

SCOTTISH BALLET

Endowment Fund

SCOTTISH BALLET ENDOWMENT FUND

A Scottish Charitable Incorporated Organisation (SCIO)

TRUSTEES' ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2020

TRUSTEES' ANNUAL REPORT & FINANCIAL STATEMENTS
For the year ended 31 March 2020

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REFERENCE AND ADMINISTRATION INFORMATION

Scottish Charity No:	SC049065
Company Registration No:	CS003854
Website:	www.scottishballet.co.uk/support/individual-support/endowment-fund
Registered Office:	c/o Scottish Ballet Tramway 25 Albert Drive GLASGOW G41 2PE
Trustees:	Fiona E Wollocombe (Chair) Norman L Murray (in his capacity as chair of Scottish Ballet) Richard Rutnagur (appointed 25 April 2019) Catherine Simpson (appointed 11 March 2020) Peter Winckles (resigned 24 October 2019) Zoe van Zwanenberg (resigned 24 October 2019)
Solicitors:	Brodies LLP 110 Queen Street GLASGOW G1 3BX
Bankers:	The Royal Bank of Scotland Paisley Chief Office 1 Moncrieff Street PAISLEY PA3 2AW
Auditor:	Martin Aitken & Co. Ltd. Chartered Accountants Caledonia House 89 Seaward Street GLASGOW G41 1HJ
Investment Managers:	Cazenove Capital 18 Charlotte Square EDINBURGH EH2 4DF

CHAIR'S REPORT

For the year ended 31 March 2020

I was delighted to take over the Chair of the Scottish Ballet Endowment Fund (the Fund) after the AGM in 2019. No one could have predicted the tumultuous year which followed just as we were coming to the end of our first year as a Scottish Charitable Incorporated Organisation (SCIO).

Over the last 3 years, since the launch of the Darrell Bequest Circle and with renewed focus, the Fund has become an important part of the success story of Scottish Ballet. The company celebrated its 50th year in style in 2019 with an incredible array of productions and innovative programmes. This creativity and ability to engage with audiences, even during the lockdown, has shown what strength lies within the company. The company continues to grow its very successful digital offering during this restrictive time for the Arts and has even transformed one of its dance studios into a professional film production facility. It can do so in the knowledge that the financial future of the company has the security of a healthy endowment fund with a growing number of legacy pledges to call upon.

Despite the current difficulties surrounding Covid 19 and its inherent challenges for everyone, I hope that the Fund will continue to increase over the long term.

In addition to investments and cash assets, the fund also has ownership of a cask of Royal Lochnagar whisky, stored at Diageo's bonded warehouse at the Royal Lochnagar Distillery. It was donated to Scottish Ballet by United Distillers in 1994 on the occasion of Scottish Ballet's 25th anniversary. Lord Macfarlane of Bearsden, KT, DL, who was at the time Chair of United Distillers and Vice Chair of Scottish Ballet, was instrumental in the whisky being gifted to the company. This cask has a painting on the end of the barrel by the Scottish artist Norman Edgar – a portrait of Aurora from 'The Sleeping Beauty', which Scottish Ballet was performing at the time. The Trustees are still considering the optimum way to monetise the value of the cask following it being aged at 25 years in November 2019.

The fund assets which now comprise the investments managed by Cazenove Capital, the whisky cask and further cash balances are overseen by the Fund's Trustees. The Trustees have put in place the necessary governance and professional advisers to ensure that the Fund is well managed for the long term.

The Trustees have also determined the liquidity of the Fund, formulated the investment policy and monitored investment performance on a regular basis. The administration of the Fund is carried out by Scottish Ballet under a service agreement which includes an annual charge. The Trustees consider that this arrangement is in the best interests of the Fund.

We were delighted to welcome Catherine Simpson as a new Trustee this year who has a wealth of experience which she brings to the Fund and despite our ability to only meet in a virtual world at present she has already made a great impact. She joins Norman Murray, the Chair of Scottish Ballet and a Trustee of the Fund since 2013 whose experience and wisdom is something we all value greatly and Richard Rutnagar, who joined the Fund as a Trustee last year and is a wonderful asset to the Trust.

It is a privilege to be associated with Scottish Ballet and its wealth of talent and the people who work tirelessly for its success. Their resilience and optimism knows no bounds in the current crisis. I would like to thank the legacy team led by Antonia Brownlee, Head of Philanthropy at Scottish Ballet for her continued excellent work in engaging our stakeholders and we look forward to further legacy events when conditions allow.

