

SCOTTISH BALLET **50**

Est: 1969

ANNUAL REPORT & FINANCIAL STATEMENTS

SCOTTISH BALLET
Company Limited by Guarantee

Annual Report & Financial Statements
For the year ended 31 March 2020

Company No: SC065497
Charity No: SC008037

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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) Jann Brown (Vice Chair) Keith Ruddock Christopher Hampson (CEO/Artistic Director) Steven Roth (Executive Director) Anna Bateson Giles Hedger Theodorus Brandsen Barbara Allison Catherine Muirden Kirsty Wark (Appointed 12/06/19) James Mackenzie-Blackman (Appointed 18/09/19) Eleanor Bentley (Appointed 25/03/20) Jim Pettigrew (Chair Designate) (Appointed 09/09/20)
Secretary:	Neil MacIver
Bankers:	Royal Bank of Scotland Commercial Banking UK 1 Moncrieff Street Paisley PA3 2AW Virgin Money Jubilee House, Gosforth Newcastle upon Tyne NE3 4PL
Solicitors:	Dentons UK and Middle East LLP 1 George Square Glasgow G2 1AL Clyde & Co (Scotland) LLP 144 West George Street Glasgow G2 2HG
Auditor:	RSM UK Audit LLP Chartered Accountants Centenary House 69 Wellington Street Glasgow G2 6HG

PROLOGUE

Celebrating fifty years of Scottish Ballet

In our 50th anniversary year we set out to thank the people of Scotland for making the company what it is today: from the audiences who join us on stage or screen, to the participants who dance with us in our studios, and in community centres, schools and care homes across the country.

During 2019/20, Scottish Ballet presented 123 performances on stages across Scotland, the rest of the UK and internationally, including three world premieres. Over 108,000 people attended these performances, achieving net box office income in excess of £2.3 million.

Reflecting the spirit of our mission: ‘To inspire on stage *and beyond*’, we delivered an unparalleled range of off-stage anniversary activities to showcase our creativity and reach the widest possible audience. Highlights included our ‘Five Wishes’ campaign – making five special wishes come true for communities and individuals across Scotland – and the company’s second Digital Season which featured the work of 16 emerging artists.

Our Engagement team delivered 192 separate events tailored to the needs of Scotland’s diverse communities, promoting confidence, fostering wellbeing, and encouraging creativity through dance. Working with 66,838 participants aged from 3 to 103 years, these transformational programmes included weekly dance classes, repertoire-linked workshops, talks, and unique health projects.

Scottish Ballet’s total revenue for 2019/20 was £8.9 million (including Theatre Tax Relief) against expenditure of £10 million.

1. Key indicators

- 107,798 audience attendance worldwide
 - 98,931 (Scotland), 5,667 (rest of UK) and 3,200 (International)
- 66,838 participants in our engagement & outreach activities
- 1.6m video views
- £1.16m (gifts, trusts and sponsorship) raised in support of our Mission

2. Awards & commendations

- Sunday Herald Culture Awards 2019: Outstanding Dance Performance – Sophie Martin
- National Dance Awards 2019: nominations for Outstanding Company, Best Classical Choreography for The Crucible, Outstanding Male Performance for Nicholas Shoesmith and Outstanding Creative Contribution for Peter Salem
- Herald Angel Award 2019: Helen Pickett for The Crucible
- UK Theatre Awards Achievement in Dance 2019: for The Crucible
- UK Theatre Awards 2019: nomination for Digital Innovation
- One Dance UK Awards 2019: nomination for Dance on Screen – Impact Award for the Digital Season
- Sunday Times Top 100 not-for-profit employers in UK: ranked #76
- Sunday Times Top 50 employers in Scotland: ranked #47
- European Sponsorship Association Awards 2019: shortlisted for partnership with Loganair for Highland Fling tour
- UK Sponsorship Awards 2019: shortlisted for sponsorships of ‘Safe To Be Me’ with Aberdeen Standard Investments and Dance Health with Baillie Gifford

3. Performance statistics

	Number of performances	Audiences
Scotland	109	98,931
Rest of UK	6	5,667
International	8	3,200
Total	123	107,798

- £2.3 million box office revenue (net of venue costs & retained income)
- Touring: Scotland National & Highlands and Islands, UK and USA
- 98.6% of targeted Scotland audience numbers achieved
- 192 engagement events / 66,838 participations

4. How we rate

The company regularly tracks audience satisfaction and propensity to recommend by measuring Net Promoter Score (NPS). Our average score for the 2019/20 season was 89, compared to 67 in 2018/19, with highlights being the Digital Season (79), *The Crucible* (91) and *The Snow Queen* (89).

5. Financial performance

Overall financial performance was well within expectation. Revenues were up by over 6% and the overall deficit we incurred in this 50th anniversary year is in line with the company's five year financial strategy. This supports our overall strategy as set out in our Five in Five campaign – to create five new full length ballets and target financial break even over the five year period. We are at the start of a period of investment to fulfil the commitments made in our Five in Five campaign to all those who have supported it.

Operating deficit (after theatre Tax Relief) of -£1.1m, although significantly higher than last year, was again in line with expectation.

6. What's next?

The impact of Covid-19 has affected every aspect of society, not least the world of the arts. At Scottish Ballet, we have been working tirelessly with venues to transfer the entire 2020 performance season (*Swan Lake*, *Wee Hansel & Gretel*, *The Scandal At Mayerling*, *The Nutcracker*) to 2021. It is anticipated that audiences will retain their tickets for rescheduled performances and that much of the current sales revenue will be preserved.

For the remainder of 2020 (or until theatres re-open) we will commission new works for audiences to experience on screen, and our production centre has been fully repurposed as a film studio to capture this new work. SB Resident Choreographer, Sophie Laplane, recently choreographed *Indoors*, a short film using footage shot by, and of, the entire company dancing in their own homes. We are working with partners and utilising all our inhouse talent to create innovative new dance work for digital distribution. A major festive digital work has been commissioned, to keep our regular winter audiences engaged and supportive. It will be filmed in October 2020 for broadcast in the lead up to Christmas.

We are hopeful that theatres will reopen within the first half of 2021 to full capacity (without social distancing restrictions in place). On this basis, 2021/22 will see a full touring season – with all works that were originally scheduled in 2020, including a premiere of *The Crucible* at Sadlers Wells London.

ENTRACTE

Chair's Review

It is such a great pleasure to be introducing the Annual Report for Scottish Ballet's 50th year – my final report after seven years as Chair of the Board. Not only is there much to highlight and celebrate for 2019/20, but also an opportunity for me to reflect on the company's growth and enormous success, especially in more recent years.

As this report is being prepared we are in the grip of the Covid-19 global pandemic. This has challenged the company in ways we could never have envisaged. Much of Scottish Ballet's 2020/21 touring and stage performances have been cancelled or rescheduled and stands in dramatic contrast to 2019/20, a year of significant achievements both on-stage and beyond.

Scottish Ballet's strong corporate and community values have ensured the company is in a robust position, continuing to shine as a cultural leader for Scotland and to the world; an inspiring example of Scottish resilience, innovation and agility. The company was able to swing into gear and quickly reset its engagement and connectivity with audiences and patrons, working from home and behind-the-scenes to deliver a broad range of digital offerings including specially produced creative content and daily live dance health classes (via Facebook) prioritising vulnerable audiences. Our engagement team also rose to the challenge, collaborating with NHS Scotland to create *Health At Hand*, a series of movement sessions for frontline care workers.

On stage, we have showcased our ability to create and deliver new work unique to Scottish Ballet and reflecting its creative DNA. Opening the 50th season with our friends in the Highlands at Eden Court, Inverness, saw the company perform Scottish choreographer, Sir Kenneth MacMillan's joyful, *Elite Syncopations* and a world premiere, *Dextera*, by our talented Resident Choreographer, Sophie Laplane. This fabulous evening began with a black tie dinner and ended with dancing in the foyer – setting the scene for the brilliant year that followed. This was also a year that included two more world premieres: Helen Pickett's dramatic and thought-provoking *The Crucible*; and finishing with Christopher Hampson's brilliant adaptation of Hans Christian Andersen's *The Snow Queen*, which broke records playing to a combined audience of 68,896 across six Scottish and UK Theatres. For the first time in more than 30 years, the BBC captured and broadcast a performance by Scottish Ballet (*The Snow Queen*); a fitting tribute to Scottish Ballet and conclusion to the 50th season.

Personal highlights during our anniversary year have included a memorable reception, hosted for the company by our Patron HRH the Prince Charles, Duke of Rothesay, at Dumfries House on 31 October. As well as the fabulous 50th anniversary Golden Gala dinner, on stage at the Edinburgh Festival Theatre, 22 June. Over 350 guests enjoyed stunning performances from Scottish Ballet dancers and support artists. Furthermore, our generous patrons and supporters contributed £163,454 towards a new dementia programme, Time to Dance, and other vital projects.

