

SCOTTISH BALLET

Est: 1969

ANNUAL REPORT & FINANCIAL STATEMENTS

**SCOTTISH BALLET
Company Limited by Guarantee**

**Annual Report & Financial Statements
For the year ended 31 March 2021**

**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:	Jim Pettigrew (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 James Mackenzie-Blackman Eleanor Bentley
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

SYNOPSIS

Performing in a Pandemic

Following theatre closures in March 2020, Scottish Ballet focused on the opportunities that this unprecedented scenario provided: films were scoped and created, and a full artistic and participatory-dance programme was prepared and delivered over digital channels. This revised artistic vision gave Scottish Ballet the opportunity to build our digital membership community, which will continue to expand our reach nationally and worldwide.

Highlights included:

- Our first feature-length film *The Secret Theatre*
 - Seen by a ticketed audience of approximately 55,000 people in a limited window, 21–24 December;
 - A critical fundraising campaign aligned with this project generated ~£150,000 in optional donations to support ‘the making of’; and
 - Recognised as ‘Best Dance Film’ at the prestigious 2021 National Dance Awards.
- SB Health classes pivoted to digital platforms
 - For community participants, especially those living with Parkinson’s, dementia and multiple sclerosis; reaching a global audience of 626,628 between March and August 2020; and
 - For those working in the NHS and Social Care services, Health at Hand™, provided a series of movement and breath videos titled Energise, Rejuvenate, Relaxation and Restore, to help address the physical and mental stress; accessed over 12,500 times within their first three months.

1. Key indicators

- On screen
 - A programme of 10 artistic films, viewed by a world-wide audience of over 630,000
- Engagement events and participations
 - 243 engagement events / 89,822 participations
- Advancement
 - £1.05m (gifts, trusts and sponsorship) raised in support of our Mission
- How we rate (NPS)
 - The company regularly tracks audience satisfaction and propensity to recommend by measuring Net Promoter Score (NPS). The score for our feature film *The Secret Theatre* was 89, maintaining the same high average score that was achieved across major productions in the 50th anniversary year 2019/20.

2. Financial performance

Overall financial performance was better than expected. Box office income was reduced to zero due to theatre closures and, other than income from digital content, only amounted to 1.5% of initial planned box office expectations for the year. This was countered by continued strong Advancement income and reduced expenditure (down by over 36%), largely due to cancelled and postponed touring. These effects, together with the facility to furlough staff through the Covid Job Retention Scheme (CJRS), resulted in an operating surplus of £482k.

This surplus will be carried forward within the company’s five-year financial strategy, towards achieving our aim of the Five in Five campaign – to create five new full-length ballets and achieve financial break even over a five-year period (2019-2023).

3. Awards & commendations

Winners:

- ✓ Achates Scottish National Showcase: Health at Hand
- ✓ Manchester Film Festival 2021: Best Experimental Film, The Swan (2020)
- ✓ Critic's Circle National Dance Awards 2021: Best Dance Film, The Secret Theatre (2020)

Nominations:

- The NODS – Eve McConnachie: Best Creative
- National Fundraising Awards – Antonia Brownlee: Fundraiser of the Year
- The Calouste Gulbenkian Foundation Award for Civic Arts Organisations (longlisted) – Health at Hand
- European Sponsorship Association Awards 2021 for ‘Purpose Led Sponsorship: Cause’ – Safe to Be Me sponsored by Aberdeen Standard Investments
- European Sponsorship Association Awards 2021 for ‘Best Ethical Response to Covid19’ – Dance Health sponsored by Baillie Gifford
- National Dance Awards 2021 for:
 - Best Company Response to the Pandemic
 - Best Short Dance Film – *Indoors*/Sophie Laplane
 - Emerging Artist – Jerome Barnes

Film Festival selections:

- Tremble Moving Body Festival, 17-19 July 2020 – selected
- Tremble Thessaloniki Cinedance, 26 Sep-4 Oct 2020 – selected
- Tremble Portland Dance Film Festival, 1-3 Oct – selected
- Tremble Fifth Wall Film Festival, 7-11 Oct 2020 – selected
- Tremble New Renaissance Film Festival (London), 10-13 Sept – selected
- Tremble Raindance Film Festival, 28 Oct-7 Nov 2020 - selected
- Frontiers New Renaissance Film Festival (London), 10-13 Sept – selected
- The Swan Paris International Short Film Festival 14 Feb 2021 – selected
- Oxymore Manchester Film Festival 11-14 Mar 2021 – selected
- Catalyst DELETE TV *dates TBC* – selected
- The Secret Theatre New Renaissance Film Festival (Amsterdam) 25-28 March 2021 – selected
- The Secret Theatre Portland Dance Film Festival – selected for a ‘Christmas special’ screening in Dec 21
- The Secret Theatre Sans Souci Festival of Dance Cinema, Dec 21 – selected

OVERTURE

Chair's Review

After bringing our inspiring and ever-surprising 50th anniversary season to a close in February 2020, by mid-March the company was in a full lock-down due to the Covid-19 pandemic. Our dancers were on stage, performing at the Joyce Theater in New York, when the closure of all Broadway theatres was announced. With the season cut short and bags quickly packed, they were rescheduled on the last two flights out of JFK back to Scotland.

It goes without saying: What a time to take on the role of Chair of a national, touring, performing arts company! Since becoming Scottish Ballet's Chair in December 2020, I have been utterly impressed with how the entire company has adapted to this unprecedented period in recent history. Demonstrating agility, talent, creativity and thoughtfulness, the SB teams have risen to the challenge; embracing every opportunity to make art and stay connected with our audiences and participants across Scotland and beyond.

As the new Chair, this has been an inspiration, as well as a fast-learning curve for both the Board and the Leadership Group. The outputs have been diverse and innovative: ranging from exciting new dance films, including a full-length feature; to bespoke access programmes that have connected to front line NHS workers and our Dance Health participants; to ingenious 'zoom' events that have kept patrons, friends, donors and corporate partners engaged and delighted.

We witnessed this resilience and creative agility first up from Resident Choreographer, Sophie Laplane, who brought us *Indoors* – a short film rehearsed and recorded via Zoom during the first UK lockdown. Likewise, Edinburgh International Festival adapted their 2020 festival by commissioning new digital works and programmes. Scottish Ballet Soloist, Nicholas Shoesmith adeptly took his chance to make a ballet on the full company. *Catalyst* was captured on the Edinburgh Festival Theatre's empty stage in a gesture of creative resilience.

Gaining in confidence, and likewise length, our female dancers came together to film *The Swan*, a 20-minute adaptation of David Dawson's *Swan Lake*. Filmed entirely in-house on the Tramway stage by company film maker, Eve McConnachie, and with David zooming in from Berlin to recreate the choreography, this powerful showcase demonstrated our dancers and teams' ability to 'make magic happen'.

Moving from short films to full-length, *The Secret Theatre* was a resounding triumph for the company. It lifted the spirits of over 23,000 households at Christmas (including families, care homes, audiences outside the UK and people who have never seen Scottish Ballet before). This first feature length film also provided a fortunate gateway to launch our Membership programme. Our 'freemium' membership programme will provide access into the company from the farthest reaches of Scotland and worldwide.