CHAIR'S REPORT (cont'd)

For the year ended 31 March 2020

Finally, and most importantly, I would like to thank those who have left legacies and donations to the Fund, to those who have joined the Darrell Bequest Circle and to the loyal audiences of Scottish Ballet for their warm and generous support and look forward to meeting again when permitted to do so.

A handwritten signature in black ink, appearing to read 'Fiona E Wollocombe', with a long horizontal line extending to the right.

Fiona E Wollocombe
Chair

18 November 2020

TRUSTEES' ANNUAL REPORT

For the year ended 31 March 2020

The trustees present their report along with the financial statements for the year ended 31 March 2020. The financial statements have been prepared in accordance with the SCIO constitution and the Financial Reporting Standard 102, as issued by the Financial Reporting Council (effective 1 January 2015 and revised 2 September 2019), 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 (FRS 102)" and the accounting policies set out in note 1 to the accounts.

Objectives and Activities

Charitable purposes

Under the terms of the said constitution the trustees are directed to apply income and capital funds (or such part(s) of such income and capital as the trustees in their absolute discretion shall decide) to or for the following charitable purposes:

- (a) for the benefit of Scottish Ballet (a registered Scottish charity, SC008037), in furtherance of its charitable purposes; or
- (b) only in the event of Scottish Ballet having ceased to exist, any successor charitable body to Scottish Ballet having objects similar to Scottish Ballet immediately before it ceased to exist (the identification and determination of such body being in the sole discretion of the trustees); or
- (c) only in the event of Scottish Ballet having ceased to exist and there being no successor body, for the advancement of the arts, culture, heritage and education ("the ultimate purposes") or to or for such other funds, societies, organisations and schemes or purposes as are charitable and which do not fall within the ultimate purposes but which may reasonably be regarded as similar to any of the ultimate purposes (any one or all of such funds, societies, organisations and schemes being individually and collectively referred to in this deed as "charities") as the Trustees in their sole discretion determine.

all with particular focus on supporting the development of Scottish Ballet as Scotland's national ballet company, and assisting with Scottish Ballet's future projects and programmes undertaken in the promotion of the arts, culture and education, and that in such a manner subject to such conditions, restrictions and limitations and in such shares and proportions whether in Scotland or beyond as the trustees shall in their sole discretion determine.

Activities

The activities of the SCIO comprise of the receipt of donations and legacies, the administration of those funds and the making of grants in order to support Scottish Ballet as set out in the SCIO's purposes.

Grant making policy

The trustees consider on an annual basis all applications for funding and if necessary ad hoc applications outwith. The trustees can make payments from income or capital for the benefit of charitable purposes as detailed above with a view to supporting in particular Scottish Ballet's future projects and programmes.

TRUSTEES' ANNUAL REPORT (cont'd)

For the year ended 31 March 2020

Achievements and Performance

No grants have been made during the year (2019: £nil). The charity is building up resources to increase the overall fund.

Donations and legacies of £91,080 (2019: £567,000) have been received during the year. A breakdown of this is contained in note 3 of the Notes to the Financial Statements.

Financial Review

Plans for Future Periods

On 1 April 2019, the assets of Scottish Ballet Endowment Fund (SC040198) were transferred to Scottish Ballet Endowment Fund (Scottish Charitable Incorporated Organisation (SCIO) (SC049065).

In May 2019, £1.3m funds were transferred to Cazenove Capital Management. 90% placed under investment in Cazenove's Charity Multi Asset Fund and £130,000 held in cash on deposit.

As at 31 March 2020 the total reserves of the SCIO were £1,293,904 (2019: £1,312,842). Net income for the year, before net losses on investments, amounted to £85,909 (2019: £559,693). A net loss on investment was recorded at 31 March 2020 of £104,847 (2019: nil), resulting in an overall net expenditure for the year of £18,938 (2019: net income £559,693).

The loss on investments was a direct result of the fall in investment markets in March 2020 due to uncertainty around the Covid-19 pandemic. The value has recovered since the year end to a 10% gain on initial investment, at 18 November 2020.

Investment policy

In August 2018, the trustees appointed Cazenove Capital as investment managers. The investment policy is to look for a balance of income and capital growth with a medium risk profile and medium priority for income generation.

The target of the investment is to achieve an annual growth of CPI + 4%. For the year to 31 March 2020, investments fell by 9%, compared to a target growth of 5.5% (1.5% + 4%). The value has recovered since the year end to a 10% gain on initial investment, at 18 November 2020.