To ensure the 50th anniversary left a 'living legacy' into the future – a commissioning programme was launched to raise £5m over five years, to create five new full length works for the company. An ambitious and rewarding project for donors and audiences alike, with ballet one (*The Crucible*) and two (*The Snow Queen*) delivered in 2019/20. Taking the theme of 'five' the company also granted Five Wishes to some very special folk across Scotland; a wonderful gesture of giving back to our communities that is synonymous with Scottish Ballet's core values.

Like any successful company, Scottish Ballet is the sum of many parts: our supremely-talented dancers, artists and creative teams; our technical and production teams that work tirelessly behind the scenes; our administrative and operational teams that keep SB running at their Tramway base and on the road; our inexhaustible fundraising and marketing teams; and finally, the engagement and access teams, who have delivered inspirational community, education and health programmes to more than 66,000 people across Scotland in 2019/20.

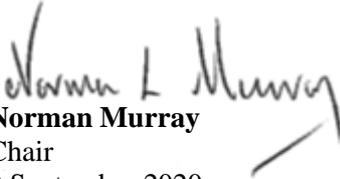
Chair's Review (cont.)

I would like to take this opportunity to thank our Chief Executive and Artistic Director Chris Hampson and our Executive Director Steven Roth for their total commitment to the company over our most successful 50th anniversary year and in particular over these last six months for carefully and enthusiastically navigating us through uncharted waters. Leadership is truly tested in achieving success and acclaim and also in dealing with sudden adversity. Chris and Steven lead the executive team with not only commitment but with experience, foresight, adaptability and passion – the board and company are fortunate to have such talented individuals as key members of the Scottish Ballet executive team.

I would also like to recognise and pay tribute to all who have supported Scottish Ballet over my seven years' tenure as Chair: firstly, the Board, who contribute their time, effort and skills, ensuring the company is well governed and perfectly positioned to achieve its ever-ambitious programme. Fellow Directors who have retired or have been appointed this year are listed on pages 17-18 – I pay a special tribute to you all.

Furthermore, to the Scottish Government for your strong commitment and year-on-year support; our valued private donors, patrons, and corporate sponsors, who make the 'impossible, possible'; and finally, to our audiences, whose applause and cheers motivate the company to continue to rise to new heights.

I am very proud to have had the opportunity to Chair the Scottish Ballet Board during these past seven years, and to be able to hand over in such a strong and credible position to our next Chair (designate), Jim Pettigrew, whom I warmly welcome.



Norman Murray
Chair
9 September 2020

ACT ONE

2019/2020 Year in Review

Our Mission: To inspire on stage *and beyond!*

1. Strategic Output One: Artistry

- *Demonstrating strong creative leadership and by delivering exceptional artistic / dance experiences.*

Inspiring on stage...

Spring! (Spring 2019)

Our 50th anniversary celebrations commenced by pairing old and new: with a new work, *Dextera*, by resident choreographer Sophie Laplane, programmed alongside Sir Kenneth MacMillan's ever popular *Elite Syncopations*. The celebratory double-bill named *Spring!* launched with a sell-out gala performance at Eden Court, Inverness.

'Spring! is a complete joy that has the audience in the palm of Scottish Ballet's hands.'
The Scotsman ★★★★★

Sibilo (Spring 2019)

Sophie Laplane's *Sibilo* toured to Salt Lake City USA in May for three performances at the Ballet West Choreographic Festival.

Wee Hansel & Gretel (Summer 2019)

Based on Christopher Hampson's *Hansel & Gretel*, this adapted 50-minute version for three to eight-year-olds was developed for a 10-venue tour across Scotland in 2019, including the Highlands and Islands.

'This charming, bite-size ballet is proving Scottish Ballet is indeed a national company for all ages.'
★★★★★ The Scotsman

The Crucible (Edinburgh International Festival and Autumn 2019)

The first of our Five in Five campaign ballets, *The Crucible*, premiered at Edinburgh International Festival and toured nationally. Helen Pickett's choreography unleashed the emotional force of Arthur Miller's masterpiece, vividly accompanied by the Scottish Ballet Orchestra performing Peter Salem's haunting new score.

'A triumph' ★★★★★ The Herald

'Storytelling ballet at its best.' ★★★★★ The List

'Captures the claustrophobia and darkness of a community lost inside itself' ★★★★★ The Scotsman

'Stunning' ★★★★★ The Stage

All tour performances exceeded targets, with a total audience of 11,832 across Glasgow, Inverness, Aberdeen & Edinburgh, and also attracted high numbers of first-time attendees.

The Snow Queen (Winter 2019)

The year culminated in the spectacularly successful world premiere of *The Snow Queen*, choreographed by Christopher Hampson and designed by the award-winning Lez Brotherston. Inspired by Hans Christian Andersen's much-loved tale and set to the music of Rimsky-Korsakov, performed live by the Scottish Ballet Orchestra, *The Snow Queen* exceeded all expectations.

'Scottish Ballet's Christmas present to us all is the world premiere of a Snow Queen...a truly memorable high.' The Herald

'Frosty and firelit, sweet and sharp, it's another Scottish Ballet Christmas triumph.' ★★★★★ The List

With 68,896 seats sold across the run, the tour reached 106% of its financial target. Glasgow reached an incredible 124% of sales target, and for the first time, we added an extra performance in Inverness due to popular demand.

'My husband loved everything about the performance - orchestra, costumes and of course the quality of the dancing. He has told everyone who asked him, as no one could believe he was going to ballet, how much he enjoyed it. It really made my birthday that he said he will go again with me. I think you are modernising Scottish Ballet really well to appeal to a new audience.' (Audience feedback)

The Snow Queen was captured for commercial broadcast – the first for Scottish Ballet since 1983. The capture was directed by Ross MacGibbon during a six-camera, live-mix recording in Edinburgh, and premiered on BBC Scotland on Christmas Eve, then on BBC Four in January 2020 before being made available on iPlayer. Total viewing figures were over 227,000.

This Is My Body... (Spring 2020)

A double bill of Angelin Preljocaj's *MC14/22 (ceci est mon corps...)* and Sophie Laplane's *Sibilo* entitled *'This Is My Body...'* opened at the Joyce Theatre in New York in March, although the run was cut short due to Covid-19 restrictions. This double bill was also intended to run at the Royal Opera House Linbury Theatre later that month, but these dates had to be cancelled completely.

... and beyond!

Five Wishes

A centrepiece of our anniversary celebrations was our commitment to make five wishes come true for the people of Scotland, as a way to say thank you for five decades of support.

After a public callout for wish suggestions, we received hundreds of submissions and over 400,000 public votes. The top 50 were presented to a celebrity judging panel which included Dame Darcey Bussell, Susan Calman, Fred MacAulay, Janice Forsyth, Christopher Hampson and Principal dancer Christopher Harrison. Looking for a variety of original, personal and imaginative wishes, the judges chose the final five based on their inspiring individual stories and their impact on the wider community, taking us across the country.

BBC Scotland commissioned a 60-minute documentary following the story of the wishes. This aired on BBC 1 Scotland over the festive period to a 'real time' audience of over 183,000 and subsequently ran on iPlayer, attracting incredibly positive feedback on Twitter:

'@scottishballet #fivewishes is the most inspiring and incredibly emotionally moving programme. Bringing such joy to the lives of the receivers of the five wishes. Such a humbling, beautiful programme to watch.'

'Never got into #scottishballet but seeing #fivewishes @BBCScotland is great, heart-warming stuff. Might give them a go next time.'

Digital Season 2019

An exciting month-long programme of film commissions, live streams and public events, the company's second Digital Season premiered work from 16 emerging artists including choreographers, composers, a poet, and our first ever digital artist in residence.

'Glorious, punchy and exciting... The Digital Season is the definition of accessible.' ★★★★★ The Scotsman

'Dance as you've never seen it before.' ★★★★★ The Herald

Overall, the Season received over 360,000 views during the April – June quarter as well as over 450 people attending events and screenings. International website traffic increased to 20% of total web visits.

With the resounding success of the Digital Season, Scottish Ballet's online presence continued to grow in 2019/20. Social media followers and e-newsletter subscribers increased by 15%, and videos posted on Scottish Ballet's Facebook and YouTube channels reached over 1.6 million views – an increase of 25%.

Digital archive

In March 2020, we completed the careful process of digitising a total of 341 archive tapes containing over 435 hours of footage. Our partnership with National Library of Scotland, Moving Image Archive has been key in forming the UK's first ballet-specific digital archive, freely accessible in full at the interactive archive in Glasgow's Kelvin Hall and with selected highlights available online.

2. Strategic Output Two: Access

- *Bringing our work to the widest possible audience and enriching communities through inspiring education/ access programmes.*

SB Health

Two new Engagement projects were introduced in 2019, including our third neurological dance health project, Elevate©. This pioneering dance class for people living with MS in the UK broke new ground for Scottish Ballet. A unique initiative for primary schools, Safe to be Me©, was also launched in 2019.

We are now working in 10 local hubs across Scotland for Dance for Parkinson's Scotland with an average 210 regular participants attending each week. Through dementia-friendly Time to Dance, we have developed 13 care home partnerships across Scotland. During winter we delivered 54 Time to Dance workshops in care homes reaching 838 people in Inverness, Aberdeen and Glasgow.

