Government, Scottish Ballet is closely involved in discussions with regard to future funding commitments such that artistic strategy and production commitments can be made against an informed funding position. While the government funding position for the future is uncertain, the Company has a robust budgeting process and strong cost control.

We have taken steps in the year to revise and refocus the commercial and fundraising functions and to develop wider Company and Board involvement with our supporters and donors across multiple platforms with the objective of increasing income and engagement with them.

Report of the Directors (incorporating the Strategic Report) For the year ended 31 March 2016

Principal risks and uncertainties (cont'd)

Following the change in senior management in 2015, the Board have undertaken a review of the organisational structures and responsibilities within Scottish Ballet and, under the direction of the Executive team, have developed a broader Senior Management Team, to augment the leadership and management within Scottish Ballet.

Reserves policy

Scottish Ballet recognises the need for sufficient free reserves in order to properly manage risk and to be capable of realising unforeseen opportunities that may arise from time to time. To help clarify a perception that can be created by compliance with the Statement of Recommended Practice that Scottish Ballet has reserves to spend of £12,444,984, this includes the designated Tramway capital reserve of £9,868,653, designated pension reserve of £1,761,376, other restricted and designated reserves of £245,977, leaving free reserves of £568,978 (notes 27, 28 and 29).

The Directors have undertaken to provide for the future security and development of the company by establishing reserves supported with cash backing, for both future operations and against past deficits in the defined benefit pension scheme. £2,721,765 of the cash balance is attributable to pension reserves, £108,430 in respect of restricted reserves and £393,415 attributable to unrestricted reserves (note 30).

The Board believes that the existence of reserves is a requirement of good resource management. In general, reserves are held:

- To fund working capital
- To fund unexpected or unplanned expenditure
- To fund shortfalls in income, when income does not reach expected levels
- To underpin long-term commitments
- To allow for the development of new activity

In agreeing the level of reserves, the Board considers current and future income and expenditure, the risks that the organisation faces and consideration of future needs and opportunities.

The Board annually reviews and prioritises the amount of free reserves to ensure that they are sufficient to manage the business.

Funding

The directors are satisfied that the Company's cash resources are adequate to fulfil its obligations.

Plans for future periods

The Chair's Statement provides a flavour of the Company's plans for 2016/17.

Scottish Ballet's structure, governance and management

Scottish Ballet is a company limited by guarantee and not having a share capital, with registration number SC065497. It is recognised as a charity for tax purposes by HMRC and is registered with the Office of the Scottish Charity Regulator (OSCR) under charity number SC008037.

Scottish Ballet has Memorandum and Articles of Association which establish the objects and powers of the charitable company and is governed under its Articles of Association of 26 May 1978.

Directors and Trustees

The directors of the charitable company ("the Company") are its trustees for the purpose of charity law and throughout this report are collectively referred to as the directors.

Report of the Directors (incorporating the Strategic Report) For the year ended 31 March 2016

Directors and Trustees (cont'd)

The number of directors shall not be less than five or more than seventeen. On 23 May 2007 the Company's Articles of Association were amended by special resolution so that only directors were eligible to become members of the Company.

The Board of Directors seeks to ensure that its members possess the range of interest and skills relevant to the objectives of the Company.

Appointment of directors

As set out in the Articles of Association, new directors are elected at the AGM and may serve two (three year) terms. A third term may be served in exceptional circumstances. If the directors require an individual to fill a vacancy between AGMs, that person must be formally elected at the next AGM. The directors select both the Chair and Vice Chair.

Director induction and training

New directors are briefed on their legal obligations under charity and company law, best practice for governance, the content of the Memorandum and Articles of Association, the committee and decision making processes, the business plan and the financial performance of the Company. Directors meet with the Chair to discuss their development and training needs.

Organisation

The Board met four times in the year. It receives regular reports from the senior management team regarding the day-to-day financial and artistic business. The Board is supported by a number of committees. These are:

i) Operations, Finance and Services Committee

This comprises four directors as at 31 March 2016 and is chaired by Callum Meikle. This committee meets at least four times per year and reviews the following areas: Finance; Human Resources; Pensions; Health & Safety; Information Technology and Facilities Management.

ii) Nomination and Remuneration

This comprises three directors and is chaired by Jacquelynn Crow. This Committee meets at least twice per year and reviews the following areas: nominations of Board members; appointments of senior staff; and determines remuneration of senior staff.

iii) Audit & Risk Committee

This Committee comprises four directors and is chaired by Caroline Roxburgh. The Chair of the Board, the Chief Executive of the Company and the Executive Director attend meetings, but in regard for best practice they are not members. It meets at least twice per annum.

The Committee is responsible for monitoring the risk register and has reviewed the effectiveness of the risk management process. The Committee has carried out a review of the planning of the external audit and has considered all major items arising from the external audit process in relation to the preparation of the Company's financial statements. The Committee provides the Board with advice whether the Annual Report, taken as a whole, is fair, balanced and understandable.

