

SCOTTISH BALLET

Est: 1969

ANNUAL REPORT & FINANCIAL STATEMENTS

Year Ending 31 March 2022

SCOTTISH BALLET

Company Limited by Guarantee

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) Catherine Muirden (Deputy Chair) Christopher Hampson (CEO/Artistic Director) Steven Roth (Executive Director) Nadhia Ahmad Ali Barbara Allison Anna Bateson Eleanor Bentley Theodorus Brandsen Giles Hedger Cassa Pancho Kirsty Wark
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 Third Floor 2 Semple Street Edinburgh EH3 8BL

SYNOPSIS

Emerging from a Pandemic

Throughout 2021/22, Scottish Ballet focused on returning to the stage, whilst continuing to develop new artistic content and programmes for screen; hybrid (live/filmed) productions were pioneered; and creative and participatory-dance programmes were delivered in-person and by digital means. This evolving artistic vision provided a unique opportunity to build Scottish Ballet's world-wide membership community, and re-engage with our local audiences and core supporters once live touring was possible.

1. Highlights

- A hybrid year – screen and return to stage
 - *Dive* and *Odyssey* – two ground-breaking short films.
 - *Starstruck* – Gene Kelly's love letter to ballet; a joyous return to the stage after an 18-month hiatus.
 - *Starstruck* was re-imagined as a feature film, winning Best Dance Film at the National Dance Award '22 and a nomination for the Southbank Sky Arts Awards.
- SB Health evolving to hybrid platforms
 - For community participants, especially those living with neurological conditions (Parkinson's, Dementia and Multiple Sclerosis) reaching a total audience of **1,276** in the year. These classes are suitable for social prescribing and aimed at participants and their carers/family members providing a welcome return to in person classes as well as online.
 - Continuing Health at Hand™ work and the delivery of our innovative Safe To Be Digital Festival – helping address the physical and mental stresses in emerging from the pandemic. **3,975** participants took part (in-situ and online) with films being accessed **298,787** times.
- Addressing racism within the ballet industry
 - Scottish Ballet has begun work to help us understand better the impact of racism within our industry. Key changes are underway across all aspects of company life and our activities and include a refocusing of our policies and well-being options, and a fresh desire for our partners to be working with us to effect change.
 - Changes were made to the costumes, choreography and characters ahead of the winter tour of *The Nutcracker*, ensuring it remains relevant and meets current company and societal values.

2. Financial performance

Financial performance ended in line with expectations. Due to intermittent theatre closures, box office income achieved 62% of planned box office expectations for the year. This was countered by continued strong Advancement income and reduced expenditure (down by 11%), largely due to reduced touring.

Together with flexible Covid Job Retention Scheme (CJRS) and the steadfast support of Scottish Government through Christmas season closures, these factors resulted in an operating surplus of £30k in 2022 (2021: £482k).

The surplus will be carried forward within the company's financial strategy, supporting our Five in Five campaign – to create five new full-length ballets and achieve financial breakeven over a five-year period (2019-2024), and to support Scottish Ballet's recovery from the challenges experienced through the pandemic and lockdown.

3. Key indicators

- **On stage**
 - Autumn *Starstruck* Scotland tour – four cities, 16 performances, 8,892 audiences
 - Winter *The Nutcracker* Scotland/ UK – four cities, 47 performances, 38,747 audiences (NB; scheduled for six cities - Glasgow, Aberdeen and part of Edinburgh run cancelled due to Covid lockdown)
- **On screen**
 - nine dance films, world-wide audience views +340,000
- **Engagement**
 - 299 events / 343,853 participants (31,920 in-person, 311,933 on-line)
- **Advancement**
 - £1.12m (gifts, trusts and sponsorship) raised to support our Mission
- **How we rate (NPS)**
 - NPS average score 89 – Scottish Ballet regularly tracks audience satisfaction and propensity to recommend by measuring Net Promoter Score (NPS). The NPS score for *Starstruck* was 88, and for *The Nutcracker* 91, maintaining the same high average score (89) achieved across major productions in the company's 2019/20 50th anniversary year.

4. Awards & commendations

- **Award winners**
 - ✓ National Dance Awards 2021 – *The Secret Theatre* for Best Dance Film
 - ✓ One Dance UK Awards 2021 – Jerome Anthony Barnes for Rising Star Award
 - ✓ Covid Response Awards 2021 – Silver Award for *The Secret Theatre* for Best Membership/ Fan Engagement during Covid-19
 - ✓ Manchester Film Festival – *The Swan* for Best Experimental Film
- **Award nominations**
 - Covid Response Awards – *The Secret Theatre* for Best Response in the Media/Creative Industries
 - National Dance Awards
 - Stef Stefanou Award for Outstanding Company
 - Jerome Anthony Barnes for Emerging Artist Award
 - Best Company Response to the Pandemic
 - Indoors for Best Short Dance Film
 - One Dance UK Awards (longlist)
 - SB Engagement Team – Work in Education/Outreach Award
 - Fx Goby (Director, *The Shimmering Extraordinary*) – Dance on Film Award
 - Sara Kemal – Dance Programming Award
 - Tiffany Stott – Dance for Wellbeing Award
 - Jess and Morgs - (*The Secret Theatre*) – Dance on Film Award

- **Film Festival (digital awards) selections**

<i>Catalyst</i>	DELETE TV dates TBC – selected
<i>The Secret Theatre</i>	Portland Dance Film Festival – selected ‘Xmas special’ screening Dec 21
<i>The Secret Theatre</i>	Sans Souci Festival of Dance Cinema, Dec 21
<i>The Secret Theatre</i>	Bucharest Film Awards, 3-12 Sep – selected
<i>The Secret Theatre</i>	Dance on Camera Festival, 11 Feb – selected
<i>The Swan</i>	New Renaissance Dance Film Festival, 24-26 Sep – selected
<i>Odyssey</i>	Aesthetica Film Festival, 1-5 Nov – selected
<i>Odyssey</i>	Dance on Camera Festival, 11-14 Feb 2022 – selected
<i>Odyssey</i>	Thomas Edison Festival, 11 Feb 2022 – Honourable Mention
<i>Odyssey</i>	Manchester International Film Festival, 12-20 Mar 2022 – selected
<i>Dive</i>	Bucharest International Dance Film Festival, 1-5 Sep – selected
<i>Dive</i>	Portland Dance Film Festival, 1 Oct – selected
<i>Dive</i>	San Francisco Dance Film Fest, 16 Oct – selected
<i>Dive</i>	Venice Biennale, 25 July – selected
<i>Dive</i>	Glasgow Short Film Festival, 23-27 March – selected
<i>Dive</i>	Dance on Camera Festival, 11 Feb – selected

OVERTURE

Chair's Review

As we emerge from the Covid pandemic and work with ever changing circumstances and challenges brought on by post-pandemic recovery and current economic circumstances, Scottish Ballet continues to shine. Turning challenges into opportunities and by looking beyond the 'norm'; finding new ways to inspire our audiences and communities.

Looking back to 2021, and with pandemic restrictions continuing, the company worked towards two more short films created in the spring. Choreographer in Residence, Sophie Laplane, partnered with James Bonas (*The Crucible*) and film director Oscar Sansom to create *Dive*, a short film inspired by French artist Yves Klein and what has become the world's most famous shade of blue. Sophie's film received global acclaim, winning Best Short Film at Cinedans FEST in June 2022, and invited for presentation at film festivals world-wide. Lauded by Scotsman's Kelly Apter as '...a digital force to be reckoned with...', company soloist and choreographer, Nicholas Shoesmith, created *Odyssey* – an immersive, other-worldly VR performance inspired by modern video games.