Scottish Ballet's Health team also completed the delivery of the first UK-based dance health teacher training module to undergraduate dance students at Glasgow Clyde College. Eight students participated in the course. SB Health is supported by Baillie Gifford and several philanthropic trusts.

During Scotland's Covid-19 restrictions, it became more important than ever to extend a hand to the community around us, to find ways to share experiences and spark joy. Each week SB Health delivers classes for people living with Parkinson's, multiple sclerosis and dementia, as well as classes for people aged 60 and over; becoming a keystone to many people's exercise regimens and social calendars during self-isolation.

'I'm absolutely loving your classes!!! Since I am no longer at my Reg.4 class I am enjoying dancing with you 6 days a week. The classes are perfect, great to have my ballet shoes on, also strengthening my arm which I broke last December.' SB Health online class participant

Elevate

In 2019/20, Scottish Ballet held 105 Elevate© events, involving 1,464 participations from people living with multiple sclerosis and health professionals. Activities took place in Glasgow, Dundee and Orkney. Feedback from participants and health professionals has been tremendously positive.

'Elevate has opened my mind and confidence to enjoy dancing. I feel that my body is responding so well to the different moves and my brain is challenged to embrace new instructions to the wonderful music. I absolutely love coming to class watching and learning from the dancers. I leave the class with such happiness. Smiled all day.' Elevate participant

Safe to be Me

Safe to be Me© is a unique primary school initiative exploring themes linked to racism, homophobia, bigotry, transphobia and ableism. The project was successfully piloted in 2018/19 and this year, 883 pupils in Edinburgh, Glasgow, Inverness, Fort William and Aviemore schools benefited from Safe to Be Me (StBM) sessions, equalling a total 3,532 participations from pupils. The full-day workshops involved a performance in schools which illustrated the StBM topics. Pupils then used music and dance to create their own StBM performances, which they shared with peers and family.

'I learned that it is ok to be yourself and you should not change who you are just to fit in.' Safe to Be Me participant

'I believe that the class have developed their confidence when talking about discrimination and I hope this will lead to a greater respect for each other.' Safe to Be Me participants' class teacher

Snow Queen Engagement

The Snow Queen tour attracted strong audience attendance figures at engagement events across the country and included our highest ever numbers for audio description to date. 1,426 participations were recorded at talks, workshops and classes supporting the tour. 302 people attended *The Snow Queen* Inclusive Performance – a 31.3% increase on last year's Inclusive attendees.

Over the last year, Scottish Ballet's relationship with Erskine Care Homes has become well-established. This partnership led to the delivery of a new intergenerational project, connecting 30 care home residents with 20 pupils from Bishopton Primary School in weekly dance, visual art and literacy workshops. Participants also attended a matinee performance of *The Snow Queen* together, this engagement having a significant impact on residents, care staff and pupils.

SB Associates Programme

The 2019/20 Programme has successfully continued development following the introduction of the new Primary 5 level Junior Associates (both weekly and monthly). SQA Higher Dance was also introduced in 2019 to the Associate Programme with outstanding results for the 16 Senior Associate candidates with a 100% pass rate and all but one student being awarded an 'A' grade. 240 students gained admission to the Programme across the three levels.

Youth Exchange

Scottish Ballet's Youth Exchange programme for 2019/20 involved a performance in October at Torino Danza Festival with SB young dancers, and dancers selected by Italian partners, Compagnia Egri Bianco Danza, Balletto Teatro di Torino. Early in 2020, several members of this Youth Exchange company, and one from the 20/21 company, travelled to New York for a pilot exchange with dancers from Move NYC.

3. Strategic Output Three: Advancement

➤ *Providing high-value stakeholder engagement to advance growth and sustainability.*

Key indicators:

- 15.5% increase in philanthropy income
- 12.5% increase in trusts and foundations revenue
- 34% increase in new bequestors
- 96% retention of patrons
- 5.57% of self-generated income via sponsorships and 7 new partnerships established
- +16.1% achieved over Advancement budget target for '19/'20

Five in Five Campaign

In 2018, we launched our Five in Five Campaign – the most ambitious commissioning programme in the company’s history. By 2019 we had received 38 five-year pledges, this year representing £327,000. In 2019/20 Scottish Ballet delivered the first two of its ‘Five in Five’ campaign ballets: *The Crucible* and *The Snow Queen*. Further fundraising for the third campaign ballet, *The Scandal at Mayerling*, is progressing, with the ballet being postponed until 2021 following Covid-19 restrictions.

50th Anniversary Gala

360 patrons attended our golden fundraising gala on stage at Edinburgh Festival Theatre on 22 June 2019. The total amount raised through this event was £163,454. As well as bidding for prizes, guests donated £29,000 towards the dementia-friendly project Time to Dance. This was the largest fundraising Gala the company has ever hosted.

Appeals

Final income from *The Snow Queen* Costume Appeal was £11,765.

The 50th ‘legacy’ archiving project to digitise production film footage dating back almost 50 years was completed with generous funding from The Foyle Foundation, The William Grant Foundation, The Cruden Foundation, The Peter Darrell Trust and The Pilgrim Trust.

An appeal to restore SB’s audio archive was also launched, achieving an income of £7,504. This project will see the company’s orchestral audio tapes (mostly of new music commissions) digitised and will be held (together with the film footage) in the Scottish Screen Archive at the National Library of Scotland.

Sponsorship & Commercial

The 50th anniversary year helped strengthen corporate partnerships, increasing brand exposure and opportunities to connect with Scottish Ballet. There was also new and significant corporate support of the Dance Health programme and the Safe to Be Me school’s initiative. The first ever commercial tour of a children’s ballet reached and entertained new, young audiences across Scotland. Branded merchandise and souvenir programmes, with a focus on 50 years, sold well and sales via Scottish Ballet’s e-shop continue to grow.

ACT TWO

Report of the Directors (incorporating the Strategic Report): Year Ending 31 March 2020

- *Ensuring that the company is well-positioned and adequately resourced in order to fulfil its Mission*

The directors present their report with the audited financial statements of the company for the year ended 31 March 2020.

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.

Our Purpose, Mission, Vision & Goals

Scottish Ballet is the national dance company of Scotland and one of the five national performing arts companies. Originally formed in Bristol in 1957 as Western Theatre Ballet by the pioneering choreographer Peter Darrell, the company transferred to Scotland in 1969 becoming Scottish Theatre Ballet, and thereafter Scottish Ballet in 1974.

Scottish Ballet continues to build on its heritage as a bold, adventurous company with ambitious creative programmes and touring.

Scottish Ballet produces dance and learning opportunities designed to engage and excite diverse audiences. By presenting new 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.

Our **Purpose** (what we aim to do): To excel at being Scotland's national dance company for the benefit of all in our communities and as an ambassador for Scotland and its rich cultural offering.

Our **Mission** (our ambition): To inspire on stage and beyond.

Our **Vision** (our aspiration): To move people by sharing our passion and creating exceptional dance.

Our **Strategic Goals**, which are embedded in the company's 2017-2022 Strategic Plan, are to:

- Bring performances of classical, modern and new work, on a variety of scales, to the widest possible audience throughout Scotland and beyond
- Commission new work and bring this to the company's diverse audiences
- Nurture and develop dancers and other staff through an effective training and development strategy
- Develop choreographic talent of the future through innovative workshops
- Provide a wide range of educational and training opportunities, particularly for children and young people but also other members of the community
- Provide support to the wider dance community in Scotland through advocacy and sharing expertise and facilities
- Offer access to dance for all communities and to people from all backgrounds throughout Scotland
- Act as an ambassador for Scotland elsewhere in the UK and abroad.

Report of the Directors (incorporating the Strategic Report): Year Ending 31 March 2020

Strategic Review

Achievements and performance

A full summary of the company's achievements and performance during the year are provided on pages 2 to 10, including the Chair's Review.

External responsibilities

Scottish Ballet is supported by public funds. These, in the main, were from the Scottish Government in 2019/20. Additional funds were received from Arts Council England and a number of Trusts and Foundations. 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.

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 out-turn for the year was a deficit (net expenditure) of £1,495,599 (2019: deficit £444,840) before Theatre Tax relief. In line with the overall strategy of the company, the current financial strategy has been set for a period of five years and includes the investment in and creation of five new full length ballets in the period from April 2019 to March 2024. We expect to achieve a break even position over the full five years.

Touring activities in 2019/20 resulted in a 16% increase in the number of performances compared with 2018/19 and a 6% increase in audience numbers, in particular within Scotland. Total income of £8.5 million increased by 6.4% year on year. Net expenditure of £1.5m for the year, is a direct result of the additional creation, production and touring costs during the year, as set out in Note 10 to the Financial Statements, and reflects expenditure on the first two new ballets in our 5 in 5 campaign.

Movements on Reserves and Restricted Funds

Scottish Ballet holds both General Unrestricted and Designated Funds, which are classed as Reserves, as well as Restricted Funds. The company's policy on Reserves is set out below and Notes 29-31 to the Financial Statements provides details on each of these Funds, including the amounts held, the movements in the year, the purpose behind any restrictions or designations, and the expected timing of expenditure against Designated and Restricted Funds.

