

SCOTTISH BALLET

Est: 1969

ANNUAL REPORT & FINANCIAL STATEMENTS

For the year ended 31 March 2023

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 Julie Barr Eleanor Bentley 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

Back to business!

Two significant premieres, a clutch of awards, and two major programme launches were the hallmarks of Scottish Ballet's 2022/23 season. Along with an outpouring of creativity for both stage and screen, the company expanded its health programmes and reach by establishing a National Centre for Dance Health. This new umbrella platform will offer participation and research opportunities, and wider engagement with frontline workers, carers and families via our transformational dance health initiatives.

Scottish Ballet also launched a new membership programme – *Friends* mark II – to drive stronger engagement with the company throughout Scotland and globally; and aligned with this, a major fundraising campaign – *Next Generation* – was launched to ensure that creativity and creative spirit continue to underpin Scottish Ballet's mission to inspire on and off the stage.

1. Highlights

- A return to the stage for the entire year:
 - The world premiere of *The Scandal at Mayerling*
 - The world premiere of *Coppelia* at the Edinburgh International Festival
 - London premiere of *The Crucible* at Sadler's Wells.
- SB Health takes bold next steps:
 - The launch of Scottish Ballet as a National Centre for Dance Health
 - Three-day 'Moving Minds' conference with over 160 delegates from around the world.
- A new commitment to creativity:
 - The 'Next Generation' campaign was launched to provide greater opportunities for emergent creative voices within dance
 - More films, more awards with *Starstruck*, *Dive*, *The Secret Theatre* and *The Shimmering Extraordinary* all winning in various categories across the world.

2. Financial performance

Financial performance ended in line with expectations, albeit an operating deficit of £1,219,049 (2022: surplus £427,408). The deficit will be offset against previous years accumulated reserves, as part of the company's longer term financial strategy. Rising costs through general economic pressures and high inflation, will continue to be a significant challenge for the company.

Box office revenue showed strong signs of recovery in the second six months, overall achieving 91% of target for the year. This was supported by continued strong Advancement income – achieving 105% of expectations.

Together with the continuing support of the Scottish Government, the current financial plan is projected to meet the committed investment in all the new full-length ballets making up our Five in Five campaign running to Autumn 2025 and fulfil our artistic and engagement commitments throughout Scotland and beyond.

3. Key indicators

- **On stage (attendance)**

○ Spring 2022	<i>The Scandal at Mayerling</i> (Scotland)	9,135
○ Spring 2022	<i>The Crucible</i> (London)	3,354
○ Summer/Autumn 2022	<i>Coppélia</i> (Scotland)	13,430
○ Winter 2022/23	<i>The Snow Queen</i> (UK)	75,530
○ Spring 2023	<i>Coppélia</i> (London)	6,953
	Total live audiences:	108,402

- **On screen**

○ World-wide audience views	350,000+
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- **Engagement**

○ Programme and project participations:	33,875
▪ In person (local or zoom)	31,079
▪ Online (film views)	2,796
○ SB Associates:	
▪ Applicants (UK-wide)	515
▪ Student placements	211

- **Advancement**

○ Value of gifts, trusts and sponsorship to support our Mission	£1.4m
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- **How we rate (NPS)**

○ NPS average score	88%
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Scottish Ballet regularly tracks audience satisfaction and propensity to recommend by measuring Net Promoter Score (NPS). NPS ranged from 84% to 92% for productions in 2022/23.

4. Awards & Commendations

- **Awards**

- The Secret Theatre – Best Feature, Utah Dance Film Festival, May 2022
- Starstruck – Best Dance Film, Critics Circle National Dance Awards, June 2022
- Dive – Best Short Film, Cinedans Amsterdam, June 2022
- The Shimmering Extraordinary – Jury Stellar Award, Thomas Edison Film Festival, February 2023
- The Shimmering Extraordinary – Diversity, Equity, Accessibility and Inclusion Award, Thomas Edison Film Festival, February 2023

- **Nominations**

- South Bank Sky Arts Awards, for Starstruck, July 2022
- Critics Circle National Dance Awards, June 2022
 - Bruno Micchiardi for Emerging Artist Award
 - Christopher Hampson and Gene Kelly (Starstruck) for Best Classical Choreography
- Achates Philanthropy Prize, for Corporate Award, November 2022
- Luminate Creative Aging Awards, for Time to Dance, November 2022

- **Film Festival Selections**

- Starstruck Cinedans Amsterdam, Jun 2022
- Starstruck New Renaissance Film Festival (London), Sept 2022
- Dive New Renaissance Film Festival (London), Sept 2022
- Dive Scottish Short Film Festival, Sept 2022
- Starstruck Fifth Wall Film Festival, Oct 2022
- Dive Cinedans Tour at Maxxi Museum in Rome, Nov 2022
- Dive Cinedans Tour at Tank in Shanghai, Dec 2022
- Dive Cinedans Tour at Athens Video Dance Project, Dec 2022
- The Shimmering
Extraordinary Kinetoscope, Feb 2023

OVERTURE

Chair's Review

This was in many respects a 'renaissance' year for Scottish Ballet; a flourish of artmaking and touring after two years of challenging circumstances. Whilst the shadow of the pandemic created lingering uncertainties, not least in building back audiences, the company's year was jam-packed with world premieres and exceptional creativity. This renaissance also included ground-breaking engagement programmes that continue to demonstrate the enormous social impact and value that dance brings to our communities in Scotland and further afield.

Scottish Ballet's 50th anniversary legacy campaign in 2019, Five in Five – a commitment to commission five full-length ballets over five years, representing each decade of the company's history – continued in 2022/23. Two new works received their premiere: Kenneth MacMillan's *The Scandal at Mayerling*, and Jess & Morgs' *Coppélia*. And two ballets from 2019: Helen Pickett's *The Crucible*, and Christopher Hampson's *The Snow Queen* returned to the stage for their second outing. This was an enormous accomplishment for the company and offered a surfeit of riches for our audiences.

Jess & Morgs' *Coppélia* garnered five-star reviews and industry awards such as the Critics' Circle National Dance Awards: Best Classical Choreography and Outstanding Female Classical Dancer. The company's highly successful national tour of *Coppélia*, including a sell-out season at Sadler's Wells London, attracted 3,887 new members to the company's Free Friends scheme (a 135% increase from the previous quarter).

On screen, Scottish Ballet continues to make headlines, evidenced by awards such as Sophie Laplane's *Dive* winning Best Short Film at Cinedans Amsterdam – just one of a long list of nominations and awards for dance on film (refer item 4 for full list of awards).

Another significant milestone was the launch, in January 2023, of Scottish Ballet as a National Centre for Dance Health. This new umbrella title acknowledges seven years' work by the Engagement Team in developing and delivering pioneering dance health programmes for people living with neurological conditions such as dementia, Parkinson's and multiple sclerosis (MS), as well as transformational wellbeing programmes for young people, such as Safe to be Me®.