The SCIO continues to accumulate funds. Subsequent funds in excess of those required to further support expenses and donations in the foreseeable future may be transferred to Cazenove Capital, to be similarly invested.

Risk management

The trustees have assessed the risks to which the SCIO is exposed, in particular those related to the operations and finances of the SCIO and are satisfied that systems are in place to mitigate exposure to major risks. The trustees consider variability of investment returns as one of the major risks, and therefore the SCIO will use the services of investment advisers.

Principal funding

The principal funding of the SCIO is currently derived from the legacies and donations received.

TRUSTEES' ANNUAL REPORT (cont'd)

For the year ended 31 March 2020

Reserves policy

It is the policy of the SCIO to maintain unrestricted funds at a level sufficient to cover administration costs and grant making anticipated for the forthcoming twelve months.

Unrestricted reserves at 31 March 2020 total £1,293,904 (2019: £1,312,842) and the trustees are happy that there are no going concern risks associated with the SCIO.

Structure, Governance and Management

Establishment of the Trust and SCIO

The Scottish Ballet Endowment Fund SC040198 was established by Deed of Trust on 9 January 2009 and amended by Minute of Amendment dated 6 December 2016.

The assets and liabilities of Scottish Ballet Endowment Fund, SC040198 passed to Scottish Ballet Endowment Fund SCIO, SC049065 on 1 April 2019.

Scottish Ballet Endowment Fund SCIO is independent of Scottish Ballet, with an independent, dedicated board of Trustees.

Trustees meetings and appointment

All members of the Board of the SCIO are Non-Executive Directors.

One Trustee Director, or other nominee, of Scottish Ballet is automatically appointed to the Board as a trustee, as required under the constitution.

New trustees are appointed in accordance with the constitution of the SCIO and are briefed on the aims, objectives and risk management policies.

The Board of Trustees seek to ensure that its members possess the full range of interests and skills relevant to the objectives of the SCIO. An Executive Recruitment consultancy may be used to identify prospective candidates who meet the criteria and skills required.

New trustees are briefed on their legal obligations under charity law, best practice for governance, the content of the constitution, the decision-making processes, the business plan and the financial performance of the SCIO.

Four meetings of the Scottish Ballet Endowment Fund Board were held throughout 2019/20, with average attendance of 100%.

In accordance with the constitution, the Board has overall responsibility for the management of the resources of the SCIO and ensuring good governance and financial wellbeing. All major policy and financial decisions are approved by the Board.

TRUSTEES' ANNUAL REPORT (cont'd)

For the year ended 31 March 2020

Statement of Disclosure of Information to the Auditor

To the knowledge and belief of each of the persons who are trustees at the time the report is approved:

- So far as the trustees are aware, there is no relevant information of which the SCIO's auditor is unaware, and
- He/she has taken all the steps that he/she ought to have taken as a trustee in order to make himself/ herself aware of any relevant audit information, and to establish that the SCIO's auditor is aware of the information.

Auditors

The trustees will place a resolution before the Board Meeting to re-appoint Martin Aitken & Co. Ltd. for the ensuing year if the financial statements require an audit.

Statement of Trustees' responsibilities

The trustees are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in Scotland requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the SCIO and of the incoming resources and application of resources of the SCIO for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the SCIO will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the SCIO's transactions and disclose with reasonable accuracy at any time the financial position of the SCIO and enable them to ensure that the financial statements comply with 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 Ireland (FRS 102)", the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the SCIO's constitution. They are also responsible for safeguarding the assets of the SCIO and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

TRUSTEES' ANNUAL REPORT (cont'd)

For the year ended 31 March 2020

Going Concern

The impact of Covid-19 has affected every aspect of society, not least the world of the arts, and has heightened the levels of uncertainty around planning processes.

The trustees regularly receive and review financial reports and investment performance and analysis, of the assets of the SCIO. The performance of the assets and the potential for and timing of requests for support are regularly reviewed to ensure the trustees are satisfied that the company's resources are adequate to fulfil requests for funding, under its charitable purpose, and any other obligations for the foreseeable future.

The Trustees' Annual Report has been approved by the Board.



