



Scott-Moncrieff
business advisers and accountants

SCOTTISH BALLET
Company Limited by Guarantee

Financial Statements
For the year ended 31 March 2015

Company No: SC065497
Charity No: SC008037

SCOTTISH BALLET

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SCOTTISH BALLET

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)
Niall Scott
Dr Cynthia M Sughrue (CEO / Executive Producer) (resigned 27 March 2015)

Michael Berry
Caroline Roxburgh
Jacquelynn Craw
Anne Gallacher
Anu Giri
Callum Meikle
Rachel Gwyon
Christopher Hampson (CEO and Artistic Director) (appointed 27 March 2015)

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

SCOTTISH BALLET

Chair's Statement

Introduction

Scottish Ballet is Scotland's award-winning national dance company. We present a wide range of high-quality dance to audiences across Scotland, the UK and abroad, with strong classical technique at the root of all of our work. This includes new versions of classic titles, seminal works from the 20th century and, most importantly, the commissioning of new works from choreographers of today.

Scottish Ballet performs all over the world and is typically on the road for six months each year. We regularly tour across Scotland and 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.

As well as presenting in conventional dance venues, we routinely look for new creative opportunities to promote and showcase our work to the widest possible audience, be it through digital media, in unusual locations or at one-off events.

We also work with a variety of creative and delivery partners across Scotland and beyond. We collaborate regularly within the dance sector but also with partners across the arts & culture, education, and other aspects of public life. In particular, in addition to established relationships with venues and promoters, we work in partnership on a number of levels with, amongst others: dance companies, dance centres and agencies, YDance, Imagnate, National Galleries of Scotland, National Library of Scotland, National Museums Scotland, Royal Conservatoire of Scotland, Kelvingrove Art Gallery & Museum, Citizens Theatre, schools and colleges, Education Scotland, Visit Scotland, the Forestry Commission Scotland, Creative Scotland, BBC Scotland, a significant number of local authorities and, of course, our neighbours at Tramway, the Hidden Gardens and the Work Room.

Our partnership approach also extends into our business sponsor and donor relationships. Whether a first-time supporter or a long-standing partner, we seek to build and maintain meaningful relationships based on genuine and mutual benefit.

Scottish Ballet delivers a comprehensive education programme with a range of access points for people of all ages and abilities, from toddlers through to octogenarians. Pre-vocational and vocational training opportunities are unique within Scotland and further afield. The long-established Associate Programme nurtures and fosters young talent, whilst recent initiatives are widening access to it by identifying and developing raw talent that might otherwise go unnoticed. In partnership with the Royal Conservatoire of Scotland, Scottish Ballet delivers the BA Modern Ballet, a three-year vocational course, which commenced in September 2009 and trains dancers to professional level. We also deliver a Masters in Dance Accompaniment in partnership with the Royal Conservatoire of Scotland, the only course of its kind in Europe.

2014/15 was a year which saw Scottish Ballet performing from Stornoway to St Petersburg via Sadler's Wells while maintaining our commitment to expanding our repertoire, significantly. Under the leadership of Chief Executive/Executive Producer Cindy Sughrue and Artistic Director Christopher Hampson, Scottish Ballet has achieved unprecedented public engagement across the year whilst securing an ambitious schedule of future activity stretching into 2017.

Over half a million people connected with Scottish Ballet during 2014/15. We presented a total of 130 performances to nearly 120,000 people, and a further 27,000 people participated in face-to-face education and engagement activities, over and above the highly successful Pledge with 68,000 participants. We exceeded our box office target for the year by 30%.

We continued to see a significant growth in our online audience, and our exercise videos were viewed 135,669 times during the year. We further developed our online resources, including launching Scottish Ballet Uncut in autumn 2014. This saw its most successful episode since the first launch of Scottish Ballet websites, with *The Nutcracker* episode receiving 3,472 views in its first month. There was a huge increase in video content and views (+123%) across our winter season. Our *A Streetcar Named Desire* episode has had 2,085 views on YouTube, significantly higher than the live episode of *Romeo & Juliet's* live stream last spring. The most popular films are trailers, Poster Shoot films, Uncut and Makeup Tutorials.

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39 new videos were uploaded in 2014/15, 9 more than in the previous year.

Our film from the *Dance Odysseys* programme, *Healah Dancing*, has been presented at DANCE:FILM Festival in Edinburgh and the Dance on Camera festival in New York, where it achieved 3,553 viewings.

Artistic Programme

In Spring 2014, we presented the Company's bespoke version of *Romeo and Juliet* created for Scottish Ballet in 2008 by Krzysztof Pastor. The production toured across Scotland with performances in Glasgow, Edinburgh, Aberdeen, Inverness and we presented performances in London at the Sadler's Wells. The tour was extremely well received by critics and audiences alike.