The Committee has also carried out a review of the effectiveness of the external audit process giving consideration to the quality and independence of the external auditor, Scott-Moncrieff, as well as their communications to the Audit & Risk Committee. There were no issues of significance brought to the Committee's attention by the external auditor.

Report of the Directors (incorporating the Strategic Report) For the year ended 31 March 2016

Reference and administrative details

In accordance with the Memorandum and Articles of Scottish Ballet, the Board has overall responsibility for the management of the resources of the company and ensuring its financial wellbeing.

Details of the directors, secretary, registered office, bankers, solicitors and external auditor are on the Company Information page of these financial statements.

Directors' responsibilities in relation to the financial statements

The directors are responsible for preparing the Directors' Report (incorporating the Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the surplus or deficit of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for ensuring that the assets are properly applied in accordance with Charity Law.

The Directors consider that the Annual Report is fair, balanced and understandable and provides the information necessary for users to assess the organisation's performance, business model and strategy.

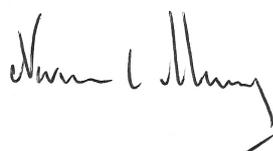
Disclosure of information to the auditor

As far as the directors at the time the report is approved are aware:

- a) there is no relevant information of which the Company's auditor is unaware; and
- b) the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of the information.

The Directors' Report, incorporating the Strategic Report, has been approved by the Board.

On behalf of the Board



Norman Murray
Chair
21 September 2016

Independent Auditor's Report to the Members and Directors of Scottish Ballet For the year ended 31 March 2016

We have audited the financial statements of Scottish Ballet for the year ended 31 March 2016 which comprise the Statement of Financial Activities (incorporating the Income and Expenditure Account), the Balance Sheet, the Cash Flow statement and the related notes. 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'.

This report is made exclusively to the members, as a body, in accordance with Chapter 3, part 16 of the Companies Act 2006 and to the charitable company's directors, as a body, in accordance with section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the charitable company's directors 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 directors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and the auditor

As explained more fully in the statement of Directors' responsibilities set out on page 11, the directors (who are also the trustees of the charitable company for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (United Kingdom and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

**Independent Auditor's Report to the Members and Directors of Scottish Ballet
For the year ended 31 March 2016**

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Chair's Statement, and in the Report of the Directors (incorporating the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

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

Scott-Moncrieff

**Gillian Donald, Senior Statutory Auditor
For and on behalf of Scott-Moncrieff, Statutory Auditor**

Chartered Accountants

Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

25 Bothwell Street

Glasgow

G2 6NL

21 September 2016

**Statement of Financial Activities (including Income and Expenditure Account)
For the year ended 31 March 2016**

	Note	Unrestricted funds General £	Designated £	Restricted Funds £	2016 Total £	Restated 2015 Total £
Income and endowments						
Grants, donations and legacies	6	4,631,367	-	200,880	4,832,247	4,886,950
Charitable activities	7	1,709,052	-	-	1,709,052	2,344,674
Income from other trading activities	8	32,338	-	138,440	170,778	206,658
Investments		9,810	-	-	9,810	10,261
Other Income	9	27,028	-	-	27,028	63,776
Total income and endowments		<u>6,409,595</u>	<u>-</u>	<u>339,320</u>	<u>6,748,915</u>	<u>7,512,319</u>
Expenditure						
Raising funds	10	(30,866)	-	(175,380)	(206,246)	(238,119)
Charitable activities	11	(5,689,694)	-	(72,940)	(5,762,634)	(8,384,521)
Total expenditure		<u>(5,720,560)</u>	<u>-</u>	<u>(248,320)</u>	<u>(5,968,880)</u>	<u>(8,622,640)</u>
Net income/(expenditure) before theatre tax relief and transfers		689,035	-	91,000	780,035	(1,110,321)
Theatre tax relief		225,592	-	-	225,592	153,487
Net income/(expenditure)		914,627	-	91,000	1,005,627	(956,834)
Transfers between funds	27,28, 29	(721,393)	792,525	(71,132)	-	-
Net movement in funds	14	193,234	792,525	19,868	1,005,627	(956,834)
Reconciliation of funds						
Total funds brought forward (restated)		375,744	10,867,567	196,046	11,439,357	12,396,191
Total funds carried forward	27,28, 29	<u>568,978</u>	<u>11,660,092</u>	<u>215,914</u>	<u>12,444,984</u>	<u>11,439,357</u>

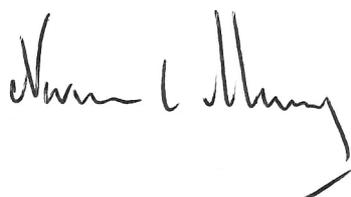
All of the activities of the company are classed as continuing.