Fiona E Wollocombe
Chair
On behalf of the Board of Trustees

18 November 2020

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES

For the year ended 31 March 2020

Opinion

We have audited the financial statements of Scottish Ballet Endowment Fund (the 'charity') for the year ended 31 March 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. In our opinion the financial statements:

- give a true and fair view of the state of the charity'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 Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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 Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements, including the FRC's Ethical Standards that are relevant to our audit of the financial statements in the UK 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 opinion.

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity'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.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES (cont'd)

For the year ended 31 March 2020

Other information (cont'd)

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, 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- The information given in the financial statements is inconsistent in any material respect with the trustees' annual report; or
- Proper accounting records have not been kept; or
- The financial statements are not in agreement with the accounting records and returns; or
- We have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, the trustees are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Act and relevant regulations made or having effect thereafter.

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 a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES (cont'd)

For the year ended 31 March 2020

Use of our report

This report is made solely to the charity's trustees, 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. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Martin Aitken & Co Ltd,
Caledonia House,
89 Seaward Street,
Glasgow G41 1HJ
Statutory Auditor
Chartered Accountants
Eligible to act as auditor in terms of Section 1212 of the Companies Act 2006

18 November 2020

STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)

For the year ended 31 March 2020

		Unrestricted		2020	2019
	Note	Capital	Revenue	Total	Total
		Fund	Fund	Total	Total
		£	£	£	£
Income and from:					
Donations & legacies	3	91,080	-	91,080	567,000
Investment Interest		1,359	-	1,359	2,967
		<u>92,439</u>	<u>-</u>	<u>92,439</u>	<u>569,967</u>
Expenditure on:					
Charitable activities	4	6,530	-	6,530	10,274
Total		<u>6,530</u>	<u>-</u>	<u>6,530</u>	<u>10,274</u>
Net income before investments		<u>85,909</u>	<u>-</u>	<u>85,909</u>	<u>559,693</u>
Net losses on investments		<u>(104,847)</u>	<u>-</u>	<u>(104,847)</u>	<u>-</u>
Net income/ (expenditure)		<u>(18,938)</u>	<u>-</u>	<u>(18,938)</u>	<u>559,693</u>
Reconciliation of funds:					
Total fund balances brought forward		<u>1,311,972</u>	<u>870</u>	<u>1,312,842</u>	<u>753,149</u>
		<u>1,293,034</u>	<u>870</u>	<u>1,293,904</u>	<u>1,312,842</u>

All activities of the SCIO relate to continuing activities.

The notes on pages 15 to 23 form part of these financial statements.

BALANCE SHEET

As at 31 March 2020

	Note		2020 £	2019 £
FIXED ASSET INVESTMENTS				
Investments	7		1,064,235	10,000
			<u>1,064,235</u>	<u>10,000</u>
CURRENT ASSETS				
Cash at Bank	8	234,883	1,316,599	
Debtors		-	-	
		<u>234,883</u>	<u>1,316,599</u>	
CURRENT LIABILITIES				
Creditors: amounts falling due within one year	9	5,214	13,757	
		<u>5,214</u>	<u>13,757</u>	
Total current liabilities		<u>5,214</u>	<u>13,757</u>	
NET CURRENT ASSETS			229,669	1,302,842
TOTAL ASSETS			<u>1,293,904</u>	<u>1,312,842</u>
THE FUNDS OF THE SCIO:				
Unrestricted fund	11			
- Capital fund			1,293,034	1,311,972
- Revenue fund			870	870
			<u>1,293,904</u>	<u>1,312,842</u>

Approved and authorised for issue on behalf of the trustees on 18 November 2020.


Fiona E Wollocombe
Trustee

The notes on pages 15 to 23 form part of these financial statements.

STATEMENT OF CASHFLOW

For the year ended 31 March 2020

	Note	2020 Total £	2019 Total £
Cash generated from operating activities	13	76,007	557,282
Interest Received		1,359	2,967
Purchase of Investments		(1,159,082)	-
Net cash (decrease) / increase from operating activities		<u>(1,081,716)</u>	<u>560,249</u>
Net (decrease) / increase in cash and cash equivalents		(1,081,716)	560,249
Cash and cash equivalents at beginning of year		<u>1,316,599</u>	<u>756,350</u>
Cash and cash equivalents at end of year		<u><u>234,883</u></u>	<u><u>1,316,599</u></u>

The notes on pages 15 to 23 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

1. Accounting Policies

Basis of Accounting

The financial statements have been prepared in accordance with the Financial Reporting Standard 102, as issued by the Financial Reporting Council (2015), 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 (FRS 102)", Update Bulletin 1 to the SORP published February 2016, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are prepared on the historical cost basis, except for investments which have been included at fair value.