Continuing the commitment to challenge structural racism, embed equity and to action change within our artform, a suite of training programmes, including anti-racism training and trauma-informed response training was initiated for the whole company, including our Board. By developing a deep understanding of these complex issues across the organisation, we aim to ensure Scottish Ballet is a welcoming space for all.

Barely catching a breath from this flurry of activity, the company finally undertook its USA tour of *The Crucible* (rescheduled from 2021 to spring 2023) to the Tennessee Performing Arts Center, Nashville, The Kennedy Center, Washington DC, finishing at the Spoleto Festival USA, Charleston.

Regardless of the many highlights noted above, the year was not without its challenges. General economic uncertainty, rampant inflation leading to enormous increases in business and touring costs, a red-hot labour market, and unpredictable post-covid ticket sales impacting box office revenue created stress points and has added considerable pressure to the organisation's financial capacity and output. The most significant of these fiscal pressures is an operating budget deficit of more than £1million that is forecast to continue into the 2024 and 2025 financial years. Despite this, the company's cash flow remains manageable, and we are on track to reduce the deficit as the economy improves and audiences return to pre-covid levels.

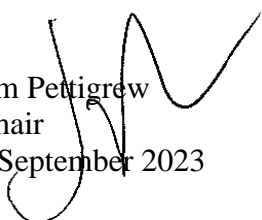
It goes without saying that the company continues to excel through its commitment to excellence, inclusivity, and innovation. Being a values-led organisation is a high priority for me and my fellow board members, who I heartily thank for their important contribution to governance, accountability, and business practices. I especially acknowledge the service of Anna Bateson, who retired December 2022, and Giles Hedger and Ted Brandson in June 2023.

I also pay tribute to the company's exceptional Leadership Group, headed by CEO/Artistic Director Christopher Hampson and Executive Director Steven Roth, and to all the teams who contribute tirelessly on and off stage, ensuring Scottish Ballet and our art form shines into the 21st century – fittingly recognised in the 2023 Critics' Circle National Dance Awards by winning Outstanding Company.

Finally, the company simply could not shine without the support from our loyal audiences, donors, corporate and community partners, collaborators, and our major supporter, the Scottish Government. We thank you and hope you will continue your journey with Scottish Ballet as we develop our artform and grow our programmes to *inspire on stage and beyond...*

Jim Pettigrew
Chair

6 September 2023



ACT ONE

2023/2022 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.*

The 2022/23 year has seen a phenomenally strong return to the stage and a packed touring circuit taking in the usual Scottish venues, along with high-profile exposure at both the Edinburgh International Festival with the World Premiere of *Coppélia*, and the London premiere of *The Crucible* at the Sadler's Wells.

In Spring 2022 the Company rebounded back to the stage with the third instalment of the 'Five in Five' campaign; a world premiere of Sir Kenneth MacMillan's *The Scandal at Mayerling*, based on his ground-breaking 1978 production for The Royal Ballet. This was reworked by CEO/Artistic Director, Christopher Hampson and world-renowned MacMillan répétiteur, Gary Harris with new designs from Elin Steele. The production showcased the talents of the entire company and received impressive reviews from critics and audience alike.

The company's return to a full touring schedule 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.

The summer of 2022 brought 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. This innovative reimagining of a classic ballet title pushed the boundaries of technical capabilities of mixing traditional staging with live filming, pre-recorded filming and special effects. The ballet also delivered a new score from Mikael Karlsson and Michael P. Atkinson that was a brilliant showcase for the Scottish Ballet Orchestra. Following the exciting world premiere, the company toured *Coppélia* across Scotland throughout the autumn and on to London in March 2023 for the critically acclaimed season at Sadler's Wells.

The winter tour is an important part of the Scottish Ballet calendar, offering a festive treat with a focus on entertaining families and making ballet as accessible as possible for new and seasoned audiences alike. *The Snow Queen*, created by Scottish Ballet's CEO/AD, Christopher Hampson made a welcome return and delivered the first full winter season since 2020!

The certainty of a return to touring in 2022/23 was in stark contrast to the previous year of false-starts and interrupted seasons. The delivery of postponed work from the pandemic and the commitment to already contracted productions gave Scottish Ballet one of the busiest performance schedules the Company has undertaken. The talent, commitment, and drive of all those on stage, in the pit, behind the scenes, and with the support of all the Scottish Ballet staff at Tramway meant the Company continued to deliver at the highest level on stage and screen.

2. Strategic Focus Two: Engagement

- *Sharing our work widely, including through inspiring education and access programmes.*

2.1. Moving Minds Conference

The three day in-person and online conference exploring dance and young peoples' mental health attracted a diverse range of national and international delegates from the arts, health and social care, education, science and research. The creation of a youth advisory panel was fundamental, and the impact of their involvement in the planning and delivery of the conference was significant. Over 160 delegates attended 60 events including performances, keynote speeches, workshops, talks and networking events.

2.2. National Centre for Dance Health

In January 2023, Scottish Ballet launched as a National Centre for Dance Health, emphasising Scottish Ballet's commitment to the SB Health initiative and its contribution as a leader in the field of dance health across the globe. Taking the company's social prescribing strategy a step further, Scottish Ballet became the first UK dance company to appoint a Health Partnerships Manager to lead on this vital work.

Scottish Ballet's commitment to leading an anti-racism agenda has energised new approaches on and off the stage. An outcome of this work includes the establishment two new dance health partnerships with culturally diverse communities in Glasgow: the Wing Hong Chinese Elderly Centre and The Dixon Community.

2.3. Social Prescribing

Scottish Ballet received a rare strategic award from the RS MacDonald Charitable Trust this year helping us to prepare for new social prescribing models emerging across Scotland. As the first ballet company to employ a specialist from the health and social care industry, we will partner with the Health & Social Care Alliance (ALLIANCE) to promote the benefits of SB Health within healthcare networks and government departments. Dr Dave Caesar (NHS Lothian) and Dr Safia Qureshi (Healthcare Improvement Scotland) will act as consultants supporting and guiding our progress during the initial stages.

March saw the conclusion of two significant and innovative projects with lots of learning achieved and new partnerships established. Both Time to Dance on Your Doorstep, and our new Duet resource for two people to complete together, achieved their outcomes successfully. Strategic partnerships were developed with NHS Greater Glasgow and Clyde Care Home Collaborative.

2.4. Time to Dance – Dementia

Time to Dance has been delivered in partnership with community groups based at the Dixon and Wing Hong Elderly Centres and the Hidden Gardens. Through these relationships we aim to diversify our participant base, increase our cultural awareness and help remove barriers to participant groups from a range of ethnic and cultural backgrounds.