The notes form part of these financial statements

Balance Sheet
As at 31 March 2016

	Notes	2016 £	Restated 2015 £
Fixed Assets			
Tangible assets	17	10,040,272	10,340,612
Current Assets			
Stocks		30,131	4,136
Debtors	18	725,989	639,515
Cash at bank	19	3,223,610	2,103,780
		<u>3,979,730</u>	<u>2,747,431</u>
Current Liabilities: Amounts falling due within one year			
Creditors	20	(764,075)	(729,657)
Net current assets			
		<u>3,215,655</u>	<u>2,017,774</u>
Creditors : Amounts falling due after more than one year			
Pension Liability	21	(810,943)	(919,029)
Net Assets			
		<u>12,444,984</u>	<u>11,439,357</u>
Reserves			
Restricted funds	27	215,914	196,046
Designated funds	28	11,660,092	10,867,567
Income and expenditure account	29	568,978	375,744
		<u>12,444,984</u>	<u>11,439,357</u>

The financial statements were authorised for approval by the directors on 21 September 2016 and are signed on their behalf by:



Norman Murray
Chair

Company No: SC065497

The notes form part of these financial statements

Cash Flow Statement
For the year ended 31 March 2016

	Note	2016 £	Restated 2015 £
Cash flows from operating activities			
Net cash provided by operating activities	31	1,155,880	570,241
Cash flows from investing activities			
Interest receivable		9,810	10,261
Payment to acquire tangible fixed assets		(45,860)	(46,851)
Net cash used in investing activities		<u>(36,050)</u>	<u>(36,590)</u>
Increase in cash in the year		1,119,830	533,651
Cash and cash equivalents at 1 April		2,103,780	1,570,129
Cash and cash equivalents at 31 March	19	<u><u>3,223,610</u></u>	<u><u>2,103,780</u></u>

The notes form part of these financial statements

Notes to the Financial Statements For the year ended 31 March 2016

1. General information

These financial statements are presented in pounds sterling (GBP) as that is the currency in which the majority of the charity's transactions are denominated. They comprise the financial statements of the charity.

The principal activity of Scottish Ballet is to produce and present throughout the world and to assist educational development in Scotland through the provision of dance in education and vocational dance training.

Scottish Ballet is a company limited by guarantee incorporated in the United Kingdom and registered in Scotland. It is recognised as a charity for tax purposes by HMRC and is registered with the Office of the Scottish Charity Regulator (OSCR) under charity number SC008037. In the event of the winding up of the company a member is liable to contribute a sum not exceeding £1. Details of the registered office can be found on the company information page of these financial statements.

2. Statement of compliance

The financial statements are prepared in accordance with United Kingdom Accounting Standards including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102)" the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

3. Principal Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are noted below. These policies have been applied consistently to all the years presented, in dealing with items which are considered material in relation to the charity's financial statements unless otherwise stated.

Basis of accounting

The financial statements are prepared under the historical cost convention. These financial statements for the year ended 31 March 2016 are the charity's first financial statements that comply with the FRS102. The charity's date of transition to FRS 102 is 1 April 2014.

Scottish Ballet meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires directors to exercise their judgement in the process of applying the accounting policies. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Before 2015 the financial statements were prepared in accordance with UK GAAP applicable prior to the adoption of FRS102, as issued by the Financial Reporting Council, and the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" and referred to below as "previous UK GAAP". The financial effects of the transition to FRS102 are set out in note 32 below.

Going concern

The financial statements have been prepared on a going concern basis. The validity of the going concern basis depends on the ability of the company to operate within available funding.

Notes to the Financial Statements For the year ended 31 March 2016

3. Principal Accounting Policies

Going concern (continued)

The company substantially relies upon funding by public grants and donations from other sources for its current and future commitments.

The directors are satisfied that the company can meet its liabilities as they fall due for the foreseeable future, and on this basis consider it appropriate to prepare the financial statements on a going concern basis.

Income recognition

All income is included in the Statement of Financial Activities when the company is entitled to the income, it is probable that the income will be received and the amount can be measured reliably. The following specific policies are applied to particular categories of income:

- Donations and legacy income is received by way of grants, donations, legacies, sponsorship and gifts and is included in full in the Statement of Financial Activities when the charity becomes entitled to the funds, it is probable that the income will be received and the amount can be measured reliably.
- Income from charitable trading activities are accounted for when earned and include box office income.
- Investment income is recognised when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Government Grants

Government grants are recognised when the charity is entitled to the grant, it is probable that the income will be received and the amount can be measured reliably.

Expenditure recognition

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates:

- Raising funds costs comprise the costs associated with attracting voluntary income.
- Charitable expenditure comprises those costs incurred by the company in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.
- Support costs are allocated between the expenditure categories of the Statement of Financial Activities on a 'staff time and use of resources' basis.

Pensions Costs

Defined Benefit Scheme

The company participates in the Pension Scheme (the 'Scheme') for Administration and Technical Staff in the Arts. The Scheme is a multi-employer defined benefit scheme.