After 18-months working 'in the wings', Scottish Ballet re-emerged in spring onto a radiantly lit stage with Gene Kelly's upbeat ballet, *Starstruck*. Again, thinking outside the box, a long-standing relationship with Gene Kelly's widow, Patricia Kelly, provided the impetus to bring a consequential work from one of the world's greatest film choreographers and dancers back to the stage. *Pas de Dieux* (framed within *Starstruck*) was a one-act ballet first created by Gene Kelly in 1960 for the Paris Opera. With additional material from Christopher Hampson, and Gershwin's ravishing score pre-recorded by the full Scottish Ballet Orchestra, *Starstruck* was greeted with enthusiastic applause and press – winning Best Dance Film at the National Dance Awards '22 and a nomination for the Southbank Sky Arts Awards.

Following the Scottish tour, *Starstruck* was re-imagined as a feature film by Forest of Black, beautifully directed by Oscar Sampson, and released worldwide on Marquee TV before being acquired for broadcast on PBS (USA), NHK (Japan) and SVT (Sweden).

Another lockdown in mid-winter 2021-22 again took Scottish Ballet off the stage, resulting in the loss of *The Nutcracker* tour throughout January. Originally planned to encompass 74 performances across six cities, final dates in Edinburgh, along with all performances in Glasgow and Aberdeen were cancelled, resulting in £550,000 in lost revenue (21,000 seats). The company eventually resumed the tour in Inverness, followed by Newcastle and Belfast. We are indeed grateful and indebted to the Scottish Government for providing financial support of £497,961 to underwrite the huge net loss against these cancelled performances, at what was a critical time for the company's business recovery.

Many Scottish Ballet Patrons and supporters will be aware of the company's commitment to drive anti-racism in ballet. Consistent with this endeavour, anti-racism sessions were conducted by Inc Arts for the Board and Leadership Group. Along with this commitment, some small but important changes were made to the costumes, choreography and characters ahead of the winter tour of *The Nutcracker*, ensuring it remains relevant and meets current company and societal values.

After twice being rescheduled, our long-awaited premiere of *The Scandal at Mayerling* marked another important milestone for Scottish Ballet. Bringing a major work from seminal Scottish choreographer, Sir Kenneth MacMillan, into the company's cannon marked a turning point following two years of uncertainty. What a delight it was to see the full company and orchestra premiering this lavish new production – for the first time out of London – another significant achievement!

Off the stage, our engagement and community programmes also continue to soar. In September 2021, the company began a new project supported by The Ideas Fund (funded by Wellcome Trust and managed by the British Science Association), to deliver a pilot dance health project, Elevate, for people living with multiple sclerosis in Orkney. A new digital health resource, SB Duet, has been developed to enable people with reduced mobility to enjoy dance safely from their bed or bedside. SB Duet will launch in 2022/23,

working with care homes, NHS and third sector organisations to disseminate the resource. The SB Health team also delivered its first virtual training programme, Time to Dance, for dance practitioners in Beijing.

I am impressed by the resilience and imagination demonstrated by all at Scottish Ballet. There is a perspicacity embedded within the mindset of the company that allows it to flourish, even when faced with adverse circumstances such as we've seen in 2020, '21 and into '22. Perhaps it's the characteristic 'Scottishness' shining through?

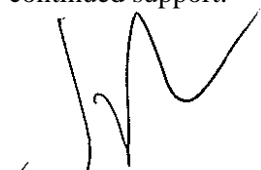
That unique 'Scottishness' would be a much duller hue without the continued encouragement and support of all those who connect with the company – our audiences, patrons, donors, sponsors, Friends, members, etc – throughout communities and regions in Scotland and beyond. Thank you all for your generosity – both in spirit and financial commitment.

Likewise, our team at the Culture and Historic Environment Division of the Scottish Government have worked as hard as ever with our Cabinet Secretary and Minister to ensure that the arts and creative industries remain a critical pillar that defines Scotland and 'Scottishness' on the local and world stage.

Acknowledging my fellow board members, your broad range of skills, knowledge, and experience provide a strong foundation on which the company confidently navigates back into a post-pandemic world. It was my pleasure to welcome two new Non-Executive Directors to the Board in February 2022: Scottish solicitor Nadhia Ahmad-Ali, and Ballet Black Founder, CEO & Artistic Director Cassa Pancho MBE. We are all so pleased to have you with us in the Scottish Ballet 'family'. From newcomers to old friends, we were saddened to mark the retirement from the Board of long serving members Jann Brown and Keith Ruddock, along with James Mackenzie-Blackman, who left Eden Court Inverness to take up an exciting new role as CEO of Theatre Royal Plymouth.

Lastly, CEO/Artistic Director, Christopher Hampson and Executive Director, Steven Roth, have never shied from the challenges; leading with optimism and confidence to ensure Scottish Ballet returns to the stage with renewed vigour and artistic excellence enshrined in all we set out to achieve. Needless to say, they can't do this alone. All of the teams across the company work so hard, and often far outwith their own remit, to deliver great performances and inspiring creative programmes. Following these difficult years, I applaud your personal and collective efforts.

With economic, political and social uncertainty not seen across the world since WWII, the performing arts and creative industries now, more than ever, have a defining role to play in our lives. Thank you for your continued support.



Jim Pettigrew

Chair

7 September 2022

ACT ONE

Year in Review

Our Mission: To inspire on stage *and beyond*

1. Strategic Focus One: Artistry

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

As prevailing pandemic restrictions in the first half of 2021 curtailed Scottish Ballet's touring and live performances, the company continued to progress innovative screen development resulting in two highly successful films being produced and released in April and May respectively: *Dive*, from resident choreographer Sophie Laplane, and *Odyssey*, created by SB dancer/choreographer, Nick Shoesmith. Both works achieving world-wide recognition as outlined earlier in this report.

Commissioned as part of our Safe to Be Me Festival in May 2021, *The Shimmering Extraordinary* comprised six outstanding short films focusing on the stories of six individual dancers, inspired by the festival's themes of acceptance, identity, and respect.

The latter end of 2021, saw Scottish Ballet burst back to the stage with a stunning spectacle, *Starstruck*, the re-imagining of Gene Kelly's 1960 ballet originally created for the Paris Opéra. *Starstruck* was followed by the welcome return of Scottish Ballet founder, Peter Darrell's *The Nutcracker*, with some considered additions to the production which included the central character of Drosselmeyer being able to be played by either a male, or female dancer, and the inclusion of traditional Chinese dance, replacing the original choreography, further embedding authentic cultural voices into the production. As our tour of *The Nutcracker* advanced, the sector was once again placed under lockdown measures to mitigate the Omicron variant, leading to four weeks of cancelled performances, effectively meaning there was no tour to Glasgow or Aberdeen. Post Omicron lockdown and back on the road the production continued its successful run in Inverness, Newcastle and Belfast.

Having endured further uncertainty through the 2021/22 winter season, emerging into Spring 2022 with the world premiere of *The Scandal at Mayerling*, the third ballet in Scottish Ballet's ambitious Five in Five Campaign, was an incredible achievement. The production was a thrilling showcase of the talents of the entire company in an iconic work from Scottish-born choreographer, Sir Kenneth MacMillan. This new version, seen for the first time outside of London since its creation in 1978, was a critical success and garnered particular praise for upcoming designer Elin Steele's sets and costumes.