...this Romeo and Juliet is brutally, aggressively modern.
Scottish Daily Mail

His tale of star-crossed lovers is one that grows in the telling. From a muted opening, it gathers pace and tension, explodes into murderous violence and finally soars to the agonisingly beautiful heights and depths of grand tragedy.
Scottish Daily Mail

Christopher Harrison is the macho-bullish Tybalt to the gorgeously nimble, boyishly mischievous Mercutio of Victor Zarallo in a production memorably energised by individual brilliance alongside ensemble crispness, swagger and dramatic focus.
The Herald

On more than one occasion, the Polish choreographer delivers moments of such spinetingling brilliance, it could bring a tear to the eye (and that's before you get to the heartbreaking finale).
The Scotsman

Sophie Martin and Erik Cavallari, meanwhile, reprising their roles as the love-struck teens, are locked into each other's eyes, and hearts, from the get-go, leading to a genuinely moving death scene where we truly feel their pain.
The Scotsman

In May 2014, we embarked on an international tour to Moscow and St Petersburg, presenting an ambitious programme of work for the UK-Russia Year of Culture. We partnered with the Chekhov International Festival, affording us the opportunity to showcase some of our most recently acquired works. In Moscow, we performed across two venues, with three different productions. At the Strastnoy Theatre, we presented highlights from our *Dance Odysseys* programme, originally created for the Edinburgh International Festival. While a small number of dancers performed at the Strastnoy Theatre, the remainder of the Company performed at the larger Mossovet Theatre where we performed two programmes, a double bill of Christopher Hampson's *Silhouette* and Glen Tetley's *Pierrot Lunaire*, and a second programme featuring Matthew Bourne's *Highland Fling*. We then toured *Highland Fling* to the iconic Mariinsky Theatre before heading back to Scotland.

The Russian tour stretched the touring capabilities of the Company, but our engagement with the UK-Russia Year of Culture allowed us to demonstrate how our investment in new work and key acquisitions enables us to fly the cultural flag for Scotland, alongside other national companies from the rest of the UK.

"The Scottish Ballet of Glasgow is by Russian standards a very young company (it was founded in 1957). However, the breadth of its performances was quite impressive. The dancers presented a very diverse repertoire of 20th century classics, as well as new items and new versions of classical ballets."
Russia Beyond the Headlines

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"...the company's strongest showing was The Highland Fling, which was originally produced in 1994 by the brilliant Matthew Bourne."

Russia Beyond the Headlines

Our Autumn Season comprised a double-bill with the theme of great literary works inspiring choreographers. Scottish Ballet commissioned a world premiere from American choreographer, Helen Pickett, who created a one-act work based on Arthur Miller's *The Crucible*. This was paired with a UK premiere of Christopher Bruce's *Ten Poems* set to a recording of Richard Burton reading ten Dylan Thomas poems.

The double bill toured nationally to Glasgow, Edinburgh, Inverness and Aberdeen and our audiences and critics reacted with enthusiasm.

Alongside a company of talented and promising rising dancers...the story of witchcraft, revenge and innocent lives being destroyed was played out against clever staging, lighting and dramatic orchestral accompaniment.

STV

The dance world needs more Helen Picketts – choreographers who can take the genre of narrative ballet and hurl it into the 21st century, as Californian-born Pickett does with Scottish Ballet's new production of The Crucible.

The Scotsman

Without a jot of musical accompaniment, just the rich sound of Richard Burton's voice reading the poetry of Dylan Thomas, the work (The Poems) is captivating from start to finish.

The Scotsman

Ten Poems is a lyrical mosaic of love, life and loss that has Thomas at the heart of the choreography.

The Herald

The Crucible:

Clever, powerful, inventive...with the dancers in mighty, blazing form.

The Herald

Ten Poems:

Laced with storytelling mime, Bruce's choreography allows the dancers to lean into the poet's rhythmic patterning.

The Guardian

The Crucible:

Her stark, angular choreography reveals a narrative where big human spirit is persecuted and crushed by small-minded (religious) doctrine.

The Stage

Immediately following the double bill, we embarked on a small-scale tour where the Company split into two groups and, between them, performed in 11 venues from Stranraer to Stornoway. These tours are extremely popular and we were able to deliver highlights from our *Dance Odysseys* programme with a specially adapted version of Kenneth MacMillan's *Elite Syncopations*.

Spectators were dazzled with six small pieces by a variation of different choreographers including James Cousins' well-known dance 'Jealousy', a duet in which the female counterpart's feet do not touch the ground at any point during the six minute piece.

Border Telegraph

Oxymore, Broken Ice, Dark Full Ride and Jealousy are all much more intense because you have just four or even one solitary dancer sometimes on stage. They are consumed by dance - as anyone who dances even on a Saturday night at the clubs could argue is easy to do.

Daily Record

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But for a Friday night, this was hugely entertaining, particularly one sequence with a tall female paired with a shorter man, the Tom Cruise and Nicole Kidman of the dance world and one you couldn't help smile at.
Daily Record

When you can see the muscles moving, the skin glistening, there's nowhere to hide. Both technically and emotionally, the performers have to give their all – and they do.
The Scotsman

...it is James Cousins's Jealousy which steals the night. Perfectly delivered, this intimate portrayal of an obsessive relationship is remarkable in many ways, but most noticeably because in five long minutes, the woman never touches the ground.
The Scotsman

On this kind of whistle-stop tour, the emphasis is on a no frills, no fuss package of full-on dance.
The Herald

...the lively costumes for Elite Syncopations provide plenty of razzle-dazzle to match the slickly witty footwork that ends the evening on a frisky high.
The Herald

The Christmas season was one of the most memorable and important times for the Company in recent years. We revived a new version of a much cherished classic from our founder, Peter Darrell. *The Nutcracker* was originally created for the Company in 1973 and was performed every year for nearly 25 years. The production had become tired and over-used but, after a rest of some twenty years, we decided to present the work again, overseen by Artistic Director, Christopher Hampson, with fresh designs by the award-winning designer, Lez Brotherston.