The Scheme was closed to future accrual on 14 December 2012.

It is not possible to identify the share of underlying assets and liabilities belonging to individual participating employers on a consistent and reasonable basis.

The employer contributions payable in accordance with the recovery plan for the period 2014 to 2024 are included as a liability in the balance sheet. In accordance with FRS102, the pension liability is recognised at the net present value of the future cash flows.

**Notes to the Financial Statements
For the year ended 31 March 2016**

3. Principal Accounting Policies

Pension costs (continued)

Defined Contribution Scheme

The pension costs charged to the Statement of Financial Activities represent the amount of the contributions payable to the Scheme in respect of the accounting period.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All exchange differences arising are dealt with through the Statement of Financial Activities.

Theatre Tax Relief

Theatre tax relief is credited to the Statement of Financial Activities based on productions undertaken in the year which meet the criteria for relief.

Taxation

The company is a charity and is recognised as such by HM Revenue and Customs for taxation purposes. As a result there is no liability to taxation on any of its income.

Tangible Fixed Assets

Individual fixed assets costing £1,000 or more, £500 or more for computer equipment, are capitalised at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset at the following rates:

Buildings	2%	straight line
Vehicles & Equipment	20%	straight line
Computer Equipment	25%	straight line
Musical Instruments	10%	straight line

Stocks

Stock consists of merchandising items for sale and is stated at the lower of cost and net realisable value.

Financial instruments

The charity only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable. Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

**Notes to the Financial Statements
For the year ended 31 March 2016**

3. Principal Accounting Policies (cont'd)

Financial instruments (cont'd)

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Financial Activities.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when contractual rights to the cash flows from the assets expire, or when the company has transferred substantially all the risks and rewards of ownership.

Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Expenditure in respect of future productions

Costs incurred prior to 31 March for performances taking place after that date, are carried forward only to the extent that these are recoverable through income from venues played and grants from the Scottish Government and other bodies.

Cash and cash equivalents

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

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

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.

Unrestricted funds are donations and other income sources received or generated in the furtherance of the general objectives of the company.

Designated funds are unrestricted funds, which have been earmarked for specific purposes by the directors.

**Notes to the Financial Statements
For the year ended 31 March 2016**

3. Principal Accounting Policies (cont'd)

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against income on a straight line basis over the period of the lease.

4. Judgements in applying policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported results, financial position and disclosure of contingencies. Use of available information and application of judgement are inherent in the formation of the estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The directors are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied to the depreciation rates, the pension assumptions and the discount rate used for the past service deficit contribution liability. Depreciation rates have been deemed to be appropriate for the class of asset. Pension assumptions and the discount rate used have been reviewed and have been deemed to be appropriate.

5. Comparative Statement of Financial Activities (including Income and Expenditure Account)

	Unrestricted funds		Restricted	Restated
	General	Designated	Funds	2015
	£	£	£	Total
				£
Income and endowments				
Donations and legacies	4,359,696	-	527,254	4,886,950
Charitable activities	2,344,674	-	-	2,344,674
Income from other trading activities	43,658	-	163,000	206,658
Investments	10,261	-	-	10,261
Other Income	63,776	-	-	63,776
Total income and endowments	<u>6,822,065</u>	<u>-</u>	<u>690,254</u>	<u>7,512,319</u>
Expenditure				
Raising funds	(238,119)	-	-	(238,119)
Charitable activities	(6,491,867)	(1,202,400)	(690,254)	(8,384,521)
Total expenditure	<u>(6,729,986)</u>	<u>(1,202,400)</u>	<u>(690,254)</u>	<u>(8,622,640)</u>
Net income/(expenditure) before theatre tax relief and transfers	92,079	(1,202,400)	-	(1,110,321)
Theatre tax relief	153,487	-	-	153,487
Net income/(expenditure)	<u>245,566</u>	<u>(1,202,400)</u>	<u>-</u>	<u>(956,834)</u>
Transfers between funds	(249,034)	322,993	(73,959)	-
Net movement in funds	<u>(3,468)</u>	<u>(879,407)</u>	<u>(73,959)</u>	<u>(956,834)</u>