The company's return to touring included Sadler's Wells, London to present Helen Pickett's *The Crucible*, the first commission in the Five in Five Campaign. The production received five-star reviews across the board and coincided with The National Dance Awards 2022 where *Starstruck* won the category, Best Dance Film, alongside nominations in the Best Classical Choreography and the Emerging Artist categories.

Looking ahead, this summer the company presented the fourth ballet in Scottish Ballet's Five in Five Campaign, a world premiere of *Coppélia* at the Edinburgh International Festival, from choreographic duo Jessica Wright and Morgann Runnacre-Temple, known creatively as Jess & Morgs. Following this world premiere, the company will tour *Coppélia* across Scotland throughout the autumn while preparing for the return of *The Snow Queen* to conclude the year.

Whilst there has been more certainty for forward planning with each passing month, uncertainty still reigns around the return of audiences. The effects of the pandemic brought about a unique year for Scottish Ballet. The re-ordering of our programming means that the company will have presented all the created works, so far, in the Five in Five Campaign within 2022 – this is a momentous achievement, and the fifth and final work is already waiting in the wings!

2. Strategic Focus Two: Engagement

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

2.1. Safe to Be Me® Digital Festival

StBM® uses dance performance and workshops in schools to tackle issues of race, gender, homophobia, transphobia, bullying and prejudice. The project engages with Primary 6 pupils to explore identity, celebrate diversity and support young people to feel safe and confident in who they are.

The first StBM® digital festival was launched in May 2021 and achieved over 2,400 participations, a 73% increase on activity in 2019 (876 participations). Delivery included 71 workshops, 15 inspirational talks, 25 films created by young people, two film projects, and six commissioned films in *The Shimmering Extraordinary* collection.

2.2. Scottish Ballet Youth Exchange

Eight young people were selected to join Scottish Ballet's Youth Exchange (YEX) 2021/22 programme. Each week, the cohort accessed a range of development opportunities with national and international practitioners. Through the company's partnership with Move NYC they operated as a new company together alongside eight accomplished young dancers from New York City. A new work was commissioned for them, performed in Birmingham (as part of the U Dance Festival 2022) and to be performed in New York and Glasgow in July 2022. As part of the Safe to Be Me festival in May 2021, Scottish Ballet launched a film collaboration project bringing together a group of young dancers from Scottish Ballet's YEX programme and young musicians from Intercultural Youth Scotland.

2.3. The Close

During the *Starstruck* tour, Scottish Ballet worked with six young people at Dudhope Inpatient Unit, a small mental health facility in Dundee. The young people learnt sections of choreography from *Starstruck* and later watched the film. Staff at the facility were impressed with the confidence the patients showed to participate in dance and noticed they were dancing and moving in a way that wasn't self-conscious.

Following two days of training on the BROAD approach delivered by members of Company Chameleon, Scottish Ballet staff and associates delivered an intensive week of creative dance activity at Scottish Ballet's Headquarters in April for a group of young people from the Kibble Care and Education Centre.

'I just want to thank you all for your work in the planning and delivery of the Broad project. It was an incredibly powerful way of working and I know that it was a hugely positive experience for the pupils and staff involved... You all created such a lovely space where the kids could explore their creativity and felt safe to share.' Laura Cairns Education Manager.

2.4.SB Health – Emerge

SB Health was awarded £20,000 from The Rayne Foundation to develop a pilot programme for people living with long Covid. The SB Health Team are undertaking a period of research and development with a group of medical specialists and those with lived experience working to produce dance resources for people living with long Covid. SB Health Emerge resources seek to support mental wellbeing and develop confidence, as well as addressing some of the key reported neurological symptoms of long Covid.

2.5. SB Health - Duet

SB Health were awarded £50,000 by the ALLIANCE self-management fund to develop a package of resources for people with reduced mobility to share with their companions or carers. SB Duet can be safely accessed by those in bed, at the bedside or seated – in care homes, hospitals or at home and are accessible for people living with neurological conditions. The resources were launched to the public in June 2022.

2.6. SB Health - Elevate®, Orkney – Ideas Fund project

In September 2021, the company secured £89,100 from The Ideas Fund to work in partnership with MS Society Orkney, The Pickaquooy Centre, and The Royal Conservatoire Scotland (Dr Bethany Whiteside) to deliver a 21-month dance programme for people living with multiple sclerosis. The project builds on a successful Orkney pilot delivered in 2019. Following a call-out for local dance artists and musicians to join the project team, Scottish Ballet has trained six Orkney based dance artists and one musician to deliver the Elevate® programme.

2.7. The Associates Programme

September 2021 saw a welcome return to the studio for Associates at all levels, albeit with some continued restrictions. Students and staff have coped well with the adjustments, with excellent attendance and student retention. Staff have been able to continue to offer online classes for students who are isolating or unable to travel, which continued throughout the year and was much appreciated by parents/carers of those affected. Auditions for the child performers in *The Nutcracker* were carried out in-person, and the 24 children selected to tour with the company were delighted at the opportunity.

As the academic year unfolded, Senior Associates were supported in their preparation for auditions with further training and a number were successful in gaining places at full-time institutions. The delivery of SQA Higher dance was paused for a year due to the prevailing circumstances, but re-commenced in August 2022.

Associates were able to offer in-person auditions in May for the 22/23 intake, which has had a very positive response, with strong application numbers and increased diversity amongst applicants. The newly introduced ‘assessment system’ was fully implemented and has already provided useful feedback on standards and benchmarking that we will continue to build upon.

3. Strategic Focus Three: Advancement

- *Providing high-value supporter (private & corporate’) engagement to advance growth and sustainability.*

3.1. Key Indicators:

- 13% of total SB income generated through Advancement; of this:
 - 8% was generated through private gifts
 - 3% was generated through trusts and foundations
 - 2% was generated through corporate sponsorships
- 12% increase in new bequestors
- 7% of patrons upgraded their support
- 200% increase in income from Appeals

3.2. 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. Through Covid-19 restrictions, our third campaign ballet, *The Scandal at Mayerling* was again postponed until Spring 2022. However, all five-year pledges continue to be honoured, representing **£213,455** in 2021/22. Additional fundraising required to support the creative aspirations of the fourth and fifth ballets is progressing.

3.3. Appeals

Two public appeals were launched in 2021/22: *Fit for the Gods* and *Sewing a Scandal*. Both appeals raised crucial funds for the *Starstruck* and *Mayerling* costumes respectively. Scottish Ballet's new Members were also invited to make a gift – attracting 50 new donors.

On 19 June 2021, Scottish Ballet held an online fundraiser for *Starstruck*. Over 70 guests joined us online to watch rehearsals and to hear from CEO/Artistic Director, Christopher Hampson, Designer, Lez Brotherston and Patricia Kelly (from LA) about Gene Kelly's original *Pas de Dieux*. The event raised £45,000.

Total income from all Appeals in 2021/22 was **£250,963**. Over half of this was from new supporters, The Bently Foundation.

3.4. Sponsorship & Commercial

Although another challenging year, it is pleasing to note that Scottish Ballet retained the majority of its corporate partnerships and secured four new long-term relationships. The sponsorship team continued to find innovative ways to engage with corporate supporters at bespoke online events and welcomed partners and their guests once again to our performances.