The Darrell production, now at the heart of the Company's Christmas repertoire, enables all generations to enjoy our work. Children are at the heart of the work, with young performers from across Scotland joining the Company's ranks to produce a thrilling evening for all ages.

This revival has proved to be our most popular Christmas production, and the critics and audiences were unanimous in their praise.

Peter Darrell's beautiful choreography, wonderful music, mischievous children, cheeky monkeys, presents, toy soldiers, magic tricks, and no shortage of sparkle are all here in Scottish Ballet's super production of the Tchaikovsky classic.
Edinburgh Evening News

Scottish Ballet goes back to its roots for a lavish new production.
The Independent

If the setting is detailed and luxuriant, then Darrell's choreography and the storytelling are the last word in elegant simplicity.
The Times

...as accessible, escapist festive entertainment there's not much out there to touch this classic revival.
The Times

An endearing, beautiful, moonlit experience: a production to be savoured.
The Guardian

A near flawless revival of an early classic of the Scottish Ballet repertoire.
The Daily Telegraph

...every bit as joyous and magical, as full of childhood charm as it was when last seen in 1996 - but now glittering in a witty re-design by Lez Brotherston that embraces the essence of Philip Prowse's original from 1973, albeit with oodles of added sparkle and shine!
The Herald

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Sophie Martin, a dancer incapable of dancing an imperfect step, shines as the Sugar Plum Fairy
The Scotsman

During the course of the year, the development of in-house choreographic talent continued through the Dancers' Choreographic Group. This forum has achieved in producing creative works from many ranks within the Company, most notably with Sophie Laplane's work being included in both the Russian and small-scale tours. The choreographers have also been encouraged to produce their works through independent platforms. Since the inception of the Dancers' Choreographic Group, they have presented works at both the Edinburgh Festival Fringe and the Cottier Dance Project in Glasgow.

As we head into 2015/16, we will continue to produce and tour a wide range of work in the UK, with highlights being the UK premiere of Artistic Director, Christopher Hampson's *Cinderella* and our major new commission, *Swan Lake*, from international choreographer, David Dawson.

Education

Our vision for education is to provide life-enriching experiences that unlock the repertoire of Scottish Ballet through high-level partnerships, and ground-breaking projects which challenge and excite our participants.

During 2014/15, we continued to present our community class and practical workshop programmes, alongside a range of access and interpretation activities, including Touch Tours and Audio Described performances for people with visual impairments, as well as pre- and post-show talks and insight events for the general public across our touring network. A highlight was the autumn's small-scale tour, 'Up Close', when our Education Officers and dancers from the Dancers' Education Group (DEG) together delivered workshops and talks to over 2,000 participants of all ages from Orkney to Galashiels. In addition, following the astonishingly high interest in Regenerate, our 50+ classes, and subsequent increase to four classes a week, we invited participants from all the Regenerates to audition for entry into a new performance group, Scottish Ballet Elders' Company (SBEC). Fourteen were selected and their first performances will be at the Edinburgh Fringe in August 2015, in a double-bill in partnership with Dance Base. In October 2015, they will revive the piece to perform it in Glasgow, Edinburgh, Aberdeen and Inverness as part of the Luminare Festival.

In 2014/15, we entered the third year of our Close project, working with young people who have been excluded from school because of behavioural issues. This year we worked with The Kibble in Paisley and Gorgie Mills in Edinburgh, both of which we had worked with previously. Again it was a very intensive and well-focused project and, for the first time, the end results were made into two short films. Plans are in place to extend the length of time we work with these schools when, in late 2016/early 2017, we will take inspiration from both *Hansel and Gretel* and *Highland Fling*. 2014/15 saw the second year of our Launch project, working with 10 primary six classes from across Glasgow. Taking WWI as its theme (part of the P6 curriculum) and using Dylan Thomas's poem, *'Death has no Dominion'*, as inspiration (as it was for Christopher Bruce's Ten Poems), our Education Officers, DEG dancers and a musician spent two half-days with each class performing for, and creating a piece with, the pupils. Plans are in place to return to the same schools to develop the project in 2015/16.

In partnership with the Big Dance and the Foundation for Community Dance, Scottish Ballet created the choreography for the annual Big Dance Pledge. The Pledge is a chance to learn, make and perform dance with the rest of the world. Scottish Ballet revolutionised the format by creating a showcase dance video, with an accompanying online tutorial involving people of different ages and abilities, together with an invitation for groups to create their own versions and share these online. On the big day, May 16 2015, over 68,000 people from 24 countries around the world performed Scottish Ballet's Pledge.

We continued to deliver the Associate Programme, which is a scheme for young people (P6–S5) who wish to train to a high standard with a view to pursuing a career in dance. The programme benefited 160 young people from across the whole of Scotland, with financial support available to those with limited means. Students graduating from the programme have secured places at a number of leading institutions, including: the Royal Ballet School, Elmhurst School of Dance, Northern Ballet School, Central School of Ballet and the Royal Conservatoire of Scotland, amongst others.