The online SB Health offering generated a deeply moving response from our nation, demonstrating the critical role the arts play in the wellbeing and strength of our communities. The Engagement Team adapted our specialist neurological dance programmes for people living with Parkinson's, dementia and multiple sclerosis for online delivery, and developed unique digital activities to support young people's physical and mental wellbeing. Utilising their specialist knowledge and experience, Health at Hand was a genuine response to the physical and mental stress that NHS and Social Care workers were experiencing. The programme focussed on building resilience and addressing trauma.

However, it should also be noted that with the cancellation of more than £3.6m in projected box office revenue, along with the considerable costs of producing new digital work, the financial statements could have recorded a sizable loss. It is therefore reassuring to report that at year end '21 the company has ended the year in pretty good shape. This has largely been due to our resilient teams – whose health and safety has always remained a priority – and continuing public and private support.

Many patrons, partners and trusts have not only continued to support the company this year, but many have increased their support. For this we are ever thankful. You have inspired us too, with your generosity and warm words of encouragement during the past 15 months. With no live stage performances or in-theatre hospitality, fundraising could have been a real challenge. Yet, we reached more people than in previous years, and in turn raised additional funds to support the output I have previously mentioned. We have also welcomed many new Friends, patrons, partners and supporters, who have demonstrated their desire to support the arts and Scottish Ballet in such a tangible way.

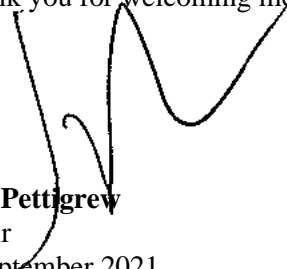
The Scottish Government, and especially the team at the Culture and Historic Environment Division, as ever, have not wavered in their tenacity and determination to ensure our National Performing Companies, and the creative arts more broadly, survive and thrive beyond these incredibly challenging times.

To my predecessor, Norman Murray, I wish you well. Your long, successful term as Chair has been instrumental in making sure we reached our milestone 50th anniversary with gusto. Likewise, your legacy in leadership and good governance is truly admired by us all, and you will always remain an integral part of the Scottish Ballet family. And to my new fellow board members, the staff, dancers and the supporters of Scottish Ballet, I look forward to getting to know you in the months and years ahead.

Finally, I commend our CEO/Artistic Director, Christopher Hampson and Executive Director, Steven Roth, for their unwavering dedication and commitment to steering the company throughout this challenging period; ensuring the health, wellbeing, and livelihoods of all in Scottish Ballet was always at the fore. Likewise, with the ‘footlights’ switched off, the Leadership Group, dancers and staff of Scottish Ballet have gone above and beyond their remit to ensure the company’s light has continued to burn brightly.

Returning to the stage to enliven our audiences, inviting supporters back into the studio, and being back in front of our young, aspirant dancers and community participants wherever you are, is eagerly awaited. We will be back with you soon, dancing ‘together’, continuing to make magic happen.

Thank you for welcoming me to Scottish Ballet.



Jim Pettigrew
Chair
8 September 2021

ACT ONE

2020/2021 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 screen...

With everyone contained at home during the early part of 2020, the company created its first 'Zoom ballet'; a short film, *Indoors*, choreographed by Sophie Laplane, and directed and edited by SB's Eve McConnachie. *Indoors* was extremely popular with audiences, gaining over 300,000 views online, and a nomination for Best Short Film at the 2021 National Dance Awards.

For the 2020 digital version of Edinburgh International Festival, the company came together on stage at the Festival Theatre (under strict covid protocols) to film the world premiere of *Catalyst*, choreographed by Soloist Nicholas Shoesmith. The film was released as part of an SB curated series of short films, some new and some re-visiting existing choreography, titled 'My Light Shines On'.

'Beautiful and heart-breaking. Emerging choreographer Nicholas Shoesmith perfectly captures the spirit of a company kept apart for months, each movement building with renewed urgency alongside Ben Chatwin's gorgeous score.' ★★★★★ **The Scotsman**

'Scottish Ballet is a savvy, modern company, forward-thinking on digital, seeking out choreographers beyond the names other ballet companies commission. These short films give a glimpse of all that and are slick, sharp and laudably inventive.' **The Guardian**

Replacing the cancelled *Swan Lake* tour, inhouse filmmaker Eve McConnachie collaborated with choreographer David Dawson to produce a 20-minute film, *The Swan*, which provided our first opportunity to trial a ticketed film viewing experience.

'A typically bold and beautiful film from Scottish Ballet.' **Fjord Review**

'Ambitious ... Strongly expressive dancers.' **The Sunday Times**

Scottish Ballet's first feature film, *The Secret Theatre*, watched by ~55,000 people over three days leading up to Christmas was met with delight from both audiences and critics. Half of the ticketed audience was based outside of Scotland, and a third had not seen Scottish Ballet on stage or screen before. The film achieved the accolade of Best Dance Film at the 2021 National Dance Awards and has been selected as a Christmas special for several film festivals in 2021.

'Enchanting, spellbinding, uplifting.' ★★★★★ **The Herald**

'Scottish Ballet has unveiled a dazzling new feature film capturing all that's good about live performance.' ★★★★★ **The Scotsman**

Creating this feature film in the midst of a pandemic was a feat for Scottish Ballet and a thrill for the entire Scottish Ballet 'family' when it was released. Here are just a few examples of the positive feedback we received from our viewing public:

'My 6-year-old son has asked to watch this every day... it's made quite an impression! Beautiful costumes, sublime music, magical story, and for me quite emotional under the circumstances.'

'This was the first time we watched a ballet together as a family. My daughters aged eleven and six were both enthralled. The dancing, the music, costumes and the story made for a special evening in our home. It wasn't the way I imagined introducing my daughters to the ballet, but it was a very special experience thanks to The Scottish Ballet. Thank you.'

2. Strategic Output Two: Access

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

Covid Response

In response to the Covid-19 lockdown and subsequent suspension of all programmes, staff worked swiftly and collaboratively to launch a full programme of online daily classes on 30 March. Condition-specific classes were delivered each weekday on Facebook Live for 25 weeks (over 125 health classes in total) before moving to Zoom in autumn.

Between May and July, Dance for Parkinson's Scotland Facebook Live sessions were delivered five days a week through a separate Dance for Parkinson's Scotland Facebook page, jointly managed by Scottish Ballet and Dance Base.

In November and December 2020, Scottish Ballet held pilot Zoom sessions to gauge interest and collect feedback on the new platform. Since January 2021, the Engagement team has been delivering weekly condition-specific Health classes to 71 enrolled households. 37 Zoom Health sessions have taken place, and a total of 162 Health classes have been presented since April 2020.