Unrestricted Reserves can be used to support any activity of the company that falls within our purpose set out above.

Designated Reserves are used to hold funds which are ringfenced for a particular purpose.

Finally, our Restricted Funds are those funds where monies have been received by the company for a stated specific purpose and are held until they are used for that purpose.

Report of the Directors (incorporating the Strategic Report): Year Ending 31 March 2020

Movements on Reserves and Restricted Funds (cont.)

Each year, the company reviews its future activities and, where appropriate, transfers funds from the General Unrestricted Funds into Designated Funds to cover liabilities associated with those activities and with a view to supporting both the resilience and the sustainability of the company.

In the financial year ended 31 March 2020, two key designations were made. In recognition of the impact that the Covid-19 pandemic is having on live performance art, £120,000 has been set aside for Business Recovery and £100,000 for the development of future Digital Productions.

Other movements on Designated Reserves included the usual transfer of an amount equal to the depreciation charge for the Tramway building (£227,476) into Unrestricted Reserves.

There was also a transfer of £150,000 from the Pensions Loan Reserve. This reserve was set up in March 2017 to support future payments due to the Scottish Government on a loan of £4,000,000 provided to the company to enable the buy out of obligations under a long standing defined benefit Pension Scheme. Each year, the level of this Designated Reserve is assessed to ensure that there is sufficient cover to meet the loan obligations, when taken together with other potential sources of funding. The Pensions Loan Reserve at March 2020 stands at £351,492 (2019: £501,492) and the repayment schedule for the loan is set out in Note 22 to the Financial Statements.

The result of all movements in designations during the year is a decrease in Unrestricted Funds carried forward of £512,237 (2019: increase of £4,308), giving a balance on Unrestricted Fund as at 31 March 2020 of £2,906,898 deficit, (31 March 2019: deficit of £2,394,661).

This deficit is a direct consequence of crystallising the long term liability to the Pension Scheme in March 2017 and is fully explained in Note 31 to the Financial Statements. The long tenor of the loan provided to fund the buy out of these pension liabilities (25 years) gives the directors comfort that there is no adverse impact on the company's ability to operate in the future or to pay its liabilities as they fall due.

Reserves policy

Scottish Ballet recognises the need for sufficient free reserves (Funds) in order to manage risk and to pursue the opportunities that may arise from time to time. 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.

As part of the funding agreement with Scottish Government, Scottish Ballet is not permitted to hold more than 10% of total income as general, unrestricted reserves. The Board annually reviews and prioritises the amount of free reserves to ensure that they are sufficient to manage the business.

The directors have identified the need for a minimum level of unrestricted general reserves, in order to protect the future operations of the company, to ensure appropriate levels of working capital and as part of a policy of good financial management practice.

Report of the Directors (incorporating the Strategic Report): Year Ending 31 March 2020

Reserves policy (cont.)

The directors aim to maintain the overall level of unrestricted reserves (excluding the unrestricted pension reserve) at a minimum of £500,000 at the end of any financial year, subject to remaining within the limits agreed with the Scottish Government. Available liquidity (cash or short term liquid investments) shall be maintained at a minimum £750,000, to ensure appropriate levels of working capital are available to the company.

Scottish Ballet holds total funds of £7,345,902 (Notes 29-31). £9,780,241 is held in Designated Funds, including a designated Tramway capital reserve of £8,958,749 against which the annual depreciation of the building is charged. The balance of Restricted Funds is £472,559.

As detailed in Note 31 to the Financial Statements, General Unrestricted Funds have met the Reserves policy minimum with a positive balance of £639,018. The negative balance of £2,906,898 on the Total Unrestricted Funds is made up of this positive balance, less an amount of £3,545,916, equivalent to the balance outstanding on the loan from the Scottish Government which was advanced to the company in March 2017 to enable it to discharge its pension fund liabilities in full. As this loan is repaid each year, the negative balance held in the General Unrestricted Fund will decrease by the same amount.

The Directors have also undertaken to provide for the future security and development of the company by establishing reserves supported with cash backing, for both future operations and to support repayment of the outstanding loan. Of the total cash balance of £1,280,186, £821,491 is attributable to designated reserves, £453,872 to restricted funds and £4,823 to unrestricted reserves (Note 32).

Risk management

The Directors have implemented a risk management strategy which comprises:

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

Principal risks and uncertainties

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

- The immediate and ongoing safety of all our dancers, staff, stakeholders and audiences in light of the Covid-19 pandemic.
- The immediate and ongoing impact of Covid-19 lockdown and theatre closures on our financial and creative capacity.
- Scottish Government future funding uncertainty.
- Failure to meet self-generated income targets, impacting on artistic programme requirements.
- Failure of artistic programme, impacting on reputation and box office revenue.

In responding to Covid-19, we've worked hard to mitigate the effects of postponements and cancellations and adapt to the new normal. We have facilitated maintaining dancer fitness through our ongoing 'at home' and socially distanced programmes, rolled out dance health programmes on line, invested in a broad range of digital works and collaborated with dance companies throughout the UK and Europe. We will continue to prioritise our contact with all our stakeholders through all available mediums, whilst ensuring our readiness to return to live performance as soon as possible.

Report of the Directors (incorporating the Strategic Report): Year Ending 31 March 2020

Principal risks and uncertainties (cont.)

We believe the pandemic has brought out the best in our people – from maintaining creative output where possible and ensuring the continuity of the company, to opening our significant digital resources to both entertain and support people physically and mentally, to giving time and resource to help the NHS and people in our local communities.

Through our relationship with the Scottish Government, Scottish Ballet is closely involved in discussions with regard to future funding commitments to allow us to develop artistic strategy and make production commitments against an informed funding position. While the government funding position for the future is uncertain, the company has a robust planning and forecasting process and strong cost control, to enable scenario planning, stress testing and the impact on future cashflows.

The company has 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.

Sustainability / carbon footprint

Scottish Ballet is committed to developing a more sustainable future across its operations (locally, nationally and internationally). During 2020/21, the company embarked on an innovative partnership with long-term supporters BP to measure and evaluate Scottish Ballet's carbon footprint and, in turn, develop sustainable policies and working practices.

With BP's support and the expertise of consultants Environmental Resources Management (ERM), Scottish Ballet will undertake a complete review of our carbon footprint to evaluate all aspects of headquarter operations, touring and international travel. The project will involve gathering data on heating, energy use and types of travel between June 2019 and May 2020 (a very busy period of touring).

Once complete, Scottish Ballet will begin to make short-term changes, while planning for a more ambitious greener future. We aim to share the key learnings and outcomes with other arts organisations and venues. The partnership also reflects BP's ambitions to become a net zero company by 2050 and to help the world get to net zero.

Going Concern

The directors regularly receive and review financial management reports, including detailed forecasts and cashflows, and stress test to ensure they are satisfied that the company's resources are adequate to fulfil its obligations for the foreseeable future.

The impact of theatre closures has heightened the levels of uncertainty around our planning process and we have responded by increasing the number of scenarios we create, consider and scrutinise. Although our cost base has reduced, as the levels of activity are significantly lower, our revenues have clearly been impacted. The relaxation of lockdown provisions themselves does not guarantee that audiences will return to live performances and the company has planned very carefully to ensure that we do not deplete our financial resources by incurring costs on preparing for live performances too early, in advance of audience willingness to come back to live performances. The Directors have also focussed on regularly monitoring the levels of cash being held by the company to ensure this is adequate to meet ongoing commitments.

These additional measures have been put in place to mitigate against the increased uncertainty around our ability to accurately forecast. From this analysis and from in-depth scrutiny of the company's strategy during this time, the Directors are satisfied that the Financial Statements are prepared on a going concern basis.

Report of the Directors (incorporating the Strategic Report): Year Ending 31 March 2020

Events since the end of the reporting period (Post Balance Sheet Review)

Since the end of the financial year, it has become clear that the closure of theatres and the need for social distancing is likely to continue for a prolonged period. This has prompted the Directors to implement a detailed review of what activities can and cannot be undertaken and what alternative activities and output can be developed and promoted, within the financial year 2020/21 and beyond.

- The UK and Scottish Government's support for the theatre sector provides confidence that venues will be in a strong position for re-opening in due course. Scottish Ballet has worked with our theatre partners in re-scheduling all productions where planned performances have been disrupted.
- Cash and revenue streams have been accordingly revised, giving the directors comfort that there is no adverse impact on the company's ability to operate in the future and that the company's resources are adequate to fulfil its obligations for the foreseeable future.
- Scottish Ballet has greatly appreciated the additional funds, made available through the Government Job Retention Scheme (JRS), which has provided a significant support for the company's cashflow over the period of lockdown.
- The company has adopted a vigorous wellbeing programme which has facilitated dancers returning to class and rehearsal. As dancers and staff are able to return, we have detailed plans in place to commence performances and activities, within our on-going funding sources.
- Scottish Ballet has expanded its industry-leading digital output, working remotely and behind-the-scenes to deliver a broad range of new offerings including specially produced creative digital output, dance health programmes on line and collaborations with dance companies throughout the UK and Europe.
- The effects of the closure of the Arts sector since April 2020, and the likely continuation of disruption into 2021, on Scottish Ballet has been principally one of deferring turnover and expenditure until 2021/22. No disclosure for adjusting or non-adjusting events since the end of the reporting period are considered material or necessary.