2.5. Elevate – Dance for Multiple Sclerosis

The Elevate Orkney project completed its final stage of delivery in June 2023. The project has enabled significant learning, partnership-building across the wider Orkney community and a new connection with the British Science Association and Wellcome Trust fund this year. SB has supported development of Elevate infrastructure in Orkney through training and mentoring and

are working with local partners to support the next stage. In March SB successfully delivered a hybrid trial of Elevate Glasgow classes from the studio. The team will pilot this approach more fully from Autumn to increase geographic reach and access using a more sustainable approach.

2.6. Associates Programme

515 applications were received for auditions into the Associate Programme. Applicants covered a wide geographical area from Inverness in the north to the Western Isles, Co Antrim, Northern Ireland and the north of England. The intake included: 39 Seniors, 39 Mids and 133 Juniors. Places were offered to 30 male students (14%) and it is pleasing to note that the cohort is becoming increasingly diverse.

In line with Scottish Ballet's broader work on EDI, two company dancers worked with the Associates throughout the year to support awareness and introduce programmes to increase diversity and inclusion. Teachers from the programme completed Anti-Racism training.

Scottish Ballet received approval as a SQA (Scottish Qualification Authority). SQA Higher Dance is now able to be offered at SB for all S4 and S5 Associates. Following a site visit in May, the SQA commended SB in all reporting categories, recognising staff expertise and child protection as particular strengths.

Annual 'Watching Days' for parents and carers were re-introduced in March with positive feedback from families, especially those who were visiting Scottish Ballet for the first time. The full in-person cycle of assessments, auditions, feedback and staff CPD was successfully completed throughout the year, all of which contribute to ongoing quality assurance and development planning.

3. Strategic Focus Three: Advancement

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

3.1. Key Indicators:

- 15.6% of total SB income generated through Advancement; of this:
 - 7.49% was generated through private gifts
 - 3.8% was generated through trusts and foundations
 - 4.3% was generated through corporate sponsorships
- 18% increase in new bequestors
- 8.1% of patrons increased their support

3.2. Five in Five Campaign and the Next Generation Campaign

Although 'ballet five' has been postponed until summer 2025, the Five in Five Campaign has concluded, exceeding our target of raising £5m with £5.9 million gifted over five years – a phenomenal achievement and a wonderful tribute to our very loyal donor and patron group who we thank sincerely. There is still a great deal of traction and interest from patrons (new and current) for the fifth ballet and fundraising continues around this commission.

In 2022, Scottish Ballet held a consultation dinner with existing major donors to canvas a new five-year (2023 to 2028) fundraising campaign, Next Generation, to support and offer emerging composers, choreographers, film makers and designers the opportunity to become one of at least

ten Creative Associates, who will be provided with opportunities to make short works, one act ballets, dance films, or research and development. The Next Generation Campaign was launched in March 2022 at Diageo's Edinburgh Scotch Whisky Experience.

Five-year pledges have been generously offered from previous campaign patrons, and annual income committed to date has already matched the previous Five in Five Campaign.

3.3. Appeals

Two public appeals were launched in 2022/23: Creating *Coppélia* Appeal and *The Snow Queen* Warm Up Appeal. The first appeal raised crucial funds towards the creative development of *Coppélia* (the fourth ballet in the Five in Five Campaign). The second raising funds for an upgraded gym for the intense *The Snow Queen* rehearsal period (and beyond). Scottish Ballet's Free Friends were also invited to make a gift – attracting 28 new donors.

On 22 June 2022, Scottish Ballet held our postponed bi-annual fundraising Gala at Festival Theatre Edinburgh, with 330 attendees dining and dancing on stage, with special performances from the company. The focus of the event was to support the new *Coppélia*. Just over £180k (gross) was raised on the night, the company's biggest income to date from a Gala.

Total income from all Appeals in 2022/23 was **£482,453** (inc. Five in Five Campaign pledges).

3.4. Sponsorship and Commercial

In 2022/23, Scottish Ballet retained nine of 11 corporate partnerships, secured four new relationships, and successfully launched a new initiative, the Corporate Membership scheme. This has attracted new members (at £5k and £10k levels) to Scottish Ballet and will provide opportunities to further develop longer term partnerships. The total number of partners and members was 13 at the year end. Performances and events continue to be a valuable asset for partners and prospects.

With a full year of performances, the shop and programme sales remained consistent with impressive sales during *The Snow Queen* tour. Management of the shop/programmes will pass over to the Brand, Audience and Digital team from 2023/24.

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. Audience growth

Over the course of 2022/23, audiences began to return to theatres in numbers comparable to pre-pandemic attendance with **108,402** people experiencing Scottish Ballet on stage. A series of acclaimed and award-winning productions and films grew Scottish Ballet's reputation for excellence and innovation in the UK and around the world. Audience sentiment remains positive, with an average Net Promoter Score of **88%**.

The Scandal at Mayerling (spring 2022), provided a platform for the Brand, Audience and Digital team to engage audiences with podcasts, behind the scenes video and other media to bring the story to life for audiences. Whilst a critical success, the ballet's themes were challenging, and audience numbers were lower than anticipated at 9,135.

The revival of *The Crucible* at London's Sadler's Wells (May 2022) was warmly received and again showcased the excellence of Scottish Ballet to London ballet audiences. Audience numbers were 3,354, down on expectations; with the marketing campaign providing key lessons for subsequent London presentations.

The highly successful and striking *Coppélia* presented first at the Edinburgh International Festival and then across Scotland was a hit with both critics and audiences that generated strong word of mouth, achieving a total audience of 13,430.

The Snow Queen, from November 2022 to February 2023, was the first full winter season since the Covid-19 pandemic, and audience demand was strong across Scotland and in Newcastle. 72 performances generated a record 75,000 ticket sales.

Scottish Ballet returned to Sadlers Wells with a sold-out run of five performances of *Coppélia*, to an audience of nearly 7,000. An extensive and highly visible marketing campaign, positive press and buzz stoked demand and excitement for this award-winning production.

The short dance film *Forming*, directed by Eve McConnachie and Chloe Rosser in collaboration with Scottish Ballet's Elevate programme premiered online in 2022, joining a suite of award-winning short and feature-length films.

Scottish Ballet generated **£2.94m** in ticket revenue, comprising over **32%** of the company's total income.

4.2. Audience engagement

Scottish Ballet continued to evolve its customer engagement and membership strategy, creating a new-look Friends membership program (comprising: Free, Silver, Gold and Young Friends) to enrich the experience of ballet-lovers, deepen audience engagement and increase revenue.

Friends, numbering over 66,000, now have access to unique content, classes and events following the launch of a new SB website in July 2023. An international digital Friends acquisition campaign is taking place over 2023.