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The BA Modern Ballet, which Scottish Ballet delivers in partnership with the Royal Conservatoire of Scotland, concluded its sixth year. While the Pianist in Dance Masters course continues to attract high calibre candidates, high costs for the overseas applicants proved prohibitive this year. Two new candidates, however, are expected to join the programme in 2015/16. Throughout the year, Scottish Ballet continued to provide short-term work placement opportunities for students and young graduates.

Other activities, achievements and significant events

During the course of the year, Scottish Ballet was involved with two major sporting events. We contributed to the Opening Ceremony of the 20th Commonwealth Games held in Glasgow. Artistic Director, Christopher Hampson, created a duet for Principal Dancers Sophie Martin and Christopher Harrison. The event was televised and Scottish Ballet was seen by an estimated one billion people. Later in the year, we performed at the Ryder Cup opening ceremony, with both events allowing us to showcase our work to a completely new demographic.

At the end of March 2015, Cindy Sughrue OBE stepped down from her role as Chief Executive/Executive Producer for personal reasons, with immediate effect and after a thorough review of the organisation, the Board appointed Christopher Hampson as Chief Executive in June 2015.

Within our headquarters at Tramway, we continued to develop our partnerships with a range of arts organisations. We continued to support residencies for independent choreographers and companies in partnership with Indepen-dance, providing dancers as well as studios and other resources.

We continued to develop our use of digital technologies and online platforms, and to produce rich content for our digital community. We have increased our presence across all social media platforms with Facebook followers up by 42.5%, Twitter up by 20% and Pinterest up by 15%. We started using Instagram and gained 2,179 followers by 2015, up 196% on the previous year. This digital community is also expanding geographically, with significant reach into the United States, Australia, Japan, France and Italy.

Scottish Ballet's website unique visitors increased by 22%, reaching 180,498. Our e-newsletter circulation increased from 12,000 to almost 30,000 with the integration of our Tessitura database.

Video views increased by 60.3% on YouTube and 26% on Vimeo.

The success of the digital programme during autumn 2012 as led to the creation and development of a Scottish Ballet app – available in iTunes for iPad. In 2014/15, we released issues for *Up Close*, *The Crucible with Ten Poems*, *The Nutcracker* and *A Streetcar Named Desire*. The app has been downloaded 2,128 times, showing peaks around each production. We continue to promote the app and, for the next issue, will make it more prominent on the website and include it in our digital marketing campaigns.

Finally, we invested in a specialist Customer Relationship Management (CRM) system, Tessitura, which, to date, has been populated with details of more than 100,000 people who are our audiences, participants, and donors. For the first time, we are able to understand how people engage with the Company so that we can develop these relationships more effectively and understand better how to grow audiences and supporters.

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.

During 2014/15, we continued to see regional fluctuations in ticket sales, but box office income overall remained strong, in particular for the winter season of *The Nutcracker*, and targets were exceeded across the year by 30%. Income from fundraising and sponsorship increased by 48% on the previous year, through the generosity of a number of Trusts and the dedicated efforts of the Development team. As anticipated, funding from the Scottish Government and Local Authorities declined.

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Plans for future periods

2015/16 will be a pivotal year for Scottish Ballet as we embark on an ambitiously high-profile tour in the USA with our award-winning production of *A Streetcar Named Desire*, and a year ahead that will see four world premieres. These include Bryan Arias' *Motion of Displacement*, our own Sophie Laplane's *Maze* and the much anticipated new production of David Dawson's *Swan Lake*.

At our home in Tramway we are partnering with inclusive dance company, Indepen-dance, to participate in the inaugural Dance International Glasgow (DIG), with a world premiere of *Exalt* from choreographer Marc Brew. Also, at Tramway, CEO and Artistic Director, Christopher Hampson, will be giving a presentation at TEDx Glasgow.

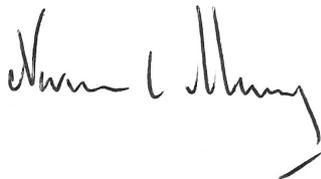
As we head into future years, we will continue to secure and enhance our unique repertoire through world firsts of new full-length works, through new commissions and exclusive licenses and through developing national and international partnerships. We will continue to seek and develop new choreographic talent, and to introduce these to our audiences.

Thanks and Appreciation

Finally, I would like to take this opportunity to add my thanks and appreciation to all of the executive management team, staff, dancers and the orchestra for their considerable effort throughout the year. Their individual and collective contributions and commitment have made all you have read in this Chair's Statement possible.

I would also like to thank the Board and Committee Chairs for giving their time and expertise so generously. The debates and decisions taken by the Board are enhanced by the experience and expertise of all members of the Board.

As ever, we remain extremely grateful for the dedication and leadership of the Cabinet Secretary for Culture and External Affairs, Fiona Hyslop, and her team. It is always a pleasure to meet them at performances throughout the year.



Norman Murray
Chair

17 September 2015

SCOTTISH BALLET

Report of the Directors

The directors present their report with the audited financial statements of the Company for the year ended 31 March 2015.

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, 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.

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Report of the Directors

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.

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 the members possess the range of interest and skills relevant to the objectives of the Company.

Scottish Ballet's structure, governance and management

Scottish Ballet is a company limited by guarantee and is registered with the Office of the Scottish Charity Regulator (OSCR) under charity number SC008037.

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.

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 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 annually 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 2015 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 Craw. 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 three directors and is chaired by Caroline Roxburgh. The Chair of the Board and the Chief Executive of the Company attend meetings, but in regard for best practice they are not members. It meets at least twice per annum.