Plans for future periods

Refer to Prologue, 6. What's Next (page 3) and Events since the end of the reporting period (Post Balance Sheet Review), above.

Report of the Directors (incorporating the Strategic Report): Year Ending 31 March 2020

Scottish Ballet's structure, governance and management

Scottish Ballet is a private 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 a Memorandum and Articles of Association which establish the objects and powers of the charitable company and is governed under its Articles of Association of 25 February 2011.

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.

Appointment of directors

As set out in the Articles of Association, new directors are appointed at the first Board meeting they attend, elected as trustee at the following AGM and may serve two (three year) terms. A third term may be served in exceptional circumstances. The directors select both the Chair and Vice Chair.

Board Membership

Non-Executive Directors:

Norman Murray FRSE	Chair
Jann Brown	Vice Chair; Chair of Audit & Risk Committee
Catherine Muirden	Chair, Finance & Operations Committee
Keith Ruddock	Chair, Nominations & Remunerations Committee
Barbara Allison	
Anna Bateson	
Eleanor Bentley	
Ted Brandsen	
Giles Hedger	
James Mackenzie-Blackman	
Jim Pettigrew	
Kirsty Wark	

Executive Directors:

Christopher Hampson	CEO/Artistic Director
Steven Roth	Executive Director

There were four new members appointed in 2019/20 and in the period since:

Appointed in 2019/20:

Kirsty Wark – appointed 12/06/19

James Mackenzie-Blackman – appointed 18/09/19

Eleanor Bentley – appointed 25/03/20

Jim Pettigrew - appointed 09/09/20, Chair Designate.

Report of the Directors (incorporating the Strategic Report): Year Ending 31 March 2020

Membership (cont.)

Three members retired in 2019/20:

Jacquelynn Craw – retired 12/12/19

Callum Meikle – retired 12/12/19

Rachel Gwyon – retired 12/12/19

The current gender balance is 6 female / 8 male.

The Board of Directors seeks to ensure that its members possess the full range of interest and skills relevant to the objectives of the company. An Executive Recruitment consultancy is used to identify prospective candidates who meet the criteria and skills required.

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 & Attendance

Five meetings of the Scottish Ballet Board were held throughout 2019/20, with average attendance of 91%.

The Board maintains three governance committees. These are:

i) Finance and Operations Committee

This comprises five non-executive directors and the Executive Director as at 31 March 2020 and is chaired by Catherine Muirden. 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.

Four meetings of the Finance & Operations Committee were held throughout 2019/20, with average attendance of 96%.

ii) Nomination and Remuneration

This comprises three non-executive directors and is chaired by Keith Ruddock. 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 including key management personnel. Remuneration is set using benchmarks of similar posts in the sector and current market forces.

Five meetings of the Nominations & Remunerations Committee were held throughout 2019/20, with attendance of 100%.

Report of the Directors (incorporating the Strategic Report): Year Ending 31 March 2020

Organisation & Attendance (cont.)

iii) Audit & Risk Committee

This Committee comprises five non-executive directors and is chaired by Jann Brown who has recent and relevant financial experience. The Chair of the Board, the Chief Executive of the company and the Executive Director attend by invitation but are not members. Two meetings of the Audit & Risk Committee were held throughout 2019/20, with average attendance of 75%. In addition, the Chair of Audit and Risk met with the external audit partner on two occasions during the year.

The Committee is responsible for monitoring the company's risk management process and reviews their effectiveness. The Committee also reviews the planning and conduct of the external audit and has considered all major items arising from that process in relation to the preparation of the company's financial statements. The Committee provides the Board with advice as to whether the Annual Report, taken as a whole, is fair, balanced and understandable.

As it does each year, the Committee has reviewed the effectiveness of the external audit process giving consideration to the quality and independence of the external auditor, RSM UK Audit LLP, as well as to their communications to the Audit & Risk Committee. There were no issues of significance brought to the Committee's attention by the external auditor.

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 good governance and financial wellbeing.

All members of the Board are Non-Executive Directors except the Chief Executive Officer/Artistic Director and the Executive Director. The Board delegates responsibility for day to day operations of the company to the executive and senior management teams, in accordance with company financial regulations. All major policy and financial decisions are approved by the Board.

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 applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice). 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 income and expenditure 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;
- observe the methods and principals in the Charities SORP (FRS102);
- make judgements and accounting estimates that are reasonable and prudent;

Report of the Directors (incorporating the Strategic Report): Year Ending 31 March 2020

Directors' responsibilities in relation to the financial statements (cont.)

- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 and Financial Statements is fair, balanced and understandable and provides the information necessary for users to assess the organisation's performance, business model and strategy.

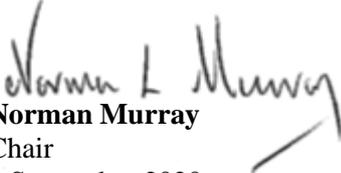
Disclosure of information to the auditor

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 has been approved by the Board.

On behalf of the Board


Norman Murray
Chair
9 September 2020

ACT THREE

Independent Auditor's Report to the Directors and Members of Scottish Ballet: Year Ending 31 March 2020

Opinion

We have audited the financial statements of Scottish Ballet (the charitable company) for the year ended 31 March 2020 which comprise the Statement of Financial Activities (incorporating the Income and Expenditure Account), the Balance Sheet, the Cash flow Statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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 the Acts and relevant regulations made or having effect thereunder.

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

Conclusions relating to going concern

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

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

Independent Auditor's Report to the Members and Directors of Scottish Ballet: Year Ending 31 March 2020 (Cont.)

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors or Strategic Report, included within the Annual Report.

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) require us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Independent Auditor's Report to the Members and Directors of Scottish Ballet: Year Ending 31 March 2020 (Cont.)

Responsibilities of the directors

As explained more fully in the directors' responsibilities statement set out on pages 17 to 20, the directors (who are the directors for the purposes of company law and trustees 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made exclusively to the members, as a body, in accordance with Chapter 3 of 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, its members as a body and its directors as a body, for our audit work, for this report, or for the opinions we have formed.



Kelly Adams MA(Hons), CA

Senior Statutory Auditor,

RSM UK Audit LLP

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

Third Floor, Centenary House,

69 Wellington Street,

Glasgow,

G2 6HG

8 October 2020

Statement of Financial Activities (including Income and Expenditure Account): Year Ending 31 March 2020

	Note	Unrestricted funds		Restricted funds	2020 Total	2019 Total
		General £	Designated £	£	£	£
Income and endowments						
Grants, donations and legacies	5	4,652,243	-	688,027	5,340,270	5,118,169
Charitable activities	6	2,518,145	-	270,605	2,788,750	2,439,905
Income from other trading activities	7	163,380	-	153,267	316,647	342,747
Investments		7,135	-	-	7,135	7,651
Other income	8	6,661	39,210	-	45,871	78,482
Total income and endowments		<u>7,347,564</u>	<u>39,210</u>	<u>1,111,899</u>	<u>8,498,673</u>	<u>7,986,954</u>
Expenditure						
Raising funds	9	(467,756)	-	(63,564)	(531,320)	(408,481)
Charitable activities	10	(7,930,216)	(289,273)	(1,243,463)	(9,462,952)	(7,523,313)
Other Expenditure	11	-	-	-	-	(500,000)
Total expenditure		<u>(8,397,972)</u>	<u>(289,273)</u>	<u>(1,307,027)</u>	<u>(9,994,272)</u>	<u>(8,431,794)</u>
Net (expenditure)/income before theatre tax relief and transfers		(1,050,408)	(250,063)	(195,128)	(1,495,599)	(444,840)
Theatre tax relief		380,695	-	-	380,695	426,932
Net (expenditure)/income		<u>(669,713)</u>	<u>(250,063)</u>	<u>(195,128)</u>	<u>(1,114,904)</u>	<u>(17,908)</u>
Transfers between funds	29, 30,31	157,476	(157,476)	-	-	-
Net movement in funds	14	<u>(512,237)</u>	<u>(407,539)</u>	<u>(195,128)</u>	<u>(1,114,904)</u>	<u>(17,908)</u>
Reconciliation of funds						
Total funds brought forward	29, 30,31	<u>(2,394,661)</u>	<u>10,187,780</u>	<u>667,687</u>	<u>8,460,806</u>	<u>8,478,714</u>
Total funds carried forward	29, 30,31	<u>(2,906,898)</u>	<u>9,780,241</u>	<u>472,559</u>	<u>7,345,902</u>	<u>8,460,806</u>

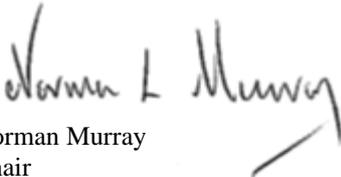
All of the activities of the company are classed as continuing.