People living with Parkinson's, multiple sclerosis, dementia, and their households were invited in January, to join an online community project, Haud Close Together. Participants were supported to respond to Haud Close Tae Me, a Scottish Ballet film previously created by Christopher Hampson and Eve McConnachie in collaboration with Scots Makar, Jackie Kay. The project involved six public events and six events for Erskine Care Homes, garnering a total of 213 participations throughout the Haud Close Together project.

The dance, poetry and visual art submissions from project participants are now being woven together into a short film.

SB Health

The Health programme is growing exponentially and in the last three years Scottish Ballet has increased the number of condition-specific programmes from one to three, and activity delivered to young people has doubled. The team are currently working in partnership with 10 local hubs across Scotland delivering Dance for Parkinson's Scotland, as well as working in care homes arranging dementia-friendly Time to Dance classes. The most recent programme has been created for those living with multiple sclerosis (MS) and is titled Elevate™. Specialist dance staff are pioneering a bespoke class developed in consultation with MS focused medical professionals, with the findings being evaluated in collaboration with Scottish Ballet's research committee.

In January 2021, the SB Health team began work on a new dance resource for those living with Long Covid.

Health at Hand

Scottish Ballet created a series of movement and breathing films to address the physical and mental stress experienced by those working in the NHS and Social Care services. Health at Hand™ is a professional development programme for care professionals created in partnership with NHS Scotland, Healthcare Improvement Scotland and the Scottish Government.

The programme comprises 10-minute movement-based films and a longer 20-minute Restore session for staff experiencing trauma. In November 2020, Scottish Ballet was selected as the regional winner of the Achates philanthropy prize for our Covid-19 response project, Health at Hand™.

As of 8 March 2021, the Health at Hand resources have been viewed 25,025 times and the Restore sessions for trauma have been viewed 1,100 times, with many NHS care staff regularly accessing the resource. An online pilot for staff manning NHS 24 contact centres in Glasgow and Queensferry was trialled in January 2021. Live virtual sessions began in February and have received even greater traction, with over 1,000 NHS care staff self-electing sign-up within 24hrs of the sessions being offered. Requests have been received for new, fully funded programmes for senior staff working for the Health Directorate at the Scottish Government.

SB Youth Exchange

Scottish Ballet's 2020 Youth Exchange (YEX) includes a cohort of 11 young people. The group has attended 36 online sessions since August 2020.

The 2020 YEX cohort of 11 young people came together virtually with MOVE NYC over two weekends to work with Chanel da Silva of MOVE NYC and Sophie Laplane. The online exchange culminated in a sharing of the two groups' work in progress. Family and friends of the participants, as well as staff of the two organisations watched the performances performed live on Zoom, using the gallery feature as a choreographic device - the dancers looked as if they were performing together even though they were thousands of miles apart. After the performance, the young dancers spoke about how important it was for them to be in contact with a like-minded peer network during the pandemic and that working together gave them focus and inspiration.

SB Associate Programme

The 2020/21 session saw significant developments in terms of technology use and online learning. This was initially necessitated as a response to Covid-19, but there have been further positive developments as a consequence. Scottish Ballet's Associate Programme was the only one of its type in the UK to deliver a full schedule of weekly classes, accompanied by live musicians, offering uninterrupted practical training throughout lockdown. Consequently, when students returned to the studio for in-person classes, they had maintained their standard and progress. The SQA Higher Dance was fully delivered online, with 12 students successfully completing with the highest grades and the SQA 'centre accreditation' for Scottish Ballet Associate is now in the final stage.

Online Auditions and Induction Sessions were successfully planned and delivered, with elements of these to be retained going forward. A key positive is that they allow for greater accessibility for parents/carers and can be provided at more convenient times than previous in-person events, also accommodating a greater number of participants.

Two new initiatives were successfully introduced in 20/21. Firstly, a weekly class for Mid Associates male students, which focused on strengthening technique and skills specific to this group. Secondly, the 2020 Summer School programme (online) was very successful, and it is planned for this to be delivered in-person in the future.

3. Strategic Output Three: Advancement

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

Key Indicators:

- 15.36% of total SB income generated through Advancement; of this:
 - 9.23% was generated through private gifts
 - 3.28% was generated through trusts and foundations
 - 2.85% was generated through corporate sponsorships
- 2% increase in new bequestors, and legacies received by the SBEF totalled £43,244
- 7% increase in Friends
- 8.6% of patrons upgraded their support

Five in Five Campaign

In 2018, Scottish Ballet's Five in Five Campaign was launched – the most ambitious commissioning programme in the company's history with the aim to raise £5m to create five full length narrative ballets. Following Covid-19 restrictions, our third campaign ballet, *The Scandal at Mayerling* was postponed, however, all 40 five-year pledges have been received, representing £219,675 in 2020/21. Additional fundraising required for the fourth and fifth ballets is progressing.

Appeals

In June 2020, a public appeal went out to help support the dancers to have ballet barres at home, access to online medical support, including clinical psychology, and to purchase spin bikes and strength equipment for a safe return to working in the studio. £17,854 was raised through this appeal.

£153,553 was raised from donations to *The Secret Theatre*, with 47.5% of those who booked a ticket opting to donate. The most common donation was £10. There were around 100 people making donations at the point of booking in the USA, plus over \$3,000 received from US donations made via our Chapel & York philanthropy partner.

Total income from all Appeals in 2020/21 was £177,647.

Sponsorship & Commercial

Despite the challenging year, it is pleasing to note that Scottish Ballet retained the majority of its corporate partnerships. The sponsorship team were inventive and agile, finding new and creative ways to connect with supporters and their guests at online events and through the launch of engaging digital content.

The continuation of corporate support was especially vital for the pivot to digital delivery for our SB Health and the Safe to Be Me™ programmes.

New partners were welcomed to the SB family of sponsors, and we look forward to reconnecting with those partners that support our touring activity later in 2021.

Scottish Ballet's 'e-shop' sales were strong in the lead up to Christmas 2020. These sales, which directly support the company's ambitions, continue to grow year-on-year.

4. Behind the Scenes

Equity, Diversity & Inclusion (EDI)

Scottish Ballet is committed to driving anti-racism within our company culture and more widely in our creative sector. We are taking steps to align the whole organisation and all who engage with us in this endeavour. We hold ourselves accountable, publicly and have begun with the standards set by Ballet Black in their industry-facing resource document.

Within the last year the company has made changes to our recruitment protocols and addressed incompatibilities within our repertoire. This is most visible in our engagement with Progress in Dialogue, a group that serves to promote better representation for Gypsy, Roma and Traveller communities. This dialogue brought about adjustments in representation of this community in *The Snow Queen* and *The Secret Theatre*.

Furthermore, we undertook an internal review of the understanding of anti-racism and have committed to working with Inter-Cultural Youth Scotland to deliver workshops in the awareness of racism and to develop a paid internship programme, delivering a pathway into arts and culture for young people who experience racism.

There is a long road ahead, but with the full support of our company-wide EDI Steering Group and the SB Board, we commit to greater diversity both on and off the stage and will be transparent about our progress.