Scottish Ballet's 'e-shop' sales steadied in 2021/22 with the return to venue sales pre-Christmas during *The Nutcracker*. Shop and programme sales directly support the company's work on and off the stage.

4. Strategic Focus Four: Brand, Audience & Digital (BAD)

- *Growing the brand and developing a wide and highly engaged audience for all that Scottish Ballet produces.*

4.1. A hybrid year... digital and screen

In the first quarter of 2021/22, the company released short films *Dive* and *Odyssey*. *Dive* has since been presented at film festivals worldwide.

'A work of collaborative genius, milking the best elements of dance film for all they're worth, Dive once again positions Scottish Ballet as a force to be reckoned with in this field... Odyssey sees [Shoemith] continue to give us beautiful choreography, great musical choices and an imaginative outlook.' ★★★★★ **The Scotsman**

In May 2021, *The Shimmering Extraordinary* was released with the support of popular platform Nowness and received over **300,000** views.

'So inspiring' – Facebook comment
'This is absolutely stunning' – Facebook comment

Scottish Ballet returned triumphantly to the stage in Autumn 2021 with *Starstruck* – our love letter to Gene Kelly. Audiences and critics were thrilled with the production and the company were buzzing to be back in theatres. *Starstruck* reached 65% of target, despite the challenging environment. The feature film *Starstruck* launched online on Marquee TV following a successful premiere event at the Curzon cinema in Mayfair, London. 1,181 households signed up to view the film.

'An enthralling hour of deliciously unconventional ballet.' ★★★★★ **The Telegraph** (*Starstruck* live)

'Leggy, sexy and modern' ★★★★★ **The Stage** (*Starstruck* live)

'Undoubtedly the best Scottish Ballet have performed' ★★★★★ **Daily Record** (*Starstruck* film)

'A triumph' ★★★★★ **Culture Whisper** (*Starstruck* film)

The Nutcracker was quite the rollercoaster of a tour, with Glasgow and Aberdeen runs cancelled due to Covid restrictions, and Omicron fears affecting sales in Edinburgh too. However, strength of sales improved greatly when shows resumed, ending on a real high by filling **95%** of capacity at the Belfast Grand Opera House. The final performance tally was 48 of the planned 74 shows, achieving **~63%** of the total income target. As always, the production received glowing reviews from families and press alike.

'A fabulous, fantastical adventure... Exquisite' ★★★★★ **The Herald**

'A revolutionary production of a Christmas Classic' ★★★★★ **The Telegraph**

Distribution of the digital capture of *The Snow Queen* has continued (managed by Naxos) and further relationships developed with Sky Arts, Marquee TV, Amazon Prime, NHK Japan, Indy Cinema Group, and Film Hub Scotland.

Despite a decline in web traffic due to less touring and advertising, followers across all social media platforms grew by **12%** year on year. A new fitness series developed by Scottish Ballet performed particularly well on YouTube, with over **16,500** views across six videos. Similarly, our podcast pilot series was very well received with overwhelmingly positive survey feedback and approx. 800 downloads.

4.2. Audience development

In late 2021, research into how audiences were returning to theatres post-Covid showed that many were still hesitant about returning to theatres. Covid-related cancellations for *The Nutcracker* tour resulted in a total box office loss of **~£1.2m**.

Membership continued to grow throughout 2021/22, with total Free Members sitting at **60,048**. In 2021/22, **8,092** new Members created an account and of that **6,417** are still active Members. A new website agency, Substrakt, was appointed and briefed to build a new website that will be designed with Membership at its heart.

5. Behind the Scenes

5.1. Artistic Development

After such a long period of ambiguity, Scottish Ballet can now look confidently to the future. The Five in Five Campaign is soon to be completed with the final commission from Resident Choreographer, Sophie Laplane. This last piece in the jigsaw will be Sophie's first full-length work a milestone in the progression of her choreographic career which began while still a dancer with the company. Alongside this, Associate Choreographer, Nicholas Shoesmith, will continue to develop new work for future mixed programmes. This kind of home-grown talent shows the creative vigour which exists within Scottish Ballet.

Diversifying the stories that are told and the creative voices which tell them continues to be important. In developing the successful winter production *The Snow Queen*, consultation will continue with representatives from the Gypsy, Roma and Traveller communities to ensure authentic representation. A future Double Bill will showcase the work of Dickson Mbi, a creator from a Hip Hop background who has already completed some R&D with Scottish Ballet.

Ensuring relevance to our audiences and wider communities will continue to underpin future commissioning, necessitating a refocus on original short form work on stage and screen to include cultural diversity and choreographic progression. The future of Scottish Ballet is bright and the values that form the foundation of our strategy ensure artistic and creative output in the coming years.

To inspire, on stage and beyond requires the balance of excellence, innovation, and inclusion.

5.2. Equity, Diversity & Inclusion (EDI)

In 2021/22 Scottish Ballet continued to work hard to understand better the impact of racism and the power imbalances within our industry. Following successful anti-racism training for the Leadership team and Board members, bespoke workshops are now scheduled for all staff. Changes are underway across all aspects of our work and include a refocusing of our policies and well-being options and a fresh desire for our partners to be working with us to effect change. Furthermore, the company secured funds to contract advisory agencies Inc Arts and Intercultural Youth Scotland (appointed a specialist mentor and guide) to provide support and help navigate the changes required. A team of accountability partners has been set up involving members of the Senior Leadership Group and Board of Directors with key objectives and topics for discussion set each month. Using the Unlock framework, change is being affected across the areas of recruitment, wellbeing and leadership.

Members of the EDI group have divided the responsibilities for leading on consideration and change for each of the protected characteristics and a subsequent action plan is under way. Transgender awareness training was delivered to 13 members of staff by the Proud Trust, further sessions will now be made available to all staff.

Scottish Ballet has introduced BSL interpretation at public events and films along with captioning, and continue to seek opportunities to remove barriers to our events. A company-wide accessibility audit has been commissioned and will be led by Birds of Paradise.

5.3. Sustainability / Carbon Footprint

Scottish Ballet Environmental Group has representation from across the organisation, which will ensure that awareness of our sustainability plan is company-wide and seen as a key priority. The group continue to meet regularly to develop the company's Green Action Plan as we begin our journey to Net Zero 2030 in earnest. Our commitment is to make (big and small) changes across every area of the organisation in order to reduce our impact on the environment. Three key Green Action pillars have been identified - our touring, our culture / communities and our home, the latter being a priority focus for 2022 in terms of reducing energy use and increasing the efficiency of our headquarters.

To measure the impact of the changes, actions and progress made between January 2022 and January 2023 will be catalogued by every department. The Environmental Group report regularly on progress as they continue to meet environmental challenges, adapt to new and sustainable ways of working and encourage our people, supporters, communities and partners to work with us to help us achieve our sustainability goals. The insights gained will also be shared with other arts organisations and venues.

ACT TWO

Report of the Directors (incorporating the Strategic Report): Year Ending 31 March 2022

The directors present their report with the audited financial statements of the company for the year ended 31 March 2022.

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.

Vision, Mission, Values & Commitment

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.

As Scotland's national dance company, we aim *to move people by sharing our passion and creating exceptional dance*. We use the power of dance to connect with our communities and express diverse identities and stories, on stage and beyond.