The notes on pages 27 to 42 form part of these financial statements

**Balance Sheet:
At 31 March 2020**

	Notes	2020 £	2019 £
Fixed assets			
Tangible assets	18	9,217,497	9,378,524
Current assets			
Stocks		34,400	38,328
Debtors	19	868,140	1,223,556
Cash at bank	20	1,280,186	2,078,861
		<u>2,182,726</u>	<u>3,340,745</u>
Current liabilities: Amounts falling due within one year			
Creditors	21	(661,282)	(712,547)
		<u>1,521,444</u>	<u>2,628,198</u>
Net current assets			
Creditors: Amounts falling due after more than one year			
Creditors	22	(3,393,039)	(3,545,916)
		<u>7,345,902</u>	<u>8,460,806</u>
Net assets			
Reserves			
Restricted funds	29	472,559	667,687
Designated funds	30	9,780,241	10,187,780
Income and expenditure account	31	(2,906,898)	(2,394,661)
		<u>7,345,902</u>	<u>8,460,806</u>

The financial statements were authorised for issue and approved by the directors on 9 September 2020 and are signed on their behalf by:


Norman Murray
Chair

Company No: SC065497

The notes on pages 27 to 42 form part of these financial statements

Cash Flow Statement: Year Ending 31 March 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash (used in)/generated from operating activities	33	(465,945)	(305,654)
Cash flows from investing activities			
Interest receivable		7,135	7,651
Proceeds from sale of fixed assets		-	3,333
Payment to acquire tangible fixed assets		(169,258)	(116,164)
Net cash used in investing activities		<u>(162,123)</u>	<u>(105,180)</u>
Cash flows from financing activities			
Repayment of loan		(152,117)	(151,360)
Loan Interest paid		(18,490)	(19,247)
Net cash (used in) financing activities		<u>(170,607)</u>	<u>(170,607)</u>
(Decrease)/Increase in cash in the year		<u>(798,675)</u>	<u>(581,441)</u>
Cash and cash equivalents at 1 April 2019	20	<u>2,078,861</u>	<u>2,660,302</u>
Cash and cash equivalents at 31 March 2020	20	<u><u>1,280,186</u></u>	<u><u>2,078,861</u></u>

The notes on pages 27 to 42 form part of these financial statements

Notes to the Financial Statements: Year Ending 31 March 2020

1. General information

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

The principal activity of Scottish Ballet is to produce and present ballet 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 private 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. Scottish Ballet meets the definition of a public benefit entity under FRS102. 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 and company registration number 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 company's financial statements unless otherwise stated.

Basis of accounting

The financial statements are prepared under the historical cost convention.

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 in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires directors to exercise their judgement in the process of applying the accounting policies (see Note 4).

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, for the foreseeable future.

The company relies substantially upon funding by public grants and donations from other sources for its current and future commitments. Based on confirmed grant awards and other income and expenditure expectations for 2020/21 and subsequent years, the directors are satisfied that the company can meet its liabilities as they fall due for the foreseeable future.

The impact of theatre closures and audience lockdown as a result of Covid-19 has been thoroughly considered in the future planning processes and the company have responded by further scrutinising income, cost and cashflow expectations accordingly. Cashflow for the foreseeable future has been scrutinised and remains positive, thus the Directors are satisfied that Covid-19 does not create any material uncertainties in relation to going concern.

On this basis, the Directors consider it appropriate to prepare the financial statements on a going concern basis.

Notes to the Financial Statements: Year Ending 31 March 2020

3. Principal Accounting Policies (continued)

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:

- Grants, 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 company becomes entitled to the funds, it is probable that the income will be received and the amount can be measured reliably.
- Income from charitable activities is accounted for when earned and includes box office income.
- Investment income is recognised when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the bank.
- Where donors specify that grants, donations or legacies must be used in future accounting periods, the income is deferred until those periods. When donors impose conditions that have to be fulfilled before the charitable company become entitled to the income, this income is deferred until the conditions have been met.

Government grants

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

Gifts in kind

Gifts in kind, such as goods or services provided pro bono, are valued at appropriate market rates and are credited to the Statement of Financial Activities in the year in which they are received. Where the gift relates to operational expenditure, an equivalent expenditure is charged to the Statement of Financial Activities within the same year.

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 company and include the audit fees and costs linked to the strategic management of the company.
- 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 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.

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.

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

Notes to the Financial Statements: Year Ending 31 March 2020

3. Principal Accounting Policies (continued)

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:

Long Lease Property & Buildings	2%	straight line
Office adaptations, vehicles & equipment (including Computer equipment)	20%-25%	straight line
Musical instruments	10%	straight line

Stocks

Stock consists of dancers shoes and merchandising items for sale and is stated at the lower of cost and net realisable value. The net realisable value of shoe stock is based on the future service potential provided by the items of stock.

Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors and concessionary loans. Debt instruments are measured at amortised cost. Debt instruments that are payable or receivable within one year are measured, initially and subsequently, at the undiscounted amount of the cash expected to be paid or received. Concessionary loans are initially measured at the amount received, with the carrying amount adjusted in subsequent years to reflect the repayments, any accrued interest and impairment.

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.

Debtors

Short term debtors are measured at transaction price, 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 loans, are measured initially at cost, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Notes to the Financial Statements: Year Ending 31 March 2020

3. Principal Accounting Policies (continued)

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.

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, the 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 used which have been deemed to be appropriate for the class of asset.

5. Grants, donations and legacies

	Unrestricted £	Restricted £	2020 £	2019 £
Scottish Government funding	4,369,000	-	4,369,000	4,369,000
Scottish Government capital funding	-	18,687	18,687	-
Job Retention Scheme	46,286	-	46,286	-
Donations	236,957	669,340	906,297	749,169
	<u>4,652,243</u>	<u>688,027</u>	<u>5,340,270</u>	<u>5,118,169</u>

6. Charitable activities

Box office, touring and productions	2,308,611	171,994	2,480,605	2,118,557
Scottish Government tour funding	-	65,413	65,413	35,000
Friends Membership Scheme	33,798	-	33,798	33,307
Education	175,736	33,198	208,934	253,041
	<u>2,518,145</u>	<u>270,605</u>	<u>2,788,750</u>	<u>2,439,905</u>

7. Income from other trading activities

Sponsorship (including gifts in kind)	67,500	153,267	220,767	258,165
Other	95,880	-	95,880	84,582
	<u>163,380</u>	<u>153,267</u>	<u>316,647</u>	<u>342,747</u>

Notes to the Financial Statements:
Year Ending 31 March 2020

8. Other income

	Unrestricted £	Restricted £	2020 £	2019 £
Insurance Claim	459	-	459	31,615
Sale of Sets/Costumes	39,210	-	39,210	-
Gain on disposal of fixed assets	-	-	-	3,333
Gain on exchange	2,572	-	2,572	43,534
Other	3,630	-	3,630	-
	<u>45,871</u>	<u>-</u>	<u>45,871</u>	<u>78,482</u>

9. Expenditure on raising funds

Development resources	399,452	63,564	463,016	360,213
Cost of goods	68,304	-	68,304	48,268
	<u>467,756</u>	<u>63,564</u>	<u>531,320</u>	<u>408,481</u>

10. Charitable activities

Box office, touring and productions	6,881,797	839,487	7,721,284	6,014,260
Education	456,705	403,976	860,681	732,319
Support Costs (Note 12)	880,987	-	880,987	776,734
	<u>8,219,489</u>	<u>1,243,463</u>	<u>9,462,952</u>	<u>7,523,313</u>

11. Other Expenditure

Donation to Scottish Ballet Endowment Fund (SBEF)	-	-	-	500,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>500,000</u>

12. Support costs

	Box office, touring and productions £	Education £	2020 Total £	2019 Total £	Basis of Apportionment
Staff costs	486,908	55,197	542,105	457,968	Staff time
Other costs	271,689	29,787	301,476	288,823	Expenditure
Governance costs (Note 13)	33,710	3,696	37,406	29,943	Expenditure
	<u>792,307</u>	<u>88,680</u>	<u>880,987</u>	<u>776,734</u>	

Notes to the Financial Statements:
Year Ending 31 March 2020

13. Governance costs	2020	2019
	£	£
Health and safety	9,831	8,962
Audit fees	13,905	13,500
Other professional fees	13,670	7,481
	<u>37,406</u>	<u>29,943</u>
14. Net movement in funds	£	£
Net movement in funds are stated after charging/(crediting):		
Depreciation	330,285	311,442
Auditor's remuneration		
Audit fees	13,905	13,500
Operating leases	10,685	12,243
(Gain)/Loss on disposal of fixed asset	-	(3,333)
Interest receivable	(7,135)	(7,651)
Cost of stock	78,202	65,144
	<u>330,285</u>	<u>311,442</u>
15. Employees	2020	2019
	No	No
The average number of staff employed by the company during the financial year amounted to:	<u>100</u>	<u>97</u>
The average full-time equivalent staff during the financial year amounted to:	<u>94</u>	<u>91</u>
	2020	2019
	£	£
The aggregate payroll costs of the above were:		
Wages and salaries	3,522,851	3,214,000
Social security costs	323,735	274,919
Other pension costs	217,509	192,119
	<u>4,064,095</u>	<u>3,681,038</u>