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Report of the Directors

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 auditors, 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.

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 2014/15. Additional funds were received from Glasgow City Council. During the course of the financial year, the Scottish Government and Glasgow City Council were entitled to send observers to Scottish Ballet Board meetings and regular financial information was provided as a condition of these grants.

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 £153,487 (2014: £ nil) but before transfers between funds, pension payments made in the year of £100,200 in respect of past deficits in the defined benefit pension scheme and after providing for the committed repayments of £1,102,200 in respect of past deficits in the defined benefit pension scheme, was a surplus of £181,790 (2014: £605,922 surplus). As the pension liabilities in respect of the pension fund remain uncertain, a further £500,000 of general funds were designated in respect of these liabilities, resulting in a reduction in the general fund carried forward of £3,468 (2014: Decrease of £131,596) giving an accumulated unrestricted general fund of £375,744 (2014: £379,212).

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 £375,744, this includes Fixed Assets of £65,868 leaving a free reserve of £309,876 (note 23).

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 charity'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 2015/16.

SCOTTISH BALLET

Report of the Directors

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

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

- Uncertainty of defined benefit pension scheme liability
- Funding reduction – Scottish Government
- 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 following departure of CEO.

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 fundraising development team and to develop wider Company and Board involvement with our supporters and donors across multiple platforms with the objective of increasing fundraising and engagement with them.

Following the change in senior management, the Board have undertaken a review of the organisational structures and responsibilities within Scottish Ballet and, under the leadership of Christopher Hampson, there are plans to develop the Senior Management Team, and to recruit an Executive Director as an addition to the Board and leadership of Scottish Ballet.

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.

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Report of the Directors

Directors' responsibilities in relation to the financial statements (continued)

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.

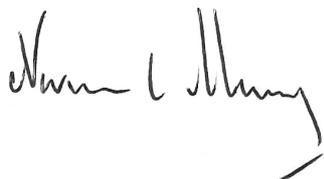
Disclosure of information to the auditor

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

17 September 2015

SCOTTISH BALLET

Independent Auditor's Report to the Members and Directors of Scottish Ballet

We have audited the financial statements of Scottish Ballet for the year ended 31 March 2015 which comprise the Statement of Financial Activities, 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 (United Kingdom Generally Accepted Accounting Practice).

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 directors and auditor

As explained more fully in the statement of Directors' responsibilities set out on pages 11 and 12, 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 (APBs) 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 2015 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).

SCOTTISH BALLET

Independent Auditor's Report to the Members and Directors of Scottish Ballet

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.



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

17 September 2015

SCOTTISH BALLET

Statement of Financial Activities (including Income and Expenditure Account) For the year ended 31 March 2015

	Note	Unrestricted funds General £	Designated £	Restricted Funds £	2015 Total £	2014 Total £
Incoming resources						
Incoming resources from Generated Funds						
Voluntary income	2	4,402,500	-	-	4,402,500	4,834,879
Activities for generating funds	3	163,854	-	527,254	691,108	309,825
Investment income		10,261	-	-	10,261	11,344
Incoming resources from Charitable Activities						
	4	2,181,674	-	163,000	2,344,674	1,988,768
Total incoming resources		<u>6,758,289</u>	<u>-</u>	<u>690,254</u>	<u>7,448,543</u>	<u>7,144,816</u>
Resources expended						
Costs of generating funds						
Costs of generating voluntary income	5	(35,426)	-	-	(35,426)	(37,227)
Fundraising trading: cost of goods sold and other costs	6	(202,693)	-	-	(202,693)	(157,499)
Charitable activities	7	(6,412,661)	(1,202,400)	(690,254)	(8,305,315)	(6,313,778)
Governance costs	8	(79,206)	-	-	(79,206)	(30,390)
Total resources expended		<u>(6,729,986)</u>	<u>(1,202,400)</u>	<u>(690,254)</u>	<u>(8,622,640)</u>	<u>(6,538,894)</u>
Net incoming / (outgoing) resources before theatre tax relief and transfers						
		28,303	(1,202,400)	-	(1,174,097)	605,922
Theatre Tax Relief		153,487	-	-	153,487	-
Net incoming / (outgoing) resources before transfers		<u>181,790</u>	<u>(1,202,400)</u>	<u>-</u>	<u>(1,020,610)</u>	<u>605,922</u>
Transfers between funds	20, 21, 22	(185,258)	259,217	(73,959)	-	-
Net movement in funds	9	<u>(3,468)</u>	<u>(943,183)</u>	<u>(73,959)</u>	<u>(1,020,610)</u>	<u>605,922</u>
Reconciliation of funds						
Total funds brought forward		<u>379,212</u>	<u>11,746,974</u>	<u>270,005</u>	<u>12,396,191</u>	<u>11,790,269</u>
Total funds carried forward	20, 21, 22	<u>375,744</u>	<u>10,803,791</u>	<u>196,046</u>	<u>11,375,581</u>	<u>12,396,191</u>

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

The company has no recognised gains or losses other than the results for the year as set out above.