*'Commitments come easily through writing or speaking, so our most important commitment to help drive anti-racism is **action**.'* Christopher Hampson, CEO/Artistic Director, Scottish Ballet

Artistic Development

Earlier in 2021, the decision was taken to again reschedule the world premiere of our full-length ballet, *The Scandal at Mayerling* to Spring 2022 (originally due to open in Autumn 2020). As the third ballet in Scottish Ballet's ambitious Five in Five Campaign, it was vital to be able to create this ballet without studio restrictions and ensure it could be performed to capacity audiences.

The Scandal at Mayerling will be closely followed by the fourth in the Five in Five series, the world premiere of *Coppelia* at the Edinburgh International Festival, August 2022, created by the award-winning creative duo Jessica Wright and Morgann Runacre-Temple.

The company is currently thrilled to be preparing a new production which we hope to stage in Autumn 2021, with audiences socially distanced or otherwise. We want our return to live performance to be an upbeat experience, filled with brilliant music and stunning dancing. Scottish Ballet's long-standing relationship with Gene Kelly's widow, Patricia Ward Kelly, has given us this vehicle, enabling our creative team to collaborate on the UK premiere of his *Pas de Dieux* – a one-act ballet, created by Kelly for the Paris Opera Ballet in 1960. Titled *Starstruck*, the work is being given a delightful new twist, and will tour across Scotland as well as being released as a new feature-length film.

Come September, the 18-month hiatus from the stage will be the longest in Scottish Ballet's 52-year history. While we have been delighted with the success of our films, online activities and events and the new audiences we have attracted, we cannot wait to return to the thrill that only live performance can bring.

As an added dose of post-pandemic joy, winter 2021/22 will see the return of Peter Darrel's enduring and endearing *The Nutcracker*, touring to six cities across the UK (originally having been scheduled for Winter 2020-21).

Sustainability / Carbon Footprint

Scottish Ballet's commitment to developing a more sustainable future across its operations (locally, nationally and internationally) continues at pace following receipt of a full detailed breakdown of our carbon footprint analysis commissioned by long term partners BP (and conducted by ERM consultants). The report makes recommendations for key areas for the company to address in order to improve our carbon footprint which the newly formed Scottish Ballet Environmental Group will lead on going forward.

For the period 1 June 2019 - 31 June 2020, Scottish Ballet's total estimated carbon footprint was 647 tCO₂e, equivalent to the annual carbon footprint of approximately 60 UK residents or the annual emissions of 140 cars. The majority of Scottish Ballet's carbon emissions are from travel in relation to touring and energy use at HQ and in venues.

Scottish Ballet Environmental Group membership has representation from across the organisation, which will ensure that awareness of our sustainability plan is company-wide and seen as a key priority. Our ambitious target is to be a carbon neutral company by 2030, matching the ambitions of City of Glasgow Council and well within Scottish Government targets. We will do this by addressing the key areas in the report (short and long term) and making changes in every area of the business possible, alongside recording and reporting the impact of these changes and sharing insights with our audiences, stakeholders, other arts organisations and venues.

ACT TWO

Report of the Directors (incorporating the Strategic Report): Year Ending 31 March 2021

- *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 2021.

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 2021

Strategic Review

Achievements and performance

A full summary of the company's achievements and performances during the year are provided on pages 2 to 11, including the Chair's Review.

External responsibilities

Scottish Ballet is supported by public funds. These, in the main, were from the Scottish Government in 2020/21, which has helped support all posts within the organisation as well as associated freelance workers and SB Orchestra players. Scottish Ballet has accessed UK Government Job Retention Scheme (JRS) funds during the year where employees have been unable to undertake their role within the organisation due to restrictions as a result of the pandemic. 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 surplus of £482,009 (2020: deficit £1,495,599) 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.

Whilst donations and support for Scottish Ballet have remained resilient throughout the year, restrictions in activity and touring have necessitated deferring planned productions in our Five in Five strategy, and the costs associated with these productions, until 2022/23. This has resulted in the reported surplus (Net Income).

Artistic output in 2020/21 has been required to focus on on-line, digital presentations. These included digital presentations as part of Edinburgh International Festival, on-line streams of Baiser de la Fée, Swan Lake, Dive and Odyssey as well as Scottish Ballets first major film capture, The Secret Theatre, which was broadcast on BBC TV and iPlayer over the Christmas period 2020/21.

With no box office income, emphasis has been on effective control of production, administration and overhead costs. Total income of £6.8 million is a decrease of 20% year on year. Expenditure of £6.3m, a reduction of 36% on 2019/20, reflects expenditure limited to digital productions, in addition to ongoing salary, administration and overhead costs.

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 28-30 to the Financial Statements provide 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.

Report of the Directors (incorporating the Strategic Report): Year Ending 31 March 2021

Movements on Reserves and Restricted Funds (cont.)

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

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 2021, two key designations were made. In recognition of the prolonged impact that the Covid-19 pandemic is having on live performance art, a further £280,000 has been set aside for Business Recovery and £50,000 for media rights fees associated with the increased emphasis on digital content creation.

Other movements on Designated Reserves included the annual transfer equivalent to the depreciation charge for the Tramway building (£227,476) into Unrestricted Reserves.

The result of all movements in designations during the year is an increase in Unrestricted Funds carried forward of £18,652 (2020: decrease of £512,237), giving a balance on Unrestricted Fund as at 31 March 2021 of £2,888,246 deficit, (31 March 2020: deficit of £2,906,898).

The deficit balance in Unrestricted Reserves is a direct consequence of crystallising the long-term liability to the former defined-benefit Pension Scheme in March 2017 and is fully explained in Note 30 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 2021

Reserves policy (cont.)

The directors aim to maintain the overall level of unrestricted reserves (excluding the unrestricted pension reserve) and available liquidity (cash or short-term liquid investments) at a minimum of £500,000 at the end of any financial year, subject to remaining within the limits agreed with the Scottish Government, to ensure appropriate levels of working capital are available to the company. During the year the Board agreed to reduce the level of liquidity required at any given point in time from £750,000 to £500,000. In controlling the underlying cost base of the company, the directors remain satisfied that this reduced amount provides an adequate, minimum level of working capital.

Scottish Ballet holds total funds of £7,828,998 (Notes 28-30). £9,882,765 is held in Designated Funds, including a designated Tramway capital reserve of £8,731,273 against which the annual depreciation of the building is charged. The balance of Restricted Funds is £834,479.

As detailed in Note 30 to the Financial Statements, General Unrestricted Funds have met the Reserves policy minimum with a positive balance of £504,793. The negative balance of £2,888,246 on the Total Unrestricted Funds is made up of this positive balance, less an amount of £3,393,039, 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 maintaining reserves supported with cash backing, for both future operations and to support repayment of the outstanding loan. Of the total cash balance of £2,325,199, £1,151,492 is attributable to designated reserves, £803,146 to restricted funds and £370,561 to unrestricted reserves (Note 31).

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 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 intentions.
- Failure of artistic programme, impacting on reputation and box office revenue.