Notes to the Financial Statements: Year Ending 31 March 2020

16. Directors and employees' emoluments

	2020	2019
	No.	No.
The number of employees whose emoluments amounted to over £60,000 in the year, including royalty payments, was as follows:		
£60,001 - £70,000	2	-
£80,001 - £90,000	1	1
£110,001 - £120,000	-	1
£120,001 - £130,000	1	-
	<hr/>	<hr/>
The number of employees with emoluments in excess of £60,000 with retirement benefits accruing in a money purchase scheme was:	4	2
	<hr/> <hr/>	<hr/> <hr/>
	2020	2019
	£	£
The employer's pension contributions in respect of the above employees amounted to:	26,892	13,938
	<hr/> <hr/>	<hr/> <hr/>

17. Directors and key management personnel

	2020	2019
	£	£
Remuneration in respect of directors was as follows:		
Emoluments receivable	174,691	168,124
Royalty payments	32,225	28,373
Employers NIC	20,422	20,147
Pension contributions to a defined contribution scheme	14,555	13,938
	<hr/>	<hr/>
	241,893	230,582
	<hr/> <hr/>	<hr/> <hr/>

The above emoluments represent payments made for services from the Chief Executive Officer/ Artistic Director and the Executive Director.

The amounts paid to the highest paid director was as follows:

Emoluments receivable	89,368	84,062
Royalty Payments	32,225	28,373
Employers NIC	10,637	10,190
Pension contributions to a defined contribution scheme	7,326	6,969
	<hr/>	<hr/>
	139,556	129,594
	<hr/> <hr/>	<hr/> <hr/>

Key management personnel are considered to be Christopher Hampson (Chief Executive Officer/Artistic Director) and Steven Roth (Executive Director).

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

During the year 9 directors were reimbursed for travel expenses totalling £22,631 (2019: 6 directors, £28,701): 7 non-executive directors amounting to £5,033 (2019: 4 directors, £2,968); and 2 executive directors amounting to £17,598 (2019: 2 directors, £25,733). Executive Director expenses include travel expenses incurred in the course of the company's national and international tours.

Notes to the Financial Statements:
Year Ending 31 March 2020

18. Tangible fixed assets

	Long leasehold property	Office Adaptations, vehicles & equipment	Musical instruments	Total
	£	£	£	£
Cost				
At 1 April 2019	11,373,783	1,427,963	57,893	12,859,639
Additions	-	169,258	-	169,258
Disposals	-	(31,085)	-	(31,085)
	<u>11,373,783</u>	<u>1,566,136</u>	<u>57,893</u>	<u>12,997,812</u>
At 31 March 2020	11,373,783	1,566,136	57,893	12,997,812
Depreciation				
At 1 April 2019	2,187,557	1,242,753	50,805	3,481,115
Charge for the year	227,476	101,416	1,393	330,285
Disposals	-	(31,085)	-	(31,085)
	<u>2,415,033</u>	<u>1,313,084</u>	<u>52,198</u>	<u>3,780,315</u>
At 31 March 2020	2,415,033	1,313,084	52,198	3,780,315
Net book value				
At 31 March 2020	<u>8,958,750</u>	<u>253,052</u>	<u>5,695</u>	<u>9,217,497</u>
At 31 March 2019	<u>9,186,226</u>	<u>185,210</u>	<u>7,088</u>	<u>9,378,524</u>

All tangible fixed assets are used for charitable purposes.

19. Debtors

	2020	2019
	£	£
Trade debtors	58,197	28,817
Other debtors		
Expenditure in respect of future productions	188,815	659,010
Sundry debtors	4,250	23,421
VAT & FEU	87,161	13,448
Theatre tax relief	379,359	426,932
Prepayments	25,366	25,972
Accrued income	124,992	45,956
	<u>868,140</u>	<u>1,223,556</u>

20. Cash and cash equivalents

	2020	2019
	£	£
Balances held in current accounts	45,649	58,399
Balances held in deposit accounts	1,234,537	2,020,462
	<u>1,280,186</u>	<u>2,078,861</u>

Notes to the Financial Statements:
Year Ending 31 March 2020

21. Creditors: Amounts falling due within one year	2020	2019
	£	£
Trade creditors	149,695	132,776
Other taxation and social security	107,855	65,038
Other creditors	79,297	38,031
Pension contributions	843	27,115
Accruals	162,615	151,360
Deferred income	8,100	146,110
Scottish Government loan	152,877	152,117
	<u>661,282</u>	<u>712,547</u>

Deferred income of £8,100 (2019: £146,110) relates to monies to which the company is not yet entitled 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	2020	2019
	£	£
At 1 April	146,110	217,380
Received in the year	1,000	142,600
Released to the SOFA in the year	(139,010)	(213,870)
	<u>8,100</u>	<u>146,110</u>

The Scottish Government (principal) and The Royal Bank of Scotland (secondary) hold floating charges over the assets of the company. Standard securities over the ground and the first-floor premises leases in respect of Tramway which were formerly held by The Royal Bank of Scotland have been discharged.

Notes to the Financial Statements: Year Ending 31 March 2020

22. Creditors: Amounts falling due after more than one year	2020	2019
	£	£
Scottish Government loan	3,393,039	3,545,916
	<u> </u>	<u> </u>
The Scottish Government loan has the following repayment schedule:		
Due within one year	152,877	152,117
Due within one to two years	153,642	152,877
Due within two to five years	465,550	463,234
Due in more than five years	2,773,847	2,929,805
	<u> </u>	<u> </u>
	<u>3,545,916</u>	<u>3,698,033</u>

A £4m loan was received on 31 March 2017 and is repayable over 25 years. The interest rate applied to the loan is 0.5%. The loan was provided by the Scottish Government to support the buy out of the company's obligations under a long standing defined benefit Pension Scheme.

23. Financial instruments	2020	2019
	£	£
Financial assets		
Cash and cash equivalents	1,280,186	2,078,861
Financial assets measured at amortised cost	187,439	98,194
	<u> </u>	<u> </u>
	<u>1,467,625</u>	<u>2,177,055</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(3,938,365)	(4,047,316)
	<u> </u>	<u> </u>

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

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, pension contributions, accruals and loans.

24. Related party transactions

One trustee director of Scottish Ballet is one of four trustees of Scottish Ballet Endowment Fund (SBEF), as required under the constitution of SBEF. In the event of any matters relating to SBEF being discussed at Scottish Ballet board or committee meetings, a potential conflict of interest is declared and they are recused from such discussions. Where chairing such a meeting, the chair is passed to the vice-chair. Scottish Ballet made no donations during the year (2019: £500,000) to SBEF.

James MacKenzie-Blackman is CEO of Eden Court Theatre, Inverness in addition to being a trustee director of Scottish Ballet. In the event of any matters relating to the commercial relationship between Eden Court Theatre and Scottish Ballet being discussed at Scottish Ballet board or committee meetings, a potential conflict of interest is declared and he is excluded from such discussions. No related party transactions took place during the year.

Donations without conditions to Scottish Ballet from trustee directors during the year were £85,500 (2019: £10,790).

There were no other related party transactions other than the remuneration and board expenses to the board of directors as disclosed in Note 17.

Notes to the Financial Statements: Year Ending 31 March 2020

25. Leasing commitments

At 31 March 2020 the company had future commitments under non-cancellable operating leases as set out below:

	Assets other than land & buildings	
	2020	2019
	£	£
Operating leases which expire:		
Not later than one year	5,406	6,303
Later than one year and not later than five years	7,960	11,940
	13,366	18,243
	13,366	18,243

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.

26. Capital commitments

There were no capital commitments at 31 March 2020.

27. Pensions

Defined Contribution Scheme

The company 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 £61,999 (2019: £55,251).

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 £153,867 (2019: £133,610).

Pension contributions totalling £1,357 (2019: £3,258) were paid directly to an employee's personal pension plan.

28. Contingent liabilities

There were no contingent liabilities at 31 March 2020 (2019: £nil).

Notes to the Financial Statements: Year Ending 31 March 2020

29. Restricted funds – Movements in the year

	At 1 April 2019 £	Income and endowments £	Expenditure £	Transfers £	At 31 March 2020 £
Productions	540,187	729,657	(903,051)	-	366,793
Engagement Activities	110,070	363,555	(403,976)	-	69,649
Capital Equipment Grant 2019/20	-	18,687	-	-	18,687
Rita Dow	17,430	-	-	-	17,430
	<u>667,687</u>	<u>1,111,899</u>	<u>(1,307,027)</u>	<u>-</u>	<u>472,559</u>

Productions and Engagement restricted reserves relate to funding received towards specific productions and projects. The balances held in reserves reflect funding received, not expended in the year.

A capital equipment grant was received in March 2020 from the Scottish Government to assist Scottish Ballet in upgrading of building premises. The fund is to be released in line with expenditure and the restrictions applicable within the grants. At 31 March 2020, the grant remains unspent.