A new website to showcase the company launched in July 2023, having been in development throughout 2022/23. The website improves visitor experience for booking tickets and classes, making donations, viewing films, becoming a Friend, and learning about Scottish Ballet and its people.

5. Behind the Scenes

5.1. Artistic Development

The ambitious touring of 2022/23 and the drive to deliver new, innovative productions set great creative challenges for the entire company. The opportunity for dancers to grow and discover new choreographers through ground-breaking productions was also a major draw for aspiring graduates of vocational schools.

Diversifying the stories told and the creative voices that tell them remains important, and focusing on who is driving the creative process is more important than ever. In autumn 2023 Dickson Mbi will deliver a world premiere, *Twice Born*, which brings together the most diverse creative team the company has worked with. This is paired with an exciting UK premiere of Cayetano Soto's deftly

choreographed, *Schachmatt*.

The in-house creative talent at Scottish Ballet continues to flourish with a new commission from Associate Choreographer, Nicholas Shoesmith, which has developed over several iterations to become *Trifecta*, a work that was shown at the ROH Linbury Theatre, London, and then further developed to be included in a Summer Shorts programme at Tramway in 2023.

Behind the scenes, the CEO/AD has implemented the development of a Code of Conduct that will form the foundations of all creative working practices within the studios and on stage. This has been developed and authored by the Dancers, the Dance & Artistic Development Team, the Performance Medicine Team, and the People & Wellbeing Team to ensure a safe space for all to create and rehearse in.

The Five in Five Campaign is soon to be completed with the final commission from Resident Choreographer, Sophie Laplane. Research and Development for the production will be scheduled through 2023/24, and 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.

Looking forward, Scottish Ballet will maintain the commitment to enable access to dance, widen participation and to champion change within the art form. To ensure relevance to our audiences and wider communities, a refocus on original short form work on stage and screen including wider cultural diversity will be the foundation of the Next Generation campaign, which follows the conclusion of the Five in Five campaign.

Scottish Ballet thrives on the values of innovation and inclusion, balanced with excellence.

5.2. Equity, Diversity & Inclusion (EDI)

5.2.1. SB Guardians

The Director of Organisational Culture and Engagement (DOCE) has drawn together a group of Guardians with one regular representative from each team across the organisation attending sessions. The key role of the Guardians is to support safeguarding for colleagues and children, and to promote inclusion and the calling out of discrimination. This team will receive specialist training and will work together with the Head of People and Wellbeing and the DOCE to progress cultural change.

5.2.2. LGBTQ+ Awareness Training

The local organisation Pride Outside has been selected to deliver training to all staff and dancers through *learning lunches* and a series of workshops. The CEO/AD and DOCE have identified the need for some general awareness training in this area and deeper work on gender spectrum awareness and inclusion.

5.2.3. Anti-racism

Scottish Ballet launched a new Reporting Racism for Everyone protocol in January 2023 providing options for the reporting of racism and wider discrimination anonymously, formally and informally. The documents and wider cultural changes were created with input and guidance from Intercultural Youth Scotland, EDJI Arts and Ballet Black.

Free specialist counselling for those experiencing racism or any kind of discrimination or harassment in relation to a protected characteristic has been introduced for all Scottish Ballet staff.

Anyone requiring support will have the choice of accessing a specialist therapist with lived experience of racism. Scottish Ballet’s Company Manager and DOCE have begun work on an anti-racism rider to convey our progress in this area to our accommodation and venue partners across the UK. We are keen to hear about the changes they too are implementing and to learn together.

5.2.4. Equity in Cultural/Religious Holidays

Following recommendations from Rey Dosaj and a series of Senior Leadership discussions, research has begun into the creation of a new framework that will recognise the importance of all cultural holidays equally and will provide the opportunity for colleagues to request time off to celebrate significant events/festivals.

5.3. Environmental Sustainability

Over the 2023 spring tour, Scottish Ballet piloted a Green Artist Rider. The guide was developed by Scottish Ballet in partnership with Eden Court and was inspired by other peer organisation green riders. The rider includes commitments such as: low carbon travel, green credential accommodation within walking distance of theatre, no-single use plastics and no vehicle idling. The pilot with Eden Court was so successful, there is now potential to collaborate with other theatres.

The Environmental Group developed a list of departmental actions across the 2022/23 financial year. Through this process, the company achieved a range of small but important changes.

41 departmental actions were achieved or continue to be maintained, such as:

- electronic ticketing for hospitality events
- recyclable tights
- new motors on sewing machines
- continuing to recycle sets.

Following two energy management surveys of SBHQ, a list of key priorities has been prepared for energy management at Tramway over the next three years (see table below). Further to these recommendations, the boilers are due for routine maintenance – replacement and reconfiguring of some mechanical systems will increase the efficiency of gas use. Funding opportunities will be sought to support a major mechanical upgrade of the system or complete replacement to electric.

Intervention	Potential cost saving per year	Potential carbon saving per year	Installation Cost	Payback Period
Replacing lightbulbs in the workshop area	£8,953	9.3 tonnes of CO2 and 43,997kWh	£28,000	just over three years
Zoning heat supply to dance studios	£1,067	3.3 tonnes of CO2 and 18,112kWh	£3,000 (option 2)	less than three years
Progressing investigation of solar panels	£8,890	9.3 tonnes of CO2 and 43,686kWh	£63,000	just over seven years

ACT TWO

Report of the Directors (incorporating the Strategic Report): Year Ending 31 March 2023

The directors present their report with the audited financial statements of the company for the year ended 31 March 2023.

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 2023

Strategic Review

Achievements and performance

A full summary of the company's achievements and performances during the year are provided on pages 2 to 14, including the Chair's Review.

External responsibilities

Scottish Ballet is supported by public funds. These, in the main, were from the Scottish Government in 2022/23, which has helped support all posts within the organisation as well as associated freelance workers and SB Orchestra players. Additional funds were received from a number of Trusts and Foundations. During the course of the financial year, the Scottish Government was entitled to send observers to Scottish Ballet Board meetings and regular financial information was provided as a condition of these grants.

Results

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

Financial review

The out-turn for the year was a deficit of £1,219,049 (2022: surplus £427,408) after accounting for 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 Autumn 2025. We expect to achieve a break-even position over the full period of this campaign.

Support for Scottish Ballet through grants and donations has remained resilient throughout the year. The return to full performances for the entire year has resulted, as expected, in the crystallisation of costs associated with postponed productions, resulting in the deficit for the year, offset against surplus's accumulated in previous years.

Whilst financial returns in the first 6 months of the year were slow, this was contrasted with strong audience and box office performance in the second half. This resulted in the reported deficit (Net Expenditure), with emphasis remaining on effective control of production, administration and overhead costs, as we plan for another full year of live stage and digital performance in 2023/24.