The notes form part of these financial statements

SCOTTISH BALLET

Balance Sheet As at 31 March 2015

	Notes	2015 £	2014 £
Fixed Assets			
Tangible assets	12	10,340,612	10,651,676
Current Assets			
Stocks		4,136	5,217
Debtors	13	639,515	672,422
Cash at bank		2,103,780	1,570,129
		2,747,431	2,247,768
Current Liabilities (Amounts falling due within one year)			
Creditors	14	(730,502)	(503,253)
Net current assets		2,016,929	1,744,515
Creditors : Amounts falling due after more than one year			
Pension Liability	15	(981,960)	-
Net Assets		11,375,581	12,396,191
Reserves			
Restricted funds	22	196,046	270,005
Designated funds	21	10,803,791	11,746,974
Income and expenditure account	20	375,744	379,212
		11,375,581	12,396,191

The financial statements were authorised for approval by the directors on 17 September 2015 and are signed on their behalf by:



Norman Murray
Chair

Company No: SC065497

The notes form part of these financial statements

SCOTTISH BALLET

Cash Flow Statement For the year ended 31 March 2015

	Notes	2015 £	2014 £
Net cash inflow from operating activities	24	570,241	602,702
Returns on investments and servicing of finance	24	10,261	11,344
Capital expenditure and financial investment	24	(46,851)	(290,055)
Increase in cash	24	<u>533,651</u>	<u>323,991</u>

The notes form part of these financial statements

SCOTTISH BALLET

Notes to the Financial Statements For the year ended 31 March 2015

1. Principal Accounting Policies

The principal accounting policies are set out below and remain unchanged from the previous year.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (revised 2005).

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.

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.

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 incoming resources 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.

Incoming resources

All incoming resources are included in the Statement of Financial Activities when the company is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Voluntary income is received by way of grants, donations, legacies, sponsorship and gifts and is included in full in the Statement of Financial Activities when receivable.
- Incoming resources from charitable trading activity are accounted for when earned.
- Incoming resources from grants, where related to performance and specific deliverables, are accounted for when the company is entitled to claim the grants through undertaking the performance or specific deliverables for which the grants have been awarded.
- Investment income is recognised when receivable.

Resources expended

Expenditure is recognised on an accrual 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:

- Costs of generating funds 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.
- All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of resources. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis.

SCOTTISH BALLET

Notes to the Financial Statements For the year ended 31 March 2015

1. Principal Accounting Policies (cont'd)

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.

Expenditure in respect of future productions

Costs incurred prior to 31 March with 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.

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.

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.

Due to the nature of the Scheme, the income and expenditure account charge for the period, in line with accounting standard FRS 17 "Retirement Benefits", represents the employer contributions payable in accordance with the recovery plan for the period 2014 to 2024 agreed between the company and the Scheme trustee, following the finalisation of the 2013 actuarial valuation of the Scheme.

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.

SCOTTISH BALLET

Notes to the Financial Statements For the year ended 31 March 2015

	Total 2015 £	Total 2014 £
2. Incoming Resources from Generated Funds – Voluntary Income		
Scottish Government Funding	4,382,000	4,814,379
Local Authorities	20,500	20,500
	<u>4,402,500</u>	<u>4,834,879</u>
	<u><u>4,402,500</u></u>	<u><u>4,834,879</u></u>
3. Incoming Resources from Generated Funds – Activities for Generating Funds	Total 2015 £	Total 2014 £
Development Income	594,899	292,926
Other	96,209	16,899
	<u>691,108</u>	<u>309,825</u>
	<u><u>691,108</u></u>	<u><u>309,825</u></u>
4. Incoming Resources from Charitable Activities	Total 2015 £	Total 2014 £
Box office	2,081,800	1,564,489
Grants and Guarantees	163,000	232,195
Education	99,874	192,084
	<u>2,344,674</u>	<u>1,988,768</u>
	<u><u>2,344,674</u></u>	<u><u>1,988,768</u></u>
5. Resources expended – Costs of generating voluntary income	Total 2015 £	Total 2014 £
Other	35,426	37,227
	<u>35,426</u>	<u>37,227</u>
	<u><u>35,426</u></u>	<u><u>37,227</u></u>

SCOTTISH BALLET

Notes to the Financial Statements For the year ended 31 March 2015

6. Resources expended – Fundraising Trading:			Total 2015	Total 2014
Cost of Goods Sold and Other Costs			£	£
Development Resources			174,677	142,538
Cost of Goods			28,016	14,961
			<u>202,693</u>	<u>157,499</u>
7. Resources expended –			Total 2015	Total 2014
Charitable Activities	Staffing	Other	£	£
	£	£		
Rehearsal and production	2,496,322	3,612,536	6,108,858	5,439,218
Education	201,360	194,856	396,216	443,596
Support	1,468,398	331,843	1,800,241	430,964
	<u>4,166,080</u>	<u>4,139,235</u>	<u>8,305,315</u>	<u>6,313,778</u>
Support costs were allocated to activities in line with staff time and usage of resources				
8. Governance costs			Total 2015	Total 2014
			£	£
Health and safety			1,279	4,588
Audit fees			13,205	13,327
Other professional fees			64,722	12,475
			<u>79,206</u>	<u>30,390</u>
9. Net movement in funds			Total 2015	Total 2014
			£	£
Net movement in funds are stated after charging/(crediting):				
Depreciation			357,915	399,292
Auditor's remuneration				
Audit fees			13,205	13,327
Non-audit – taxation advice and business modelling			1,331	3,225
Operating Leases			19,366	15,213
Loss on disposal of fixed asset			-	46
Interest receivable			(10,261)	(11,344)
			<u>(10,261)</u>	<u>(11,344)</u>