We have continued to support dancer fitness through a number of routes and have maintained investment in online dance health programmes and classes. The broad range of digital works produced, and sector collaborations entered into, have all proved valuable additions to SB's creative output. We will continue to prioritise our contact with stakeholders through all available mediums, whilst ensuring our readiness to return to live performance in line with Scottish Government advice.

Report of the Directors (incorporating the Strategic Report): Year Ending 31 March 2021

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 built on steps already taken, to refocus 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. We have found ways to respond to the challenges thrown up by Covid -19, which we believe have added to the company's resilience and ability to manage risk.

Sustainability / Carbon Footprint

A summary of the company's commitment to developing a more sustainable future is provided on page 11.

Going concern

The directors regularly receive and review financial management reports, including detailed forecasts and cashflows, and stress test these to ensure they are satisfied that the company's resources are adequate to fulfil its obligations for the foreseeable future (which is defined as at least 12 months after the date of signing these financial statements).

The impact of theatre closures has heightened the levels of uncertainty around our planning process, and we have responded by increasing the flexibility and agility in our programming and scrutinising risks and opportunities to allow for changing levels of Covid-19 protection levels.

Although our cost base has reduced, as the levels of activity have remained significantly lower, our revenues continue to be 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. In doing this, particular attention has been paid to the short-term actions available to management to reduce commitments, if required.

These additional measures have been put in place to mitigate against the increased uncertainty around our ability to accurately plan. 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 2021

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

Since the end of the financial year, it has become clear that theatre closures due to social distancing restrictions is likely to continue until at least Autumn 2021. This has prompted the Directors to review contingencies for what activities can and cannot be undertaken and what alternative activities and output can be developed and promoted, within the financial year 2021/22 and beyond.

- The UK and Scottish Government’s continuing support for the theatre sector provides confidence that venues will be in a strong position for re-opening. Scottish Ballet has worked with our theatre partners in re-scheduling all productions where planned performances have been disrupted.
- Cash, costs 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 vigorous wellbeing and Return to Work programmes which have facilitated dancers returning to class and rehearsal. This includes detailed testing and tracing protocols to avoid contamination and safeguard performances and activities.
- Scottish Ballet has embedded digital output within its strategic goals, to continue to build on its industry-leading success in creative digital content and dance health programmes, in addition to returning to live performance when conditions allow.
- The effects of the closure of the Arts sector since April 2020, and the likely continuation of disruption throughout 2021, on Scottish Ballet has been principally one of deferring turnover and expenditure until 2022/23. 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 ‘Artistic Development’ (page 10) and ‘Events since the end of the reporting period (Post Balance Sheet Review)’, as above (page 16).

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 (updated 10 December 2020).

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.

Report of the Directors (incorporating the Strategic Report): Year Ending 31 March 2021

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 members 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:

- Jim Pettigrew 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
- Kirsty Wark

Executive Directors:

- Christopher Hampson CEO/Artistic Director
- Steven Roth Executive Director

Appointments and retirements 1 April 2020 – 8 Sept 2021:

- Jim Pettigrew Appointed 09/09/20 assumed the Chair 10/12/20
- Norman Murray Retired 10/12/20

Gender balance:

- 6 female / 7 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

Four meetings of the Scottish Ballet Board were held throughout 2020/21, with average attendance of 95%.

Report of the Directors (incorporating the Strategic Report): Year Ending 31 March 2021

Organisation & Attendance (cont.)

The Board maintains three governance committees. These are:

i) Finance and Operations Committee

This comprises six non-executive directors and the Executive Director as at 31 March 2021 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 2020/21, 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 the executive; equity and diversity throughout the company; and reviews remuneration principles. 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 2020/21, with attendance of 100%.

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 2020/21, with average attendance of 100%. 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.

Report of the Directors (incorporating the Strategic Report): Year Ending 31 March 2021

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;
- 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.

Report of the Directors (incorporating the Strategic Report):
Year Ending 31 March 2021

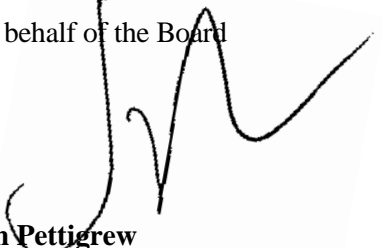
Disclosure of information to the auditor

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



Jim Pettigrew
Chair
8 September 2021

ACT THREE

Independent Auditor’s Report to the Directors and Members of Scottish Ballet: Year Ending 31 March 2021

Opinion

We have audited the financial statements of Scottish Ballet (the ‘charitable company’) for the year ended 31 March 2021 which comprise the Statement of Financial Activities (incorporating the Income and Expenditure Account), the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the 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 auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with regulations made under those Acts.

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

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report to the Members and Directors of Scottish Ballet: Year Ending 31 March 2021 (cont.)

Other information

The 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 contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 and the strategic report prepared for the purposes of company law and included within the directors' annual report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors and the strategic report, included within the directors' 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 the 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.

Responsibilities of directors

As explained more fully in the statement of directors responsibilities set out on page 20, the directors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report to the Members and Directors of Scottish Ballet: Year Ending 31 March 2021 (cont.)

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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the charitable company operates in and how the charitable company is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures, we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended). We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Directors Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents.

Independent Auditor's Report to the Members and Directors of Scottish Ballet: Year Ending 31 March 2021 (cont.)

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to The Data Protection Act 2018. We performed audit procedures to inquire of management and those charged with governance whether the charitable company is in compliance with these law and regulations and inspected correspondence with regulatory authorities.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://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 charity'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 charity'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 charity, 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 (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
First Floor
Quay 2
139 Fountainbridge
Edinburgh, EH3 9QG

Date: 16 September 2021

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

Statement of Financial Activities (including Income and Expenditure Account): Year Ending 31 March 2021

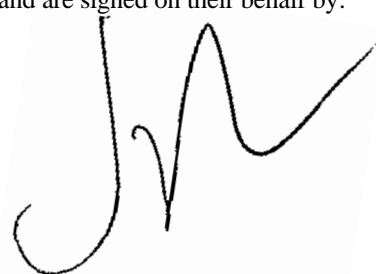
	Note	Unrestricted funds		Restricted funds	2021 Total	2020 Total
		General £	Designated £	£	£	£
Income and endowments						
Grants, donations and legacies	5	4,677,397	-	610,076	5,287,473	5,293,984
Charitable activities	6	241,439	-	8,362	249,801	2,788,750
Income from other trading activities	7	101,708	-	149,200	250,908	316,647
Investments		2,033	-	-	2,033	7,135
Other income	8	1,035,584	-	-	1,035,584	92,157
Total income and endowments		<u>6,058,161</u>	<u>-</u>	<u>767,638</u>	<u>6,825,799</u>	<u>8,498,673</u>
Expenditure						
Raising funds	9	(308,962)	-	(26,961)	(335,923)	(531,320)
Charitable activities	10	(5,629,110)	-	(361,327)	(5,990,437)	(9,462,952)
Other Expenditure	11	-	-	(17,430)	(17,430)	-
Total expenditure		<u>(5,938,072)</u>	<u>-</u>	<u>(405,718)</u>	<u>(6,343,790)</u>	<u>(9,994,272)</u>
Net income/(expenditure) before theatre tax relief and transfers		120,089	-	361,920	482,009	(1,495,599)
Theatre tax relief		1,087	-	-	1,087	380,695
Net income/(expenditure)		<u>121,176</u>	<u>-</u>	<u>361,920</u>	<u>483,096</u>	<u>(1,114,904)</u>
Transfers between funds	28, 29,30	(102,524)	102,524	-	-	-
Net movement in funds	14	<u>18,652</u>	<u>102,524</u>	<u>361,920</u>	<u>483,096</u>	<u>(1,114,904)</u>
Reconciliation of funds						
Total funds brought forward	28, 29,30	(2,906,898)	9,780,241	472,559	7,345,902	8,460,806
Total funds carried forward	28, 29,30	<u>(2,888,246)</u>	<u>9,882,765</u>	<u>834,479</u>	<u>7,828,998</u>	<u>7,345,902</u>