Since 1969 our award-winning performances take place all over Scotland – from our biggest cities to our most remote communities. We also tour the world, promoting Scotland's pioneering spirit far and wide.

Vision: We're creating a future where anyone can move or be moved.

Mission: To inspire on stage and beyond.

Values: Excellence, Inclusion, and Innovation.

Commitment: SB's commitment to Vision and Mission is demonstrated by:

1. Strong creative leadership and by delivering exceptional artistic experiences
2. Sharing our work widely and enriching communities through inspiring engagement and education programmes
3. Providing high-value supporter (private & corporate) engagement to advance growth and sustainability
4. Growing brand and developing a wide and highly engaged audience for all that SB produces
5. Optimising financially and environmentally sustainable, efficient workplace and systems
6. Building excellence on stages and screens; collaborating with internal and external stakeholders to realise the Artistic Vision
7. Developing the performance and well-being of our people and cultivating a safe, respectful and inclusive working environment.

Report of the Directors (incorporating the Strategic Report): Year Ending 31 March 2022

Strategic Review

Achievements and performance

A full summary of the company's achievements and performances during the year are provided on pages 2 to 13, including the Chair's Review.

External responsibilities

Scottish Ballet is supported by public funds. These, in the main, were from the Scottish Government in 2021/22, 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 Coronavirus Job Retention Scheme (CJRS) funds during the year where employees have been unable to undertake their full 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 £29,628 (2021: surplus £482,009) before Theatre Tax relief. In line with the overall strategy of the company, the current financial plan has been adapted to cover the investment in, and creation of, the delayed new full-length ballets making up our Five in Five campaign running 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.

Artistic output in 2021/22 continued to be restricted with the first six months focussed on digital presentations, including on-line streams of *Dive* and *Odyssey*. The re-opening of Scottish theatres in September 2021 brought a welcome return to live performance with *Starstruck: Gene Kelly's love letter to ballet* and *The Nutcracker*. However, audiences remained cautious and, with further theatre closures over the festive period, box office performance remained challenging.

This resulted in the reported surplus (Net Income), with emphasis remaining on effective control of production, administration and overhead costs, as we planned for the re-commencing of full live stage performance in 2022/23. Total income of £8.3 million is an increase of 22% year on year, with a 30% increase in expenditure to £8.3m, replicating the rise in income.

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 2022

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 2022, two key designations were made. In recognition of the prolonged impact that the Covid-19 pandemic is having on live performance art, a further £160,000 has been set aside for Business Recovery and £135,000 for Digital Production Initiatives associated with potential future commercial film projects.

Release of the Pension Loan Reserve (over 3 years) reflects the confidence Scottish Ballet has in now incorporating pension loan repayments into annual expenditure forecasts and the support in the form of legacies held by the Scottish Ballet Endowment Fund (SBEF).

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 £189,986 (2021: increase of £18,652), giving a balance on Unrestricted Fund as at 31 March 2022 of £2,698,260 deficit, (31 March 2021: deficit of £2,888,246).

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 tenure 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.

Report of the Directors (incorporating the Strategic Report): Year Ending 31 March 2022

Reserves policy (cont.)

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.

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. The directors similarly aim to maintain the level of liquidity at any given point in time at a minimum of £500,000. In controlling the underlying cost base of the company, the directors remain satisfied that these minimum amounts provide adequate, minimum levels of working capital.

Scottish Ballet holds total funds of £8,256,406 (Notes 28-30). £9,798,797 is held in Designated Funds, including a designated Tramway capital reserve of £8,503,797 against which the annual depreciation of the building is charged. The balance of Restricted Funds is £1,155,869.

As detailed in Note 30 to the Financial Statements, General Unrestricted Funds have met the Reserves policy minimum with a positive balance of £541,137. The negative balance of £2,888,246 on the Total Unrestricted Funds is made up of this positive balance, less an amount of £3,239,397, 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 £2,302,577, £1,295,000 is attributable to designated reserves, £732,587 to restricted funds and £274,990 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 impact on financial and creative capacity through audience tentativeness to return to cultural events;
- Uncertainty around level of government annual grant award;
- Failure to meet self-generated income targets, impacting on artistic programme intentions;
- Failure of artistic programme, impacting on reputation and box office revenue;
- Attraction and retention of key staff due to highly competitive labour market.

Report of the Directors (incorporating the Strategic Report): Year Ending 31 March 2022

Principal risks and uncertainties (cont.)

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 return to live performance.

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 believe our response to the challenges thrown up by the pandemic 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 12.

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 Scottish Government's continuing support for Scottish Ballet and the other National Performing Companies (NPC's) provides us with confidence of our future direction.

Levels of activity and revenue continue to increase, mirrored by increased cost base, as the culture sector re-opens. However, uncertainty around box office and audience engagement continues and the company has planned carefully to ensure that our expectations do not over-commit resources in advance of audience willingness to come back to live performances. 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.

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 ongoing uncertainty around our ability to accurately forecast. From this analysis and from in-depth scrutiny of the company's strategy, 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 2022

Plans for future periods

A summary of the company's future plans is provided in 'Artistic Development' (page 11)

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.

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.

Report of the Directors (incorporating the Strategic Report): Year Ending 31 March 2022

Board Membership

Non-Executive Directors:

- Jim Pettigrew Chair
- Catherine Muirden Vice Chair, Chair of Finance & Operations Committee
- Barbara Allison Chair, Nominations & Remuneration Committee
- Eleanor Bentley Chair, Audit & Risk Committee
- Nadhia Ahmad-Ali
- Anna Bateson
- Ted Brandsen
- Giles Hedger
- Cassa Pancho
- Kirsty Wark

Executive Directors:

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

Appointments and retirements 1 April 2021 – 7 September 2022:

- Jann Brown Retired 09/12/21
- Keith Ruddock Retired 09/12/21
- James MacKenzie-Blackman Retired 23/03/22

- Nadhia Ahmad-Ali Appointed 23/03/22
- Cassa Pancho Appointed 23/03/22

Gender balance:

- 7 female / 5 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.

Report of the Directors (incorporating the Strategic Report): Year Ending 31 March 2022

Organisation & Attendance

Four meetings of the Scottish Ballet Board were held throughout 2021/22, with average attendance of 88%.

The Board maintains three governance committees. These are:

i) Finance and Operations Committee

This Committee comprised five non-executive directors and the Executive Director as at 31 March 2022. The Committee 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 2021/22, with average attendance of 74%.

ii) Nomination and Remuneration

This Committee comprises three non-executive directors and is chaired by Barbara Allison, who replaced Keith Ruddock as chair. 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 2021/22, with attendance of 100%.

iii) Audit & Risk Committee

This Committee comprised four non-executive directors as at 31 March 2022. The Committee, previously chaired by Jann Brown, is now chaired by Eleanor Bentley, 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 2021/22, with average attendance of 80%. 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 2022

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 2022

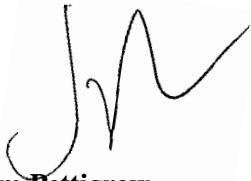
Disclosure of information to the auditor

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

A handwritten signature in black ink, appearing to be 'JP', written over a light grey rectangular background.