SCOTTISH BALLET

Notes to the Financial Statements For the year ended 31 March 2015

10. Directors and employees	2015 No.	2014 No.
The average number of staff employed by the company during the financial year amounted to:	85	83
	<hr/>	<hr/>
	2015 £	2014 £
The aggregate payroll costs of the above were:		
Wages and salaries	2,552,425	2,433,782
Social security costs	236,330	239,681
Other pension costs	154,926	118,537
Defined benefit pension scheme – past deficit contributions	1,202,400	-
	<hr/>	<hr/>
	4,146,081	2,792,000
	<hr/> <hr/>	<hr/> <hr/>
	2015 No.	2014 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	2
£110,001 - £120,000	1	-
	<hr/>	<hr/>
The number of employees with emoluments in excess of £60,000 with retirement benefits accruing in a money purchase scheme was:	2	2
	<hr/>	<hr/>
	2015 £	2014 £
The employer's contributions in respect of the above employees amounted to:	15,817	9,604
	<hr/>	<hr/>
11. Directors	2015 £	2014 £
Remuneration in respect of directors was as follows:		
Emoluments receivable	118,944	77,243
	<hr/>	<hr/>
Pension contributions to a defined contribution scheme	9,374	6,313
	<hr/>	<hr/>
The above emoluments represent payments made to the Chief Executive Officer (resigned 27 March 2015).		
The other directors of Scottish Ballet are non-executive and are not remunerated.		
During the year 4 directors were reimbursed for travel expenses amounting to £4,035 (2014: 5 directors, £2,663).		

SCOTTISH BALLET

**Notes to the Financial Statements
For the year ended 31 March 2015**

12. Tangible fixed assets	Long leasehold property £	Vehicles & Equipment £	Musical Instruments £	Total £
Cost				
At 1 April 2014	11,373,783	1,197,324	69,751	12,640,858
Additions	-	46,851	-	46,851
Disposals	-	-	-	-
At 31 March 2015	<u>11,373,783</u>	<u>1,244,175</u>	<u>69,751</u>	<u>12,687,709</u>
Depreciation				
At 1 April 2014	1,050,180	886,489	52,513	1,989,182
Charge for the year	227,475	125,648	4,792	357,915
Disposals	-	-	-	-
At 31 March 2015	<u>1,277,655</u>	<u>1,012,137</u>	<u>57,305</u>	<u>2,347,097</u>
Net book value				
At 31 March 2015	<u>10,096,128</u>	<u>232,038</u>	<u>12,446</u>	<u>10,340,612</u>
At 31 March 2014	<u>10,323,603</u>	<u>310,835</u>	<u>17,238</u>	<u>10,651,676</u>

All tangible fixed assets are used for charitable purposes.

13. Debtors	2015 £	2014 £
Trade debtors	45,518	55,036
Other debtors		
Expenditure in respect of future productions	104,892	110,278
Sundry debtors	164,092	14,388
VAT & FEU	-	35,247
Theatre Tax Relief	153,487	-
Prepayments and accrued income	171,526	457,473
	<u>639,515</u>	<u>672,422</u>

SCOTTISH BALLET

Notes to the Financial Statements For the year ended 31 March 2015

	2015 £	2014 £
14. Creditors: Amounts falling due within one year		
Trade creditors	126,838	185,945
Other taxation and social security	78,957	72,542
Other creditors	1,758	1,144
Pension contributions	19,233	16,360
Accruals and deferred income	383,476	227,262
Defined benefit pension scheme – past deficit contributions (note 17)	120,240	-
	<u>730,502</u>	<u>503,253</u>

Included within accruals and deferred income are £3,929 costs which relate to Tramway (2014: £3,929).

Deferred income of £195,940 (2014: £167,610) included within accruals and deferred income, relates to monies received which are specifically for future productions. The deferred income is released when the production takes place, usually in the subsequent financial year.

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.

	2015 £	2014 £
15. Creditors: Amounts falling due after more than one year		
Defined benefit pension scheme – past deficit contributions (note 17)	981,960	-
	<u>981,960</u>	<u>-</u>

16. Leasing commitments

At 31 March 2015 the company had annual commitments under non-cancellable operating leases as set out below:

	Assets other than land & buildings	
	2015 £	2014 £
Operating leases which expire:		
Less than one year	-	-
Within one to two years	-	-
Within two to five years	13,504	13,044
Greater than five years	-	460
	<u>13,504</u>	<u>13,504</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.

SCOTTISH BALLET

Notes to the Financial Statements For the year ended 31 March 2015

17. 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.

Due to the nature of the Scheme, the income and expenditure account share for the period under FRS 17 represents the employer contributions payable.

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.

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 2015, payments of £100,200 have been made towards the deficit in accordance with the recovery plan. The remaining liability of £1,102,200 has been reflected within creditors in the 2015 financial statements. £120,240 of which is due within the next financial period (note 14) and £981,960 of which is due in the period 2017 to 2024 (note 15). 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 21.

SCOTTISH BALLET

Notes to the Financial Statements For the year ended 31 March 2015

17. Pensions (cont'd)

Pension contributions payable by the company to the Scheme during the year amounted to £100,200 (2014: £nil).