Total income of £9.1 million is an increase of 9% year on year, whilst a 36% increase in expenditure to £11.3m, reflects our increased activity. Self-generated income, including Box Office income, rose by £1.65m to £4.7m with the return to full activity, 52% of total income (2022: 36%).

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 27-29 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 2023

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 2023 no new designations were highlighted. In recognition of the prolonged impact of the Covid-19 pandemic on live performance art, just over 50% of the designated funds set aside for Business Recovery have been spent to date and, with the backlog in activity and touring, it is considered necessary to further defer funds for Business Recovery for the remaining activity in our Five in Five strategy, and the costs associated with these productions, until 2024/25.

Digital capture is now considered a key pillar of our creative strategy. The Digital Production Initiative Reserve represented funds designated for establishing future digital production concepts and to seize potential future opportunities to promote Scottish Ballet across digital platforms. In ensuring that this strategy is in line with the financial capacity of the company, the next digital capture development is scheduled for Autumn 2024, is reflected in the core activity and accounted for in estimates for 2024/25, rather than being held as designated funds. The balance of £35,000 is anticipated towards the initial development of this project during 2023/24.

Release of the Pension Loan Reserve 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 £518,021 (2022: increase of £189,986), giving a balance on Unrestricted Fund as at 31 March 2023 of £2,180,239 deficit, (31 March 2022: deficit of £2,698,260).

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 28 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

Report of the Directors (incorporating the Strategic Report): Year Ending 31 March 2023

Reserves policy (cont.)

In agreeing the level of reserves, the Board considers current and future income and expenditure, the risks that the organisation faces and consideration of future needs and opportunities.

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

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

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 £7,037,357 (Notes 27-29). £8,846,086 is held in Designated Funds, including a designated Tramway capital reserve of £8,276,321 against which the annual depreciation of the building is charged. The balance of Restricted Funds is £371,510.

As detailed in Note 29 to the Financial Statements, General Unrestricted Funds have met the Reserves policy minimum with a positive balance of £904,748. The negative balance of £2,180,239 on the Total Unrestricted Funds is made up of this positive balance, less an amount of £3,084,987, 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 cash balance has reduced significantly during the year, as restricted projects come to fruition. The Directors continue to undertake 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 £614,761, £285,000 is attributable to designated reserves, £200,602 to restricted funds and £129,159 to unrestricted reserves (Note 30).

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.

Report of the Directors (incorporating the Strategic Report): Year Ending 31 March 2023

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; and
- Attraction and retention of key staff due to highly competitive labour market.

We continue to support dancer fitness and injury recovery through a well-resourced performance medicine programme and department.

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 and stress testing to assess 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 13.

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, variation 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.

Report of the Directors (incorporating the Strategic Report): Year Ending 31 March 2023

Going concern (cont.)

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.

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 2023

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
- Julie Barr
- Cassa Pancho
- Kirsty Wark

Executive Directors:

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

Appointments and retirements 1 April 2022 – 6 September 2023:

- Anna Bateson Retired 16/11/22
- Giles Hedger Retired 06/06/23
- Ted Brandsen Retired 26/06/23

- Julie Barr Appointed 06/06/22

Gender balance:

- 7 female / 3 male

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

Director induction and training

New directors are briefed on their legal obligations under charity and company law, best practice for governance, the content of the Memorandum and Articles of Association, the committee and decision-making processes, the business plan and the financial performance of the company. Directors meet with the Chair to discuss their development and training needs.

Organisation & Attendance

Four meetings of the Scottish Ballet Board were held throughout 2022/23, with average attendance of 87% (2021/22: 88%).

The Board maintains four governance committees. These are:

i) Finance and Operations Committee

This Committee comprised four non-executive directors and the Executive Director as at 31 March 2023. The Committee is chaired by Catherine Muirden. This committee meets at least four times

Report of the Directors (incorporating the Strategic Report): Year Ending 31 March 2023

Organisation & Attendance (cont.)

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 2022/23, with average attendance of 82% (2021/22: 74%).

ii) Nomination and Remuneration

This Committee comprises three non-executive directors and is chaired by Barbara Allison. 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; review of remuneration principles; and agreeing Leadership Group and Directors' remuneration packages. Remuneration is set using benchmarks of similar posts in the sector and current market forces.

Six meetings of the Nominations & Remunerations Committee were held throughout 2022/23, with attendance of 100%.

iii) Audit & Risk Committee

This Committee comprised three non-executive directors as at 31 March 2023. The Committee is 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 2022/23, with average attendance of 86% (2021/22: 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.

iv) Dance Health Committee

This recently established Committee comprises two non-executive directors and is chaired by Barbara Allison. The Committee also includes specialists in the field of Dance Health from within Scottish Ballet and from the wider medical community. It is intended this Committee meet four times per year and review the following areas: viability and sustainability of SB's Dance Health programme; the development of this area in relation to the strategic goals of the company; and make recommendations to the Board and SB Executive, as appropriate.

The first meeting of the Dance Health Committee was held in February 2023, with attendance of 100%.

Report of the Directors (incorporating the Strategic Report): Year Ending 31 March 2023

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 2023**

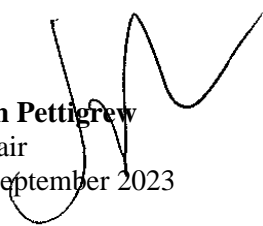
Disclosure of information to the auditor

As far as the directors at the time the report is approved are aware:

- a) there is no relevant information of which the company's auditor is unaware; and
- b) the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of the information.

The Directors' Report has been approved by the Board.

On behalf of the Board


Jim Pettigrew
Chair
6 September 2023

ACT THREE

Independent Auditor's Report to the Directors and Members of Scottish Ballet: Year Ending 31 March 2023

Opinion

We have audited the financial statements of Scottish Ballet (the 'charitable company') for the year ended 31 March 2023 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 2023 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 2023 (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 Directors' responsibilities set out on page 22, 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 2023 (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 2023 (cont.)