Jim Pettigrew

Chair

7 September 2022

ACT THREE

Independent Auditor's Report to the Directors and Members of Scottish Ballet: Year Ending 31 March 2022

Opinion

We have audited the financial statements of Scottish Ballet (the 'charitable company') for the year ended 31 March 2022 which comprise the Statement of Financial Activities (including 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 2022 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 trustees' 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 trustees 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 2022 (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 trustees 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 directors' report prepared for the purposes of company law and included within the trustees' annual report and strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report, included within the trustees' annual report and strategic 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 within the trustees' 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 trustees' 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 trustees' responsibilities set out on page 21, the trustees (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 trustees 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 2022 (cont.)

In preparing the financial statements, the trustees 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 trustees 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 framework 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, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and tax legislation. 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 Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents and evaluating advice received from internal/external advisors.

Independent Auditor's Report to the Members and Directors of Scottish Ballet: Year Ending 31 March 2022 (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 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 and income recognition as the areas 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, challenging judgments and estimates and using data analytics to select the riskiest journals for testing. Additionally, we have also reviewed income recognition policies, reviewed documentation for significant sources of income and reviewed cut off for significant sources of income recorded around the year end.

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 trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the charity's trustees 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Kelly Adams

Kelly Adams (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Third Floor
2 Semple Street
Edinburgh
EH3 8BL

Date: 14/09/22

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 2022

	Note	Unrestricted funds		Restricted funds	2022 Total	2021 Total
		General £	Designated £	£	£	£
Income and endowments						
Grants, donations and legacies	5	5,039,624	-	985,820	6,025,444	5,287,473
Charitable activities	6	1,735,329	-	123,340	1,858,669	249,801
Income from other trading activities	7	120,497	-	103,170	223,667	250,908
Investments		638	-	-	638	2,033
Other income	8	226,471	-	-	226,471	1,035,584
Total income and endowments		<u>7,122,559</u>	<u>-</u>	<u>1,212,330</u>	<u>8,334,889</u>	<u>6,825,799</u>
Expenditure						
Raising funds	9	(352,911)	-	(41,921)	(394,832)	(335,923)
Charitable activities	10	(7,061,411)	-	(849,019)	(7,910,430)	(5,990,437)
Other Expenditure	11	-	-	-	-	(17,430)
Total expenditure		<u>(7,414,322)</u>	<u>-</u>	<u>(890,940)</u>	<u>(8,305,262)</u>	<u>(6,343,790)</u>
Net income/(expenditure) before theatre tax relief and transfers		(291,763)	-	321,390	29,627	482,009
Theatre tax relief		397,781	-	-	397,781	1,087
Net income/(expenditure)		<u>106,018</u>	<u>-</u>	<u>321,390</u>	<u>427,408</u>	<u>483,096</u>
Transfers between funds	28, 29,30	83,968	(83,968)	-	-	-
Net movement in funds	14	<u>189,986</u>	<u>(83,968)</u>	<u>321,390</u>	<u>427,408</u>	<u>483,096</u>
Reconciliation of funds						
Total funds brought forward	28, 29,30	(2,888,246)	9,882,765	834,479	7,828,998	7,345,902
Total funds carried forward	28, 29,30	<u>(2,698,260)</u>	<u>9,798,797</u>	<u>1,155,869</u>	<u>8,256,406</u>	<u>7,828,998</u>

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

**Balance Sheet:
At 31 March 2022**

	Notes	2022 £	2021 £
Fixed assets			
Tangible assets	18	8,816,230	8,949,267
Current assets			
Stocks		41,954	46,056
Debtors	19	997,873	417,824
Cash at bank	20	2,302,577	2,325,199
		<u>3,342,404</u>	<u>2,789,079</u>
Current liabilities: Amounts falling due within one year			
Creditors	21	(817,241)	(669,951)
		<u>2,525,163</u>	<u>2,119,128</u>
Net current assets			
Creditors: Amounts falling due after more than one year			
Creditors	22	(3,084,987)	(3,239,397)
		<u>8,256,406</u>	<u>7,828,998</u>
Net assets			
Reserves			
Restricted funds	28	1,155,869	834,479
Designated funds	29	9,798,797	9,882,765
Income and expenditure account	30	(2,698,260)	(2,888,246)
		<u>8,256,406</u>	<u>7,828,998</u>

The financial statements were authorised for issue and approved by the directors on 7 September 2022 and are signed on their behalf by:



Jim Pettigrew
Chair

Company No: SC065497

Cash Flow Statement: Year Ending 31 March 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Net cash generated from operating activities	32	395,781	1,287,894
Cash flows from investing activities			
Interest receivable		638	2,033
Proceeds from sale of fixed assets		-	-
Payment to acquire tangible fixed assets		(248,434)	(74,307)
Net cash used in investing activities		<u>(247,796)</u>	<u>(72,274)</u>
Cash flows from financing activities			
Repayment of loan		(153,642)	(152,877)
Loan Interest paid		(16,965)	(17,730)
Net cash (used in) financing activities		<u>(170,607)</u>	<u>(170,607)</u>
(Decrease)/Increase in cash in the year		<u>(22,622)</u>	<u>1,045,013</u>
Cash and cash equivalents at 1 April 2021	20	<u>2,325,199</u>	<u>1,280,186</u>
Cash and cash equivalents at 31 March 2022	20	<u><u>2,302,577</u></u>	<u><u>2,325,199</u></u>

The notes on pages 30 to 44 form part of these financial statements

Notes to the Financial Statements: Year Ending 31 March 2022

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 2022/23 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 their re-opening with fragile 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 there are no material uncertainties from Covid-19, in relation to going concern.

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

Notes to the Financial Statements: Year Ending 31 March 2022

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 2022

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	20%-25%	straight line
IT Equipment & Software	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 2022

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 £	2022 £	2021 £
Scottish Government core funding	4,866,961	235,575	5,102,536	4,440,004
Scottish Government capital funding	-	15,000	15,000	35,000
Donations (including gifts in kind)	172,663	735,245	907,908	812,469
	<u>5,039,624</u>	<u>985,820</u>	<u>6,025,444</u>	<u>5,287,473</u>

6. Charitable activities

Box office, touring and productions	1,525,908	115,980	1,641,888	34,285
Friends Membership Scheme	42,057	-	42,057	41,130
Education	167,364	7,360	174,724	174,386
	<u>1,735,329</u>	<u>123,340</u>	<u>1,858,669</u>	<u>249,801</u>

7. Income from other trading activities

Sponsorship	65,000	103,170	168,170	194,700
Other (Programmes, Merchandise, Hires)	55,497	-	55,497	56,208
	<u>120,497</u>	<u>103,170</u>	<u>223,667</u>	<u>250,908</u>

Notes to the Financial Statements:
Year Ending 31 March 2021

8. Other income

	Unrestricted £	Restricted £	2022 £	2021 £
Job Retention Scheme	201,923	-	201,923	1,019,518
Insurance Claim	-	-	-	16,066
Gain on exchange	4,749	-	4,749	-
Other	19,799	-	19,799	-
	<u>226,471</u>	<u>-</u>	<u>226,471</u>	<u>1,035,584</u>

During the year the company received support from the government under the Coronavirus Job Retention Scheme of £201,923 (2021: £1,019,518). The scheme provided for the reimbursement of wages for employees who were placed on furlough leave (including flexible furlough) until its cessation in September 2021.