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 £43,559 (2014: £33,703).

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 £108,293 (2014: £81,790).

Pension contributions totalling £3,074 (2014: £3,044) were paid directly to an employee's personal pension plan.

18. Contingent liabilities

There were no contingent liabilities at 31 March 2015 (2014: £nil).

19. Company limited by guarantee

The company was incorporated as one Limited by Guarantee and not having a share capital. In the event of the winding up of the company a member is liable to contribute a sum not exceeding £1. At 31 March 2015 there were 11 members (2014: 11).

20. Unrestricted Funds - Movement in the year	£	£
At 1 April 2014		379,212
Incoming resources		6,758,289
Resources expended		(6,729,986)
Theatre Tax Relief		153,487
Transfers:		
Release from capital equipment grant reserve	73,959	
Release from Tramway capital reserve	244,383	
Designated to pension repayer reserve	(500,000)	
Designated to dancers health screening reserve	(3,600)	
		<hr/>
		(185,258)
At 31 March 2015		<hr/> <hr/>

SCOTTISH BALLET

Notes to the Financial Statements For the year ended 31 March 2015

21. Designated Funds - Movements in the year	At 1 April 2014 £	Incoming resources £	Resources expended £	Transfers £	At 31 March 2015 £
Dancers appeal	6,463	-	-	-	6,463
Tramway capital reserve	10,340,511	-	-	(244,383)	10,096,128
Pension repayer reserve	1,400,000	-	(1,202,400)	500,000	697,600
Dancers health screening reserve	-	-	-	3,600	3,600
	<u>11,746,974</u>	<u>-</u>	<u>(1,202,400)</u>	<u>259,217</u>	<u>10,803,791</u>

The dancers appeal represents the balance remaining from the proceeds at a gala performance in 1988 to improve dancers' facilities. £Nil (2014: £Nil) was expended from designated funds in the year.

Following the completion of the Tramway project and the sale of West Princes Street all funds raised to cover the project cost were consolidated into this fund. £244,383 (2014: £285,523) was transferred from this fund to unrestricted reserves in the year to match against the depreciation charge in respect of Tramway.

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 £100,200 have been made from the designated fund in respect of past deficits. Additionally, £1,102,200 has been recognised 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 14, 15 and 17). The Board have further decided that it is prudent to designate a further sum of £500,000 from general reserves towards the anticipated future shortfall.

The dancers health screening reserve has been created in the year to designate funds totalling £3,600 towards the cost of this exercise which will take place during 2015/16.

SCOTTISH BALLET

Notes to the Financial Statements For the year ended 31 March 2015

22. Restricted funds – Movements in the year	At 1 April 2014 £	Incoming resources £	Resources expended £	Transfers £	At 31 March 2015 £
Productions	-	690,254	(690,254)	-	-
Capital equipment grant	252,575	-	-	(73,959)	178,616
Rita Dow	17,430	-	-	-	17,430
	<u>270,005</u>	<u>690,254</u>	<u>(690,254)</u>	<u>(73,959)</u>	<u>196,046</u>

The productions restricted reserve relates to funding received towards specific productions. All funding received has been 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 (2014: £nil).

23. Analysis of net assets between funds	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total £
Tangible fixed assets	65,868	10,096,128	178,616	10,340,612
Cash at bank and in hand	272,558	1,813,792	17,430	2,103,780
Other net current liabilities	37,318	(124,169)	-	(86,851)
Long term liabilities	-	(981,960)	-	(981,960)
	<u>375,744</u>	<u>10,803,791</u>	<u>196,046</u>	<u>11,375,581</u>

24. Notes to cash flow statement	2015 £	2014 £
a) Reconciliation of (deficit)/surplus to net cash inflow from operating activities		
(Deficit)/surplus	(1,020,610)	605,922
Interest receivable	(10,261)	(11,344)
Depreciation (note 12)	357,915	399,292
Loss on disposal	-	46
Decrease/(Increase) in stocks	1,081	(5,150)
Decrease/(Increase) in debtors	32,907	(296,292)
Increase/(Decrease) in creditors	1,209,209	(89,772)
Net cash inflow from operating activities	<u>570,241</u>	<u>602,702</u>

SCOTTISH BALLET

**Notes to the Financial Statements
For the year ended 31 March 2015**

24. Notes to cash flow statement (cont'd)	2015 £	2014 £	
b) Returns on investments and servicing of finance			
Interest receivable	10,261	11,344	
Net cash inflow from returns on investments and servicing of finance	<u>10,261</u>	<u>11,344</u>	
c) Capital expenditure			
Payments to acquire tangible fixed assets (note 12)	(46,851)	(293,055)	
Proceeds on disposal of fixed assets	-	3,000	
Net cash (outflow) from capital expenditure	<u>(46,851)</u>	<u>(290,055)</u>	
d) Reconciliation of net cashflow to movement in net funds			
Increase in cash in the period	533,651	323,991	
Change in net funds	533,651	323,991	
Net funds at 1 April	1,570,129	1,246,138	
Net funds at 31 March	<u>2,103,780</u>	<u>1,570,129</u>	
e) Analysis of changes in net funds	At 1 April 2014 £	Cashflows £	At 31 March 2015 £
Cash in hand and at bank	<u>1,570,129</u>	<u>533,651</u>	<u>2,103,780</u>