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to GDPR. 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 (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: 22 September 2023

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 2023

	Note	Unrestricted funds		Restricted funds	2023 Total	2022 Total
		General £	Designated £	£	£	£
Income and endowments						
Grants, donations and legacies	5	4,585,230	-	684,717	5,269,947	6,025,444
Charitable activities	6	3,159,643	-	4,379	3,164,022	1,858,669
Income from other trading activities	7	375,507	-	254,668	630,175	223,667
Investments		4,354	-	-	4,354	638
Other income	8	25,969	-	-	25,969	226,471
Total income and endowments		<u>8,150,703</u>	<u>-</u>	<u>943,764</u>	<u>9,094,467</u>	<u>8,334,889</u>
Expenditure						
Raising funds	9	(643,070)	-	(72,903)	(715,973)	(394,832)
Charitable activities	10	(8,631,208)	(325,235)	(1,655,220)	(10,611,663)	(7,910,430)
Total expenditure		<u>(9,274,278)</u>	<u>(325,235)</u>	<u>(1,728,123)</u>	<u>(11,327,636)</u>	<u>(8,305,262)</u>
Net (expenditure)/income before theatre tax relief and transfers		(1,123,575)	(325,235)	(784,359)	(2,233,169)	29,627
Theatre tax relief		1,014,120	-	-	1,014,120	397,781
Net (expenditure)/income		<u>(109,455)</u>	<u>(325,235)</u>	<u>(784,359)</u>	<u>(1,219,049)</u>	<u>427,408</u>
Transfers between funds	27, 28,29	627,476	(627,476)	-	-	-
Net movement in funds	13	<u>518,021</u>	<u>(952,711)</u>	<u>(784,359)</u>	<u>(1,219,049)</u>	<u>427,408</u>
Reconciliation of funds						
Total funds brought forward	27, 28,29	<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>
Total funds carried forward	27, 28,29	<u>(2,180,239)</u>	<u>8,846,086</u>	<u>371,510</u>	<u>7,037,357</u>	<u>8,256,406</u>

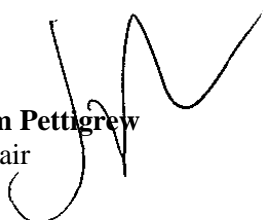
All of the activities of the company are classed as continuing.

Balance Sheet: At 31 March 2023

	Notes	2023 £	2022 £
Fixed assets			
Tangible assets	17	8,493,105	8,816,230
Current assets			
Stocks		46,060	41,954
Debtors	18	1,620,525	997,873
Cash at bank	19	614,761	2,302,577
		<u>2,281,346</u>	<u>3,342,404</u>
Current liabilities: Amounts falling due within one year			
Creditors	20	(807,289)	(817,241)
		<u>1,474,057</u>	<u>2,525,163</u>
Net current assets			
Creditors: Amounts falling due after more than one year			
Creditors	21	(2,929,805)	(3,084,987)
		<u>7,037,357</u>	<u>8,256,406</u>
Net assets			
Reserves			
Restricted funds	27	371,510	1,155,869
Designated funds	28	8,846,086	9,798,797
Income and expenditure account	29	(2,180,239)	(2,698,260)
		<u>7,037,357</u>	<u>8,256,406</u>

The financial statements were authorised for issue and approved by the directors on 6 September 2023 and are signed on their behalf by:

Jim Pettigrew
Chair



Company No: SC065497

Cash Flow Statement: Year Ending 31 March 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Net cash (used in)/generated from operating activities	31	(1,485,626)	395,781
Cash flows from investing activities			
Interest receivable		4,354	638
Proceeds from sale of fixed assets		-	-
Payment to acquire tangible fixed assets		(35,935)	(248,434)
Net cash used in investing activities		<u>(31,583)</u>	<u>(247,796)</u>
Cash flows from financing activities			
Repayment of loan		(154,410)	(153,642)
Loan Interest paid		(16,197)	(16,965)
Net cash (used in) financing activities		<u>(170,607)</u>	<u>(170,607)</u>
(Decrease) in cash in the year		<u>(1,687,816)</u>	<u>(22,622)</u>
Cash and cash equivalents at 1 April 2022	19	<u>2,302,577</u>	<u>2,325,199</u>
Cash and cash equivalents at 31 March 2023	19	<u><u>614,761</u></u>	<u><u>2,302,577</u></u>

The notes on pages 31 to 44 form part of these financial statements

Notes to the Financial Statements: Year Ending 31 March 2023

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 2023/24 and subsequent years, the directors are satisfied that the company can meet its liabilities as they fall due for the foreseeable future.

The ongoing recovery of 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 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 2023

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 2023

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 2023

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 £	2023 £	2022 £
Scottish Government core funding	4,369,000	60,000	4,429,000	5,102,536
Scottish Government capital funding	-	-	-	15,000
Donations (including gifts in kind)	216,230	624,717	840,947	907,908
	<u>4,585,230</u>	<u>684,717</u>	<u>5,269,947</u>	<u>6,025,444</u>

6. Charitable activities

Box office, touring and productions	2,941,690	-	2,941,690	1,641,888
Friends Membership Scheme	46,341	-	46,341	42,057
Engagement	171,612	4,379	175,991	174,724
	<u>3,159,643</u>	<u>4,379</u>	<u>3,164,022</u>	<u>1,858,669</u>

7. Income from other trading activities

Partnerships	136,164	254,668	390,832	168,170
Fundraising Gala	139,367	-	139,367	55,497
Other (Programmes, Merchandise, Hires)	99,976	-	99,976	55,497
	<u>375,507</u>	<u>254,668</u>	<u>630,175</u>	<u>223,667</u>

Notes to the Financial Statements:
Year Ending 31 March 2023

8. Other income

	Unrestricted £	Restricted £	2023 £	2022 £
Job Retention Scheme	-	-	-	201,923
Gain on foreign exchange	11,946	-	11,946	4,749
Other	14,023	-	14,023	19,799
	<u>25,969</u>	<u>-</u>	<u>25,969</u>	<u>226,471</u>

During the year, UK government support under the Coronavirus Job Retention Scheme ceased. The scheme previously provided for the reimbursement of wages for employees who were placed on furlough leave (including flexible furlough) until its cessation in September 2021.

9. Expenditure on raising funds

Advancement resources	562,283	72,903	635,186	350,892
Cost of goods	80,787	-	80,787	43,940
	<u>643,070</u>	<u>72,903</u>	<u>715,973</u>	<u>394,832</u>

10. Charitable activities

Box office, touring and productions	7,514,162	1,204,656	8,718,818	6,212,025
Engagement	471,622	450,564	922,186	695,100
Support Costs (Note 11)	970,659	-	970,659	1,003,305
	<u>8,956,443</u>	<u>1,655,220</u>	<u>10,611,663</u>	<u>7,910,430</u>

11. Support costs

	Box office, touring and productions £	Engagement £	2023 Total £	2022 Total £	Basis of Apportionment
Staff costs	565,829	57,471	623,300	514,946	Staff time
Other costs	278,254	29,339	307,593	446,526	Expenditure
Governance costs (Note 12)	35,973	3,793	39,766	41,833	Expenditure
	<u>880,056</u>	<u>90,603</u>	<u>970,659</u>	<u>1,003,305</u>	