**Notes to the Financial Statements
For the year ended 31 March 2016**

6. Grants, donations and legacies	Unrestricted £	Restricted £	2016 £	2015 £
Scottish Government Funding	4,504,000	-	4,504,000	4,382,000
Local Authorities	16,500	-	16,500	20,500
Donations	100,371	200,880	311,251	484,450
Legacies	496	-	496	-
	<u>4,631,367</u>	<u>200,880</u>	<u>4,832,247</u>	<u>4,886,950</u>
7. Charitable activities				
Box Office, touring and productions	1,552,164	-	1,552,164	2,244,800
Education	156,888	-	156,888	99,874
	<u>1,709,052</u>		<u>1,709,052</u>	<u>2,344,674</u>
8. Income from other trading activities				
Sponsorship	-	138,440	138,440	110,450
Other	32,338	-	32,338	96,208
	<u>32,338</u>	<u>138,440</u>	<u>170,778</u>	<u>206,658</u>
9. Other income	Unrestricted £	Restricted £	2016 £	Restated 2015 £
Remeasurement – impact of any changes in assumptions (note 25)	3,212	-	3,212	-
Discounting pension liability to net present value of future cash flows (note 25)	-	-	-	63,776
Gain on exchange	23,816	-	23,816	-
	<u>27,028</u>	<u>-</u>	<u>27,028</u>	<u>63,776</u>
10. Expenditure on raising funds	Unrestricted £	Restricted £	2016 £	2015 £
Development resources	11,312	175,380	186,692	210,103
Cost of goods	19,554	-	19,554	28,016
	<u>30,866</u>	<u>175,380</u>	<u>206,246</u>	<u>238,119</u>

**Notes to the Financial Statements
For the year ended 31 March 2016**

11. Charitable activities

	Unrestricted £	Restricted £	2016 Total £	2015 Total £
Box office, touring and productions	4,717,351	72,940	4,790,291	6,108,858
Education	398,733	-	398,733	396,216
Support (note 12)	573,610	-	573,610	1,879,447
	<u>5,689,694</u>	<u>72,940</u>	<u>5,762,634</u>	<u>8,384,521</u>

The unwinding of the discount factor in relation to the pension liability (note 25) amounts is £15,354 (2015: £nil). This expense is included within other support costs.

12. Support costs

	Box office, touring and productions £	Education £	2016 Total £	2015 Total £	Basis of Apportionment
Staff costs	281,451	26,607	308,058	1,468,398	Staff time
Other costs	191,285	15,922	207,207	331,843	Expenditure
Governance costs (note 13)	53,861	4,484	58,345	79,206	Expenditure
	<u>526,597</u>	<u>47,013</u>	<u>573,610</u>	<u>1,879,447</u>	

13. Governance costs

	2016 £	2015 £
Health and safety	3,059	1,279
Audit fees	13,810	13,205
Other professional fees	41,476	64,722
	<u>58,345</u>	<u>79,206</u>

14. Net movement in funds

	2016 £	2015 £
Net movement in funds are stated after charging/(crediting):		
Depreciation	345,874	357,915
Auditor's remuneration		
Audit fees	13,810	13,205
Non-audit – taxation advice and business modelling	9,084	1,331
Operating Leases	13,896	19,366
Loss on disposal of fixed asset	326	-
Interest receivable	(9,810)	(10,261)
Cost of stock	19,554	28,016
	<u>345,874</u>	<u>357,915</u>

**Notes to the Financial Statements
For the year ended 31 March 2016**

15. Directors and employees	2016 No	2015 No
The average number of staff employed by the company during the financial year amounted to:	<u>82</u>	<u>85</u>
The average full time equivalent staff during the financial year amounted to:	<u>77</u>	<u>79</u>
	2016 £	2015 £
The aggregate payroll costs of the above were:		
Wages and salaries	2,354,001	2,552,425
Social security costs	217,261	236,330
Other pension costs	161,647	154,926
Defined benefit pension scheme – past service deficit contributions	-	1,202,400
	<u>2,732,909</u>	<u>4,146,081</u>
<p>During the year past service deficit contributions of £120,240 (2015: £100,200) were paid. These payments have been netted off against the defined benefit pension scheme – past deficit contributions liability (note 25).</p>		
	2016 No.	2015 No.
The number of employees whose emoluments amounted to over £60,000 in the year, including royalty payments, was as follows:		
£70,001 - £80,000	-	1
£90,001 - £100,000	1	-
£110,001 - £120,000	-	1
	<u>1</u>	<u>2</u>
The number of employees with emoluments in excess of £60,000 with retirement benefits accruing in a money purchase scheme was:	<u>1</u>	<u>2</u>
	2016 £	2015 £
The employer's contributions in respect of the above employees amounted to:	<u>15,632</u>	<u>15,817</u>

**Notes to the Financial Statements
For the year ended 31 March 2016**

16. Directors and key management personnel	2016	2015
	£	£
Remuneration in respect of directors was as follows:		
Emoluments receivable	91,212	118,944
Pension contributions to a defined contribution scheme	15,632	9,374

The above emoluments represent payments made for services from the Chief Executive Officer/ Artistic Director. The 2015 emoluments relate to the previous Chief Executive who resigned on 27 March 2015.

	2016	2015
	£	£
Remuneration in respect of key management personnel was as follows:		
Emoluments receivable	105,812	195,451
Pension contributions to a defined contribution scheme	15,632	15,817

The other directors of Scottish Ballet are non-executive and are not remunerated.

During the year 5 directors were reimbursed for travel expenses amounting to £9,186 (2015: 5 directors, £4,035).