Under the scheme the company applied for the reimbursement of up to 80% of employees' wage costs up to £2,500 per month. 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	308,971	41,921	350,892	318,888
Cost of goods	43,940	-	43,940	17,035
	<u>352,911</u>	<u>41,921</u>	<u>394,832</u>	<u>335,923</u>

10. Charitable activities

Box office, touring and productions	5,367,595	844,430	6,212,025	4,580,187
Education	690,511	4,589	695,100	616,264
Support Costs (Note 12)	1,003,305	-	1,003,305	793,986
	<u>7,061,411</u>	<u>849,019</u>	<u>7,910,430</u>	<u>5,990,437</u>

11. Other Expenditure

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

Notes to the Financial Statements:
Year Ending 31 March 2022

12. Support costs

	Box office, touring and productions £	Education £	2022 Total £	2021 Total £	Basis of Apportionment
Staff costs	471,535	43,411	514,946	502,871	Staff time
Other costs	399,508	47,018	446,526	267,011	Expenditure
Governance costs (Note 13)	37,428	4,405	41,833	24,104	Expenditure
	<u>908,471</u>	<u>94,834</u>	<u>1,003,305</u>	<u>793,986</u>	

13. Governance costs

	2022 £	2021 £
Health and safety	5,016	110
Audit fees	16,618	14,320
Other professional fees	20,199	9,674
	<u>41,833</u>	<u>24,104</u>

14. Net movement in funds

	£	£
Net movement in funds are stated after charging/(crediting):		
Depreciation	381,471	342,537
Auditor's remuneration		
Audit fees	16,618	14,320
Non-Audit fees	3,953	-
Operating leases	11,824	10,887
Interest receivable	(638)	(2,033)
Cost of stock	63,316	38,827
	<u>63,316</u>	<u>38,827</u>

15. Employees

	2022 No	2021 No
The average number of staff employed by the company during the financial year amounted to:	<u>103</u>	<u>100</u>

The average full-time equivalent staff during the financial year amounted to:	<u>95</u>	<u>93</u>
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	2022 £	2021 £
The aggregate payroll costs of the above were:		
Wages and salaries	3,605,918	3,441,528
Social security costs	347,192	322,625
Other pension costs	243,348	232,009
	<u>4,196,458</u>	<u>3,996,162</u>

Notes to the Financial Statements: Year Ending 31 March 2022

16. Directors and employees' emoluments

	2022 No.	2021 No.
The number of employees whose emoluments amounted to over £60,000 in the year, including royalty payments, was as follows:		
£60,001 - £70,000	2	1
£80,001 - £90,000	1	-
£90,001 - £100,000	-	2
£100,001 - £110,000	1	-
	<hr/>	<hr/>
The number of employees with emoluments in excess of £60,000 with retirement benefits accruing in a money purchase scheme was:	4	3
	<hr/> <hr/>	<hr/> <hr/>
	2022 £	2021 £
The employer's pension contributions in respect of the above employees amounted to:	28,724	20,809
	<hr/> <hr/>	<hr/> <hr/>

17. Directors and key management personnel

	2022 £	2021 £
Remuneration in respect of directors was as follows:		
Emoluments receivable	180,110	183,667
Royalty payments	9,469	6,000
Employers NIC	21,923	21,113
Pension contributions to a defined contribution scheme	15,316	15,335
	<hr/>	<hr/>
	226,818	226,115
	<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	90,590	91,393
Royalty Payments	9,469	6,000
Employers NIC	12,070	10,887
Pension contributions to a defined contribution scheme	7,510	7,432
	<hr/>	<hr/>
	119,639	115,712
	<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 6 directors were reimbursed for Accommodation, travel and subsistence expenses totalling £22,372 (2021: 3 directors, -£552): 4 non-executive directors amounting to £1,161 (2021: director, £242); and 2 executive directors amounting to £21,211 (2021: 2 directors, -£794). 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 2022

18. Tangible fixed assets

	Long leasehold property	Office Adaptations, vehicles & equipment	Musical instruments	Total
	£	£	£	£
Cost				
At 1 April 2021	11,373,783	1,500,642	57,893	12,932,318
Additions	-	248,434	-	248,434
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2022	11,373,783	1,749,076	57,893	13,180,752
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 April 2021	2,642,509	1,287,031	53,511	3,983,051
Charge for the year	227,475	153,076	920	381,471
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2022	2,869,984	1,440,107	54,431	4,364,522
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 March 2022	8,503,799	308,969	3,462	8,816,230
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2021	8,731,274	213,611	4,382	8,949,267
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

All tangible fixed assets are used for charitable purposes.

19. Debtors

	2022	2021
	£	£
Trade debtors	61,373	47,560
Other debtors		
Expenditure in respect of future productions	467,187	140,852
Sundry debtors	20,000	2,449
VAT & FEU	16,860	54,584
Theatre tax relief	397,781	-
Prepayments	14,940	32,211
Accrued income	19,732	140,168
	<hr/>	<hr/>
	997,873	417,824
	<hr/> <hr/>	<hr/> <hr/>

20. Cash and cash equivalents

	2022	2021
	£	£
Balances held in current accounts	209,229	516,320
Balances held in deposit accounts	2,093,348	1,808,879
	<hr/>	<hr/>
	2,302,577	2,325,199
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements:
Year Ending 31 March 2022

21. Creditors: Amounts falling due within one year	2022 £	2021 £
Trade creditors	127,497	173,141
Other taxation and social security	96,358	98,001
Other creditors	-	66,633
Pension contributions	-	31,748
Accruals	212,953	122,686
Income Received in Advance	125,078	-
Deferred income	100,945	24,100
Scottish Government loan	154,410	153,642
	<u>817,241</u>	<u>669,951</u>

Deferred income of £100,945 (2021: £24,100) 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	2022 £	2021 £
At 1 April	24,100	8,100
Received in the year	152,745	17,000
Released to the SOFA in the year	(75,900)	(1,000)
	<u>100,945</u>	<u>24,100</u>

The Scottish Government (principal) and The Royal Bank of Scotland (secondary) hold floating charges over the assets of the company.

22. Creditors: Amounts falling due after more than one year	2022 £	2021 £
Scottish Government loan	<u>3,084,987</u>	<u>3,239,397</u>

The Scottish Government loan has the following repayment schedule:

Due within one year	154,410	153,642
Due within one to two years	155,182	154,410
Due within two to five years	470,217	467,878
Due in more than five years	2,459,588	2,617,109
	<u>3,239,397</u>	<u>3,393,039</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 2022

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 no donations (2021: £17,430) to SBEF during the year.

James Mackenzie-Blackman was CEO of Eden Court Theatre, Inverness in addition to being a trustee director of Scottish Ballet, until his retirement from the SB Board on 23 March 2022. 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 was excluded from such discussions. Transactions with Eden Court Theatre, Inverness during 2021/22 comprised performance settlements. There were no debtor or creditor balances at the year end (2021: Nil).

Donations without conditions to Scottish Ballet from trustee directors during the year were £18,637 (2021: £53,213).

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 2022 the company had future commitments under non-cancellable operating leases as set out below:

	Assets other than land & buildings	
	2022	2021
	£	£
Operating leases which expire:		
Not later than one year	7,522	5,639
Later than one year and not later than five years	5,608	3,980
	13,130	9,619
	13,130	9,619

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 2022.

Notes to the Financial Statements: Year Ending 31 March 2022

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 £68,885 (2021: £67,597).

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 £171,090 (2021: £162,802).

27. Contingent liabilities

There were no contingent liabilities at 31 March 2022 (2021: £nil).