Notes to the Financial Statements:
Year Ending 31 March 2023

12. Governance costs	2023 £	2022 £
Health and safety	1,587	5,016
Audit fees	17,980	16,618
Other professional fees	20,199	20,199
	<u>39,766</u>	<u>41,833</u>
	<u><u>39,766</u></u>	<u><u>41,833</u></u>
13. Net movement in funds	£	£
Net movement in funds are stated after charging/(crediting):		
Depreciation	359,060	381,471
Auditor's remuneration		
Audit fees	17,980	16,618
Non-Audit fees	3,953	3,953
Operating leases	9,233	11,824
Interest receivable	(4,353)	(638)
Cost of stock	96,099	63,316
	<u>96,099</u>	<u>63,316</u>
	<u><u>96,099</u></u>	<u><u>63,316</u></u>
14. Employees	2023 No	2022 No
The average number of staff employed by the company during the financial year amounted to:	<u>107</u>	<u>103</u>
	<u><u>107</u></u>	<u><u>103</u></u>
The average full-time equivalent staff during the financial year amounted to:	<u>100</u>	<u>95</u>
	<u><u>100</u></u>	<u><u>95</u></u>
	2023 £	2022 £
The aggregate payroll costs of the above were:		
Wages and salaries	3,900,612	3,605,918
Social security costs	391,209	347,192
Other pension costs	265,293	243,348
	<u>4,557,114</u>	<u>4,196,458</u>
	<u><u>4,557,114</u></u>	<u><u>4,196,458</u></u>

Notes to the Financial Statements: Year Ending 31 March 2023

15. Directors and employees' emoluments

	2023 No.	2022 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	2
£70,001 - £80,000	1	-
£80,001 - £90,000	-	1
£90,001 - £100,000	1	-
£100,001 - £110,000	-	1
£130,001 - £140,000	1	-
	<u>5</u>	<u>4</u>
The number of employees with emoluments in excess of £60,000 with retirement benefits accruing in a money purchase scheme was:		
	<u>5</u>	<u>4</u>
	2023 £	2022 £
The employer's pension contributions in respect of the above employees amounted to:	<u>38,942</u>	<u>28,724</u>

16. Directors and key management personnel

	2023 £	2022 £
Remuneration in respect of directors was as follows:		
Emoluments receivable	192,103	180,110
Royalty payments	39,788	9,469
Employers NIC	23,203	21,923
Pension contributions to a defined contribution scheme	15,965	15,316
	<u>271,059</u>	<u>226,818</u>

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	96,603	90,590
Royalty Payments	39,788	9,469
Employers NIC	12,113	12,070
Pension contributions to a defined contribution scheme	7,616	7,510
	<u>156,120</u>	<u>119,639</u>

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 5 directors were reimbursed for Accommodation, travel and subsistence expenses totalling £41,497 (2022: 6 directors, 22,372): 3 non-executive directors amounting to £902 (2022: 4 directors, £1,161); and 2 executive directors amounting to £40,595 (2022: 2 directors, £21,211). 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 2023

17. Tangible fixed assets

	Long leasehold property	Office Adaptations, vehicles & equipment	Musical instruments	Total
	£	£	£	£
Cost				
At 1 April 2022	11,373,783	1,749,076	57,893	13,180,752
Additions	-	35,935	-	35,935
Disposals	-	(84,577)	-	(84,577)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2023	11,373,783	1,700,434	57,893	13,132,110
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 April 2022	2,869,984	1,440,107	54,431	4,364,522
Charge for the year	227,476	130,664	920	359,060
Disposals	-	(84,577)	-	(84,577)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2023	3,097,460	1,486,194	55,351	4,639,005
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 March 2023	8,276,323	214,240	2,542	8,493,105
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2022	8,503,799	308,969	3,462	8,816,230
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

All tangible fixed assets are used for charitable purposes.

18. Debtors

	2023	2022
	£	£
Trade debtors	33,040	61,373
Other debtors		
Expenditure in respect of future productions	300,908	467,187
Sundry debtors	148,627	20,000
VAT & FEU	57,425	16,860
Theatre tax relief	994,353	397,781
Prepayments	26,539	14,940
Accrued income	59,633	19,732
	<hr/>	<hr/>
	1,620,525	997,873
	<hr/> <hr/>	<hr/> <hr/>

19. Cash and cash equivalents

	2023	2022
	£	£
Balances held in current accounts	215,625	209,229
Balances held in deposit accounts	399,136	2,093,348
	<hr/>	<hr/>
	614,761	2,302,577
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements:
Year Ending 31 March 2023

20. Creditors: Amounts falling due within one year	2023 £	2022 £
Trade creditors	249,488	127,497
Other taxation and social security	99,169	96,358
Other creditors	940	-
Accruals	130,549	212,953
Income Received in Advance	166,961	125,078
Deferred income	5,000	100,945
Scottish Government loan	155,182	154,410
	<u>807,289</u>	<u>817,241</u>

Deferred income of £5,000 (2022: £100,945) 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	2023 £	2022 £
At 1 April	100,945	24,100
Received in the year	-	152,745
Released to the SOFA in the year	(95,945)	(75,900)
At 31 March	<u>5,000</u>	<u>100,945</u>

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

21. Creditors: Amounts falling due after more than one year	2023 £	2022 £
Scottish Government loan	<u>2,929,805</u>	<u>3,084,987</u>

The Scottish Government loan has the following repayment schedule:

Due within one year	155,182	154,410
Due within one to two years	155,958	155,182
Due within two to five years	472,568	470,217
Due in more than five years	2,301,279	2,459,588
	<u>3,084,987</u>	<u>3,239,397</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 2023

22. 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 (2022: £nil) to SBEF during the year.

Donations without conditions to Scottish Ballet from trustee directors during the year were £13,777 (2022: £18,637).

There were no other related party transactions other than the remuneration and reimbursement of expenses to the board of directors, as disclosed in Note 16.

23. Leasing commitments

At 31 March 2023 the company had future commitments under non-cancellable operating leases as set out below:

	Assets other than land & buildings	
	2023	2022
	£	£
Operating leases which expire:		
Not later than one year	8,622	7,522
Later than one year and not later than five years	18,576	5,608
	27,198	13,130
	27,198	13,130

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.

24. Capital commitments

There were no capital commitments at 31 March 2023.

25. Pensions

Defined Contribution Scheme

The company operates a defined contribution scheme for dancers. The assets of the Scheme are held separately from those of the company in an independently administered fund. Pension contributions payable by the company to the fund during the year amounted to £61,110 (2022: £68,885).

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 £164,805 (2022: £171,090).

26. Contingent liabilities

There were no contingent liabilities at 31 March 2023 (2022: £nil).

Notes to the Financial Statements: Year Ending 31 March 2023

27. Restricted funds – Movements in the year

	At 1 April 2022	Income and endowments	Expenditure	Transfers	At 31 March 2023
	£	£	£	£	£
Productions	1,013,535	539,860	(1,277,559)	-	275,836
Engagement Activities	142,334	403,904	(450,564)	-	95,674
	<u>1,155,869</u>	<u>943,764</u>	<u>(1,728,123)</u>	<u>-</u>	<u>371,510</u>

Productions restricted reserves relate to funding received towards specific future productions. Funds largely relate to donations from Trusts, major donors and appeals. Future productions include Ballet 5 of our ‘five in five’ campaign, support for touring outside of the main Scottish venues, support for producing SB in New York and for the development of further digital works.