Key management personnel are considered to be Christopher Hampson (Chief Executive Officer/Artistic Director) and Steven Roth (Executive Director). In 2015, key management personnel were considered to be Christopher Hampson, for services as the Artistic Director and the previous Chief Executive who resigned on 27 March 2015.

17. Tangible fixed assets	Long leasehold property	Vehicles & Equipment	Musical Instruments	Total
	£	£	£	£
Cost				
At 1 April 2015	11,373,783	1,244,175	69,751	12,687,709
Additions	-	43,660	2,200	45,860
Disposals	-	(115,704)	(21,058)	(136,762)
At 31 March 2016	<u>11,373,783</u>	<u>1,172,131</u>	<u>50,893</u>	<u>12,596,807</u>
Depreciation				
At 1 April 2015	1,277,655	1,012,137	57,305	2,347,097
Charge for the year	227,475	113,468	4,931	345,874
Disposals	-	(115,378)	(21,058)	(136,436)
At 31 March 2016	<u>1,505,130</u>	<u>1,010,227</u>	<u>41,178</u>	<u>2,556,535</u>
Net book value				
At 31 March 2016	<u>9,868,653</u>	<u>161,904</u>	<u>9,715</u>	<u>10,040,272</u>
At 31 March 2015	<u>10,096,128</u>	<u>232,038</u>	<u>12,446</u>	<u>10,340,612</u>

All tangible fixed assets are used for charitable purposes.

**Notes to the Financial Statements
For the year ended 31 March 2016**

	2016	2015
	£	£
18. Debtors		
Trade debtors	38,050	45,518
Other debtors		
Expenditure in respect of future productions	415,144	104,892
Sundry debtors	6,619	164,092
VAT & FEU	44,813	-
Theatre Tax Relief	170,065	153,487
Prepayments	38,565	34,432
Accrued income	12,733	137,094
	<u>725,989</u>	<u>639,515</u>
	<u><u>725,989</u></u>	<u><u>639,515</u></u>
19. Cash and cash equivalents		
Balances held in current accounts	347,657	27,241
Balances held in deposit accounts	2,875,953	2,076,539
	<u>3,223,610</u>	<u>2,103,780</u>
	<u><u>3,223,610</u></u>	<u><u>2,103,780</u></u>
20. Creditors: Amounts falling due within one year	2016	Restated 2015
	£	£
Trade creditors	144,548	126,838
Other taxation and social security	64,050	78,957
Other creditors	795	1,758
Pension contributions	21,600	19,233
Accruals	79,771	187,536
Deferred income	333,928	195,940
Defined benefit pension scheme – past deficit contributions (note 25)	119,383	119,395
	<u>764,075</u>	<u>729,657</u>
	<u><u>764,075</u></u>	<u><u>729,657</u></u>

Included within accruals are £3,929 costs which relate to Tramway (2015: £3,929).

Deferred income of £333,928 (2015: £195,940) relates to monies to which the charity is not yet entitled to at the year end. The deferred income is released to the SOFA when all entitlement criteria has been met, usually in the subsequent financial year.

Deferred income	2016	2015
	£	£
At 1 April	195,940	167,610
Received in the year	231,428	148,940
Released to the SOFA in the year	(93,440)	(120,610)
	<u>333,928</u>	<u>195,940</u>
At 31 March	<u><u>333,928</u></u>	<u><u>195,940</u></u>

The Royal Bank of Scotland holds a bond and floating charge over the assets of the company, and standard securities over the ground and the first floor premises leases in respect of Tramway.

**Notes to the Financial Statements
For the year ended 31 March 2016**

	2016	Restated
	£	2015
		£
21. Creditors: Amounts falling due after more than one year		
Defined benefit pension scheme – past deficit contributions (note 25)	810,943	919,029
	<u> </u>	<u> </u>
22. Financial instruments		
	2016	Restated
	£	2015
		£
Financial assets		
Financial assets measured at amortised cost	57,402	346,704
	<u> </u>	<u> </u>
Financial liabilities		
Financial liabilities measured at amortised cost	(1,177,040)	(1,373,789)
	<u> </u>	<u> </u>

Financial assets measured at amortised cost comprised trade debtors, sundry debtors and accrued income.

Financial liabilities measured at amortised cost comprised trade creditors, other creditors, pension contributions, accruals and the past deficit contributions.

23. Related party transactions

There were no related party transactions other than the remuneration and board expenses to the board of directors as disclosed in note 16.

24. Leasing commitments

At 31 March 2016 the company had commitments under non-cancellable operating leases as set out below:

	Assets other than land & buildings	
	2016	Restated
	£	2015
		£
Operating leases which expire:		
Not later than one year	9,448	13,504
Later than one year and not later than five years	10,285	19,734
	<u> </u>	<u> </u>
	<u>19,733</u>	<u>33,238</u>

The company has entered into a 99 year lease for the land at Tramway and 99 year occupational lease, expiring on 12th August 2106. Both leases are with Glasgow City Council and the annual rental charge for each is £1.