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

**Balance Sheet:
At 31 March 2021**

	Notes	2021 £	2020 £
Fixed assets			
Tangible assets	18	8,949,267	9,217,497
Current assets			
Stocks		46,056	34,400
Debtors	19	417,824	868,140
Cash at bank	20	2,325,199	1,280,186
		<u>2,789,079</u>	<u>2,182,726</u>
Current liabilities: Amounts falling due within one year			
Creditors	21	(669,951)	(661,282)
		<u>2,119,128</u>	<u>1,521,444</u>
Net current assets			
Creditors: Amounts falling due after more than one year			
Creditors	22	(3,239,397)	(3,393,039)
		<u>7,828,998</u>	<u>7,345,902</u>
Net assets			
Reserves			
Restricted funds	28	834,479	472,559
Designated funds	29	9,882,765	9,780,241
Income and expenditure account	30	(2,888,246)	(2,906,898)
		<u>7,828,998</u>	<u>7,345,902</u>

The financial statements were authorised for issue and approved by the directors on 8 September 2021 and are signed on their behalf by:



Jim Pettigrew
Chair

Company No: SC065497

Cash Flow Statement: Year Ending 31 March 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash generated from/(used in) operating activities	32	1,287,894	(465,945)
Cash flows from investing activities			
Interest receivable		2,033	7,135
Proceeds from sale of fixed assets		-	-
Payment to acquire tangible fixed assets		(74,307)	(169,258)
		<hr/>	<hr/>
Net cash used in investing activities		(72,274)	(162,123)
Cash flows from financing activities			
Repayment of loan		(152,877)	(152,117)
Loan Interest paid		(17,730)	(18,490)
		<hr/>	<hr/>
Net cash (used in) financing activities		(170,607)	(170,607)
		<hr/>	<hr/>
Increase/(Decrease) in cash in the year		1,045,013	(798,675)
Cash and cash equivalents at 1 April 2020	20	1,280,186	2,078,861
		<hr/>	<hr/>
Cash and cash equivalents at 31 March 2021	20	<u>2,325,199</u>	<u>1,280,186</u>

The notes on pages 29 to 43 form part of these financial statements

Notes to the Financial Statements: Year Ending 31 March 2021

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 (which is defined as at least 12 months after the date of signing these financial statements).

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 2021/22 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 the prospect for re-opening with restricted audience numbers as a result of Covid-19 has been thoroughly considered in the future planning processes and the company has 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 2021

3. Principal Accounting Policies (cont.)

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 Schemes 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 2021

3. Principal Accounting Policies (cont.)

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 attended 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 2021

3. Principal Accounting Policies (cont.)

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 £	2021 £	2020 £
Scottish Government core funding	4,369,000	71,004	4,440,004	4,369,000
Scottish Government capital funding	-	35,000	35,000	18,687
Donations (including gifts in kind)	308,397	504,072	812,469	906,297
	<u>4,677,397</u>	<u>610,076</u>	<u>5,287,473</u>	<u>5,293,984</u>

6. Charitable activities

Box office, touring and productions	34,285	-	34,285	2,480,605
Scottish Government tour funding	-	-	-	65,413
Friends Membership Scheme	41,130	-	41,130	33,798
Education	166,024	8,362	174,386	208,934
	<u>241,439</u>	<u>8,362</u>	<u>249,801</u>	<u>2,788,750</u>

7. Income from other trading activities

Sponsorship	45,500	149,200	194,700	220,767
Other (Programmes, Merchandise, Hires)	56,208	-	56,208	95,880
	<u>101,708</u>	<u>149,200</u>	<u>250,908</u>	<u>316,647</u>

Notes to the Financial Statements:
Year Ending 31 March 2021

8. Other income

	Unrestricted £	Restricted £	2021 £	2020 £
Job Retention Scheme	1,019,518	-	1,019,518	46,286
Insurance Claim	16,066	-	16,066	459
Sale of Sets/Costumes	-	-	-	39,210
Gain on disposal of fixed assets	-	-	-	-
Gain on exchange	-	-	-	2,572
Other	-	-	-	3,630
	<u>1,035,584</u>	<u>-</u>	<u>1,035,584</u>	<u>92,157</u>

During the year the company received support from the government under the Coronavirus Job Retention Scheme of £1,019,518 (2020: £46,286). The scheme provides for the reimbursement of wages for employees who were placed on furlough leave.

Under the scheme the company applied for the reimbursement of up to 80% of employees' wage costs up to £2,500 per wages payable from 1 March 2020. The scheme was accessed by designating affected employees as furloughed or retained on paid leave of absence, notifying employees of these changes, submitting information about these employees and their earnings to HMRC.

9. Expenditure on raising funds

Development resources	291,927	26,961	318,888	463,016
Cost of goods	17,035	-	17,035	68,304
	<u>308,962</u>	<u>26,961</u>	<u>335,923</u>	<u>531,320</u>

10. Charitable activities

Box office, touring and productions	4,402,079	178,108	4,580,187	7,721,284
Education	433,045	183,219	616,264	860,681
Support Costs (Note 12)	793,986	-	793,986	880,987
	<u>5,629,110</u>	<u>361,327</u>	<u>5,990,437</u>	<u>9,462,952</u>

11. Other Expenditure

Donation to Scottish Ballet Endowment Fund (SBEF)	-	17,430	17,430	-
	<u>-</u>	<u>17,430</u>	<u>17,430</u>	<u>-</u>

Notes to the Financial Statements:
Year Ending 31 March 2021

12. Support costs

	Box office, touring and productions £	Education £	2021 Total £	2020 Total £	Basis of Apportionment
Staff costs	465,636	37,235	502,871	542,105	Staff time
Other costs	228,260	38,751	267,011	301,476	Expenditure
Governance costs (Note 13)	20,606	3,498	24,104	37,406	Expenditure
	<u>714,502</u>	<u>79,484</u>	<u>793,986</u>	<u>880,987</u>	