Funds held under The Rita Dow memorial fund had originally been awarded by the Arts Council for Great Britain in respect of establishing an endowment fund for Scottish Ballet. There has been no expenditure from this fund since 2001 and it is intended to donate these funds to Scottish Ballet Endowment Fund, in line with their original purpose.

30. Designated Funds – Movements in the year

		At 1 April 2019 £	Income and endowments £	Expenditure £	Transfers £	At 31 March 2020 £
Tramway Capital Reserve	i)	9,186,225	-	-	(227,476)	8,958,749
Pension Loan Reserve	ii)	501,492	-	-	(150,000)	351,492
Future production Reserve	iii)	-	39,210	(9,210)	-	30,000
50 th Anniversary Reserve	iv)	100,000	-	(100,000)	-	-
Brand Campaign Reserve	v)	20,000	-	(20,000)	-	-
Digital Production Initiative	vi)	130,000	-	(130,000)	100,000	100,000
Health & Wellbeing Reserve	vii)	50,063	-	(30,063)	-	20,000
Business Recovery Designation	viii)	-	-	-	120,000	120,000
Building Refurbishment Reserve	ix)	200,000	-	-	-	200,000
		<u>10,187,780</u>	<u>39,210</u>	<u>(289,273)</u>	<u>(157,476)</u>	<u>9,780,241</u>

- i) Following the completion of the Tramway project in 2009 all funds raised to cover the project cost were consolidated into the Tramway Capital Reserve. £227,476 (2019: £227,476) was transferred from this fund to unrestricted reserves in the year to match against the depreciation charge in respect of SBHQ at Tramway.
- ii) In March 2017, the company received a long term (25 year) loan from the Scottish Government to support the cost of the exit from the PSATSA defined benefit pension scheme. At that point, the Pension Loan Reserve was created to safeguard the repayment of this loan. Scottish Ballet has now fully incorporated the pension loan repayments into the annual expenditure budget and has further support in the form of legacies held by the Scottish Ballet Endowment Fund (SBEF). The directors have therefore decided that there is no need to maintain full cover for the outstanding loan balance and the Pension Loan Reserve has been partially released to unrestricted reserves in 2019/20. This will be reviewed annually for sufficiency going forward.

Notes to the Financial Statements: Year Ending 31 March 2020

30. Designated Funds – Movements in the year (cont.)

- iii) Proceeds from the sale of the set and costumes of Cranko/Rose's 1980's production of Romeo & Juliette to Czech National Ballet have been designated to be used in the creation of future productions. This is anticipated to be spent during 2020/21.
- iv) The 50th Anniversary reserve was established to allow the company to concentrate funds received for events and performances to mark this milestone throughout 2019. This is reflected in our 5 in 5 campaign and associated two new full-length ballet productions, the 5 Wishes project and our 50th anniversary Gala ball. This has showcased our activities and raised the public awareness and engagement with the company. This has been fully expended during 2019/20.
- v) Scottish Ballet's strategic brand campaign reserve was established to coincide with the additional branding activities during the company's 50th anniversary. This has been fully expended during 2019/20. It is anticipated that further projected expenditure on brand and audience development will be reflected in the annual income & expenditure account.
- vi) Scottish Ballet has commissioned a number of outstanding digital works and we continue, as part of our strategic focus, to prioritise digital creation and capture in order to maintain our pioneering position in this area. Digital capture is now considered a key pillar of our creative strategy, reinforced during this period where live performance is restricted. The Digital Production Initiative Reserve represents funds designated for establishing future digital production concepts and to seize potential future opportunities to promote Scottish Ballet across digital platforms. £130,000 was designated in 2018/19 to support the digital capture of Snow Queen 2019, which was broadcast across the BBC and attracted more than 225,000 views on-line. Funds continue to be designated towards a Digital capture development reserve to further develop this innovative new art medium.
- vii) Health & Wellbeing Reserve represents funds designated over a number of years for the provision of additional and improved facilities for employees. During 2019/20, Scottish Ballet has successfully developed exceptional health and wellbeing facilities for all staff. Although much of this reserve has been utilised during the year, further expenditure is anticipated as the company develops its strategy further. £20,000 remains designated for the future development of Health & Wellbeing initiatives anticipated in 2020/21.
- viii) A Business Recovery Reserve has been established to provide a level of protection from the initial financial effects that the company may incur in the wake of the Coronavirus / Covid -19 lockdown and subsequent restrictions on performance art. The longer term impact of these restrictions is not yet clear and the objective of this Reserve is to support the financial resilience of the company.
- ix) The Building Refurbishment Reserve has been established to cover future major repairs and replacement relating to our HQ at Tramway, in particular the structure and roof, as it passes its 10th anniversary. It is anticipated that a comprehensive replacement review of the structure and its components will be undertaken over the next 5 years.

Notes to the Financial Statements:
Year Ending 31 March 2020

31. Unrestricted Funds - Movement in the year

	General Unrestricted funds £	Pension Unrestricted funds £	Total Unrestricted funds £
Income and endowments	7,347,564	-	7,347,564
Expenditure	(8,397,972)	-	(8,397,972)
Theatre Tax Relief	380,695	-	380,695
	<u>(669,713)</u>	<u>-</u>	<u>(669,713)</u>
Transfers:			
Release from Tramway capital reserve	227,476	-	227,476
Release from pension loan reserve	150,000	-	150,000
Release to pension unrestricted reserve	(152,870)	152,870	-
Designated to digital production initiative reserve	(100,000)	-	(100,000)
Designated to Business Recovery Reserve	(120,000)	-	(120,000)
	<u>(665,107)</u>	<u>152,870</u>	<u>(512,237)</u>
At 1 April 2019	<u>1,304,125</u>	<u>(3,698,786)</u>	<u>(2,394,661)</u>
At 31 March 2020	<u><u>639,018</u></u>	<u><u>(3,545,916)</u></u>	<u><u>(2,906,898)</u></u>

32. Analysis of net assets between funds

	General unrestricted funds £	Designated funds £	Restricted funds £	At 31 March 2020 £	At 31 March 2019 £
Tangible fixed assets	240,060	8,958,750	18,687	9,217,497	9,378,524
Cash and cash equivalents	4,823	821,491	453,872	1,280,186	2,078,861
Other net current liabilities	241,258	-	-	241,258	549,337
Long term liabilities	(3,393,039)	-	-	(3,393,039)	(3,545,916)
	<u>(2,906,898)</u>	<u>9,780,241</u>	<u>472,559</u>	<u>7,345,902</u>	<u>8,460,806</u>

Notes to the Financial Statements:
Year Ending 31 March 2020

33. Notes to cash flow statement

	2020 £	2019 £
Reconciliation of net income/(expenditure) to net cash provided by operating activities		
Net income/(expenditure)	(1,114,904)	(17,908)
Interest receivable	(7,135)	(7,651)
Interest paid	18,490	19,247
Depreciation	330,285	311,441
Loss/(gain) on disposal	-	(3,333)
Decrease/(increase) in stocks	3,929	(5,989)
Decrease/(increase) in debtors	355,415	(485,589)
Increase/(decrease) in creditors	(52,025)	(115,872)
	<u>(465,945)</u>	<u>(305,654)</u>
Net cash generated from/(used in) operating activities	<u>(465,945)</u>	<u>(305,654)</u>

34. Analysis of changes in net debt

	At 1 April 2019 £	Cashflow £	Other non-cash changes £	At 31 March 2020 £
Cash and Cash equivalents				
Cash	2,078,861	(798,675)	-	1,280,186
Borrowings				
Debt due within one year	(152,117)	152,117	(152,877)	(152,877)
Debt due after one year	(3,545,916)	-	152,877	(3,393,039)
	<u>(3,698,033)</u>	<u>152,117</u>	<u>-</u>	<u>(3,545,916)</u>
Total	<u>(1,619,172)</u>	<u>(646,558)</u>	<u>-</u>	<u>(2,265,730)</u>

Notes to the Financial Statements:
Year Ending 31 March 2020

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

	Unrestricted funds		Restricted funds	2019 Total
	General	Designated	funds	Total
	£	£	£	£
Income and endowments				
Grants, donations and legacies	4,600,356	-	517,813	5,118,169
Charitable activities	2,213,718	-	226,187	2,439,905
Income from other trading activities	139,582	-	203,165	342,747
Investments	7,651	-	-	7,651
Other income	78,482	-	-	78,482
Total income and endowments	7,039,789	-	947,165	7,986,954
Expenditure				
Raising funds	(372,939)	-	(35,542)	(408,481)
Charitable activities	(7,014,950)	(74,500)	(433,863)	(7,523,313)
Other Expenditure	(500,000)	-	-	(500,000)
Total expenditure	(7,887,889)	(74,500)	(469,405)	(8,431,794)
Net (expenditure) / income before theatre tax relief and transfers	(848,100)	(74,500)	477,760	(444,840)
Theatre tax relief	426,932	-	-	426,932
Net (expenditure) / income	(421,168)	(74,500)	477,760	(17,908)
Transfers between funds	425,476	(402,976)	(22,500)	-
Net movement in funds	4,308	(477,476)	455,260	(17,908)