28. Restricted funds – Movements in the year

	At 1 April 2021	Income and endowments	Expenditure	Transfers	At 31 March 2022
	£	£	£	£	£
Productions	647,785	909,510	(543,760)	-	1,013,535
Engagement Activities	155,361	251,280	(264,307)	-	142,334
Memberships	-	3,790	(3,790)	-	-
Associates	-	32,750	(32,750)	-	-
Capital Equipment Grant 19/20	7,333	-	(7,333)	-	-
Capital Equipment Grant 20/21	24,000	-	(24,000)	-	-
Capital Equipment Grant 21/22	-	15,000	(15,000)	-	-
	<u>834,479</u>	<u>1,212,330</u>	<u>(890,940)</u>	<u>-</u>	<u>1,155,869</u>

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

All capital equipment grants received prior to March 2021 from the Scottish Government were spent and completed during the year. A further capital equipment grant was received in March 2022 from the Scottish Government for new touring communications kit. This fund was released in line with expenditure and the restrictions applicable within the grant.

Notes to the Financial Statements: Year Ending 31 March 2022

29. Designated Funds – Movements in the year

		At 1 April 2021	Income and endowments	Expenditure	Transfers	At 31 March 2022
		£	£	£	£	£
Tramway Capital Reserve	i)	8,731,273	-	-	(227,476)	8,503,797
Pension Loan Reserve	ii)	351,492	-	-	(151,492)	200,000
Future production Reserve	iii)	30,000	-	-	-	30,000
Digital Production Initiative	iv)	100,000	-	-	135,000	235,000
Media Rights Reserve	v)	50,000	-	-	-	50,000
Health & Wellbeing Reserve	vi)	20,000	-	-	-	20,000
Business Recovery Designation	vii)	400,000	-	-	160,000	560,000
Building Refurbishment Reserve	viii)	200,000	-	-	-	200,000
		<u>9,882,765</u>	<u>-</u>	<u>-</u>	<u>(83,968)</u>	<u>9,798,797</u>

- i) Following the completion of the Tramway project in 2009 all funds raised to cover the project cost were consolidated into the Tramway Capital Reserve. An amount of £227,476 (2021: £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, with this comfort, the Pension Loan Reserve shall be released over the next 3 years, with an initial reduction in designation of £151,492 at March 2022.
- 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 2022/23.
- iv) 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. With the prospect of further captures for commercial cinema release, a further £135,000 of unrestricted funds is designated to support this ground-breaking project. This is anticipated to be spent during 2023/24.
- 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 2023/24.
- vi) Health & Wellbeing Reserve represents funds designated over a number of years for the provision of additional and improved facilities for employees. During 2021/22, 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 2022/23.
- vii) The Business Recovery Reserve has been extended to provide protection from the financial effects that the company is likely to incur in both the wake of the Covid -19 pandemic and current economic uncertainties. The company is experiencing the need to re-schedule performances and reluctance/limitations on audience numbers. 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 2022

30. Unrestricted Funds - Movement in the year

	General Unrestricted funds £	Pension Unrestricted funds £	Total Unrestricted funds £
Income and endowments	7,122,559	-	7,122,559
Expenditure	(7,414,322)	-	(7,414,322)
Theatre Tax Relief	397,781	-	397,781
	<u>106,018</u>	<u>-</u>	<u>106,018</u>
Transfers:			
Release from Tramway capital reserve	227,476	-	227,476
Release to pension unrestricted reserve	(153,642)	153,642	-
Release of Designated Pension Reserve	151,492	-	151,492
Designate to Digital production Initiative Reserve	(135,000)	-	(135,000)
Designate to Business Recovery Reserve	(160,000)	-	(160,000)
	<u>36,344</u>	<u>153,642</u>	<u>189,986</u>
At 1 April 2021	<u>504,793</u>	<u>(3,393,039)</u>	<u>(2,888,246)</u>
At 31 March 2022	<u><u>541,137</u></u>	<u><u>(3,239,397)</u></u>	<u><u>(2,698,260)</u></u>

31. Analysis of net assets between funds

	General unrestricted funds £	Designated funds £	Restricted funds £	At 31 March 2022 £	At 31 March 2021 £
Tangible fixed assets	312,433	8,503,797	-	8,816,230	8,949,265
Cash and cash equivalents	274,990	1,295,000	732,587	2,302,577	2,325,199
Other net current liabilities	(200,696)	-	423,282	222,586	(206,069)
Long term liabilities	(3,084,987)	-	-	(3,084,987)	(3,239,397)
	<u>(2,698,260)</u>	<u>9,798,797</u>	<u>1,155,869</u>	<u>8,256,406</u>	<u>7,828,998</u>

Notes to the Financial Statements:
Year Ending 31 March 2022

32. Notes to cash flow statement

	2022 £	2021 £
Reconciliation of net income/(expenditure) to net cash provided by operating activities		
Net income/(expenditure)	427,408	483,096
Interest receivable	(638)	(2,033)
Interest paid	16,965	17,730
Depreciation	381,472	342,537
Loss/(gain) on disposal	-	-
(Increase)/Decrease in stocks	4,102	(11,656)
(Increase)/Decrease in debtors	(580,049)	450,316
Increase/(decrease) in creditors	146,521	7,904
	<u>395,781</u>	<u>1,287,894</u>
Net cash generated from operating activities	<u>395,781</u>	<u>1,287,894</u>

33. Analysis of changes in net debt

	At 1 April 2021 £	Cashflow £	Other non-cash changes £	At 31 March 2022 £
Cash and Cash equivalents				
Cash	2,325,199	(22,622)	-	2,302,577
Borrowings				
Debt due within one year	(153,642)	153,642	(154,410)	(154,410)
Debt due after one year	(3,239,397)	-	154,410	(3,084,987)
	<u>(3,393,039)</u>	<u>153,642</u>	<u>-</u>	<u>(3,239,397)</u>
Total	<u>(1,067,840)</u>	<u>131,020</u>	<u>-</u>	<u>(936,820)</u>

Notes to the Financial Statements:
Year Ending 31 March 2022

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

	Unrestricted funds		Restricted funds	2021 Total
	General	Designated	funds	Total
	£	£	£	£
Income and endowments				
Grants, donations and legacies	4,677,397	-	610,076	5,287,473
Charitable activities	241,439	-	8,362	249,801
Income from other trading activities	101,708	-	149,200	250,908
Investments	2,033	-	-	2,033
Other income	1,035,584	-	-	1,035,584
Total income and endowments	<u>6,058,161</u>	<u>-</u>	<u>767,638</u>	<u>6,825,799</u>
Expenditure				
Raising funds	(308,962)	-	(26,961)	(335,923)
Charitable activities	(5,629,110)	-	(361,327)	(5,990,437)
Other Expenditure	-	-	(17,430)	(17,430)
Total expenditure	<u>(5,938,072)</u>	<u>-</u>	<u>(405,718)</u>	<u>(6,343,790)</u>
Net (expenditure) / income before theatre tax relief and transfers	120,089	-	361,920	482,009
Theatre tax relief	1,087	-	-	1,087
Net (expenditure) / income	<u>121,176</u>	<u>-</u>	<u>361,920</u>	<u>483,096</u>
Transfers between funds	(102,524)	102,524	-	-
Net movement in funds	<u>18,652</u>	<u>102,524</u>	<u>361,920</u>	<u>483,096</u>