13. Governance costs

	2021 £	2020 £
Health and safety	110	9,831
Audit fees	14,320	13,905
Other professional fees	9,674	13,670
	<u>24,104</u>	<u>37,406</u>

14. Net movement in funds

	£	£
Net movement in funds are stated after charging/(crediting):		
Depreciation	342,537	330,285
Auditor's remuneration		
Audit fees	14,320	13,905
Operating leases	10,887	10,685
Interest receivable	(2,033)	(7,135)
Cost of stock	38,827	78,202
	<u>344,518</u>	<u>355,932</u>

15. Employees

	2021 No	2020 No
The average number of staff employed by the company during the financial year amounted to:	<u>100</u>	<u>100</u>
The average full-time equivalent staff during the financial year amounted to:	<u>93</u>	<u>94</u>

	2021 £	2020 £
The aggregate payroll costs of the above were:		
Wages and salaries	3,441,528	3,522,851
Social security costs	322,625	323,735
Other pension costs	232,009	217,509
	<u>3,996,162</u>	<u>4,064,095</u>

Notes to the Financial Statements: Year Ending 31 March 2021

16. Directors and employees' emoluments

	2021	2020
	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	1	2
£80,001 - £90,000	-	1
£90,001 - £100,000	2	-
£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:	3	4
	<hr/> <hr/>	<hr/> <hr/>
	2021	2020
	£	£
The employer's pension contributions in respect of the above employees amounted to:	20,809	26,892
	<hr/> <hr/>	<hr/> <hr/>

17. Directors and key management personnel

	2021	2020
	£	£
Remuneration in respect of directors was as follows:		
Emoluments receivable	183,667	174,691
Royalty payments	6,000	32,225
Employers NIC	21,113	20,422
Pension contributions to a defined contribution scheme	15,335	14,555
	<hr/>	<hr/>
	226,115	241,893
	<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	91,393	89,368
Royalty Payments	6,000	32,225
Employers NIC	10,887	10,637
Pension contributions to a defined contribution scheme	7,432	7,326
	<hr/>	<hr/>
	115,712	139,556
	<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 3 directors were reimbursed for travel expenses totalling (£552) (2020: 9 directors, £22,631): 1 non-executive directors amounting to £242 (2020: 7 directors, £5,033); and 2 executive directors amounting to (£794) (2020: 2 directors, £17,598). 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 2021

18. Tangible fixed assets

	Long leasehold property	Office Adaptations, vehicles & equipment	Musical instruments	Total
	£	£	£	£
Cost				
At 1 April 2020	11,373,783	1,566,136	57,893	12,997,812
Additions	-	74,307	-	74,307
Disposals	-	(139,801)	-	(139,801)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2021	11,373,783	1,500,642	57,893	12,932,318
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 April 2020	2,415,033	1,313,084	52,198	3,780,315
Charge for the year	227,476	113,748	1,313	342,537
Disposals	-	(139,801)	-	(139,801)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2021	2,642,509	1,287,031	53,511	3,983,051
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 March 2021	8,731,274	213,611	4,382	8,949,267
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2020	8,958,750	253,052	5,695	9,217,497
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

All tangible fixed assets are used for charitable purposes.

19. Debtors

	2021	2020
	£	£
Trade debtors	47,560	58,197
Other debtors		
Expenditure in respect of future productions	140,852	188,815
Sundry debtors	2,449	4,250
VAT & FEU	54,584	87,161
Theatre tax relief	-	379,359
Prepayments	32,211	25,366
Accrued income	140,168	124,992
	<hr/>	<hr/>
	417,824	868,140
	<hr/> <hr/>	<hr/> <hr/>

20. Cash and cash equivalents

	2021	2020
	£	£
Balances held in current accounts	516,320	45,649
Balances held in deposit accounts	1,808,879	1,234,537
	<hr/>	<hr/>
	2,325,199	1,280,186
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements:
Year Ending 31 March 2021

21. Creditors: Amounts falling due within one year	2021	2020
	£	£
Trade creditors	173,141	149,695
Other taxation and social security	98,001	107,855
Other creditors	66,633	79,297
Pension contributions	31,748	843
Accruals	122,686	162,615
Deferred income	24,100	8,100
Scottish Government loan	153,642	152,877
	<u>669,951</u>	<u>661,282</u>

Deferred income of £24,100 (2020: £8,100) 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	2021	2020
	£	£
At 1 April	8,100	146,110
Received in the year	17,000	1,000
Released to the SOFA in the year	(1,000)	(139,010)
	<u>24,100</u>	<u>8,100</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.

22. Creditors: Amounts falling due after more than one year	2021	2020
	£	£
Scottish Government loan	<u>3,239,397</u>	<u>3,393,039</u>

The Scottish Government loan has the following repayment schedule:

Due within one year	153,642	152,877
Due within one to two years	154,410	153,642
Due within two to five years	467,878	465,550
Due in more than five years	2,617,109	2,773,847
	<u>3,393,039</u>	<u>3,545,916</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.

Notes to the Financial Statements: Year Ending 31 March 2021

23. 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 a donation of £17,430 (2020: nil) to SBEF during the year.

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.

Donations without conditions to Scottish Ballet from trustee directors during the year were £53,213 (2020: £85,500).

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

24. Leasing commitments

At 31 March 2021 the company had future commitments under non-cancellable operating leases as set out below:

	Assets other than land & buildings	
	2021	2020
	£	£
Operating leases which expire:		
Not later than one year	5,639	5,406
Later than one year and not later than five years	3,980	7,960
	9,619	13,366
	9,619	13,366

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.

25. Capital commitments

There were no capital commitments at 31 March 2021.

Notes to the Financial Statements: Year Ending 31 March 2021

26. 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 £67,597 (2020: £61,999).

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 £162,802 (2020: £153,867).

No pension contributions were paid directly to an employee's personal pension plan (2020: £1,357).

27. Contingent liabilities

There were no contingent liabilities at 31 March 2021 (2020: £nil).

28. Restricted funds – Movements in the year

	At 1 April 2020	Income and endowments	Expenditure	Transfers	At 31 March 2021
	£	£	£	£	£
Productions	366,793	463,707	(182,715)	-	647,785
Engagement Activities	69,649	268,931	(183,219)	-	155,361
Capital Equipment Grant 19/20	18,687	-	(11,354)	-	7,333
Capital Equipment Grant 20/21	-	35,000	(11,000)	-	24,000
Rita Dow	17,430	-	(17,430)	-	-
	<u>472,559</u>	<u>767,638</u>	<u>(405,718)</u>	<u>-</u>	<u>834,479</u>

Productions and Engagement Activities 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. Although the expenditure has been delayed due to the pandemic, the fund is being released in line with expenditure and the restrictions applicable within the grants. At 31 March 2021, £7,333 of the grant remains unspent.

A further capital equipment grant was received in March 2021 from the Scottish Government to assist Scottish Ballet in upgrading of building facilities. This fund is similarly being released in line with expenditure and the restrictions applicable within the grants. At 31 March 2021, £24,000 of 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. In line with their original purpose, these funds have been donated to Scottish Ballet Endowment Fund during the year.