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

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

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires trustees to exercise their judgement in the process of applying the accounting policies. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

Going Concern

The assets and liabilities of Scottish Ballet Endowment Fund SCIO, SC049065 were passed from Scottish Ballet Endowment Fund, SC040198 on 1 April 2019.

The trustees are of the opinion that the newly formed SCIO can continue to meet the obligations of the Fund as they fall due for the foreseeable future. The impact of the Covid-19 pandemic has been thoroughly considered in the future planning processes and the company have responded by further scrutinising income, cost and cashflow expectations accordingly.

The reserves are sufficient to cover expenditure for the forthcoming year and beyond. On this basis, the Trustees consider it appropriate to prepare the financial statements on a going concern basis.

Recognition and allocation of income

Income is recognised when the SCIO has legal entitlement to the funds, the receipt is probable, and the amount can be measured reliably.

Investment Income

Investment income is recognised when the right to receipt is established and is measured at fair value, generally the transaction value.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 March 2020

Recognition and allocation of expenditure

Expenditure is recognised when the SCIO has entered into a legal or constructive obligation and related where practicable to the operating activities of the SCIO. Where possible, expenditure is attributed directly to the function to which it relates.

Raising funds comprises those costs which are associated with the generation of income from sources other than from undertaking charitable activities and includes investment management fees and property maintenance costs.

Charitable expenditure comprises those costs incurred by the SCIO associated with providing donations. This includes the direct costs and support costs relating to this activity. They are charged to the Statement of Financial Activities when the application is approved, and a valid expectation is created with the recipient that they will be paid.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the SCIO and include costs linked to the strategic management of the SCIO.

Support costs consist of the legal and SCIO fees associated with the management of the SCIO and are allocated to activities on the basis of time spent by the SCIO administrators on each fund.

Funds

Unrestricted funds are those funds that may be used at the discretion of the trustees in furtherance of the objects of the charity. The trustees maintain an unrestricted fund for this charity which is split between capital and revenue.

The capital fund represents donations received and any investments made. The revenue fund collects the income from funds held and bank interest. The administration fees and any anticipated donations are expected to be made from a combination of these two funds.

Investments

Other Investments are measured at fair value. Realised gains and losses (representing the difference between sales proceeds and fair value at the previous financial year end or purchase cost if acquired during the financial year) and unrealised gains and losses (representing the movement in fair value of investments over the financial year or from their date of purchase if acquired during the financial year) are recognised in the Statement of Financial Activities.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks and are measured at amortised cost.

Creditors

Creditors are obligations to pay for goods or services that have been acquired. They are recognised at the undiscounted amount owed to the supplier, which is normally the invoice price.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 March 2020

Financial assets and financial liabilities

The SCIO only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable.

Debt instruments like other accounts receivable and payable are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and trade creditors, are measured, initially and subsequently, at the undiscounted amount of cash or other consideration expected to be paid or received.

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

VAT

The SCIO is not registered for VAT and accordingly expenditure includes VAT where appropriate.

Taxation

The SCIO 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.

Information and key sources of estimation uncertainty

In the application of the SCIO's accounting policies, the trustees are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Judgements

The charity considers on an annual basis the judgements that are made by management when applying its significant accounting policies that would have the most significant effect on amounts that are recognised in the financial statements. The trustees consider there are no significant judgements within the year.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 March 2020

2. Comparative Statement of Financial Activities

	Unrestricted		
	Capital	Revenue	2019
	Fund	Fund	Total
	£	£	£
Income from:			
Donations & legacies	565,000	2,000	567,000
Investments	-	2,967	2,967
	<u>565,000</u>	<u>4,967</u>	<u>569,967</u>
Expenditure on:			
Charitable activities	5,137	5,137	10,274
	<u>5,137</u>	<u>5,137</u>	<u>10,274</u>
Net income/ (expenditure)	<u><u>559,863</u></u>	<u><u>(170)</u></u>	<u><u>559,693</u></u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 March 2020

3. Donations and legacies

	Capital Fund £	Revenue Fund £	2020 Total £	2019 Total £
John Lloyd Estate				5,000
P Bain Estate				50,000
Anonymous				2,000
Whisky Cask & Painting Donation				10,000
Scottish Ballet Donation				500,000
JB Munro donation	3,000		3,000	
F Mell Estate	5,548		5,548	
MAC Mailer Estate	1,000		1,000	
P Bain Estate	14,941		14,941	
EA Clark Estate	200		200	
SI Hogarth Estate	20,000		20,000	
M Harper Estate	46,391		46,391	
	<u>91,080</u>	<u>-</u>	<u>91,080</u>	<u>567,000</u>