**Notes to the Financial Statements
For the year ended 31 March 2016**

25. Pensions

Defined benefit scheme

Scottish Ballet participates in the Pension Scheme (the 'Scheme') for Administration and Technical Staff in the Arts. The Scheme is a multi-employer defined benefit scheme.

It is not possible to identify the share of underlying assets and liabilities belonging to individual participating employers on a consistent and reasonable basis.

The Scheme was closed to future accrual on 14 December 2012.

Scottish Ballet paid contributions at the rate of 19.4% until July 2011 when this increased to 22%. Members' contributions were 5.5% up to the date the Scheme was closed to future accrual.

A formal valuation of the Scheme for period ending 31 March 2013 was formally concluded by a professionally qualified actuary during 2014. The formal valuation in respect of the Scheme for period ending 31 March 2016 is underway, the final results of which were not published prior to the approval of these financial statements.

Financial assumptions

The main financial assumptions underlying the valuation were as follows:

	Nominal %pa	Real %pa
Price inflation (CPI)	2.8	-
Investment return (discount rate)		
- pre retirement	6.1	3.3
- post retirement	3.5	0.7
Salary increases	n/a	n/a
Pension increases (non-GMP component)		
- pre April 1997 accrual	-	-2.8
- post April 1997 accrual	2.7	-0.1

The actuarial valuation at 31 March 2013 showed that the value of the Scheme's assets was £15,480,000 and that the actuarial value of these assets was sufficient to cover 83% of the benefits that had accrued to members, after allowing for expected future increases in earnings. A recovery plan has been formulated, with the shortfall met by the employer group over a 10 year period.

Under the recovery plan Scottish Ballet are required to make monthly repayments of £10,020 from 2014 – 2024, dealing with the past service deficit and its interest over the period. During the year ended 31 March 2016, payments of 120,240 (2015: £100,200) have been made towards the deficit in accordance with the recovery plan. The remaining liability of £981,960 has been discounted to the net present value of the future cashflows using a market rate of interest for a similar debt instrument in accordance with FRS 102. The total net present value of the future cash flows is £930,326. Of this, £119,383 is due within the next financial period (note 20) and £810,943 is due in the period 2017 to 2024 (note 21). The liability and all associated repayments will be recalculated at the 2016 valuation.

In anticipation of further shortfalls, the Board has set aside funds as disclosed in note 28.

**Notes to the Financial Statements
For the year ended 31 March 2016**

25. Pensions (cont'd)

Past service deficit repayment liability

	2016	Restated
	£	2015
		£
Provision at 1 April	1,038,424	-
Inclusion of liability	-	1,202,400
Discounting to net present value of future cash flows	-	(63,776)
Unwinding of the discount factor (interest expense)	15,354	-
Deficit contributions paid	(120,240)	(100,200)
Remeasurements – impact of any change in assumptions	(3,212)	-
	<u>930,326</u>	<u>1,038,424</u>
Liability split as:		
Due within one year	119,383	119,395
Due within one to two years	117,816	117,852
Due within two to five years	344,252	344,492
Due in more than five years	348,875	456,685
	<u>930,326</u>	<u>1,038,424</u>

Impact recognised in the Statement of Financial Activities

	2016	Restated
	£	2015
		£
Discounting to net present value of future cash flows (note 9)	-	63,776
Interest expense (note 11)	(15,354)	-
Remeasurement – impact of any changes in assumptions (note 9)	3,212	-
Assumptions	2016	2015
Rate of discount	1.33%	1.31%

The discount rates shown above are the equivalent single discount rates, which when used to discount the future recovery plan contributions due, would give the same results as using a UK Government bond yield curve to discount the same recovery plan contributions.

Defined Contribution Scheme

The company also operates a defined contribution scheme for dancers. The assets of the Scheme are held separately from those of the company in an independently administered fund. Pension contributions payable by the company to the fund during the year amounted to £53,773 (2015: £43,559).

The company operates a second defined contribution scheme for the benefit of staff. The assets of the Scheme are held separately from those of the company in an independently administered fund. Pension contributions payable by the company to the fund during the year amounted to £104,769 (2015: £108,293).

Pension contributions totalling £3,105 (2015: £3,074) were paid directly to an employee's personal pension plan.

**Notes to the Financial Statements
For the year ended 31 March 2016**

26. Contingent liabilities

There were no contingent liabilities at 31 March 2016 (2015: £nil).

	At 1 April 2015 £	Income and endowments £	Expenditure £	Transfers £	At 31 March 2016 £
27. Restricted funds – Movements in the year					
Productions	-	339,320	(248,320)	-	91,000
Capital equipment grant	178,616	-	-	(71,132)	107,484
Rita Dow	17,430	-	-	-	17,430
	<u>196,046</u>	<u>339,320</u>	<u>(248,320)</u>	<u>(71,132)</u>	<u>215,914</u>

The productions restricted reserve relates to funding received towards specific productions. The balance held in reserves reflects funding received, not expended in the year.