Notes to the Financial Statements: Year Ending 31 March 2021

29. Designated Funds – Movements in the year

		At 1 April 2020	Income and endowments	Expenditure	Transfers	At 31 March 2021
		£	£	£	£	£
Tramway Capital Reserve	i)	8,958,749	-	-	(227,476)	8,731,273
Pension Loan Reserve	ii)	351,492	-	-	-	351,492
Future production Reserve	iii)	30,000	-	-	-	30,000
Digital Production Initiative	iv)	100,000	-	-	-	100,000
Media Rights Reserve	v)	-	-	-	50,000	50,000
Health & Wellbeing Reserve	vi)	20,000	-	-	-	20,000
Business Recovery Designation	vii)	120,000	-	-	280,000	400,000
Building Refurbishment Reserve	viii)	200,000	-	-	-	200,000
		9,780,241	-	-	102,524	9,882,765

- 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. An amount of £227,476 (2020: £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 exiting 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 incorporated the pension loan repayments into the annual expenditure forecast and has support in the form of legacies held by the Scottish Ballet Endowment Fund (SBEF). The directors have decided that due to the uncertainty of artistic output and finances as a result of the pandemic (restrictions on theatre performances and audiences), the Pension Loan Reserve has been retained at 2020/21. This will be reviewed annually for sufficiency going forward.
- 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 2021/22.
- iv) Scottish Ballet has commissioned many outstanding digital works and we continue, as part of our strategic focus, to prioritise digital creation and capture in order to maintain our pioneering creative position and enhance brand reputation worldwide. 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. This is anticipated to be spent during 2021/22.
- v) With the increasing emphasis on digital work and media broadcast, the directors have agreed to designate an amount for future Media Rights agreements with dancers, for use in any year that is likely to require such expenditure. This is anticipated to be spent during 2021/22.
- vi) Health & Wellbeing Reserve represents funds designated over a number of years for the provision of additional and improved facilities for employees. During 2020/21, Scottish Ballet continued to provide and develop exceptional health and wellbeing facilities for all staff. Further development is anticipated and £20,000 remains designated for the future development of Health & Wellbeing initiatives anticipated in 2021/22.
- vii) The Business Recovery Reserve has been extended to provide protection from the financial effects that the company is likely to incur in the wake of the Covid -19 pandemic and lockdown, with the forced postponement, re-scheduling and potential limitations on new productions and audience numbers, as restrictions ease. 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 over the next 24 months.
- viii) 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 approaches its 15th 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 2021

30. Unrestricted Funds - Movement in the year

	General Unrestricted funds £	Pension Unrestricted funds £	Total Unrestricted funds £
Income and endowments	6,058,161	-	6,058,161
Expenditure	(5,938,072)	-	(5,938,072)
Theatre Tax Relief	1,087	-	1,087
	<u>121,176</u>	<u>-</u>	<u>121,176</u>
Transfers:			
Release from Tramway capital reserve	227,476	-	227,476
Release to pension unrestricted reserve	(152,877)	152,877	-
Designated to Media Rights Reserve	(50,000)	-	(50,000)
Designated to Business Recovery Reserve	(280,000)	-	(280,000)
	<u>(134,225)</u>	<u>152,877</u>	<u>18,652</u>
At 1 April 2020	<u>639,018</u>	<u>(3,545,916)</u>	<u>(2,906,898)</u>
At 31 March 2021	<u><u>504,793</u></u>	<u><u>(3,393,039)</u></u>	<u><u>(2,888,246)</u></u>

31. Analysis of net assets between funds

	General unrestricted funds £	Designated funds £	Restricted funds £	At 31 March 2021 £	At 31 March 2020 £
Tangible fixed assets	186,659	8,731,273	31,333	8,949,265	9,217,497
Cash and cash equivalents	370,561	1,151,492	803,146	2,325,199	1,280,186
Other net current liabilities	(206,069)	-	-	(206,069)	241,258
Long term liabilities	(3,239,397)	-	-	(3,239,397)	(3,393,039)
	<u>(2,888,246)</u>	<u>9,882,765</u>	<u>834,479</u>	<u>7,828,998</u>	<u>7,345,902</u>

Notes to the Financial Statements:
Year Ending 31 March 2021

32. Notes to cash flow statement

	2021 £	2020 £
Reconciliation of net income/(expenditure) to net cash provided by operating activities		
Net income/(expenditure)	483,096	(1,114,904)
Interest receivable	(2,033)	(7,135)
Interest paid	17,730	18,490
Depreciation	342,537	330,285
Loss/(gain) on disposal	-	-
(Increase)/Decrease in stocks	(11,656)	3,929
Decrease/(increase) in debtors	450,316	355,415
Increase/(decrease) in creditors	7,904	(52,025)
	<u>1,287,894</u>	<u>(465,945)</u>
Net cash generated from/(used in) operating activities	<u>1,287,894</u>	<u>(465,945)</u>

33. Analysis of changes in net debt

	At 1 April 2020 £	Cashflow £	Other non-cash changes £	At 31 March 2021 £
Cash and Cash equivalents				
Cash	1,280,186	1,045,013	-	2,325,199
Borrowings				
Debt due within one year	(152,877)	152,877	(153,642)	(153,642)
Debt due after one year	(3,393,039)	-	153,642	(3,239,397)
	<u>(3,545,916)</u>	<u>152,877</u>	<u>-</u>	<u>(3,393,039)</u>
Total	<u>(2,265,730)</u>	<u>1,197,890</u>	<u>-</u>	<u>(1,067,840)</u>

Notes to the Financial Statements:
Year Ending 31 March 2021

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

	Unrestricted funds		Restricted funds	2020 Total
	General	Designated	funds	Total
	£	£	£	£
Income and endowments				
Grants, donations and legacies	4,605,957	-	688,027	5,293,984
Charitable activities	2,518,145	-	270,605	2,788,750
Income from other trading activities	163,380	-	153,267	316,647
Investments	7,135	-	-	7,135
Other income	52,947	39,210	-	92,157
Total income and endowments	<u>7,347,564</u>	<u>39,210</u>	<u>1,111,899</u>	<u>8,498,673</u>
Expenditure				
Raising funds	(467,756)	-	(63,564)	(531,320)
Charitable activities	(7,930,216)	(289,273)	(1,243,463)	(9,462,952)
Other Expenditure	-	-	-	-
Total expenditure	<u>(8,397,972)</u>	<u>(289,273)</u>	<u>(1,307,027)</u>	<u>(9,994,272)</u>
Net (expenditure) / income before theatre tax relief and transfers	(1,050,408)	(250,063)	(195,128)	(1,495,599)
Theatre tax relief	380,695	-	-	380,695
Net (expenditure) / income	<u>(669,713)</u>	<u>(250,063)</u>	<u>(195,128)</u>	<u>(1,114,904)</u>
Transfers between funds	157,476	(157,476)	-	-
Net movement in funds	<u>(512,237)</u>	<u>(407,539)</u>	<u>(195,128)</u>	<u>(1,114,904)</u>