4. Charitable Activities

	Capital Fund £	Revenue Fund £	2020 Total £	2019 Total £
Grant making activity:				
Support costs (note 5)	2,630	-	2,630	6,674
Governance costs (note 6)	3,900	-	3,900	3,600
	<u>6,530</u>	<u>-</u>	<u>6,530</u>	<u>10,274</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 March 2020

5. Support Costs

	Capital Fund £	Revenue Fund £	2020 Total £	2019 Total £
Management and administration				
Legal fees	-	-	-	6,600
Investment Management Fees	2,558	-	2,558	-
Bank charges	72	-	72	74
	<u>2,630</u>	<u>-</u>	<u>2,630</u>	<u>6,674</u>

There were no employees in the year to 31 March 2020 (2019: nil).

6. Governance Costs

	2020 £	2019 £
Auditors remuneration		
Audit fees – current year	3,900	3,600
	<u>3,900</u>	<u>3,600</u>

7. Fixed Asset Investments

Investments

	2020 £	2019 £
Market Value		
At 31 March 2019	10,000	-
Additions	1,159,082	10,000
Disposals	-	-
Revaluations	(104,847)	-
At 31 March 2020	<u>1,064,235</u>	<u>10,000</u>
Net Book Value		
At 31 March 2020	<u>1,064,235</u>	<u>10,000</u>
At 31 March 2019	<u>10,000</u>	<u>10,000</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 March 2020

8. Cash Held

	2020	2019
	£	£
Cash held at bank - RBS	94,457	1,316,599
Cash held at bank - Cazenove	140,426	-
	<u>234,883</u>	<u>1,316,599</u>

9. Creditors - Amounts Falling Due Within One Year

	2020	2019
	£	£
Accruals	5,214	10,206
Other Creditors	-	3,551
	<u>5,214</u>	<u>13,757</u>

10. Financial Assets and Liabilities

	2020	2019
	£	£
Financial assets at amortised cost	234,883	1,316,599
Financial assets at fair value	1,064,235	10,000
Financial liabilities at amortised cost	(5,214)	(13,757)
	<u>1,293,904</u>	<u>1,312,842</u>

Financial assets at amortised cost comprise of accrued income and cash at bank.

Financial assets at fair value comprise of other investments which are measured at market value at the year end.

Financial liabilities comprise of trade creditors and accruals.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 March 2020

11. Analysis of Net Assets Between Funds

	Capital Fund £	Revenue Fund £	2020 Total £	2019 Total £
Management and administration				
Net current assets / (liabilities)	1,293,034	870	1,293,904	1,312,842
	<u>1,293,034</u>	<u>870</u>	<u>1,293,904</u>	<u>1,312,842</u>

12. Net movement in funds

	At 01 April 2019 £	Net Movement in Funds £	Transfer between Funds £	At 31 March 2020 £
Unrestricted Funds				
Capital Fund	1,311,972	(18,938)	-	1,293,034
Revenue Fund	870	-	-	870
	<u>1,312,842</u>	<u>(18,938)</u>	<u>-</u>	<u>1,293,904</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 March 2020

13. Reconciliation of net movement in funds to net cash flow from operating activities

	2020	2019
	£	£
Cash flows from operating activities		
Net movement in funds	(18,938)	559,693
Adjustments for:		
Charges / (Income) from investments	(1,359)	(2,967)
Decrease / (Increase) in Investment	104,847	(10,000)
Decrease / (increase) in debtors	-	1,005
(Decrease)/ increase in creditors	(8,543)	9,551
	<u>76,007</u>	<u>557,282</u>
Net cash used by operating activities	<u>76,007</u>	<u>557,282</u>

14. Related Parties

As stated in the constitution of SBEF, one Trustee/Director, or other nominee, of Scottish Ballet is required to be one of the Trustees of Scottish Ballet Endowment Fund (SCIO).

There were no related party transactions during the year (2019: £500,000).

15. Guarantee and Commitments

There were no commitments at the balance sheet date.

16. Trustee Remuneration and Expenses

There was no remuneration paid to Trustees in the year (2019: £nil). There were no expenses paid to Trustees in the year (2019: £nil).