Engagement Activities restricted reserves relate to funding received towards specific Dance Health projects, including **Elevate®**, our dance programme for people living with multiple sclerosis, and Social Prescribing support. The balance held in reserves reflects funding received, not expended in the year.

28. Designated Funds – Movements in the year

		At 1 April 2022	Income and endowments	Expenditure	Transfers	At 31 March 2023
		£	£	£	£	£
Tramway Capital Reserve	i)	8,503,797	-	-	(227,476)	8,276,321
Pension Loan Reserve	ii)	200,000	-	-	(200,000)	-
Future production Reserve	iii)	30,000	-	-	-	30,000
Digital Production Initiative	iv)	235,000	-	-	(200,000)	35,000
Media Rights Reserve	v)	50,000	-	-	-	50,000
Health & Wellbeing Reserve	vi)	20,000	-	(20,000)	-	-
Business Recovery Designation	vii)	560,000	-	(305,235)	-	254,765
Building Refurbishment Reserve	viii)	200,000	-	-	-	200,000
		<u>9,798,797</u>	<u>-</u>	<u>(325,235)</u>	<u>(627,476)</u>	<u>8,846,086</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 (2022: £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 at March 2023.
- 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 2023/24.
- 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. Scottish Ballet has now incorporated digital production into the annual expenditure forecast as part of our core strategic activities. The directors have decided that the major part of this Reserve be released at March 2023, with £35,000 remaining designated for expenditure on digital concepts development across 2023/24.

Notes to the Financial Statements: Year Ending 31 March 2023

- v) With the increasing emphasis on digital work and media broadcast, the directors have agreed to retain a designated 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 first utilised during 2024/25.
- vi) Health & Wellbeing Reserve represents funds designated over a number of years for the provision of additional and improved facilities for employees. During 2022/23, Scottish Ballet continued to provide and develop exceptional health and wellbeing facilities for all staff. Scottish Ballet has now incorporated Health & Wellbeing into the annual expenditure forecast as part of our core strategic activities. The directors have decided that this Reserve be released at March 2023.
- vii) The Business Recovery Reserve has been continued 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 has been required to re-schedule performances and is anticipating continued reluctance/limitations on audience numbers. 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.

29. Unrestricted Funds - Movement in the year

	General Unrestricted funds £	Pension Unrestricted funds £	Total Unrestricted funds £
Income and endowments	8,130,703	-	8,130,703
Expenditure	(9,274,278)	-	(9,274,278)
Theatre Tax Relief	1,014,120	-	1,014,120
	<u>(109,455)</u>	<u>-</u>	<u>(109,455)</u>
Transfers:			
Release from Tramway capital reserve	227,476	-	227,476
Release to pension unrestricted reserve	(154,410)	154,410	-
Release of Designated Pension Reserve	200,000	-	200,000
Release of Digital production Initiative Reserve	200,000	-	200,000
	<u>363,611</u>	<u>154,410</u>	<u>518,021</u>
At 1 April 2022	<u>541,137</u>	<u>(3,239,397)</u>	<u>(2,698,260)</u>
At 31 March 2023	<u><u>904,748</u></u>	<u><u>(3,084,987)</u></u>	<u><u>(2,180,239)</u></u>

Notes to the Financial Statements:
Year Ending 31 March 2023

30. Analysis of net assets between funds

	General unrestricted funds £	Designated funds £	Restricted Funds £	At 31 March 2023 £	At 31 March 2022 £
Tangible fixed assets	216,784	8,276,321	-	8,493,105	8,816,230
Cash and cash equivalents	129,159	285,000	200,602	614,761	2,302,577
Other net current assets	403,623	284,765	170,908	859,296	222,586
Long term liabilities	(2,929,805)	-	-	(2,929,805)	(3,084,987)
	<u>(2,180,239)</u>	<u>8,846,086</u>	<u>371,510</u>	<u>7,037,357</u>	<u>8,256,406</u>

31. Notes to cash flow statement

	2023 £	2022 £
Reconciliation of net income/(expenditure) to net cash provided by operating activities		
Net (expenditure)/income	(1,219,049)	427,408
Interest receivable	(4,354)	(638)
Interest paid	16,197	16,965
Depreciation	359,060	381,472
Loss/(gain) on disposal	-	-
(Increase)/Decrease in stocks	(4,105)	4,102
(Increase) in debtors	(622,652)	(580,049)
(Decrease)/increase in creditors	(10,723)	146,521
	<u>(1,485,626)</u>	<u>395,781</u>
Net cash (used in)/generated from operating activities	<u>(1,485,626)</u>	<u>395,781</u>

32. Analysis of changes in net debt

	At 1 April 2022 £	Cashflow £	Other non-cash changes £	At 31 March 2023 £
Cash and Cash equivalents				
Cash	2,302,577	(1,687,816)	-	614,761
Borrowings				
Debt due within one year	(154,410)	154,410	(155,182)	(155,182)
Debt due after one year	(3,084,987)	-	155,182	(2,929,805)
	<u>(3,239,397)</u>	<u>154,410</u>	<u>-</u>	<u>(3,084,987)</u>
Total	<u>(936,820)</u>	<u>(1,533,406)</u>	<u>-</u>	<u>(2,470,226)</u>

Notes to the Financial Statements:
Year Ending 31 March 2023

33. Comparative Statement of Financial Activities (including Income and Expenditure Account) Year Ending 31 March 2022

	Unrestricted funds		Restricted funds	2022 Total
	General	Designated	funds	Total
	£	£	£	£
Income and endowments				
Grants, donations and legacies	5,039,624	-	985,820	6,025,444
Charitable activities	1,735,329	-	123,340	1,858,669
Income from other trading activities	120,497	-	103,170	223,667
Investments	638	-	-	638
Other income	226,471	-	-	226,471
Total income and endowments	7,122,559	-	1,212,330	8,334,889
Expenditure				
Raising funds	(352,911)	-	(41,921)	(394,832)
Charitable activities	(7,061,411)	-	(849,019)	(7,910,430)
Other Expenditure	-	-	-	-
Total expenditure	(7,414,322)	-	(890,940)	(8,305,262)
Net (expenditure) / income before theatre tax relief and transfers	(291,763)	-	321,390	29,627
Theatre tax relief	397,781	-	-	397,781
Net (expenditure) / income	106,018	-	321,390	427,408
Transfers between funds	83,968	(83,968)	-	-
Net movement in funds	189,986	(83,968)	321,390	427,408