The capital equipment grant fund was established in 2012. During 2013/14, additional funding of £300,000 was received from the Scottish Government to assist Scottish Ballet in the purchase of new lighting and sound equipment. The fund is released annually in line with the depreciation charge for the relevant equipment.

The Rita Dow memorial fund was established in 1998 to support the choreographic work of the company's dancers. No funds were expended in the year (2015: £nil).

	Restated At 1 April 2015 £	Income and endowments £	Expenditure £	Transfers £	At 31 March 2016 £
28. Designated Funds – Movements in the year					
Dancers' appeal	6,463	-	-	(6,463)	-
Tramway capital reserve	10,096,128	-	-	(227,475)	9,868,653
Pension repayer reserve	761,376	-	-	1,000,000	1,761,376
Dancers' health screening Reserve	3,600	-	-	(3,600)	-
Dancers' Health & Wellbeing	-	-	-	30,063	30,063
	<u>10,867,567</u>	<u>-</u>	<u>-</u>	<u>792,525</u>	<u>11,660,092</u>

Dancers' Health & Wellbeing reserve represents funds designated over a number of years for the provision of additional and improved facilities for staff. Reserves have been increased in the year for Physiotherapy facilities, totalling £20,000. £nil (2015: £nil) was expended from designated funds in the year. Costs of health screening and physiotherapy facilities are expected to be incurred during 2016/17.

Following the completion of the Tramway project all funds raised to cover the project cost were consolidated into this fund. £227,475 (2015: £244,383) was transferred from this fund to unrestricted reserves in the year to match against the depreciation charge in respect of Tramway.

Notes to the Financial Statements
For the year ended 31 March 2016

28. Designated Funds – Movements in the year (cont'd)

The pension repayer reserve was established in 2012/13. Despite the closure of the PSATSA scheme to future accrual the latest valuation of the Scheme continues to indicate a further deficit. During the year payments totalling £120,240 (2015: £100,200) have been made in respect of past deficits. £930,326 (2015: restated £1,038,424) remains as a creditor in these financial statements in respect of liabilities which the company has committed to under the recovery plan arising from the finalisation of the 2013 actuarial valuation (see notes 20, 21 and 25). The liability has been discounted to the net present value of the future cash flows in accordance with FRS 102. The Board have further decided that it is prudent to designate a further sum of £1,000,000 from general reserves towards the anticipated future shortfall.

**29. Unrestricted Funds -
Movement in the year**

	£	£
At 1 April 2015		375,744
Income and endowment		6,409,595
Expenditure		(5,720,560)
Theatre Tax Relief		225,592
Transfers:		
Release from capital equipment grant reserve	71,132	
Release from Tramway capital reserve	227,475	
Designated to pension repayer reserve	(1,000,000)	
Designated to Physiotherapy Facilities reserve	(20,000)	
	<u> </u>	(721,393)
		<u>568,978</u>

30. Analysis of net assets between funds	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total £
Tangible fixed assets	64,135	9,868,653	107,484	10,040,272
Cash and cash equivalents	393,415	2,721,765	108,430	3,223,610
Other net current liabilities	111,428	(119,383)	-	(7,955)
Long term liabilities	-	(810,943)	-	(810,943)
	<u>568,978</u>	<u>11,660,092</u>	<u>215,914</u>	<u>12,444,984</u>

**Notes to the Financial Statements
For the year ended 31 March 2016**

31. Notes to cash flow statement	2016 £	2015 £
Reconciliation of net income/(expenditure) to net cash provided by operating activities		
Net income/(expenditure)	1,005,627	(956,834)
Interest receivable	(9,810)	(10,261)
Depreciation (note 17)	345,874	357,915
Loss on disposal	326	-
(Increase)/decrease in stocks	(25,995)	1,081
(Increase)/decrease in debtors	(86,474)	32,907
(Decrease)/increase in creditors	(73,668)	1,145,433
Net cash provided by operating activities	<u>1,155,880</u>	<u>570,241</u>

32. Transition to FRS 102

The charity has adopted Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" for the year ended 31 March 2016. This has led to the financial instruments accounting policy being changed and this necessitates the prior year comparative amounts to be restated using this new policy in order that they give a comparable view of the prior year position.

The following accounting policy change has been applied:

As prescribed by FRS 102 the charity has discounted the pension liability to the net present value of the future cash flows, using a market rate of interest for a similar debt instrument.

Restated statement of financial activities	2016 £
Net movement in funds per signed financial statements for year ended 31 March 2015	(1,020,610)
Discounting of the pension liability	63,776
Restated net movements in funds for the year ended 31 March 2015	<u>(956,834)</u>
 Restated balance sheet	 £
Funds as at 31 March 2015 per signed financial statements	11,375,581
Discounting of the pension liability	63,776
Restated funds as at 31 March 2015	<u>11,439,357</u>